

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

I
J
R
C
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.,

Open J-Gate, India [link of the same is duly available at Inlibnet of University Grants Commission (U.G.C.)],

The American Economic Association's electronic bibliography, EconLit, U.S.A.,

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 4456 Cities in 177 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	ROLE OF FOREIGN INSTITUTIONAL INVESTORS IN INDIA: AN INVESTIGATION <i>MRUNAL CHETANBHAI JOSHI & DR. JAYESH N. DESAI</i>	1
2.	COMPARATIVE ANALYSIS OF HUMAN RESOURCE ACCOUNTING PRACTICE IN ONGC & HPCL: OIL & NATURAL GAS CORPORATION LIMITED AND HINDUSTAN PETROLEUM CORPORATION LIMITED <i>DR. SAMIR M. VOHRA</i>	6
3.	HUMAN RIGHTS BASED APPROACH TO COMBAT CORRUPTION <i>DR. NIRUPAMA</i>	9
4.	BANKING ON SOCIAL MEDIA: RISK OR OPPORTUNITY FOR THE INDIAN PUBLIC SECTOR BANKS? <i>SRIHARI SUBUDHI</i>	12
5.	THE DEATH OF LEADERSHIP IN MANAGEMENT <i>P.UMA SANKAR & DR. P. ASOKAN</i>	16
6.	STUDY OF OPTION PRICE DEVIATION USING BLACK SCHOLES OPTION PRICING MODEL FOR EQUITY OPTIONS IN INDIA <i>DR. KAPIL ARORA & MANISH SHARMA</i>	18
7.	AUDITOR INDUSTRY SPECIALIZATION, AUDIT EXPERIENCE, TENURE AND AUDIT OPINION <i>LI-JEN HE & YI-FENG WANG</i>	24
8.	COMPARATIVE STUDY OF WORKING CAPITAL MANAGEMENT (WITH THE REFERANCE OF CIPLA & AUROBINDO PHARMA) <i>AMALESH PATRA</i>	34
9.	GOODS AND SERVICES TAX: A CRITICAL ANALYSIS <i>DR. MEHAK MEHANDIRATTA</i>	41
10.	GROWTH OF MALL CULTURE IN INDIA <i>SANDEEP YADAV</i>	46
11.	CONSUMER BEHAVIOUR AND DECISION MAKING STYLES OF SHOPPING MALLS: A STUDY WITH REFERENCE TO SELECTED SHOPPING MALLS IN CHENNAI CITY <i>DR. R. JAYANTHI</i>	49
12.	A STUDY ON THE TEACHER EFFECTIVENESS OF SCHOOL TEACHERS IN RELATION TO JOB INVOLVEMENT <i>DR. T. SIVASAKTHI RAJAMMAL</i>	52
13.	IMPACT OF HARYANA GRAMIN BANK LOAN SCHEMES ON THE BENEFICIARIES <i>SANTOSH & BIMLA LANGYAN</i>	63
14.	PROJECT APPROACH IN TEACHING BUDGETING SUBJECT TO STUDENT ENTREPRENEURIAL PROFILE IN CIPUTRA UNIVERSITY, SURABAYA, INDONESIA <i>LUCKY CAHYANA SUBADI S.PD, MM & DR. IR. LILIANA DEWI, M.M.</i>	66
15.	MAKE IN INDIA: TRANSLATING VISION INTO REALITY <i>RAJANIKANTA KHUNTIA</i>	69
16.	PROBLEMS WITH MICROINSURANCE IN INDIA IN 2015 <i>SONAM KUMARI GUPTA</i>	73
17.	A STUDY OF PERCEPTION OF STUDENTS TOWARD THE SEMESTER SYSTEM AND THE ANNUAL SYSTEM OF EXAMINATION <i>NISHAT QURESHI & SHRUTI AWASTHI</i>	76
18.	EVOLVING THE CONCEPT OF TEACHING INTELLIGENCE <i>S. AROCKIYASAMY</i>	82
19.	VALUE OF TMT SOCIAL CAPITAL IN AN INDIAN ENTREPRENEURIAL FIRM: A CASE STUDY <i>YESHA DUA</i>	92
20.	A STUDY OF THE ADJUSTMENT PROBLEMS BETWEEN SC, ST AND GENERAL CASTE HINDU STUDENTS <i>TRIBHUWAN KR. BHARTIYA</i>	97
	REQUEST FOR FEEDBACK & DISCLAIMER	101

CHIEF PATRON

PROF. K. K. AGGARWAL

Chairman, Malaviya National Institute of Technology, Jaipur

(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)

Chancellor, K. R. Mangalam University, Gurgaon

Chancellor, Lingaya's University, Faridabad

Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi

Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

FOUNDER PATRON

LATE SH. RAM BHAJAN AGGARWAL

Former State Minister for Home & Tourism, Government of Haryana

Former Vice-President, Dadri Education Society, Charkhi Dadri

Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR

DR. BHAVET

Faculty, Shree Ram Institute of Engineering & Technology, Urjani

ADVISORS

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

FORMER CO-EDITOR

DR. S. GARG

Faculty, Shree Ram Institute of Business & Management, Urjani

EDITORIAL ADVISORY BOARD

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. SIKANDER KUMAR

Chairman, Department of Economics, Himachal Pradesh University, Shimla, Himachal Pradesh

PROF. SANJIV MITTAL

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

PROF. RAJENDER GUPTA

Convener, Board of Studies in Economics, University of Jammu, Jammu

PROF. NAWAB ALI KHAN

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

PROF. S. P. TIWARI

Head, Department of Economics & Rural Development, Dr. Ram Manohar Lohia Avadh University, Faizabad

DR. ANIL CHANDHOK

Professor, Faculty of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

DR. ASHOK KUMAR CHAUHAN

Reader, Department of Economics, Kurukshetra University, Kurukshetra

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHENDER KUMAR GUPTA

Associate Professor, P. J. L. N. Government College, Faridabad

DR. VIVEK CHAWLA

Associate Professor, Kurukshetra University, Kurukshetra

DR. SHIVAKUMAR DEENE

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

ASSOCIATE EDITORS

PROF. ABHAY BANSAL

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

PARVEEN KHURANA

Associate Professor, Mukand Lal National College, Yamuna Nagar

SHASHI KHURANA

Associate Professor, S. M. S. Khalsa Lubana Girls College, Barara, Ambala

SUNIL KUMAR KARWASRA

Principal, Aakash College of Education, ChanderKalan, Tohana, Fatehabad

DR. VIKAS CHOUDHARY

Asst. Professor, N.I.T. (University), Kurukshetra

FORMER TECHNICAL ADVISOR

AMITA

Faculty, Government M. S., Mohali

FINANCIAL ADVISORS

DICKIN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF _____.

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled ' _____ ' for possible publication in one of your journals.

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

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to their inclusion of names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR : _____
 Designation : _____
 Institution/College/University with full address & Pin Code : _____
 Residential address with Pin Code : _____
 Mobile Number (s) with country ISD code : _____
 Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No) : _____
 Landline Number (s) with country ISD code : _____
 E-mail Address : _____
 Alternate E-mail Address : _____
 Nationality : _____

NOTES:

- a) The whole manuscript has to be in **ONE MS WORD FILE** only, which will start from the covering letter, inside the manuscript. **pdf. version is liable to be rejected without any consideration.**
- b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail:**
New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any **specific message w.r.t.** to the manuscript.
- d) The total size of the file containing the manuscript is expected to be below **1000 KB.**
- e) **Abstract alone will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.
- f) **The journal gives acknowledgement w.r.t. the receipt of every email within twenty four hours** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.
- g) The author (s) name or details should not appear anywhere on the body of the manuscript, except the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.

2. **MANUSCRIPT TITLE:** The title of the paper should be **bold typed, centered and fully capitalised.**
3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name, designation, affiliation (s), address, mobile/landline number (s), and email/alternate email address** should be given underneath the title.
4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
5. **ABSTRACT:** Abstract should be in **fully italicized text**, ranging between **150 to 300 words**. The abstract must be informative and explain the background, aims, methods, results & conclusion in a **SINGLE PARA. Abbreviations must be mentioned in full.**
6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations.
7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php, however, mentioning JEL Code is not mandatory.
8. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER. It should be free from any errors i.e. grammatical, spelling or punctuation. It must be thoroughly edited at your end.**
9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESIS (ES)****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****LIMITATIONS****SCOPE FOR FURTHER RESEARCH****REFERENCES****APPENDIX/ANNEXURE****The manuscript should preferably range from 2000 to 5000 WORDS.**

12. **FIGURES & TABLES:** These should be simple, crystal CLEAR, centered, separately numbered & self explained, and titles must be above the table/figure. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, horizontally centered with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word should be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section: Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. *The author (s) should mention only the actually utilised references in the preparation of manuscript* and they are supposed to follow Harvard Style of Referencing. **Also check to make sure that everything that you are including in the reference section is duly cited in the paper.** The author (s) are supposed to follow the references as per the following:
 - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parenthesis.
 - **Headers, footers, endnotes and footnotes should not be used in the document.** However, you can mention short notes to elucidate some specific point, which may be placed in number orders after the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

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

JOURNAL AND OTHER ARTICLES

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

CONFERENCE PAPERS

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

UNPUBLISHED DISSERTATIONS

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

ONLINE RESOURCES

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

WEBSITES

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

ROLE OF FOREIGN INSTITUTIONAL INVESTORS IN INDIA: AN INVESTIGATION

MRUNAL CHETANBHAI JOSHI

ASST. PROFESSOR

B. R. C. M. COLLEGE OF BUSINESS ADMINISTRATION
SURAT

DR. JAYESH N. DESAI

INCHARGE DIRECTOR

B. R. C. M. COLLEGE OF BUSINESS ADMINISTRATION
SURAT

ABSTRACT

Initiation of reform process in early 1990's transformed India's policy stance on development strategy completely. Initial approach of financing current account deficit mainly through debt flows and official development assistance has changed to harnessing non-debt creating capital flows. Under this strategy from September 14, 1992; Foreign Institutional Investors (FIIs) were permitted to invest in financial instruments in India. Since then Indian financial markets have changed substantially in its size, depth and character. In this period, Indian and world markets have seen good times and periods of crises both on external fronts and in financial markets. This paper tries to evaluate role of FIIs in Indian markets due to increasing share of FIIs in financial markets in India.

KEYWORDS

Indian financial market, foreign institutional investors (FII), investment.

1. INTRODUCTION

In globalised economy global integration take place through money flow. Money flow can be of two type i.e. foreign direct investment (FDI) and Foreign Institutional Investment (FII) which is essential for globalisation. FDI is in the form of direct investment in the business, useful for the production of goods or providing services. "Foreign Institutional Investor" means an institution established or incorporated outside India which proposes to make investment in India in securities (SEBI Regulation, 1995). FII invest in financial markets like money market, stock market and foreign exchange market. Thus, it is very important for the country to maintain continuous inflow from FII in financial market. Foreign direct investment (FDI) and Foreign Institutional Investment (FII) are the channels through which developing country get access capital in terms of foreign currency. It also helps them to increase in their foreign exchange reserve.

Rational capital allocation looks for the opportunity. At the same time developing countries are facing capital scarcity as major road block in their development. India being developing economy depends upon capital flow from overseas for its development and moved towards liberalize economic policy. Since 1991 India has taken several steps to attract capital inflow, as result substantial investment from foreign institutional investors have been made.

In year 2011-12 Indian stock markets gave the second highest returns globally, driven largely by higher inflows from foreign institutional investors (FII) (Economic Survey, 2012-13). This faith of FII in Indian financial market could be considered as upbeat indication for the potentials of Indian economy as well as the probable boost to industrial as well service sector in India. Table 1 shows the corroboration increase in inflow of FII. It shows yearly net flow (INR in Crores) of FII in Indian capital market from 1992-93 to 2013-14.

TABLE 1: FII FLOW FROM 1992 – APRIL 2014

Financial Year	Equity	Debt	Total	Financial Year	Equity	Debt	Total
1992-93	13	0	13	2004-05	44,123	1,759	45,881
1993-94	5,127	0	5,127	2005-06	48,801	-7,334	41,467
1994-95	4,796	0	4,796	2006-07	25,236	5,605	30,840
1995-96	6,942	0	6,942	2007-08	53,404	12,775	66,179
1996-97	8,546	29	8,575	2008-09	-47,706	1,895	-45,811
1997-98	5,267	691	5,958	2009-10	110,221	32,438	142,658
1998-99	-717	-867	-1,584	2010-11	110,121	36,317	146,438
1999-00	9,670	453	10,122	2012-13	140,033	28,334	168,367
2000-01	10,207	-273	9,933	2013-14	79,709	-28,060	51,649
2001-02	8,072	690	8,763	2014-15 **	9,602	-9,185	418
2002-03	2,527	162	2,689	** upto April 30, 2014			
2003-04	39,960	5,805	45,765				

Source: <http://www.sebi.gov.in/sebiweb/investment/statistics.jsp?s=fii>

2. LITERATURE REVIEW

2.1 LITERATURE REVIEW ON POSITIVE ROLE OF FII

FII work on strengths of developing countries and then they invest in respective countries. This also helps developing countries to know about their strengths and opportunities available. Hence they can work upon their strengths to make them strengthen and encash opportunities. O'neil (January, 2014) has studied few of the important aspect related to MINTs while stating their advantages. Mexico was fortunate to be next to the United States while Indonesia was in a prime position as it is in Southeast Asia; the centre of global growth in recent years, and ties to China (Klimes & O'Neil, 2014). Three of the Mints including Mexico, Indonesia and Nigeria are also commodity producers. O'neil also noted reforms in energy market in Mexico and Nigeria. This analysis show various important components for the growth potential are Geographic Location, Tie-up with fast growing countries, Manufacturing basic commodities and reforms in infrastructures.

Flow of foreign investment plays important role in boost of economic growth as well as financial markets of developed as well developing countries. As a result inflow of Foreign Direct investments has become a striking measure of economic development in both developed and developing countries (Sultana & Pardhasaradhi, 2012). They stated that FDI and FII have become instruments of international economic integration and stimulation. At onset of FDI, Fast growing economies like Singapore, China, and Korea etc have registered incredible growth. They finally concluded that the impact of flow of FDI & FII on Indian stock market is significant.

When there would be good amount of fund flow in market it also provides good amount of liquidity in financial system. Sing (2011) stated that FII investment in India helped in achieving a higher degree of liquidity at domestic stock market; it had increased price earnings ratios and finally reduced the cost of capital for investment. Along with this they also help in improving the functioning of the domestic stock market.

When any country has more suitable regulatory environment it provides opportunity to institutional investors for investment than other country. Different financial institutions viz. mutual funds, banks, insurance companies, pension funds and foreign institutions have different investment objectives. Depending on their investment objectives and the regulatory environment, their influence firm performance is dissimilar. For example, while there are regulatory restrictions for banks to invest in a firm's equity in the US; they are the largest shareholders in Germany and Japan; and also have a significant participation on management's actions (Johnson et al., 2010).

Foreign investment also motivates domestic companies to perform better. FII invest more systematically than retail investors and analysis various aspects of various organisations. Kim and Yi (2006) studied a large sample of firms in the Korean market and found evidence that foreign investors look at firm-specific data in making investment decisions. Bushee and Noe (2000); Chung et al. (2002); McCahery et al. (2010) and Chung and Zhang (2011) reported that institutional investors choose such companies with better corporate governance practices. But in contrast, Chang (2010) argued that in emerging markets the foreign investors may lack expertise in local environment which might lead to informational disadvantage.

To invite foreign investment Government have to provide them rigor platform in terms of regulations and policies. Thus overall government regulations also improve through FII. With the growth in institutional investment in equity markets around the world, financial institutions have become the largest investor group in many countries; and are observed mostly in countries with stronger regulatory and governance structure (Li et al., 2006).

FII provides stability to financial market. They also provide systematic analysis and sophisticated tools for investment. Mukherjee and Ghosh (2004) found that among the institutional investors, FIIs show consistency in stock picking as compared to DFIs who are sporadic and volatile.

2.2 LITERATURE REVIEW ON NEGATIVE ROLE OF FII

Once when emerging countries get fund from FII that does really make them independent for their growth. It has been found that these countries become habituated to get fund from FII for their growth. The 'Fragile Five' Turkey, Brazil, India, South Africa and Indonesia as economies that have become too dependent on skittish foreign investment to finance their growth ambitions (James Lord, Morgan Stanley reported in New York Times January, 2014).

FII always look for better opportunity and their flow moves from country to country, as they also want to maximize their return on investment. O'Neill has identified Mexico, Indonesia, Nigeria, and Turkey (Mint) as the new frontier of the global economy. Mint has potential to replace the emergent Bric economies of Brazil, Russia, India and China (Klimes & O'Neil, 2014). **O'Neill (2001) suggested Brazil, Russia, India and China (BRIC) as emerging market on the basis of opportunities for new investments. As per IMD WORLD COMPETITIVENESS YEARBOOK 2013, also India's ranking in competitive position has come down from 27 to 40 among 60 countries.**

It has been observed that many times FII withdraw their funds in crucial time when developing countries really need their support. Even sometimes external forces also affect FII flow, which is not under control of developing countries. **Vishnoi (February 3, 2014) has mentioned in his article that** although India is seen in a better position than other countries such as Turkey due to its improved current account deficit and foreign exchange reserves, the country is being hit nonetheless. Indian markets will thus continue to be beholden to global risk factors, including concerns about the Federal Reserve's withdrawal in monetary stimulus and an economic slowdown in China. FII inflows to India are essentially determined by exchange rate, domestic inflation, domestic equity market returns, returns and risk associated with US equity market (Srinivasan & Kalaivani, 2013).

When FII dominate financial market they influence trend of market significantly. If at that time their investment behaviour would not be rational then overall market may get dragged in wrong direction. Chen, Vang & Lin (2008) identify qualified foreign institutional investors (QFIIs) in Taiwan herd when picking stocks. The evidence shows that QFIIs herd in Taiwan's securities market: They follow each other into and out of the same securities. They herd on securities classified in specific industries and also prefer stocks with high past returns as well as large firm size, supporting the argument that QFIIs are momentum traders. Characteristic herding and investigative herding explain QFIIs' trading behavior in Taiwan.

3. FII IN INDIA

Until the 1980s, India's policy towards development was paying attention on self-reliance and import-substitution. Current account deficits were financed largely through debt flows and official development assistance. There was reluctance towards foreign investment or private commercial flows. From 1990s there is substantial change through reform, with a focus on exploiting the growing global foreign direct investment (FDI) and portfolio flows. The broad approach to reform in the external sector after the Gulf crisis was delineated in the Report of the High Level Committee on Balance of Payments (Chairman: C. Rangarajan). It recommended, inter alia, a compositional shift in capital flows away from debt to non-debt creating flows; strict regulation of external commercial borrowings, especially short-term debt; discouraging volatile elements of flows from non-resident Indians (NRIs); gradual liberalization of outflows; and dis-intermediation of Government in the flow of external assistance (Indian Securities Market A Review, 2010).

After the reforms in the early 1990s, there was a gradual shift found towards capital account convertibility. FIIs and Overseas Corporate Bodies (OCBs) were permitted to invest in financial instruments on **September 14, 1992**. As per the guidelines from September 14, 1992 FIIs have to obtain an initial registration with SEBI and also RBI's general permission under FERA for five years and were to be renewed after that period. This permission allows FII to buy, sell and realize capital gain on investment in Indian stock exchanges. For this they are required to appoint domestic custodian and a designated bank, as it is required for cash transaction and securities related transactions. The Government guidelines of 1992 also provided for eligibility conditions for registration, such as track record, professional competence, financial soundness and other relevant criteria, including registration with a regulatory organisation in the home country (Indian Securities Market A Review, 2010).

Foreign Institutional Investors define under a particular regulation. As per Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 "Foreign Institutional Investor" means an institution established or incorporated outside India which proposes to make investment in India in securities". Investment by SEBI registered FIIs is regulated under SEBI (FII) Regulations, 1995 and Regulation 5(2) of FEMA Notification No.20 dated May 3, 2000, as amended from time to time. FIIs include Asset Management Companies, Pension Funds, Mutual Funds, and Investment Trusts as Nominee Companies, Incorporated / Institutional Portfolio Managers or their Power of Attorney holders, University Funds, Endowment Foundations, Charitable Trusts and Charitable Societies.

Further time to time developments related to FIIs are as follow:

Union Budget, 2001-02 proposed Foreign Institutional Investors (FIIs) can invest in a company under the portfolio investment route up to 24% of the paid up capital of the company. This can be increased to 49% with the approval of the general body of the shareholders by a special resolution as per RBI guidelines and FEMA. These regulations were amended in September 2001 to provide that the limit of 24% can be increased up to the sectoral cap/statutory ceiling, as applicable, provided this has the approval of the Indian company's board of directors and also its general body.

In Year 2002 FIIs permitted to invest in government securities. In **February 2000** Foreign firms and high networth individuals permitted to invest as sub-accounts of FIIs. Domestic portfolio manager allowed to be registered as FIIs to manage the funds of sub-accounts. The objective was to allow operational flexibility, and also to give access to domestic asset management capability.

AMENDMENT TO SEBI (FII) (SECOND AMENDMENT) REGULATIONS 2003 (<http://www.sebi.gov.in/acts/act07a.html>)

The SEBI (Foreign Institutional Investors) Regulations has been amended by the SEBI to include the new clauses as stated herewith. The FIIs should fully disclose information concerning the terms of and parties to off-shore derivative instruments such as Participatory Notes (P-Notes), Equity Linked Notes (ELN) or any other such instruments listed or proposed to be listed. The code of conduct has also been specified which states that (a) a FII and its key personnel should observe high standards of integrity, fairness and professionalism in all their dealings with intermediaries, regulatory and other government authorities in the Indian securities market. They should, at all times, render high standards of service, exercise due diligence and independent professional judgment (b) a FII should ensure and maintain confidentiality in respect of trades done on its own behalf and/or on behalf of its sub-accounts/clients. There should be clear segregation of its own money/securities and sub-accounts' money/securities; arms length relationship should be maintained between its business of fund management/investment and its other business (c) a FII should maintain an appropriate level of knowledge and competency and abide by the provisions of the Act, regulations made there under and the circulars and guidelines applicable and relevant to them. Every FII should also comply with award of the Ombudsman and decision of the Board under SEBI (Ombudsman) Regulations, 2003 (d) a FII should not make any untrue statement or

suppress any material fact in any documents, reports or information furnished to the Board (e) they should ensure that good corporate policies and corporate governance are observed and do not engage in fraudulent and manipulative transactions in the securities listed in any stock exchange in India (f) a FII and/or any of its affiliates should not indulge in any insider trading, should not be a party to or instrumental for creation of false market in securities listed or proposed to be listed in any stock exchange in India. They should not be involved in price rigging or manipulation of prices of securities listed or proposed to be listed in any stock exchange in India.

In **December 2003** the FII dual approval process of the SEBI and the RBI changed to a single approval process of the SEBI. The objective was to streamline the registration process and reduce the time taken for registration.

The **Union Budget for 2004-05** proposed the procedure for registration and operation of FIIs is to be made simpler and quicker. The investment ceiling for FIIs in debt funds have been raised to US\$ 1.75 billion from US\$ 1 billion. In **February 2004**, SEBI amended the SEBI (FII) Regulations, 1995 to include a new regulation which states that "a FII or sub-account may issue, deal in or hold, offshore derivative instruments such as Participatory Notes (P-Notes), Equity Linked Notes (ELN) or any other similar instruments against underlying securities, listed or proposed to be listed on any stock exchange in India, only in favor of those entities which are regulated by any relevant authority in the countries of their incorporation or establishment, subject to compliance of "Know your client" requirement, provided that if any such instrument has already been issued, prior to February 2004, to a person other than a regulated entity, contract for such transaction should expire on maturity of the instrument or within a period of five years from February 3, 2004 whichever is earlier".

In **November 2004** outstanding corporate debt limit of US \$ 0.5 billion prescribed. The objective was to limit short-term debt flows.

The **Union Budget for 2006-2007** proposed limit on FII investment in Government securities to be increased from \$ 1.75 billion to \$ 2 billion, and limit on FII investment in corporate debt from \$ 0.5 billion to \$ 1.5 billion. As mentioned in Circular NO. IMD/FII/20/2006 the Government of India has raised the cumulative debt investment limits from US\$1.75 billion to US\$2 billion and US\$1.5 billion for FII/Sub Account investments in Government securities and Corporate Debt, respectively. These limits are separate and not fungible. The following shall be applicable:

TABLE 2: REVISED LIMIT OF FII AFTER BUDGET 2006-07 (Figures in USD Billion)

Revised limit	100% debt	70:30	Total permissible
Govt. securities/ t-bills	1.75	0.25	2.00
Corporate debt	1.35	0.15	1.50
Total			3.50

In **November, 2006** FII investment upto 23percent permitted in market infrastructure institutions in the securities markets, such as stock exchanges, depositories, and clearing corporations. This was a decision taken by the government following the mandating of demutualization and corporatization of stock exchanges.

The Committee on Fuller Capital Account Convertibility submitted its report in July 2006 with some recommendations pertaining to FII segment and NRIs:

- i) The limit of FII Investment in Government Securities could be gradually raised to 10 percent of gross issuance by the Centre and States by 2009-10. The allocation by SEBI of the limits between 100 percent debt funds and other FIIs should be discontinued.
- ii) FII investment limits in government bonds to be increased in 3 phases up to 6, 8 and 10 percent of total gross issuance by Centre and States in a year.
- iii) FII investment limit in corporate bonds to be increased to 15 and 25 % of fresh issuance in phase II and phase III.
- iv) FIIs to be prohibited from investing through promissory Notes (PN); existing PN-holders to be phased out.
- v) Foreign institutions to be allowed to raise rupee bonds, subject to a ceiling.
- vi) Repo facility in Government facility should be widened by allowing all market players without any restrictions.
- vii) Non-resident investors, especially longer term investors, could be permitted entry without any restrictions.

Gross Purchases and Gross Sales by FIIs increased in the 2006-07 as compared to 2005-06. The cumulative net FII investment touched Rs. 2,181,376 million (US \$ 51,967 million) by end March 2007. The strong risk adjusted returns of the Indian market have led FIIs to make more allocations to India. A FII net investment was highest during the month of November 2006, amounting to Rs. 101,860 million. (US \$ 2,213 million). The month of May 2006 witnessed the largest single-month pull-out of FII funds, when FII withdrew over Rs.66, 470 million (US \$ 1,473 million). During the same month, Nifty 50 saw a decline of 13.68 %. The correlation coefficient between net investment by FIIs and NSE Nifty 50 during 2006-07 was 0.29 percent.

Though the volume of trades done by FIIs is not very high as compared to other market participants, to a considerable extent, they are the driving force in determination of market sentiments. The FIIs registered net investments of Rs. 308,410 million (US \$ 6,708 million) in year 2006-07 as against Rs.394, 660 million (US \$ 9,334 million) during the previous year 2005-06.

In **January 2007**, these limits were further enhanced. The existing limit of US \$ 2 billion available for investment by FIIs in Government Securities/ T-Bills was raised to US \$ 2.60 billion. The incremental limit of US \$ 0.6 billion was added to the existing headroom of US \$ 55 million available for investment by 100% debt FIIs in Government Securities/ T-Bills. The enhanced limit was allocated among the 100% debt and general 70:30 FIIs/ Sub-Accounts in the following manner.

TABLE 3: REVISED LIMIT OF FII AFTER BUDGET 2007-08 (Figures in USD Billion)

Types of FII	100 % debt	70:30	Total permissible limit
Govt. securities/T-bills	2.0	0.6	2.60
Corporate Debt	1.0	0.5	1.50
Total			4.10

In **January and October 2007** FIIs allowed investing US \$ 3.2 billion in government securities (limits were raised from US \$ 2 billion in two phases of US \$ 0.6 billion each in January and October).

In **June, 2008** While reviewing the External Commercial Borrowing policy, the government increased the cumulative debt investment limits from US \$ 3.2 billion to US \$ 5 billion and from US \$ 1.5 billion to US \$ 3 billion for FII investments in government securities and corporate debt, respectively.

In **October 2008** While reviewing the External Commercial Borrowing policy, the government increased the cumulative debt investment limits from US \$ 3 billion to US \$ 6 billion for FII investments in corporate debt. Removal of regulation for FIIs pertaining to the restriction of a 70:30 ratio of investment in equity and debt, respectively. Removal of restrictions on Overseas Derivatives Instruments (ODIs).

In **March 2009** Disapproval of FIIs lending shares abroad. E-bids platform for FIIs.

In **August 2009** FIIs allowed participating in interest rate futures.

In **April 2010** FIIs allowed to offer domestic government securities and foreign sovereign securities with AAA rating as collateral (in addition to cash) to recognized stock exchanges in India for their transactions in the cash segment of the market.

In **November 2010** Investment cap for FIIs increased by US \$ 5 billion each in government securities and corporate bonds to US \$ 10 billion and US \$ 20 billion, respectively.

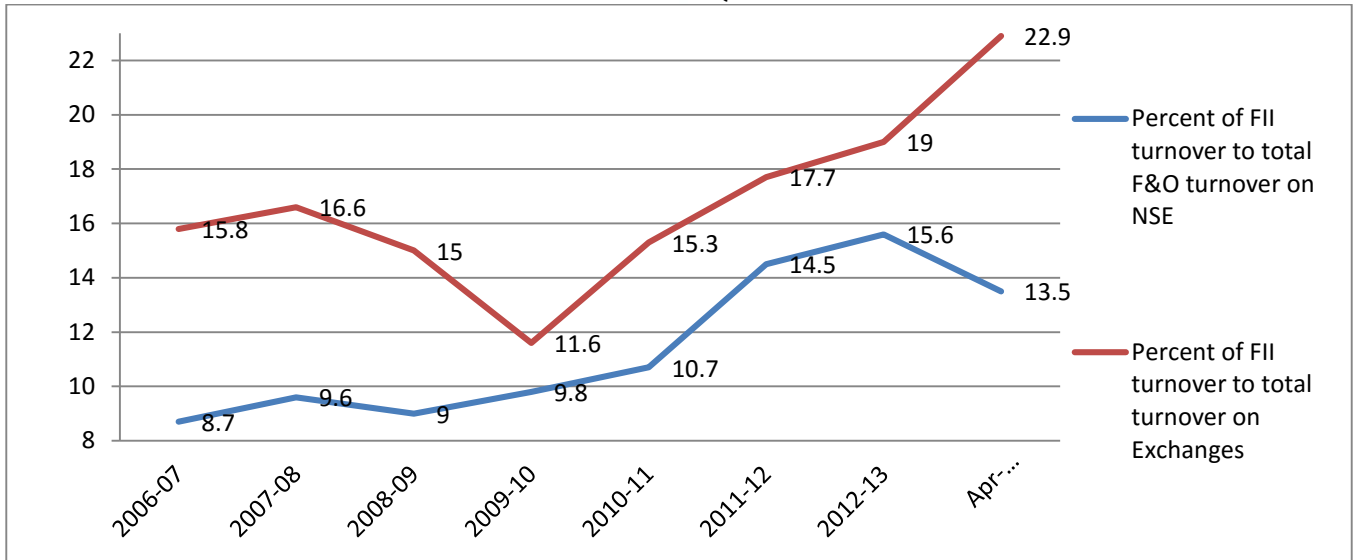
In **March 2011** the limit of US \$ 5 billion in corporate bonds issued by companies in the infrastructure sector with a residual maturity of over five years increased by an additional limit of US \$ 20 billion, taking the total limit to US \$ 25 billion

TABLE 4: GROSS TURNOVER OF FIIS IN EQUITY MARKET SEGMENT OF NSE AND BSE AND F&O SEGMENT OF NSE

Year	Percent of FII turnover to total F & O turnover on NSE	Percent of FII turnover to total turnover on Exchanges
2006-07	8.7	15.8
2007-08	9.6	16.6
2008-09	9	15
2009-10	9.8	11.6
2010-11	10.7	15.3
2011-12	14.5	17.7
2012-13	15.6	19
Apr-Sep'13	13.5	22.9

Source: Indian Stock Market A Review, 2013

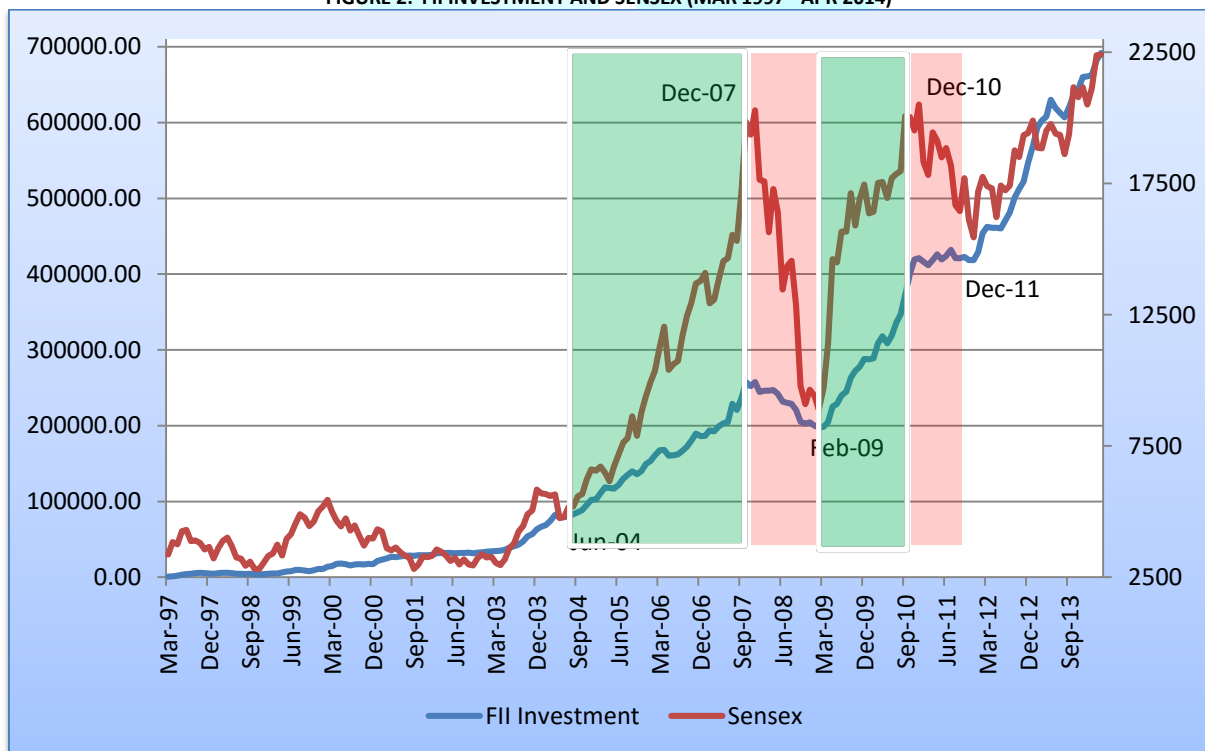
FIGURE 1: PERCENTAGE OF FII IN EQUITY AND F&O SEGMENT



3.3. RELATIONSHIP BETWEEN FII INVESTMENT AND INDIAN STOCK MARKET

To study the effect of FIIs' investment in Indian stock market monthly values of FII and Sensex value is consider. To make data normal and to minimize problems related to stationary and other requirement of regression analysis % change in FII and % change in Sensex values are calculated.

FIGURE 2: FII INVESTMENT AND SENSEX (MAR 1997 - APR 2014)



From the above figure we can see the movement of monthly values of Sensex and monthly values of FII investment. In above figure we can observe major bullish (green shaded) and bearish (red shaded) trend. We can see that movement of both Sensex and FII investments have parallel movement of up and down. Statistically we can check this relation with correlation coefficient. At the same time, it is also important to observe relation during bullish and bearish trend. Following table will help us in understanding this relationship during bullish and bearish trend.

TABLE 5: CORRELATION BETWEEN SENSEX AND FII INVESTMENT

Trend	Period	Correlation Co-efficient
Bullish	Jun 2004 – Dec 2007	0.986967
Bearish	Dec 2007 – Feb 2009	0.983528
Bullish	Feb 2009 – Dec 2010	0.888427
Bearish	Dec 2010 – Dec 2011	0.206862

From the above table we can see that correlation between FII investment and Sensex varies from period to period. From the above table we can see that FII Investment and Sensex are having strong positive correlation during bullish trend than correlation during bearish trend. Thus we can say that FII may have more positive role during long term bullish trend rather than negative role during long term bearish trend.

3.4. RISK DUE TO FII IN INDIAN MARKET

If Indian financial market has not still bitter experience of FIIs, it doesn't mean that in future also we don't have any threat from them. Any financial institutions have their preliminary objective to increase their return and they are least interested in being the part of story of growth of any nation. Too much rely on FII may bring certain problems for emerging countries like India. They are a new form of land lords and money lenders in villages. Slowly they may make developing countries habituated for high growth in economy and make them dependent for chipper capital – funds from developed countries. These emerging economies can grow at faster rate with help of capital inflow of FIIs, but when due to any reason when they quit from these market their market may drop drastically and blessing becomes veto. Legal frame work and systems are there to protect financial market from few of adverse effect, but many times they found lacking in that. Investment of FII is depending upon the various major factors like political situation, economic growth, exchange rates, performance of companies, inflation rate etc. They used to switch their funds from one country to another country they don't try to improve various economic parameters. Hence emerging countries can rely on FIIs investment for short term but in long run they cannot control internal as well external factors so they may not able to sustain to look lucrative investment for FIIs in long-run.

4. CONCLUSION

Whether an individual, a company or a country, everyone needs capital to invest and grow. But it is hard fact that there are limited means to satisfy unlimited wants. Foreign Institutional Investors (FIIs) helps in fulfilling this need upto certain extent. They judiciously invest in countries having high growth potential. So emerging economies like India may get good amount of financial flow, which is essential for their growth. Investment of FII also brings rationality within the financial markets; it helps retail investors to become more logical in their investments too. Using their vast knowledge in financial market FIIs identify up-and-coming companies and provide a good prospect to develop and grow. Thus, FII facilitate Indian financial market in becoming more transparent and efficient.

REFERENCES

- Chen, Y.-F., Wang, C.-Y., & Lin, F.-L. (2008). Do Qualified Foreign Institutional Investors Herd in Taiwan's Securities Market? *Emerging Markets Finance & Trade*, 44 (4), 62-74.
- Cohn, C. (2014, January 20). BRIC or MINT? Investors suffer acronym anxiety. London: Thomson Reuters. Retrieved January 2014, from <http://in.reuters.com/article/2014/01/20/emerging-investment-acronyms-idINDEEA0JODD20140120>
- Ding, M., Nilsson, B., & Suardi, S. (2013). Foreign Institutional Investors and Stock Market Liquidity in China: State Ownership, Trading Activity and Information Asymmetry. (F. Lundtofte, Ed.) KNUT WICKSELL WORKING PAPER 2013:14.
- (2012-13). *Economic Survey*.
- Edison, H. J., & Warnock, F. E. (2004). U.S. INVESTORS' EMERGING MARKET EQUITY PORTFOLIOS: A SECURITY-LEVEL ANALYSIS. *The Review of Economics and Statistics*, 86 (3), 691-704.
- FIIs may dump govt debt if inflation fall reverses, says Nomura. (2014, January 21). Mumbai: The Financial Express.
- Foreign Investment in India. (2013). *Industrial Securities Marke A Review*, XVI.
- Klimes, M., & O'Neil, J. (2014, January 6). Ex-Goldman Guru Jim O'Neill Says 'Mints' are the New Brics. *International Business Times UK*.
- Prasanna, K. P. (2008). Foreign Institutional Investors: Investment Preferences in India. *Journal of Administration & Governance*, 3 (2), 40-51.
- Sahu, A. K., Vaswani, L. K., & Chakraborty, A. (2013, September 18). Institutional Investments in India: A Review of Literature. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2327427
- Singh, B. (2011). Inter-relation Between FII, Inflation and Exchange Rate. *The Journal of Economics*.
- Srinivasan, P., & Kalaivani, M. (2013, January 15). Determinants of Foreign Institutional Investment in India: An Empirical Analysis. MPRA Paper No. 43778, pp. 1-20.
- Sultana, S. T., & Pardhasaradhi, S. (2012). Impact of Flow of FDI & FII on Indian Stock Market. *Finance Research*, 1 (3), 4-10.
- Vishnoi, A. (2014, February 3). Sensex hits 2-1/2-month low as foreign investors sell. Mumbai: Thomson Reuters. Retrieved from <http://in.reuters.com/article/2014/02/03/sensex-nifty-telecom-spectrum-pmi-icici-idINDEEA1203220140203?feedType=nl&feedName=inmoney>

COMPARATIVE ANALYSIS OF HUMAN RESOURCE ACCOUNTING PRACTICE IN ONGC & HPCL: OIL & NATURAL GAS CORPORATION LIMITED AND HINDUSTAN PETROLEUM CORPORATION LIMITED

DR. SAMIR M. VOHRA
PRINCIPAL
HNSB COLLEGE OF MANAGEMENT STUDIES
MOTIPURA, HIMMATNAGAR

ABSTRACT

In the modern industrial system, the productivity of any company is the result of the combined efforts of all factors like men, material, machinery and money. Unlike other factors of production, Human Resource (HR) is an active factor and controls all other factors and coordinates them to get the maximum output at minimum cost. In the emerging economic scenario, one of the important ingredients in the field of accounting and finance is Human Resource Accounting. The concept of "investment" in employees: the human capital of the enterprise, push forward a view that one is looking for a profit to be gained from the investment and therefore the focus is on the development of employees for a specific purpose to gain. To ensure growth and development of any organization, the efficiency of employees must be accounted in the right perspective. Human resource accounting is one of the latest concepts adopted by Indian companies in recent times. In view of the growing importance of HRA, many public and private companies in India are voluntarily disclosing information about their human resources. Hence, an attempt is being made for comparative analysis of Human Resource Accounting practice in ONGC & HPCL companies. A comparative study was conducted among different variable which affect on human resource value in both the companies.

KEYWORDS

variables, comparative analysis, annual reports, human resource accounting.

INTRODUCTION

In the modern industrial system, the productivity of any organization is the result of the combined efforts of all factors like men, material, machinery and money. Unlike other factors of production, Human Resource (HR) is an active factor and controls all other factors and coordinates them to get the maximum output at minimum cost. Human Resource Accounting (HRA) is not a new issue in the management field. Rensis Likert (Carme, BV and Soledad, MG, 1999 p. 386) initiated research into true HRA in the 1960s. He emphasized the significance of long-term planning of qualitative variables which results in greater benefits in the long run. The resources theory (Conner, 1991) considers HR in a more explicit way and states that the competitive position of a firm depends on its specific assets which are its HR. A talented team can make a firm more productive than others with the same technology (Carme, Bv and Soledad, MG, 1999 p. 386). Unfortunately; the accounting profession has always neglected the contribution of these vital resources. It very easily ignores HR, though it recognizes physical property like buildings, production plants and machineries by showing them as assets on the balance sheet. In recent literature an attempt is being made to recognize the Human Resource Accounting practice in ONGC & HPCL.

In India Human Resource Accounting Practices was initiated by the public sector giant BHEL and SAIL back in the 1970's. The importance of the contribution of Human Resources was recognized by other service, technology and other knowledge based sectors and as a result many other public and private sector companies are reporting HRA information in their financial statements. They are (CCI), (MMTC), (ONGC), (NTPC), (EIL), (OIL), (HPCL), (HSL), (HZL), (INFOSYS) etc.

OBJECTIVES OF THE STUDY

1. To examine the prevailing HRA reporting practices in ONGC & HPCL.
2. To enlist the items of human resource information to be disclosed in the annual reports.
3. To examine model used for the valuation of human resources in ONGC & HPCL.
4. To derive conclusions and suggest measures for improvement of HRA practices in ONGC & HPCL.
5. To help the management improve human resource management by analyzing investment in HR.

SCOPE OF THE STUDY

In the present study, HRA practices followed by ONGC & HPCL have been examined for the period from the financial year 2001-02 to 2008-09.

PERIOD OF THE STUDY

The period of the study is selected eight consecutive years which are from the financial year from 2001-02 to 2008-09. The study is mainly based on published annual reports of by ONGC & HPCL.

RESEARCH METHODOLOGY

The study is mainly based on the secondary data's. The secondary data are extracted from the sources like annual reports, different books of management accounting, journals, and research papers, previous research findings and website of ONGC & HPCL.

To investigate the efficiency of the HRA model adopted by ONGC & HPCL, the study is carried out by analyzing the behaviour of all the important variables indicating efficiency and profitability and after that descriptive analysis, Hypothesis testing and comparative analysis of two companies is done.

HYPOTHESES DEVELOPMENT

The main purpose of the research is to study the comparative analysis of HRA practice in ONGC & HPCL. This information will help the management and investors in decision making and to improve the quality of financial statements.

HYPOTHESIS 1: There is no significant difference between mean values of different variables of ONGC & HPCL during the period from 2001-02 to 2008-09.

HYPOTHESIS 2: There is no significant difference in human resource accounting reporting practices in ONGC & HPCL.

HYPOTHESIS 3: Both the companies ONGC & HPCL do not follow human resource accounting and reporting practices.

HYPOTHESIS 4: ONGC & HPCL companies do not follow Lev & Schwartz model for valuation of human resources.

HYPOTHESIS 5: Human Resource Accounting may help in formulation of personnel policy.

DISCLOSURE RELATING TO HUMAN RESOURCE ACCOUNTING BY ONGC & HPCL

The information disclosed is useful to companies to attract capital from the external investors. In recent years, the studies conducted are concerned with disclosure research and is taking a user approach. Very few authors carried out disclosure studies taking a company approach.

To understand the process and issues underlying the disclosure practices followed by ONGC & HPCL and to understand the different variables and their frequency of use, the data analysis is undertaken.

TABLE 1.1: RA PRACTICES IN ONGC & HPCL DURING THE PERIOD FROM 2001-02 TO 2008-09

Public Enterprise	HRA Introduced	Valuation Model Used	Discount Rate (%)
ONCC	1981-82	Lev & Schwartz	12
HPCL	Not Reported	Lev & Schwartz	8

Source: Annual Reports of ONGC & HPCL up to March 2009

Table 1.1 shows HRA practices in ONGC & HPCL during the period from 2001-02 to 2008-09. ONGC had introduced HRA reporting since 1981-82, While HPCL had not reported year of introduction of HRA practice. Both the companies had adopted Lev & Schwartz Model for Human Resource Valuation. The discount rate for valuation is also reported by both the companies.

BEHAVIOURAL ANALYSIS: This section studies the behaviour of individual variables over the period of our study. The present analysis uses the Index number analysis.

THESE VARIABLES ARE:

1. Total Number of Employees
2. Average Age of Employees
3. Manpower Cost per Employee
4. Discount Rate
5. Human Resource Value per Employee
6. Turnover per Employee
7. Value Added per Employee
8. Return on HRV
9. Profit After Tax

DESCRIPTIVE SUMMARY

Both the companies have experienced changes in almost all the variables. Therefore, to check the nature of change, the volatility analysis has been carried out using standard deviation (SD) and volatility coefficient.

As human resources are the only active asset of the organization it is important resource of the business. Therefore, in the first section the behaviour and in second section volatility of variables are studied individually. In both the studies and analysis relationship of HRV with all these variables was carried out.

CONCLUSION DESCRIPTIVE STATISTICS

1. ONGC

- (i) Variability - At ONGC variable total number of employees, is highly variable and manpower cost per employee has low variability.
- (ii) Volatility – Total Number of Employees is more stable with low volatility and value added per employee variable has less stability with high volatility.
- (iii) HRV per Employee is highly correlated with return on HRV per employee.
- (iv) HRV per Employee is highly negatively correlated with total number of employees.
- (v) Average of Employees is not disclosed so analysis is not possible.
- (vi) Regression results with respect to all variables are statistically significant.
- (vii) The value of coefficient with respect to manpower cost per employee (4.667) is high which will decrease the value of HRV per employee. Unit change in this variable will lead to unit change in HRV per employee at ONGC, assuming other factors to be constant.

2. HPCL

- (i) Total Number of Employees is highly variable among all variables and manpower cost per employee show very low variability.
- (ii) Average Age of Employee variable is more stable and turnover per employee variable is less stable.
- (iii) HRV per Employee is highly correlated with return on HRV per employee.
- (iv) HRV per Employee is poorly correlated with value added per employee.
- (v) HRV is highly negatively correlated with total number of employees, indicating adverse effect on HRV per employee.
- (vi) The value of regression coefficient with respect to manpower cost per employee variable is highly positive, which implies that one unit change in this variable would lead to (1.125) unit change in HRV per employee at HPCL, assuming other factors to be constant.
- (vii) Regression results with respect to financial variables are statistically significant.

HYPOTHESIS TESTING (T-TEST): ANOVA TEST: VARIABLES OF HPCL & ONGC

H₁: There is no significant difference between mean values of different variables of HPCL & ONGC during the period from 2001-02 to 2008-09.

TABLE 1.2: GROUP STATISTICS IN HPCL & ONGC DURING THE PERIOD FROM 2001-02 TO 2008-09

	Company	N	Mean	Std. Deviation	Std. Error Mean
Total Number of Employees	HPCL	6	10981.33	294.060	120.050
	ONGC	6	37063.67	2583.125	1054.556
Manpower Cost Per Employee	HPCL	6	.0583	.00983	.00401
	ONGC	6	.0367	.01751	.00715
HRV per Employee	HPCL	6	.7280	.14579	.05952
	ONGC	6	.7180	.08085	.03301
Turnover per Employee	HPCL	6	6.0517	1.79260	.73183
	ONGC	6	1.1133	.40791	.16653
Value Added per Employee	HPCL	6	.4900	.08222	.03357
	ONGC	6	.9350	.46350	.18922
Return on HRV per Employee	HPCL	6	.7280	.14579	.05952
	ONGC	6	.7260	.07787	.03179
Profit After Tax per Employee	HPCL	6	.1133	.04885	.01994
	ONGC	6	.3150	.11879	.04849

TABLE 1.3: P – VALUE IN HPCL & ONGC DURING THE PERIOD FROM 2001-02 TO 2008-09

Variable	t-value	degree of Freedom	p-value
Total Number of Employees	-24.574	10	.000*
Manpower Cost per Employee	2.643	10	.025*
HRV per Employee	.147	10	.886
Turnover per Employee	6.580	10	.000*
Value Added per Employee	-2.316	10	.043*
Return on HRV per Employee	.030	10	.977
Profit After Tax per Employee	-3.846	10	.003*

Table 1.2 shows the mean and p-value of different variables. At 5% significance level, p-value is $0.00 < 0.05$. Therefore, null hypothesis is rejected and alternate hypothesis is accepted. Which prove that there is significant difference between mean values of different variables of HPCL & ONGC.

There is significant difference in mean values of total number of employees (.000*), manpower cost per employee (.025*), turnover per employee (.000*), value added per employee (.043*) and profit after tax per employee (.003*), between HPCL and ONGC companies. The p – values for these variables are less than 0.05. The differences of other variables, HRV per employee (.886) and return on HRV per employee (.977) are not significant.

H₂: There is no significant difference in human resource accounting reporting practices in ONCC & HPCL.

It is found under the study that there is significant difference in human resource accounting reporting practices in ONGC & HPCL.

H₃: Both the companies ONGC & HPCL do not follow human resource accounting and reporting practices.

It is found that at present ONGC and HPCL follow human resource accounting and reporting practices.

H₄: ONGC & HPCL companies do not follow Lev & Schwartz model for valuation of human resources.

It is found that both the companies ONGC & HPCL had followed Lev & Schwartz model for valuation of human resources.

H₅: Human resource accounting may help in formulation of personnel policy.

It is found that Human resource accounting is not helpful in formulation of personnel policy. The employees should be clearly informed the existing human resource valuation system so that they are aware of the same in advance.

FINDINGS

1. One of the first attempts to estimate the value of human resource in monetary terms was made around 1691 by Sir William Petty.
2. In India, the first initiative in the direction of human resource accounting and valuation came from the public sector giant BHEL from the financial year 1974-75.
3. There are several approaches or models for valuation of human resources. All these models have different backgrounds and different theoretical foundations. ONGC & HPCL had adopted economic valuation concept and accepted the model suggested by Lev & Schwartz. Further, the study indicates that ONGC & HPCL had distributed human resources and their value category wise.
4. It was observed that ONGC and HPCL had more number of employees that is 33035 employees in ONGC and 11246 employees in HPCL up to March 2009.
5. It was observed that, ONGC - divides its total staff into two main groups technical – executive & non- executive and non- technical – executive & non- executive. HPCL- divides its total staff into two main groups – management and non- management employees.
6. It was found that ONGC had not disclosed average age of employees, while at HPCL – average age for 2002 & 2003 is 42 years, 2004 & 2005 is 43 years, 2006 is 44 years and for 2009 it is 44 years.
7. It was observed that both the companies under the study had catalogue the employees group wise, total and group wise HRV and total.
8. Comparatively it was observed that ONGC & HPCL had variable discount rate 7%, 8%, 11% & 12%.
9. Comparatively it was observed under the study that, overall increase in Human Resource Value in ONGC and HPCL during the period from 2001-02 to 2008-09 is 1.49 times and 2.09 times.
10. It was observed that among 7 variables identified for the study, total number of employees' variable is found highly variable in both the companies, at ONGC it was (2288.500) and HPCL (325.025). While, manpower cost per employee variable is found least variable at ONGC (0.017) and HPCL (0.009).
11. More stability or volatility was shown by the variable total number of employees at ONGC (0.063) While, average age of employee variable show more stability at HPCL (0.020). Low stability was shown by the variables, value added per employee at ONGC (0.439).
12. The variables which are highly correlated are, return on HRV per employee (0.999**) at ONGC, return on HRV per employee (1.000**) at HPCL
13. The variable which is highly negatively correlated is total number of employees at ONGC (-0.890*) and HPCL (-0.770).

LIMITATIONS OF THE STUDY

1. The study is limited to ONGC & HPCL companies only.
2. The present study is limited for a specified period of eight years from 2001-02 to 2008-09.
3. This study is mainly based on secondary data from published annual reports, websites and literature. The limitations of secondary data influence the study.

CONCLUSION

In the present comparative study among ONGC & HPCL, an attempt has been made to evaluate the Human Resource Accounting practices in two companies. Human resource valuation is the most confusing and critical problem for companies in India. Accounting bodies, professionals, experts and Government should take steps to frame the guidelines for the effective and proper valuation of human resources.

After study, it can be concluded that both the companies under the study had made sincere efforts to value and disclose the Human Resource Accounting information in their annual reports.

But, at this stage it suggested to both the companies that a lot can be done and improved in the present situation and uniformity in valuation and disclosure is needed, for better understanding and decision making of investors.

REFERENCES

1. Carme, BV; Soledad, MG, "Human Resource Accounting", International Advances in Economic Research, August 1999, Vol. 5, Issue 3, pp. 386-394.
2. Conner, K, "A Historical Comparison of Resource-based Theory and Five Schools of Thought within Industrial Organization economics: Do We Have a New Theory of the Firm?" Journal of Management, (1991) Vol. 17, Issue 1, pp. 121-154.
3. Flamholtz, Eric.G., Human Resource Accounting: Advances in Concepts, Methods and Applications, Second Edition, Jossey-Base INC, Sanfrancisco, California, 1986.
4. Kothari, C.R., and Research Methodology: Methods & Techniques Revised Edition, New Age International Publishers, New Delhi, 1990.
5. Oil & Natural Gas Corporation Limited & Hindustan Petroleum Corporation Limited

WEBSITES

6. <http://www.dpe.nic.in/cpesweb.htm>
7. <http://www.hindustanpetroleum.com>
8. <http://www.ongcindia.com>

HUMAN RIGHTS BASED APPROACH TO COMBAT CORRUPTION

**DR. NIRUPAMA
PRINCIPAL
DURGAPUR INSTITUTE OF LEGAL STUDIES
DURGAPUR**

ABSTRACT

Corruption is the social evil epidemic disease that kills the development of the country. It is not that the modern milieu is infected with this cancerous germ but it had been from the ancient era. The right to development is adopted by the United Nation and given the status of human rights, so the State is obliged to protect these inalienable, indivisible rights of the people. Due to the corruption not only the development of the State is effected but the civil, political and economic rights of individual is violated and specifically of the vulnerable and marginalised group of the society. In order to combat with corruption, it is important to interlink with the human right as each corner of the human life is damaged. The most important programme of United Nation Development Program (UNDP) is the Millennium Development Goal that was targeted to be achieved by 2015, but it is only half filled and half empty glass and this happened due to corruption.

KEYWORDS

human rights, corruption.

INTRODUCTION

Since the antiquity corruption is the insidious social evil which is of epidemic in nature and is spreading not only in India but in the whole World. Corruption thrives on human weakness which promotes illegality, unethicalism, subjectivity, inequity, injustice, waste, inefficiency and inconsistency in administrative conduct and behaviour.¹ It is a fact that this cancerous problem is not of the modern days only, as it had been infected from the day back to the ancient period. Kautilya a sagacious minister of the Chandragupta Maurya Court in his Arthashastra reflected the corruption in the society and proposed number of measures to combat with the man-made evil. As Salman Rushdie stated that

“There are two things in Indian history –one is the incredible optimism and potential of the place and the other is the betrayal of that potential – foe example, corruption. These two strands intertwine through the whole of Indian history, and may not be just Indian history.”

It is a universal problem which is endemic as well as enemy within a State. It is permeated in the developed and developing countries, political, economic and social sphere and threatened the prospects of development and prosperity. The former UN Secretary-General Kofi Anan in the forward to the United Nation Convention against Corruption (UNCAC) stated:

“Corruption is an insidious plague that has a wide range of corrosive effects on societies. It undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes, the quality of life and allows organised crime, terrorism and other threats to human security to flourish. Corruption hurts the poor disproportionately by diverting funds intended for development; undermine a government’s ability to provide basic services and discouraging foreign and investment.”²

As the United Nations Secretary-General, Ban Ki-moon expressed corruption as a barrier to achieving universally accepted development goals and in his message to mark the 2013 International Anti-Corruption Day stated that:

“To achieve an equitable, inclusive and more prosperous future for all, we must foster a culture of integrity, transparency, accountability and good governance.”

It is very difficult to give the specific definition of corruption as it touches each and every sphere of life. The corruption is an act where for personal gain the public power is utilised is universally accepted. This epidemic problem has long been regarded as of administrative nature, but it has grown as an economic problem as it made commercial transaction more expensive. Recently it had been related with the social institutions that threaten the social fabric, due to which the individual suffers of its consequences.³ It affects the poor vulnerable group of the society the most as corruption creates fundamental inequalities to access justice and to development services. In 1986, the United Nations declared that right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized.⁴ It is definite that corruption has a pervasive and troublesome impact on the poor which is the barrier in the enjoyment of the right to development. According to the Former World Bank President, James Wolfensohn,

“Corruption is one of the greatest inhibiting forces to equitable development and to combating of poverty. For many, it constitutes the difference between life and death.”⁵

Thus it is anti-poor, anti-development, anti-growth, anti-investment and inequitable. The former Chief justice of India opined:

“The real cost of corruption are difficult to measure since they involve the loss of opportunities for business and investment as well as the diversion of man-power, when it may be usefully employed elsewhere. In some instances corruption poses a threat to national security as well as law and order.”⁶

As corruption is one of the obstacles to peace, security, stability, democracy and human rights globally. The Supreme Court of India in State of Madhya Pradesh v. Shri Ram Singh⁷ observed that,

“Corruption in a civilized society is like cancer, which is not detected in time is sure to maligns the polity of the country leading to disastrous consequences. It is termed as a plague which is not only contagious but if not controlled spreads like a fire in a jungle. It has also been termed as royal thievery. The socio-political system exposed to such a dreaded communicable disease is likely to crumble under its own weight. Corruption is opposed to democracy and social orders, being not only anti-people, but also aimed and targeted at them. It affects the economy and destroys the cultural heritage. Unless nipped in the bud at the earliest, it is likely to cause turbulence shaking of the socio-economic political system in an otherwise healthy, wealthy, effective and vibrating society.”

CORRUPTION AS A THREAT TO HUMAN RIGHT

The United Nations have established this cancerous to society under the purview of human rights as from the “first generation” civil and political rights to “second generation” economic and social rights. The corruption hinders the human development as it reduces access to public services by diverting public resources for private gain. In 2009 UN Secretary –General stated that:

“When public money is stolen for private gain, it means fewer resources to build schools, hospitals, roads and water treatment facilities. When foreign aid is diverted into private bank accounts, major infrastructure projects come to halt. Corruption enables fake or substandard medicines to be dumped on the market, and hazardous waste to be dumped in landfill sites and in oceans. The vulnerable suffer first and worst.”⁸

¹ Ramesh K. Arora and Rajni Goyal, Indian Public administration: Institutions and Issues (New Delhi, Wishwa Prakashan, 1996)

² Freedom from Official Corruption as a Human Right by Mathew Murray and Andrew Spalding, Jan 2015

³ Corruption as a violation of Human Rights by Julio Bacio-Terracino published in SSRN Jan. 2008

⁴ Declaration on the Right to Development adopted by General Assembly resolution 41/128 of 4th Dec. 1986, Article 1

⁵ Wolfensohn’s “Challenging in asia: Case Studies and a Framework for Action” World Bank Publication 2003.

⁶ Balakrishna K.G. Chief Justice of India, paper presented National Seminar on “Fighting Crimes Related to Corruption” New Delhi on 13/10/2009,

⁷ AIR 2000 SC 870

⁸ Anti-corruption/ UNDP available at www.undp.org/content/undp/en/home/.../focus_anti-corruption.

The realization of the corruption as a threat on the fundamental rights of the people is not new as the French Declaration of 1789, the Right of Man and the Citizen brought awareness about their rights as it stipulated the "ignorance, oblivion or contempt" of human rights are the causes of the public misfortunes and governmental corruption.

Human rights are indivisible and interdependent, due to the corruption from grand corruption to petty corruption i.e corruption in the high level to the low level, the consequences is on all human rights- civil, political, economic, social and cultural, as well as the right to development. It not only leaves the negative impact on the enjoyment of human rights but also weakens democratic institutions. In countries where corruption is prevalent undermines the rule of law, weakens the accountability structure and import impunity in the society by illegal actions. The resolutions adopted by the Human Rights Council in the twenty-third session that corruption constitutes one of the obstacles to the effective promotion and protection of human rights as well as to the achievement of the Millennium Development Goals and other instrumentally agreed development goals.⁹

The prevalence of corruption discriminate in access to public services among the able group of society who fulfil the needs of the authorities by offering bribes and other those not able to influence. As a consequence of corruption it weakens the democratic institution where people are discouraged from the enjoyment of civil and political rights. In the country of the rule of law system, it weakens the accountability and transparency due to which the implementation of legal frameworks and protection of human rights are impeded.

In order to determine that corruption violates the human rights it is necessary to define as direct violations, indirect violations and remote violations by the corrupt practices. These three categories depend upon the cause of violation. To link between both it is first important to establish the scope and content of the human rights obligation, whether it is obligated by the domestic law, international law, treaty, custom or general principles. States have the three level of obligation in relation to human rights i.e. the obligation to respect, to protect and to fulfil the enjoyment of the rights of the population.

RELEVANCY TO LINK CORRUPTION WITH HUAMN RIGHTS

The connection between the human rights and corruption may help to minimise the corruption as the human right framework emphasise explicitly that vulnerable and marginalised section must be protected from abuses. The International Bill of Human rights and numerous other UN treaty bodies and UN special procedures stated that widespread of corruption obstruct the states to comply with their human rights obligations. The Committee on Economic, Social and Cultural Rights expressed that "states face problems of corruption which have negative effects on the full exercise of rights covered by the Covenant (ICESCR)"¹⁰. The obligation of the State is clearly elucidated in the International Covenant on Economic, Social and Cultural Rights –

"Each State Party in the present Covenant undertakes to take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the right recognized in the present Covenant by all appropriate means, including particularly the adoption of legislative measures."

With the help of the above stated obligation it is implicit that the corrupt act committed by the public officials or institution reduces the state's ability and resources which are important for the realization of human rights. The corruption deviates the public goods or resources for the welfare of the people to a few hands that brings the injustice and inequality in the society. It is believed that the human rights approach will give the anti-corruption movement a momentum and address all the major contemporary issues. Mark Kreutner, Dean and Executive Secretary of the International Anti-Corruption Academy in the 13th UN congress on Crime prevention and Criminal Justice stated that

"All the universal goals run the risk of being severely undermined by corruption. Corruption is the anti-thesis vis-a-vis human rights, the venom vis-a-vis the rule of law, the poison for prosperity and development and the reverse of equity and equality."

The interdependence of both the agencies will surely be proved to be effective as this process amplify the transformative effect on the lives of the poor. The three principles that are central to both anti-corruption and human rights policies are participation, transparency and accountability. The citizen empowerment is a vital component of the effective anti-corruption strategies. Whether it is a fight against the violation of human rights or the corruption the empowerment of the public with the help of the three pillars of good governance i.e. participation, transparency and accountability is the effective weapon. Access to information is the key to the transparency and is the cornerstone of the anti-corruption strategies. Transparency will prevent corruption whether it is in section of public procurement, budgeting, public expenditure, finance, the judicial system or the conduct of private companies. Corruption impacts on the lives of the people and undermines the human rights by distorting the rules of allocation, inclusion and accountability which regulate the access to distribution of public resources. The UNCAC underlines the importance of participation as it directs the States to promote the active participation of individuals and civil society, NGO's in the fight against corruption, prioritized the social accountability and this is possible with access to information

From the United Nations Development Programme (UNDP) angle dealing corruption not just as a crime but more than it as it is an impediment to its mandate of reducing poverty and promoting sustainable development. Anti-corruption is accepted as an essential ingredient in the national and global development agendas. In the 22nd session of the Human Rights Council the common principles to promote human rights based approach to end impunity of corruption are transparency, accountability, citizen participation, rule of law, freedom of expression, right to information, equality and non-discrimination, equity and fairness.

MEASURES AT INTERNATIONAL LEVEL

The United States of America was the first to put effort to combat corruption by law as the Watergate incident leads to the enactment of the Foreign Corrupt Practices Act (FCPA) in 1977 and Inter-American Convention against Corruption was the first international convention. The Organisation for Economic Cooperation and Development Conventions on Combating Bribery of Foreign Public Officials in International Business Transaction (OECD Corruption Convention) was adopted by the effort of United States with her trading partners at the OECD. The United Nation Convention against Transnational Organised Crime (UNTOC) also called the Palermo Convention, was adopted in 2000 by the General Assembly resolution 55/25 which contains provisions on corruption (Articles 8 and 9).

The United Nations Office on Drugs and Crimes (UNDCO) Global Programme against Corruption has acted as a catalyst helping countries to implement the United Nations Convention against Corruption (UNCAC). It is the first global legally binding international and national instrument adopted by the General Assembly in 31st Oct. 2003 by Resolution 58/4 with the objective to reaffirm the importance of core values of human being i.e. honesty and for the promotion of development with transparency and accountability. The Preamble of UNCAC declares the state parties to have concern "about the seriousness of problems and threats posed by corruption to the stability and security of societies, undermining the institutions and values of democracy, ethical values and justice and jeopardizing sustainable development and the rule of law." The preamble does not directly delineate how corruption affects the people's rights but it only refers to fairness, responsibility and equality before the law.

Human rights principles and institutions are to be adopted with the other anti-corruption strategies for success and sustainability. To give the effective mode to the anti-corruption agencies or legal frameworks the strong involvement of the civil activist or culture of integrity in State and open political system is required. It is explicit that the battle against the corruption is similar to human rights projects where independent judiciary, freedom of the press, freedom of expression, transparency in the political system and accountability are essential for both. A human rights approach to curb corruption provides awareness to challenge the institutions involved in corruption. The possibility is that the victims can have recourse through human rights mechanisms such as International Covenant on Civil and Political Rights (ICCPR), Convention on the Rights of the Child (CRC), and the International Covenant on Economic, Social and Cultural Rights (ICESCR) against corruption and have redressal from the State. For anti-corruption advocacy the UN has developed two distinctive mechanisms: the treaty bodies and the special procedures. The treaty based mechanisms are committees created under the terms of International human rights treaties which are of four kinds: (a) a reporting procedure; (b) an inter-states procedure; (c) an inquiry procedure; and (d) a complaints procedure.¹¹

⁹ A/HRC/23/9 on 20 June 2013

¹⁰ E/C.12/1/ADD.91(CESCR, 2003, para12)

¹¹ Corruption and Huamn rights: making the Connection –2009 Internbational Council on Human Rights Policy -transparency International, http://www.ichrp.org/files/reports/40/131_web.pdf

UNDP's global Programme on Anti-Corruption for Development Effectiveness (PACDE)(2008-2013) ended on 13 December 2013 and Global Anti-Corruption Initiative(GAIN) (2014-2017) on the ongoing path of PACDE with new strategic plan to integrate anti-corruption bottlenecks in service delivery to contribute to MDG acceleration and post-2015 development goals. The UN Secretary –General Ban-ki-Moon released a report 'The Road to Dignity by 2030' and recommended to move forward by replacing Millennium Development Goal(MDG) with the new set of Sustainable Development Goal(SDG's) and stated that:

"We must maximise our commitment to public transparency, information sharing, participatory monitoring and open data."

State parties to the UNCAC acknowledged that corruption is a serious impediment in reducing poverty and achieving MDG, therefore pledged to take effective steps to prevent corruption.

Transparency International is a non-governmental organization founded in 1993 with the participation of Peter Eigen, a former regional director for the World Bank.¹² It state:-Transparency International is the global civil society organisation leading the fight against corruption. It brings people together in a powerful worldwide coalition to end the devastating impact of corruption on men, women and children around the world. TI's mission is to create towards a world free of corruption.

MEASURES AT NATION LEVEL

It is very obvious in the present scenario that the human rights are violated every day and even if the corruption is recognised as a human rights violation can it be fruitful to fight against corruption. The right to corrupt free service is the agenda of the good governance that is to be achieved with mechanism of human rights or other legal tools. Without the elimination of corruption, the justice cannot be accessed which is the constitutionally recognised rights of Indian citizenry and this is possible only if we have corruption free governance. The former Vigilance Commissioner, N.Vittal observed that 'Corruption totally distorts the machinery of government namely, the executive and makes a mockery of the human right for good governance.'¹³

At the national level there are number of corruption laws i.e. India Penal Code, 1860 penalise the public servant under sections 169 and 409; the Prevention of Corruption Act, 1988; The Benami Transactions (Prohibition) Act, 1988 that prohibits benami transactions. The Prevention of Money Laundering Act, 2002; the Right to Information Act, 2005, the Lokpal and Lokayuktas Act, 2013; the Whistle Blower Protection Act, 2011; the Comp [any Act, 2013. The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 is to curb black money or undisclosed foreign assets and income and imposes tax and penalty on such income. The Law Commission submitted the Report No. 254 on the Prevention of Corruption (Amendment) Bill, 2013. As India ratified the UNCAC, international treaty against corruption it is necessitated to amend the Prevention of Corruption Act, 1988 that provide for classifying corruption as a heinous crime and enhance the imprisonment for both bribe-giver and bribe-taker. There are not only the legislation that put efforts in dealing corruption as a crime but not considering the problem that undermines the enforcement of human rights.

Only the Anti-corruption legal framework cannot make corruption free society but there is a need of a perfect and strong machinery to enforce and implement. Certain Anti-Corruption Agencies are with the effective role namely Central Vigilance Commission (CVC), Central Bureau of Investigation (CBI) Anti-Corruption Bureau (ACB), Comptroller and Auditor General (CAG); the Enforcement Directorate etc. The days demand the revamp of the National Human Rights Commission (NHRC) to empower the struggle against the violation of fundamental rights due to corruption. If the human rights and the rule of law is affected then it is essential to develop the right to corruption free governance. It is should not be conceptual based but in reality effective one, so that the Indian citizen may live with corruption free environment. When the right to corruption free governance is recognised the judiciary will be empowered to integrate anti-corruption with the human rights. As the integration is established the social consciousness and awareness among the public will feed to raise the voice against corrupt activity. As Justice Ganguly

"Corruption devalues human rights, chokes development and undermines justice, liberty, equality, fraternity which are the core values in our Preamble vision. Therefore, the duty of the Court is that any anti-corruption law has to be interpreted and worked out in such a fashion as to strengthen the fight against corruption."¹⁴

CONCLUSION

The integration of anti-corruption and human rights movement outline the beneficial and challenging steps in both developing and developed countries. For the interface of violation of rights with corruption the mechanism could directly incorporate human rights theory through the tripartite typology (respect, protect, realise) or the 4A framework (availability, accessibility, acceptability and adaptability).¹⁵ The linkage of corruption and human rights is to elevate the corruption free service as a human right which is the exponential component of the good governance and rule of law. The right of corruption free service is missing in the Universal Declaration of Human Rights and the two international Covenants i.e. in the International Bill of Rights. With the anti-corruption measures i.e. prevention, criminalisation, asset recovery and international cooperation it is necessary to give response to the victims of corruption. The UNCAC has the single provision for the compensation of victims that covers only the bribery not for other corrupt acts. Right to corruption free service is rooted in human dignity and equality just as the right to life, security and privacy are. As the problem is such complex and multi-faceted that human rights based approach to fight against corruption will open the doors for the human rights monitoring mechanisms at international and regional level, civil society organisation and media to mobilise the public opinion on corruption. As the corruption violates the human rights so to give a judicial space for remedy it is important to recognise the corruption free service as a human right so that the vulnerable group of the society be empowered to know, claim and enjoy the human rights with dignity.

REFERENCES

1. Ramesh K. Arora and Rajni Goyal, Indian Public administration: Institutions and Issues(New Delhi,Wishwa Prakashan,1996)
2. Freedom from Official Corruption as a Human Right by Mathew Murray and Andrew Spalding , jan 2015
3. Corruption as a violation of Human Rights by Julio Bacio-Terracino published in SSRN Jan. 2008
4. Declaration on the Right to Development adopted by General Assembly resolution 41/128 of 4th Dec. 1986, Article 1
5. Wolfesohn's "Challenging in asia: Case Studies and a Framework for Action" World Bank Publication 2003.
6. Balakrishna K.G. Chief Justice of India, paper presented National Seminar on "Fighting Crimes Related to Corruption " New Delhi on 13/10/2009,
7. AIR 2000 SC 870
8. Anti-corruption/ UNDP available at www.undp.org/content/undp/en/home/.../focus_anti-corruption.
9. A/HRC/23/9 on 20 June 2013
10. E/C.12/1/ADD.91(CESCR, 2003, para12)
11. Corruption and Human rights: making the Connection –2009 International Council on Human Rights Policy-transparency International http://www.ichrp.org/files/reports/40/131_web.pdf
12. [https://en.wikipedia.org/wiki/transparency International](https://en.wikipedia.org/wiki/transparency%20International)
13. N. Vittal, Corruption in India: The Roadblock to National Prosperity, Academic Foundation, Delhi, 2003
14. <http://www.oneindia.com/2012/02/01/corruption-is-a-threat-to-indian-democracy-sc.html>
15. Monitoring Corruption from A Human Rights Perspective available at <http://corruptionresearchnetwork.com>

¹² <https://en.wikipedia.org/wiki/transparencyInternational>

¹³ N. Vittal, Corruption in India: The Roadblock to National Prosperity, Academic Foundation, Delhi, 2003

¹⁴ <http://www.oneindia.com/2012/02/01/corruption-is-a-threat-to-indian-democracy-sc.html>

¹⁵ Monitoring Corruption from A Human Rights Perspective available at <http://corruptionresearchnetwork.com>

BANKING ON SOCIAL MEDIA: RISK OR OPPORTUNITY FOR THE INDIAN PUBLIC SECTOR BANKS?

SRIHARI SUBUDHI
CHIEF MANAGER (ADC & MARKETING)
REGIONAL OFFICE
ORIENTAL BANK OF COMMERCE
AHMEDABAD

ABSTRACT

Social Media has changed the way we live our lives today. It has a huge impact on our personal lives as well as on the businesses. Worldwide many banks are using social media and reaping the benefits. All the new generation private sector banks in India are also using social media very aggressively for better customer engagement. However, Indian public sector banks simply don't "like" to use social media or "follow" their foreign or private counterparts. Do public sector banks still perceive social media as a risk for the banks? How long can these banks afford to ignore social media? This study explores the current status of Indian banks using (or not using!) social media with special emphasis on the public sector banks. It examines the bank customers' perception on social media. It also outlines how the public sector banks can leverage social media to benefit both the customers as well as the banks. The study reveals that only a few public sector banks are presently using social media, while most other banks are yet to do so. The results of the survey conducted during May 2015 in this study reveal that almost all customers are using social media and most customers are willing to follow their banks on social media. There is a huge opportunity for these banks to leverage social media to listen to their customers, provide better customer value and to add to bank's profitability in the long run. The recommendations of the study are very useful for the Indian public sector banks to grab the huge opportunity by leveraging the social media.

KEYWORDS

Social Media, Indian Public Sector Banks, Facebook.

I. INTRODUCTION

We don't have a choice on whether we DO Social Media, the question is how well we DO it?

Erik Qualman

During the last two decades, advances in Internet and mobile technologies have brought a social revolution around the world. Particularly social media have brought huge impact on the lives of the people around the world. Social media have driven the young generation crazy. Today, 'likes', 'shares' and 'follow' do really matter. Social Media have redefined the ways of personal interactions and relationships. Not just youths, people from all age groups are using social media throughout the world. India is no exception. In India, high internet penetration, cheap smart phones and lower mobile call/data rate etc. have added to the rapid growth of social media usage during the last five years. As per reports released by Facebook, India has second largest Facebook users (more than 100 million users), next to USA with 151 million users.

Since more and more people from all age groups are using social media, the later has a huge impact on the personal lives as well as businesses. Therefore, the growing importance of social media can't be ignored. Social media are dramatically impacting the banking industry too. Worldwide banks are using social media for better customer relationship and reaping the benefits. All the private sector new generation banks in India are also using social media aggressively. However, the public sector banks in India have been very slow to embrace social media.

II. OBJECTIVES OF THE STUDY

1. To explore the current status of usage of social media by the banks in India, with special emphasis on the public sector banks.
2. To examine the bank customers' perception on usage of social media.
3. To outline the areas in which the public sector banks can use social media to benefit both the customers as well as the banks.

III. LITERATURE REVIEW

The evolution of social media and their growing acceptance in the society have drawn the attention of many researchers around the world. Researchers, through various studies, have tried to highlight the pros and cons of social media and their impact on the personal lives of the users and the businesses. The main advantage of social media is that these enable easy sharing of information such as texts, photos, videos etc. through various social media sites on the internet. These social media sites are easily accessible through internet or mobile apps on Desktops/Laptops/Mobile phones/Tablets etc. These sharing of important information can suitably be targeted to the friends, family members or suppliers or prospective customers, etc.

Social media are dramatically impacting the banking industry, as most banks in the developed economies have already established an official presence on various social media sites to engage with their customers. "Overall, social media has an effective impact on banks, especially in terms of conversation, sharing, publishing and participation. Moreover, local commercial banks have been using social media to communicate with their customers" (Goi, 2010).

In August 2013, the Institute for Development and Research in Banking Technology (IDRBT), established by RBI, released a report "The Social Media Framework for Indian Banks" to underscore the use of social media by the banking industry and give recommendations—from a governance model, security implications and a social media checklist for banks. "Gen Y can be tapped more easily at social media sites than brick-and-mortar branches", the report acknowledged, and also said "banks need to design guidelines for engagement and the same needs to be communicated to the front-line staff representing the brand on social media" (IDRBT, 2013).

Social Media can be used as a means to connect with the bank customers and to get valuable suggestions on the various products and services of the banks. "It is a powerful media giving instant access to customer's feedback and reaction. No longer is the organization talking and the customer listening" (Mishra & Mohan, 2013). It is more relevant for the Indian public sector banks, which are often known for being indifferent to customers' requirements, to understand the customers in a better way. "The public sector banks should keep their ears and eyes open, through the social media, to listen to their customers & whenever required to improve the existing processes within the bank" (Subudhi, 2014). Customers of public sector banks often complain that the internal processes are not properly aligned to provide better customer service. Bank officials often give more importance to their internal procedures, which are not optimised, than to effectively serve the customers. "Social media strategy cannot be implemented in isolation by the social media team without the active participation from all the other departments in a bank" (Vemuri, 2011). Social media can facilitate well-coordinated efforts of all business processes (departments) in banks for better customer value.

Banks can keep a track of customer location through social media, with customers' consent, to avoid frauds when a debit/credit card is presented from a location far away from last known location of the customer. "Location information can enable a banker to detect fraud, particularly in case of lost or cloned credit card and debit card" (V. Kumar, Cherukupalli, Singh, & Ubgade, 2014).

Banks can create a better and responsive work environment by open & transparent communication, through social media, among the employees within the organisation. Such work environment can boost the moral of the employees for providing better customer service. "Continuously drive improvement though much of your social media effort will be externally focused, continue to develop support across the organization by demonstrating value in ways that are

meaningful to employees and their work". (Lee, Mathena, & Goodall, 2013). "As customers increasingly leverage social media as a platform to formulate opinions about financial products and services, and banks have realized that social media needs to be incorporated in their marketing strategy" (Bansal, 2013).

"Because social media is inherently open and dynamic in nature, this medium can threaten a bank's reputation, if there is enough negative chatter on social platforms. By proactively leveraging social media, banks can address negativity in a timely manner" (Suvarna & Banerjee, 2014) "In fact, online word-of-mouth or advocacy from customers has become the fastest way to make or break a product or service. The combination of social media and mobile devices allows opinions to be shared and proliferated in seconds" (Roy, 2014). "Risk-related activities like posting wrong information, revealing unauthorized information, or even using social media in an unethical and manipulative way for one's own benefit, can lead to consequences like regulatory penalties and reputational damage" (K. S. V. Kumar & Devi, 2014). To avoid negative publicity against the bank, banks social media team should reply promptly to all queries politely on 24x7x365 basis. Since the customers/followers in social media expect a quick reply, the social media team of the bank should be suitably empowered to respond all queries promptly. With approximately more than two billion people using social media around the world, banks must seriously consider to engage with customers on various social media channels. Social media can be used by banks to create awareness among the customers and prospective customers on banks' existing and new products/services. "Social media can be an effective channel to communicate with and educate customers on these changes. Customers can also learn about new product launches through social media and quickly raise concerns and questions about them" (Furlonger, 2014).

Simply having a presence on social media is not enough. The demanding customers increasingly expect banks to use social media channels to deliver faster and more effective customer service. Customers also expect to receive updates from their banks on customized financial advices/offers and knowledge about regulations and alerts related to frauds. Banks can also use social media to get instant feedback from the customers on bank's products/services. "It is not enough just to have a token profile on social networks. Instead, there needs to be a previously defined communication strategy, and the social network presence needs to be used appropriately to achieve those strategic objectives" (Mohamad, Building, & Ismail, 2010). Social media can be used to promote bank's brand image, while enhancing trust and transparency among the various stakeholders of the bank. "Social media can be a valuable pursuit to a bank's ultimate goal in enhancing its brand, reducing costs, increasing customer satisfaction, boosting innovation, or driving revenue". (Gautam, 2014)

IV. RESEARCH METHODOLOGY

For this study, for secondary sources, we have referred to various research papers from different journals/books, official publication of Institute for Development and Research in Banking Technology (IDRBT), etc. We have also referred to the web sites of various social media sites such as Facebook, Twitter, LinkedIn, YouTube etc. We also followed some of the leading banks such as State Bank of India, ICICI Bank, HDFC Bank, Axis Bank, Central Bank of India etc. in India through Facebook and Twitter during May 2015 for this study.

For primary data, we have conducted a Survey through Google Forms during May 2015 on bank customers' perception on social media. 100 bank customers from both private sector and public sector banks responded to this Survey. We used convenience sampling method and distributed the online questionnaire through Email, Facebook and WhatsApp, among the friends/colleagues and family members who have bank accounts in India.

In the questionnaire, we had asked the following questions to the respondents:

1. Do you use any of the Social Media Sites such as Facebook, Twitter, LinkedIn, YouTube etc.?
2. Do you follow (will you follow) your bank on Social Media Sites (if your bank has or will have official presence on the Social Media Sites)?
3. Do you agree that customers can communicate easily & conveniently with the banks on their grievances/feedback/suggestions through social media?
4. Do you agree that banks' active presence on Social Media Sites (Such as Facebook) can help in improving customer service?
5. Do you agree that Indian Public Sector Banks should first streamline their internal processes before using social media in order to avoid spreading of negative publicity through social media sites?
6. Do you agree that Banks can reduce fraud risk by using social media (for example, by using customer's location information)?
7. Will you use the banking services (such as balance enquiry, mobile recharge, fund transfer etc.) on social media sites if your bank offers such services in a secured manner through Facebook or Twitter etc. (Like ICICI Bank's Facebook Banking and Kotak Mahendra Bank's Hashtag (Twitter) Banking)?
8. Do you agree that Reserve Bank of India should, by suitable regulation, force all banks in India to have official Facebook Page (the way all banks have their official Internet web sites)?

V. LIMITATIONS OF THE STUDY

The primary data in this study is based on the Survey conducted during May 2015 through Google Forms with 100 respondents selected through convenience sampling. The link (URL) of the Survey questionnaire was sent to the respondents through Email, Facebook and WhatsApp to all the friends/colleagues and the family members. Secondary data has been taken from official websites of Facebook, Twitter and YouTube. The presence of a bank on social media sites has been determined based on the availability of links for social media on the homepage of the official website of the respective bank.

VI. MAJOR FINDINGS

Following are the major findings of Survey conducted for this study:

96% respondents use any of the Social Media Sites such as Facebook, Twitter, LinkedIn, YouTube etc.

75% respondents follow (or will follow) their bank on Social Media Sites (if the bank has or will have official presence on the Social Media Sites).

84% respondents agree that customers can communicate easily & conveniently with the banks on their grievances/feedback/suggestions through social media.

86% respondents agree that banks' active presence on Social Media Sites (Such as Facebook) can help in improving customer service.

96% respondents agree that Indian Public Sector Banks should first streamline their internal processes before using social media in order to avoid spreading of negative publicity through social media sites.

69% respondents agree that Banks can reduce fraud risk by using social media (for example, by using customer's location information).

60% respondents agree to use the banking services (such as balance enquiry, mobile recharge, fund transfer etc.) on social media sites if your bank offers such services in a secured manner through Facebook or Twitter etc. (Like ICICI Bank's Facebook Banking and Kotak Mahendra Bank's Hashtag (Twitter) Banking).

54% respondents agree that Reserve Bank of India should, by suitable regulation, force all banks in India to have official Facebook Page (the way all banks have their official Internet web sites).

MAJOR FINDINGS FROM SECONDARY DATA

To find out which public sector bank is having official social media account (particularly Facebook, Twitter and YouTube) or not, we have assumed that if a bank has its presence on any social media sites, its links must be available on the bank's official internet website. Any search in google (or any other search engine) reveals multiple social media sites for any bank and none of these sites may be official social media site of the respective bank. So, we have taken the link of social media sites only from the respective bank's official internet web site home page. Table-1 shows the details of links available on the homepage of official website of all public sector banks.

TABLE-1: AVAILABILITY OF LINKS TO SOCIAL MEDIA SITES ON THE BANK'S OFFICIAL INTERNET WEB SITE (as on 26.06.2015 2:30 a.m.)

	Bank Name	Facebook	Twitter	YouTube	URL of Official Web Site of the Bank
1	State Bank of India	Yes	Yes	Yes	https://www.sbi.co.in/
2	State Bank of Hyderabad	Yes	No Link	No Link	http://www.sbhyd.com/
3	State Bank of Bikaner & Jaipur	No Link	No Link	No Link	https://www.sbbjbk.com/indexE.htm
4	State Bank of Mysore	Yes	No Link	No Link	http://statebankofmysore.co.in/
5	State Bank of Patiala	No Link	No Link	No Link	https://www.sbp.co.in/index.aspx
6	State Bank of Travencore	Yes	Yes	Yes	http://www.statebankoftravancore.com/portal/home
7	Allahabad Bank	No Link	No Link	No Link	https://www.allahabadbank.in/english/home.aspx
8	Andhra Bank	No Link	No Link	No Link	http://andhrabank.in/english/Retail.aspx
9	Bank of Baroda	No Link	No Link	No Link	http://www.bankofbaroda.com/
10	Bank of India	No Link	No Link	No Link	http://www.bankofindia.co.in/english/home.aspx
11	Bank of Maharashtra	No Link	No Link	No Link	http://www.bankofmaharashtra.in/
12	Canara Bank	No Link	Yes	No Link	http://www.canarabank.com/English/Home.aspx
13	Central Bank of India	Yes	Yes	No Link	https://www.centralbankofindia.co.in/site/IndexCBI.aspx
14	Corporation Bank	No Link	No Link	No Link	http://www.corpbank.com/frontpage#
15	Dena Bank	No Link	No Link	No Link	http://www.denabank.com/
16	Indian Bank	No Link	No Link	No Link	http://www.indian-bank.com/home.php
17	Indian Overseas Bank	No Link	No Link	No Link	http://www.iob.in/
18	Oriental Bank of Commerce	No Link	No Link	No Link	https://www.obcindia.co.in/obcnew/site/index.aspx
19	Punjab and Sind Bank	No Link	No Link	No Link	https://www.psbindia.com/
20	Punjab National Bank	No Link	No Link	No Link	http://www.pnbindia.com/
21	Syndicate Bank	No Link	No Link	No Link	http://www.syndicatebank.in/
22	Uco Bank	No Link	No Link	No Link	https://www.ucobank.com/
23	Union Bank of India	No Link	No Link	No Link	http://www.unionbankofindia.co.in/
24	United Bank of India	No Link	No Link	No Link	http://www.unitedbankofindia.com/english/home.aspx
25	Vijaya Bank	No Link	No Link	No Link	http://www.vijayabank.com/

As shown in the Table-1, out of total 25 banks, only 5 banks have presence on Facebook. Similarly, only 5 banks have twitter accounts and only two banks have presence on YouTube. As given in Table-2, out of 9 banks having more than 1 lakh Facebook Likes, only 2 are public sector banks. The number of Facebook likes is very high in case of private sector banks and only SBI is in a good position with more than 28 lakh Facebook likes.

TABLE-2: INDIAN BANKS WITH MORE THAN 1 LAKH FACEBOOK LIKES (as on 29.06.2015 11: 30 p.m.)

Sl. No.	Bank Name	Bank Type	No. Of Facebook Likes
1	ICICI Bank	Private Sector Bank	3638985
2	Axis Bank	Private Sector Bank	3087512
3	State Bank of India	Public Sector Bank	2859633
4	HDFC Bank	Private Sector Bank	2257180
5	Yes Bank	Private Sector Bank	2151154
6	IDBI Bank	Other Public Sector Bank	1337772
7	Kotak Mahindra Bank	Private Sector Bank	575446
8	Indusind Bank	Private Sector Bank	204287
9	Central Bank of India	Public Sector Bank	102346

PRESENCE OF INDIAN BANKS ON TWITTER

As per social media site twitter.com, as on 26.06.2015, State Bank of India has 12.9 tweets, 658 photos/videos, 197k followers, while Central Bank of India has 299 tweets, 9 following, 267 followers. Similarly, Canara Bank has 2574 tweets, 67 following, 5319 followers. Other public sector banks don't have significant activity on twitter.

HOW PUBLIC SECTOR BANKS CAN LEVERAGE SOCIAL MEDIA

There are a number of advantages for the banks to leverage social media. Social Media, if implemented properly, have the power to improve customer service, reduce cost of banking operations, streamline bank's internal processes, and promote bank's existing and new products/services including alternate delivery channels. It can also help in reducing frauds in debit card/credit card, attract new customers and bring greater transparency and efficiency in the banks.

TO IMPROVE CUSTOMER SERVICE

Indian public sector banks can leverage social media to benefit their customers as well as employees. Social Media have the power to create an open, dynamic and transparent work culture within the banks. Social Media can boost the morale of the employees to give their best efforts to their customers. Banks can get instant feedback/suggestions/new ideas on banks products/services and provide prompt solutions and further improve their products/services. Banks can also launch new products/services based on customer suggestions/new ideas.

TO STREAMLINE INTERNAL PROCESSES

Before jumping to the race of social media, Indian public sector banks need to review and streamline various internal processes so that customer complaints can be addressed promptly. Any customer complaint through social media should be taken seriously by the banks and immediate resolution or interim solution must be provided. It should be kept in mind that customer wants "solution" to his/her problem. He should not be dragged into the complex procedures of the banking operations, rather be provided with immediate (wherever possible) solution. He never expects a reply like "please visit your home branch for getting this done". Ultimately he wants a solution to his problem. He may be guided suitably through direct messages on social media. Social media team of the bank must be a highly empowered team under supervision of top management, which can take prompt action and be available online 24x7x365 to reply to customer's queries.

TO PROMOTE ALTERNATE DELIVERY CHANNELS (ADC)

Indian public sector banks can use social media to make awareness among the customers on bank's various alternate delivery channels. Awareness on alternate delivery channels such as ATM, Internet Banking, Mobile Banking, Customer care etc. can drastically reduce the footfall in the branches and also reduce the cost of operations for the banks. All public sector banks have a huge network of ATMs, POS Terminals and offer Mobile banking, Internet banking etc. but the ratio of branch transactions to transactions through ADCs is still very high. Social Media can play a big role in educating customers on the features of alternate delivery channels along with new products/services. Specially developed videos/pictures/posters etc. may be used in social media sites (particularly on YouTube/Facebook etc) to educate the followers (customers & employees) on various features of bank's products/services.

TO AVOID FRAUDS IN DEBIT/CREDIT CARDS (BY USING CUSTOMER'S LOCATION INFORMATION)

Banks can use the location information of the customer (with customer's consent), to avoid fraudulent transactions in debit/credit cards. Suppose a customer's last known location (as per his social media login information) is New Delhi (India) at 13:00 Hours (IST). His credit card is presented for a payment of \$1000 at New York (USA) at 17:00 Hours (IST) same day. Bank will reject such a fraudulent transaction as it is not possible to travel from New Delhi to New York in just 4 hours. This way, fraud can be prevented by the banks.

TO ACHIEVE GREATER TRANSPARENCY AND EFFICIENCY

Social Media can bring transparency, efficiency in the banking operations. If customer complaints and suggestions through social media are taken in right spirit, banks can improve the processes within the organisation. Often customers provide best solutions to the bank's internal problems. Still many redundant processes exist in public sector banks which can be gradually eliminated by use of various ICT tools. This way Indian public sector banks can grow up, in true sense.

TO ATTRACT NEW CUSTOMERS & RETAIN EXISTING CUSTOMERS

Various campaigns on social media can improve customers' loyalty and can ensure customer engagement. Small quiz programs on banks products/services (with prizes to winners) can go a long way in making customers aware of existing/new features of bank's products/services. For example, to promote Mobile Banking, its features may be highlighted in various social media sites through appropriate pictures/posters/videos. Bank's Corporate Social Responsibility (CSR) activities can also be highlighted by the bank on social media. Enquiry on new products/services of the bank can lead to acquiring of new customers.

VII. CONCLUSION

Out of 25 public sector banks, only 5 banks are presently using social media (Facebook and Twitter) and only two banks have presence on YouTube. Out of 9 Indian banks having more than 1 lakh Facebook Likes (as on 29.06.2015 11:30 pm), there are only two public sector banks – State Bank of India and Central Bank of India. 20 public sector banks are yet to go live on social media. While private sector banks are very good at leveraging social media, only State Bank of India is able to compete with them, while other public sector banks have no significant activity on social media.

Indian public sector banks need to first streamline their internal processes, as believed by 96% of the respondents of the Survey of this study, to avoid negative publicity in the social media. Any negative publicity going viral on social media will have direct impact on the image of the bank. This is, no doubt, a huge risk for the banks.

The Survey on Bank Customer's perception on social media indicates 96% respondents use social media and 75% respondents are willing to follow their Bank on social media sites. 86% respondents agree that banks' active presence on social media Sites (such as Facebook) can help in improving customer service. It is high time for the Indian public sector banks to formulate strategy to promote and reposition themselves through social media. This shows that there is huge opportunity for all the Indian public sector banks to bank on social media.

REFERENCES

1. Bajpai, V., Pandey, D., & Shriwas, M. (2012). Social Media Marketing: Strategies & Its Impact. *Indianresearchjournals.Com*, 1(7). Retrieved on 15.05.2015 from <http://indianresearchjournals.com/pdf/IJSSIR/2012/July/18.pdf>
2. Bansal, A. (2013). Trends in Retail Banking Channels: Meeting Changing Client Preferences. Capgemini Publication.
3. Furlonger, D. (2014). How Banks Can Use Social Media to Deliver Real-World Business Value. Gartner, (April).
4. Gautam, R (2014). Social Banking 2.0: Leveraging the Power of Social Media. *The Indian Banker*, II(5) 22-26
5. Goi, C. L. (2010). The Impact of Social Media on the Local Commercial Banks in Malaysia. *Journal of Internet Banking and Commerce*, 15(1), 1–11. http://doi.org/10.1007/978-3-531-92534-9_12
6. Kumar, K. S. V., & Devi, V. R. (2014). Social Media in Financial Services – A Theoretical Perspective. *Procedia Economics and Finance*, 11(14), 306–313. [http://doi.org/10.1016/S2212-5671\(14\)00198-1](http://doi.org/10.1016/S2212-5671(14)00198-1)
7. Kumar, V., Cherukupalli, N., Singh, H., & Ubgade, R. R. (2014). Financial institutions reduce fraud risk with social media. *Digital Transformation*.
8. Lee, L., Mathena, J., & Goodall, S. (2013). Who says banks can't be social? Become a social bank, inside and out *Headline Content*. Deloitte. Retrieved on 5.5.15 from <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Financial-Services/gx-fsi-ca-who-said-bank-cant-be-social-2013-10.pdf>
9. Mishra, S., & Mohan, S. L. (2013). Social Media: A Tool to Build Relationship. *Fast Forward News Letter, IDRBT*, 16(1).
10. Mohamad, R., Building, A., & Ismail, N. A. (2010). Evaluation of Social Networks Sites in the Banking Sector. *Journal of Internet Banking and Commerce*, 18(2), 1–11. http://doi.org/10.1007/978-3-531-92534-9_12
11. Roy, H. (2014). Wooing Gen-Y Customers: Social Media and Gamification in Banking. *Tata Consultancy Services Ltd*. Retrieved on 10.05.2015 from <http://www.tcs.com/SiteCollectionDocuments/White-Papers/Social-Media-Gamification-Banking-1014-1.pdf>
12. Subudhi, S. (2014). Baking on Social Media – Should Public Sector Banks “Follow” Private Sector Banks? (B. Cangan & E. Cangan, Eds.) (2014th ed.). Jaipur: Excel India Publishers.
13. Suvarna, V. K., & Banerjee, B. (2014). Social Banking: Leveraging Social Media to Enhance Customer Engagement. Capgemini. Retrieved on 02.05.2015 from http://www.capgemini.com/resource-file-access/resource/pdf/social_banking_leveraging_social_media_to_enhance_customer_engagement.pdf
14. Vemuri, A. (2011). The rise of social media in financial services-balancing risk and reward. *FINsights, Technology Insights for the Financial Service Industry*, 1–82. Retrieved on 05.05.2015 from <http://www.infosys.com/FINsights/Documents/pdf/issue9/social-media-financial-services-risk-reward.pdf>

THE DEATH OF LEADERSHIP IN MANAGEMENT**P.UMA SANKAR****GUEST LECTURER****DEPARTMENT OF BUSINESS ADMINISTRATION****THIRU.VI.KA. GOVERNMENT ARTS COLLEGE****TIRUVARUR****DR. P. ASOKAN****ASSOCIATE PROFESSOR****P. G. & RESEARCH DEPARTMENT OF COMMERCE****THIRU.VI.KA. GOVERNMENT ARTS COLLEGE****TIRUVARUR****ABSTRACT**

Management and leadership are two entirely different subjects in today's corporate America. Although many people confuse the two and often act as if they are the same topic, management and leadership are not synonymous. However, a truly gifted manager is not only a manager but also a leader. It is the leadership component that the best managers have and the mediocre managers strive for and do not know how to attain. In this section, the process of personnel management versus process or project management will be discussed. The traits of a leader have been and can be argued. Many times it depends on the situation. Therefore, one set of leadership traits for all management functions would be very difficult to articulate. In summary, the management of personnel takes a special person with unique characteristics. The traits of a true leader are vast and change with the situation and personalities involved. The basic truths, however, will always remain the same. A leader should be a good, caring person. S/he will be genuine, have vision and take care of their people. Clarity of direction will be a benchmark of a true leader and they will also be willing to listen to the concerns of their crew. Finally, the greatest leaders will lead by example and be the perfect model to follow.

KEYWORDS

leadership, management.

INTRODUCTION

Management and leadership are two entirely different subjects in today's corporate America. Although many people confuse the two and often act as if they are the same topic, management and leadership are not synonymous. However, a truly gifted manager is not only a manager but also a leader. It is the leadership component that the best managers have and the mediocre managers strive for and do not know how to attain.

A search for the meaning or definition of a manager or leader will reveal so very many different views on what makes a good leader. It will often depend on the opinion of the author of the definition or possibly the particular circumstances the leader is faced with. It may be possible that the wide variety of views on leadership are based on the fact that there are so many different aspects or traits to consider. One simple definition could not possibly encompass all the traits of a good leader. Management is, according to Merriam-Webster, "the act or art of managing: the conducting or supervising of something." Leadership is defined as "the act or an instance of leading" and a leader is "a person who has commanding authority or influence". The difference is that a manager supervises some activities and as a result some individuals, meanwhile a leader influences individuals and earns their loyalty so that the individuals willingly follow their lead. A manager is not always willingly followed.

Today's manager is generally someone who is selected or appointed. Many times whether the person has the ability to lead or not is irrelevant. The selection is, in most cases, based on seniority and politics. Many managers are selected based on superior technical ability, which is a plus in understanding the job but does not assist the manager in understanding the individuals s/he supervises. A true leader (and therefore a good manager) is one who has the inherent ability to influence people, based on genuine respect that has been earned (not demanded) and as a result of that respect, encourages and enables the team to "get the job done".

PERSONNEL MANAGEMENT

In this section, the process of personnel management versus process or project management will be discussed. The differences between process/project management are quite revealing. Many times, someone who may flourish in project management, may not do so well when managing people.

The management of personnel is a lot more involved and takes more experience, effort and skill than the management of processes or projects. Process management is a very simple task compared to personnel management because personnel management requires the manager to be knowledgeable in related fields such as psychology, organizational culture, and motivational techniques to name a few. Some managers intuitively understand these fields and know how to relate to people; others do not. It takes a special breed of person to have what it takes to properly manage personnel.

LEADERSHIP TRAITS

The traits of a leader have been and can be argued. Many times it depends on the situation. Therefore, one set of leadership traits for all management functions would be very difficult to articulate. For example, the traits that a leader of a combat unit would require may very well be different from those of a leader of a medical team or business unit. First and foremost, probably one of the most important leadership traits, and coincidentally one which is not seen in any management book, a manager must be a genuinely good person. They have to care, not only about the mission or the company but also about the individuals on the team. Below is an attempt to surmise the leadership traits that should be common in all leadership positions.

Set the Example: After being a good person, "Leadership by Example" is the most important trait of a leader. It is unreasonable for leaders to expect anyone who is under their leadership to do something they would not do themselves or vice versa. If a manager expects someone to stay late for a project, that manager should be willing to stay late (not that the manager will have the opportunity to stay late every time but it should be well known to the manager's staff that he/she has no problem doing so based on the manager's actions and history).

"The real leader has no need to lead-- he is content to point the way."

INTEGRITY

"Steadfast adherence to a strict moral or ethical code." Ethics are talked about, taught and preached quite readily in Corporate America today but rarely are they enforced or adhered to. Ethics are taught because it's a "requirement," however, it does little to no good at all to teach ethics if they are not readily enforced.

As far as morals are concerned, it is not popular to suggest that someone actually should have moral character in order to be a leader. Nevertheless, the true leader, the leader that enjoys genuine respect, will be one of integrity. He or she will be radiant with moral and ethical character. rprint = AF19 FA27 2F94 998D FDB5 DE3D F8B5 06E4 A169 4E46

HONOR

This is one of the three Core Values of the United States Navy. According to Wikipedia, "Honor is the evaluation of a person's trustworthiness and social status based on that individual's espousals and actions. Honor is deemed exactly what determines a person's character: whether or not the person reflects honesty, respect, integrity, or fairness.

TRUTHFULNESS

This is so important. All it takes is one lie before a leader is no longer trusted by those they lead. In most cases the manager does not even necessarily have to be caught in a lie. People know or strongly suspect. Some managers, however, have become so good at lying their way through situations that they can do it regularly without detection. In time, these lies will be revealed. To be a good liar also requires an incredible memory; the majority of individuals do not have a memory that detailed and are inevitably caught.

COURAGE

This author personally defines courage as the ability to do the right thing in the face of adversity. Wikipedia describes it as: "Courage, also known as bravery and fortitude, is the ability to confront fear, pain, danger, uncertainty or intimidation. It can be divided into two categories: (1) physical courage (i.e., in face of physical pain, hardship, and threat of death) and (2) moral courage (i.e., in the face of shame, scandal, and discouragement).

COMMITMENT

Wikipedia defines commitment as "an interaction dominated by obligations. These obligations may be mutual, or self-imposed, or explicitly stated, or may not. Distinction is often made between commitment as a member of an organization, such as a sporting team, a religion, or as an employee."

From a management perspective, it is important to be committed to the people the manager is responsible as well as to the mission. To commit to a position of leadership means that the leader is willing to do what it takes to support his/her people in accomplishing the mission/goal of the organization.

HONESTY

This character trait, although sometimes very hard to comply with, is a must in dealing with everyone. The people individuals work with, the people individuals work for and especially with people who are working for an individual. A lot of times dishonesty is resorted to in order to save face or to keep from hurting someone's feelings. This is not a very good practice because people can usually tell when someone is dishonest. Even if they can't tell, eventually it will be revealed and all will be lost. Managers will quickly lose the respect of their people as well as that of the people they work with and for. Word spreads quickly on this as well.

LOYALTY

Loyalty is all but dead in America today; especially in Corporate America. There were still traces of loyalty in the military before the author retired but it was fading there too. It is very important for the leader to be loyal to his or her subordinates, to be loyal to the organization and to be loyal to their leadership. The problem is it really needs to go both ways (up and down the organization) or it will quickly fade. The important thing is, it needs to start with leadership. If it starts there it will foster loyalty throughout the organization be it big or small.

KNOW YOURSELF

It is very important for a leader to know him or herself. A leader needs to know their strengths and, more importantly, their weaknesses. Leaders need to understand what is needed to effectively manage the team as well as the mission they have been assigned to manage. Recognizing weaknesses early will allow the leader to dedicate the appropriate amount of time to strengthen skills in those areas. In some cases, when weaknesses are recognized, a leader can assign someone from their team to assist in that area while the leader hones his/her skills.

A leader should never consider him/herself to have arrived at perfection. Leaders, people are always learning. Always be willing to listen to people when they offer constructive criticism. This criticism can come from anyone, not just those who are peers or seniors. Leaders can learn just as much about themselves from people junior to them as from those who are seniors. This constructive criticism does not always have to be accepted or acted upon but should be considered.

KNOW YOUR PEOPLE

As important as it is for a leader to know him/herself, it is even more important for a leader to know his/her people. Not just the basics like their name or what town they live in. Really get to know who they are. Getting to know what motivates subordinates allows a leader to assign projects that would best benefit the subordinates' needs as well as those of the organization. Know what type of person they are (Are they fast paced? Are they more concerned with results or with relationships? Are they a perfectionist? Are they an introvert or extrovert?). Knowing what their short term and long term goals are allows a leader to guide their subordinates down the path to achieving their goals while the leader is, at the same time, reaching company goals. Know their strengths and weaknesses. Know their family and what their family situation is. Even know what kind of hobbies and interests they have. Managers don't seem to take the time to get to know their people in this day and age but it is very important.

At the same time a leader is getting to know his/her people, they are getting to know the leader. This fosters a healthy relationship and builds upon the genuine respect a leader should be striving for. The more a leader builds these relationships, the more successful he/she will be in guiding their people down the road to success and accomplishing the goals of the organization. Again, this has to be real. People will know if it's not.

CONCLUSION

In summary, the management of personnel takes a special person with unique characteristics. The traits of a true leader are vast and change with the situation and personalities involved. The basic truths, however, will always remain the same. A leader should be a good, caring person. S/he will be genuine, have vision and take care of their people. Clarity of direction will be a benchmark of a true leader and they will also be willing to listen to the concerns of their crew. Finally, the greatest leaders will lead by example and be the perfect model to follow.

REFERENCES

1. American Heritage Dictionary. Retrieved July 21 - August 28, 2010, from American Heritage Dictionary Website: <http://dictionary.reference.com/help/ahd4.html> (2010).
2. Chief Petty Officer's Pearls of Wisdom. Retrieved July 21 - August 28, 2009, from CPO Pearls of Wisdom Web site: <http://www.navystandard.com/pow.html>
3. Miriam-Webster Online. Retrieved July 21 - August 28, 2009, from Miriam-Webster Online Web site: <http://www.m-w.com/>
4. Navy.mil. Retrieved July 21 - August 28, 2010, from Navy.mil Website: <http://www.navy.mil>
5. Three Star Leadership. Retrieved July 21 - August 28, 2007, from Three Star Leadership Web site: <http://www.threestarleadership.com/articles/takingover.htm>

STUDY OF OPTION PRICE DEVIATION USING BLACK SCHOLES OPTION PRICING MODEL FOR EQUITY OPTIONS IN INDIA

DR. KAPIL ARORA
ASSOCIATE PROFESSOR
INSTITUTE OF MANAGEMENT
J. K. LAKSHMIPAT UNIVERSITY
JAIPUR

MANISH SHARMA
RESEARCH SCHOLAR, INSTITUTE OF MANAGEMENT, J. K. LAKSHMIPAT UNIVERSITY, JAIPUR;
ASST. PROFESSOR
JECRC UNIVERSITY
JAIPUR

ABSTRACT

Trading in derivatives has become more volatile and faster in the derivative segments. It has become more important to price the derivative contract for effective trading in the market. In the area of Option Pricing, so many new pricing models have been developed by several researchers but still Black Scholes Model is one of the most popular tools to price the fair value of option contracts. The structure of Black Scholes Model is fixed which is also used to predict the volatility in the options. The Objective of the research paper is to compute the fair value of different equity option contracts and to compare with their actual values. For this, we have used the Black Scholes Model to compute the fair value of various equity option contracts. Further, we have compared the pricing deviation of Black Scholes model of the equity option contracts by using MSE (Mean Squared Error Method).

KEYWORDS

derivatives, option, volatility, black-scholes model, mean squared error.

INTRODUCTION

Derivative trading is becoming more volatile with increasing trading volumes on the stock exchanges. On one hand, hedging is one of the reasons for increasing trading volumes, whereas the speculation is also becoming more popular now days among the traders. It has become very important for the traders to price the fair value of option with high accuracy to take right trading decisions on right time. Still, the Black Scholes Model is one of the most popular models for pricing option contract in India. But, it is also limited to some certain conditions.

Basically, derivative is an instrument or security, the value of which is derived from the value of any security (for example a share, interest rate, currency etc.) usually called as underlying asset. Option contract is type of derivatives in which the buyer have limited risk that is maximum up to the premium amount that they have already paid at the time of buying the option contract. On the other hand, the risk of seller is unlimited (or very high). A call option seeks for bullishness in the market and that's why the premium of call option goes up as the market goes up. On the contrary, the put option price increases only when the market moves in the negative direction.

For pricing of option contract many models are suggested by various economists and researchers. But mostly, the black scholes model is used for pricing of option contracts.

BLACK SCHOLES MODEL FOR OPTION PRICING

The Black-Scholes model is used to calculate the theoretical price of European put and call options, ignoring any dividends paid during the option's lifetime. While the original Black-Scholes model did not take into consideration the effects of dividends paid during the life of the option, the model can be adapted to account for dividends by determining the ex-dividend date value of the underlying stock. The model makes certain assumptions, including: The options are European and can only be exercised at expiration

- Efficient markets (i.e., market movements cannot be predicted)
- No commissions
- The risk-free rate and volatility of the underlying are known and constant
- Follows a lognormal distribution; that is, returns on the underlying are normally distributed.

The Black- Scholes formula takes the following variables into consideration:

- Current underlying price
- Options strike price
- Time until expiration, expressed as a percent of a year
- Implied volatility
- Risk-free interest rates

$$C = SN(d_1) - N(d_2)Ke^{-rt}$$

C = Call premium
 S = Current stock price
 t = Time until option exercise
 K = Option striking price
 r = Risk-free interest rate
 N = Cumulative standard normal distribution
 e = Exponential term

s = St. Deviation
 ln = Natural Log

$$d_1 = \frac{\ln(S/K) + (r + s^2/2)t}{s\sqrt{t}}$$

$$d_2 = d_1 - s\sqrt{t}$$

The model is essentially divided into two parts: the first part, $SN(d_1)$, multiplies the price by the change in the call premium in relation to a change in the underlying price. This part of the formula shows the expected benefit of purchasing the underlying outright. The second part, $N(d_2)Ke^{-rt}$, provides the current value of paying the exercise price upon expiration (remember, the Black-Scholes model applies to European options that are exercisable only on expiration day). The value of the option is calculated by taking the difference between the two parts, as shown in the equation. The put option can be calculated by using the following formula:

$$P = -S N(-d_1) + N(-d_2) K e^{-rt}$$

The following steps are applied for the determining the fair option prices and implies volatility of stock options:

Step I: First, we calculate the historical volatility using the daily log returns by using moving average method.

Daily Return = $\ln(\text{today's closing price/yesterday's closing price})$

Daily standard deviation (SD) = $(\text{Variance of daily returns})^{0.5}$

Historical Volatility = $\text{Daily SD} \times (250)^{0.5}$

(Here we consider 250 trading days in a year)

Step II: We get all required value in the Black formula from the NSE website and use them in the Black scholes model and we get the fair value of call and put options of various strike prices.

Step III: Now, we can compare the fair option premium with the actual value of option premium and get the mean squared error (MSE) by finding the square of differences of fair and actual values and then dividing them with the no. of data. The higher MSE shows the less accurate fair values of option contract.

LITERATURE REVIEW

Frino et al. (1999) carried out cross sectional tests of the model using the historical data. There are conclusion was that the Black Scholes Model cannot be rejected. They carried out a time series analysis of mispricing in order to determine whether that could be attributed to a market learning effect over time. They controlled the effect of dividend and possibility of early exercise and used to limit the possibility of incompatible risk free interest rate proxies having a confounding effect on results.

Gencay and Salih (2003) put light on the fact that the Black Scholes Pricing errors are larger in the deeper out of the money options, and mispricing worsens with increased volatility. Their result indicated that the Black Scholes model is not proper pricing tool in high volatility with considerably lower errors for out-of-the-money call and put options. They also mentioned that this could be invaluable information for practitioners as option pricing is a major challenge during high volatility periods.

Choi et al. (2011) estimated implied volatility using the inverse function of Black Scholes Model and Least Square Support Vector Machine (LSSVM) model and found that LSSVM is more accurate than Black Scholes model since LSSVM's MSE value is lesser than Black Scholes model's MSE value. They used Hang Seng index option to verify the performances of these models.

Ray (2012) studied the Black Scholes Model of option pricing and made a more detailed analysis of the assumptions of the model and the mathematical derivation process of the model and also analysed the inherent loopholes in the theory.

Khan et al. (2013) incorporated modification in Black-Scholes option pricing model formula by adding some new variables on the basis of given assumption related to risk-free interest rate, and also showed the calculation process of new risk-free interest rate on the basis of modified variable. This paper also identified the various situations in empirical testing of modified and original Black-Scholes formula with respect to the market value on the basis of assumed and calculated risk-free interest rate.

Arora K. & Sharma M. (2013) determined the volatility and studied that how the implied volatility levels of an option contract of a stock is related to the pricing of that option and also determined whether a stock option is underpriced or overpriced. For this the sample data was collected from the stock options traded on the NSE. They used the basic statistical approach to determine the volatility of a stock and used this historical volatility in the Black-Scholes model in order to determine the implied volatility and then compared the historical volatility with the implied volatility to find whether an option is fairly priced or not.

Panduranga V. (2013) studied the relevance of Black-Scholes model in Indian Derivative market with specific reference to select cement stock options. Results of their study comprising of paired sample T-test revealed that there is no significant difference between the expected option price calculated through Black-Scholes Model and market price of options. The study inferred that model is relevant for cement stocks.

OBJECTIVES

1. To determine the fair value (or theoretical value) of an option contract.
2. To determine the Mean Squared Error of fair and actual value of an option contract.

RESEARCH METHODOLOGY

SAMPLING: For this study the ten companies are selected from NIFTY. The one-year historical closing price data of these four companies and the index NIFTY is taken from Nov. 2012 to July 2013 for the period of one year and 780 samples of stock options are taken from 8th July 2013 to 24th July 2013.

DATA SOURCE: The data of closing prices of shares and the actual option premiums are collected from the website www.nseindia.com.

DATA ANALYSIS

We have computed the fair values (Mentioned in Table 1, 2, 3 & 4) of option contract by using the above mentioned black scholes formula. Further, in Table 5 the MSE of call and put option is mentioned. The Higher MSE shows that there is more deviation in the fair values than the actual values and they are less accurate and vice versa. We can see that Infosys option's MSE is very high for both call (1444.55) and put (1475.74) and its average annual volatility is also high (0.4376). We can also notice from table 5 that the MSE of call and put are different for different stocks irrespective of their average annual volatility.

CONCLUSION

The brief conclusion from this study is that the accuracy of Black Scholes Model may vary with respect to stock option contracts (depending upon the stock price and volatility and volumes). It has been observed that stock option with less volume and high volatility of underlying stock has more deviation and less accuracy than high volumes options contracts with less volatility.

REFERENCES

1. Arora, K., Sharma, M., (2013) Analysis of Option Pricing Using Implied Volatility of Equity Option Contracts. *Emerging Trends in Business and Economy*, (pp.13-28). Excel Books
2. Ball, C. A., & Roma, A. (1994). Stochastic volatility option pricing. *Journal of Financial and Quantitative Analysis*, 29(4).
3. Blair, B. J., Poon, S. H., & Taylor, S. J. (2010). Forecasting S&P 100 volatility: the incremental information content of implied volatilities and high-frequency index returns. In *Handbook of Quantitative Finance and Risk Management* (pp. 1333-1344). Springer US.
4. Canina, L., & Figlewski, S. (1993). The informational content of implied volatility. *Review of Financial studies*, 6(3), 659-681.
5. Chen, R. R., & Palmon, O. (2002). *An empirical-distribution-based option pricing model: A solution to the volatility smile puzzle*. Working paper.
6. Choi, S., Dong, G., & Lai, K. K. (2011, April). Option Implied Volatility Estimation: A Computational Intelligent Approach. In *Computational Sciences and Optimization (CSO), 2011 Fourth International Joint Conference on* (pp. 545-547). IEEE.
7. Chriss, N. (1997). *Black-Scholes and beyond: option pricing models*. Irwin.

8. Christensen, B. J., & Prabhala, N. R. (1998). The relation between implied and realized volatility. *Journal of Financial Economics*, 50(2), 125-150.
9. Cox, J. C., Ross, S. A., & Rubinstein, M. (1979). Option pricing: A simplified approach. *Journal of financial Economics*, 7(3), 229-263.
10. Dash, M., Dagha, J., Sharma, P., & Singhal, R. (2009). GARCH Models for Forecasting Volatility and Determining Arbitrage in Options. SSRN 1331459.
11. Davis, M. H., Panas, V. G., & Zariphopoulou, T. (1993). European option pricing with transaction costs. *SIAM Journal on Control and Optimization*, 31(2), 470-493.
12. Frino, A., Khan, E., & Lodh, S. C. (1991). The Black Scholes Call Option Pricing Model and the Australian Options Market: Where Are We After 15 Years. *Faculty of Commerce-Accounting & Finance Working Papers*, 125.
13. Gençay, R., & Salih, A. (2003). Degree of mispricing with the black-scholes model and nonparametric cures. *Annals of Economics and Finance*, 4, 73-102.
14. Khan, M. U., Gupta, A., & Siraj, S. (2012). Empirical Testing of Modified Black-Scholes Option Pricing Model Formula on NSE Derivative Market in India. *International Journal of Economics and Financial Issues*, 3(1), 87-98.
15. Lopez, J. A. (2001). Evaluating the predictive accuracy of volatility models. *Journal of Forecasting*, 20(2), 87-109.
16. Panduranga, V. (2013). Relevance of Black-Scholes Option Pricing Model in Indian Derivatives Markets—A Study of Cement Stock Options. *International Journal of Multidisciplinary Research in Social and Management Sciences*, 1(4), 91-95.
17. RAY, D. S. (2012). A Close Look into Black-Scholes Option Pricing Model. *Journal of Science*, 2(4), 172-178.
18. Smith, C. W. (1976). Option pricing: A review. *Journal of Financial Economics*, 3(1), 3-51.

TABLES

TABLE 1: FAIR VALUE AND ACTUAL VALUE OF CALL OPTIONS

S.No.	Date	HDFC		HDFC BANK		ICICI BANK		INFOSYS		ITC	
		Fair	Actual	Fair	Actual	Fair	Actual	Fair	Actual	Fair	Actual
1	08-Jul-13	34.81	39.85	26.84	31.25	56.96		43.34	104.55	5.54	7.00
2	09-Jul-13	38.75	43.00	34.66	31.25	61.74		50.82	115.45	5.67	6.65
3	10-Jul-13	36.35	38.00	25.25	31.25	64.82		49.04	110.25	4.59	5.35
4	11-Jul-13	58.91	48.00	45.98	47.00	82.04		56.35	145.50	8.49	9.20
5	12-Jul-13	55.32	46.15	57.82	47.00	83.96		232.64	217.30	6.46	6.55
6	15-Jul-13	51.58	50.00	56.97	50.50	83.47		173.78	159.40	6.81	7.10
7	16-Jul-13	24.11	28.25	40.40	50.50	32.49	40.00	159.45	142.35	11.93	13.10
8	17-Jul-13	24.06	24.00	25.57	24.75	16.87	24.70	173.54	155.75	19.17	18.70
9	18-Jul-13	32.81	36.75	45.22	37.00	18.04	25.30	213.41	207.15	19.32	19.50
10	19-Jul-13	13.48	16.20	40.98	37.00	6.15	11.05	254.32	247.00	19.58	19.70
11	22-Jul-13	31.37	33.00	42.48	48.85	7.55	12.45	278.66	273.00	19.02	20.35
12	23-Jul-13	27.54	30.10	43.89	51.55	14.10	16.90	303.09	309.35	25.89	26.00
13	24-Jul-13	6.55	8.90	20.11	21.00	0.13	2.00	309.17	313.50	25.87	27.05
14	08-Jul-13	22.26	27.90	13.84	18.50	41.98	52.50	21.65	65.75	2.27	3.40
15	09-Jul-13	25.17	29.60	19.45	23.50	45.96	55.35	25.66	76.20	2.28	3.15
16	10-Jul-13	23.12	25.25	12.43	16.90	48.50	53.75	24.13	76.20	1.69	2.35
17	11-Jul-13	41.89	41.55	28.48	31.95	64.07	70.55	27.91	106.85	3.73	4.20
18	12-Jul-13	38.50	40.00	38.95	39.10	65.68	68.00	158.22	126.35	2.48	2.70
19	15-Jul-13	34.55	34.00	37.73	39.10	64.65	69.00	106.34	70.70	2.40	3.05
20	16-Jul-13	12.58	16.05	22.67	29.00	19.94	27.50	93.70	56.70	5.23	6.45
21	17-Jul-13	12.20	14.35	11.09	12.55	8.65	16.75	102.62	65.75	10.45	11.65
22	18-Jul-13	18.14	20.30	26.41	25.85	9.08	16.75	132.50	110.35	10.40	11.90
23	19-Jul-13	5.21	7.75	22.37	21.00	2.24	6.10	165.33	147.65	10.44	11.45
24	22-Jul-13	14.72	16.45	22.81	20.40	2.07	5.60	181.22	172.15	9.38	11.55
25	23-Jul-13	10.94	12.75	23.97	24.25	4.17	7.10	203.58	208.35	15.91	16.70
26	24-Jul-13	0.43	2.25	3.28	5.60	0.00	0.75	209.20	211.95	15.87	17.25
27	08-Jul-13	13.03	18.00	5.80	10.15	29.41	41.05	9.87	41.30	0.75	1.75
28	09-Jul-13	14.94	18.90	8.97	12.95	32.51	42.55	11.77	49.15	0.74	1.25
29	10-Jul-13	13.35	15.90	4.84	8.45	34.43	42.85	10.70	50.55	0.49	0.90
30	11-Jul-13	27.48	28.25	14.79	16.05	47.75	53.75	12.39	76.40	1.30	1.70
31	12-Jul-13	24.51	25.30	22.59	23.40	48.96	53.15	99.52	59.95	0.72	1.05
32	15-Jul-13	20.66	21.65	20.86	22.85	47.25	52.30	58.13	23.20	0.59	1.05
33	16-Jul-13	5.51	8.95	9.65	14.35	11.00	17.95	48.40	15.80	1.63	2.40
34	17-Jul-13	5.08	7.45	3.23	5.05	3.86	10.25	52.75	17.25	4.24	5.75
35	18-Jul-13	8.24	10.20	11.51	11.50	3.91	9.65	71.27	37.15	4.03	6.20
36	19-Jul-13	1.51	3.20	8.48	9.60	0.66	3.30	93.00	56.60	3.85	5.90
37	22-Jul-13	4.51	6.35	7.01	9.10	0.37	2.10	95.34	74.30	2.44	5.40
38	23-Jul-13	2.25	3.70	6.85	8.35	0.69	2.35	109.64	108.20	6.42	8.70
39	24-Jul-13	0.00	0.45	0.02	0.60	0.00	0.35	110.61	111.05	6.04	8.20

TABLE 2: FAIR VALUE AND ACTUAL VALUE OF CALL OPTIONS

S.No.	Date	L&T		ONGC		RELIANCE		TATAMOTORS		TCS	
		Fair	Actual	Fair	Actual	Fair	Actual	Fair	Actual	Fair	Actual
1	08-Jul-13	46.69		17.35	24.65	14.97	19.25	13.29	15.35	34.90	62.20
2	09-Jul-13	59.68		15.81	17.15	17.94	22.10	13.93	15.90	32.64	60.75
3	10-Jul-13	51.04		11.28	12.15	9.63	13.35	10.32	11.95	35.64	63.40
4	11-Jul-13	83.74	68.10	17.46	18.50	14.42	16.75	10.57	12.00	74.11	92.10
5	12-Jul-13	107.15	99.20	11.09	12.10	24.39	27.10	15.66	16.70	115.05	117.00
6	15-Jul-13	113.31	99.20	9.91	11.35	26.56	31.25	11.75	13.65	145.02	140.10
7	16-Jul-13	81.99	99.20	12.26	13.45	28.43	35.15	13.83	14.95	152.22	154.00
8	17-Jul-13	78.01	99.20	12.80	13.20	39.16	42.25	8.86	10.45	181.02	168.60
9	18-Jul-13	91.21	99.20	25.20	24.70	40.51	45.60	9.62	11.25	162.61	165.85
10	19-Jul-13	79.98	99.20	27.36	27.80	45.80	48.95	15.66	16.95	244.69	232.00
11	22-Jul-13	20.12	19.00	17.59	27.80	30.43	32.25	18.10	18.25	247.44	244.50
12	23-Jul-13	16.33	13.10	22.27	27.80	30.24	32.35	18.93	19.15	250.43	247.70
13	24-Jul-13	1.54	1.15	18.46	27.80	29.58	31.15	17.36	17.70	283.12	279.90
14	08-Jul-13	22.31		10.59	12.40	8.31	12.25	7.70	9.80	4.25	25.30
15	09-Jul-13	31.01		9.31	10.95	10.16	13.80	8.07	10.10	3.48	24.05
16	10-Jul-13	24.55		5.98	7.70	4.78	7.80	5.46	7.15	3.76	23.10
17	11-Jul-13	57.79		10.39	11.05	7.59	9.65	5.54	7.05	14.73	41.95
18	12-Jul-13	77.06	42.95	5.68	6.60	14.17	17.80	9.02	10.05	34.82	53.05
19	15-Jul-13	80.69	42.95	4.57	5.95	14.98	20.50	5.85	7.60	53.07	64.20
20	16-Jul-13	53.48	42.95	5.96	6.90	16.01	23.30	7.13	8.50	57.74	73.65
21	17-Jul-13	49.49	42.95	6.15	6.95	23.88	28.55	3.75	5.20	82.75	85.90
22	18-Jul-13	59.47	42.95	15.93	15.90	24.55	30.50	4.01	5.50	65.27	76.55
23	19-Jul-13	49.24	42.95	17.77	17.95	28.52	33.70	7.85	8.90	144.86	133.50
24	22-Jul-13	6.14	4.70	8.45	8.90	14.28	16.25	8.90	10.25	147.52	140.00
25	23-Jul-13	3.56	1.85	12.39	12.15	13.09	14.65	9.29	10.25	150.48	146.00
26	24-Jul-13	0.04	0.25	8.55	9.75	11.13	13.85	7.53	8.35	183.14	179.90
27	08-Jul-13	8.43		5.75	7.55	4.21	7.40	3.98	5.80	0.17	8.05
28	09-Jul-13	12.85		4.83	6.50	5.23	8.20	4.15	5.95	0.11	6.60
29	10-Jul-13	9.14		2.73	4.35	2.13	4.20	2.52	4.00	0.11	5.95
30	11-Jul-13	37.65		5.38	6.10	3.58	5.10	2.51	3.95	0.91	15.60
31	12-Jul-13	52.40	34.20	2.46	3.35	7.40	10.60	4.50	5.60	3.77	17.60
32	15-Jul-13	53.61	37.35	1.68	2.85	7.38	12.65	2.38	3.85	6.49	19.80
33	16-Jul-13	31.91	22.25	2.28	3.20	7.78	14.55	2.97	4.15	6.77	24.40
34	17-Jul-13	28.34	20.45	2.27	3.05	12.60	17.35	1.21	2.30	14.05	31.75
35	18-Jul-13	34.81	26.20	8.31	8.35	12.68	18.80	1.22	2.25	7.12	22.75
36	19-Jul-13	26.53	19.50	9.50	9.75	15.01	21.45	2.92	3.55	50.14	41.20
37	22-Jul-13	1.28	1.00	2.41	3.00	4.49	6.35	2.67	3.95	49.12	45.90
38	23-Jul-13	0.42	0.35	4.16	5.15	3.19	4.10	2.39	3.40	51.03	48.40
39	24-Jul-13	0.00	0.20	1.35	2.25	1.43	3.50	0.99	2.30	83.16	80.45



TABLE 3: FAIR VALUE AND ACTUAL VALUE OF PUT OPTIONS

S.No.	Date	HDFC		HDFC BANK		ICICI BANK		INFOSYS		ITC	
		Fair	Actual	Fair	Actual	Fair	Actual	Fair	Actual	Fair	Actual
1	08-Jul-13	8.00	11.40	3.97	8.35	5.85	13.00	165.57	217.40	7.62	8.85
2	09-Jul-13	6.09	9.25	2.08	5.80	4.41	10.05	143.56	214.10	7.07	8.10
3	10-Jul-13	6.41	9.40	3.81	7.60	3.48	9.20	139.40	194.15	7.96	8.80
4	11-Jul-13	1.84	3.20	0.73	2.85	1.48	4.75	120.07	206.05	4.08	4.85
5	12-Jul-13	1.91	3.40	0.22	1.70	1.13	4.05	21.08	7.60	4.92	5.65
6	15-Jul-13	1.45	2.90	0.09	1.25	0.56	2.90	25.41	7.15	3.50	4.55
7	16-Jul-13	6.60	8.80	0.42	2.15	7.36	12.70	25.55	6.15	1.23	2.10
8	17-Jul-13	5.65	7.90	1.53	3.85	15.13	22.30	18.16	3.15	0.25	1.20
9	18-Jul-13	2.62	3.35	0.12	0.70	12.28	17.35	8.70	1.20	0.16	0.90
10	19-Jul-13	9.31	11.45	0.13	0.75	25.73	28.70	3.47	0.70	0.10	0.70
11	22-Jul-13	0.58	1.55	0.00	0.35	12.54	16.50	0.21	0.30	0.01	0.50
12	23-Jul-13	0.37	0.95	0.00	0.45	4.08	6.20	0.01	0.25	0.00	0.30
13	24-Jul-13	3.14	4.50	0.02	0.50	28.15	26.70	0.00	0.10	0.00	0.25
14	08-Jul-13	15.36	19.10	10.89	15.40	10.77	18.65	243.46	272.00	14.31	15.90
15	09-Jul-13	12.44	15.65	6.79	11.00	8.55	15.05	218.01	281.05	13.65	14.00
16	10-Jul-13	13.10	16.80	10.92	15.20	7.08	14.15	214.12	259.00	15.03	14.50
17	11-Jul-13	4.74	6.30	3.17	6.25	3.44	7.90	191.30	268.30	9.29	10.00
18	12-Jul-13	5.02	5.90	1.28	3.45	2.79	6.00	46.34	19.10	10.91	11.75
19	15-Jul-13	4.37	5.40	0.80	2.90	1.68	4.55	57.73	22.65	9.06	11.00
20	16-Jul-13	15.02	16.65	2.64	5.75	14.77	20.15	59.58	23.45	4.52	5.35
21	17-Jul-13	13.76	15.60	7.01	10.10	26.87	31.50	47.04	14.55	1.51	3.30
22	18-Jul-13	7.92	7.65	1.28	2.25	23.29	27.40	27.61	5.25	1.23	2.70
23	19-Jul-13	21.01	22.95	1.49	2.15	41.80	41.90	14.33	2.00	0.95	2.20
24	22-Jul-13	3.91	5.30	0.32	1.40	27.04	29.30	2.69	0.80	0.35	1.85
25	23-Jul-13	3.76	4.60	0.08	0.90	14.14	15.50	0.45	0.70	0.01	0.80
26	24-Jul-13	17.01	16.90	3.19	4.10	48.01	46.00	0.01	0.30	0.00	0.65
27	08-Jul-13	26.05	29.50	22.77	30.75	18.12	26.65	331.27	414.00	22.75	46.40
28	09-Jul-13	22.13	24.65	16.24	20.65	15.02	22.35	303.73	336.00	22.06	21.00
29	10-Jul-13	23.27	27.45	23.25	27.30	12.93	20.35	300.32	335.00	23.79	21.00
30	11-Jul-13	10.27	11.50	9.40	13.40	7.05	12.55	275.42	332.40	16.82	16.00
31	12-Jul-13	10.97	11.15	4.86	8.05	6.01	9.90	87.32	47.75	19.12	16.00
32	15-Jul-13	10.44	12.55	3.89	7.50	4.24	8.20	109.28	68.00	17.22	16.00
33	16-Jul-13	27.90	28.75	9.58	13.50	25.79	30.05	114.06	72.00	10.88	11.00
34	17-Jul-13	26.59	29.15	19.11	23.25	42.04	45.65	96.97	68.00	5.28	7.20
35	18-Jul-13	17.98	16.70	6.35	7.25	38.08	39.00	66.21	30.40	4.85	6.50
36	19-Jul-13	37.27	37.50	7.57	7.60	60.19	58.80	41.86	11.65	4.34	6.05
37	22-Jul-13	13.70	14.50	4.51	6.25	45.33	44.20	16.74	3.90	3.40	5.50
38	23-Jul-13	15.06	15.75	2.94	4.10	30.65	27.50	6.46	1.25	0.52	2.55
39	24-Jul-13	36.58	35.00	19.92	19.80	68.00	66.00	1.40	0.45	0.16	2.15



TABLE 4: FAIR VALUE AND ACTUAL VALUE OF PUT OPTIONS

S.No.	Date	L&T		ONGC		RELIANCE		TATAMOTORS		TCS	
		Fair	Actual	Fair	Actual	Fair	Actual	Fair	Actual	Fair	Actual
1	08-Jul-13	8.42		2.50	3.45	24.76	27.30	4.41	7.00	22.91	56.95
2	09-Jul-13	4.74		2.71	3.70	20.07	24.50	3.81	6.75	22.71	57.40
3	10-Jul-13	6.01		4.25	5.20	30.75	36.90	5.32	8.65	18.97	49.60
4	11-Jul-13	16.50	8.00	1.88	2.40	21.68	25.95	4.78	6.90	5.15	36.25
5	12-Jul-13	9.42	3.95	3.77	4.70	11.95	16.85	2.33	4.30	1.11	16.40
6	15-Jul-13	5.20	2.50	3.21	4.10	7.79	14.60	2.67	4.85	0.12	6.95
7	16-Jul-13	9.20	4.40	1.98	2.30	6.10	11.70	1.71	3.70	0.04	5.90
8	17-Jul-13	8.44	4.80	1.53	2.00	2.68	8.20	3.10	4.70	0.00	4.35
9	18-Jul-13	4.71	2.85	0.14	0.40	1.91	6.15	2.27	3.60	0.00	3.20
10	19-Jul-13	4.95	3.15	0.05	0.25	0.94	5.10	0.63	1.65	0.00	0.55
11	22-Jul-13	18.11	16.50	0.06	0.40	0.80	2.20	0.06	0.90	0.00	0.40
12	23-Jul-13	14.88	9.75	0.00	0.30	0.31	1.20	0.01	0.40	0.00	0.35
13	24-Jul-13	34.01	31.20	0.00	0.05	0.03	1.20	0.00	0.25	0.00	0.20
14	08-Jul-13	23.87		5.69	6.90	38.01	39.60	8.78	11.15	91.84	100.00
15	09-Jul-13	15.92		6.18	7.20	32.21	36.80	7.92	10.95	93.16	100.00
16	10-Jul-13	19.37		8.90	9.95	45.82	49.90	10.43	13.80	86.73	100.00
17	11-Jul-13	30.41		4.77	5.15	34.78	37.90	9.72	11.45	45.43	80.05
18	12-Jul-13	19.21	8.50	8.33	9.05	21.66	25.80	5.66	7.75	20.56	50.60
19	15-Jul-13	12.48	6.00	7.86	8.75	16.16	22.90	6.74	8.90	7.92	29.50
20	16-Jul-13	20.61	13.00	5.65	5.90	13.64	19.05	4.99	7.05	5.34	25.50
21	17-Jul-13	19.84	14.00	4.86	5.25	7.35	13.70	7.97	9.35	1.54	21.15
22	18-Jul-13	12.90	7.90	0.84	1.20	5.92	11.05	6.65	7.60	2.49	17.70
23	19-Jul-13	14.15	8.45	0.45	0.65	3.64	9.30	2.81	3.70	0.02	0.95
24	22-Jul-13	44.10	41.15	0.91	1.40	4.63	5.15	0.85	2.10	0.00	0.50
25	23-Jul-13	42.10	37.25	0.12	0.45	3.15	3.55	0.36	1.25	0.00	0.35
26	24-Jul-13	72.51	70.20	0.09	0.50	1.59	3.20	0.16	0.70	0.00	0.20
27	08-Jul-13	49.82		10.81	11.95	53.83	56.25	15.02	16.95	187.34	270.50
28	09-Jul-13	37.60		11.66	12.85	47.21	50.00	13.96	16.50	189.39	270.50
29	10-Jul-13	43.81		15.62	16.00	63.10	78.50	17.45	20.55	182.70	270.50
30	11-Jul-13	50.13		9.74	10.10	50.70	78.50	16.65	18.55	131.27	270.50
31	12-Jul-13	34.43	20.90	15.08	16.20	34.83	39.15	11.11	12.55	89.19	110.25
32	15-Jul-13	25.31	13.65	14.94	15.35	28.51	36.65	13.24	14.70	61.10	83.75
33	16-Jul-13	38.94	28.30	11.96	11.95	25.36	29.85	10.80	12.70	54.15	74.00
34	17-Jul-13	38.61	28.25	10.96	11.05	16.04	22.55	15.41	16.15	32.63	65.30
35	18-Jul-13	28.18	16.95	3.21	3.40	14.02	18.85	13.84	14.35	44.17	63.70
36	19-Jul-13	31.39	21.35	2.16	2.30	10.10	16.50	7.86	8.25	5.16	8.35
37	22-Jul-13	79.20	76.40	4.87	5.20	14.84	14.25	4.61	5.60	1.52	3.50
38	23-Jul-13	78.94	74.00	1.88	2.35	13.23	11.60	3.46	4.25	0.50	1.95
39	24-Jul-13	112.46	104.35	2.89	3.00	11.88	11.60	3.62	4.25	0.00	0.45

TABLE 5: MEAN SQUARED ERRORS OF CALL AND PUT OPTIONS

S.No.	Stock Name	MSE CALL	MSE PUT	Average Annual Vol.
1	HDFC	12.35	4.20	0.269855
2	HDFC Bank	18.68	8.71	0.226123
3	ICICI Bank	38.24	21.54	0.272315
4	INFOSYS	1444.55	1475.74	0.437646
5	ITC	1.49	16.13	0.217269
6	L&T	201.12	49.91	0.512876
7	ONGC	8.06	0.41	0.309566
8	RELIANCE	16.44	44.51	0.262205
9	TATAMOTORS	1.97	3.40	0.329852
10	TCS	198.80	1330.63	0.223859

AUDITOR INDUSTRY SPECIALIZATION, AUDIT EXPERIENCE, TENURE AND AUDIT OPINION

LI-JEN HE
ASST. PROFESSOR
DEPARTMENT OF ACCOUNTING & INFORMATION SYSTEMS
ASIA UNIVERSITY
TAIWAN

YI-FENG WANG
ALUMNI
DEPARTMENT OF ACCOUNTING & INFORMATION SYSTEMS
ASIA UNIVERSITY
TAIWAN

ABSTRACT

By examining listed companies in Taiwan that were audited by Big Four audit firms and demonstrated relatively poor financial conditions between 2000 and 2009, we assessed the influence that the industry specialization of audit firms or audit partners, audit experience, and audit tenure on the probability of issuing a going-concern opinion. In contrast with previous studies on audit quality and opinion that have emphasized auditor independence or expertise alone, this study jointly considered expertise and independence in evaluating their effects on the audit opinion issued. The empirical results indicated that industry specialization and industry auditing experience both exhibited a significant and positive correlation with the issuance of going-concern opinion to clients demonstrating poor financial conditions. In addition, long auditor tenure resulted in the enhanced understanding of clients, which increased the probability of issuing a going-concern opinion to financially unstable clients because auditors wished to retain their independence.

KEYWORDS

Auditor, auditina, audit firms.

I. INTRODUCTION

According to DeAngelo (1981), audit quality refers to the joint probability that an auditor discovers and reports misstatements in a client's financial report. The probability of discovery is dependent on auditor expertise, whereas the probability of reporting is determined by auditor independence. Therefore, audit quality is contingent upon auditor independence and expertise. The audit reports generated by an auditor can be regarded as products yielded by auditing executed using independence and expertise. In other words, whether the audit opinion of auditors can truthfully convey the audited company's financial conditions is influenced by auditor independence and expertise.

Considering the influence that auditor expertise has on audit opinion, the following two prerequisites are required of auditors to reach appropriate conclusions regarding financial statements: understand the type and amount of data that must be collected, and possess the professional expertise required to explain audit evidence. In addition, specialized knowledge and experience related to the auditing industry are crucial for professional judgment. Regarding the influence of auditor independence on audit opinion, to maintain an employment relationship with a specific client, auditors may allow compromises concerning their audit opinions and generate client-preferred auditing reports. The Sarbanes-Oxley Act (SOX), enacted by the U.S. government in 2002, mandates a limit of 5 consecutive years for certified public accountants (CPAs) to provide assurance services for the same company. The SOX also requires 5 years between each mandatory rotation of audit firms. These provisions under the SOX are based on the presumption that long-term cooperative relationships between auditors and clients can result in collusion, thereby affecting audit quality.

Previous studies regarding audit quality and opinion have mainly focused on either auditor independence or expertise. Therefore, this study jointly considered auditor independence and expertise to assess the effects of these factors on audit opinion, thereby mitigating deficiencies in relevant research.

The remainder of this paper is organized as follows. We present the institutional background, review relevant literature, and discuss our main hypotheses in the next section. The research design, sample selection process, and sources of data are described in the third section. The empirical results are revealed in the fourth section, and we discuss our findings in the final section.

II. BACKGROUND, LITERATURE AND HYPOTHESES**INSTITUTIONAL BACKGROUND**

In the United States, audit reports are signed only with the names of audit firms, and audit firms take the responsibility for their audit results; in Taiwan, both the audit firms and the audit partners have to sign on the audit reports, but the responsibility for the audit results is taken primarily by auditors. Taiwanese Certified Public Accountant Act Article 15 was revised in 2007 and regulated that CPA firms are classified into four types: 1. Single-person CPA firm. 2. Co-location CPA firm. 3. Joint CPA firm. 4. Incorporated CPA firm. Most accounting firms in Taiwan were registered as Joint CPA firm, however, they are co-location CPA firm essentially, which means most audit firms run together by co-located practitioners who accept business separately and assume liabilities separately but not run as a partnership. Therefore, industry specialization and expertise are not always kept at the audit firm as in the U.S., but are in the possession of audit partners.

Although specialist audit firms may signal high quality, the "actual" audit quality is possessed by audit partners, especially in Taiwan, where industry expertise is mainly attributable to specialist audit partners, rather than to specialist audit firms. It is possible that managers attempt to gain better market reactions nominally while actually avoiding higher-quality audits by using the distinct functions between audit firms and audit partners. The regulations in Taiwan that require audit partners' names to be disclosed in the audit reports provide us the opportunity to examine the effects of specialist audit partners. By using this unique setting, we are able to discuss distinct influence for audit specialists at both the audit firm level and the audit partner level.

LITERATURE AND HYPOTHESES DEVELOPMENT**Auditor Industry Specialization**

Previous research regarding auditor industry specialization have typically examined the effects that industry specialization has on audit quality using discretionary accruals, financial restatement, abnormal bad debt expenses, and the issued audit opinion as proxy variables for determining audit quality (Balsam, Krishnan, and Yang, 2003; Chin & Chi, 2009; Dunn & Mayhew, 2004; Krishnan, 2003; Lim & Tan, 2008; Payne, 2008; Romanus et al., 2008).

Krishnan (2003) and Balsam et al. (2003) have confirmed that compared with firms audited by nonindustry specialists, firms audited by industry specialists exhibited lower discretionary accruals.

Regarding the effects on audit opinion, Bruynseels, Knechel, and Willekens (2011) indicated that compared with nonspecialist auditors, specialist auditors typically issue going-concern opinions for soon-to-be bankrupt firms when management implements strategies to inflate firm earnings. Thus, specialist auditors are likely to issue going-concern opinions to firms experiencing financial difficulties. Thus, auditor industry specialization influences the audit opinion issued.

In the United States, audit reports reveal only the firm name and do not identify the audit partner. By contrast, audit reports published in Taiwan require audit partner name disclosure. Taiwan's publicly traded and listed companies employ two auditors to audit and attest to the financial statements of the firm which is a dual attestation system in which two auditors share the responsibility of financial assurance. Consequently, most domestic studies regarding industry specialization have investigated individual auditors. Audit quality should be influenced by only individual CPAs. Therefore, this study proposes the following hypothesis:

H1: The industry specialization of audit firms and auditors is positively correlated with the going-concern opinion issued by auditors to clients under relatively poor financial conditions.

Auditor Experience

Previous empirical studies have typically used the market share of auditors or audit firms to calculate annual industry specialization. However, audit experience is an essential constituent of auditor industry specialization. Auditors with a certain level of industry specialization are capable of collecting evidence. This auditing experience enables auditors to develop appropriate strategies to solve audit problems under work pressure.

According to Article 20 of Taiwan's Certified Public Accountant Act, colocated CPA firms refer to an operating model in which auditors join their offices but engage in auditing separately and, thus, bear individual responsibilities. In Taiwan, most audit firms are colocated firms; therefore, industry expertise and the experience of individual auditors are crucial. Auditor expertise determines whether an auditor can identify vital weaknesses in the internal control of an enterprise. Experienced auditors can ameliorate the deficiencies of audit evidence compared with inexperienced auditors (Agoglia, Beaudoin, & Tsakumis, 2007). In addition, the audit quality of experienced auditors is generally superior to that of inexperienced auditors (Bonner & Lewis, 1990).

Carcello, Hermanson, and McGrath (1992) and Aldhizer, Miller, and Moraglio (1995) have indicated that the primary factors affecting audit quality are the experience and professional industry knowledge of the audit team and the associated firm regarding a specific client. Gramling and Stone (1998) and Solomon, Shields, and Whittington (1999) affirmed that industry concentration, specialization, experience, and knowledge enhance audit quality and influence the adequacy of client financial statements.

Based on the findings of previous studies, we assert that the level of auditor experience is related to audit quality and may influence the reports issued for clients experiencing financial difficulties. Therefore, the following hypothesis is proposed:

H2: Auditor experience is positively correlated with the issuance of a going-concern opinion to clients under relatively poor financial conditions.

Audit Tenure

Regarding the negative correlation between auditor tenure and audit quality, scholars have asserted that long auditor tenure damages auditor independence, thereby reducing audit quality. Davis, Soo, and Trompeter (2002) determined that increased auditor tenure results in the substantial corporate earnings management of audited clients, which reduces audit quality. Chi and Huang (2005) also reported that although familiarity with clients facilitated the enhancement of earnings quality, tenures longer than 5 years caused negative effects because of excessive familiarity, thereby reducing audit quality. Carey and Simnett (2006) sampled firms in Australia to examine the relationship between audit quality and long auditor tenure. Their results indicated that auditors with longer tenures were less likely to issue going-concern opinions compared with those with shorter tenures.

However, numerous scholars have contended that auditor tenure increases the understanding of a specific client, thereby improving audit quality. Studies that have employed abnormal accruals to evaluate financial statement quality provide insufficient evidence supporting the presumption that prolonged tenures reduce the quality of financial reporting (Johnson, Khurana, & Reynolds, 2002; Myers, Myers, & Omer, 2003). In a study examining the relationship between auditor tenure and fraudulent financial reporting, Carcello and Nagy (2004) determined that fraudulent financial reporting was likely to occur in the first 3 years of an auditor's employment with a client. They also failed to obtain any evidence that long auditor tenure increases the likelihood of fraudulent financial reporting. Geiger and Raghunandan (2002) tested the correlation between the length of auditor tenure and the probability of issuing a going-concern opinion to companies on the verge of bankruptcy. Their results indicated that the likelihood of audit failure was high during the early period of an auditor-client relationship, and decreased after the auditor served for more than 5 years. This finding suggests that long auditor tenure does not cause failure in audit reporting.

We contend that although long auditor tenure may affect auditor independence, auditor professional judgment is enhanced because of the increased understanding of a client's financial conditions. Therefore, we hypothesize that auditor tenure influences audit opinion, and this effect can be positive or negative:

H3: Long auditor tenure increases the likelihood of an auditor issuing a going-concern opinion to clients under relatively poor financial conditions.

III. SAMPLE AND RESEARCH DESIGN

DATA SOURCE AND SAMPLE COLLECTION

Data used for this study were obtained from the *Taiwan Economic Journal* database by sampling listed companies that were issued a going-concern opinion between 2000 and 2009. Because financially sound companies are typically free of going concerns, we referenced Liu and Wang (2008) and defined "relatively poor financial conditions" as negative net income values after accounting for tax and operating cash flow. In addition, previous studies have indicated that compared with non-Big N firms, Big N firms are more likely to issue going-concern opinions to companies experiencing financial crises. Therefore, we limited the study sample to listed companies audited by Big Four firms. Because of its unique industry characteristics, the finance and insurance industry exhibits a financial structure that differs from that of general industries. Consequently, this industry was excluded from the study sample.

VARIABLES AND DEFINITIONS

Dependent variables

To explore the influence that auditor industry specialization, experience, and tenure have on the opinion issued by an auditor, audit report and opinion were used as a proxy variables for measuring audit quality. In addition, the severity of auditor concern reflected by the going-concern opinion was divided into two types:

Going-concern opinion (GC_1)

Companies that were issued a going-concern opinion for the annual, semiannual, and quarterly reports were denoted by 3, 2, and 1, respectively; otherwise, 0.

Going-concern opinion (GC_2)

Companies under relatively poor financial conditions were sampled, and each experimental variable was tested to assess the effect on the probability of an auditor issuing a going-concern opinion. Companies that were issued a going-concern opinion in a specific year were denoted by 1; otherwise, 0.

Independent variables

Auditor (auditing firm) industry specialization (SPE)

Following prior studies (e.g., Balsam et al., 2003; Carcello & Nagy, 2004; Cenker & Nagy, 2008; Chin & Chi, 2009; Krishnan, 2003), we use auditors' market shares to measure auditor specialization. Because the most often used basis of measuring market share¹⁶ is the total sales of clients in a specific industry. We then rank all auditors in each industry by their market share and define the top 10% as industry specialist audit partners to construct and indicator variable (PSPE) that will equal one if specific individual audit partner is an industry specialist and zero otherwise. Similar we will rank all auditors in each industry by their market share and define the top 20% as industry specialist audit firms to construct and indicator variable (FSPE) that will equal one if the audit firm is an industry specialist and zero otherwise.

Because prior studies have indicated that, when knowledge provides important explanations for variations in auditors' industry expertise, it is difficult for partners to share knowledge with other partners within an audit firm or practice office (Chin & Chi, 2009), we will only use industry specialization at the partner level to

¹⁶ Both client amount and size have been considered to be a determinant of auditor specialization; however, it is unclear whether the forte of specializing in an industry is accrued from auditing for either a large number of clients or a few large clients (e.g., Chin & Chi 2009; Gramling & Stone, 2001; Krishnan, 2003). Therefore, this study will use number of clients as an alternative proxy for industry auditor specialists.

test the experience of auditors on audit quality. In Taiwan, two partners must audit the financial statements of public companies and both must sign their names to the audit reports. This requirement for dual signatures raises a measurement issue concerning the identification of individual specialists. Grounded on the assumption of knowledge spillover, whichever partner is the specialist can share his or her knowledge with the entire audit team. Consequently, as long as one of a company's auditors is a specialist, the company is classified as a specialist group.

Auditor experience (EXP)

The number of years an auditor had engaged in auditing was used to measure auditor experience, which was categorized into general auditing experience (EXP_G) and industry auditing experience (EXP_I).

General auditing experience (EXP_G) was obtained by multiplying the number of years in which they conducted auditing (between 1983 and 2009) by the number of clients, yielding two values that represented the amount of individual general experience acquired by primary and secondary auditors. The larger value of the two was then used to measure general auditor experience. Industry auditing experience (EXP_I) was obtained by multiplying the number of years spent in the auditing industry by the number of clients, yielding two values that represented the amount of individual industry experience acquired by the primary and secondary auditors. The larger value of the two was then used to measure industry auditor experience. We predicted that EXP_G and EXP_I were positively correlated with the probability of companies being issued a going-concern opinion.

Auditor tenure (TENURE)

Auditor tenure refers to the number of years an auditor continually provides services to a client. Under Taiwan's dual attestation scheme, although two CPAs (i.e., lead and concurring auditors) simultaneously attest to audit reports, these reports do not reveal the identities of the two CPAs. Thus, the larger number of consecutive years in which attestation was conducted between the lead and concurring auditors was used to calculate auditor tenure.

EMPIRICAL MODEL

This study primarily aimed to examine the influence that auditor industry specialization, experience, and tenure have on the issuance of going-concern opinion by auditors in Taiwan. Logistic regression models were constructed to test each of the proposed hypotheses.

To assess the relationship between auditor (auditing firm) industry specialization and the issuance of going-concern opinion to clients under relatively poor financial conditions, we constructed the following model:

$$GC_1_{it} = \beta_0 + \beta_1 SPE_FIRM_{it} + \beta_2 SPE_CPA_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \varepsilon_{it} \quad (1)$$

$$GC_2_{it} = \beta_0 + \beta_1 SPE_FIRM_{it} + \beta_2 SPE_CPA_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \beta_8 PRE_GC_{it-1} + \varepsilon_{it} \quad (2)$$

To examine the correlation between auditor experience and the issuance of going-concern opinion to clients under relatively poor financial conditions, we constructed the following models:

$$GC_1_{it} = \beta_0 + \beta_1 EXP_G_{it} + \beta_2 EXP_I_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \varepsilon_{it} \quad (3)$$

$$GC_2_{it} = \beta_0 + \beta_1 EXP_G_{it} + \beta_2 EXP_I_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \beta_8 PRE_GC_{it-1} + \varepsilon_{it} \quad (4)$$

To investigate the influence of auditor tenure on the issuance of going-concern opinion to clients under relatively poor financial conditions, we constructed the following models:

$$GC_1_{it} = \beta_0 + \beta_1 EXP_G_{it} + \beta_2 EXP_I_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \varepsilon_{it} \quad (5)$$

$$GC_2_{it} = \beta_0 + \beta_1 TENURE_{it} + \beta_2 SIZE_{it} + \beta_3 DR_{it} + \beta_4 CR_{it} + \beta_5 LOSS_{it} + \beta_6 CASH_{it} + \beta_7 PRE_GC_{it-1} + \varepsilon_{it} \quad (6)$$

The variable measurements are summarized in Table 1.

TABLE 1: SUMMARY OF VARIABLE MEASUREMENTS

Variable abbreviation	Variable name	Measurement method
GC_1	Going-concern opinion	Companies issued a going-concern opinion for the annual, semiannual, and quarterly reports were denoted by 3, 2, and 1, respectively; otherwise, 0.
GC_2	Going-concern opinion	Companies issued a going-concern opinion in a specific year were denoted by 1; otherwise, 0.
SPE_FIRM	Industry specialization of auditing firm	Measured using market share, which was calculated using client sales, with 10% being the cutoff point. Audit firms with market shares exceeding 10% were denoted by 1; otherwise, 0.
SPE_CPA	Industry specialization of auditor	Measured using market share, which was calculated using client sales, with 10% being the cutoff point. Auditors with market shares exceeding 10% were denoted by 1; otherwise, 0.
EXP_G	General auditing experience	Number of years performing auditing (since 1983) × number of clients
EXP_I	Industry auditing experience	Number of years in the auditing industry × number of clients
TENURE	Auditor tenure	Number of years an auditor provided continued services to a client
SIZE	Company size	Natural logarithm derived from the amount of total assets
DR	Debt ratio	Total liabilities divided by total assets
CR	Current ratio	Current assets divided by current liabilities
LOSS	Operating loss in 2 consecutive years	A negative operating income value for the current and previous years = 1; otherwise = 0.
CASH	Proportion of operating cash flow in total liabilities	Cash flow obtained from operating activities divided by total liabilities
PRE_GC	Going-concern opinion issued in the previous reporting period	Going-concern opinion issued in the previous year = 1; otherwise = 0.

IV. EMPIRICAL RESULTS

DESCRIPTIVE STATISTICS

The descriptive statistics for the study sample (Table 2) indicate the following results: Overall, 53 (4%) companies were issued a going-concern opinion, and 1,058 (74%) audit firms comprised industry specialists (SPE_FIRM), whereas 69 (5%) auditors were industry specialists (SPE_CPA). Regarding the control variables, 439 (31%) companies bore operating losses for 2 consecutive years (LOSS), and 41 (3%) companies were issued a going-concern opinion in the previous reporting period (PRE_GC).

TABLE 2: DISTRIBUTION STATISTICS

Variable	N	Min.	Max.	Ave.	Std. Div.
GC_1	1438	0.000	3.000	0.120	0.579
GC_2	1438	0.000	1.000	0.040	0.187
SPE_FIRM	1438	0.000	1.000	0.740	0.441
SPE_CPA	1438	0.000	1.000	0.050	0.214
EXP_G	1438	6.000	742.000	199.510	119.984
EXP_I	1438	1.000	399.000	25.120	31.804
TENURE	1438	1.000	21.000	4.370	3.446
SIZE	1438	11.510	20.127	14.837	1.297
DR(%)	1438	0.200	98.720	45.756	17.842
CR(%)	1438	11.360	293.320	189.298	91.031
LOSS	1438	0.000	1.000	0.310	41.000
CASH	1438	-26.819	26.505	-2.905	32.816
PRE_GC	1438	0.000	1.000	0.030	0.166

ANALYSIS OF CORRELATION COEFFICIENTS

Between-sample correlation analysis (Table 3) revealed that auditor industry specialization (SPE_CPA) exhibited a significant and positive correlation with general auditing experience (EXP_G) and industry auditing experience (EXP_I), indicating that the industry specialization of auditors is significantly related to experience. Auditor tenure (TENURE) presented a significant and positive correlation with industry specialization (SPE_CPA) and general auditing experience (EXP_G), which suggests that experienced specialist auditors have long tenures. Company size demonstrated a significant and positive correlation with industry specialization and auditor experience and tenure, indicating that large-scale companies typically employ experienced specialist auditors. Company size was positively correlated with debt ratio (DR) and the proportion of operating cash flow in total liabilities (CASH), which implies that large-scale companies demonstrate a high debt ratio and operating cash flow.

TABLE 3: SPEARMAN CORRELATIONS

變數	SPE_FIRM	SPE_CPA	EXP_G	EXP_I	TENURE	SIZE	DR	CR	LOSS	CASH	PRE_GC
SPE_FIRM	1.000	0.135** (0.000)	0.041 (0.060)	0.052 (0.075)	-0.036 (0.085)	0.119** (0.000)	0.084** (0.001)	-0.059* (0.012)	0.024 (0.182)	0.007 (0.397)	0.046* (0.041)
SPE_CPA		1.000	0.130** (0.000)	0.220** (0.000)	0.084** (0.001)	0.147** (0.000)	0.002 (0.468)	-0.012 (0.330)	0.021 (0.216)	-0.007 (0.396)	0.020 (0.222)
EXP_G			1.000	0.421** (0.000)	0.082** (0.001)	0.075** (0.002)	0.012 (0.331)	-0.016 (0.273)	0.002 (0.469)	0.038 (0.074)	0.050* (0.030)
EXP_I				1.000	0.040 (0.067)	0.057** (0.015)	-0.042 (0.054)	-0.008 (0.374)	0.024 (0.184)	0.056* (0.018)	0.058* (0.013)
TENURE					1.000	0.155** (0.000)	-0.005 (0.426)	-0.051* (0.027)	-0.005 (0.426)	0.056* (0.017)	-0.047* (0.037)
SIZE						1.000	0.240** (0.000)	-0.215** (0.000)	-0.096** (0.000)	0.147** (0.000)	-0.023 (0.190)
DR							1.000	-0.480** (0.000)	0.029 (0.134)	0.006 (0.414)	0.258** (0.000)
CR								1.000	-0.018 (0.253)	-0.086** (0.001)	-0.075** (0.002)
LOSS									1.000	-0.061** (0.011)	0.168** (0.000)
CASH										1.000	-0.016 (0.275)
PRE_GC											1.000

Notes

- a. ***, **, * denotes significance at <0.01, <0.05, <0.10 level.
- b. Variable definitions are presented in Table 1.

LOGISTIC REGRESSION ANALYSIS

Ordered logistic regression

Table 4 presents the results of ordered logistic regression analysis. In Model 1, in which audited companies exhibited relatively poor financial conditions, SPE_FIRM and SPE_CPA were both positively correlated with the probability of issuing a going-concern opinion. This suggests that specialist auditors accurately discover and assess that financially unstable companies might fail to continue operation, and thus typically issue a going-concern opinion to such companies. The coefficient of SPE_CPA reached the 10% level of significance, indicating that compared with the industry specialization of audit firms, the industry specialization of individual auditors substantially influences the issuance of going-concern opinion to financially unstable companies.

In Model 3, general auditing experience (EXP_G) and industry auditing experience (EXP_I) were positively correlated with the probability of companies being issued a going-concern opinion. This indicates that the level of auditor experience is related to audit quality and may influence the audit reports issued to clients experiencing financial difficulties. Therefore, audit quality is affected by auditor experience, which supports H2. In addition, EXP_I reached the 1% level of significance. In Model 5, auditor tenure (TENURE) exhibited a negative correlation with the probability of a going-concern opinion being issued, which failed to support H3. This outcome might be attributed to the low importance of the auditor review reports disclosed in quarterly reports; consequently, long auditor tenure did not reflect increased probabilities of issuing going-concern opinion.

Regarding control variables, the empirical results were consistent with the expected results. The company size (SIZE) and operating loss in 2 consecutive years (LOSS) achieved 1% level of significance. In other words, the larger the company size (SIZE), the more resource the company possessed to survive financial crises. The operating loss in 2 consecutive years (LOSS) was positively correlated with the received audit opinion, representing that when the operating profit of a company in the previous and current years was negative, the company might receive going-concern opinion. The proportion of operating cash flow in total liabilities (CASH) exhibited a coefficient consistent with expectation, but not reaching the level of significance.

TABLE 4: ORDINAL LOGISTIC REGRESSION RESULTS

Model :	$GC_{1it} = \beta_0 + \beta_1 SPE_FIRM_{it} + \beta_2 SPE_CPA_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \epsilon_{it}$					(1)
	$GC_{1it} = \beta_0 + \beta_1 EXP_G_{it} + \beta_2 EXP_I_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \epsilon_{it}$					(3)
	$GC_{1it} = \beta_0 + \beta_1 TENURE_{it} + \beta_2 SIZE_{it} + \beta_3 DR_{it} + \beta_4 CR_{it} + \beta_5 LOSS_{it} + \beta_6 CASH_{it} + \epsilon_{it}$					(5)
	Predict Sign	Industry Specialization	Audit Experience		Audit	Tenure
SPE_FIRM	+	0.541 (0.186)				
SPE_CPA	+	1.151 (0.047)*				
EXP_G	+		0.001 (0.695)			
EXP_I	+		0.014 (0.002)***			
TENURE	+				-0.011 (0.800)	
SIZE	-	-0.375 (0.001)***	-0.375 (0.001)***		-0.403 (0.001)***	
DR	+	0.099 (0.000)***	0.099 (0.000)***		0.098 (0.000)***	
CR	-	-0.003 (0.279)	-0.003 (0.279)		-0.003 (0.384)	
LOSS	+	1.315 (0.000)***	1.315 (0.000)***		1.318 (0.000)***	
CASH	-	-0.004 (0.564)	-0.004 (0.564)		-0.002 (0.704)	
N		1438	1438		1438	
R ²		0.012	0.008		0.010	
F value		10.342	8.169		8.355	
Sig.		0.000	0.000		0.000	

Notes:

- a. ***, **, * denotes significance at <0.01, <0.05, <0.10 level.
- b. Variable definitions are presented in Table 1.

Binary logistic regression

Table 5 presents the binary logistic regression results, which differed between Models 1 and 2. In Model 2, when the audited companies demonstrated relatively poor financial conditions, SPE_FIRM and SPE_CPA were positively correlated with the probability of companies being issued a going-concern opinion, and the correlation of SPE_CPA reached the 10% level of significance. Although this result supports H1a and H1b, SPE_FIRM did not exhibit a significant correlation with the probability of a going-concern opinion being issued. This suggests that compared to specialist audit firms, the discoveries and judgment made by specialist auditors are more accurate regarding the probable inability of a client to continue operation, rendering the issuance of a going-concern opinion more likely. In Model 4, the correlation between industry auditing experience (EXP_I) and the probability of companies being issued a going-concern opinion achieved the 10% level of significance, thereby supporting H2. In Model 6, TENURE and the probability of a going-concern opinion being issued exhibited a positive correlation, which differed from the ordered logistic regression results and supported H3, although statistical significance was not achieved. This outcome suggests that long tenure (i.e., continued auditor-client relationship) enhances auditor understanding of a specific client; consequently, to maintain their independence, tenured auditors are likely to issue a going-concern opinion to financially unstable clients.

Regarding the control variables, with the exception of CASH, all the variables yielded a coefficient that indicated a trend consistent with our predictions. In addition, the coefficients of DR and PRE_GC reached the 1% level of significance, supporting the hypothesis that companies demonstrating a high debt ratio and were issued a going-concern opinion in the previous year were highly likely to be issued another going-concern opinion. Results regarding the other control variables were generally similar to those produced using binary logistic regression.

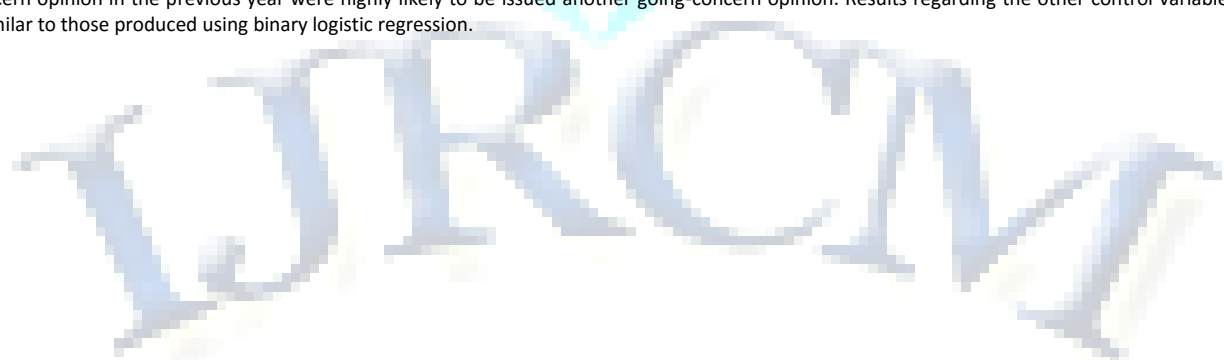


TABLE 5: BINARY LOGISTIC REGRESSION RESULTS

Model :	$GC_2_{it} = \beta_0 + \beta_1 SPE_FIRM_{it} + \beta_2 SPE_CPA_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \beta_8 PRE_GC_{it-1} + \epsilon_{it}$					(2)
	$GC_2_{it} = \beta_0 + \beta_1 EXP_G_{it} + \beta_2 EXP_I_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \beta_8 PRE_GC_{it-1} + \epsilon_{it}$					(4)
	$GC_2_{it} = \beta_0 + \beta_1 TENURE_{it} + \beta_2 SIZE_{it} + \beta_3 DR_{it} + \beta_4 CR_{it} + \beta_5 LOSS_{it} + \beta_6 CASH_{it} + \beta_7 PRE_GC_{it-1} + \epsilon_{it}$					(6)
	Predict Sign	Industry Specialization		Audit Experience		Audit Tenure
SPE_FIRM	+	0.167				
		(0.769)				
SPE_CPA	+	1.512				
		(0.066)*				
EXP_G	+			0.000		
				(0.787)		
EXP_I	+			0.010		
				(0.078)*		
TENURE	+					0.045
						(0.384)
SIZE	-	-0.263		-0.256		-0.219
		(0.104)		(0.110)		(0.175)
DR	+	0.093		0.091		0.091
		(0.000)***		(0.000)***		(0.000)***
CR	-	-0.003		-0.003		-0.002
		(0.542)		(0.525)		(0.634)
LOSS	+	0.426		0.451		0.499
		(0.526)		(0.326)		(0.270)
CASH	-	0.019		0.014		0.017
		(0.075)*		(0.104)		(0.123)
PRE_GC	+	4.563		4.506		4.572
		(0.000)***		(0.000)***		(0.000)***
N		1438		1438		1438

Notes:

- a. ***, **, * denotes significance at <0.01, <0.05, <0.10 level.
- b. Variable definitions are presented in Table 1.

SENSITIVITY ANALYSIS

Considering the characteristics of Taiwan’s dual attestation mechanism for auditors, we further divided the sample based on the industry specialization variable into companies audited by audit firms with or without industry specialization and companies audited by auditors with or without industry specialization. The divided samples then underwent ordered logistic regression to assess the influence of auditor experience and tenure on audit opinion. This approach was used to obtain robust evidence for the relationships that individual auditor experience and tenure have with the probability of issuing a going-concern opinion. The regression results are shown in Tables 6 and 7.

According to Article 3 of Taiwan’s Statement on Auditing Standards No. 16, a high debt ratio may reflect the relatively poor financial conditions of a company. Consequently, a going-concern presumption is difficult to establish based on the financial statements compiled by the client, thereby increasing the probability that an auditor issues a going-concern opinion. Therefore, we restricted the study sample to companies exhibiting a debt ratio higher than 50%. Subsequently, ordered logistic regression was conducted to evaluate the effects of industry specialization (of audit firms and auditors), auditor experience, and auditor tenure on audit opinion. The results are presented in Table 8.

In Table 6, the SPE_FIRM samples were divided into companies audited by audit firms (with or without industry specialization) and companies audited by auditors (with or without industry specialization). The results indicated that auditor experience and tenure did not significantly affect the issuance of going-concern opinion. However, the industry auditing experience of specialist audit firms significantly influenced the issuance of going-concern opinion, reaching the 5% level of significance. This outcome suggests that compared to specialist auditors, specialist firms possessed greater auditing experience and, thus, exhibited increased probabilities of issuing a going-concern opinion to financially unstable clients. Auditor tenure with respect to specialist audit firms was positively correlated with the issuance of going-concern opinion, indicating that long tenure at specialist audit firms leads to the increased understanding of clients’ financial conditions, thereby raising the likelihood of issuing a going-concern opinion to clients experiencing financial difficulties. By contrast, auditor tenure in relation to nonspecialist audit firms was negatively correlated with the issuance of going-concern opinion, which suggests that long auditor tenure at nonspecialist firms does not increase the probability that financially unstable companies are issued a going-concern opinion.

TABLE 6: INFLUENCE OF AUDIT EXPERIENCE AND AUDIT TENURE FOR INDUSTRY AND NON-INDUSTRY SPECIALIZATION AUDIT FIRMS

Model :	$GC_{1it} = \beta_0 + \beta_1 EXP_G_{it} + \beta_2 EXP_I_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \epsilon_{it}$						(3)
	$GC_{1it} = \beta_0 + \beta_1 TENURE_{it} + \beta_2 SIZE_{it} + \beta_3 DR_{it} + \beta_4 CR_{it} + \beta_5 LOSS_{it} + \beta_6 CASH_{it} + \epsilon_{it}$						(5)
	Predict Sign	SPE FIRM		NON-SPE FIRM			
		Audit Experience	Audit Tenure	Audit Experience	Audit Tenure		
EXP_G	+	-0.002 (0.228)		0.000 (0.785)			
EXP_I	+	0.014 (0.002)**		0.007 (0.221)			
TENURE	+		0.022 (0.642)			-0.041 (0.385)	
SIZE	-	-0.343 (0.004)**	-0.366 (0.003)**	-0.969 (0.072)*		-0.875 (0.051)*	
DR	+	0.101 (0.000)**	0.100 (0.000)**	0.044 (0.175)		0.063 (0.046)**	
CR	-	-0.001 (0.670)	-0.001 (0.801)	-0.035 (0.028)**		-0.030 (0.030)**	
LOSS	+	1.509 (0.000)**	1.504 (0.000)**	-0.403 (0.665)		-0.338 (0.713)	
CASH	-	-0.004 (0.577)	-0.002 (0.737)	-0.006 (0.718)		-0.006 (0.746)	
N		1058	1058	380		380	

Notes:

- a. ***, **, * denotes significance at <0.01, <0.05, <0.10 level.
- b. Variable definitions are presented in Table 1.

In Table 7, the SPE_CPA samples were divided into companies audited by specialist auditors and companies audited by nonspecialist auditors. The results regarding the influence of auditor experience and tenure on the issuance of going-concern opinion are nearly identical to those shown in Table 6: Substantial industry auditing experience and the long tenure of specialist auditors were related to the high possibility of issuing a going-concern opinion to financially unstable clients.

TABLE 7: INFLUENCE OF AUDIT EXPERIENCE AND AUDIT TENURE FOR INDUSTRY AND NON-INDUSTRY SPECIALIZATION AUDIT PARTNERS

Model :	$GC_{1it} = \beta_0 + \beta_1 EXP_G_{it} + \beta_2 EXP_I_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \epsilon_{it}$						(3)
	$GC_{1it} = \beta_0 + \beta_1 TENURE_{it} + \beta_2 SIZE_{it} + \beta_3 DR_{it} + \beta_4 CR_{it} + \beta_5 LOSS_{it} + \beta_6 CASH_{it} + \epsilon_{it}$						(5)
	Predict Sign	SPE PARTNER		NON-SPE PARTNER			
		Audit Experience	Audit Tenure	Audit Experience	Audit Tenure		
EXP_G	+	0.031 (0.322)		0.000 (0.785)			
EXP_I	+	0.222 (0.075)*		0.007 (0.221)			
TENURE	+		0.070 (0.650)			-0.041 (0.385)	
SIZE	-	2.651 (0.335)	-0.837 (0.122)	-0.354 (0.003)***		-0.323 (0.006)***	
DR	+	0.384 (0.435)	0.130 (0.053)*	0.101 (0.000)***		0.101 (0.000)***	
CR	-	0.013 (0.809)	0.009 (0.283)	-0.005 (0.179)		-0.005 (0.143)	
LOSS	+	16.847 (0.129)	20.821 (0.120)	1.033 (0.002)***		0.988 (0.004)**	
CASH	-	0.028 (0.333)	-0.004 (0.638)	0.006 (0.486)		0.008 (0.379)	
N		1369	1369	69		69	

Notes:

- a. ***, **, * denotes significance at <0.01, <0.05, <0.10 level.
- b. Variable definitions are presented in Table 1.

Table 8 shows the results of restricting the sample to companies with a debt ratio exceeding 50%. The regression results indicated that industry specialization (of audit firms and auditors) was positively correlated with the issuance of going-concern opinion. Regarding auditor experience, industry auditing experience exhibited a significant and positive correlation with the issuance of going-concern opinion, which conforms to the other regression results. Contrary to the predicted trends, general auditing experience was not positively correlated with the issuance of going-concern opinion, indicating that the industry auditing experience of auditors is more crucial than general auditing experience

TABLE 8: ORDINAL LOGISTIC REGRESSION RESULTS FOR RESTRICTED SAMPLE^a

Model :	$GC_{1it} = \beta_0 + \beta_1 SPE_FIRM_{it} + \beta_2 SPE_CPA_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \epsilon_{it}$						(1)
	$GC_{1it} = \beta_0 + \beta_1 EXP_G_{it} + \beta_2 EXP_I_{it} + \beta_3 SIZE_{it} + \beta_4 DR_{it} + \beta_5 CR_{it} + \beta_6 LOSS_{it} + \beta_7 CASH_{it} + \epsilon_{it}$						(3)
	$GC_{1it} = \beta_0 + \beta_1 TENURE_{it} + \beta_2 SIZE_{it} + \beta_3 DR_{it} + \beta_4 CR_{it} + \beta_5 LOSS_{it} + \beta_6 CASH_{it} + \epsilon_{it}$						(5)
	Predict Sign	Industry Specialization		Audit Experience		Audit Tenure	
SPE_FIRM	+	1.062					
		(0.037)	**				
SPE_CPA	+	0.697					
		(0.385)					
EXP_G	+			-0.002			
				(0.272)			
EXP_I	+			0.010			
				(0.090)	*		
TENURE	+					-0.040	
						(0.386)	
SIZE	-	-0.371		-0.359		-0.314	
		(0.004)	***	(0.006)	***	(0.013)	**
DR	+	0.177		0.117		0.116	
		(0.000)	***	(0.000)	***	(0.000)	***
CR	-	-0.019		-0.016		-0.017	
		(0.000)	***	(0.001)	***	(0.001)	***
LOSS	+	0.446		0.531		0.493	
		(0.240)		(0.158)		(0.194)	
CASH	-	0.027		0.026		0.030	
		(0.008)	***	(0.010)	***	(0.004)	***
N		60	3	60	3	60	3

Notes:

- a. This table presents the results of restricting the sample to companies with a debt ratio exceeding 50% to be the companies of financial difficulties.
- b. ***, **, * denotes significance at <0.01, <0.05, <0.10 level.
- c. Variable definitions are presented in Table 1.

V. CONCLUSION

This study examined listed companies in Taiwan that were audited by Big Four firms and demonstrated relatively poor financial conditions between 2000 and 2009. Net income after tax and operating cash flow was used as the indicator for identifying companies that exhibited relatively poor financial conditions (i.e., negative values for a specific year). We assessed the influence that the industry specialization of audit firms or auditors, auditor experience, and auditor tenure had on the probability of issuing a going-concern opinion. In contrast with previous studies on audit quality and opinion that have emphasized auditor independence or expertise alone, this study jointly considered expertise and independence in evaluating their effects on the audit opinion issued. Regarding auditor expertise, this study investigated the influence of industry specialization (of audit firms and individual auditors) and auditor experience (general and industry-specific) on audit opinion. For analyzing auditor independence, we explored the effects that auditor tenure exerted on audit opinion by determining whether long tenure increased the probability of issuing a going-concern opinion to financially unstable clients because of the auditors' wish to maintain their independence.

The empirical results indicated that industry specialization (SPE_FIRM and SPE_CPA) and industry auditing experience both exhibited a significant and positive correlation with the issuance of going-concern opinion to clients demonstrating poor financial conditions. In addition, long auditor tenure resulted in the enhanced understanding of clients, which increased the probability of issuing a going-concern opinion to financially unstable clients because auditors wished to retain their independence.

Whether auditors can issue appropriate audit opinions before enterprises experience a financial crisis depends on their professional knowledge, skills, attitude, and judgment. Based on market shares alone, specialist audit firms did not exert a significant influence compared to individual auditor experience and specialization. Therefore, in addition to the industry specialization of firms, industry specialization and the experience of individual auditors are vital factors that should be considered when examining the issuance of audit opinions. To prevent market investors from bearing unnecessary losses, auditors must be able to issue adequate audit opinions regarding annual and semiannual reports and review opinions regarding quarterly reports before clients experience a financial crisis, reminding users of financial statements to avoid corporate financial problems. Audit firms or auditors that demonstrate industry specialization possess substantial experience in industry auditing, which reduces the probability of issuing inadequate audit opinions and raises the value of issued audit opinions. Therefore, when evaluating the financial conditions of financially unstable companies, general investors can consider whether the companies are audited by specialist audit firms or auditors.

REFERENCES

1. Agoglia, C. P., Beaudoin, C., & Tsakumis G. T. 2007. The Effect of Fraud Assessment Documentation Structure on Auditors' Ability to Identify Control Weaknesses: The Moderating Role of Reviewer Experience. *Working paper*, Drexel University, Philadelphia.
2. Aldhizer, G. R, Miller, J. R., & Moraglio, J. F. 1995. Common attributes of quality audits. *Journal of Accountancy*, 179(1), 61-71.
3. Balsam, S., Krishnan, J., & Yang, J. S. 2003. Auditor industry specialization and earnings quality. *Auditing: A Journal of Practice and Theory*, 22(2), 71-97.
4. Bedard, J., & Biggs, S. 1991. The effect of domain-specific experience on evaluation of management representation in analytical procedures. *Auditing: A Journal of Practice & Theory*, 10(Supplement), 77-95.
5. Bell, T., Marrs, F., Solomon, I. and Thomas, H. 1997. *Auditing Organizations through a Strategic-Systems Lens*, KPMG Peat Marwick LLP, Minneapolis, MN.
6. Bonner, S. E., & Lewis, B. L. 1990. Determinants of auditor expertise. *Journal of Accounting Research*, 28(Supplement), 1-19.
7. Brody, R. G., and Moscovice, S. A. 1998. Mandatory auditor rotation. *National Public Accountant*, 43(3), 32-35.
8. Bruynseels, L., Knechel, W. R., & Willekens, M. 2011. Auditor Differentiation, Mitigating Management Actions, and Audit-Reporting Accuracy for Distressed Firms. *Auditing: A Journal of Practice & Theory*, 30(1), 1-20.
9. Carcello, J. V. & Nagy, A. L. 2004. Audit firm tenure and fraudulent financial reporting. *Auditing: A Journal of Practice & Theory*, 23(2), 55-69.
10. Carcello, J. V., & Nagy A. L. 2004. Client size, Auditor industry specialization and fraudulent financial reporting. *Managerial Auditing*, 19 (5), 651-668.
11. Carcello, J. V., Hermanson, R. H., & McGrath, N. T. 1992. Audit quality attributes: the perceptions of audit partners, preparers, and financial statement user. *Auditing: A Journal of Practice & Theory*, 11(1), 1-15.
12. Carey, P., & Simnett, R. 2006. Audit partner tenure and audit quality. *The Accounting Review*, 81(3), 653-676.
13. Cenker, W. J. and A. Nagy. 2008. Auditor Resignations and Auditor Industry Specialization. *Accounting Horizons* 22 (3): 279-295.

14. Chi, W., & Huang, H. 2005. Discretionary accruals, audit-firm tenure and audit-partner tenure: Empirical evidence from Taiwan. *Journal of Contemporary Accounting & Economics*, 1(1), 65-92.
15. Chin, C. and H. Y. Chi. 2009. Reducing Restatements with Increased Industry Expertise. *Contemporary Accounting Research* 26 (3): 729-765.
16. Davis, L. R., Soo, B., & Trompeter, G. 2002. Auditor tenure, auditor independence and earnings management. *Working paper*, Boston College, Boston. MA.
17. DeAngelo, L. E. 1981. Auditor size and audit quality. *Journal of Accounting and Economics*, 3(December), 183-199.
18. Dunn, K. A. and B. W. Mayhew. 2004. Audit Firm Industry Specialization and Client Disclosure Quality. *Review of Accounting Studies* 9 (1): 35-58.
19. Erickson, M., Mayhew, B. W., & Felix, W. L. 2000. Why do audits fail? Evidence from Lincoln Savings and Loan. *Journal of Accounting Research*, 38(1), 165-194.
20. Ferguson, A., & Stokes, D. 2002. Brand name audit pricing, industry specialization, and leadership premium post-big 8 and big 6 mergers. *Contemporary Accounting Research*, 19(1), 77-110.
21. Geiger, M. A., & Raghunandan, K. 2002. Auditor tenure and audit reporting failures. *Auditing: A Journal of Practice & Theory*, 21(1), 67-78.
22. George, N. 2004. Auditor rotation and the quality of audits. *The CPA Journal*, 74(12), 22-26.
23. Gramling, A. A., & Stone, D. N. 1998. A review and evaluation of industry concentration, specialization, experience, and knowledge research in auditing. *Working Paper*, University of Illinois, Accounting Research Forum, Illinois.
24. Hogan, C.E., & Jeter, D. 1999. Industry specialization by auditors. *Auditing: A Journal of Practice & Theory*, 18(1), 1-17.
25. Johnson, V., Khurana, I. K., & Reynolds, J. K. 2002. Audit-firm tenure and the quality of financial reports. *Contemporary Accounting Research*, 19(4), 637-660.
26. Krishnan, G. V. (2003) Does Big 6 Auditor Industry Expertise Constrain Earnings Management? *Accounting Horizons*, 17(Supplement), 1-16.
27. Lim, C. Y. and H. T. Tan. 2008. Non-audit Service Fees and Audit Quality: The Impact of Auditor Specialization. *Journal of Accounting Research* 46 (1): 199-246.
28. McKeown, J.C., Mutchler, J., & Hopwood, W. 1991. Towards an explanation of auditor failure to modify the audit opinions of bankrupt companies. *Auditing: A Journal of Practice & Theory*, 10(Supplement), 1-13.
29. Myers, J. N., Myers, L. A., & Omer, T. C. 2003. Exploring the term of the auditor-client relationship and quality of earnings: A case for mandatory auditor rotation? *The Accounting Review*, 78(3), 779-799.
30. Nelson, M., Elliott, J., & Tarpley, R. 2002. Evidence from auditors about managers' and auditors' earnings-management decisions. *The Accounting Review*, 77(Supplement), 175-202.
31. Payne, J. L. 2008. The Influence of Audit Firm Specialization on Analysts' Forecast Errors. *Auditing: A Journal of Practice & Theory* 27 (2): 109-136.
32. Randal, J. E., Alvin, A. A., & Mark, S. B. 2009. *Auditing and Assurance Services: An Integrated Approach* (13th ed.). New Jersey : Prentice Hall.
33. Romanus, R. N., J. J. Maher, and D. M. Fleming. 2008. Auditor Industry Specialization, Auditor Changes, and Accounting Restatements. *Accounting Horizons* 22 (4): 389-413.
34. Solomon, I., Shields, M. D., & Whittington, O. R. 1999. What do industry -specialist auditors know? *Journal of Accounting Research*, 37(1), 191-208.
35. Velury, U., Reisch, J. T., & O'Reilly, D. M. 2003. Institutional ownership and the selection of industry specialist auditors. *Review of Quantitative Finance and Accounting*, 21(1), 35-48.



COMPARATIVE STUDY OF WORKING CAPITAL MANAGEMENT (WITH THE REFERANCE OF CIPLA & AUROBINDO PHARMA)

AMALESH PATRA
ASST. PROFESSOR
DEPARTMENT OF COMMERCE
CALCUTTA GIRLS' COLLEGE
KOLKATA

ABSTRACT

Working capital management as usually concerned with administration of the current assets as well as current liabilities. The area includes the requirement of funds from various resources and to utilize them in all result oriented manner. It can be stated without exaggeration that effective working capital management is the short requirement of long term success. Every business concern aims at having adequate or optimal amount of working capital to run its business operations. Both excess as well as shortage of working capital situations are bad for any business. Too much of working capital means that large sum of money is tied up in accounts receivable and inventory and inadequate working capital can adversely affect the production and business operation, which is more dangerous. The main aim of present study is to comparatively analyze the working capital of the pharmaceutical industry with special reference Cipla Limited and Aurobindo pharma limited. The research study is descriptive and analytical which is conducted on the basis of secondary data. The present study is based on the analysis of five years annual reports of Cipla Limited and Aurobindo pharma limited from 2011 to 2015.

KEYWORDS

working capital, resources, inadequate, optimal, comparative.

INTRODUCTION

Working capital means the funds available for meeting the day to day operations of an enterprise. It's the money a business has available to spend on its operations after paying off its bills and short-term debts. It consists broadly of that portion of assets of a business which are used in or related to its current operations. Working capital generates the important element of cost, viz. materials, wages and other expenses.

Working capital = Current Assets - Current Liabilities

Working capital management is the process of planning and controlling the level and mix of current assets of the firm as well as financing these assets. Thus this involves managing the relationship between a firm's short-term assets and its short-term liabilities. The goal of working capital management is to ensure that the firm is able to continue its operations and that it has sufficient cash flow to satisfy both maturing short-term debt and upcoming operational expenses. The dynamic business environment demands a framework for an efficient working capital management system in order to be more competitive. There is operative aspects of working capital i.e. current assets which is known as funds also employed to the business process from the gross working capital Current asset comprises cash receivables, inventories, marketable securities held as short term investment and other items nearer to cash or equivalent to cash. Working capital comes into business operation when actual operation takes place generally the requirement of quantum of working capital is determined by the level of production which depends upon the management attitude towards risk and the factors which influence the amount of cash, inventories, receivables and other current assets required to support given volume of production. Working capital management as usually concerned with administration of the current assets as well as current liabilities. The area includes the requirement of funds from various resources and to utilize them in all result oriented manner. It can be stated without exaggeration that effective working capital management is the short requirement of long term success. The importance of working capital management is indisputable; Business liability relies on its ability to effective management of receivables, inventory, and payables. By minimizing the amount of funds tied up in current assets. Firms are able to reduce financing costs or increase the funds available for expansion. Many managerial efforts are put into bringing non-optimal level of current assets and liabilities back towards their optimal levels. There are different method of analyzing working capital of the pharmaceutical company are ratios, trend analysis, common size statements, comparative statements. In this study the analysis of working capital of Cipla Limited and Aurobindo pharma Limited is done through ratios.

LITERATURE REVIEW

Islam & Rahman (1994) conducted a study on working capital trends of enterprises in Bangladesh. They find that optimum working capital enables a business to have its credit standing and permits the debts payments on maturity date and helps to keep itself fairly in liquid

Lamberson (1995) studied how small firms respond to changes in economic activities by changing their working capital positions and level of current assets and liabilities. Current ratio, current assets to total assets ratio and inventory to total assets ratio were used as measure of working capital while index of annual average coincident economic indicator was used as a measure of economic activity.

Eljelly (2004) examined the relation between profitability and liquidity by using correlation and regression analyses and found that the cash conversion cycle was of more importance as a measure of liquidity than the current ratio that affects profitability

Sayaduzzaman (2006) in his article on "Working Capital Management: A study on Birla Corporation cement Limited " mentions that the efficiency of working capital management of Birla Corporation cement Limited . is highly satisfactory due to the positive cash inflows and planned approach in managing the major elements of working capital. He found that working capital management helps to maintain all around efficiency in operations. In the article "Liquidity-Profitability Trade off: An Empirical Investigation in an Emerging Market,"

Raheman (2007) studied the effect of different variables of working capital management including the Average Collection Period, Inventory Turnover in Days, Average Payable Period, Cash Conversion Cycle and Current Ratio on the Net Operating Profitability of Pakistani Firms. By using Pearson's correlation and regression analysis he found that there was a strong negative relationship between variables of Working Capital Management and Profitability. He also finds that as the cash conversion cycle increases, it leads to decrease in profitability of the firm and managers can create a positive value for the shareholders by reducing the cash conversion cycle to a possible minimum level.

Mathuva (2009) studied the impact of working capital management on the performance. He took almost 30 listed firms as a sample and all these companies were listed in Nairobi stock exchange and the data was taken from 1993 to 2008. There were certain findings of his research by analyzing the fixed effects regression models. Firstly, there is a negative relationship between the time when the cash is collected from the customers and the firm's productivity. This depicts, firms that are more profitable enjoys less time period for the collection of cash from the customers as compare to ones which are less profitable. Secondly, there is a positive relationship between the inventories when they were brought in and the period to which they are sold and the firm's profitability. The interpretation comes out as that the firms or the organizations which take more time to keep the inventories it reduces the costs of the disruption in the process of production and usually the business losses as there is the insufficiency in the goods. This situation decreases the operating cost of the firm. The third assumption of the research was the association between the average payment period and profitability and found out to be positive ($p < 0.01$). The more the time taken to disburse the creditors, the profitability will increases

Saswata Chattered (2010) focused on the importance of the fixed and current assets in the Successful running of any organization. It poses direct impacts on the profitability liquidity. There has been a phenomenon observed in the business that most of the companies increase the margin for the profits and losses because this act shrinks the size of working capital relative to sales. If the companies want to increase or improve its liquidity, then it has to increase its working capital. In the response of this policy the organization has to lower down its sales and hence the profitability will be affected due to this action.

NEEDS AND SIGNIFICANCE OF THE STUDY

The need for working capital arises due to the time gap between production and realization of cash from sales. Working capital is must for every business for purchasing raw-materials, semi finished goods, stores & spares etc and the following purposes.

- i) **Purchase raw materials, spare parts and other component:** A manufacturing firm needs raw-materials and other components parts for the purpose of converting them in to final products, for this purpose it requires working capital. Trading concern requires less working capital.
- ii) **Meet over head expenses:** Working capital is required to meet recurring over head expenses such as cost of fuel, power, office expenses and other manufacturing expenses.
- iii) **Hold finished and spare parts etc:** Stock represents current asset. A firm that can afford to maintain stock of required finished goods, work in progress & spares in required quantities can operate successfully. So for that adequate quantity of working capital is required.
- iv) **Pay selling & distribution expenses:** Working capital is required to pay selling & distribution expenses. It includes cost of packing, commission etc.
- v) **Ability to Face crises:** A concern can face the situation during the depression.

OBJECTIVES OF THE STUDY

The main objective of the study is to have an idea of the practical application of the working capital management whose theoretical aspect is known.

1. To understand how efficiently the working capital is being managed in cipla and Aurobindo pharma.
2. To understand the short-term solvency as well as the effectiveness of working capital in the operation of business of both the companies.
3. To understand the working capital management of cipla and Aurobindo pharma and their financial performance.

RESEARCH METHODOLOGY

The information and data for the research can be collected through secondary sources i.e. published articles, journals, news papers, reports, books and websites. The profit & loss account and balance sheet of the Cipla and Aurobindo Pharmed limited for the last five years i.e. from 31st March 2011 to 31st March 2015 were studied to get the clear picture of the Working Capital Management. The available data between these periods has been carefully analyzed, interpreted and presented by studying the Working Capital Management of the Cipla and Aurobindo Pharma limited. Various tools of analysis have been employed in order to arrive at certain conclusions regarding "COMPARATIVE STUDY OF WORKING CAPITAL MANAGEMENT-WITH THE REFERANCE OF CIPLA & AUROBINDO PHARMA". Tabular analysis, percentage and graphs have been used for analysis of the data.

COMPANY PROFILE

Cipla Limited is a pharmaceutical company. The Company's business units include Active Pharmaceutical Ingredients (APIs), Respiratory and Cipla Global Access. The Company offers APIs, formulations and veterinary products. As of March 31, 2015, the Company offered its services across five continents across the world. It offers its services in India, South Africa, Europe and North America, among others. The Company offers over 1,000 products across about 120 countries. It offers its products for the therapeutic areas, including cardiovascular, children's health, dermatology and cosmetology, diabetes, human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS), infectious diseases and critical care, malaria, neurosciences, oncology, ophthalmology, osteoporosis, respiratory, urology and women's health. It offers veterinary products in the categories, including companion, equine, general care, livestock and poultry.

Aurobindo Pharma Limited is a pharmaceutical manufacturing company headquartered in HITEC City, Hyderabad, India. The company manufactures generic pharmaceuticals and active pharmaceutical ingredients. The company's area of activity includes six major therapeutic/product areas: antibiotics, anti-retroviral, cardiovascular products, central nervous system products, gastroenterological, and anti-allergic. The company markets these products in over 125 countries. Its marketing partners include AstraZeneca^[2] and Pfizer The company commenced operations in 1988-89 with a single unit manufacturing Semi-Synthetic Penicillin (SSP) at Pondicherry. Aurobindo Pharma became a public company in 1992 and listed its shares in the Indian stock exchanges in 1995. It has a presence in key therapeutic segments such as neurosciences, cardiovascular, anti-retroviral, anti-diabetics, gastroenterology and cephalosporin's, among others. In 2014, Aurobindo purchased the generic operations of Actives in 7 Western European countries for \$41 million.

DATA ANALYSIS AND FINDINGS

The objectives of the study have been achieved after analyzing the following ratios of Cipla and Aurobindo pharma Ltd for five years.

1. Current ratio for five years of Cipla and Aurobindo pharma Ltd.
2. Quick ratio for five years of Cipla and Aurobindo pharma Ltd.
3. Working capital turnover ratio for five years of Cipla and Aurobindo pharma Ltd.
4. Debtor's turnover ratio for five years of Cipla and Aurobindo pharma Ltd.
5. Creditor's turnover ratio for five years of Cipla and Aurobindo pharma Ltd.
6. Stock turnover ratio for five years of Cipla and Aurobindo pharma Ltd.
7. Operating profit ratio for five years of Cipla and Aurobindo pharma Ltd.
8. Earnings per share for five years of Cipla and Aurobindo pharma Ltd.

ANALYSIS OF LIQUIDITY RATIO

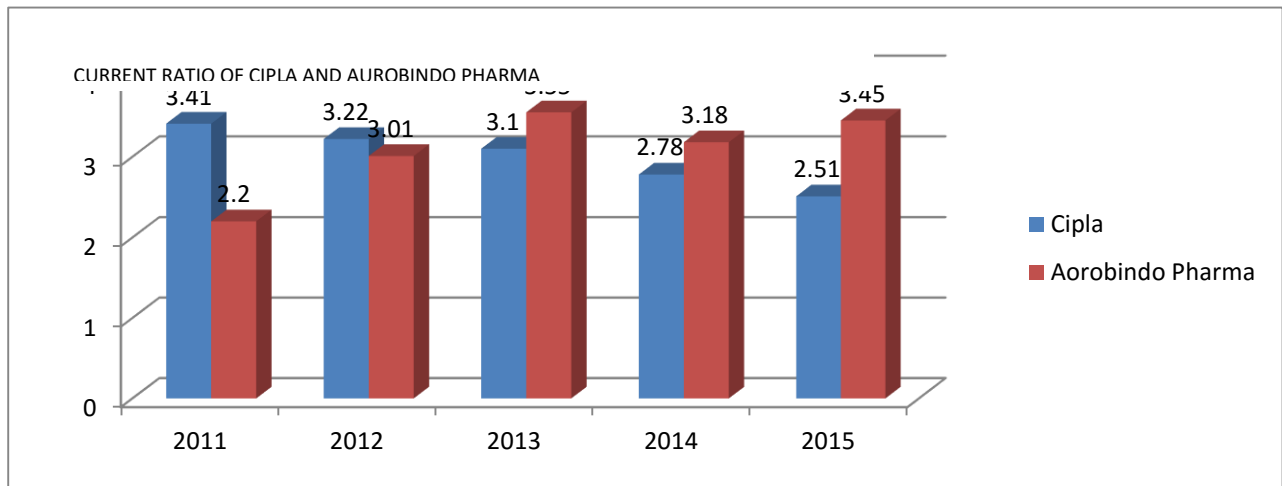
ANALYSIS OF CURRENT RATIO

Current Ratio is the relation between current assets and current liabilities. It measures whether or not a firm has enough resources to pay its debts over the next 12 months. The current ratio is an indication of a firm's market liquidity and ability to meet creditor's demands. Acceptable current ratios vary from industry to industry and are generally between 1.5 and 3 for healthy businesses. If a company's current ratio is in this range, then it generally indicates good short-term financial strength. If current liabilities exceed current assets (the current ratio is below 1), then the company may have problems meeting its short-term obligations. The formula is- **Current ratio= Current assets / Current liabilities**

TABLE 1: CURRENT RATIO OF CIPLA AND AUROBINDO PHARMA (Rs.in crores)

Year	CIPLA			AUROBINDO PHARMA		
	Current assets Loan and Advances	Current Liabilities sand provision	Ratio	Current assets Loan and Advances	Current Liabilities and provision	Ratio
2011	4756.46	1394.40	3.411116	3461.47	1575.71	2.196768
2012	4612.53	1431.31	3.222593	3177.39	1056.09	3.008636
2013	5122.76	1657.88	3.089946	3938.34	1110.51	3.546425
2014	5435.99	1955.02	2.780529	5561.08	1748.28	3.180886
2015	6816.39	2721.06	2.50505	6795.93	1969.81	3.450043
Average			3.001847			3.076552

FIG. 1



Source: Compile Personally from Dion Global Solutions Limited

FINDINGS: The above bar chart shown that the current ratio of Cipla was 3.41 in 2011, 3.22 in 2012, 3.10 in 2013, 2.78 in 2014 and it decreased to 2.51 in 2015. On the other hand, current ratio of Aurobindo Pharma was 2.20 in 2011, 3.01 in 2012, 3.55 in 2013, and 3.18 in 2014 and it again increased to 3.45 in 2015. The current ratio of both the company is satisfactory.

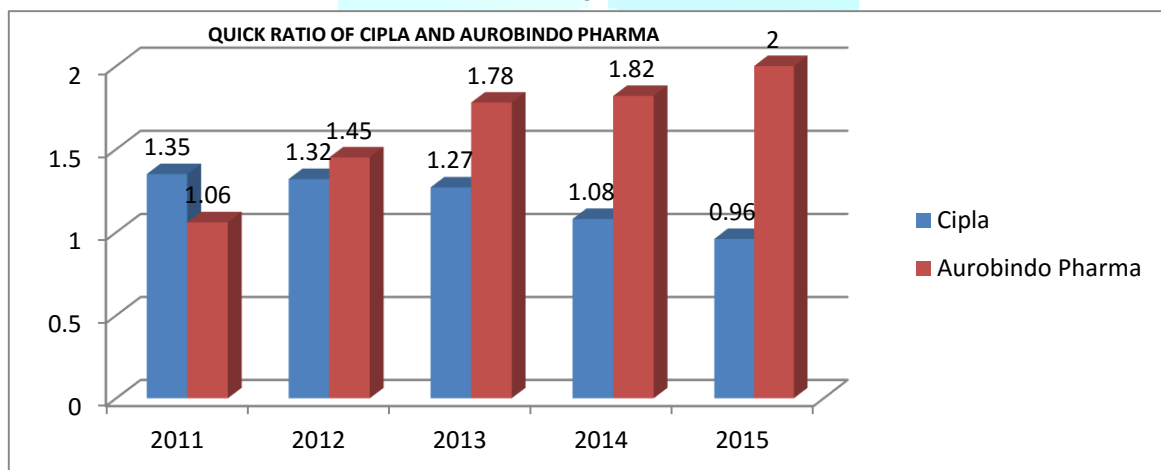
QUICK RATIO: It means the ability of a firm to pay its short term obligation as and when they become due. Quick Ratio is an indicator of company's short-term liquidity. It measures the ability to use its quick assets (cash and cash equivalents, marketable securities and accounts receivable) to pay its current liabilities. It is measured by dividing liquid assets by liquid liabilities. Its stander ratio is 1:1.

Liquid ratio= Liquid assets/ Liquid liabilities. Liquid assets=CA – Inventories. Liquid liabilities =CL-Bank Overdraft-Provision

TABLE 2: QUICK RATIO OF CIPLA AND AUROBINDO PHARMA (Rs. in crores)

Year	CIPLA			AUROBINDO PHARMA		
	Liquid assets	Liquid Liabilities	Ratio	Liquid assets	Liquid Liabilities	Ratio
2011	1581.02	1174.52	1.346099	1602.5	1518.29	1.055464
2012	1574.37	1190.78	1.322133	1440.29	994.42	1.448372
2013	1750.29	1380.91	1.26749	1845.16	1037.26	1.778879
2014	1774.14	1636.96	1.083802	2979.84	1633.8	1.823871
2015	2141.67	2219.61	0.964886	3720.07	1861.14	1.998813
Average			1.196882			1.62108

FIG. 2



Source: Compile Personally from Dion Global Solutions Limited

FINDINGS: The above diagram shows that the quick ratio of cipla was 1.35 in 2011, 1.32 in 2012, 1.27 in 2013, 1.1 in 2014 and it stood at 1 in 2015. This decreasing trend of the ratio was not good sign for the company. On the other hand, the ratio of Aurobindo pharma was 1.06 in 2011, 1.45 in 2012, 1.78 in 2013, 1.82 in 2014 and it stood at 2 in 2015. This increasing trend of the ratio showed a good sign for the company.

ANALYSIS OF EFFICENCY RATIO

WORKING CAPITAL TURNOVER RATIO

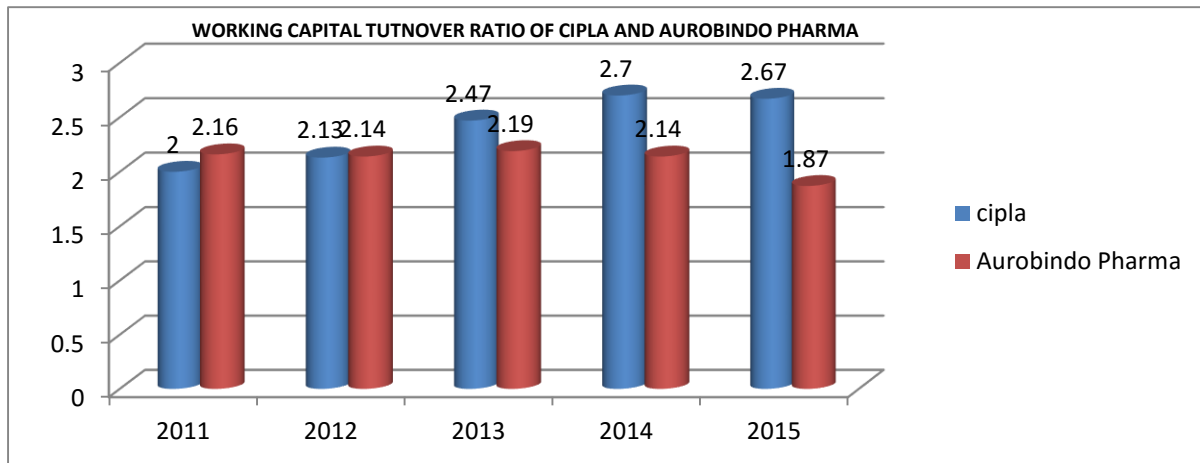
The working capital turnover ratio measures how efficiently a business uses its working capital to produce sales. A higher ratio indicates greater efficiency. In general, a high ratio can help the company's operations run more smoothly and limit the need for additional funding. **Working capital**=Current Assets- Current Liabilities

Working capital turnover ratio= Net sales/ Average Working capital. **Average woking capital**=opening working capital +closing working capital/2

TABLE 3: WORKING CAPITAL TURNOVER RATIO OF CIPLA AND AUROBINDO PHARMA (Rs.in crores)

Year	CIPLA			AUROBINDO PHARMA		
	Net sale	Av.Working capital	ratio	Net sale	Av.Working capital	ratio
2011	6331.09	3160.355	2.003284	4133.12	1910.425	2.163456
2012	6977.5	3271.64	2.132722	4281.45	2003.53	2.136953
2013	8202.42	3323.05	2.468341	5425.1	2474.565	2.192345
2014	9380.29	3472.925	2.700977	7110.71	3320.315	2.141577
2015	10131.33	3788.15	2.67448	8095.1	4319.46	1.8741
Average			2.395961			2.101686

FIG. 3



Source: Compile Personally from Dion Global Solutions Limited

FINDINGS: Above diagram shows that the working capital turnover ratio of cipla was 2 in 2011, 2.13 in 2012, 2.47 in 2013, 2.7 in 2014 and it at 2.67 in 2015. It shows good sign for the company. On the other hand, the working capital turnover ratio of Aurobindo pharma was 2.16 in 2011, 2.14 in 2012, 2.19 in 2013, and 2.14 in 2014 and in 2015 it was 1.87. The ratio gradually decreased over the study period except 2013. it was not good for the company.

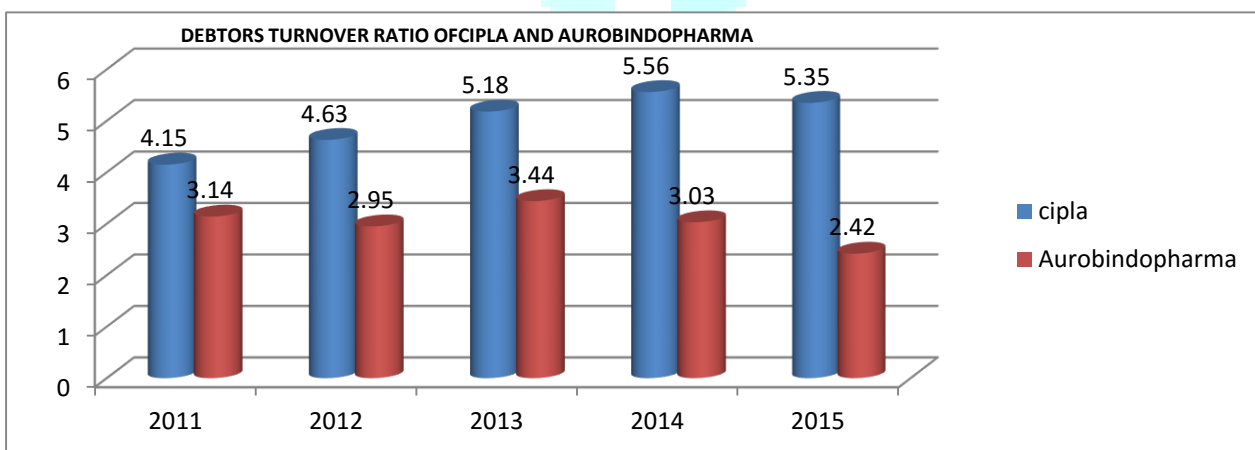
DEBTORS TURNOVER RATIO: Debtors Turnover ratio is an important ratio which measures the company's efficiency in collecting the money owed by the customers. It indicates higher the turnover rate is the more efficient of the management and more liquid are the debtors. It is measured by dividing Total credit sales by average debtors. Here, $\text{net sale} = \text{net annual credit sale}$

$\text{Debtor turnover ratio} = \text{Net annual credit sales} / \text{Average debtors}$. $\text{Average debtor} = (\text{opening debtor} + \text{closing debtors}) / 2$

TABLE 4: DEBTORS TURNOVER RATIO OF CIPLA AND AUROBINDO PHARMA (Rs.in crores)

Year	CIPLA			AUROBINDO PHARMA		
	Credit sales	Average Debtors	Ratio	credit ales	Average Debtors	Ratio
2011	6331.09	1524.875	4.151875	4133.12	1315.82	3.141098
2012	6977.5	1508.18	4.626437	4281.45	1453.29	2.94604
2013	8202.42	1582.27	5.183957	5425.1	1578.44	3.437001
2014	9380.29	1686.66	5.561459	7110.71	2350.36	3.025371
2015	10131.78	1893.51	5.350793	8095.1	3339.53	2.424024
Average			4.974904			2.994707

FIG. 4



Source: Compile Personally from Dion Global Solutions Limited

FINDINGS: The data table and chart shows that the debtors turnover ratio of cipla was 4.15 times in 2011, 4.63 times in 2012, 5.18 times in 2013, 5.56 times in 2014 and it goes up at 5.35 times in 2015. It means the debt collection efficiency of the company gradually increased and satisfactory. On the other hand the debtor's turnover ratio of Aurobindo pharma was 3.14 in 2011, 2.95 in 2012, 3.44 in 2013, 3.03 in 2014 and it down to 2.42 in 2015. The debtors collecting efficiency of the management is not good.

CREDITORS TURNOVER RATIO

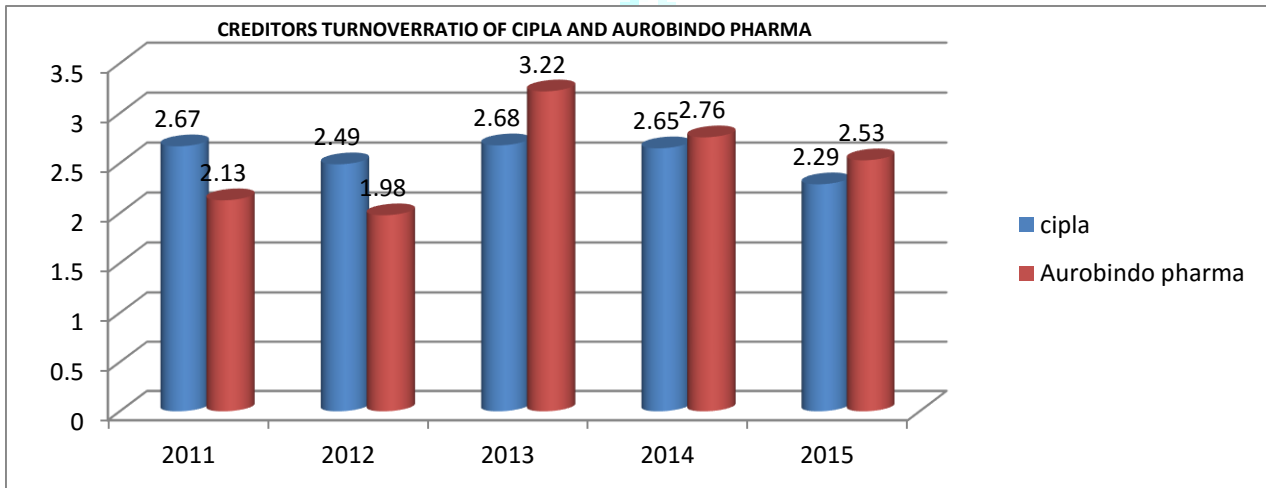
Creditor's turnover ratio is the relation between net annual credit purchase and average creditors. It gives us the information about time period by which we pay our creditors bill. The ratio helps the creditors to take the decision, whether goods on credit will be given to us or not. Higher creditor turnover ratio

o is good because it will decrease the average payment period. Formula is- **Creditor's turnover ratio** = net annual credit purchase/average creditor. **Average creditor**= Opening creditor +closing creditor.

TABLE 5: CREDITORS TURNOVER RATIO OF CIPLA AND AUROBINDO PHARMA (Rs.in crores)

Year	CIPLA			AUROBINDO PHARMA		
	Credit purchase	Av.creditors	Ratio	Credit purchase	Av.creditors	Ratio
2011	3136.29	1175.81	2.667344	2391.66	1119.11	2.137109
2012	2947.97	1182.65	2.492682	2493.27	1256.36	1.984519
2013	3440.15	1285.85	2.67539	3273.04	1015.84	3.222003
2014	4002.79	1508.93	2.652734	3689.05	1335.53	2.762237
2015	4414.37	1928.29	2.289267	4166.99	1647.47	2.529327
Average			2.555483			2.527039

FIG. 5



Source: Compile Personally from Dion Global Solutions Limited

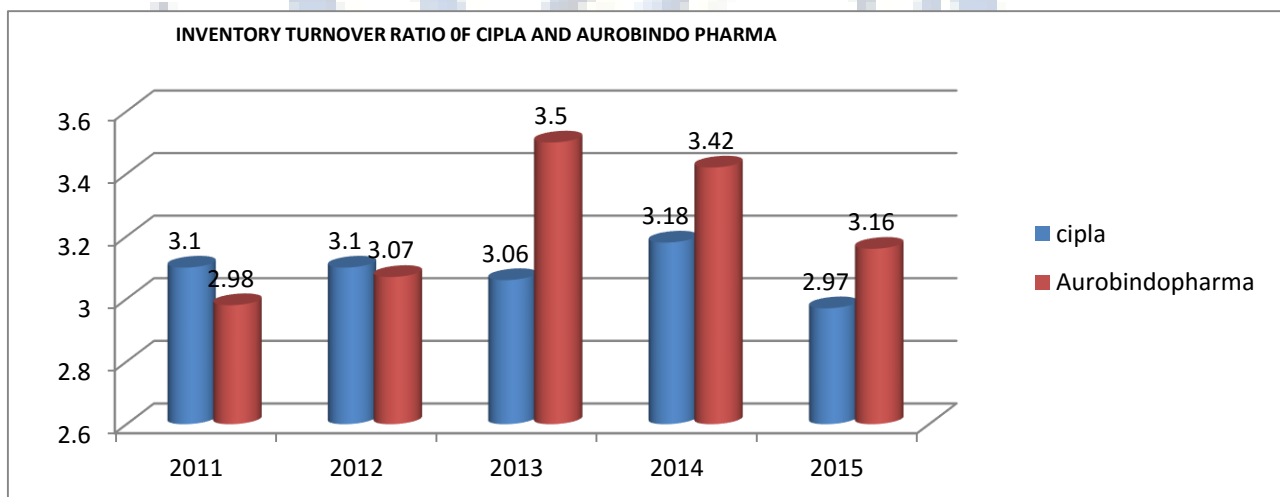
FINDINGS: The table and bar chart shows that the creditor's turnover ratio of cipla was 2.67 times in 2011, 2.49 times in 2012, 2.68 times in 2013, 2.695times in 2014 and it decreased to 2.29 times in 2015. On the other hand, he creditors turnover ratio of Aurobindo Pharma was 2.13 times in 2011, 1.98 times in 2012, 3.22 times in 2013, 2.76 times in 2014 and it decreased to 2.53times in 2015.

INVENTORY TURNOVER RATIO: Inventory turnover ratio is an ability of a firm to measures how many times per period a business sale and replaces its inventory again. Higher ratio leads to reducing holding and increase the net income and profitability. As a general rule, the higher the inventory turnover ratio is the more efficient and profitable the firm. A high ratio means that the firm is holding a low level of average inventory in relation to sales. Formula is- **Inventory turnover ratio**= Cost of goods sold/ Average stock **Cost of goods sold**=Sale- Gross profit **Average stock**=Opening stock+ Closing Stock /2

TABLE 6:-INVENTORY TURNOVER RATIO OF CIPLA AND AUROBINDO PHARMA (Rs.in crores)

Year	CIPLA			AUROBINDO PHARMA		
	Cost of goods sold	Average stock	Ratio	Cost of goods sold	Average stock	Ratio
2011	5258.6	1697.87	3.097175	3289.96	1102.92	2.982954
2012	5678.29	1833.83	3.09641	3803.21	1240.14	3.066759
2013	6386.4	2083.94	3.06458	4638.46	1325.5	3.499404
2014	7715.29	2427.27	3.178587	5377.83	1571.77	3.421512
2015	8603.13	2900.18	2.966412	6089.94	1928.43	3.157978
Average			3.080633			3.225721

FIG. 6



Source: Compile Personally from Dion Global Solutions Limited

FINDINGS: The above chart shows that the Inventory turnover ratio of Cipla was 3.1 in 2011 and 2012, 3.06 in 2013, 3.42 in 2014 and 3.16 in 2015. On the other hand, the ratio of Aurobindo Pharma was 2.98 in 2011, 3.07 in 2012, 3.5 in 2013, 3.42 in 2014, 3.16 in 2015.

FINANCIAL PERFORMANCE RATIO

OPERATING PROFIT RATIO

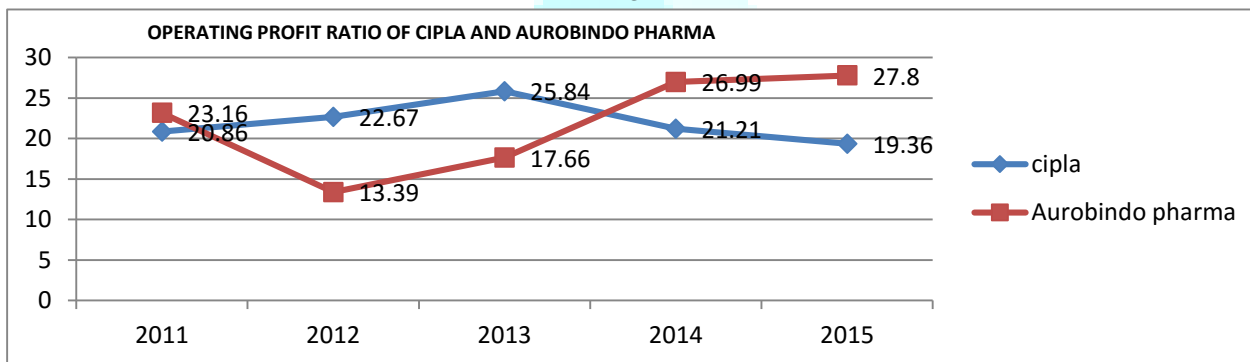
Operating margin or operating profit ratio measures what proportion of a company's revenue is left over, after deducting direct costs and overhead and before taxes and other indirect costs such as interest. Operating margin formula is: Operating profit/net sales x100

Operating profit ratio is used to measure company's pricing strategy and operating efficiency. It gives an idea of how much a company makes (before interest and taxes) on each dollar of sales. High or increasing operating profit ratio is preferred because if the operating profit ratio is increasing, the company is earning more per dollar of sales.

TABLE 7: OPERATING PROFIT RATIO OF CIPLA AND AUROBINDO PHARMA (Rs.in crores)

Year	CIPLA			AUROBINDO PHARMA		
	Operating profit	Net sales	Ratio	Operating profit	Net sales	Ratio
2011	1320.7	6331.09	20.8605	957.21	4133.12	23.1595
2012	1581.86	6977.5	22.6709	573.5	4281.45	13.39499
2013	2119.14	8202.42	25.8355	958.06	5425.1	17.65977
2014	1989.53	9380.29	21.2097	1919.47	7110.71	26.99407
2015	1961.31	10131.78	19.358	2250.42	8095.1	27.79978
Average			21.9869			21.80162

FIG. 7



Source: Compile Personally from Dion Global Solutions Limited

FINDINGS: The table and bar chart shows that the operating profit ratio of cipla was 20.86 in 2011, 22.67 in 2012, 25.84 in 2013, 21.21 in 2014 and 19.36 in 2015. On the other hand, the ratio of Aurobindo pharma was 23.16 in 2011, 13.39 in 2012, 17.66 in 2013, 26.99 in 2014 and 27.8 in 2015. It shows good sign for the company.

EARNINGS PER SHARE

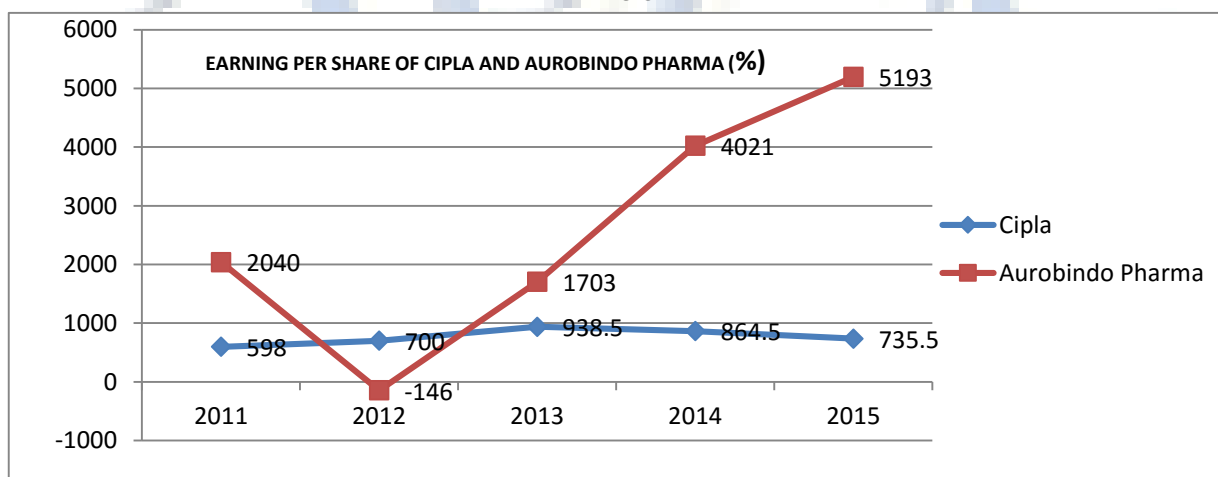
EPS is the amount of reported income, on a per share basis, that a firm has available to pay dividends to common stockholders or to reinvest in itself. It is measured by dividing to calculate the ratio, subtract any dividend payments due to the holders of preferred stock from net income after tax, and divide by the average number of common shares outstanding during the measurement period. The calculation is as per following:

EPS= Net income after tax - Preferred stock dividends/ Average number of common shares outstanding

TABLE 8: EARNING PER SHARE OF CIPLA AND AUROBINDO PHARMA (%)

Year	CIPLA			AUROBINDO PHARMA		
	Earnings per share(Rs.)	face value(Rs.)	Percentage	Earnings per share(Rs.)	face value(Rs.)	Percentage
2010	11.96	2	598	20.4	1	2040
2011	14	2	700	-1.46	1	-146
2012	18.77	2	938.5	17.03	1	1703
2013	17.29	2	864.5	40.21	1	4021
2014	14.71	2	735.5	51.93	1	5193
Average			767.3			2562.2

FIG. 8



Source: Compile Personally from Dion Global Solutions Limited

FINDINGS: The data table and line chart shown that the EPS of cipla was 598% in 2011, 700% in 2012, 938.5% in 2013, 864.5% in 2014 and 735.5% in 2015. On the other hand, the ratio of Aurobindo Pharma was 2040% in 2011, -146% in 2012, 1703% in 2013, and 4021% in 2014 and it went up to 5193% in 2015, which shows good sign for the company.

CONCLUSION AND RECOMMENDATION

CONCLUSION

- Ideal **Current ratio** is 2:1. Current ratio of cipla and Aurobindo pharma limited has maintained the Ideal current ratio. Both the *company has almost same current ratio with the average of cipla 3:1 and Aurobindo pharma has 3.07:1. comparative study shows that the current ratio of Aurobindo pharma is better than the cipla limited.*
- **Quick ratio** is another short term liquidity ratio. Its ideal ratio is 1:1. Both the company maintained the standard ratio except cipla in 2015. In case of cipla it is varies from 1.35 to 0.96 with the average of 1.20. On the other hand the ratio of aurobindo pharma varies from 1.06 to 2.00 with the average of 1.62 over the study period. The above study shows that quick ratio of Aurobindo pharma is better than cipla limited.

From the comparative analysis it is to be said that the short term liquidity position of Aurobindo pharma is better than the cipla limited.

- The **Working capital turnover ratio** of cipla ltd. varies from 2 times to 2.7 times with the average of 2.4 times. On the other hand, the ratio of Aurobindo Pharma varies from 1.87 times to 2.19 times with the average 2.10 times. From the study it is clear that the Working capital management of Cipla Ltd. is more efficient than the Aurobindo pharma.
- **Debtor's turnover ratio** of cipla varies from 4.15 times to 5.35 times with the average of 4.97 times. it implies that the average debt collection period is 73 days on average basis. On the other hand, Debtors turnover ratio of Aurobindo pharma varies from 3.14 times to 2.42 times with the average of 2.99 times. it implies that the average debt collection period is 122 days on average basis. The comparative study says that the debtor's turnover ratio of Cipla Ltd. is more efficient than the Aurobindo pharma Ltd.
- **Creditor's turnover ratio** of cipla varies from 2.67 times to 2.29 times with the average of 2.56 times. it implies that the average creditors payment period is 143 days on average basis. On the other hand, creditor's turnover ratio of Aurobindo pharma varies from 2.14 times to 2.52 times with the average of 2.53 times. it implies that the average creditors payment period is 145 days on average basis. The comparative study says that the management of Cipla Ltd. is more efficient than the Aurobindo pharma Ltd.
- **Inventory turnover Ratio** of cipla varies from 3.1 times to 2.97 times with the average of 3.08 times which is not satisfactory. It implies either poor sales or excess inventory and a low turnover rate can indicate poor liquidity, possible overstocking, and obsolescence Inventory Turnover Ratio of Aurobindo Pharma varies from 2.98 times to 3.16 times with the average of 3.23 times which is not satisfactory. It implies either poor sales or excess inventory and a low turnover rate. From the above comparative study, it is clear that the management of Aurobindo pharma Ltd. is more efficient than the Cipla Ltd.

From the comparative analysis it is to be said that the Efficiency of management of cipla limited. is better than the Aurobindo pharma in working capital turnover ratio, debtor's turnover ratio and creditors turnover ratio, but in case of inventory turnover ratio aurobindo pharma is better than cipla ltd.

- **Operating profit ratio** of cipla varies from 20.86% to 19.36% with the average of 21.99%, on the other hand the ratio of Aurobindo Pharma varies from 23.16% to 27.8% with the average of 21.80%. The trend of the Operating profit ratio of Aurobindo Pharma is looking better than cipla ltd.
- **Earnings Per Share** of cipla varies from 598% to 735.5% on face value per share with the average of 767.3%. On the other hand, the EPS of Aurobindo Pharma varies from 2040% to 5193% with the average of 2562.2% on the face value per share. Both the companies' EPS is satisfactory. But the trend of the EPS of Aurobindo Pharma is looking better than cipla ltd.

From the comparative analysis it is to be said that the financial performance of Aurobindo pharma is better than the cipla limited.

RECOMMENDATION

- The company should concentrate on minimization of the expenses.
- Management should increase the level of sales by using the same amount of working capital through great productivity.
- The management should increase the debtors and creditors turnover ratio, especially Aurobindo pharma ltd.
- The management should increase the Inventory turnover ratio, especially cipla ltd.

REFERENCES

1. Banarjee, B., Operating cycle concept of Working Capital, *Indian journal of Accounting*, IAA, December 1993
2. Batty, J., *Management Accountancy*, 5th ed., Macdoland and Evans, Plymouth, 1982, p176-177
3. Dr. Prasanna Chandra (IIM B), *Financial Management Theory and Practice*, Second Edition, Tata Mc-Graw Hill Publications, New Delhi
4. Dr. T.N.R. Kavitha, N. Manimuthu 'A Study of Working Capital Management with Special Reference to Birla Corporation Cement Ltd, Kolkata' *IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668*, PP 72-75.
5. Dr. Vivek singhlu, A comparative study of Financial performance of sail and Tata steel Ltd. *International Journal of Review, Survey and Research (IJSSR) ISSN (Print): 2321-3280 ISSN (online): 2319-4618*
6. Lazaridis, I. and D. Tryfonidis, (2006). Relationship between Working Capital Management and Profitability of Listed Companies in the Athens Stock Exchange. *Journal of Financial Management and Analysis*.
7. Pandey, " *Financial Management*", Vikas Publishing House Pvt Ltd,
8. Sharma, " *Working Capital Management*" Surabhi Publications, pp.103-173.
9. Solmon, Ezra and John J. Pringle, *An Introduction to Financial Management*, 5th ed., Prantic Hall of India, New Delhi, pp.11-14.
10. Van Horne, J. C. and J. M. Wachowicz, (2000). Fundamentals of Financial Management. Eleventh edition, Prentice Hall, New Delhi. 2002. pp.428-429.
11. Walker, E.w., *Essential of financial Management*, 2nd ed., Prantic hall of India, New Delhi 1978,

WEBSITES

12. www.annualreport of cipla and aurobindopharma
13. www.investopedia.com
14. www.moneycontrol.com

GOODS AND SERVICES TAX: A CRITICAL ANALYSIS

DR. MEHAK MEHANDIRATTA
ASST. PROFESSOR
D. A. V. CENTENARY COLLEGE
FARIDABAD

ABSTRACT

The paper is about the 'Goods and Services Tax – A Critical Analysis' which is a topic of national and political debate today. GST is being considered as one of the biggest tax reforms after independence. The paper explains in detail the basic concept of GST its advantages and the main problems in implementing it. The paper also provides various suggestions for the major problems highlighted in the paper.

KEYWORDS

GST, tax reforms.

INTRODUCTION

Introduction of Goods and Services Tax (GST) will be an important step towards a widespread indirect tax reforms in India. The tax reform is being introduced through the Constitution (122nd Amendment) Bill, 2014. The Bill seeks to amend the Constitution to introduce the Goods and Services Tax (GST), and impose concurrent powers on the centre and states to do so. Goods and Service Tax (GST) is a comprehensive tax levy on manufacture, sale and consumption of goods and service at a national level under which no distinction is made between goods and services for levying of tax. It will mostly substitute all indirect taxes levied on goods and services by the Central and State governments in India. (List of indirect taxes charged by central and state governments in India has been attached in appendix -1).

GST is a tax on goods and services under which every person is liable to pay tax on his output and is entitled to get input tax credit (ITC) (Appendix -2) on the tax paid on its inputs (therefore a tax on value addition only) and ultimately the final consumer shall bear the tax".

According to the proposed legislation there would be a "Dual GST" in India, i.e. taxation power will lie with both the Centre and the State to levy the taxes on the Goods and Services.

The scheme was supposed to be implemented in India from 1st April 2016, however it may get delayed since the NDA government does not have majority in Rajya Sabha.

OBJECTIVES

Following are the main objectives of the paper:

1. To understand the basic concept and need of GST
2. To compare and contrast the present taxation system with GST
3. To understand the economic benefits and impact of GST
4. To understand the problems in implementing GST
5. To suggest suitable measures for smooth and effective implementation of GST

NEED OF GST

India has a federal system of governance, and the right to impose taxes is given both to central and state governments. At present the Centre is empowered to tax services and goods upto the production stage, the States have the power to tax sale of goods. The Central government cannot charge sales tax however; it has the power to levy tax on services. Thus, the Constitution does not vest express power either in the Central or State Government to levy a tax on the 'supply of goods and services'. Moreover, the Constitution also does not empower the States to impose tax on imports. Since both Centre and State have separate powers of taxation, both have a separate set of documents which may or may not match with each other. This loophole gives the right to central and state governments to decide whether documents of manufacturers and/or wholesalers shall be accepted for tax credits or not while deciding on the retail price of the product. In many cases, state governments refuse to accept tax credits for taxes paid by manufacturers and wholesalers in other states. Hence manufacturers, wholesalers and retailers have to keep in touch with the latest rules and regulations formulated in this regard, and maintain a substantial set of machinery to keep up with these rules. This increases the transaction cost of bearing higher taxes. In both situations, the consumer has to pay higher taxes, since tax is paid not on value added by the retailer, but on the final output value of the product at the retail end.

In addition, state governments too have to maintain a substantial administrative machinery to ensure that these rules are strictly enforced. All in all, this is a highly cumbersome process.

Therefore, it is essential to have Constitutional Amendments for empowering the Centre to levy tax on sale of goods and States for levy of service tax and tax on imports and other consequential issue.

COMPARISON OF PRESENT TAXATION SYSTEM WITH GST

GST is expected to simplify the whole procedure and make India a single unified market, thereby removing a lot of complications in paying and collecting taxes thereby making it a much simpler process. It is also expected to make it easier for the administration to certify that the taxes have been paid properly. And for the consumer, it may benefit through reduction in prices, incentivizing greater consumption.

To understand how GST shall work, we shall go through two sets of calculations. Part I will show tax calculations in the non-GST era – i.e. when GST is not in force. Part II will explain the tax calculation when GST is in force. The figures have been simplified for easy understanding.

TABLE-1: WHEN GST IS NOT IN FORCE

Stage of product	Cost of input	Profit Margin	Value of output	Excise Duty	Selling Price	VAT	Invoice Value	Tax Credit	Tax Paid
Manufacturer	500	200	700	84	784	98	882	-	182
Wholesaler	784	78.4	862.4	-	862.4	107.8	970.2	98	9.8
Retailer	862.4	86.24	948.64	-	948.64	118.58	1067.22	107.8	10.78

Source: Calculations done on hypothetical data

- a. Profit Margin has been assumed to be 40% for manufacturer and 10% for wholesaler and retailer both
- b. Excise duty has been assumed to be 12% of output
- c. VAT has been assumed to be 12.5%.

In this case the total tax charged from the consumer is Rs. 202.58 (182+9.8+10.78) which is 21.35% of selling price.

TABLE-2: WHEN GST IS IN FORCE

Stage of product	Cost of input	Profit Margin	Value of output	Excise Duty	CGST	SGST	Selling Price	Tax Credit	Tax Paid
Manufacturer	500	200	700	-	84	84	868	-	168
Wholesaler	700	70	770	-	92.4	92.4	954.8	168	16.8
Retailer	770	77	847	-	101.64	101.64	1050.28	184.8	18.48

Source: Calculations done on hypothetical data

CGST and SGST have been assumed to be 12% each.

In this case the total tax charged from the consumer is Rs. 203.28 which is 19.35% of selling price.

Thus we find that the tax burden on consumer is less when GST is in force. This also reduces the selling price of the product. However, this is a very simple example where we have not taken into account the local taxes charges by state governments like octroi, local municipal tax etc. Once that factor is also accounted the tax burden on consumer in Part – 1 will increase further. With the implementation of GST these local taxes will cease to exist.

MODEL OF GST

- The GST shall have two components: one levied by the Centre (referred to as Central GST or CGST), and the other levied by the States (referred to as State GST or SGST). Rates for Central GST and State GST would be approved appropriately, reflecting revenue considerations and acceptability.
- The CGST and the SGST would be applicable to all transactions of goods and services made for a consideration except the exempted goods and services.
- Cross utilization of ITC (Input Tax Credit) both in case of Inputs and capital goods between the CGST and the SGST would not be permitted except in the case of inter-State supply of goods and services (i.e. IGST).
- The Centre and the States would have concurrent jurisdiction for the entire value chain and for all taxpayers on the basis of thresholds for goods and services prescribed for the States and the Centre.
- Existing CST (Central state tax, tax on interstate movement of goods) shall be discontinued.
- Center would levy IGST (cumulative rate for CGST and SGST) on all inter-state transactions of taxable goods and services with appropriate provision for consignment or stock transfer of goods and services.
- The ITC of SGST, CGST shall be allowed as applicable.
- Since ITC of SGST shall be allowed, the Exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The Importing dealer will claim credit of IGST while discharging his SGST liability (while selling the goods in state itself). Thereafter, the Centre will transfer to the importing State the credit of IGST used in payment of SGST.
- The relevant information shall be submitted to the Central Agency which will act as a clearing house mechanism, verify the claims and inform the respective state governments or central government to transfer the funds.

Some Specific points for specific products (being high revenue generating products)

- This tax may or may not apply to alcohol, petroleum and tobacco products. Since the government is yet to build a firm consensus on this issue. Many states are opposed to the idea of bringing these products under GST for fear in loss of revenues. In case they are not put under GST, they will be continued to be taxed as per the existing practices.
- Manufacturing state (the state in India in which the goods are manufactured) may be allowed to levy an additional tax percent (say 1%) on supply of goods initially for a period of two years or as the GST Council may decide.
- PAN based identification number will be allowed to each taxpayer to have integration of GST with Direct Tax.
- The taxpayer would need to submit periodical returns, in common format as far as possible, to both the CGST authority and to the concerned SGST authorities.
- GST on export would be zero rated
- Both CGST and SGST will be levied on import of goods and services into India. The incidence of tax will follow the destination principle i.e. SGST goes to the state where it is consumed. Complete set-off will be available on the GST paid on import on goods and services.

Indirect taxes that will be included under GST:

STATE TAXES WHICH WILL BE SUBSUMED IN SGST

- VAT/Sales Tax
- Entertainment Tax (unless it is levied by local bodies)
- Luxury Tax
- Taxes on lottery, betting and gambling.
- State cess and surcharges to the extent related to supply of goods and services.
- Entry tax not on in lieu of octroi.

Central Taxes which will be subsumed in CGST

- Central Excise Duty.
- Additional Excise Duty.
- The Excise Duty levied under the medical and Toiletries Preparation Act
- Service Tax.
- Additional Customs Duty, commonly known as countervailing Duty (CVD)
- Special Additional duty of customs(SAD)
- Education Cess
- Surcharges

Taxes that may or may not be subsumed due to no consensus between the Central and State Governments:

- Stamp Duty
- Vehicle Tax
- Electricity Duty
- Entertainment Tax (levied by local bodies)
- Basic customs duty and safeguard duties on import of goods into India

ECONOMIC BENEFITS OF GST

The Finance Commission had commissioned a study by NCAER to assess the impact of GST on GDP growth and exports, according to which, implementation of a comprehensive GST across goods and services is expected, ceteris paribus, to provide gains to India's GDP somewhere within a range of 0.9 to 1.7 per cent. This will be possible due to the following reasons:

1. **One of the main benefits of Goods & Service Tax (GST)** would be to eliminate the doubly taxation i.e. cascading effects of taxes on production and distribution cost of goods and services. The exclusion of cascading effects i.e. tax on tax till the level of final consumers will significantly improve the competitiveness of original goods and services in market which leads to beneficial impact to the GDP growth of the country.

2. **Exports:** When factors of production like raw material and overheads move from one state to another, they are taxed by their respective state governments. This leads to an increase in their prices. Many a times the manufacturer does not get tax credit for the various taxes he has paid since they are paid to different state governments. This affects the international competitiveness of the product. GST is expected to simplify the tax regime.
3. **Allocation of factors of production:** GST would lead to efficient allocation of factors of production. The overall price level would go down. It is expected that the real returns to the factors of production would go up. This would translate into enhanced economic welfare and returns to the factors of production, viz. land, labour and capital. The GST will bring about a qualitative change in the tax system by redistributing the burden of taxation equitably between manufacturing and services.
4. **Eliminates the multiplicity of taxation: Reduces transaction costs and unnecessary wastages:** A single registration and a single compliance will suffice for both SGST and CGST provided government produces effective IT infrastructure and integration of states level with the union. The reduction in the number of taxation applicable in a chain of transaction will help to reduce the paper work and clean up the current mess that is brought by existing indirect taxation laws. This will help the business community to decide their supply chain, pricing modalities and in the long run helps the consumers being goods competitive as price will no longer be the function of tax components but of innovation.
5. **Reduces the corruption:** The taxes will be simplified by merging number of other taxes like Motor vehicles tax, goods and passengers tax, entertainment tax, entry tax like Octroi etc. As the no. of taxes reduces so does the number of visits to multiple department thus reducing corruption in various government departments.
6. **Rail Sector:** There have been suggestions for including the rail sector under the GST umbrella to bring about significant tax gains and widen the tax net so as to keep overall GST rate low. This will have the added benefit of ensuring that all inter-state transportation of goods can be tracked through the proposed Information technology (IT) network.
7. **Information Technology enabled services:** At present, if the software is transferred through electronic form, it should be considered as Intellectual Property and regarded as a service and if the software is transmitted on media or any other tangible property, then it should be treated as goods and this classification is full of litigation. As GST will have uniform rate for Goods and Services and no concept of state revenue being VAT or central revenue being service tax and hence, the reduction in litigation.
8. **Transport Sector:** Truck drivers spend more than half of their time while negotiating check post and tolls (The Economist November 8, 2014 page 67). At present there are more than 600 check points and more than ton types of taxes in road sector. After the introduction of GST, the time spend by the road transport industry in complying with laws will reduce and service is going to be better which will boost the goods industry and thus the taxes also.
9. **Common market:** Helps creating a national market by removing inter-state trade barriers. There will be a common market in the absence of CST (Central Sales Tax) and entry tax. At present, goods are being sold mostly within the state in order to avoid paying the CST which is not credited at the stage of manufacture or in course of trading. Good quality products being manufactured in one part of the country will find more market in the farthest part of the country because there will be no CST and no entry tax
10. **Invoicing will be simpler:** At present, the invoices are more detailed since taxes on goods and services are written separately for one transaction. With the introduction of GST only one rate will be written.
11. **Common exemptions between Centre and states:** Now the exemptions given by the Centre and the states being different, the final price becomes different in different states. In the GST regime, exemptions will be common between the Centre and the states which will make the rates of duty same all over India.
12. **Problem of identification will go:** At present, identifying a commodity like whether it is rubber or resin, paper or board, ash dominate the proceedings since rates of duty are different. These controversies will be over.

If implemented in its truest sense GST is expected to put India's fiscal system on the cutting edge of the world market economies. According to a report (Refer to point 6 of References) even a 2% reduction in costs increases profits by over 20%. This will attract investments. Hence it is very important that GST is implemented in an ideal manner with one rate and covers all goods and services with minimum exemptions.

PROBLEMS IN IMPLEMENTING GST

1. **Administrative mechanism:** The basic essence of GST lies in integrating the revenue collection services of all the 28 states and all seven union territories of the country. It requires an extremely powerful Central Service agency acting as one GST collection agent. Even today the manpower and the IT infrastructure are not at par kept up with the rising number of tax payers or the increased documentation. The indirect tax administration faces several problems regarding tax collection, record maintenance, document management, logistics, recovery of arrears, litigation, an aging workforce, information technology lacunae and a general apathy towards the population, with its limited assessee base. This base is supposed to swell into an excess over 50 lakhs (Refer to point 4 of References) if GST becomes operational. Hence the success of GST depends a lot on the preparedness of the administrative machinery.
2. **Intentions:** GST is being considered as the biggest tax reform since independence. But the government has still not reached a consensus on various taxes with the states. Agricultural states like Punjab and Haryana collect a lot of revenue from purchase tax on agricultural products. These states do not want Purchase tax to be included in GST. Similarly, Maharashtra does not want Octroi to be included in GST. Further some states like Tamil Nadu, Karnataka and West Bengal do not want alcohol, tobacco and petroleum to be included in GST. Latest discussions reveal that the 200 items at state level and another 100 items at centre level will be kept out of the GST bracket (appendix- 4). To make GST successful it is very important that the government keeps minimum items out of the ambit of GST.
3. **Financial impact on states:** Implementing GST will have a lot of a huge financial impact on the states. GST is designed in such a way that the consuming states will collect revenue. Hence manufacturing states will lose a big share of their income. This would also affect the autonomy of a state to face an economic challenge (a drought, a flood or a crop failure) or initiate a new social welfare scheme (Arogyasri, Mid-Day Meals, special sub-plans for weaker and scheduled sections). Further Municipal Corporations and Panchayats are also going to be divested of their powers to collect taxes as GST intends to subsume Octroi, Entry Taxes, Betting tax, Cesses and surcharges. The government is yet to come out with a sound plan to ensure that states do not suffer as a result of GST.

SUGGESTIONS

1. Before the government actually brings GST in force it is very important to ensure that the administration of the country both at the central and state level is fully prepared. The preparedness should not only be in terms of knowledge of the new Act but also about how to implement it. For those who are not comfortable in using information technology, special training sessions should be organized.
2. The GST Council is yet to be formed. The government should clearly frame rules settlement of disputes for all –CGST, SGST and IGST. It would be better if separate dispute settlement authorities are set at the state level for speedy resolution. Further a fixed time span should be set for the settlement of each case so that cases do not remain pending for years.
3. The government can also settle cases using information technology wherein all the parties can submit their pleas online and personal attendance is not compulsory. This can be done specially in cases where IGST dispute is involved. This will further help in saving time.
4. It is very important that the government puts the loss to each state as a result of implementing GST on paper. Moreover, the plan to ensure the financial autonomy of each state should be put in place first. This means how will the respective state governments recover that loss has also to be finalized. It would not be fair if the Centre promises that it will compensate for the loss for the first one or two years. The Centre and the States should mutually come to an agreement on creating finances for each state in the long run. This is because financial independence of states is very important for smooth functioning of state machinery. Moreover, there are many departments or schemes which are run by respective state governments and are not financed by the Centre. We already have the Delhi AAP government fighting for statehood since there is a lack of finances to pay even the municipality workers. In case there is lack of finances to states we may see separate states imposing separate taxes to recover funds. This will spoil the spirit of GST.

5. For successful implementation of GST, it is very important that minimum items are kept out of the GST basket. Further the GST Council, after its formation, should come up with a full proof plan of bringing the items that are being kept out of the GST basket as for now into the ambit of GST. This information should also be put in public domain. Every effort should be made to stick to the planned guidelines. We need to put in untiring efforts to ensure that investor confidence specially the Foreign Direct Investors does not trickle.
6. The general public at large is mainly unaware of the impact of GST. The government, national and the local media should start educating the public about the new law at least 6 months before the law is put in place. The public should be educated about the changes in the prices of basic commodities that may happen once the new law comes in place. The business community needs to be educated about the changes the new law will bring and about the new set of documents they need to prepare. This is important because it is always better to have an informed change.

REFERENCES

1. Federation of Indian Chambers of Commerce and Industry, "Towards the GST – An Approach Paper", April, 2013
2. http://articles.economictimes.indiatimes.com/2013-08-13/news/41374977_1_services-tax-state-gst-goods-and-services/2
3. Nishita Gupta, "Goods and Services Tax: Its impact on Indian Economy", CASIRJ, Vol. 5, Issue 3, 2014, ISSN 2319-9202
4. Punarjit Roychowdhury, "VAT and GST in India – A Note, Economics Working Paper Series", Centre for Studies in Social Sciences, Calcutta, 2012
5. T. Ecker, M. Lang, and I. Lejeune, eds., "The Future Of Indirect Taxation: Recent Trends in VAT And GST Systems Around the World", Kluwer Law International: The Netherlands, pp. 21-96, 2012, Sydney Law School Research Paper 12/40
6. The Empowered Committee of State Finance Ministers (2009), First Discussion Paper On Goods and Services Tax in India, November 10 ,2009

APPENDICES

APPENDIX-I

Article 246 (SEVENTH SCHEDULE) of the Indian Constitution, distributes legislative powers including taxation, between the Parliament and the State Legislature. Schedule VII enumerates these subject matters with the use of three lists;

- List - I entailing the areas on which only the parliament is competent to make laws,
- List - II entailing the areas on which only the state legislature can make laws, and
- List - III listing the areas on which both the Parliament and the State Legislature can make laws upon concurrently.

Separate heads of taxation are provided under lists I and II of Seventh Schedule of Indian Constitution. There is no head of taxation in the Concurrent List (Union and the States have no concurrent power of taxation). Any tax levied by the government which is not backed by law or is beyond the powers of the legislating authority may be struck down as unconstitutional. The thirteen heads List-I of Seventh Schedule of Constitution of India covered under Union taxation, on which Parliament enacts the taxation law, are as under:

- Taxes on income other than agricultural income;
- Duties of customs including export duties;
- Duties of excise on tobacco and other goods manufactured or produced in India except (i) alcoholic liquor for human consumption, and (ii) opium, Indian hemp and other narcotic drugs and narcotics, but including medicinal and toilet preparations containing alcohol or any substance included in (ii);
- Corporation Tax;
- Taxes on capital value of assets, exclusive of agricultural land, of individuals and companies, taxes on capital of companies;
- Estate duty in respect of property other than agricultural land;
- Duties in respect of succession to property other than agricultural land;
- Terminal taxes on goods or passengers, carried by railway, sea or air; taxes on railway fares and freight;
- Taxes other than stamp duties on transactions in stock exchanges and futures markets;
- Taxes on the sale or purchase of newspapers and on advertisements published therein;
- Taxes on sale or purchase of goods other than newspapers, where such sale or purchase takes place in the course of inter-State trade or commerce;
- Taxes on the consignment of goods in the course of inter-State trade or commerce.
- All residuary types of taxes not listed in any of the three lists of Seventh Schedule of Indian Constitution.

The nineteen heads List-II of Seventh Schedule of the Indian Constitution covered under State taxation, on which State Legislative enacts the taxation law, are as under:

- Land revenue, including the assessment and collection of revenue, the maintenance of land records, survey for revenue purposes and records of rights, and alienation of revenues;
- Taxes on agricultural income;
- Duties in respect of succession to agricultural income;
- Estate Duty in respect of agricultural income;
- Taxes on lands and buildings;
- Taxes on mineral rights;
- Duties of excise for following goods manufactured or produced within the State (i) alcoholic liquors for human consumption, and (ii) opium, Indian hemp and other narcotic drugs and narcotics;
- Taxes on entry of goods into a local area for consumption, use or sale therein;
- Taxes on the consumption or sale of electricity;
- Taxes on the sale or purchase of goods other than newspapers;
- Taxes on advertisements other than advertisements published in newspapers and advertisements broadcast by radio or television;
- Taxes on goods and passengers carried by roads or on inland waterways;
- Taxes on vehicles suitable for use on roads;
- Taxes on animals and boats;
- Tolls;
- Taxes on profession, trades, callings and employments;
- Capitation taxes;
- Taxes on luxuries, including taxes on entertainments, amusements, betting and gambling;
- Stamp duty.

Provisions have been made by 73rd Constitutional Amendment, enforced from 24th April, 1993, to levy taxes by the Panchayat. A State may by law authorise a Panchayat to levy, collect and appropriate taxes, duties, tolls etc. Similarly, the provisions have been made by 74th Constitutional Amendment, enforced from 1st June, 1993, to levy the taxes by the Municipalities. A State Legislature may by law authorise a Municipality to levy, collect and appropriate taxes, duties, tolls etc.

APPENDIX -II

Input tax credit is the amount of tax paid by the dealer on purchases for which the dealer is entitled to claim a credit. The input tax credit has to be claimed in the tax period in which a dealer records tax invoice and can be adjusted against tax liability of the dealer on all the sales effected during the said tax period. It will be available for the taxable goods purchased for the purpose of:

1. Sale or resale within the State
2. Sale in the course of inter state trade or commerce
3. Sale in the course of exports
4. Use as raw materials, processing materials or processing materials in the manufacture of taxable goods
5. Use as packing of goods
6. Sale to SEZ/EOU
7. Transfer outside the State



GROWTH OF MALL CULTURE IN INDIA

SANDEEP YADAV
ASST. PROFESSOR
DRONACHARYA GOVERNMENT COLLEGE
GURGAON

ABSTRACT

The retail sector of India is changing at a great pace according to needs of customers. The customers buying behavior has changed a lot and the reason behind this is the group to which customers belong and social status and the increasing income of the young generation in metro cities. In recent years, a number of companies have expressed their interest towards retail sector outlets. As a result, numbers of shopping malls have started their operations in metro and even in urban areas. Big bazaar, Shopper's Stop, Vishal Mega Mart, Reliance Fresh, Easy Day are the best known examples of retail sector outlets in India. This paper focuses on the study and critical analysis of the Mall culture and also discusses the challenges and opportunities for the retailers.

KEYWORDS

mall culture, retailing, shopping malls.

1. INTRODUCTION

There has been a terrific increase in new retail formats such as malls, hypermarkets, supermarkets and lifestyle stores in India. India is one of the fastest growing economies in the world and one of the largest in term of purchasing. Due to increased classiness in the shopping pattern of consumers, has resulted in big retail chains coming up in most metros; mini metros and towns being the next target. Taste and preferences of consumer are changing which has resulted in alteration in lifestyles which in turn is giving rise to new business opportunities.

Mall fever has touched every aspect of Indian society. In India, the first operational mall was opened in Mumbai in 1999. Over the past six years, those first malls have grown into 6 million square feet of operational shopping mall space in Mumbai, Delhi, Bangalore and Hyderabad. Big developers like Unitech, DLF, TDI, Ansals. Omax and Parsvanath and BPTP have already realized the potential of these malls. To offer something new to the customers, developers have been experimenting with different retail formats like specialty stores, hypermarket, convenience stores and supermarket. New malls are coming up in tier II and tier III cities. Compared to the large cities, organized retailing in small towns is growing at a stunning rate of 50 to 55 per cent. Currently the country has a population of over one billion, 60% of which is under 30 years of age. This means majority of the population is young and working class with higher purchasing power.

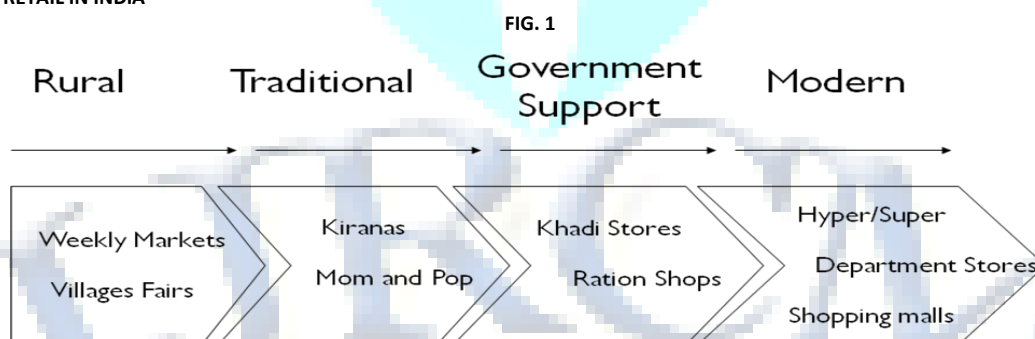
2. OBJECTIVES OF THE STUDY

1. To understand the concept of retailing.
2. To understand what is organized and unorganized retailing
3. To understand consumers' preferences between shopping malls and local stores.

3. INTRODUCTION TO RETAILING

Retailing is defined as the sale of goods or commodities in small quantities directly to consumers Or Retailing consists of the sale of goods or merchandise from a very fixed location, such as a department store, boutique or kiosk, or by mail, in small or individual lots for direct consumption by the purchaser. Retailing may include subordinated services, such as delivery. It covers sales of goods ranging from automobiles to apparel and food products and services ranging from hair cutting to air travel and computer education.

Retailing in India is gradually inching its way to becoming the next boom industry. The whole concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping. Modern retail has entered India as seen in sprawling shopping centres, multi-storeyed malls and huge complexes offer shopping, entertainment and food all under one roof.

3.1 EVOLUTION OF RETAIL IN INDIA**3.2 RETAIL INDUSTRY IN INDIA**

Estimated to be worth more than US\$ 500 billion, the Indian retail industry is considered as one of the world's top five retail markets in terms of economic value. The industry is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in small cities.

Easy availability of Debit/ Credit cards has contributed significantly to a strong and growing online consumer culture in India. With the online medium of retail gaining more and more acceptance, there is a tremendous growth opportunity for retail companies, both domestic and international. Currently, the online retail penetration in India stands at around 60 per cent, according to a report by an industrial body.

3.2.1 ONLINE RETAIL

India's urban population has contributed immensely to the growth of the online market in the country. Around 30–40 per cent of the total retail in India's top 75 cities is expected to be carried out online in the next 7–10 years, as per Mr Arvind Singhal, Chairman and Founder, Technopak Advisors.

The growing online retail market has become a very lucrative business for international majors as well. Amazon, the world's biggest internet retail company, has seen potential in the Indian market. In June 2013, India became only the tenth market where Amazon has established a country-specific retail website.

Moreover, online fashion retailer Jabong has an exclusive partnership with Spanish casual clothing brand Desigual. Many offline brands are also launching their new products first on the online portals, as in the case of Lee Cooper which placed its Originals Frames and Sunglasses range on the online portal Snapdeal earlier this year.

3.2.2 KEY PLAYERS IN RETAIL INDUSTRY

The untapped scope of retailing has attracted superstores like Wal-Mart into India, leaving behind the “kiranans” that served us for years. Such companies are basically IT based. The other important participants in the Indian Retail sector are Big Bazaar, Pantaloons, Westside, Reliance Fresh etc.

FIG. 2



4. INDIAN RETAILING CAN BE CLASSIFIED IN TWO SECTORS

4.1 ORGANIZED /MODERN RETAILING

- i) Shopper stop — Departmental store format
- ii) Big Bazaar — Hyper market
- iii) Food world — Super market
- iv) Pantaloons and the home store — specially retailing

4.2 UN-ORGANIZED/TRADITIONAL RETAILING

It refers to the traditional formats of low-cost retailing, for example, the local Kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc.

Retailing is subjected to the constant changes, which increase both the risk and the influenced by many forces such as:

- 1) Population
- 2) Mobility of consumer
- 3) Increased in personal income
- 4) Changes in the distribution of income
- 5) Consumer credit
- 6) Competitive changes
- 7) Technological innovation
- 8) Government policies, etc.

4.3 ELEMENTS OF SUCCESSFUL RETAIL

The essential elements for a successful retail trade can be classified as:-

- 1) Selection of proper goods
- 2) Perfect knowledge about the goods
- 3) Sales policy
- 4) Adequate capital
- 5) Business location
- 6) Education and business
- 7) Attractive display and advertisement
- 8) Providing credit facility

5. MALLS: THE NEW FACE OF RETAIL MARKET

The latest trend in the corporate universe is of the emergence of the shopping malls. Shopping Malls are an emerging trend in the global arena. The first thing that comes in our mind about the shopping malls is that it is a big enclosed building housing a variety of shops or products. The present day malls are a creation of the past few years post 2000. They are designed professionally using a lot of international experience and combine shopping with a lot of brand building, recreation, food and entertainment.

Most malls also feature a multiplex cinema that offers entertainment to the visitors of the mall. Finally the mall has large atria and open spaces to allow visitors and families to hang-out. These new format malls are coming up in all the major cities of India. The cities that are seeing the first rush of malls are New Delhi, Noida, Gurgaon, Chandigarh, Mumbai, Pune, Bangalore, Ahmedabad, Chennai, Kochi, Hyderabad, and Kolkatta even at The next run-up of the malls will be the second level cities of India that includes Visakhapatnam, Coimbatore, Trivandrum, Raipur, Bhopal, Surat, Jaipur, Kanpur, Lucknow, Ranchi, Cuttack, and DehraDun. The new malls are air-conditioned and have spacious areas and accesses which make them a true breath of fresh-air from the earlier arcades and shop line streets that used to be the available options for Indian customers.

5.1 ADVANTAGES OF SHOPPING MALLS (FOR PEOPLE)

1. All-in-one stores. With everything from groceries and vegetables to footwear, clothes, Cosmetics, furnishings and electrical items available under one roof, a growing middle class with higher disposable incomes is heading for the malls in droves.
2. For some, it is a way to chill out on movies and food in the added comfort of a fully air-conditioned space. “In short, it is a living room for most of them.”
3. Anchors that first pull the crowds here – and at other malls all over the country – are as varied as they come. There are the US and European chains such as McDonald’s, Lacoste, Pizza Hut, Benetton, Subway, Marks & Spencer and Mango. Their success has spawned the emergence of successful Indian chains such as Pantaloon, Globus, Shoppers Stop, Giant, Lifestyle and Big Bazaar.
4. On festivals, the malls can undoubtedly compete with a mela what with the carnival-like atmosphere and no elbow room for the visitors.
5. What took 20 years, 30 years, in any other country, here will take three or four years,” Taneja a builder in globus said.

5.1.1 FOR RETAILERS

GOOD EFFECTS

- Customer haunt is almost zeroed out
- Serious buyers can be easily figured out
- Brand and shop promotion is not required separately, it comes as a free package

- Increase in the growth of the organized retail sector
- Monumental increment in economic growth
- Employment generation by the organized retail sector
- Good competition means better products & services

BAD EFFECTS

- 1) Stiff competitions
- 2) Lack of scalability
- 3) More casual customers than serious buyers

5.2 NEGATIVE EXPERIENCE

The people were not happy with the safety standards of the mall the safety standards included

- lack of information regarding Exit Points
- lack of firefighting Equipment's.
- We also found that people were not happy with the after sales service.
- Small number of Consumers were not satisfied with the response from the working staff.
- Customers were also unhappy with the long queue for bill clearance.

5.3 REASONS FOR GROWTH OF MALLS IN INDIA

- Fast growing middle class with higher discretionary income.
- Emergence of youth as an independent shopper with a lot of disposal income.
- Ability of Mall developers to make shopping an enjoyable experience.
- Presence of factors like cost effectiveness, convenience wide variety of products with the fun element entertainment and good time pass plus shopping on weekends.
- Influence of media and marketing communication resulting in changing aspirations, lifestyle orientation and change in consumer perceptions about shopping.

6. CONCLUSION

The retail sector has played a unique role throughout the world in increasing productivity of consumer goods and services. There is no doubt the world is changing and consumer behavior is evolving faster than what would have normally expected. In the present scenario, making the biggest malls with top class retailers is not the key to success. A cool and refreshing environment is required which makes the shoppers to forget all worries of the day. Malls are here for putting smiles on the face of shoppers. It is non-crucial whether a purchase is made or not, entry into the mall has given the right to courtesy. The architectural wonders have changed the overall meaning of shopping, leisure and entertainment. Ensuring a relaxing ambience and facilities like seating arrangements for elders to babies is not a child's play. But malls managers are performing the tasks with ease.

REFERENCES

1. http://shodhganga.inflibnet.ac.in/bitstream/10603/9375/17/17_chapter%206.pdf
2. Kerjat, Research Report On Consumer Buying Behavior in Shopping Mall India
3. Kishna, V., Pani, P., "Lessons from dying malls in India", <http://www.miraeeasset.com/download/Emerging-markets-insight/201201/story05.pdf>, June 16, 2010
4. Medha Kanetkar, A Study of Impact And Effects On Consumers Of Organized Retailing In, Proceeding of the International Conference on Social Science Research, ICSSR 2013 (e-ISBN 978-967- 11768-1-8). 4-5 June 2013, Penang, MALAYSIA.
5. Piyush Kumar Sinha, Sanjay Kumar, An Insight into the Growth of New Retail Formats in India, W.P. No. 2007-03-04, IIMA-INDIA
6. Prabhudesai, A. (2008), —Is mall culture capturing India, available at: <http://trak.in/tags/business/2008/03/23/indian-mall-culture-organised-retail-sector-business-growth/>
7. Roy, K., —Malleria Ahoy at: <http://www.coolavenues.com/cafe/articles/kisholoy-malleria-1.php> <http://chakresh.com/social/mall-culture-in-india-part-2-effects/>
8. Vakhariya, S. (2008), —The changing face of retailing in India||, *Marketing Mastermind*, pp. 24-27.

CONSUMER BEHAVIOUR AND DECISION MAKING STYLES OF SHOPPING MALLS: A STUDY WITH REFERENCE TO SELECTED SHOPPING MALLS IN CHENNAI CITY

DR. R. JAYANTHI
ASST. PROFESSOR
UNIVERSITY OF MADRAS ARTS & SCIENCE COLLEGE
NEMMELI

ABSTRACT

The retail sector in India is witnessing a huge revamping exercise as traditional markets make way for next formats such as departmental stores, hypermarkets, supermarkets and specialty stores. Western-style malls have begun appearing in metros and second-running cities alike introducing the Indian consumer to a shopping experience like never before. India's vast middle class and its almost untapped retail industry are key attractions for global retail giants wanting to enter newer markets. The structure of retailing is developing rapidly with shopping malls becoming increasingly common in large cities, and development plans being projected to 500 shopping malls by 2015. The Industry is rated as the fifth most attractive emerging retail market; India is being seen as a potential goldmine. It has been ranked second in a global retail development index of 30 developing countries drawn up by AT Kearney. The list was developed as a response to request from retail chains facing saturated demand in most western markets. Chennai is a hustling bustling metropolitan and is counted amongst the largest cities in India. Chennai was an important trade center during the British rule and has been growing ever since. After the concepts of globalization and liberalization invaded the Indian markets, there has been a flood of international brands here. With this, the shopping mall culture is spreading at a speed not known before. Shopping Malls are mushrooming with the speed of fire and have completely changed the face of the Chennai city. This paper examines the consumer preference, perception and decision making styles of select shopping malls in Chennai city with the help of certain standardized statistical tool. Moreover, the study focus on the changing habits, preference and life style of the present day consumers, which may help the companies to design their marketing strategies from the angle of changing attitudes of the consumers. As far as the present study is concerned the only limitation of the study is, it considered only selected shopping malls in Chennai city and is restricted to select quality parameters and therefore the results are applicable only to them.

KEYWORDS

consumer behaviour, shopping malls.

INTRODUCTION

Retailing forms an integral part of the marketing mix. It includes 6P's (Product, Price, Place, People, Presentation and Promotion). It implies a firsthand transaction with the customers. Retailing, therefore involves a direct interface with the customers and it includes coordination of business activities right from the design stage of a product to its delivery as well as post-delivery services to the customers. Retail stores serve as a communication hub for customers. They transmit information to the customers through advertisement and displays. Retailing therefore facilitates the flow of goods and services from the manufacturers (and/ or wholesalers) to the final users. In other words, retailers act as middlemen linking manufacturers with the ultimate consumers.

INDIAN RETAIL SCENARIO

The retail sector in India is witnessing a huge revamping exercise as traditional markets make way for next formats such as departmental stores, hypermarkets, supermarkets and specialty stores. Western-style malls have begun appearing in metros and second-running cities alike introducing the Indian consumer to a shopping experience like never before.

India's vast middle class and its almost untapped retail industry are key attractions for global retail giants wanting to enter newer markets. The structure of retailing is developing rapidly with shopping malls becoming increasingly common in large cities, and development plans being projected to 500 shopping malls by 2015. The Industry is rated as the fifth most attractive emerging retail market; India is being seen as a potential goldmine. It has been ranked second in a global retail development index of 30 developing countries drawn up by AT Kearney.

SHOPPING MALLS IN INDIA AND TAMILNADU

A shopping mall, shopping centre or shopping precinct is one or more building forming a complex of shops representing merchandisers, with interconnecting walkways enabling visitors to easily walk from unit to unit, along with a parking area – a modern, indoor version of the traditional market place. Organized retailing appeared in the Indian horizon in the 70s when shops like Raymond's, Nalli's and Bata set up their exclusive stores and /or franchisees. The early 80s witnessed the emergence of Akbarally's in Mumbai and Spencer's in Chennai. These stores latter evolved into multi-chain outlets and were the first to establish the concept of organized retail in India. During the 90s with the opening up of the Indian economy through LPG (Liberalization, Privatization and Globalization), new retailing formats and exclusive outlets like Shoppers Stop (1991) and Pantaloon (1997) appeared in India. In 1998, shoppers stop opened two outlets and RPG's Giant hypermarket followed unit.

Towards the end of the 20th century, Indian retailing underwent a sea change with the opening up of numerous supermarkets, department stores, chain stores, hypermarkets, big discount stores and malls throughout the length and breadth of the country. The booming of the retail sector opened up new vistas so much so that this sector is now treated as the sunrise sector with prospects of unlimited growth. Therefore, it is no wonder that leading international players like Wal-Mart, Tesco and Carrefour have already opened or are planning to open their outlets in India. Global brands like McDonald's, Swarovski, Lactose, Domino's, Benetton etc. have also shown tremendous interest in the Indian retail trade. National players like Tata, RPG, ITC, Reliance etc. are cashing on this booming sector. Therefore, the country is witnessing introduction of many modern formats and techniques, which are changing the retail landscape for most of the product categories. In fact, south India is witnessing tremendous expansion of modern retailing due to the availability of land at prime locations with lower real estate prices. Places like Chennai, Bangalore and Hyderabad have emerged as a centre for organized retailing.

GROWTH OF ORGANIZED SHOPPING MALLS IN INDIA

The phenomenal growth in the shopping mall sector in India can be attributed mainly to the following reasons:

- The booming Indian economy
- Increasing Proportion of young working population
- Increase in the number of working women providing for double Income households.
- Changing value orientations of the population from austerity to conspicuous consumption.
- Increasing use of debit and credit cards.
- Rapid Urbanization
- Provides an alternative investment opportunity.
- Tremendous scope for expansion in Tier II cities.
- Sectors with High Growth Potential

RETAILING IN RURAL AREAS

Retail sector offers opportunities for exploration, expansion, and investment in rural areas, in spite of the fact that some of the corporate and entrepreneurs earlier have made a foray into it. ITC launched the country's first rural mall "Chaupal Sagar" offering a diverse product range from FMCGs (Fast Moving Consumer Goods) to electronics appliances to automobiles, attempting to provide the farmers with it one-stop destination for all their needs.

MAJOR 12 SHOPPING MALLS IN CHENNAI

Chennai is a hustling bustling metropolitan and is counted amongst the largest cities in India. Chennai was an important trade center during the British rule and has been growing ever since. After the concepts of globalization and liberalization invaded the Indian markets, there has been a flood of international brands here. With this, the shopping mall culture is spreading at a speed not known before. Shopping Malls are mushrooming with the speed of fire and have completely changed the face of the Chennai city.

Whether you are with your family or friends, experience in shopping malls is about spending some quality time while you are shopping for articles that could range from apparels to ration. Malls in Chennai do not lag in providing the same experience and the experience is unique when you see the locals, foreigners and tourist all having a fine time under the same roof. These malls provide a completely incomparable shopping experience.

1. Spencer Plaza
2. Gold Mall
3. The city center
4. Alsa Mall
5. Fountain Plaza
6. Hameedia Shopping Mall
7. Prince Plaza
8. Century Plaza
9. Wellington Plaza
10. Abirami Mall
11. Express Avenue
12. Ampa Sky Walk

IMPORTANCE OF THE STUDY

In organized shopping malls, generally, consumers feel that service quality, product assortment, packaging and ambience are of superior quality. The consumers are provided with air-conditioned atmosphere, well-lit décor, well behaved attendants, shopping carts, soothing music which creates a favourable climate for purchasing. Probability of Impulsive purchasing becomes higher partly due to organized display and partly due to provision of promotional incentives for consumers. Further, it enhances the efficiency of supply chain and value chain so that marketability of farm produce is done with a better price. Apart from these, government also gains substantially, as all taxes and duties are paid along the way there are no leakages. Organized Shopping Malls in India has been mostly confined to big towns and cities. It has not yet penetrated into block and taluk headquarters of rural India. The poor purchasing power of the rural masses, lack of infrastructure, the penchant for living within their mean and absence of the credit facility at retail markets are some of the reasons why rural India is lagging behind in this respect. The entrenchment un-organized sector in retailing, even in urban areas, sometimes creates problems for penetration of the organized players. The experience of Reliance Fresh in this regards is quite harrowing. The main point of concern is that the small, local retailers apprehend that they would fade away without being able to face the stiff competition offered by the organized players. Political compulsions, debates on economic rationality, and the social impact that the modern organized retail would have many dampen the speed of transformation of the retail sector to some extent, but the process looks irreversible. In view of the importance of shopping malls and their services to the society, and as there is no specific study on consumer behaviour and decision making styles, the present study has been taken up. The study will focus on the following main objectives.

OBJECTIVES OF THE STUDY

1. To examine the "Origin and growth of organized retailing in India and Tamilnadu".
2. To study the "Merits and the Importance of shopping Malls and their impact on the Consumer behaviour".
3. To study the "Consumer perception, preference and satisfaction of Shopping Malls".
4. To examine the "Consumer Decision Making Styles and the behaviour of Shopping Malls".
5. To study the "Problems of Shopping Malls from the point of view of Consumers".
6. To suggest the "Marketing Strategies for the Malls from the angle of Consumers".

HYPOTHESES OF THE STUDY

The following hypotheses were framed based on the objectives of the study.

1. "Pricing factor of the products is greatly influenced by one's income".
2. "Quality consciousness is a major factor for married people as compared to individual".
3. "Recreational Shopping is influenced by age".
4. "Competition doesn't have any significant impact on shopping".
5. "Variety seeking shopping behaviour of consumers has some impact on shopping".

SAMPLE AND RESEARCH METHODOLOGY

The present study consists of 600 respondents in and around Chennai city. A pilot study was conducted to test the questionnaire. The study is both descriptive and diagnostic. It is descriptive with portrayal of factors influencing the consumer decision making styles and it became diagnostic when the researcher analyses the level of (respondents) Consumer preference, perception and decision making styles of select Shopping Malls in Chennai City with the help of certain statistical tools. The collected data were analyzed with the help of statistical tool like ANOVA, factor analysis, Chi-Square test, t-test, Correlation analysis and multiple regression Statistical tools.

LIMITATIONS OF THE STUDY

1. The present study covers only select Shopping Malls in Chennai City.
2. The study is restricted to select quality parameters.

MAJOR FINDINGS OF THE STUDY

1. It is observed that most of the selected consumers (61%) visiting shopping malls in Chennai are males.
2. It is observed that 35.70% of the respondents visiting shopping malls are in the age group of 26-35 years.
3. It is observed that majority of the consumers (57.50%) visiting shopping malls in Chennai are married.
4. It is observed that 46.80% of the respondents visiting shopping malls are graduates.

5. It is observed that 45.50% of the respondents visiting shopping malls are salaried persons.
6. It is observed that 39.70% of the respondent's monthly family income is less than Rs.20000.
7. It is observed that most of the consumers (53.00%) visiting shopping malls are living in joint families.
8. It is observed that 37.90% of the respondents visiting shopping malls are having family size of more than 4 members.
9. It is observed that 38.40% of the respondents visiting shopping malls are living in middle class background.
10. As all the mean values are above the average level, the satisfaction level towards the consumer preference of a shopping mall locations and its importance is satisfactory for consumers.

SUGGESTIONS BASED ON THE STUDY

- i. It is not enough for shopping centres just to have fire-fighting equipment.
It is absolutely crucial that the equipment is well-maintained and ready for use, and that staff are adequately trained on the use of the installed equipment and other fire safety measures.
- ii. With lack of proper safety standards and preventive measures, Indian shopping centres have been witness to a number of accidents, like fall from the top floor etc resulting in deaths or severe injuries to children and adults alike.
To prevent these accidents, the side wall and barricades should be raised to more height.
- iii. The western world is making and installing lifts with weight carrying capacity of 75 Kg per person, while India continues with the age old norm of 68 Kg per person.
Therefore, in our country, the norm for carrying capacity of 68 kg per person should be increased to 75 kg per person.
- iv. The shopping centre owners and managers need to have **volunteers to assist and familiarize people on their use, at least for six months after a new centre opens.**
- v. The carrying **capacity of escalators in a shopping centre must match the expected peak traffic demand, presuming that passengers ride single-file.** Staircases should be located adjacent to escalators, if escalators are the primary means of transport between floors. It may also be necessary to provide an elevator adjacent to an escalator for disabled persons, senior citizens and babies in prams.
- vi. **There should be proper signage to lead visitors to the right cluster of bays within parking lots.** Pedestrians should not be allowed into parking lots. Only shoppers with parking ticket or pass should be able to enter the parking lot from the main retail area of a shopping centre.
- vii. **Many of the respondents have found that kids play areas are not properly enclosed.** The interiors of these areas should not have anything with sharp edges.
- viii. **Put clear signage on each floor to show the location of fire exits.**
- ix. Today, the malls must **"be more attractive, and should create more awareness about their products, location, services and other consumer oriented activities"**.
- x. The malls can provide **"a mega discount week or month"** and during such period, they can offer the **"maximum discounts for their products"**.

SCOPE FOR THE FURTHER RESEARCH

This study has made an attempt to analyze the consumer preference, perception and decision making styles of select shopping malls in Chennai city. However, no attempt has been made to make a comparative study of factors among the shopping malls. Hence, in view of entry of corporate and global giants in retail business, a comparative study of factors will throw light on how the existing organized shopping malls can face challenges from within and outside India i.e. from multinational retail giants and how they can become competitive.

REFERENCES

1. FDI in Retailing, India as a super Market, www.thehindubusinessline.com
2. www.shoppingmall.com
3. www.shoppingmallsinchennai.com
4. www.shoppingmallsinindia.com
5. www.shoppingmallshintamilnadu.com



A STUDY ON THE TEACHER EFFECTIVENESS OF SCHOOL TEACHERS IN RELATION TO JOB INVOLVEMENT

DR. T. SIVASAKTHI RAJAMMAL
ASST. PROFESSOR
DEPARTMENT OF EDUCATIONAL PSYCHOLOGY
TAMIL NADU TEACHERS EDUCATION UNIVERSITY
CHENNAI

ABSTRACT

In the present investigation has been under taken in order to study the teacher effectiveness and job involvement of school teachers in Chennai and Thiruvallur Districts. Teacher Effectiveness of school teachers' scale was constructed and standardized by Kumar and Mutha (1974) and Job Involvement of school teachers scale was constructed and validated by the investigators (2011) has been administered to a random sample of 900 school teachers. It is found that teachers significantly differ in teacher effectiveness in respect of gender, place of school, level of teaching and they do not differ in teacher effectiveness in respect of marital status, age, type of management, years of experience and monthly income of teachers. It is found that teachers significantly differ in job involvement in respect of marital status, type of management and monthly income for and they do not differ in job involvement in respect of gender, place of school, age, level of teaching and years of experience and monthly income of teachers.

KEYWORDS

teacher effectiveness, job involvement, descriptive survey method, random sampling, gender, place of school, marital status, age, level of teaching, experience of teacher, income of teacher.

INTRODUCTION

Education is the foundation on the basis of which the future of a country is largely determined. Education has been considered as the most important factor for bringing change in every aspect of human behaviour. While education develops the total personality of an individual it contributes also to the growth and development of society. Education is a dynamic force in the life of every individual, influencing his physical, mental, emotional, social and ethical development. Education implies experience, insight and adjustment on the part of the learner as he is stimulated toward growth and development. Teachers are backbones in teaching profession. The development of teachers and their job involvement would really facilitate to attain the aim of education. Education should attempt to develop the professional development of teachers and prepare them for adapting festive situation. One of the tasks of education is to provide quality in education and then only comes the value of excellence work. The only medium through which perfection of work can be realized is the personal development of teachers. The success of teachers' education depends on the quality of teachers to a great extent. Thus, there is a need to strengthen the existing in-service training programs and evolve alternative training programs and innovative instruction for the preparation of teacher for excellence. The quality of teaching lies in the ability of the teacher who collates his performance of the needs and interest of works. In modern trends, the part of teaching should put emphasis on developing teachers' abilities towards learning how to teach successfully and satisfactory. A paradigm shift is a change in the attitude of teachers' job involvement which tends to make their dominative personality in the teaching field. Today, teachers' expectation seeks appreciation and job involvement.

TEACHER EFFECTIVENESS

Teacher effectiveness is a crucial factor which determines the academic achievements of the pupil both qualitatively and quantitatively. Teacher effectiveness as the degree of success of a teacher in performing instructional and other duties specified in his contract and demanded by the nature of his position. The knowledge of the subject, variety of teaching methods, ability to relate the subject to other fields, encouragement of student participation, creativity, intellectual efficiency, task involvement etc. are the characteristics of an effective teacher. Characteristics of an effective teacher more specifically factors like emotional intelligence, teaching attitude and job involvement contribute towards teacher effectiveness. It refers to the performance of primary, high and higher secondary school teachers in instructional as well as other duties of a teacher, while results in the academic excellence of the students.

JOB INVOLVEMENT

Job involved person is one for whom work is very important part of his life and also one who is very much affected personally by the total job situation. The job involvement, which is reflected in academic, administrative and extension activities. Preparing for the class work, use of innovative strategies, being sensitive to the needs of the students, dedication to work of the academic aspects, willing involvement in administrative work, establishing good rapport with the parents and the public, participation in professional organizations, are some of the activities under job involvement. Job involved person is one for whom work is very important part of his life and also one who is very much affected personally by the total job situation.

ACADEMIC ASPECT ON JOB INVOLVEMENT

Academic aspect refers to the preparing for the class work, use of innovative strategies, being sensitive to the needs of the students, dedication to work same of the academic aspects.

ADMINISTRATIVE ASPECT ON JOB INVOLVEMENT

Teachers should engage themselves with students' enrolment, Management, school improvement, and the development of school system. Teacher should take the control of discipline, sole responsibility, school examinations and results, the school premises clean.

EXTENSION ACTIVITY ON JOB INVOLVEMENT

Extension activity refers to the willing involvement in extension activities, establishing good rapport with the parents and the public, participation in professional organizations and active participation of teachers.

REVIEW OF RELATED LITERATURE

Amsarani (2002) made a study on "Teacher Effectiveness of Second Language Teache Ors in Higher Secondary Schools". The tool was used were 1. The Teacher Effectiveness Inventory prepared and validated by Amsarani and Chandrakumar (2002) (rated by the students) 2. Personal data sheet (for the teachers). The sample consisted of 50 teachers and 1000 students selected from various Higher Secondary Schools in Nellai Kattabomman District. The major findings were: 1. The teacher effectiveness of Post Graduate English teachers is neither low nor high, just moderate in terms of cognitive aspect, is just moderate in terms of affective and psychomotor aspects, it ranges from moderate to low. 2. The Post Graduate English teachers of Government school, Government aided minority school, Government aided – non minority school are moderate in their teacher effectiveness and also in terms of the dimensions – cognitive and affective aspects. In the case of psychomotor aspects only Government school teachers. School teachers seem to go down from moderate to low where as the Government aided – minority school and Government aided – non minority school teachers are found to be just moderate.

Kagathalal (2001) aimed to find out the relationship between teacher effectiveness and (a) sex, (b) educational qualification, (c) experience of teaching, (d) types of school, (e) caste and (f) the area of schools. Teacher Effectiveness Scale and Creative Personality Inventory were used as tools. The scale was administered to 1800 teachers (1290 male and 510 female) of secondary schools in different parts of Gujarat. The major findings were: 1. The teachers of urban area posses more teacher effectiveness than the teachers of rural area in Gujarat. 2. There is no significant effect of sex, qualification and caste on the effectiveness of teachers. 3. The effect of experience of teaching on the teacher effectiveness is found increasing up to the experience of 19 years, but it is found decreasing after that level of experience.

Kumar (2005) made a study on "Teacher Effectiveness and Job Satisfaction of women teachers". The study was carried out with the main objective of study was carried out with the main objective of studying the relationship between Teacher Effectiveness and Job Satisfaction. The subjects were 120 women teachers working in High Schools of Chittoor District of Andhra Pradesh selected by following random sampling techniques. The tools used were Teacher Effectiveness Scale consisting of 50 items, Job Satisfaction Scale consisting of 100 items and Personal data sheet. The major findings were: 1. The findings showed low and positive correlation between Teacher Effectiveness and Job Satisfaction. 2. Only the management of the school has sufficient impact both on Teacher Effectiveness and Job Satisfaction. 3. The other variables included in the study – locality and subject of teaching had no significant effect on both Teacher Effectiveness and Job Satisfaction. 4. There is no significant difference between rural and urban teachers on Teacher Effectiveness. **Aleem and Khandelwal (1988)** made a study on job involvement and perceived outcome importance among 48 dual career couple belonging to differed profession, educational levels and income. Results, revealed that women were found to be less involved in their jobs as compared to their male counterparts. Education, age and income were positively related to job involvement.

Bhatt (1997) investigated the correlation between job stress and job involvement among private school teachers among a sample of 120 male and 120 female teachers from public and private schools of Jamnagar City. The findings of the study indicated that the primary school teachers job stress was highly significantly negatively associated with job involvement. There was a significant negative partial correlation between the primary school teachers job stress and job involvement.

Srivastava (2001) Studies done abroad examines job involvement and mental health among 60 Executives and 75 Supervisors with work experience ranging from 8 to 30 years. Result revealed that executives felt more involved in the job than supervisors. Mental health scores of both the groups did not differ significantly. There was a significant association between job involvement and mental health.

NEED AND SIGNIFICANCE OF THE STUDY

Teacher education is vital for the development of a country. The quality of education provided in a country depends to a great extent on the quality of the teacher education programme. A nation is built by citizens and citizens are moulded by teachers. To ensure good quality of education, there is a need to have efficient teachers. Schooling is basically the stage of foundation formation for the children. It is thus that phase of the child where the personality of a child is given a proper shape which in fact determines the future course of life of the youths. Teacher, who plays a vital role in the character building of the youth, must have a positive favourable attitude, otherwise he will do harm than good. More over effective and productive learning on the part of the pupils can be achieved by employing teachers with desirable attitudes or by shaping their attitudes in the desired direction. Teachers will be more involved in their job if they are satisfied.

The inextricable future of the country can be solved with the educational system which in turn depends on the quality of the teacher. For this the teachers' working conditions, relationship with supervisors, colleagues, subordinates, students and their parents, communication system in the school should be conducive. Teachers play a pivotal role in the educational process and professionally competent and committed teachers are essential for successfully imparting knowledge and skills to the students and to avoid wastage to valuable human resources. Hence it becomes very important to study the factors that contribute towards greater teacher effectiveness. So that a conducive atmosphere can be created in educational institution.

Neglect of education is suicidal to any nation, because education is invariably at the back of all progress - material and cultural. To ensure good quality of education, there is a need to have efficient teachers. Teachers in India are a byproduct of the emergence of the middle class. The role of the teacher in the present time is very complex. This complexity can be analyzed as the multiplicity of tasks and duties which include clerical work done by teaches, heavy work load, frequent transfers, poor salary, incompatibility with co-workers and supervisors, marital unhappiness, physical faculties and management policies etc.

Job involvement enables the teachers to function with necessary interest, efficiency, satisfaction and devotion. It is also being realized that in the creative and nation building task like teaching, job involvement plays a significant role in attracting and retaining the right type of person in the profession. The future of the country is unavoidably linked with its educational system, which in turn depend on the quality of its teachers. For this, the teacher's working conditions, relationship with superiors, colleagues, subordinates, students and their parent's communication system in the school etc., should be conducive.

In order to perform his/her role effectively, teachers should be emotionally matured and should have a good attitude for teaching. Since the teacher's personality, behaviour, interest, attitude and emotions affect the children's behavioural pattern, a teacher should understand his own emotions, and other attributes as well as the same of pupils in teaching and learning process. Hence the investigator would like to see, how far the teacher effectiveness is influenced by emotional intelligence, job involvement and teaching attitude. The knowledge of the relationship between these variables under study would help teachers, parents and students to make the needed changes in the system of Education.

Hence the present investigation is designed to study the teacher effectiveness in relation to emotional intelligence, job involvement and teaching attitude of teachers moreover the present study explores to find out whether there is any influence of personal factors such as gender, place of school, marital status, age, type of management, level of teaching, year of experience and monthly income, emotional intelligence, job involvement and teaching attitude on the teacher effectiveness, of teachers. Also the study aims to find whether the teacher effectiveness, emotional intelligence, job involvement and teaching attitude of the teachers is related to the locality and type of management of the school they study. Mainly the teachers working in the Government, Private Aided and Private Un aided Institutes are considered in this study.

Today teaching profession seen to be more advanced. Innovations in the field of educational technology and psychological principles are substantiating in this field. So the present study is important in the field of education. Thus a balanced state of emotions of a teacher and teaching attitude will have a healthy influence on children. In order to perform his/her role effectively, teachers should be emotionally matured, job involvement and should have a good attitude for teaching. In the present study, the investigator studied influence of

1. Job involvement
 - a. Academic Aspect
 - b. Administrative Aspect
 - c. Extension Activity

on the Teacher effectiveness of the school teachers.

STATEMENT OF THE PROBLEM

The problem selected for the present study is "A Study on the Teacher Effectiveness of School Teachers in Relation to Job Involvement".

OBJECTIVES OF THE STUDY

1. To find out the levels of the teacher effectiveness of the following school teachers.
 - a. Gender (Male / Female)
 - b. Place of school (Rural / Urban)
 - c. Marital status (Married / Un married)
 - d. Age (Below 30 years / 30-40 years / Above 40 years)
 - e. Type of management (Government school / Government aided school / Private school)
 - f. Level of teaching (Primary school, High school, Higher secondary school)
 - g. Years of experience (Below 10 years / 10-20 years / Above 20 years)
 - h. Monthly income (Rupees10, 000 / Rupees10,000-20,000 / Rupees20,000 and above)
2. To find out the levels of the teacher job involvement of the following school teachers.
 - a. Gender (Male / Female)
 - b. Place of school (Rural / Urban)

- d. Age (Below 30 years / 30-40 years / Above 40 years)
- e. Type of management (Government school / Government aided school / Private school)
- f. Level of teaching (Primary school, High school, Higher secondary school)
- g. Years of experience (Below 10 years / 10-20 years / Above 20 years)
- h. Monthly income (Rupees10,000 and below / Rupees10,000-20,000 / Rupees20,000 and above)
3. To find out the significant difference between the following groups of teachers on their teacher effectiveness.
 - a. Gender (Male / Female)
 - b. Place of school (Rural / Urban)
 - c. Marital status (Married / Un married)
 - d. Age (Below 30 years / 30-40 years / Above 40 years)
 - e. Type of management (Government school / Government aided school / Private school)
 - f. Level of teaching (Primary school, High school, Higher secondary school)
 - g. Years of experience (Below 10 years / 10-20 years / Above 20 years)
 - h. Monthly income (Rupees10,000 and below / Rupees10,000-20,000 / Rupees20,000 and above)
4. To find out the significant difference between the following groups of teachers on their job involvement.
 - a. Gender (Male / Female)
 - b. Place of school (Rural / Urban)
 - c. Marital status (Married / Un married)
 - d. Age (Below 30 years / 30-40 years / Above 40 years)
 - e. Type of management (Government school / Government aided school / Private school)
 - f. Level of teaching (Primary school, High school, Higher secondary school)
 - g. Years of experience (Below 10 years / 10-20 years / Above 20 years)
 - h. Monthly income (Rupees10,000 and below / Rupees10,000-20,000 / Rupees20,000 and above)
5. To find out the relationship between the dependent variables namely teacher effectiveness on the following independent variables.
 - a. Job involvement
 - b. Academic aspect on Job involvement
 - c. Administrative aspect on Job involvement
 - d. Extension activity on Job involvement

HYPOTHESES OF THE STUDY

Following hypotheses were tested

1. Teachers effectiveness of following school teachers is high.
 - a. Gender (Male / Female)
 - b. Place of school (Rural / Urban)
 - c. Marital status (Married / Un married)
 - d. Age (Below 30 years / 30-40 years / Above 40 years)
 - e. Type of management (Government school / Government aided school / Private school)
 - f. Level of teaching (Primary school, High school, Higher secondary school)
 - g. Years of experience (Below 10 years / 10-20 years / Above 20 years)
 - h. Monthly income (Rupees10,000 and below / Rupees10,000-20,000 / Rupees20,000 and above)
2. Job involvement of following school teachers is high.
 - a. Gender (Male / Female)
 - b. Place of school (Rural / Urban)
 - c. Marital status (Married / Un married)
 - d. Age (Below 30 years / 30-40 years / Above 40 years)
 - e. Type of management (Government school / Government aided school / Private school)
 - f. Level of teaching (Primary school, High school, Higher secondary school)
 - g. Years of experience (Below 10 years / 10-20 years / Above 20 years)
 - h. Monthly income (Rupees10,000 and below / Rupees10,000-20,000 / Rupees20,000 and above)
3. There is significant difference between the following groups of teachers on their teacher effectiveness.
 - a. Gender (Male / Female)
 - b. Place of school (Rural / Urban)
 - c. Marital status (Married / Un married)
 - d. Age (Below 30 years / 30-40 years / Above 40 years)
 - e. Type of management (Government school / Government aided school / Private school)
 - f. Level of teaching (Primary school, High school, Higher sec. school)
 - g. Years of experience (Below 10 years / 10-20 years / Above 20 years)
 - h. Monthly income (Rupees10,000 and below / Rupees10,000-20,000 / Rupees20,000 and above)
4. There is significant difference between the following groups of teachers on their job involvement.
 - a. Gender (Male / Female)
 - b. Place of school (Rural / Urban)
 - c. Marital status (Married / Un married)
 - d. Age (Below 30 years / 30-40 years / Above 40 years)
 - e. Type of management (Government school / Government aided school / Private school)
 - f. Level of teaching (Primary school, High school, Higher secondary school)
 - g. Years of experience (Below 10 years / 10-20 years / Above 20 years)
 - h. Monthly income (Rupees10,000 and below / Rupees10,000-20,000 / Rupees20,000 and above)
5. There is a significant relationship between the following variables.
 - a. Teacher effectiveness and Job involvement
 - b. Teacher effectiveness and Academic aspect on Job involvement
 - c. Teacher effectiveness and Administrative aspect on Job involvement
 - d. Teacher effectiveness and Extension activity on Job involvement

METHODOLOGY USED

The present study aims at finding out the Teacher effectiveness and Job involvement of teachers. Therefore, the normative survey method has been used in the study.

TOOLS USED

Teacher Effectiveness of school teachers' scale was constructed and standardized by Kumar and Mutha (1974) was used in the present study. The tool consists of 69 items with five point scale. The scoring is from 1 -5. The score ranging from 69- 104 denotes low effectiveness, score ranging from 105- 242 is considered as average effectiveness and score ranges from 243-345 is considered as high level of teacher effectiveness.

Job Involvement of school teachers scale was constructed and validated by investigators (2011) was used in the present study. The tool consists of 63 items with five point scale. The scoring is from 0 - 4. In this study, based on normal curve teachers secured score ranging from 0 – 205.77 denotes low level of job involvement, score ranging from 205.77 to 248.99 is considered as average level of job involvement and score ranges from 248.99 to 252 is considered as high level of job involvement.

SAMPLE OF THE STUDY

The primary school, high school and higher secondary school teachers in Chennai and Thiruvallur Districts of Tamilnadu, India were taken as sample. The random sampling technique was used by the investigators for the selection of sample. A total of 900 school teachers have been selected for this study.

STATISTICAL TECHNIQUES USED

Descriptive analysis, Differential analysis and Correlation analysis ('t' test , 'F' test and 'r' test) were used in the present study to test the hypotheses and interpret the data.

STATISTICAL ANALYSIS AND INTERPRETATION OF DATA**I. DESCRIPTIVE ANALYSIS – TEACHER EFFECTIVENESS**

Mean and standard deviation values are calculated for finding out the level of teacher effectiveness scores of teachers based on their gender, place of school, marital status, age, type of management, level of teaching, years of experience and monthly income. Table-1 reveals the mean and standard deviation scores of the sub samples responsible for teacher effectiveness of teachers. The author of the tool suggested that the score ranging 243 and above denote high level of teacher effectiveness. The male and female teachers have high teacher effectiveness. The rural and urban teachers have high teacher effectiveness. The married and un married teachers have high teacher effectiveness. The below 30 years, 30-40 years and above 40 years age group of experience of teachers have high teacher effectiveness. The government school, government aided school and private school teachers have high teacher effectiveness. The primary school, high school and higher secondary school teachers have high teacher effectiveness. The below 10 years, 10-20 years and above 20 years teaching experience of teachers have high teacher effectiveness. The Rupees10000 and below, Rupees10000-20000 and above Rupees20000 and above monthly income of teachers have high teacher effectiveness. So, the hypothesis No.1 is accepted.

TABLE 1: DESCRIPTIVE STATISTICS FOR TEACHER EFFECTIVENESS SCORES

Sl.No.	Variables	Categories	N	Mean	S.D.	Level of significance	S.D.
1.	Teacher effectiveness	Whole sample	900	275.24	33.308	243 to 345	High
2.	Gender	Male	383	273.17	35.11	243 to 345	High
		Female	517	278.04	35.42	243 to 345	High
3.	Place of School	Rural	446	272.56	37.29	243 to 345	High
		Urban	454	277.88	33.08	243 to 345	High
4.	Marital Status	Married	681	274.37	35.69	243 to 345	High
		Unmarried	219	277.98	34.04	243 to 345	High
5.	Age	Below 30 years	226	279.07	33.76	243 to 345	High
		30-40 years	297	275.55	34.41	243 to 345	High
		Above 40 years	377	272.72	36.76	243 to 345	High
6.	Type of Management	Government school	325	275.55	36.84	243 to 345	High
		Government Aided school	321	274.50	35.18	243 to 345	High
		Private school	254	275.79	35.55	243 to 345	High
7.	Level of Teaching	Primary School	267	285.04	32.78	243 to 345	High
		High School	284	271.62	36.94	243 to 345	High
		Higher Secondary School	349	270.70	34.41	243 to 345	High
8.	Years of Experience	Below 10 years	225	270.70	34.09	243 to 345	High
		10-20 years	295	275.55	34.07	243 to 345	High
		Above 20 years	380	273.06	36.96	243 to 345	High
9.	Monthly Income	Rupees10,000 and below	157	277.17	34.13	243 to 345	High
		Rupees10,000-20,000	174	280.22	32.43	243 to 345	High
		Rupees20,000 and above	569	273.06	36.33	243 to 345	High

II. DESCRIPTIVE ANALYSIS – JOB INVOLVEMENT

Mean and standard deviation values are calculated for finding out the level of job involvement scores of teachers based on their gender, place of school, marital status, age, type of management, level of teaching, years of experience and monthly income. Table-2 reveals the mean and standard deviation scores of the sub samples responsible for job involvement of teachers. The author of the tool suggested that the score ranging 243 and above denote average level of job involvement. The male and female teachers have average teacher effectiveness. The rural and urban teachers have average job involvement. The married and unmarried teachers have average job involvement. The below 30 years, 30-40 years and above 40 years age group of experience of teachers have average job involvement. The government school, government aided school and private school teachers have average job involvement. The primary school, high school and higher secondary school teachers have average job involvement. The below 10 years, 10-20 years and above 20 years teaching experience of teachers have average job involvement. The Rupees10000 and below, Rupees10000-20000 and above Rupees20000 and above monthly income of teachers have average job involvement. So, the hypothesis No.2 is accepted.

TABLE 2: DESCRIPTIVE STATISTICS FOR JOB INVOLVEMENT SCORES

Sl.No.	Variables	Categories	N	Mean	S.D.	Average level	Level of job involvement
1.	Job Involvement	Whole sample	900	227.38	21.614	205.77 to 248.99	Average
2.	Gender	Male	383	228.72	20.481	205.77 to 248.99	Average
		Female	517	226.39	22.384	205.77 to 248.99	Average
3.	Place of School	Rural	446	228.74	21.547	205.77 to 248.99	Average
		Urban	454	226.04	21.620	205.77 to 248.99	Average
4.	Marital Status	Married	681	228.26	21.010	205.77 to 248.99	Average
		Unmarried	219	224.66	23.233	205.77 to 248.99	Average
5.	Age	Below 30 years	226	227.77	21.53	205.77 to 248.99	Average
		30-40 years	297	226.50	21.38	205.77 to 248.99	Average
		Above 40 years	377	227.84	21.88	205.77 to 248.99	Average
6.	Type of Management	Government School	325	229.10	19.36	205.77 to 248.99	Average
		Government Aided School	321	228.60	20.55	205.77 to 248.99	Average
		Private School	254	223.64	25.02	205.77 to 248.99	Average
7.	Level of Teaching	Primary School	267	225.94	22.26	205.77 to 248.99	Average
		High School	284	227.52	21.55	205.77 to 248.99	Average
		Higher Secondary School	349	228.37	21.17	205.77 to 248.99	Average
8.	Years of Experience	Below 10 years	225	228.48	20.68	205.77 to 248.99	Average
		10-20 years	295	226.24	21.71	205.77 to 248.99	Average
		Above 20 years	380	227.62	22.09	205.77 to 248.99	Average
9.	Monthly Income	Rupees10,000 and below	157	222.41	25.43	205.77 to 248.99	Average
		Rupees10,000-20,000	174	227.52	21.99	205.77 to 248.99	Average
		Rupees20,000 and above	569	228.71	20.15	205.77 to 248.99	Average

III. DIFFERENTIAL ANALYSIS – TEACHER EFFECTIVENESS

Differential analysis involves the use of 't' test. The 't' test is used to determine whether the performance of two groups is significant or not. Table-3 shows the mean, standard deviation and 't' values for the teacher effectiveness scores of the teachers based on their gender, place of school, marital status, age, type of management, level of teaching, years of experience and monthly income. The 't' value calculated for the male and female teachers is 2.051 which is higher than the table value 1.96 to be significant at 0.05 level of significance. Therefore the hypothesis number 3(a) is accepted. It is referred that both male and female teachers differ significantly in their teacher effectiveness. From the Table-3 it is inferred that 't' value calculated for the rural and urban teachers is 2.263 which is higher than the table value of 1.96 to be significant at 0.05 level of significance. Therefore the hypothesis number 3(b) is accepted. It is inferred that both rural and urban teachers differ significantly in their teacher effectiveness. From the Table -3 it is inferred that 't' value calculated for the married and unmarried teachers is 1.317 which is less than the table value of 1.96 to be not significant at 0.05 level of significance. Therefore the hypothesis number 3(c) is rejected. It is inferred that both married and unmarried teachers do not differ significantly in their teacher effectiveness.

TABLE 3: 't' TEST VALUES FOR TEACHER EFFECTIVENESS

Sl. No.	Variables	Category	N	Mean	S.D.	't' Value	Significant
1.	Gender	Male	383	273.17	35.11	2.051	0.05 Sig.
		Female	517	278.04	35.42		
2.	Place of School	Rural	446	272.56	37.29	2.263	0.05
		Urban	454	277.88	33.08		
3.	Marital Status	Married	681	274.37	35.69	1.317	0.05 NS
		Unmarried	219	277.98	34.04		

IV. DIFFERENTIAL ANALYSIS – JOB INVOLVEMENT

Table-4 shows the mean, standard deviation and 't' values for the job involvement scores of the teachers based on their gender, place of school, and marital status. The 't' value calculated for the male and female teachers is 1.602 which is less than the table value 1.96 to be significant at 0.05 level of significance. Therefore the hypothesis number 4(a) is rejected. It is referred that both male and female teachers do not differ significantly in their job involvement. From the Table-4 it is inferred that 't' value calculated for the rural and urban teachers is 1.878 which is less than the table value of 1.96 to be significant at 0.05 level of significance. Therefore the hypothesis number 4(b) is rejected. It is inferred that both rural and urban teachers do not differ significantly in their job involvement. From the Table -4 it is inferred that 't' value calculated for the married and unmarried teachers is 2.144 which is higher than the table value of 1.96 to be significant at 0.05 level of significance. Therefore the hypothesis number 4(c) is accepted. It is inferred that both married and unmarried teachers differ significantly in their job involvement.

TABLE 4: 't' TEST VALUE FOR JOB INVOLVEMENT SCORES

Sl. No.	Variables	Categories	N	Mean	S.D.	't' Value	Significant
1.	Gender	Male	383	228.72	20.481	1.602	0.05 NS
		Female	517	226.39	22.384		
2.	Place of School	Rural	446	228.74	21.547	1.878	0.05 NS
		Urban	454	226.04	21.620		
3.	Marital Status	Married	681	228.26	21.010	2.144	0.05 Sig.
		Unmarried	219	224.66	23.233		

V. ONE WAY ANALYSIS OF VARIANCE – TEACHER EFFECTIVENESS

Table-5 shows the mean and standard deviation and 'F' values for the teacher effectiveness scores of the teachers based on their age, type of management, level of teaching, years of experience and monthly income. From the Table -5 it is inferred that 'F' value calculated for the age below 30 years, 30 – 40 years and above 40 years teachers is 0.864 which is less than the table value of 3.00 to be significant at 0.05 level of significance. Therefore, the hypothesis number 3(d) is rejected. It is inferred that the teachers below 30 years of age, 30 – 40 years and above 40 years of age do not differ significantly in their teacher effectiveness. From the Table-3 it is inferred that 'F' value calculated for the government school, government aided school and private school teachers is 1.656 which is less than the table value of 3.00 to be not significant at 0.05 level of significance. Therefore, the hypothesis number 3(e) is rejected. It is inferred that the teachers working in government school, government aided school and private school do not differ significantly in their teacher effectiveness. From the Table -3 it is inferred that 'F' value calculated for the primary school, high school and higher secondary school teachers is 4.307 which is higher than the table value of 3.00 to be significant at 0.05 level to significance. Therefore, the hypothesis number 3(f) is accepted. It is inferred that the teachers teaching in primary school, high school and higher secondary school differ significantly in their teacher effectiveness. From the Table -5 it is inferred that 'F' value calculated for the below 10 years, 10 – 20 years and above 20 years experienced teachers is 0.539 which is less than the table value of 3.00 to be not significant at 0.05 level of significance. Therefore, the hypothesis number 3(g) is rejected. It is inferred that below 10 years, 10 – 20 years and above 20 years experienced teachers do not differ significantly in their

teacher effectiveness. From the Table -5 it is inferred that 'F' value calculated for the Rupees10,000 and below, Rupees10,000 – 20,000 and Rupees20,000 and above monthly income of teachers is 1.457 which is less than the table value of 3.00 to be significant at 0.05 level of significance. Therefore, the hypothesis number 3(h) is rejected. It is inferred that the teachers with monthly income of Rupees10,000 and below, Rupees10,000 – 20,000 and Rupees20,000 and above do not differ significantly in their teacher effectiveness.

TABLE-5: 'F' TEST VALUES FOR TEACHER EFFECTIVENESS

Sl. No.	Variables	Category	N	Mean	S.D.	'F' Value	Level of Significance
1.	Age	Below 30 years	226	279.07	33.76	0.864	Not significant at 0.05 level
		30-40 years	297	275.55	34.41		
		Above 40 years	377	272.72	36.76		
2.	Type of Management	Government school	325	275.55	36.84	1.656	Not significant at 0.05 level
		Government Aided school	321	274.50	35.18		
		Private school	254	275.79	35.55		
3.	Level of Teaching	Primary School	267	285.04	32.78	4.307	Significant at 0.05 level
		High School	284	271.62	36.94		
		Higher Sec. School	349	270.70	34.41		
4.	Year of Experience	Below 10 years	225	270.70	34.09	0.539	Not significant at 0.05 level
		10-20 years	295	275.55	34.07		
		Above 20 years	380	273.06	36.96		
5.	Monthly Income	Rupees10,000 and below	157	277.17	34.13	1.457	Significant at 0.01 level
		Rupees10,000- 20,000 below	174	280.22	32.43		
		Rupees20,000 and above	569	273.06	36.33		

VI. ONE WAY ANALYSIS OF VARIANCE – JOB INVOLVEMENT

Table-6 shows the mean and standard deviation and 'F' values for the job involvement scores of the teachers based on their type of management, level of teaching and years of experience. From the Table -6 it is inferred that 'F' value calculated for the below 30 years, 30 – 40 years and above 40 years teachers is 0.693 which is less than the table value of 3.00 to be significant at 0.05 level of significance. Therefore, the hypothesis number 4(d) is rejected. It is inferred that below 30 years, 30 – 40 years and above 40 years teachers do not differ significantly in their job involvement. From the Table-3 it is inferred that 'F' value calculated for the government school, government aided school and private school teachers is 5.391 which is higher than the table value of 3.00 to be significant at 0.05 level of significance. Therefore, the hypothesis number 4(e) is accepted. It is inferred that government school, government aided school and private school teachers differ significantly in their teacher effectiveness. From the Table -6 it is inferred that 'F' value calculated for the primary school, high school and higher secondary school teachers is 0.966 which is less than the table value of 3.00 to be significant at 0.05 level of significance. Therefore, the hypothesis number 4(f) is rejected. It is inferred that primary school, high school and higher secondary school teachers do not differ significantly in their teacher effectiveness. From the Table -6 it is inferred that 'F' value calculated for the below 10 years, 10 – 20 years and above 20 years experienced teachers is 0.728 which is less than the table value of 3.00 to be significant at 0.05 level of significance. Therefore, the hypothesis number 4(g) is rejected. It is inferred that below 10 years, 10 – 20 years and above 20 years experienced teachers do not differ significantly in their job involvement. From the Table -6 it is inferred that 'F' value calculated for the below Rupees10000, Rupees10000 – 20000, Rupees20000 and above monthly income of teachers is 5.274 which is higher than the table value of 3.00 to be significant at 0.05 level of significance. Therefore, the hypothesis number 4(h) is accepted. It is inferred that Rupees10000 and below, Rupees10000 – 20000 and Rupees20000 and above monthly income of teachers differ significantly in their job involvement.

TABLE 6: 'F' VALUES FOR JOB INVOLVEMENT SCORES

Sl. No.	Variables	Category	N	Mean	S.D.	'F' Value	Level of Significance
1.	Age	Below 30 years	226	227.77	21.53	0.367	Not significant at 0.05 level
		30-40 years	297	226.50	21.38		
		Above 40 years	377	227.84	21.88		
2.	Type of Management	Government school	325	229.10	19.36	5.391	Not significant at 0.05 level
		Government Aided school	321	228.60	20.55		
		Private school	254	223.64	25.02		
3.	Level of Teaching	Primary School	267	225.94	22.26	0.966	Significant at 0.01 level
		High School	284	227.52	21.55		
		Higher Sec. School	349	228.37	21.17		
4.	Year of Experience	Below 10 years	225	228.48	20.68	0.728	Not significant at 0.05 level
		10-20 years	295	226.24	21.71		
		Above 20 years	380	227.62	22.09		
5.	Monthly Income	Rupees10,000 and below	157	222.41	25.43	5.274	Significant at 0.01 level
		Rupees10,000- 20,000 below	174	227.52	21.99		
		Rupees20,000 and above	569	228.71	20.15		

VII CORRELATION ANALYSIS OF DATA

Correlation analysis is used to find out the relationship two or more paired variables. The investigator has correlated teacher effectiveness (dependent variable) with other independent variables namely, job involvement, academic aspect on job involvement, administrative aspect on job involvement and extension activity on job involvement so as to arrive at a meaningful conclusion for the present study. Teacher effectiveness and job involvement scores were analyzed using correlation technique to find out the degree of strength of relationship between these two variables. The results are given in Table 7 and examination of the table gives that the 'r' 0.158 which is higher than the table value of 0.062 to be significant at 0.01 level. Therefore, the hypothesis number 8 is accepted. The correlation between these two variables is, positive and significant. Therefore, it is found that teacher effectiveness is significantly and positively correlated with the teacher effectiveness and job involvement. Teacher effectiveness and academic aspect on job involvement scores were analyzed using correlation technique to find out the degree of strength of relationship between these two variables. The results are given in Table 7 and examination of the table gives that the 'r' 0.104 which is higher than the table value of 0.062 to be significant at 0.01 level. Therefore, the hypothesis number 8 is accepted. The correlation between these two variables is, positive and significant. Therefore, it is found that teacher effectiveness is significantly and positively correlated with the teacher effectiveness and academic aspect on job involvement. Teacher effectiveness and administrative aspect on job involvement scores were analyzed using correlation technique to find out the degree of strength of relationship between these two variables. The results are given in Table 7 and examination of the table gives that the 'r' 0.152 which is higher than the table value of 0.062 to be significant at 0.01 level. Therefore, the hypothesis number 8 is accepted. The correlation between these two variables is, positive and significant. Therefore, it is found that teacher effectiveness is significantly and positively correlated with the teacher effectiveness and administrative aspect on job involvement. Teacher effectiveness and extension activity on job involvement scores were analyzed using correlation technique to find out the degree of strength of relationship between these two variables. The results are given in Table 7 and examination of the table gives that the 'r' 0.098 which is higher

than the table value of 0.062 to be significant at 0.01 level. Therefore, the hypothesis number 8 is accepted. The correlation between these two variables, positive and significant. Therefore, it is found that teacher effectiveness is significantly and positively correlated with the teacher effectiveness and extension activity on job involvement

TABLE 7: 'r' VALUES FOR TEACHERS EFFECTIVENESS AND JOB INVOLVEMENT SCORES

Sl. No.	Variables	N	'r' Value	Level of Significance
1.	Teacher Effectiveness and Job Involvement	900	0.158	0.01 Significant
2.	Teacher Effectiveness and Academic aspect on Job Involvement	900	0.104	0.01 Significant
3.	Teacher Effectiveness and Administrative aspect Job Involvement	900	0.152	0.01 Significant
4.	Teacher Effectiveness and Extension activity on Job Involvement	900	0.098	0.01 Significant

FINDINGS

- The teachers in general have high teacher effectiveness of their gender, place of school, marital status, age, type of management, level of teaching, years of experience and monthly income.
- The teachers in general have average job involvement of their gender, place of school, marital status, type of management, level of teaching and years of experience and monthly income
- It is found that the male and female teachers differ significantly in their teacher effectiveness.
- It is found that the male and female teachers do not differ significantly in their job involvement
- The rural and urban school teachers differ significantly in their teacher effectiveness.
- The rural and urban teachers do not differ significantly in their job involvement.
- It is found that the married and unmarried teachers do not differ significantly in their teacher effectiveness.
- It is found that the married and unmarried teachers differ significantly in their job involvement.
- It is found that the teachers below 30 years of age, 30-40 years and above 40 years of age do not differ significantly in their teacher effectiveness.
- It is found that the teachers below 30 years of age, 30-40 years and above 40 years of age do not differ significantly in their job involvement.
- It is found that the teachers working in government schools, government aided schools and private schools do not differ significantly in their teacher effectiveness.
- It is found that the teachers working in government schools, government aided schools and private schools differ significantly in their job involvement
- It is found that the teachers teaching in primary schools, high schools and higher secondary schools differ significantly in their teacher effectiveness.
- It is found that the teachers teaching in primary schools, high schools and higher secondary schools do not differ significantly in their job involvement.
- It is found that the teachers with below 10 years of experience, 10-20 years and above 20 years of experience do not differ significantly in their teacher effectiveness.
- It is found that the teachers with below 10 years of experience, 10-20 years and above 20 years of experience do not differ significantly in their job involvement.
- It is found that the teachers with monthly income of Rupees 10,000 and below, Rupees 10,000 – 20,000 and Rupees 20,000 and above do not differ significantly in their teacher effectiveness.
- It is found that the teachers with monthly income of Rupees 10,000 and below, Rupees 10,000 – 20,000 and Rupees 20,000 and above differ significantly in their job involvement.

EDUCATIONAL IMPLICATIONS OF THE STUDY

Based on the findings of the study, the implications were analyzed and reported.

- One of the findings revealed by the study is that most of the teachers display a high degree of teacher effectiveness. It is found that the teachers with teacher effectiveness have high mean score irrespective of their gender, place of school, marital status, age, type of management, level of teaching, years of experience and monthly income. This is evidenced by their excellent teaching skill, effective class management, rich professional competence and their ability to access a wide range of information on sources. Moreover the government should stipulate the criteria for teacher effectiveness at the three levels of school education. Further the annual increment and promotion norms should be linked with the teacher effectiveness.
- Job Involvement assessed on the aspects academic, administrative and extension activity are found to be average mean score in respect of their gender, place of school, marital status, age, type of management, level of teaching, years of experience and monthly income among teachers. Therefore, the job involvement of teacher should be promoted by the superiors and educational administrators. The job involvement type of rating the teachers should be evolved.
- It is concluded that male and female teachers differ significantly in the teacher effectiveness, academic aspect and extension activity. The female teachers got high scores in teacher effectiveness, academic aspect and extension activity. Therefore it is recommended that the male teachers should be encouraged and highly motivated to have better teacher effectiveness.
- It is concluded that rural and urban areas teachers differ significantly in the teacher effectiveness, administrative aspect on job involvement and extension activity on job involvement. The teachers with the urban areas got high scores in teacher effectiveness, administrative aspect on job involvement and extension activity on job involvement. Therefore the teachers working in rural areas should be supervised frequently and special training programmes should be arranged for their teachers.
- It is concluded that married and unmarried teachers differ significantly in the job involvement and extension activity. The married teachers got high scores in the job involvement and extension activity. Therefore it is recommended that the unmarried teachers encouraged and motivated to have better job involvement and extension activity.
- It is concluded that among teachers with age below 30 years, 30-40 years, 40 years and above differ significantly in the administrative aspect on job involvement. The teachers with age 40 years and above got high mean score in administrative aspect on job involvement. Therefore it is recommended that the teacher with age below 40 years should be encouraged and motivated to have better administrative aspect on job involvement.
- It is concluded that among government, private aided, private unaided school teachers differ significantly in the job involvement, academic aspect, administrative aspect, extension activity and teaching attitude. The government school teachers got high mean score in job involvement, academic aspect, administrative aspect, extension activity and teaching attitude. Therefore, it is recommended that the private aided and private unaided school teachers should be paid decent salary, should have job security, promotional opportunities and recognition should be given for their meritorious service.
- It is concluded that among primary school, high school, higher secondary school teachers differ significantly in the teacher effectiveness. The primary school teachers got high mean score in teacher effectiveness. Therefore, it is recommended that the high school and higher secondary school teachers need more care and nurturing. More orientation programmes are to be organized for high school and higher secondary school teachers.

- It is concluded that among teachers with teaching experience below 10 years, 10-20 years, and 20 years and above differ significantly in the administrative aspect on job involvement. The teachers with teaching experience 20 years and above got high mean score in administrative aspect on job involvement. There it is recommended that the teachers with teaching experience below 20 years' experience should be encouraged and motivated to have better administrative aspect on job involvement.
- It is concluded that among teachers with monthly income Rupees 10,000 and below, Rupees 10,000-20,000 and Rupees 20,000 and above differ significantly in the job involvement, academic aspect, administrative aspect, extension activity. The teachers whose monthly income are Rupees 20,000 and above got high mean score in job involvement, academic aspect, administrative aspect, extension activity. Therefore, it is recommended that the low income of teachers should be paid decent salary, incentives, reward systems, annual increment and job security and promotion norms should be linked with the job involvement.
- From the findings of the simple correlation analysis it can be inferred that there is a significant relationship between independent variables – job involvement, academic aspect, administrative aspect and extension activity got significant relationship with the dependent variables teacher effectiveness. Therefore, necessarily steps are to be taken improve emotional intelligence, job involvement, academic aspect, administrative aspect, extension activity and teaching attitude of school teachers.
- The investigator applied multiple regression analysis to know the amount of contribution of independent variables on dependent variable. In case of whole sample of the teachers with teacher effectiveness 7.1 percent is contributed by academic aspect on job involvement, administrative aspect on job involvement, and extension activity on job involvement. In case of the high effectiveness of the teachers the contribution of the above five factors is 12.6 percent it is higher than the average effectiveness of teachers. In the case of primary school teachers the contribution of the above five factors is 17.1 percent it is higher than the high schools and higher secondary school teachers. Therefore, steps are to be taken to improve the academic aspect on job involvement, administrative aspect on job involvement, extension activity on job involvement of the high schools and higher secondary school teachers.

RECOMMENDATIONS TO POLICY MAKERS AND EDUCATIONAL ADMINISTRATION

- It is recommended that the government should stipulate the criteria for teacher effectiveness at the three levels of school education. Further the annual increment and promotion norms should be linked with the teacher effectiveness. District and State level awards for the teachers on the following aspects should be given
1. Academic, 2. Administrative and 3. Extension.
- The job involvement of teacher should be promoted by the superior and educational administrators. The job involvement type of rating the teachers should be evolved.
- Necessary in service programmes should be organized every year for the school teachers to increase their job involvement.
- It is recommended that the male teachers should be encouraged and highly motivated to have better teacher effectiveness.
- The teachers working in rural areas should be supervised frequently and special training programmes should be arranged for their teachers.
- It is recommended that the unmarried teachers should be encouraged and motivated to have better job involvement and extension activity.
- It is recommended that the teachers with age below 40 years should be encouraged and motivated to have better emotional intelligence.
- It is recommended that the private unaided school teachers, should be paid decent salary, should have job security, promotional opportunities and recognition should be given for meritorious service.
- It is recommended that the high school and higher secondary school teachers need more care and nurturing. More orientation programmes are to be organized for high school and higher secondary school teachers to improve their teacher effectiveness.
- It is recommended that the teachers with teaching experience below 20 years should be encouraged and motivated to have better administrative aspect on job involvement.
- It is recommended that the teachers should be paid decent salary, incentives, reward systems, annual increment and job security and promotion norms to enhance the job involvement.

RECOMMENDATIONS TO TEACHERS

- Every teacher should equip himself/herself on the aspects of teacher's effectiveness and criteria for rating to get the value points in various aspects.
- The teachers should involve themselves in academic, administrative and extension activities.
- It is recommended that the school teachers should take necessary steps to improve their job involvement.

SUGGESTIONS FOR THE FURTHER RESEARCH

The suggestions for further research are reported in this chapter for the future researchers.

- A similar study can be undertaken at the state level to generalize the results.
- A similar study may be undertaken in other districts of Tamil Nadu also.
- Teacher effectiveness in relation to other variables such as teaching competency, job satisfaction, self-concept, interest, aptitude, adjustment, extroversion, introversion, mental health and organizational climate may be studied.
- A similar research work may be undertaken with teachers working in colleges.
- A comparative study of teacher effectiveness of school teachers and college teachers may be carried out.
- Research may be conducted about teachers working in tribal and remote areas and those working in special schools.

CONCLUSION

Schooling is basically the stage of foundation formation for the children. It is thus that phase of the child where the personality of a child where the personality of a child is given a proper shape which in fact determines the future course of life of the youths. Teacher, who plays a vital role in the character building of the youth, must have a positive thinking towards work and life. This is possible only if he is satisfied with his profession and if he is having a positive favourable attitude, otherwise he will do harm than good. Moreover effective and productive learning on the part of the pupils can be achieved by employing teachers with desirable attitudes or by shaping their attitudes in the desired direction. Teachers will be more involved in their job if they are satisfied. The future of the country is unavoidably linked with its educational system, which in turn depend on the quality of its teachers. For this, the teacher's working conditions, relationship with superiors, colleagues, subordinates, students and their parents' communication system in the school etc., should be conducive. Teaching is an art assisting another to learn and it includes the providing of information and of appropriate situation, conditions or activities designed to facilitate learning. The role of a teacher has considerably changed in the present situation mainly due to explosion of knowledge. The teacher is forcibly put in a position to satisfy the needs of the students and to quench the thirst of the students who try to equip themselves adequately enough so that they would meet the future confidently. The teacher's duty is therefore to show what to study, to challenge the students by setting high standards and to criticize in order to spur to further achievement, to help surmount blind spots and to evaluate each students' progress in terms of valid objectives. Therefore teachers have to adopt certain characteristics in order to be effective in their profession.

LIMITATIONS

- In the present study, only school teachers were selected as subjects of the sample.
- The sample size was restricted to 900 of primary school, high school and higher secondary school only.

- The study was conducted 2 districts of Tamil Nadu only namely, Chennai and Thiruvallur.
- The research is purely quantitative in nature. Hence, all the behavioral traits may not have been covered by the study.
- The study covers only a few selected Government, private Aided and Private unaided schools.

SCOPE FOR FURTHER RESEARCH

- The future of the country is unavoidably linked with its educational system, which in turn depend on the quality of its teachers. For this, the teacher's working conditions, relationship with superiors, colleagues, subordinates, students and their parents' communication system in the school etc., should be conducive. The investigator adopted incidental or voluntary sampling technique for the sample selection of teachers. The importance of a teacher in an institution is unquestionable. The entire edifice of an organization is shaky if the teaching faculty is weak and ineffective. So the success of an institution is mainly determined by teachers.
- Teachers are the role model of the students. In future the all-round development of the students may, depend upon the present teachers because as future teachers they are going to mould the future generation. The present study aims at assessing the Teacher effectiveness and Job involvement of the teachers. It is a valuable contribution to the process of improvement in education. Lack of teacher effectiveness among the teachers may lead to the development of neurotic behaviour of adolescents. Without teacher effectiveness and normal behaviour one cannot think of a well-developed society. The present study will be of immense value to the schools in particular and educational administration in general.
- The success of educational system revolves around the abilities of the teacher. If the teachers are assessed on their teacher efficiency, emotional intelligence, job involvement and teaching attitude before they are admitted to the teacher-in service training programmes, it will help in producing better and competent teachers. However the admissions to teacher training colleges in Tamil Nadu are done on the basis of the merit decided by the marks obtained by them in the qualifying higher secondary examination or degree examination. A candidate having a high level of performance may not be a good teacher if he or she lacks the innate abilities and skills which are pre-requisite for success in the teaching profession.
- Though the performance at the higher secondary level ensures the content knowledge of the teachers it does not reveal whether the candidates are 'teachable' as efficient and effective teachers because the teaching competency encompasses communication skills, interpersonal relationships, class room management, etc. If the trainees have this innate abilities they can be easily modified and trained by appropriate teaching experiences provided in the training college. Today teaching profession seen to be more advanced. Innovations in the field of educational technology and psychological principles are substantiating in this field. So the present study is important in the field of education. Thus a balanced state of emotions of a teacher and teaching attitude will have a healthy influence on children. In order to perform his/her role effectively, teachers should be emotionally matured, job involvement and should have a good attitude for teaching

REFERENCES

BOOKS

1. Arora, K., (1978). "Differences between effective and in-effective teachers". New Delhi; S. Chand and Company, pp.31-38.
2. Ashok, Sharma. (1988); "Effect of pay of Job Involvement". *Indian Psychological Review*, Vol.L(I), pp.29-33.
3. Bhatt, d.J. (1993); "Job satisfaction of college teachers". *Indian journal of behaviours*, Vol.XVII(4). pp.5-13.
4. Borich (1992). "Teacher effectiveness and concluded that key behaviours characterizing effective teachers". *Indian Educational Review*, Vol.XXIII, No.3, (April 1992), pp.103-114.
5. Hough and Duncan (1970), "The Study of Teaching", New York; Holt, Rinehart and Winston, New York.

JOURNAL AND ARTICLES

6. Aleem, S., Khandelwal, P. (1988); "Job Involvement perceived outcome important – A study of dual career couples". *Journal of Applied psychology*, Vol. XXV (2), pp. 27-34.
7. Amsarani, S.R. (2002). "Teacher Effectiveness of Second Language teachers in higher secondary schools". *Journal of Research in Education*, 2002-2003, Vol.I, No.2, (Oct. 2002), p.21.
8. Birmingham, J.A. (1981); "Job Involvement and burn out among Minnesota teachers". *Dissertation Abstracts International*, Vol.XLV (8), p.2318-A.
9. Dodge, J.M. (1983); "Perceived organizational and personal factors related to Job Involvement in public school teachers". *Dissertation Abstracts International*, Vol.V p.1730-A.
10. Garner, J. (1973). "The nature of teaching and effectiveness of teachers". In: Lomax DE (ed.) 1973, *The Education of Teachers in Britain*, Wiley, London, pp.425-36.
11. Kagathala, A.B. (2001). "A study of the effectiveness of teachers of secondary schools in Gujarat". *Journal of Education and Psychology*, Vol.LIX, No.4, (July - Dec.2001), pp.26-33.2, (October 2003), pp.17-27.
12. Ketz., Kahn. (1966); "Job involvement a prerequisite for teacher accountability", *University News*, Vol.XXXVIII (9), pp.12-13.
13. Kumar (2005). "Teacher Effectiveness and job satisfaction of Women teachers". *Edutracks*, Vol.4, No.7, March 2005, pp.29-30.
14. Mary, B.K. (1998); "School based decision making the relationship between teacher's decision involvement and their Job Satisfaction". *Michigan State University, Proquest Digital Dissertations*, DAI-A60/03, p.653.
15. Ryans, D.G., (1960). "Characteristics of teachers, their description, Comparison and appraisal". Washington, D.C. American Council of Education, p.1
16. Srivastava, S.k. (2001); Job involvement and mental health among executives and supervisors". *Journal of Community Guidance and Research, Psychological* Vol.XVIII (3), pp.365-372.
17. Weiner, A.M. (1981); "Self role performance and Job Involvement among secondary Home Economic teachers". *Dissertation Abstract International*. Vol.XLL (2), p.580.

WEBSITES

18. <http://eqi.org//Mayer2.htm>.
19. <http://eqi.org/ei/abs1.htm>.
20. <http://eqi.org/ei/abs1.htm>.
21. <http://jca.sagepub.com/cgi/content/abstract/11/2/153>.
22. <http://jca.sagepub.com/cgi/content/abstract/11/4/379>.
23. <http://meltingpot.fortunecity.com/zaire/131/research-intel2.html#6>.
24. <http://www.scielo.br/scielo/php?pid>.
25. www.eric.ed.gov/
26. www.soulmate.com.
27. www.soulwork.net/sw_articles-eng/emotional_intelligence.htm.
28. www.webindia123.com/career/options/teach.intro.htm.

APPENDIX

APPENDIX A: Teacher Effectiveness Scale (TES)

INSTRUCTIONS: In this questionnaire, the description of different activities and traits of the teacher and teaching are given, you as a teacher rate every statement only at one point out of the five. Please mark (✓) on your response which you will evaluate as a teacher. Your evaluation will be used for research purpose only and it will be kept strictly confidential. So, read attentively each statement and evaluate clearly.

Teacher have to evaluate on following statements.

- SA : Strongly Agree
- A : Agree
- UN : Uncertain
- D : Disagree
- SD : Totally Disagree

S. No.	Statement	SA	A	U	D	SD
1.	I have full confidence which subject I teach.					
2.	I always try to develop my knowledge.					
3.	I have the capacity to give knowledge of the present events, general knowledge in addition to the course subject.					
4.	I give necessary guidance to search the solution of pupil's problems.					
5.	I give appropriate opportunity to pupils for adequate motivation.					
6.	For achieving the adequate goal, I use maximum reward and minimum punishment.					
7.	I behave brotherly to all students.					
8.	I always voluntarily ready to give my time and labour for the benefit of the pupils.					
9.	I do not usually use physical punishment to the pupils.					
10.	I use civilized language with pupils.					
11.	I do equality of behaviour with the pupils.					
12.	I provide honour to pupil's ideas and proposals.					
13.	I do not call students outside of the class without cause.					
14.	I accept with pleasure my errors told by the pupils.					
15.	I honour head of the Institution as the eldest member.					
16.	I solve illogical questions of the pupils patiently.					
17.	I cooperate in the daily school works.					
18.	I have the confidence.					
19.	I give neutral opinion in relation to school activities.					
20.	I do not do any work against the institution's welfare.					
21.	I prevent the differences through the exchange of thoughts.					
22.	I have the relation of friendship and brotherhood with fellow teachers.					
23.	I do not hesitate in acquiring knowledge from fellow-teachers.					
24.	I always ready to give guidance to my teacher fellows.					
25.	I do not assault my fellow-teachers.					
26.	I give proper time to the guardian for the solution of pupils' problem.					
27.	I behave with honour to all guardian without considering caste, social and economic status.					
28.	For the comprehensive development of the pupils I take help from the guardian.					
29.	I take interest in co-curricular activities of the Institution.					
30.	I prepare pupils to take part in co-curricular activities according to their interest and capacity.					
31.	I conduct the co-curricular activities.					
32.	I prepare regularly, daily lesson plan.					
33.	I am familiar totally with the aims of lesson learning.					
34.	I select and prepare adequate assistant material.					
35.	As I am creative I encourage the students to do more innovative activities.					
36.	I feel I am responsible for the success or failure of the students.					
37.	My insight helps me in solving the problems that I encounter.					
38.	I am imaginative enough to create interest and enthusiasm on difficult topics.					
39.	I have adjustment capacity.					
40.	I prepare practice-home work according to students' capacity.					
41.	I use adequate teaching method in class.					
42.	I present subject matter clearly.					
43.	My expression is fluent.					
44.	I develop pupil's interest in lesson.					
45.	I use black-board.					
46.	I pay personal attention to each pupil.					
47.	I use effectively, of material aid.					
48.	I adequately make supervision of class practice work.					
49.	I examine written work adequately at time.					
50.	I utilize essential remedial methods.					
51.	I review the lesson after the end of lesson.					
52.	I provide attention to the cleanness of class.					
53.	I am a person of emotional stability.					
54.	I control the class without fear.					
55.	I have full knowledge of Educational Psychology.					
56.	I use Educational Psychology on the basis of pupils' individual differences.					
57.	I always try to acquire knowledge and its use of new devices of education.					
58.	I take more cooperation of students in class management.					
59.	I live happy, smart and active in school.					
60.	I wear cleaned dress in school.					
61.	I am regular & disciplined					
62.	I do not smoke in the class.					
63.	I have the feeling of cooperation.					
64.	I have interest in vocation.					
65.	I am humorous.					
66.	I possess missionary zeal.					
67.	I emphasize the habit of regularity in students.					
68.	I have respect in my vocation.					
69.	I am disciplined.					

APPENDIX – B (JOB INVOLVEMENT SCALE)

INSTRUCTIONS: Given below are some statements describing how you feel about your job. There are right or wrong answers to them. You have to put a tick (✓) against each phrase which best describes how you feel about the statement. The phrases are strongly agree, agree, uncertain, disagree, strongly disagree. Your evaluation will be used for research purpose only & it will be kept strictly confidential so, read attentively each statement & evaluate the following statements:

- SA - Strongly Agree
- A - Agree
- UN - Uncertain
- D - Disagree
- SD - Totally Disagree

S. No.	Statement	SA	A	D	SD
Academic Aspects					
1.	I look upon my profession as a noble and rewarding one.				
2.	Students are afraid to approach me as I keep them at a distance.				
3.	I like to be absorbed in my job most of the time.				
4.	I consider activities a waste of time and think that the teaching points should be taught directly.				
5.	I prepare and use a lot of teaching aids in the class.				
6.	I don't like others pointing out my mistakes and I try to justify what I did.				
7.	I think of innovative strategies to make my teaching more effective and try to implement them.				
8.	I view my job simply as a source of income.				
9.	I like to discuss academic matters with my colleagues and try to learn from their experience.				
10.	I want to improve my professional qualification and take up new courses related my job.				
11.	I sometimes think that teaching work is boring repetition of the same stuff.				
12.	I teach the students learning strategies to make them efficient learners.				
13.	I observe the students carefully and try to identify their talents and weaknesses.				
14.	I consider low achievers as a burden and treat them with concept.				
15.	I look upon each class period as an exciting new experience.				
16.	I blame the students for their errors and try to punish them.				
17.	I don't think about my teaching, once it is finished.				
18.	I plan my work and prepare thoroughly for each session's work.				
19.	I think that the black board is the best teaching aid.				
20.	I consider activity based learning a very fruitful approach.				
21.	I would prefer staying at home to working at school.				
22.	Students feel free to approach me for clearing their doubts.				
23.	I encourage collaborative learning among the students				
24.	I won't think about school work once I return home from work.				
Administrative Aspects					
25.	I willingly take up any administrative tasks allotted to me.				
26.	School discipline is the sole responsibility of the school authorities and not that of the teacher.				
27.	I get maximum satisfaction from administrative work.				
28.	I avoid excursions and field trips considering them risky jobs.				
29.	I freely offer suggestions for improving the school system.				
30.	Planning for weekly and monthly tests and examination is the work of the school authorities and not that of the teachers.				
31.	School administration should be a collective responsibility and must be carried out in a democratic manner.				
32.	I don't think it is the job of the teachers to try to increase the enrolment of students in the school.				
33.	If any mistake in my administration work are pointed out, I own up responsibility for them.				
34.	I try to escape from any extra work or responsibility other than those allotted to me.				
35.	I think that teachers should work for increasing the students' enrolment in the school.				
36.	I think that teacher should show concern and do their best to keep the school premises clean.				
37.	I think it is none of my business and ignore any defects noticed by me in school administration.				
38.	Teachers should be involved in planning for weekly and monthly tests and other examinations.				
39.	I don't interfere in the administrative aspects of the school.				
40.	I willingly volunteer to take the students on excursions and field trips.				
41.	I consider school administrative work a tough and boring job.				
42.	I freely offer my suggestions to the authorities for improving discipline in the school.				
43.	I consider administrative tasks as additional burden on the teacher.				
Extension Activities					
44.	I attach more importance to my school work than my personal work.				
45.	I usually do not attend teachers' association meetings.				
46.	I show concern in preserving the environment surrounding my school.				
47.	I avoid any discussion about social evils like untouchability, child marriage etc.				
48.	Whatever my salary may be, I derive fully satisfaction from my job.				
49.	Using teacher for election duty census work etc. should be avoided.				
50.	I involve myself totally in social service activities.				
51.	I do not interfere in the untoward incidents happening in public place.				
52.	I consider it an additional burden on the teacher to organize extra – curricular activities.				
53.	I meet the richer and influential people of the locality and seek their help for the school improvement.				
54.	I take the lead in organizing extra-curricular activities in the school.				
55.	Involving teachers in election duty census work etc. given them an opportunity to participate in the democratic process.				
56.	I think that I should have chosen other jobs which helps to earn more money.				
57.	I try to do my best in fighting against social evils like untouchability child marriage, child labour etc.				
58.	I do not consider environmental issues as the concern of the school or teachers.				
59.	I actively participate in teachers association and attend its meetings.				
60.	I consider the personal work is more important than school work.				
61.	I prepare additional tasks and exercise, besides those given in the text book.				
62.	I strictly refrain from interfering in the students family problems.				
63.	I prepare additional questions and tasks for evaluation.				

IMPACT OF HARYANA GRAMIN BANK LOAN SCHEMES ON THE BENEFICIARIES

SANTOSH
JUNIOR RESEARCH FELLOW
DEPARTMENT OF ECONOMICS
M. D. UNIVERSITY
ROHTAK

BIMLA LANGYAN
ASST. PROFESSOR
DEPARTMENT OF ECONOMICS
M. D. UNIVERSITY
ROHTAK

ABSTRACT

Indian economy is an agricultural economy and real people of India lives in village. Without the development of the rural economy the objectives of economic planning cannot be achieved. So rural sector plays a significant role in Indian economy. Finance is the life blood of all economic activities and plays an important role in the economic development of a country. Banks plays an important role in mobilization and allocation of resources of country. On the base of primary data, this study analyzes the impact of Haryana Gramin Bank (HGB) loan schemes on the beneficiaries in Jhajjar districts of Haryana state. The sample size consist of 100 beneficiaries from the Beri in Jhajjar districts. The findings of study shows the impact of Haryana Gramin Bank loan schemes on the beneficiaries is good during the study.

KEYWORDS

Haryana Gramin Bank, loan schemes.

INTRODUCTION

India is a land of villages and nearly 75 percent of Indian population lives in villages. As Gandhi ji said "Real India lives in villages and rural economy is the backbone of Indian economy." Therefore, the economic development and progress of India really means reconstruction and resurgence of rural areas. Rural sector always plays a significant role in Indian economy. It affects directly or indirectly almost all the economic activities in the country. Without the development of the rural economy the objectives of economic planning cannot be achieved. Finance is the life blood of all economic activities and plays an important role in the economic development of a country. Banks plays an important role in mobilization and allocation of resources of country. Rural people in India are facing problems of inadequate supply of credit. The Government of India thought about establishment of new agency to meet credit needs of the rural population through a network of rural banking. Hence, RRBs play a significant role in rural economy by catering to the growing needs of our rural sector. Rural banking is required to meet the credit needs of rural economy for financing agriculture and allied activities, rural infrastructure and poverty alleviation programme need for the weaker section of the rural population. Development of rural economy is very important in country like India where large part of population still living in rural sector. The Regional Rural Banks came into existence on 2nd Oct, 1975 with the objectives to develop the rural economy and other productive activities in rural areas by providing finance and other facilities for agriculture, trade and industry in general and to small and marginal farmers, agricultural labourers, rural artisans and small entrepreneurs in particular. Haryana Kshetriya Gramin Bank (HKGB) is the 1st Regional Rural Bank (RRBs) Sponsored by Punjab National Bank was established in Haryana on 2nd October 1975. On 21st December, 2005 as per Govt. of India, notification three RRBs were amalgamated and a new entity called Haryana Gramin Bank (HGB) with its head office at Rohtak came into existence. The bank is providing its services effectively to the different section of the society viz. farmers, landless agricultural labourers, rural artisans, self employed persons, professionals for their socio-economic upliftment with a network of 183 branches.

OBJECTIVE OF THE STUDY

To analyze the impact of Haryana Gramin Bank (HGB) loan schemes on the beneficiaries.

RESEARCH METHODOLOGY

The primary data was collected through survey method from the sample households. A sample design is a definite plan for obtaining a sample from a given population. Thus the procedure to select districts, villages and then beneficiaries in a definite way construct sample design. In present simple random sampling method has been used. There were 100 beneficiaries belong to the Beri in Jhajjar districts have been taken for the study. To analyze the data, simple statistical tools like percentage and tabulation method have been used.

DIFFERENT RATE OF INTEREST SCHEMES OF HARYANA GRAMIN BANK

The purpose of HGB loan schemes is meant to fulfill small credit needs of weaker sections of society.

KISAN CREDIT CARD

The purpose of this scheme is to provide financial assistance to farmers for crop production and consumption needs. Short term cash credit limit for crop production to farmers having agricultural land and term loan for agriculture and allied activities are eligible for this scheme. The limit/ loan amount margin is according to scale of finance of crops to be grown and margin is nil. The rate of interest is 7 percent up to Rs. 3,00,000/- (wherever interest subvention is available), 10.50 percent upto Rs. 50,000/- (wherever interest subvention is not available), 13.50 percent above Rs. 50,000/- (wherever interest subvention is not available) The repayment period is after harvesting and marketing of production.

FARM MECHANIZATION

The purpose of this scheme is to provide credit facilities for purchasing tractor, trolley and other agricultural implements to perform farm operations smoothly, to resolve the problems of human labour, to arrange transportation of agriculture input and marketing of agriculture products quickly. Such farmers, who hold minimum 5 acre perennially irrigated agricultural land singly and jointly are eligible for this scheme. The quantum of finance is as per project cost. The rate of interest is 13.50 percent p.a.; 13.50 percent under tie-up arrangement in case of tractors. The repayment period of loan is maximum in 9 years.

SWAROJGAR CREDIT CARD SCHEME

The purpose of this scheme is to provide self employment through bank credit to small enterprises. Self employment, artisans, small businessman, weavers, fishermen, individuals, engaged in services, rickshaw pullers and SHG's, etc. are eligible for this scheme. The amount of loan is Rs. 1, 00,000/- in the form of term

loan and/ or cash credit and margin is nil. The rate of interest is 13.00 percent p.a. and the repayment is within five years in equal monthly installments/ annual review.

IMPACT OF HGB’S LOAN SCHEMES ON THE BENEFICIARIES

The main focus of this objective is to analyze the impact of bank loan schemes of the sample beneficiaries namely, purpose of loan, amount of loan and benefits of loan of the beneficiaries.

RESULTS

TABLE 1: PURPOSE OF LOAN OF THE SAMPLE BENEFICIARIES

Activity	Number of Beneficiaries	Total
Crop Production and Consumption Needs	60	60
Farm Mechanization	25	25
Small Business and Rural Artisans	15	15
Total	100	100

Source: Field Survey

Table 1 shows purpose of loan taken by the sample beneficiaries from HGB. Out of total 100 beneficiaries, maximum 60 percent beneficiaries have taken loan for crop production and consumption needs while minimum 15 percent beneficiaries have taken loan for small business and rural artisans.

TABLE 2: AMOUNT OF LOAN OF THE SAMPLE BENEFICIARIES

Amount	Number of Beneficiaries	Total
Less than 1 lakh	30	30
2 to 3 lakh	45	45
Above 3 lakh	25	25
Total	100	100

Source: Field Survey

Table 2 shows the amount of loan given to the sample beneficiaries by HGB. Out of total 100 beneficiaries, maximum 45 percent beneficiaries have taken loan up to 2 to 3 lakh. After that 30 percent beneficiaries have taken loan less than 1 lakh and 25 percent beneficiaries have taken loan above 3 lakh.

TABLE 3: OCCUPATIONAL DISTRIBUTION OF THE SAMPLE BENEFICIARIES

Occupation	Number of the Beneficiaries	Total
Farmers and Agricultural Labourers	77	77
Small Businessmen and Rural Artisans	23	23
Total	100	100

Source: Field Survey

Table 3 shows the occupational distribution of loan to the sample beneficiaries by HGB. Out of the total 100 beneficiaries, 77 percent beneficiaries are belong to the farmers and agricultural labourers and 23 percent beneficiaries are belong to the category of small business and rural artisans (weavers, self employment and carpenters).

TABLE 4: PERIOD OF DELAY IN GETTING LOAN

Activity	Period of Delay in Getting Loan		Total No. of Borrowers
	No Delay	Delay	
Crop Production and Consumption Needs	51 (85)	9 (15)	60
Farm Mechanization	18 (72)	7 (28)	25
Small Business and Rural Artisans	13 (86)	2 (13.33)	15
Total	82	18	100

Source: Field Survey

Figures in () represent percentage

Table 4 shows the period of delay in getting the bank loan. Out of total 100 beneficiaries, 82 percent beneficiaries have received their loans without delay and 18 percent beneficiaries have received loan after delay. For crop production and consumption needs; out of total 60 beneficiaries, the highest 51 beneficiaries have received their loans without delay i.e. 96.66 percent and only 9 beneficiaries have received loan after delay i.e. 15 percent. For farm mechanization, 18 beneficiaries received their loans without delay i.e. 72 percent and 7 beneficiaries have received loan after delay i.e. 28 percent. For small business and rural artisans; out of total 15 beneficiaries, the highest 13 beneficiaries, have received their loans without delay i.e. 86 percent and 2 beneficiaries have received loan after delay i.e. 13.33 percent.

TABLE 5: ADEQUACY OF LOAN AMOUNT

Activity	Adequacy of Loan Amount		Total
	Adequate	Inadequate	
Crop Production and Consumption Needs	58 (96.66)	2 (3.33)	60
Farm Mechanization	18 (72)	7 (28)	25
Small Business and Rural Artisans	15 (100)	0 (0)	15
Total	91	9	100

Source: Field Survey

Figures in () represent percentage

Table 5 shows the adequacy or inadequacy of loan amount. The figures revealed that 91 percent beneficiaries are satisfied and 9 percent beneficiaries are unsatisfied with loan amount. For crop production and consumption needs; out of total 60 beneficiaries, the highest 58 beneficiaries have received adequate amount of loan i.e. 96.66 percent and only 2 beneficiaries have received inadequate amount of loans i.e. 3.33 percent. For farm mechanization, 18 beneficiaries have received adequate amount of loan i.e. 72 percent and 7 beneficiaries have received inadequacy of loans amount i.e. 28 percent. For small business and rural artisans, all 15 beneficiaries have received adequate of loans amount i.e. 100 percent.

TABLE 6: REPAYMENT PERFORMANCE OF SAMPLE BENEFICIARIES

Category	Full Repayment	No Repayment	Total
Crop Production and Consumption Needs	54 (90)	6 (10)	60
Farm Mechanization	22 (88)	3 (12)	25
Small Business and Rural Artisans	14 (93)	1 (6.66)	15
Total	92	8	100

Source: Field Survey

Table 6 shows the repayment performance of sample beneficiaries. Out of total 100 beneficiaries, 92 percent beneficiaries have repaid their loans fully while 8 percent beneficiaries have not repaid their loans. The repayment performance is better in the case of small business and rural artisans and not satisfactory in the case of farm mechanization loan beneficiaries.

TABLE 7: BENEFICIARIES OPINION ABOUT THE BENEFITS OF BANK LOAN

Benefits of loan	Number of Beneficiaries	Total
Benefit	95	95
No benefit	5	5
Total	100	100

Source: Field Survey

Table 7 shows the opinion of the beneficiaries about the benefits of loan given by HGB. 95 percent beneficiaries are agreed that loan had given benefit to them but 5 percent beneficiaries are not agreed.

CONCLUSION

The above study shows that the Haryana Gramin Bank contributed very well to the development of rural sectors. The Haryana Gramin Bank is effective in reaching to the door steps of rural masses. The findings of study show that the impact of Haryana Gramin Bank loan schemes on the beneficiaries is good during the study.

REFERENCES

1. Alagawadi, M.V. and Savadatti, Pushpa M. (2011). **Performance evaluation of Malaprabha grameen bank in Karnataka during pre and post-WTO period- Principal component analysis.** Karnataka J. Agric. Sci., 24 (5): (668-671)
2. Bhaskar, Chandanshive Sunil and Nivas Jadhav B. (2011). **Problems and prospects of Regional Rural Banks in India.** Indian Stream Research Journal, Vol. 1.
3. Chakrabarti Manas. **The role of Regional Rural Banks (RRBs) in financial inclusion: An empirical study on West Bengal state in India.** National monthly refereed journal of research in commerce and Management.
4. Khar, Bharat M. (2013). **The role of Rural Banks in the development of rural socio-economy.** IJRHS, Vol. 1, No. 4.
5. Kishore, Nand et al. **Credit delivery and performance of Haryana Gramin Bank in financing agriculture.**
6. Majeesh T. (2012). **Performance evaluation of Regional Rural Banks in Kerala.** Ph.D. Thesis, Department of Commerce, Mahatma Gandhi University, Ernakulam Kochi.
7. Rafique, Seema and Manwani, Satish. (2013) **Role of Regional Rural Bank (RRBs) in the economic development of India.** International Journal of advance research in computer science & Management studies, Vol. 1, No. 7.
8. Sudalai M. (2009). **Performance evaluation of Pandyan Garmin Bank (PGB) - A study with reference to Tamil Nadu.** Ph.D. Thesis, Department of Commerce, Manonmaniam Sundaranar University, Tamil Nadu

PROJECT APPROACH IN TEACHING BUDGETING SUBJECT TO STUDENT ENTREPRENEURIAL PROFILE IN CIPUTRA UNIVERSITY, SURABAYA, INDONESIA

LUCKY CAHYANA SUBADI S.PD, MM
LECTURER OF MANAGEMENT BUSINESS
FACULTY OF CIPUTRA UNIVERSITY
SURABAYA
INDONESIA

DR. IR. LILIANA DEWI, M.M.
LECTURER OF MANAGEMENT BUSINESS
FACULTY OF CIPUTRA UNIVERSITY
SURABAYA
INDONESIA

ABSTRACT

Project-based learning (PBL) is seen as transfer of learning by individuals and groups within project settings. In contrary to the conventional learning using case studies, PBL does not use a simulated case or situation. PBL directly put the learners into an authentic learning environment. Previous researches have shown how project-based learning approach can get student motivation to really understand the material, not just pass the tests. A qualitative research on project based approach has been done on students taking budget courses at Ciputra University Surabaya, Indonesia to investigate how this learning model can improve the students' entrepreneurial profile. In the current research, the study is focused more to how project based learning is able to transform student attitude towards learning which eventually also affects their entrepreneurial profile. The result shows a significant improvement on the student entrepreneurial profile such as innovation; ability to implement strategy with programs, procedures, budgets, evaluation; initiative; desire for responsibility; personal value orientation.

KEYWORDS

budgeting, project-based learning, student entrepreneurial profile.

INTRODUCTION

Learners make meaning in the learning process more easily if points of learning are relevant to their lives, needs, and interests, and when they are involved in creating, understanding, and connecting to knowledge (McCombs & Whistler, 1997); Project Based Learning (PBL) is relevant to this purpose of learning. In PBL students are involved in creating a project, understanding its mechanism, and connecting it to the knowledge being taught. The paper describes the interconnection between project based learning, and student's entrepreneurial profile improvement.

Currently, research on project-based learning in business classes is still limited; therefore, actually there is much bigger chance for more extensive research in this area (Thompson and Beak, 2007:278). Project-based learning is an approach to classroom teaching and learning, designed to involve students more in investigating authentic problems (Blumenfeld, Soloway, Marx, Krajcik, Guzdial and Palincsar 1991:369). In this research, project based learning is used to teach budgeting subject for university students. In budgeting students learn to plan budget such as make selling budget, profit budget, balance budget, and comprehensive budget. One significant factor to succeed in this subject is the learner's entrepreneurial profile. The better the entrepreneurial profile, the better the learner achievement in this subject.

Entrepreneur profile has a high correlation with personality traits or personal attitudes since entrepreneurial profile (such as innovation; ability to implement strategy with programs, procedures, budgets, evaluation; initiative; desire for responsibility; personal value orientation) is an expression of one's attitudes. The six attitudes are need for achievement, locus of control, risk taking propensity, tolerance for ambiguity, innovativeness and self-confidence, are used to define the entrepreneurial profile of students (Yonca Gu'rol & Nuray Atsan: 2006).

Personal attitudes, organizational factors, and environmental factors have been studied by entrepreneurship researchers as factors of new business success; on the contrary, from 1961 to 1990, study about *entrepreneurs' traits (attitudes) found only weak effects* (Aldrich & Wiedenmayer, 1993). The weak results for attitudes were storming because new business, financiers and entrepreneurs themselves referred to entrepreneurs' personal characteristics or attitudes as significant factors for success (Sexton, 2001; Smith & Smith, 2000).

This research was aimed to find relationship between project-based learning and student's entrepreneurial profile improvement. Why and how the student entrepreneurial profile can be improved through the application of project based learning in the learning process will be discussed further in this paper.

REVIEW OF LITERATURE

PROJECT-BASED LEARNING (PBL) AS A TEACHING METHOD

Scarborough, Bresnen, Edelman, Laurent, Newell and Swan (2004: 492) add that project-based learning (PBL) is seen as encompassing the generation, capture and transfer of learning by individuals and groups within project settings. Blumenfeld et al. (1991: 369) used a project-based learning approach in a study conducted on how students can get motivated to really understand the material, not just pass the tests.

The first stage of PBL is to communicate the result of learning outcome to the student. The student know how to not only understand a subject but also add value such as to find a new concept during the learning process and become innovative because of any information obtained before (Thom, 2012)

The focus of PBL is the quality of end result. Therefore, a standard of achievement is needed to measure the learner achievement. A measurement tool needs to be prepared to measure how a project is successful. As soon as the measurement tool is available, the students can work independently. The measurement tool is usually a rubric or a checklist (Thom, 2012)

PBL developed the learner competence holistically. The learners are able to build a concept actively using reasoning ability and collaboration with peers and lectures to produce an innovative work. PBL can also facilitate learners to develop traits needed such as *resilience, flexibility, persistence, empathy, and self-awareness*. PBL brings learners closer to authentic context (Thom, 2012)

The role of a lecturer in PBL is as an on line and offline facilitator. Using the help of technology, a lecturer can continue to communicate, discuss and consult the student regarding the learning process and result. In this way, a positive interaction between the student and the lecturer is created (Thom, 2012)

BUDGETING

Budgeting is an organization of budget planner which is realized into quantitative, formal, and systematic form. Budgeting can be categorized into: selling budget, profit budget, balance budget, and comprehensive budget. The functions of budgeting are planning, organizing, actuating, and controlling (Rudianto: 2009: 3). Budgeting is a subject related to counting and using mathematical formula.

ENTREPRENEURIAL PROFILE

The personal trait or attitude of creativity is essential to entrepreneurship and organizational structure (Dexter, 2000). Specific component variables of entrepreneur attitude, skill, and motivation categories are *significant* direct or indirect predictors of venture growth for a period of 6 years following initial measurement (Robert & Locke, 2004).

According to Rauch & Frese (2007), entrepreneurial personality research can be improved through theories which better define the different objects of research and methodological approaches, the phenomenon with evermore attention and the possibility of having different variables. In the same publication (Rauch & Frese, 2007: 47), the authors present a representative model of the entrepreneur’s personal attitudes and success; particularly, the highlighted specific personality attitudes are: need for achievement, risk-taking, innovativeness, autonomy, locus of control, and self-efficacy. These specific attitudes are affected by broad personality attitudes (extraversion, emotional stability, openness to experience, agreeableness, and conscientiousness) and have an effect on goals and action strategies. These attitudes are assumed to lead to business success. They are dependent on environmental variables as well.

OBJECTIVES

The process outlined in this paper is designed to find relationship between the student center learning and project based learning to improve student’s entrepreneurial profile and is based on boundary object concepts. In the context of this study, boundary objects would appear to offer a conceptual explanation of how learning can be translated into practice when students are in a learning event setting (Dewi, L. & Subadi, L.C., 2015).

TABLE 1: BREAKDOWN OF THE LEARNING PLANNING (Dewi, L. & Subadi, L.C., 2015)

Session	Process	Outcomes
Students can understand the use of budgeting	Individual pre-test and post-test; conducting price survey and going to library in groups. Conducting review both individually and in groups.	Students understand the use of budgeting to plan mini project business
Students can relate budgeting with cost efficiency	Conducting budget calculation and determining selling price in groups learning. Conducting review both individually and in groups.	Students can relate budgeting with mini project business efficiency.
Students can be responsible in using budget	Conducting selling product in mini project business and getting feed-back from customers in groups. Conducting review both individually and in groups.	Students can be responsible in using budget for their mini project business
Students can finish their budgeting assignment on time	In groups, making time line to do budgeting assignment video, paper, and presentation. Conducting review both individually and in groups.	Students can finish their budgeting assignment for budget video, paper, presentation
Students can plan comprehensive budget	In groups, planning budget for mini project business. Conducting review both individually and in groups.	Students can plan comprehensive budget for mini project business

RESEARCH METHODOLOGY

This study has been based on action research using a descriptive qualitative to find relationship between project based learning and student’s entrepreneurial profile improvement.

In the study, the main units of analysis is to find relationship between project based learning and student’s entrepreneurial profile improvement are students taking budget courses at *Ciputra University* Surabaya.

According to Miles & Huberman (1994) data will be analyzed according to steps such as: data reduction, data presentation or display, data withdrawal or verification. Participants on the research are all of the students taking budgeting subject.

There are 4 items of method which were used to measure the success of my intensive study such as: field note, student log, student work sheet, and record or student chatting of social media (Dewi, L. & Subadi, L.C., 2015).

In this research, project based learning is used to teach budgeting subject for university students. In budgeting students learn to plan budget such as make selling budget, profit budget, balance budget, and comprehensive budget. It was conducted electronically via on line to all the attendees during learning.

Data collecting from finding research can be seen to table 2 as follows:

TABLE 2: BREAKDOWN OF DATA COLLECTING FOR LEARNING OUTCOMES EVIDENCE (Dewi, L. & Subadi, L.C., 2015)

Learning Steps	Learning Media	Outcomes indicator	Learning outcomes evidence
Class setting	Table, chair	Review the beginning knowledge about budget	Pre-test and self-reflection
Market Survey	Off line	Be capable to relate budget with cost efficiency	Budget implementation to arrange sell budget for mini project business
Go to library	Off line, on line	Understand many kinds of budget case from the other book	Argument collecting from expert in the book ongoing ask to the other expert and up load the groups conclusion result by on line
Selling Product	Product, off line	Be competent in responsibility of how to use budget	Budget implementation at least to reach break- even point for mini project business
Class Setting	Table chair, slide power point	Review the ending knowledge about budget	Post-test, discuss to another student, feed-back to facilitator
Paper, Video, Presentation	Rubric, on line, off line	Be capable to communicate idea with comprehensive budget plan to mini project business	Time line in groups mini project business, Peer Assessment, lecturer assessment, self-reflection

RESULTS & DISCUSSION

In Project Based Learning (PBL) approach, the ability to communicate idea is the important results of this approach. PBL is required to improve the student entrepreneurial profile, so that the student entrepreneurial profile (such as innovation; ability to implement strategy with programs, procedures, budgets, evaluation; initiative; desire for responsibility; personal value orientation) is established.

There are two important advantages of PBL. The first, students that take budget subject can improve budget knowledge by themselves. The second, students can improve their entrepreneurial profile such as innovation; ability to implement strategy with programs, procedures, budgets, evaluation; initiative; desire for responsibility; personal value orientation.

As table 2 has shown, learning outcomes evidence show how the students make better budget knowledge and student entrepreneurial profile. By using learning media such as: class setting, rubric, media on line, off line, assessment, artifact, time line, group discussion and interaction, students can improve their entrepreneurial profile (Dewi, L. & Subadi, L.C., 2015).

There are four items of method which are used to measure the success of this intensive study such as: field note, student log, student work sheet, and record or student chatting of social media (Dewi, L. & Subadi, L.C., 2015). The summary of four items of method which used to improve the student entrepreneurial profile as follows:

Innovation from the students are improved by learning process using PBL such as: selling the product of mini project business agreeing to criteria until get feedback market.

The ability to implement strategy with programs, procedures, budgets, evaluation from the bookmen has to be better with ascertaining process such as innovation and initiative improvement. Pre-test and Post-test are added in the study. Beside pre-test and post-test, there are additional assignment in which the content is about ten keys for selling budget; making time line to achieve learning until final test in the last budgeting class; interviewing them about applying PBL: executing video, paper, presentation concerning budgeting to mini project business according to criteria.

Initiative from the students are improved by learning process such as: going to library to get some information about the problem solution of budgeting; discussing budgeting problem in on line and off line between the students each other and the lecturer to the students; going to market for price survey to arrange selling budget according to rubric; selling the product of mini project business agreeing to criteria, practicing budgeting problem in group and share to each other group, etc.

Regarding desire for responsibility, learners have to get better on acquiring process such as: folder to keep personal budgeting duty; discuss with peer by on line and off line on budgeting subject; etc.

Personal value orientation of bookmen has to be improved on ascertaining process if innovation, initiative, ability to implement strategy with programs, procedures, budgets, evaluation; and desire for responsibility are improved.

Record review the students of the ending subject learning have shown improvement entrepreneurial profile such as: learning experience likes go to library, price survey, making time line on PBL improve confidence their selves and encourage personal value so that they can plan their mini project business budget better than before; understanding subject learning because every step given is reviewed both individually and in groups.

Summary of student log, student work sheet, and record or student chatting of social media as qualitative method which is used to improve the student entrepreneurial profile have been shown positive improvement. Meanwhile lecturer's field notes showed the same result too.

So, improvement of the student entrepreneurial profile (such as innovation; ability to implement to strategy with programs, procedures, budgets, evaluation; initiative; desire for responsibility; personal value orientation) have already brought positive outcome when communicating ideas (as the result is important from PBL) have been acted to subject learning process.

FINDINGS

PROPOSITION

According to Rauch & Frese (2007), entrepreneurial personality research can be improved through theories which define the different objects of research and methodological approaches that study, the phenomenon with evermore attention and the possibility of having different variables. In the same publication (Rauch & Frese, 2007: 47), the authors present an interesting model of the entrepreneur's personal attitudes and success; in particular, we choose to highlight specific personality traits: need for achievement, risk-taking, innovativeness, autonomy, locus of control, and self-efficacy.

The connection between Project-Based Learning (PBL) and entrepreneurial profile is supported by empirical studies. The results of my research which explain before can be used as bases to propose the following proposition:

P1: Five important steps to facilitators of PBL (Make a learning design; Determine the list of competencies required in the learning process; Ensure the students actively search the important information which is relevant to the learning topics; Ensure the students extract point of learning from the information obtained; and Ensure the student become independent in solving problem found in the subject) are needed to establish student entrepreneurial profile (Dewi, L. & Subadi, L.C., 2015).

P2: PBL develops the learner competence holistically. The learners are able to construct a concept actively using reasoning ability and collaboration with peers and lectures to produce an innovative work. PBL can also facilitate learners to develop traits needed such as *resilience, flexibility, persistence, empathy, and self-awareness*. PBL brings learners closer to authentic context (Thom, 2012). The connection between PBL and entrepreneurial profile is supported by empirical studies. The results of the research which has been explained before can be used as bases to propose the following proposition:

P3: The success to increase the student entrepreneurial profile is influenced by PBL applied in the subject learning. The focus of PBL is the quality of end result. Therefore, a standard of achievement is needed to measure the learner achievement. A measurement tool needs to be prepared to measure how a project is successful. As soon as the measurement tool is available, the students can work independently. The measurement tool is usually a rubric or a checklist (Thom, 2012).

CONCLUSION

1. Five important steps to facilitators of PBL are needed to form student entrepreneurial profile
2. PBL improves the learner competence holistically.
3. The success to increase the student entrepreneurial profile is influenced by PBL applied in the subject learning.

SUGGESTIONS

The Efforts to improve the pupil entrepreneurial profile highlight more on the Project-Based Learning applied in the subject learning.

REFERENCES

1. Aldrich, H. E. and Wiedenmayer, G. (1993), "From traits to rates: An ecological perspective on organizational founding." CT, JAI Press, Greenwich.
2. Baum and Edwin (2004), "The Relationship of Entrepreneurial Traits, Skill, and Motivation to Subsequent Venture Growth." *Journal of Applied Psychology*, Vol. 89, No. 4, pp. 587-598.
3. Dewi, L. and Subadi, L.C. (2015), "The Influence of Student-Centered Learning in Teaching Budgeting to Student Entrepreneurial Profile in Ciputra University." *The 2nd International Conference On Entrepreneurship 2015*, Surabaya, Indonesia, pp. 202.
4. Dexter, J. (2000), "Organizational structures, entrepreneurship, and creativity: inseparably linked." *American International College Journal of Business*, available at *Int. J. Entrepreneurship and Small Business*, Vol. 11, No. 4, 2010 (accessed on 30/10/2009).
5. McCombs, B. and Whistler, J. (1997), "The learner centered classroom and school: Strategies for increasing student motivation and achievement." Jossey-Bass Publishers, San Francisco.
6. Miles, M.B. and Huberman, A.M. (1994), "Qualitative Data Analysis: An Expanded Source-book (2nd ed.)." CA, Sage, Thousand Oaks.
7. Rauch, A. and Frese, M. (2007), "Born to be an entrepreneur? Revisiting the personality approach to entrepreneurship." in Baum, J.R., Frese, M. and Baron, R. (Eds.), *The Psychology of Entrepreneurship*, pp. 41-65, Lawrence Erlbaum Associates, Mahawah, NJ.
8. Rudianto (2009), "Budgeting." Erlangga, Jakarta.
9. Sexton, D. L. (2001), "Wayne Huizenga: Entrepreneur and wealth creator." *Academy of Management Executive*, No. 1, pp. 40-48.
10. Smith, J. K. and Smith, R. L. (2000), "Entrepreneurial finance." Wiley, New York.
11. Thom, M. (2012), "Project Based Learning." Transcontinental Printing, Canada.
12. Yonca G. and Nuray A. (2006), "Entrepreneurial characteristics amongst university students. Some insights for entrepreneurship education and training in Turkey." *Education Training*, Vol. 48, No. 1, pp. 25-38.

MAKE IN INDIA: TRANSLATING VISION INTO REALITY

RAJANIKANTA KHUNTIA
LECTURER
VIKRAM DEV COLLEGE
JEYPORE

ABSTRACT

With increasing globalization and rapidly changing dynamic trends, India too needs to develop its infrastructure in order to show its presence in the global picture and to match the rising demands and the living standard of its citizens. The global competition has provided the manufacturers from around the globe the opportunities of cheap labour, raw material, potential high profit making markets. Focusing on the employment generation, boosting trade and economic growth, safe guard and sustain the overall development of India the 15th and current Prime Minister Mr. Narendra Modi has launched a new national program designed to facilitate both domestic and foreign investment in India, fostering innovation, intensify skill development, generate employment opportunities, preventing brain drain and making the use of internationally standardized technology. The historic launch of the "Make in India" campaign by Prime Minister Mr. Narendra Modi where leading businessmen and CEOs of about 3000 companies from 30 countries were present is an impressive effort on the part of the new Government to boost investor confidence and set the ground for investment. But at the ground level, there are a lot of challenges that the government has to overcome in order to turn the vision of achieving a sustainable 10% growth in the manufacturing sector into reality. This paper endeavours to analyse the key issues facing the "Make in India" vision and recommend possible strategies to deal with the same.

KEYWORDS

Economic growth, global competition, investor confidence, sustainable growth.

INTRODUCTION

Whosoever desires constant success must change his conduct with the times" -- Niccolo Machiavelli

The world economy is changing at a rapid pace. India in this competitive global environment is starting from a position that is far from advantageous. India's manufacturing sector with a 15% share of overall GDP compares poorly with peers. India also suffers from some critical drawbacks like a lack of an enabling infrastructure, poor perception of India in terms of ease of doing business and a lack of proven ability to compete at a global place. At the same time with its core strength of human resource, a strong base of entrepreneurs and a robust and growing domestic demand are providing tremendous opportunities for future. In keeping with the theme of development Prime Minister Mr Narendra Modi has launched the "Make in India" campaign with a noble objective to transform India into a manufacturing hub.

Make in India is a major new national programme of the Government of India designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure in the country. The Make in India initiative, has become the largest and fastest growing government initiative ever with over 2.1 billion global impressions on social media and reached an overall fan base of over 3 million on its Facebook page, according to an official release issued in December 2014. The primary objective of this initiative is to attract investments from across the globe and strengthen India's manufacturing sector. It is being led by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India. The Make in India programme is very important for the economic growth of India as it aims at utilising the existing Indian talent base, creating additional employment opportunities and empowering secondary and tertiary sector. The programme also aims at improving India's rank on the Ease of Doing Business index by eliminating the unnecessary laws and regulations, making bureaucratic processes easier, making the government more transparent, responsive and accountable.

OBJECTIVES OF THE STUDY

The objectives of the study are:

1. To analyse the current economic scenario in the context of Make in India Campaign.
2. To highlight the difficulties in India's policy-making structures to formulate the right policy and then stick to it.
3. To analyse the areas of improvement to translate the vision of Make in India to reality.

RESEARCH METHODOLOGY

The present study is a descriptive research. Data is collected from secondary sources basically from various books, articles from Newspapers, Magazines and Journals and from the various related websites.

INDIAN ECONOMY AT A GLANCE

Over the last 10 years Indian economy as well as India's manufacturing cycle has grown at the slow pace. Our share of global manufacturing has grown from 0.9 to 2.0 percent during the period while our GDP share has grown from 1.2 to 2.5 percent. India's real GDP growth rate has been fluctuating and showing no sign of consistency. During the 2005-2010 India is at the peak rate of 9% and then continued to fall and it reached around 4-5% during the end of 2012-13. After a nearly 12-quarter phase of deceleration, Real GDP growth is at 7.2 per cent since 2013-14. If we analyse the trade in India, it is not at all impressive. During the last five years trade deficit is showing an adverse scenario. During the period of 2011-2013 the trade deficit was around 180-200 USD billion. This has been just reduced to 128 USD billion during July 2015. This indicates somehow India is managing to increase its manufacturing and trading statistics. Still India has to do some structural adjustments and increase its infrastructural base in order to keep pace with the rapidly increased global competition. The picture of India's macro- economic scenario during the last 10 years can be clearly observed through this table.

TABLE 1: INDIA - MACRO-ECONOMIC SUMMARY: 1999-00 TO 2013-14

Indicators	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (RE)	2013-14 (Adv.E)
India's Real GDP Growth Rates (Factor Cost)	9.48	9.57	9.32	6.72	8.59	8.91	6.69	4.47	4.74
Agriculture growth (%)	5.14	4.16	5.80	0.09	0.81	8.60	5.02	1.42	4.71
Industry growth (%)	9.72	12.17	9.67	4.44	9.16	7.55	7.81	0.96	0.35
Services growth (%)	10.91	10.06	10.27	9.98	10.50	9.67	6.57	6.96	6.78
By Demand (%YoY)									
Consumption	8.7	7.7	9.4	7.7	8.4	8.2	8.9	5.2	4.7
Private Consumption	8.6	8.5	9.4	7.2	7.4	8.7	9.3	5.0	4.8
Public Consumption	8.9	3.8	9.6	10.4	13.9	5.8	6.9	6.2	3.8
Gross Fixed Capital Formation	16.2	13.8	16.2	3.5	7.7	11.0	12.3	0.8	-0.1
Consumption	69.2	68.0	67.2	68.6	69.1	67.5	68.5	68.8	68.9
Capital Formation	34.65	35.66	38.11	34.30	36.30	36.5	36.4	34.7	31.4
Gross Domestic Savings	33.44	34.60	36.82	32.02	33.69	33.68	31.35	30.09	30.5
Money Supply	15.9	20.0	22.1	20.5	19.2	16.2	15.8	13.4	17.0
Bank Credit growth	37.0	28.1	22.3	17.5	16.9	21.5	17.0	14.1	15.0
Deposit growth	24.0	23.8	22.4	19.9	17.2	15.9	13.5	14.2	13.5
Fiscal Indicators (% GDP)									
Centre's Fiscal Deficit	-4.0	-3.3	-2.5	-6.0	-6.5	-4.8	-5.7	-4.9	-4.6
State Fiscal Deficit	-2.5	-2.1	-1.4	-2.3	-2.9	-2.1	-2.4	-2.3	-2.2
Combined Deficit (Centre+State)	-6.5	-5.4	-4.0	-8.3	-9.4	-6.9	-8.1	-7.2	-6.9
Inflation - WPI (Average)	3.7	6.5	4.8	8.0	3.6	9.6	8.8	7.5	5.9
CPI (Average)	4.2	6.8	6.2	9.1	12.3	10.5	8.4	10.2	9.5
Exports (US\$bn)	105.2	128.9	166.2	189.0	182.4	250.5	309.8	306.6	318.6
% YoY	23.47	22.53	28.94	13.72	-3.49	37.34	23.67	-1.03	3.91
Imports (US\$bn)	157.1	190.7	257.6	308.5	300.6	381.1	499.5	502.2	466.2
%YoY	32.13	21.39	35.08	19.76	-2.56	26.78	31.07	0.54	-7.17
Trade deficit (US\$bn)	-51.9	-61.8	-91.5	-119.5	-118.2	-130.6	-189.8	-195.7	-147.6
Invisibles (US\$bn)	42.0	52.2	75.7	91.6	80.0	84.6	111.6	107.5	115.2
Current Account Deficit (US\$bn)	-9.9	-9.6	-15.7	-27.9	-38.2	-45.9	-78.2	-88.2	-32.4
% to GDP	-1.2	-1.0	-1.3	-2.3	-2.8	-2.7	-4.2	-4.7	-1.7
Capital Account (US\$bn)	25.5	45.2	106.6	7.4	51.6	62.0	67.8	89.3	48.8
% GDP	3.1	4.8	8.6	0.6	3.8	3.6	3.6	4.8	2.6
Forex Assets (exc. gold)(US\$bn)	177.3	275.6	254.6	283.5	297.3	296.7	296.6	295.7	303.7
External Debt (US\$bn)	139.1	172.4	224.4	224.5	260.9	317.9	360.8	409.4	442.2
Short Term Debt	19.5	28.1	45.7	43.3	52.3	65.0	78.2	96.7	89.2
Exchange Rate US\$/Rs. -avg.	44.3	45.2	40.2	46.0	47.4	45.6	48.1	54.0	60.4

Source: 2014, RBI, EAC to PM, Ministry of Finance; 31st May, 2014

SWOT ANALYSIS OF MANUFACTURING IN INDIA

An analysis of Indian manufacturing reveals that the sector will continue to benefit from certain inherent advantages offered by the country such as a very favourable demographic dividend and the resulting strong domestic consumption story. However, a less than stable business environment where policies and regulations change with the political climate will impede decision making and delay critical investments. If we critically analyse the Indian economic environment the following facts are come to notice:

STRENGTHS

1. India considered as a high quality manufacturing destination.
2. Favourable demographic dividend for next 2-3 decades. Sustained availability of quality workforce.
3. Responsible business houses operating with credibility and professionalism.
4. Strong consumerism in the domestic market.
5. Strong technical and engineering capability backed by top-notch scientific and technical institutes.
6. Well regulated and stable financial markets open to foreign investors.

WEAKNESSES

1. Low employee productivity, high illiteracy and inadequate scale in developing skills.
2. Volatile governance and regulatory environment - regular rollback on policy, clearances, licenses, etc.
3. Poor power and transport infrastructure.
4. Rising input costs of labour, fuel, power, freight, commodities, etc.
5. Inadequate credit flow and rising cost of credit.
6. Limited ability to adopt technology due to cost and accessibility.
7. Small firm size, clustering and economies of scale not effectively utilised.
8. Low backward and forward integration.
9. Slow pace of reforms and policy implementation.

OPPORTUNITIES

1. Easing excise restrictions can open up large import and export market. Global slowdown will trigger opportunities for low cost economies such as India.
2. Government procurement will boost demand and provide economies of scale.
3. Role of SMEs in innovating and supplying to large manufacturers, in turn boosting employment.
4. Potential for millions of new skilled and highly qualified jobs.
5. India emerging as an attractive destination as compared to weaker and unstable economies.
6. Green manufacturing as a profitable means of business.

THREATS

1. Policy paralysis, slow and faulty implementation.
2. Competition from other emerging economies who may introduce policy with better and faster execution, to attract global investors.
3. NMP targets to grow manufacturing at 12% CAGR. This is unlikely without a strong export market.
4. High volatility in demand and manufacturing growth – leads to uncertainty in taking big decisions and inefficient utilisation of resources.
5. Losing FDI and domestic investors to more competitive and efficient economies.
6. Credit crunch due to rising NPAs, undercapitalised banks and therefore rising cost of capital.
7. Cheap imports from other countries especially China.
8. High volatility in currency markets.

Source: National Manufacturing Policy, PwC internal analysis, 2012

TURNING THE “MAKE IN INDIA” VISION INTO A REALITY**1. IMPROVING THE EASE OF DOING BUSINESS IN INDIA**

According to World Bank report, India ranks 142 out of 189 countries in the category for ease of doing business based on surveys conducted in the two major cities of India, Mumbai and Delhi prior to the new Government came to power. It is very essential to increase the structural base for the business prosperity. The following table shows how India is ranked from the different aspects of doing business.

TABLE 2: EASE OF DOING BUSINESS IN INDIA

Topics	Doing Business 2015 Rank	Doing Business 2014 Rank	Change in Rank
Starting a Business	158	156	-2
Dealing with Construction Permits	184	183	-1
Getting Electricity	137	134	-3
Registering Property	121	115	-6
Getting Credit	36	30	-6
Protecting Minority Investors	7	21	14
Paying Taxes	156	154	-2
Trading Across Borders	126	122	-4
Enforcing Contracts	186	186	No change
Resolving Insolvency	137	135	-2

Source: Doing Business report 2015, World Bank Group

From the above table it is quite evident that starting a business, dealing with Construction Permits, in getting Electricity, paying taxes and in enforcing contracts in India not that easy. To increase investor sentiment, it is necessary that the Government works to improve the various components of Doing Business indicators like starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency because it is these indicators that a firm looks at before going forward with an investment decision in a country.

2. AVOIDING MULTI-TIER REGULATORY FRAMEWORK AND COMPLEX PROCEDURES CUTTING DOWN ON PROCEDURAL DELAY:

Multi-tier regulatory frameworks and complex procedures, prevailing at the central, state and local jurisdictions, increase the burden on investors and deter them from venturing into capital intensive projects. E.g., a manufacturer has to comply with almost 70 regulations and file 100 returns a year. Recent attempts to streamline procedures for bringing down compliance requirements (E.g., single window systems) have only been partially successful. However, for making India an investment hub, the first and foremost importance step would be to create efficient administrative machinery which would cut down on delays in project clearances. Economists say that India has been very stringent when it comes to giving procedural and regulatory clearances. Besides a time bound clearance from all regulatory authority would create a conducive environment for business. If Government brings transparency in its decisions and rules, pushes works with simplicity we can occupy good rank in ease of doing business". Delay in getting regulatory clearances lead to rise in cost of production. The quicker the government addresses these challenges its better for the industry to set up facilities in the country.

3. CHALLENGES OF LAND ACQUISITION AND LAND CEILING

Land is the most important factor of production. David Ricardo described rent as a reward for the original and indestructible powers of the soil. However, if the supply of land is not properly managed these rewards can chock the industrial development. One of the major constraints to start a manufacturing unit is the challenges to acquire the industrial land. Land acquisitions for factories, roads and housing projects in states like Odisha, Haryana and UP have sparked clashes between farmers and state authorities, resulting in huge project delays. But the greatest concern in acquiring such land is the proper rehabilitation and resettlement of affected inhabitants of those lands. The government has to identify and devise strategies for the rehabilitation and resettlement of the displaced people failing which the result can be serious conflicts. Moreover, the rehabilitation and resettlement also becomes a costly venture.

4. DRIVING LABOUR REFORM AND LABOUR LAWS REFORM

Employment growth during 2004-05 to 2011-12 clocked only 0.5% compared to 2.8% during the period of 1999 to 2005. This situation will not change unless manufacturing leaders feel more confident of hiring and increasing the size of their firms. Today maximum manufacturing leaders are wary of increasing the size of their permanent workforce because of inability in downsizing and managerial efforts. Besides the labour reform, govt has to redesign the various aspects of Factory's Act 1948, Industrial Disputes Act (IDA, 1947) and other related industrial laws.

5. ATTRACTING INVESTMENT FROM ABROAD

Industrial production growth has high correlation with FDI inflows. The effect of FDI on economic development ranges from productivity increase to enabling greater technology transfer. Higher FDI inflows are central for India to transcend from 5-7% growth to 10-12 % growth. India is currently fares poorly on FDI when compared with its global peers. According to World Bank Report, 2015 India's domestic savings rate was 27.8 per cent, much lower than 51.8 per cent, 52.1 per cent, 35.5 per cent, and 34.1 per cent of China, Singapore, Malaysia, and South Korea, respectively. On per capita basis cumulative FDI equity inflows from April 2000 to April 2014 for India is just USD 183 billion as compared to USD 2017 and USD 1531 billion for Mexico and China respectively.

6. IMPROVING THE EMPLOYABILITY, SKILL DEVELOPMENT & THRUST ON EDUCATION

If Indian economy has to catch-up on manufacturing and attain at least 25 per cent share in GDP, it needs skilled, educated, and healthy workforce. Producing consistent quality output on the shop floor and persistently providing professional services requires a workforce that is educated and able bodied. In comparison to the 2010 literacy rates of 95 per cent in China and Mexico, 93 per cent in Malaysia, and 90 per cent in Brazil (World Bank, 2015), India's literacy rate measured by its own liberal standards was little over 73 per cent in 2011. Companies will set up manufacturing facilities in India only if it is able to find requisite amount of good quality skilled labour in the country. Around 51% of the workforce is employed in the agricultural sector which contributes to only about 17% of the GDP and

around 22% of the workforce is employed in the manufacturing sector which contributes to around 26% of GDP. However, various surveys conducted on employability reveals a vast skills gap between graduate skills and market needs. According to Higher Education in India: Vision 2030, a report produced by international consultants Ernst and Young for the Federation of Indian Chambers of Commerce and Industry (FICCI), 75% of IT graduates, 55% of manufacturing, 55% of healthcare and 50% of Banking and Insurance graduates are deemed unemployable.

However, all above mentioned points sound relevant when we look at higher education in isolation only. If we see the whole education system starting from the elementary level we find that the problems lie at every stage of our education system. At the school level we find that the present day syllabus does not stress simple and subtle concepts, but involves tiresome details. Most entrance tests for admission to better known institutions emphasise speed and memory and not calm and collected thinking. Thus an all out effort is needed to produce readily- employable technical man power in the country.

7. IMPROVING INFRASTRUCTURE FACILITIES

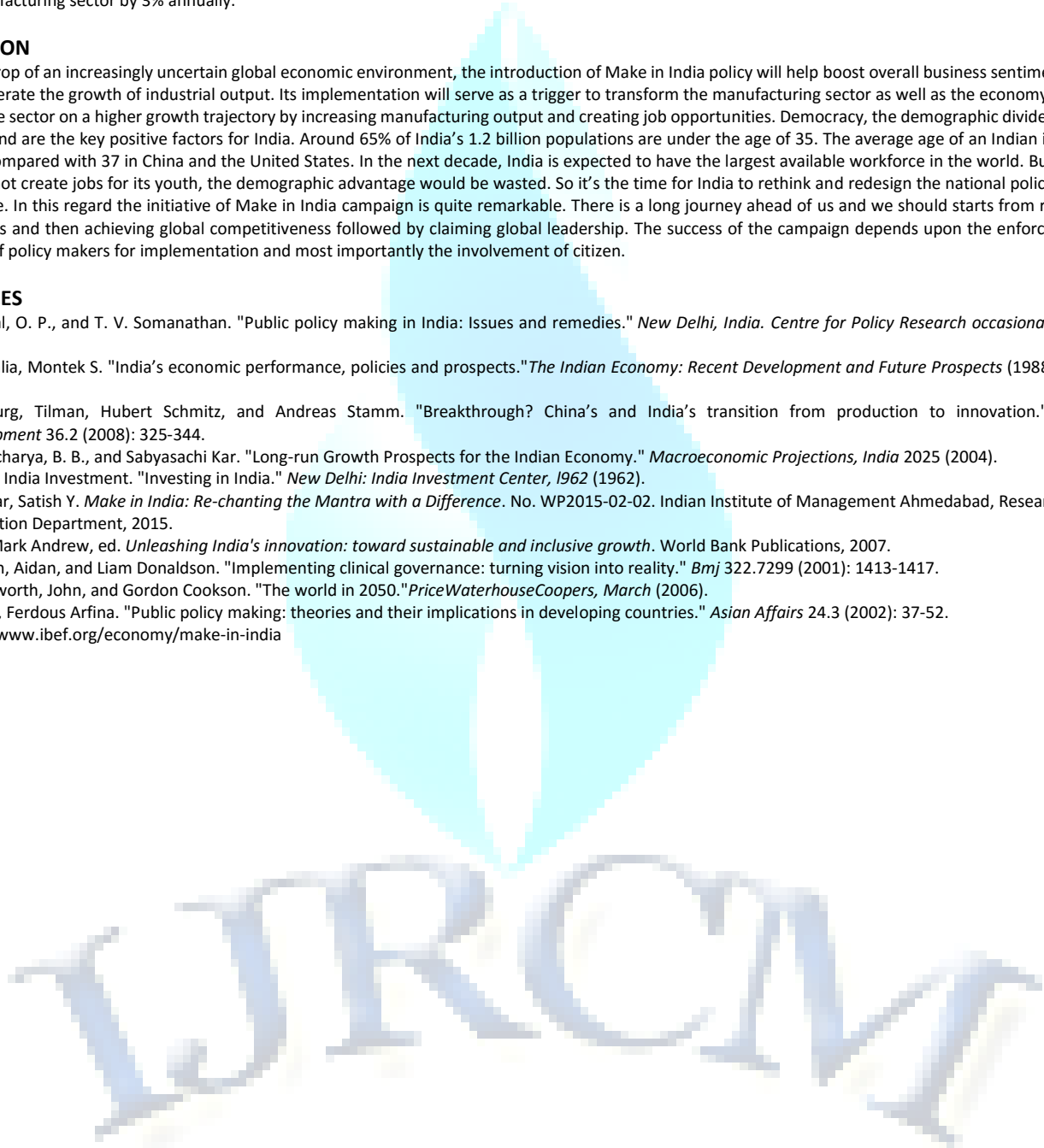
There is an urgent need to bridge the gap in physical infrastructure and address the equipment and raw materials requirements in key sectors such as power and transport. Poor connectivity results in high logistics costs, long lead times and impacts market penetration. For example - "a truck carrying goods from Gurgaon to Mumbai has to pass through 36 checkpoints and takes up to 10 days to reach its destination. While 57% of goods in India are transported by road (the most inefficient, expensive and emissions-intensive mode of transport), the figure in China is just 22%. It is estimated that addressing this deficit can enhance growth in India's manufacturing sector by 3% annually.

CONCLUSION

In the backdrop of an increasingly uncertain global economic environment, the introduction of Make in India policy will help boost overall business sentiment and help in accelerate the growth of industrial output. Its implementation will serve as a trigger to transform the manufacturing sector as well as the economy. It will also place the sector on a higher growth trajectory by increasing manufacturing output and creating job opportunities. Democracy, the demographic dividend and strong demand are the key positive factors for India. Around 65% of India's 1.2 billion populations are under the age of 35. The average age of an Indian in 2020 will be 29, compared with 37 in China and the United States. In the next decade, India is expected to have the largest available workforce in the world. But if the country cannot create jobs for its youth, the demographic advantage would be wasted. So it's the time for India to rethink and redesign the national policies and stick to those. In this regard the initiative of Make in India campaign is quite remarkable. There is a long journey ahead of us and we should start from reviving the industries and then achieving global competitiveness followed by claiming global leadership. The success of the campaign depends upon the enforcement, willingness of policy makers for implementation and most importantly the involvement of citizen.

REFERENCES

1. Agarwal, O. P., and T. V. Somanathan. "Public policy making in India: Issues and remedies." *New Delhi, India. Centre for Policy Research occasional paper* (2005).
2. Ahluwalia, Montek S. "India's economic performance, policies and prospects." *The Indian Economy: Recent Development and Future Prospects* (1988): 345-60.
3. Altenburg, Tilman, Hubert Schmitz, and Andreas Stamm. "Breakthrough? China's and India's transition from production to innovation." *World development* 36.2 (2008): 325-344.
4. Bhattacharya, B. B., and Sabyasachi Kar. "Long-run Growth Prospects for the Indian Economy." *Macroeconomic Projections, India 2025* (2004).
5. Center, India Investment. "Investing in India." *New Delhi: India Investment Center, 1962* (1962).
6. Deodhar, Satish Y. *Make in India: Re-chanting the Mantra with a Difference*. No. WP2015-02-02. Indian Institute of Management Ahmedabad, Research and Publication Department, 2015.
7. Dutz, Mark Andrew, ed. *Unleashing India's innovation: toward sustainable and inclusive growth*. World Bank Publications, 2007.
8. Halligan, Aidan, and Liam Donaldson. "Implementing clinical governance: turning vision into reality." *Bmj* 322.7299 (2001): 1413-1417.
9. Hawksworth, John, and Gordon Cookson. "The world in 2050." *PriceWaterhouseCoopers, March* (2006).
10. Osman, Ferdous Arfina. "Public policy making: theories and their implications in developing countries." *Asian Affairs* 24.3 (2002): 37-52.
11. <http://www.ibef.org/economy/make-in-india>



PROBLEMS WITH MICROINSURANCE IN INDIA IN 2015

SONAM KUMARI GUPTA
LECTURER
UNIVERSITY OF DELHI
DELHI

ABSTRACT

India is enjoying rapid growth and benefits from a young population. Its middle class is growing rapidly but 70 percent of the population is still rural, often very poor, and handicapped by poor health and health services, and low literacy rates. What happens when a poor family's breadwinner dies, when a child in a disadvantaged household is hospitalized, or the home of a vulnerable family is destroyed by fire or natural disaster? Every serious illness, every accident and every natural disaster threatens the very existence of poor people and usually leads to deeper poverty. These highlight the need for micro insurance. Micro insurance is the term used to refer the insurance to the low income people as it is different from insurance in general where micro insurance is a low value product with less premium and benefits. Micro insurance can boost resources for the rural poor, governments and private sector. The entire economy gains as the insurance industry matures further as well. There is a need for micro insurance in India's poverty reduction strategy. Micro insurance is a tool for investment, savings and as a measure of social security. In India, liberalization of the economy and the insurance sector has created new opportunities for insurance to reach the vast majority of the poor, including those working in the informal sector. Market penetration is largely driven by supply, not demand. Micro insurance in India has valuable lessons for rest of the world, particularly in the regulation of the industry. Unlike micro lending -- the better-known side of micro finance -- micro insurance has been a hard sell among the world's poor. The reasons include lack of understanding of how insurance products work, the poor population's general reticence to part with what little financial resources they have, badly designed products and a shortage of localized risk management knowledge among providers. It increases the livelihood of the poor where they can eat well, have good health since they wouldn't have to save as much for emergencies.

KEYWORDS

micro insurance, liberalisation, premium, investment, penetration.

INTRODUCTION

Microinsurance is insurance with low premiums and low caps / coverage. In this definition, "micro" refers to the small financial transaction that each insurance policy generates. "General microinsurance product means health insurance contract, any contract covering the belongings, such as, hut, livestock or tools or instruments or any personal accident contract, either on individual or group basis, as per terms stated in Schedule-I appended to these regulations"; and "life microinsurance product" means any term insurance contract with or without return of premium, any endowment insurance contract or health insurance contract, with or without an accident benefit rider, either on individual or group basis, as per terms stated in Schedule-II appended to these regulations as those within defined (low) minimum and maximum caps. The IRDA's characterization of microinsurance by the product features is further complemented by their definition for microinsurance agents, those appointed by and acting for an insurer, for distribution of microinsurance products (and only those products). Microinsurance is a financial arrangement to protect low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved. The author of this definition adds that micro-insurance does not refer to: (i) the size of the risk-carrier (some are small and even informal, others very large companies); (ii) the scope of the risk (the risks themselves are by no means "micro" to the households that experience them); (iii) the delivery channel: it can be delivered through a variety of different channels, including small community-based schemes, credit unions or other types of microfinance institutions, but also by enormous multinational insurance companies, etc. Microinsurance is synonymous to community-based financing arrangements, including community health funds, mutual health organizations, rural health insurance, revolving drugs funds, and community involvement in user-fee management. Most community financing schemes have evolved in the context of severe economic constraints, political instability, and lack of good governance. The common feature within all, is the active involvement of the community in revenue collection, pooling, resource allocation and, frequently, service provision. Microinsurance is the use of insurance as an economic instrument at the "micro" (i.e. smaller than national) level of society. This definition integrates the above approaches into one comprehensive conceptual framework. It was first published in 1999, pre-dating the other three approaches, and has been noted to be the first recorded use of the term "microinsurance". Under this definition, decisions in microinsurance are made within each unit, (rather than far away, at the level of governments, companies, NGOs that offer support in operations, etc.). Insurance functions on the concept of risk pooling, and likewise, regardless of its small unit size and its activities at the level of single communities, so does microinsurance. Microinsurance links multiple small units into larger structures, creating networks that enhance both insurance functions (through broader risk pools) and support structures for improved governance (i.e. training, data banks, research facilities, access to reinsurance etc.). This mechanism is conceived as an autonomous enterprise, independent of permanent external financial lifelines, and its main objective is to pool both risks and resources of whole groups for the purpose of providing financial protection to all members against the financial consequences of mutually determined risks.

The last definition therefore, includes the critical features of the previous three:

1. transactions are low-cost (and reflect members' willingness to pay);
2. clients are essentially low-net-worth (but not necessarily uniformly poor);
3. The essential role of the network of microinsurance units is to enhance risk management of the members of the entire pool of microinsurance units over and above what each can do when operating as a stand-alone entity.

LITERATURE REVIEW

The literature available on this subject is quite vast. Prathma Rajan (2011) gave a detailed understanding of the RSBY (Rastriya Swastya Bhima Yojana) scheme by conducting several rounds of interviews with both FINO and ICICI Lombard. Intense primary and secondary research was involved during the process to ensure unbiased analysis. Oscar Joseph Akotey, Kofi A. Osei, Albert Gemegah, (2011) investigated using the probit model indicates that premium flexibility, income level and nodal agency are significant determinants of micro-insurance demand. Insurance knowledge, expectation (trust) and marital status were also found to have positive and significant impact on the demand for micro insurance. The analysis showed that formal education is not a significant determinant; rather one's level of insurance knowledge has a positive and significant impact on micro-insurance demand Stefan Hochrainer, Reinhard Mechler, Daniel Kull, (2010) found that micro-insurance instruments may help low-income farming households better manage drought risk by smoothing livelihoods and reducing debt, thus avoiding poverty traps. Yet many obstacles to optimal design, viability and affordability of these schemes, are encountered. One of those is climate change and the authors find that changing drought risk under climate change would pose a threat to the viability of micro-insurance, as well as the livelihoods of people requesting such contracts. Micro- Insurance Regulation in the Indian Financial Landscape (2008) a report of M- CRIL says that conscious of the relatively recent experience of insurance regulation and the lack of its own capacity to implement a strong regulatory regime, the regulator – the Insurance Regulatory and Development Authority (IRDA) – has limited the scope within which micro-insurance may be offered. Roth, J & McCord, MJ (2008) in their book has been written for people who would like to know how agricultural insurance could play a role in improving the livelihoods of the rural poor. It will be useful for development agents such as donors, development banks and development workers in NGOs, co-operatives, credit unions and Microfinance Institutions (MFIs). They also analysed the successes, failures and challenges of providing agricultural micro-insurance in practice. Jim Roth and Gaby Ramm (2006) in a report of Federal Ministry for Economic

Cooperation and Development explores how microinsurance began in India, and gives reasons for its dynamism. It investigates into the supply and demand of micro-insurance in India, gives the various channels for distribution, gives an examination of social security in India and its relationship to micro-insurance.

OBJECTIVES OF THE STUDY

1. To explore the history of Micro insurance in India.
2. To study the challenges faced by Micro insurance.

For the purpose of the study various research articles, newspapers, journals, magazines and books have been used.

HISTORY OF MICRO INSURANCE

Historically in India, a few micro-insurance schemes were initiated by Nongovernmental Organizations (NGO) due to the need felt in the communities in which these organizations were involved or by the trust hospitals. These schemes have now gathered momentum partly due to the development of micro-finance activity, and partly due to the regulation that makes it mandatory for all formal insurance companies to extend their activities to rural and well-identified social sector in the country (IRDA 2000). As a result, increasingly, Micro-Finance Institutions (MFIs) and NGOs are negotiating with the for-profit insurers for the purchase of customized group or standardized individual insurance schemes for the low-income people. Although the reach of such schemes is still very limited-- anywhere between 5 and 10 million individuals---their potential is viewed to be considerable. The overall market is estimated to reach Rs. 250 billion by 2008 (ILO2004). The insurance regulatory and development authority (IRDA) defines rural sector as consisting of (i) a population of less than five thousand, (ii) a density of population of less than four hundred per square kilometer, and (iii) more than twenty-five per cent of the male working population is engaged in agricultural pursuits. The categories of workers falling under agricultural pursuits are: cultivators, agricultural labourers, and workers in livestock, forestry, fishing, hunting and plantations, orchards and allied activities. The social sector as defined by the insurance regulator consists of (i) unorganized sector (ii) informal sector (iii) economically vulnerable or backward classes, and (iv) other categories of persons, both in rural and urban areas. The social obligations are in terms of number of individuals to be covered by both life and non-life insurers in certain identified sections of the society. The rural obligations are in terms of certain minimum percentage of total policies written by life insurance companies and, for general insurance companies, these obligations are in terms of percentage of total gross premium collected. In order to fulfill these requirements all insurance companies have designed products for the poorer sections and low-income individuals. Both public and private insurance companies are adopting similar strategies of developing collaborations with the various civil society associations. The presence of these associations as a mediating agency, or a nodal agency, that represents, and acts on behalf of the target community is essential in extending insurance cover to the poor. The nodal agency helps the formal insurance providers overcome both informational disadvantage and high transaction costs in providing insurance to the low-income people. This way micro-insurance combines positive features of formal insurance as well as those of informal insurance. In the absence of a nodal agency, the low resource base of the poor, coupled with high transaction costs gives rise to the affordability issue. Lack of affordability prevents their latent demand from expressing itself in the market. Hence the nodal agencies that organise the poor, impart training, and work for the welfare of the low-income people play an important role both in generating both the demand for insurance as well as the supply of cost-effective insurance.

PROBLEMS

1. Building and positioning a portfolio of microinsurance products is still not a priority. Both the insurers and their channel partners are struggling to analyse whether microinsurance can be an independent revenue generator or provide value add over their existing services. Microinsurance is seen by insurers as a "obligatory necessity", rather than a profitable product category. The focus of the companies is towards achieving the IRDAmandated numbers,1 even at the cost of subsidising the products. As a consequence, companies develop simple term products (predominantly credit-life) with little innovation, and then wage price wars to somehow "push" the product to the low income segment. Since insurance companies do not require huge numbers to fulfill their mandatory rural business, they often partner with small and medium sized MFIs for their individual credit-life microinsurance products and with large MFIs for group credit-life policies. The commission earned by the aggregators (mostly small MFIs or cooperatives) from the sale of credit-life products does not constitute a substantial fee income for them. This has limited the interest of the aggregators in microinsurance. For the large MFIs, the interest is limited to insuring the portfolio at the lowest possible cost. Moreover, the MFIs do not see any potential benefit from the current microinsurance products, since these single benefit (life) products are inadequate to address the client demand for comprehensive insurance coverage. Also, the processes do not naturally "fit" with those of the agents. As long as these stakeholders are not sure of the benefits from microinsurance, they will remain apprehensive about diverting resources towards microinsurance operations.
2. Insurance companies (and other players involved in microinsurance product design) lack the mortality and riskrelated actuarial data for the target client segment. Moreover, in order to reduce documentation and simplify calculations, 4 they have adopted enrolment forms and formats that are unable to address all risk related queries. As a result, both actuaries and underwriters allocate higher risk weightage to microinsurance products, making them unaffordable and benefits unattractive to the clients. Moreover, the lack of interest from insurance companies is complemented by the lack of demand for customised solutions by the aggregators. As a result, insurers as well as the aggregators have not invested in adequate market research to ensure market "pull" for microinsurance products. Conventionally, insurance is sold as a long term risk hedging (or savings) tool through a combination of term insurance, annuities, endowments and unit linked investment funds. However, inter-organisational and intergeographical migration is prevalent in the target market segment approached by the microinsurance aggregators (MFIs and co-operatives). Furthermore, the association of clients with the MFIs is also often transient and short term. These factors make long term product horizons a challenge for microinsurance. Moreover, the current regulation incentives both aggregators and insurance companies to sell annual term policies, another reason for limited innovation in long term microinsurance products.
3. Insurance as a specific product category, requires dedicated resources and distribution channels. However, the variable revenue and projected income/client numbers cannot justify the fixed cost of administration and distribution of microinsurance in short term. Standalone microinsurance players, therefore, are practically non-existent. This is reinforced by the regulatory bias towards the partner-agent model, which promotes distribution through MFIs. This has culminated into two unfortunate trends. The MFIs have started bundling their credit products with the microinsurance; Microinsurance has become mandatory (or semi mandatory in instances) for the MFI clients, who are neither solicited about the real terms and benefits of the product, nor asked if they want it In a mature insurance market, differentiation is derived from the quality of service. In Indian microinsurance, however, marginal differences in price and commission remain the key differentiators. In the partner-agent model, firstly, the ultimate beneficiary and the nominee are different; and secondly, there is a huge imbalance in the institutional magnitude and negotiating power between the MFIs and the large insurance companies. The small MFIs lack the bargaining power and expertise to negotiate adequate product and process terms. Since, the large MFIs are interested only on low cost credit-life insurance, they negotiate with the insurers on the premium amount and cost sharing arrangements, rather than service quality. Hence, optimum service quality is neither negotiated nor ensured. The absence of customization and standardization of processes has led to high costs, absence of coordination between aggregators and insurers and poor service quality (e.g. turnaround time for pay-in, issuance, claim servicing, renewal etc.). Clarity about the rights and responsibilities, risks and cost sharing among the channel partners is also opaque due to lack of standardization in agreements.
4. The demand for insurance has remained latent across the globe. Insurance companies address the issue in three ways: 1. Invest heavily in product marketing (sometimes cloaked as financial education) for clients, as well as staff. 2. Bundle the insurance benefits with other attractive aspects, like savings, annuity and investment, to address the prominent demand for savings and investment. 3. Design effective staff incentive programs, in order to ensure adequate penetration and service quality. As the Indian microinsurance industry is young, it is still to realize and implement such focused product marketing, product design, and human resource management programmes. The small ticket size and insubstantial revenue (often resulting in short term losses) makes the players apprehensive of investing in such efforts.

SOME SUGGESTIONS

1. Leveraging existing network for micro-insurance
2. Linking micro credit with micro insurance
3. Human Resource is required to be trained to cover the huge untapped market.
4. There is a need for developing adequate feedback mechanisms.
5. IRDA should take initiatives in widening outreach of microinsurance products to the rural poor as providing microinsurance is a necessary and essential adjunct in the inclusive process.
6. Increasing the partnerships between MFIs, Government, and other societies to reach the under covered market.
7. Government Sponsored schemes
8. Community based programmes that pools funds (Refer best practice table)
9. Customer focused approach at the time of new product design.
10. Educating the market in their local languages through media, information kiosks, social meetings etc.
11. Designing the product that is operated in the particular microinsurance environment.
12. Minimizing the documentations and developing efficient, transparent claims processing systems.
13. Risk prevention strategies.
14. Product should be affordable to the poor.
15. Flexibility in premium

REFERENCES

1. Alexander S. Preker, Guy Carrin, David Dror, Melitta Jakab, William Hsiao, Dyna Arhin-Tenkorang (2002). "Effectiveness of community health financing in meeting the cost of illness" *Bulletin of the World Health Organisation* (Geneva: WHO) 80 (2): 143–150.
2. Allen & Overy LLP (2012). "Microinsurance" . Advocates for International Development. Retrieved 20 August 2013
3. Churchill C. (ed.) (2006). *Protecting the Poor: A Microinsurance Compendium*. Geneva: ILO.
4. Dror, D, Jacquier Ch (1999). "Micro-insurance: Extending Health Insurance to the Excluded". *International Social Security Review* (Geneva: ISSA) 52 (1): 71–97.
5. IRDAI
6. Prathima Rajan, "Micro insurance to the Last, the Least and the Lost – a case study of Rural India", Report published by Celent, a division of Oliver Wyman, Inc., 2011.
7. Roth, J, McCord, MJ, "Agricultural Micro Insurance, Global Practices and Prospects", Book Published by Micro Insurance Centre, USA, 2008.
8. Stefan Hochrainer, Reinhard Mechler, Daniel Kull, "Microinsurance against drought risk in a changing climate: Assessing demand and supply considerations", *International Journal of Climate Change Strategies and Management*, Vol. 2 Issue 2, pp.148 - 166, 2010.



A STUDY OF PERCEPTION OF STUDENTS TOWARD THE SEMESTER SYSTEM AND THE ANNUAL SYSTEM OF EXAMINATION

NISHAT QURESHI
RESEARCH SCHOLAR
SCHOOL OF EDUCATION
DAVV
INDORE

SHRUTI AWASTHI
RESEARCH SCHOLAR
SCHOOL OF EDUCATION
DAVV
INDORE

ABSTRACT

The purpose of the present study was to analyze the perceptions of students regarding Semester System of Examination and Annual system of Examination of students of Devi Ahilya Vishva Vidyalaya of Indore city. Data was collected from 100 students who appeared in Examinations in annual and semester system in selected college. A self prepared Questionnaire was designed for students to know their opinion about annual and semester system examination. The parameter on which the perception of the students was analyzed was the coverage of syllabus, regulation of classes, quality of learning, evaluation etc. The collected data were analyzed through using percentage. Results of the research study confirmed that most of the students were satisfied with semester system of examination and were of the opinion that semester provides an opportunity to them for improving themselves time to time; in a systematic manner, semester system also improve the reading capacity of the students which directly enhance the achievement of the students. Overall it may be concluded that semester system is the best system for evaluating the overall performance of the students.

KEYWORDS

Annual system, Semester system, Perception.

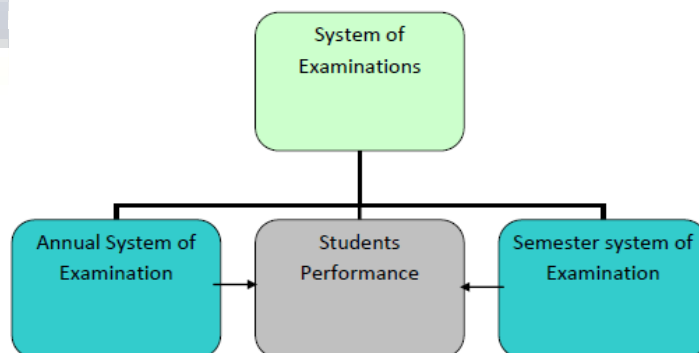
1. INTRODUCTION

Examination, a pivotal role player in the system of assessment, are indispensable part of the educational process as some form of assessment is quite necessary to determine the effectiveness of the dissemination of knowledge by teachers and its assimilation by students (Kumar, 2003). This assessment may lead to refinement of human society and may motivate, Train and develop human potentiality. Thus the strength and success of an educational system depends on the examination system. Collins and O’ Brien, (2011). Hill (1982) stated that examination is normally a research based activity and research is a systematic process for finding solution to a problem. It is an important and significant aspect of the teaching and learning activity and the students’ whole life depends upon it. This is normally conducted and administered by educational institutes as summative evaluation, which includes not only students’ performance but also teachers’ performance and the curriculum etc as a whole. Examination is an instrument which normally judges students’ overall academic performance including their expertise, mastery, learning and abilities they have achieved during a specified and allocated time. It is like a goal, inducement, cause and catalyst. It guides both the teachers and students towards achievement of common goal. An excellent testing means the fixation and measurement of both teaching and learning Duncen, (2012) Gay, (1985). Thomas and Page (1978) stated that examination and testing are the instruments to measure students’ mental capacity and excellence. Examination, in this sense, is a comprehensive term.

2. DIFFERENT SYSTEMS OF EXAMINATION

Examination is an important and significant aspect of the teaching and learning activity and the students’ whole life depends upon it. This is normally conducted and administered by educational institutes as summative evaluation, which includes not only students’ performance but also teachers’ performance and the curriculum etc as a whole. Examination is an instrument which normally judges students’ overall academic performance including their expertise, mastery, learning and abilities they have achieved during a specified and allocated time. Basically there are two types of Examination system a) Annual system of Examination and b) Semester system of Examination. Annual Examination furnishes the students with ample time of one year to absorb and understand the taught ideas. It focused on objective and subjective portions but is mainly bending towards subjective assessment. Annual system of examination is based on evaluation at the end of each academic year. It is teacher oriented instead of students oriented while the Semester system is an academic term that divide the academic year in two parts or terms. The semester system is very protective system which provides an opportunity to the students for continuous learning and assessment and in-depth understanding of the subject. The main advantage of the semester system is that the student is assessed twice in a year rather than just once at the end of the year. Semester system is the latest and futuristic system, which is based on the division of curriculum on equal importance in each semester. It is based on semester which is usually timed from 16 to 18 weeks.

FIG. 1



Considering the Importance of Examination system an attempt has been made to find out the student’s perception toward the different Examination system.

3. PROBLEM

A STUDY OF PERCEPTION OF STUDENTS TOWARD THE SEMESTER SYSTEM AND THE ANUAL SYSTEM OF EXAMINATION.

4. OBJECTIVES

The objective of the present study is to study the perception of students toward the Semester system and the Annual system of examination

5. HYPOTHESIS

The Hypothesis of the present study is that there will be no significant difference in the perception of students toward the Semester system and the Annual system of examination

6. METHODOLOGY

Methodology for the present is as follow:

6.1 SAMPLE

The present study is mainly confined to the students of the DAVV University and the size of the sample comprised of 100 students and the data was collected from the 100 students in a proper manner.

6.2 TOOL

For measuring the perception of students toward Semester system and Annual system of Examination a self prepared questionnaire was constructed by the investigator. The questionnaire comprised of 10 statements. The parameters on which the questioner was constructed comprised of: coverage of syllabus, regularity of classes, quality of learning, evaluation criteria, teaching hours, impact on teaching learning process, extracurricular activities, Interest of students and so on.

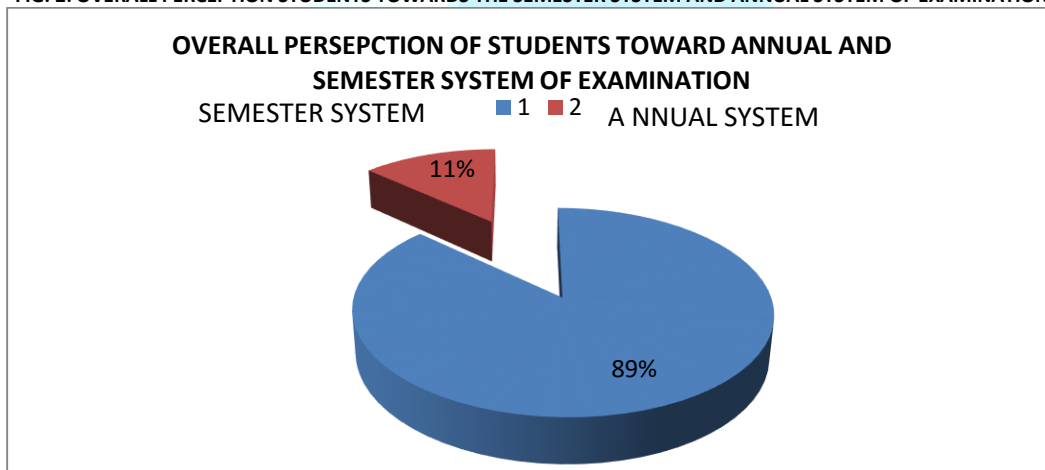
6.3 PROCEDURE OF DATA COLLECTION

The require data for the present study were collected by the researcher personally from the Different Departments of DAVV, Indore, where Semester System and Annual System of Examination is followed After selecting a sample the researcher had taken permission from respective Heads of the Department and Dean of the college before collecting the data. After the grant of permission, the researcher collected the data. During collection of the data researcher met with teachers of the respective classes and introduced herself to the teachers and told the teacher about the purpose of study. Then researcher went to the class room and introduced herself to the students and told to the student about purpose of the study and thereafter distributed the tool to the students. Researcher had explained about basic information regarding to the tools. The students were given 45 minutes to fill the tools.

7. DATA ANALYSIS AND FINDINGS OF THE STUDY

The study was conducted on 100 students of different departments of the Devi Ahilya Vishvavidhyalya. The data so obtained were analysed by using descriptive statistics of percentage.

FIG. 2: OVERALL PERCEPTION STUDENTS TOWARDS THE SEMESTER SYSTEM AND ANNUAL SYSTEM OF EXAMINATION



The data shows that 89% students have given preference to semester system and 11% students were in favour of annual system. As clear from pie chart, most of the students inclined towards semester system of examination. They distinguish that it is a semester system in which they are more focused and they gets an opportunity to perform well in all aspects and try to improve them self. Overall it shows that majority of students favour semester system than Annual system of Examination.

ITEM WISE DATA ANALYSIS

Data given below in the table shows the perception of the students toward the different Examination system.

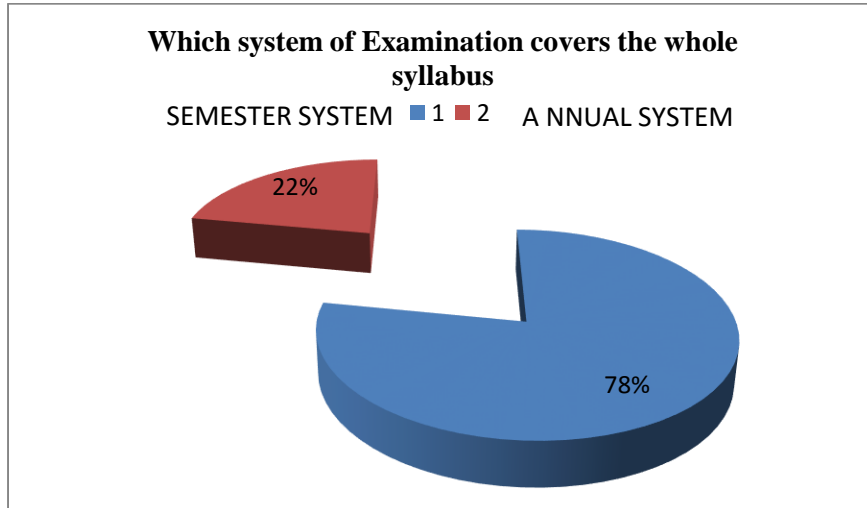
TABLE 1: ITEM WISE DESCRIPTIVE ANALYSIS OF THE DATA

ITEMS	SEMESTER	ANNUAL
Which system of examination covers the whole syllabus	78%	22%
In which system classes are held as per schedule	67%	33%
In which system course was completed in a given time	80%	20%
Which system reduces students' burden.	95%	5%
Which system provides a quality of education	60%	40%
Which system has better evaluation criteria	85%	15%
Through which system students were tested with different technique	90%	10%
which system provides the in-depth understanding of the concept	70%	30%
Which system gives the proper time for teaching learning process	66%	34%
Which system gives more time for Extracurricular activity	72%	28%

The data shows the following result regarding the question one 'Which system of examination covers the whole syllabus' in compliance to this question, 78% students responded in favour of semester system, 22% students showed their tendency to annual system. The data shows that 78 students out of 100 students

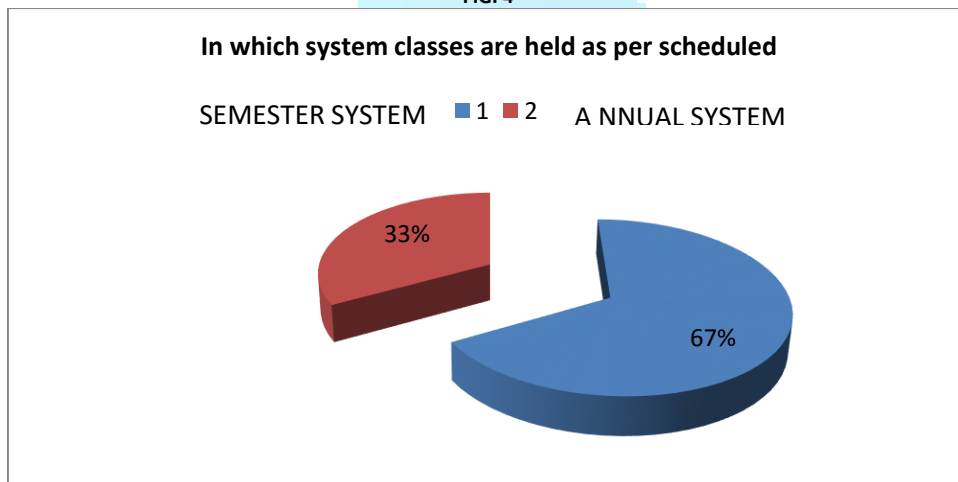
have given preference to semester system and 22 students were in favour of annual system. Majority of students favour semester system than the Annual system. The questionnaire result can also be accessible with the help of pie chart as under.

FIG. 3



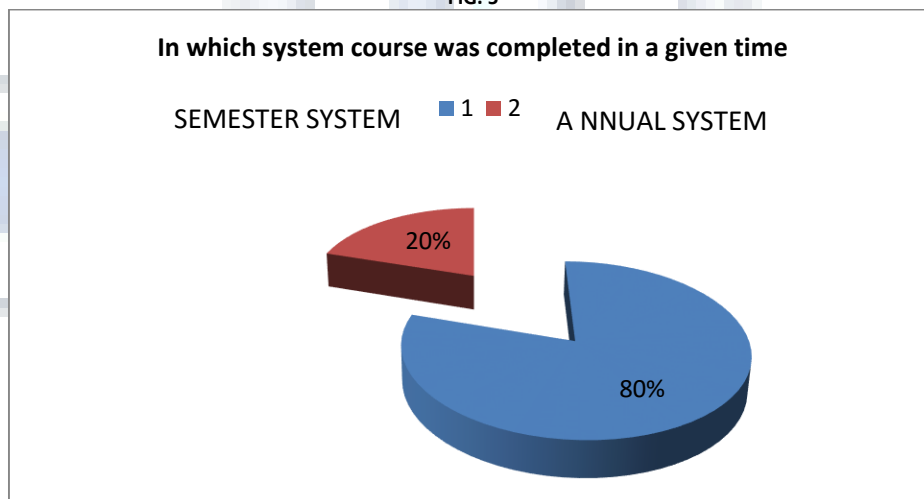
The second question pertaining to the present study is 'In which system classes are held as per schedule' In response to this Question 67% student responded with semester system of examination and only 33% students showed their propensity towards annual systems, it means that 67 students out of 100 were favoured with semester system of examination. They consider that classes are held as per schedule in the semester system of examination and only 33 students out of 100 were in the favour of annual system. The data result is also presented with the help of figure as under.

FIG. 4



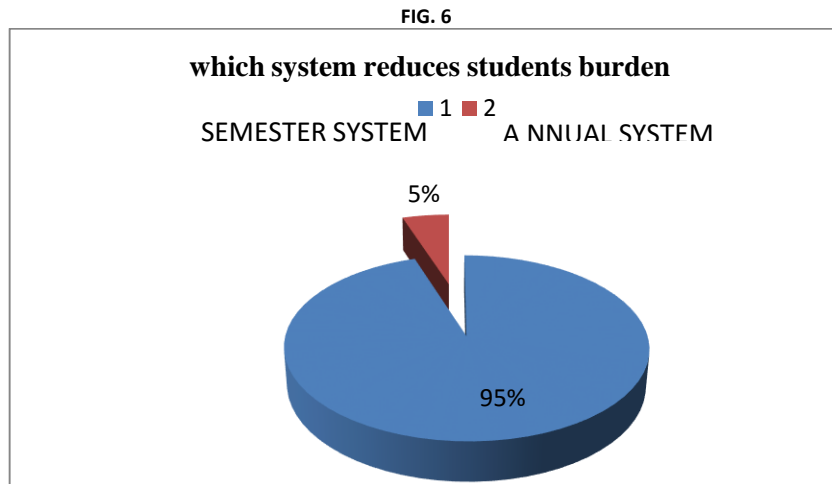
The third question pertaining to the present study is 'In which system course was completed in a given time'. The result pertaining to this question shows that 80 % students were in the favour of semester system while 20% students were in the favour of Annual system that means 80 students out of 100 students were in the favour of semester system while the remaining 20 students were in the favour of Annual system of Examination. The questionnaire result can also be accessible with the help of pie chart as under.

FIG. 5

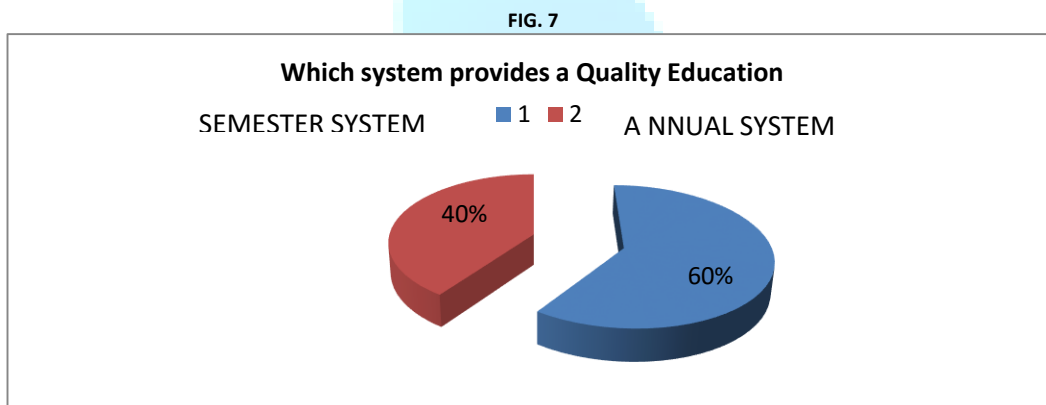


Next question pertaining to the present study is 'Which system reduces students' burden' perception of students regarding this question is that 95% students were in the favour of semester system while 5% students were in the favour of annual system because In semester system, examination held at the end of each semester, as course outlines divided into semesters, therefore students performs comparatively better while in Annual examination held at the end of each session

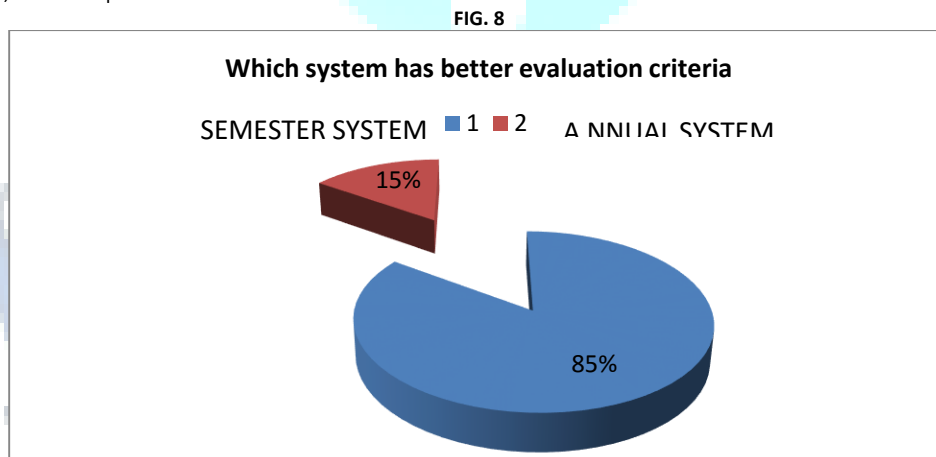
/year, therefore most of students does overburden academically in Annual system while the Semester system reduces the burden of the students. The questionnaire result can also be accessible with the help of pie chart as under.



Next question for the present study was ‘Which system provides a quality Education’ in compliance to this question, 60% students replied in favour of semester system that means out of 100 students 60 were in the favour of semester system, while 40% were in the favour of Annual system, that means out of 100 students 40 were in the favour of Annual system of Examination. Majority of the respondents have shown their tendency towards semester system, and in this regard, the above pie chart is evidence. It seems that the large number of students believe that quality education is provided by the semester system compare to annual system.

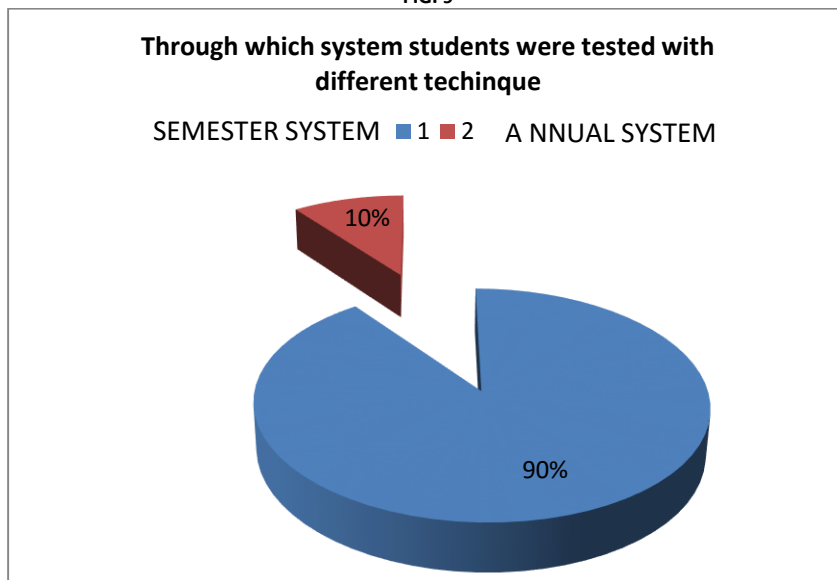


Next question of the study was ‘Which system has better evaluation criteria’ for that question 85% students were of the opinion that evaluation criteria of Semester system is better than that of the Annual system, While 15% students were of the opinion that the Evaluation criteria of Annual system is better. The reason for this type of result is that in semester system students were evaluated in a regular interval of time either in the form of tests, presentation, and assignment submission. While in case in case of Annual system students were evaluated only one time in a year. The above data from respondents shows that students can properly evaluate and appraise in semester system than annual system of examination. Majority of the respondents have shown their tendency towards semester system, and in this regard, the above pie chart is evidence.



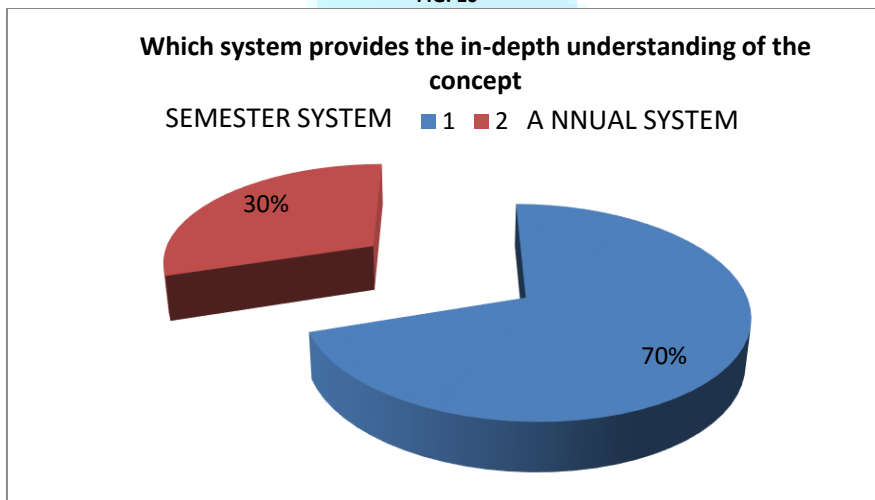
The next question pertaining to the present study is ‘Through which system students were tested with different technique’ in relation to this question student were in the favour of semester system, semester system has proved better,90% students were in the favour of semester system, because in semester system a number of different technique apart from traditional one were used for the evaluation of the students like seminar, presentation, assignment submission, group discussion even the students were also evaluated through drama, skits,nukad-natak and so on. Only 10% of the students replied that annual system is better than semester. The data has presented in diagram is as under It has cleared from the above diagram that majority of the students shows the tendency towards semester system.

FIG. 9



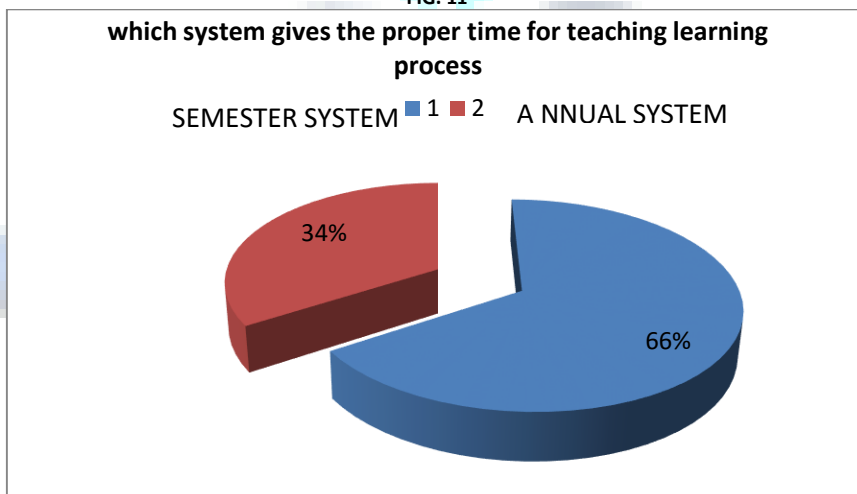
The next Question of the present study is 'which system provides the in-depth understanding of the concept' in compliance to this question, 70% students have given their assent for semester system, while 30% students have given their consent for annual system. Majority of the respondents have shown their tendency towards semester system the data have demonstrated with the help of the following chart.

FIG. 10



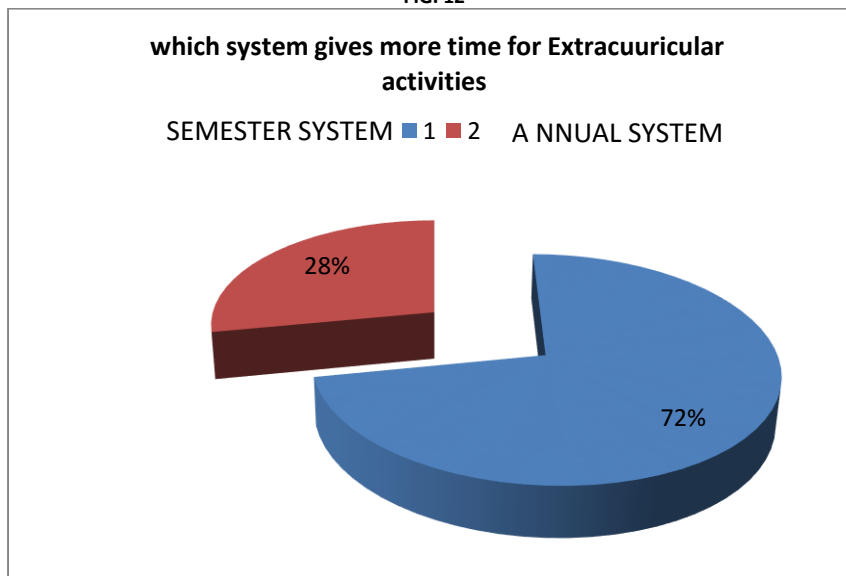
Next Question pertaining to the present study is 'Which system gives the proper time for teaching learning process. With reference to this Question 66% student were in the favour of semester system, while 34% students were in the favour of Annual system, the reason for this may be that in semester system students remain in the contact of the teacher for a long time so that students gets more time to clear there doubt from the respective teacher of the subject, so due to this reason student may be in the favour of semester system.

FIG. 11



Next Question pertaining to the present study is 'which system gives more time for extracurricular activities' response of the students toward this question shows that 72% students were in the favour of semester system while 28% students were in the favour of Annual system. Majority of the respondents have shown their tendency towards semester system. The data have demonstrated with the help of the following chart.

FIG. 12



8. DISCUSSION AND CONCLUSION

Findings of the research demonstrated, that there is significant and visible difference between semester system and annual system in a number of aspects. The majority of the students were in the favour of this system of Assessment. semester system helps, both teachers and students for improving themselves time to time; in systematizing and regularize the studies and students' attendance; enhancing the achievement of the students. This formative assessment staggered over the academic session culminated in Summative evaluation at the end of the year Semester system works on the Holy Trika i.e. faculty _ syllabi _ students. It has graphical and formative process of evaluation that ensures genuine scanning of students, teachers and their process of sharing and re-sharing of thoughts, concepts and ideas. It trains the students through a process of analysis, separation and evaluation. For cognitive learning semester system moves to the higher level of learning and student is evaluated on both intellectual and behavioural basis.

REFERENCES

1. Akhtar, R. P. (1980). *A Critical study if the semester system in selected Universities in India*, Ph.D thesis, Baroda: CASE, The M. S. University of Baroda
2. Annual examination (2010). University of Peshawar, Pakistan. September 2012, Vol. 2, No. 9, ISSN: 2222-699056 www.hrmars.com/journals
3. Buch, M. B. (ed.) (1974). *A Survey of Research in Education*. Baroda: M.S. University of Baroda.
4. Buch, M. B. (ed.) (1979). *Second Survey of Research in Education*. Baroda: Society for Educational Research and Development.
5. Buch, M. B. (ed.) (1987). *Third Survey of Research in Education*. New Delhi: NCERT.
6. Buch, M. B. (ed.) (1991). *Fourth Survey of Research in Education (Vol. I & II)*. New Delhi: NCERT.
7. Darkar, (2010). *The Education system in Malawi*, Work Bank Publication.
8. Desai, D. M. (1970). *Some Critical issues of Higher Education in India*, Mumbai: Educational Publisher.
9. John Dewey (2009). *Moral Principles in education Chapter 1*, Rough Draft Printing Language in India, 5 may 2010. "Strength for today and Bright hope for Tomorrow" V no, 10 ISSN 1930-2940, www.languageinindia.com
10. Omar; Mathias, (2010). *Constitutional protection of the right to education in Tanzania and South Africa: a comparative study*, University of Pretoria. Faculty of Law. Centre for Human Rights
11. Rawat, D. S. (1970). *Measurement Evaluation and Statistics in Education*, New Delhi: New Raj Book Depot.
12. Remmers, H. H. et. al. (1960). *Introduction to Educational Psychology*, New York: Harper and Brothers Publishers
13. Robbins, L. (1963). *The Economic Problems in Peace and War*, London: Macmillan and Co. Ltd.
14. Roshach, R. J. (1980). *A Critical Study of the perceptions of College Communities about the desirability and feasibility of introducing Semester System in their Colleges in the city of Madras*, Baroda: CASE, The M. S. University of Baroda.
15. Sahastrabudhe, S. A. (1977). *Institutional Climate as a Function of Pupil Control Ideology and Student Indiscipline*, Ph. D. Thesis, Baroda: CASE, The M. S. University of Baroda.
16. Sansanwal, D. N. (2006). *Sixth Survey of Research in Education*, retrieved from www.dauniv.ac.in
17. Scriven, M. (2000). *Evaluation Thesaurus*, New Delhi: Sage Publication
18. Sekar, G. (2004). *Continuous Internal Assessment: A Need of the Hour*, University News, 42 (33), pp 16-22
19. Tayyaba malik, Priya Avais, & Tahira khanam, may 5, (2010). "Comparative analysis of MA English Results under Annual and Semester system" *Quality Assurance in Pakistan*. Language in India www.languageinindia.com.
20. Yusuf, A. and, Hashim, M. (2012). *A Case study of Annual and Semester Systems of Examination on Government College of Management Sciences. Vol. 2, No. 9*
21. Zafar, Jadoon, Iqbal, Nasira Jabeen, (2008). *Towards effective implementation of semester system in Pakistan: lessons from Punjab University*

WEBSITES

22. http://articles.timesofindia.indiatimes.com/2009-12-21/mysore/28109947_1_semestersystem-ksou-annual-system
23. <http://www.hrmars.com/admin/pics/1092.pdf><http://www.auromeera.com/benefits-of-semester-system.html>
24. <http://www.indiaeducationreview.com/vc-desk/issue-semestersystemhttp://>
25. www.hrmars.com/admin/pics/1092.pdf

EVOLVING THE CONCEPT OF TEACHING INTELLIGENCE

S. AROCKIYASAMY
RESEARCH SCHOLAR
DEPARTMENT OF EDUCATIONAL PSYCHOLOGY
TAMIL NADU TEACHERS EDUCATION UNIVERSITY
CHENNAI

ABSTRACT

A research on one factor theory, two factor theories, multi-factor theories, group factor theory and structure of intelligence theory is made. During content analysis of the above five concepts, the component related to teaching intelligence is filtered out and formed as a continuing to be prospective components of the new concept of teaching intelligence. They have come to understand the most important theories of intelligence and teaching in these chapters. To shape these theories the content analysis was put to use. The two types of analysis-qualitative analysis and categories of relational analysis was combined together to shape these theories. Content analysis are teaching aptitude, teaching competency, teaching effectiveness, teaching efficacy, teaching efficiency, they come to a conclusion on the topic of 'teaching intelligence'.

KEYWORDS

teaching aptitude, teaching competency, teaching effectiveness, teaching efficacy, teaching efficiency.

INTRODUCTION

Ro one has yet realized the wealth of sympathy the kindness and generality hidden in the soul of a child. The effort of every true education should be to unlock that treasure".

Emma Goldman, Percival, (2007).

Education implies not only the attainment of knowledge but development of character as well. So, we say education is an art. This art should be given importance from the primary stage of learning. Parent plays the role of a teacher for a certain period of time, for a child from the time of going to the school. Teacher plays a vital role in giving education and in the intellectual growth of a child. In order to transfer what the teacher have, they need to undertake the important skills of teaching and identify them.

A teacher is not a perfect learned person but learns from daily life experiences also. He / She must act intelligently in learning. This learning makes him / her perfect. Hence, there are many aspects which make education valued. Though many aspects are there main research is on how the intelligence involves in giving the education in the least possible manner.

This, thesis gives some valuable suggestions of a few psychologist's theory's regarding intelligence. With their ideas evaluating the aspects of teaching both merits and demerits of thesis brings out. Its goal is to make individual perfect; every society gives importance to education because it is a panacea for all evils. It is the key to solve the various problems of life.

Education is the broadest since of the terms is meant to aid the human being in him / her pursuit of wholeness implies the harmonious development of all the potentialities god has given to a human person.

SCHEME FOR REVIEW OF RELATED LITERATURE

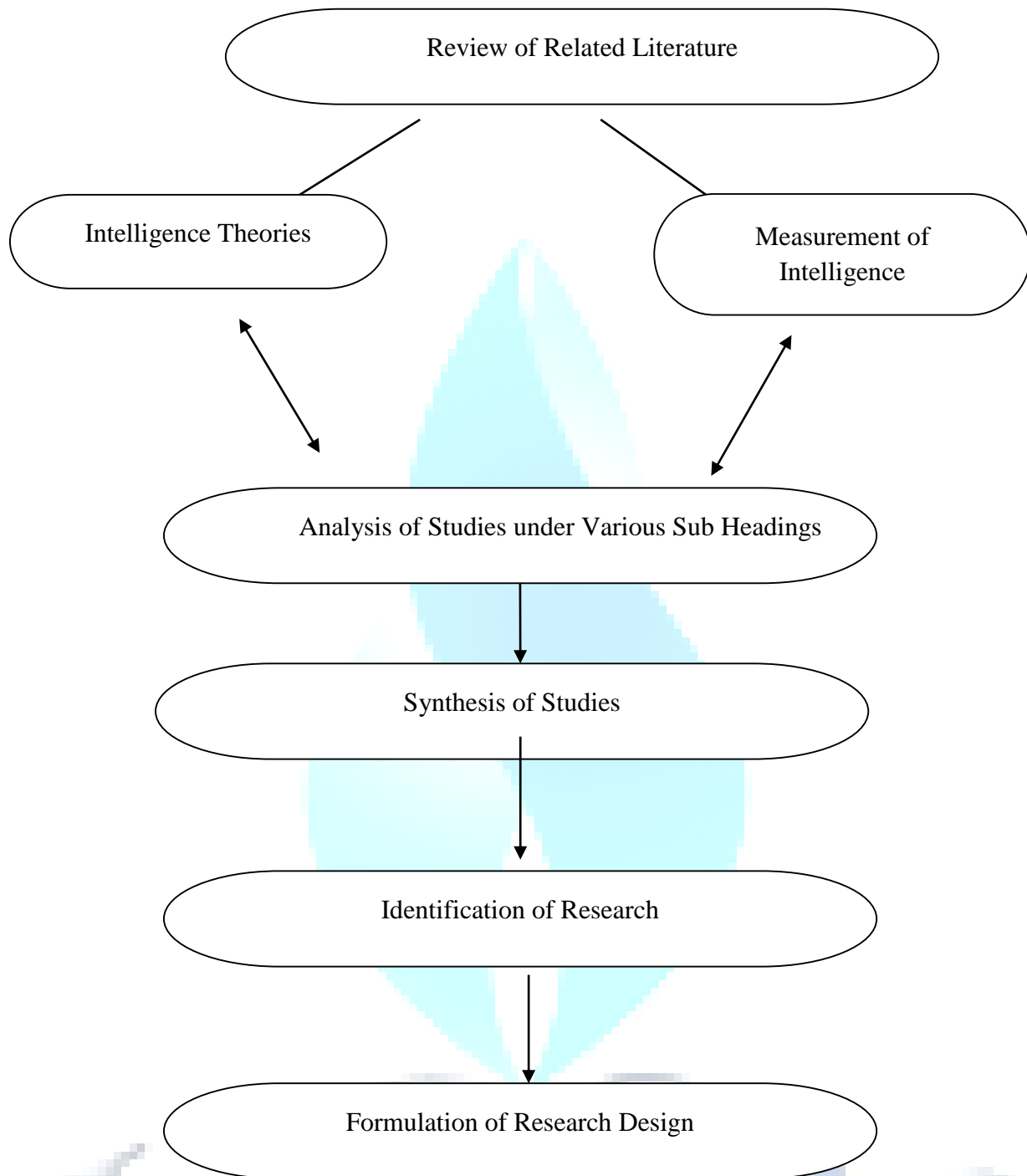
The researcher attempts to scan the review of related literature under the following sub headings.

- ❖ Related studies on intelligence theory's
- ❖ Related studies on intelligences measurement
- ❖ Synthesis of review
- ❖ Identification of research gap
- ❖ Formulation of research design

WORLD

The flow chart on review of literature is given in

CHART 1



NEED AND SIGNIFICANCE OF THE STUDY

According to the concept of the research teaching is not so easy. In order to make the teaching alive and active teachers need contain talents. Teaching competency, teaching efficiency, teaching efficacy, teaching effectiveness, teaching aptitude are some of the important talents needed for the teachers. Intelligence helps to make grow these talents. Therefore, one factor theory, two factor theory, multifactor theory, group factor theory, structure of intellect, multiple intelligence theory, triarchic theory and take the components within it. By this the teacher can perform his duty well. Hence this topic “Evolving the Concept of Teaching Intelligence” the research person tries to explain how intelligence helps the teacher.

STATEMENT OF THE PROBLEM

Our country is one among the many developing countries. No doubt that education plays a major role in this developmental process. For, it’s see that education remains as a fundamental factor in all the departments of growth and development. Hence education is one of the most important factors; it is our duty to analyze how do the teaching and intelligence theory play their role respectively. On the other hand, this analysis is to find out what method a teacher can handle to make the teaching successful and how the intelligence theory helps to do it does.

A research person forms an intelligence theory by reading the various theories of intelligence, the method of teaching handled, administration, the relationship with the students and the depth of the subject. Thus, the title of this researcher, “Evolve the Concept of Teaching Intelligence”.

OBJECTIVES OF THE STUDY

The following are the objectives of the study:

- ❖ To analyze the concept of teaching competency
- ❖ To analyze the concept of teaching aptitude
- ❖ To analyze the concept of teaching efficiency
- ❖ To analyses the concept of teaching efficacy
- ❖ To analyze the concept of teaching effectiveness
- ❖ To analyze the content intelligence theories
- ❖ To evolve a concept known as teaching intelligence

RESEARCH METHODOLOGY

According to Kothari & Gaurav Gang (2014), it seems appropriate at this juncture to explain the difference between research methods, and research methodology. Research methodology may be understood as all those methods/techniques that are used for conduction of research. Research methods or techniques, thus refer to the methods the researchers use in performing research operations. In other words, all those methods which are used by the researcher during the course of studying his research problem are termed as research methods. Since the object of research, particularly the applied research, it to arrive at a solution for a given problem, the available the data and the unknown aspects of the problem have to be related to each other to make a solution possible.

Research methodology is a way to systematically solve the research problem. It may be understood as an education studying how research done scientifically. In a study the various steps that are generally adopted by a researcher in studying his / her research problem along with the logic behind them. It is necessary for the researcher to know not only the research methods / techniques but also the methodology. Keeping this in view, research methods can be put into the following three groups,

- ❖ In the first group include those methods which are concerned with the collection of data. These methods will be used where the analysis available is not sufficient to arrive at the required solution.
- ❖ The second group consists of those statistical techniques which are used for establishing relationship between the data and the unknowns.
- ❖ The third group consists of those methods which are used to evaluate the accuracy of the results obtained.

MEANING OF THE RESEARCH

According to Kothari & Gaurav Gang (2014), research in common parlance refers to a search for knowledge. One can also define research as a scientific and systematic search for pertinent information on a specific topic. In fact, research is an art of scientific investigation. Dictionary definition of research is a careful investigation or inquiry especially through search for new facts in any branch of knowledge. Some people consider research as a movement from the known to the unknown. It is actually a voyage of discovery. The all possess the vital instinct of inquisitiveness. When the unknown confronts, more and more our inquisitiveness make it probe and attain understanding of the unknown. This inquisitiveness is the mother of all knowledge and the method, which one employs for obtaining the knowledge of whatever the unknown, can be termed as research.

DEFINITIONS OF RESEARCH

Following are definition of research taken from Sharma, (2010)

Rusk "Research is a point of view, an attitude of inquiry or a frame of mind." It asks questions which have hitherto not been asked. It seeks to answer them by following a fairly definite procedure. It is not a mere theorizing. It is an attempt to elicit facts and to face them once they have been assembled.

George Mouly "Educational research is the systematic and scholarly application of the scientific method interpreted in it broader sense, to the solution of educational problems; conversely, any systematic study designed to promote the development of education as a science can be considered educational research." Webster's New International Dictionary. "Research is a careful inquiry or examination in seeking facts or principles; a diligent investigation to ascertain something." Clifford Woody. "Research is not merely a search for truth, but a prolonged, intensive, purposeful search. In the last analysis, research constitutes a method for the discovery of truth which is really a method of critical thinking. It comprises defining and redefining problems; formulating hypotheses or suggested solutions; collecting, organizing and evaluating data; making deduction and reaching conclusions; and at last, carefully testing the conclusions to determine whether they fit the formulating hypotheses."

Best, "Research is considered to be the more formal systematic, intensive process of carrying on the scientific methods of analysis. It involves a more systematic structure of investigation, usually resulting in some sort of formal record of procedures and a report of results or conclusions."

James Harvey Robinson, "Research is a diligent search which enjoys the high flavor or primitive hunting."

Redman and Mory, "Research is a systematized effort to gain new knowledge"

TYPES OF THE RESEARCH

The basic types of research are as follows

- ❖ Descriptive Research
- ❖ Applied Research
- ❖ Quantitative Research
- ❖ Conceptual Research
- ❖ Content Analysis

Since this research pertains to content analysis, it is discussed in following selections.

CONTENT ANALYSIS

Content analysis is a research technique for the systematic, objective and quantitative description of the content analysis of research data procured through interviews, questionnaires, schedules and other linguistic expressions, written or oral. This content analysis is a slight modification of the formulated in a famed communication researches. Familiarity with teaching intelligence concepts and theory aids in categorizing research data. Important the content analyses are, "Determines presence of certain words or concepts with in texts or sets of texts"

HISTORY OF CONTENT ANALYSIS

According to Pandya (2010), historically content analysis was a time consuming process as analysis was done manually, or slow mainframe computers were used to analyze punch cards continuing data punched in by human coders. Single students were done by employing thousands of such cards. Human error and time constraints made this method unviable for large texts. However, despite it impracticality, content analysis was an often used research method by the 1940s. Although initially limited to studies that examined texts for the rate of recurrence of the identified terms, (word counts) by the mid- 1950's researchers had started considering the need for more refined methods of analysis, focusing on concepts rather than simply words and on semantic relationships rather than just presence (de Sola Pool 1959). While both traditions continue today, content analysis now is also utilized to explore mental models and their linguistic, affective, cognitive, social, cultural and historical significance.

Palmquist (1990), conducted a study of two composition classes, in which he conducted interviews of students and teachers and analyzed these in addition to analyzing journals, classroom discussions and lectures and out – of – class interaction sheets. In order to conduct a content analysis, the text was coded or broken

downs into manageable categories on a variety of levels – word, word sense, phrase, sentence or theme – and then examined using conceptual analysis or relation analysis methods.

MEANING OF CONTENT ANALYSIS

As given in Pandya (2010), in the 1930s, Lindesmith developed a methodology to refute existing hypotheses, which became known as content analysis technique and gained popularity in the 1960s when Glaser referred to it as the "The Constant Comparative Method of Qualitative Analysis". Later, Glaser and Strauss (1967) referred to their adaptation of it as "Grounded Theory".

The method of content analysis enables the researcher to include large amounts of textual and systematically identify its properties. Content analysis today is a widely used research analysis aimed at determining the presences of certain words or concept within texts or sets of texts. Researchers quantify and analyze the presence, meanings and relationships of such words and concepts, then make inferences about the messages within the texts, the writers, the audience and even the culture and time of which these are a part.

Following are the meaning of content analysis. According to,

Berelson (1967), "A research technique for the objective, systematic, and quantitative description of manifest content of communications"

Holsti, (1969), "Any technique for making inferences by objectively and systematically identifying specified characteristics of messages"

Weber, (1990), "A research technique that uses a set of procedures to make valid inferences from text"

Neuendorf, (2002), "A summarizing, quantitative analysis of messages relying on scientific method and not limited to type of variables measured context of messages"

Reitz (2004), "Close analysis of explicit and implicit messages of a text through classification and evaluation of key concepts, symbols, and themes to determine meaning and explain its effect it on the audience"

Krippendorf (2004), "Systematic reading of texts and symbolic matter not necessarily from an author or user's perspective"

TYPES OF CONTENT ANALYSIS

As described by Pandya (2010), there are two types of content analysis is quantitative and qualitative content analysis.

❖ QUANTITATIVE CONTENT ANALYSIS

Quantitative content analysis is widely used in mass communication as a way to counter manifest textual elements. It is deductive, intended to test hypothesis or answer questions generated from theories or prior empirical literature. It necessitates that the data are selected using random sampling or other probabilistic approaches to ensure the validity of statistical significance. It produces quantitative data that can be analyzed using statistical techniques.

❖ QUALITATIVE CONTENT ANALYSIS

The qualitative content analysis method was developed predominantly qualitative in anthropology qualitative education and psychology with the purpose of exploring the meaning underlying of the message. It is largely inductive, grounding the examination of topics and themes as well as the inferences drawn from them in the data. This process uses inductive reasoning by which themes and categories emerge, from the data through the technique of constant comparison with the help of careful examination. It may also include deductive reasoning. It involves a process intended to identify categories or themes from raw data based on valid inference and interpretation. In some researches, qualitative content analysis attempts to generate theory. Qualitative content analysis usually involves purposive sampling of selected texts, which can respond to the research question being investigated. This approach usually generates description or typology along with expression from subjects reflecting how they view the social world to enable the investigators and the readers to understand the perspectives of the producers of the text in a better manner. Qualitative content analysis focuses on the distinctive themes that demonstrate the variety of meaning of the phenomenon rather than the statistical significance of the occurrence of specific texts or concepts.

CATEGORIES OF CONTENT ANALYSIS

There are two major categories of content analysis, namely, Conceptual analysis and relational analysis. They are described in detail in the following paragraphs,

❖ CONCEPTUAL ANALYSIS

Conceptual analysis is aimed at establishing the existence and rate of occurrence of concepts in a text. Conventionally, content analysis has been conducting the conceptual analysis method. In conceptual analysis, a concept is chosen for examination and the frequency of its occurrences within the text is recorded. The words in the content could be positive words used to describe an argument, as opposed to the number of negative words used to describe a current status or opposing argument. The researcher then quantifies these words only and does not examine how they are related, which is a function of relational analysis. The terms used in the text could be implicit as well as explicit. Hence, it is important to define implicit terms precisely before beginning the counting process. (Cited in Pandya (2010)

STEPS FOR CONDUCTING CONCEPTUAL ANALYSIS

The following are steps for conducting content analysis,

- ❖ Deciding the level of analysis
- ❖ Deciding how many concepts to code
- ❖ Deciding whether to code for existence or frequency of a concept
- ❖ Deciding on how you will distinguish among concepts
- ❖ Deciding what to do with "relevant" information
- ❖ Coding the text
- ❖ Analyzing your results

RELATIONAL ANALYSIS

Relational analysis is also being termed as semantic your results. Relational analysis builds on conceptual analysis by examine the relationships among concepts in a text. In relational analysis, it is essential to first decide which concept types will be explored in the analysis. There have been studies with as few as one as many as five hundred concept categories. Obviously too large a number of categories may make your results incomprehensible and too few can lead to unreliable and potentially invalid inferences. Therefore, it is imperative to allow the context and necessities of your research to direct your coding procedures. The focus of relational analysis is to identify semantic, or meaningful, relationships. (Cited in Pandya, 2010)

STEPS FOR CONDUCTING RELATIONAL ANALYSIS

The following strategies can be followed to code a text or set of texts during relational analysis

- ❖ Identifying the question
- ❖ Choosing a samples for analysis
- ❖ Determining the type of analysis
- ❖ Reducing the text to categories and code for words or patterns
- ❖ Exploring the relationships between concepts in termed of the magnitude and direction of the relationship
- ❖ Coding the relationships
- ❖ Performing statistical analysis
- ❖ Mapping out the representations

RELIABILITY OF CONTENT ANALYSIS

The issues of reliability are similar those addressed in other research methods. The reliability of a content analysis refers to it for,

- ❖ Stability (also known as inter - rater reliability) or the consistency of the coders in re - coding the same data in the same way over a period of time.
- ❖ Reproducibility or the tendency for a group of coders to classify categories membership in the same way.
- ❖ Accuracy or extent which the classification of a text corresponds to a standard or norm statistically. When human coders are used in content analysis, reliability translators to interceder reliability or "the amount of agreement or correspondence among two or more coders"

The overarching problem of concept analysis research is that the inferential procedures determine the nature of conclusions. The question arises as to the level of implication allowable the conclusions follow from the data or are they explainable due to some other phenomenon. For occurrence - specific studies, for example, can the second occurrence of a word carry equal weight as the eighty fifth? The general is ability of one's conclusions depends on how one determines concept categories, as well as on how reliable those categories. (Cited in Pandya, 2010)

VALIDITY OF CONTENT ANALYSIS

According to Pandya (2010), in order to ensure the validity of the findings of the study, it is essential that the research uses multiple sources of information. Ideally, the researcher should try to build in some sort of validation procedure into the design. In qualitative research, validation could involve triangulation, which lends credibility to the findings by incorporating multiple sources of data, methods investigators or theories.

The Steps of Conducting (Validity) Content Analysis are as follows,

- ❖ Identify the universe of the content to be analyzed. This could include newspapers, books, textbooks, references books, magazines, letters, radio scripts, audio, video and radio tapes, comics, films, songs and so on.
- ❖ Procure the sample to be analyzed.
- ❖ Code the data. Specify the unit of analysis. There are five major units of analysis including, Single word or symbol (used when the aim is to find out which person is preferred in a particular communication). Theme (used when the aim is to analyze prevailing values in a culture, effects of a communication). Character (used when the aim is to study a historical character while analyzing stories, drama and biographies). Sentence or paragraph. An item such as an entire article.
- ❖ The selection of the unit of analysis depends on the purpose of the study. The researcher can devise his own categories or use an existing set described in a prior study. In order to identify and to,

Objectives of the study,

Functionality of the categories,

Manageability of the system of categories

- ❖ Report writing

STEPS IN CONTENT ANALYSIS

According to Sharma (2010), the main idea of the procedure of analysis is there by, to preserve the advantages of quantitative content analysis as developed within communication teaching intelligence and transfer and further develop them to qualitative in for portative steps of content analysis.

- ❖ Mentioning of facts
- ❖ Formation of tables
- ❖ Formation of the outline of study
- ❖ Formation of classes
- ❖ Deciding the method of study
- ❖ Formation of definitions
- ❖ Use the adopted method

MENTIONING OF FACTS

The first step in the process of content analysis is the mention of important facts. Only those facts should be mentioned which are useful in the solution of the problem. Irrelevant facts should not be mentioned since it hinders the function of analysis and also adversely affects its objectivity. Analysis based upon relevant facts makes it easy to prepare tables.

FORMATION OF TABLES

In order to make content analysis simple and scientific several types are used in it. These tables are prepared before their actual use, since during the course of analysis it facilitates noting of facts in proper places. Besides, the use of tables makes it improbable to miss any fact concerned with the analysis. The tables again make it easy to classify facts.

FORMATION OF THE OUTLINE OF STUDY

After the preparation of table, an outline of the study is prepared. For this purpose the concerned variables are noted down in a list. After it, on the basis of different variables and coding of facts, the researcher gets help from the information extended by the respondents.

FORMATION OF CLASSES

This is the next step after preparation of the list of variables since classes or categories are fixed on the basis of variables. The classes should be sufficient in number so that different facts may be classified in different categories. Each variable should be placed in a different class. A class should not include two or more variables.

DECIDING THE METHOD OF STUDY

The decision concerning the proper method of study is very important in any social research. It requires a deep insight in the subject. The same method should be consistently adhered to in the entire course of research.

FORMULATION OF DEFINITIONS

All the variables and categories to be used in a study should be clearly defined. This improves the objectivity and exactness of a study. Besides, the definitions help us in determination of the validity of study. Again, the definitions make the function of analysis easy and simple.

USE OF THE ADOPTED METHOD

The last step in the process of content analysis is the actual use of the adopted method. This should be done according to the nature of study. Minor modifications may be whenever required.

QUALITIES OF THE CONTENT ANALYSIS

Content analysis is a widely used qualitative research technique. Rather than being a single method, current applications of content analysis show three distinct approaches: conventional, directed, or summative. All three approaches are used to interpret meaning from the content of text data and, hence, adhere to the naturalistic paradigm. The major differences among the approaches are coding schemes, origins of codes, and threats to trustworthiness. In conventional content analysis, coding categories are derived directly from the text data. With a directed approach, analysis starts with a theory or relevant research findings as guidance for initial codes. A summative content analysis involves counting and comparisons, usually of keywords or content, followed by the interpretation of the underlying context. The authors delineate analytic procedures specific to each approach and techniques addressing trustworthiness with hypothetical examples drawn from the area of end-of-life care. (cited in businessdictionary.com 2014)

THE GOALS OF CONTENT ANALYSIS

The following are the goals of content analysis,

- ❖ To reduce large amounts for unstructured content analysis.
- ❖ To describe characteristics of the content analysis.
- ❖ To identify important aspects of the content analysis.
- ❖ To present important aspects of the content clearly and effectively
- ❖ To support of some argument.
- ❖ To examine trends and relationships in the text and multimedia produced or used in the fields context to provide an insight into it.
- ❖ To identify the intentions, focus or communication trends of an individual, group or institution.
- ❖ To describe attitudinal and behavioral responses to communication. (cited in eric, (2014).

THE STRENGTHS OF CONTENT ANALYSIS

According to Pandya, (2010), following are the strengths content analysis,

- ❖ It directly analyses communication through texts or transcripts thereby focusing on the central aspects of social interaction.
- ❖ It allows for both quantitative and qualitative approach.
- ❖ It offers valuable historical and cultural insights over time through analysis of texts.
- ❖ It permits closeness to texts, which can alternate between explicit categories and relationships and also statistically analyses the coded from of the text.
- ❖ It can be used to interpret texts for purpose such as the development of expert systems since knowledge and rules can both be coded in terms of explicit statements about the relationships among concepts.
- ❖ It is an unobtrusive means of analyzing interactions.
- ❖ It provides insight into complex models of human, behavior, thought and language use.

When done well, is considered as a relatively "exact" research method based on hard facts, as opposed to discourse analysis.

LIMITATIONS OF THE CONTENT ANALYSIS

According to Pandya (2010), some of the limitations of content analysis, both theoretical and procedural are as follows:

- ❖ It can be extremely time consuming.
- ❖ It is subject to increased error, particularly when relational analysis is used to attain a higher level of interpretation.
- ❖ It is often devoid of theoretical base, or attempts to liberally to draw meaningful inferences about the relationships and impacts implied in a study.
- ❖ It is inherently reductive, particularly when dealing with complex texts.
- ❖ It tends too often to simply consist of word counts.
- ❖ It often disregards the context that produced the text, as well as the state of things after the text is produced.
- ❖ It can be difficult to automate or computerize.

USES OF CONTENT ANALYSIS

Content analysis can be used in a large number of fields, ranging from marketing and media studies, to literature and rhetoric, ethnography and cultural studies, gender and age issues, education, as well as other fields of inquiry. It can be applied to examine any piece of writing or occurrence of recorded communication. It also reflects a close relationship with social and psycholinguistics, and is playing an integral role in the development of artificial intelligence. The following are some of the possibilities for the uses of content analysis:

- ❖ To describe and make inferences about characteristics of a communication.
- ❖ To describe trends in communication content with the aim of understanding the historical perspective and its influence on the current content.
- ❖ To reveal international differences in the content of communication.
- ❖ To detect the existence of techniques of propaganda in the content of communication.
- ❖ To identify the intentions, focus or communication trends of an individual, group or institution.
- ❖ To describe attitudinal and behavioral responses to communications.
- ❖ To determine psychological or emotional state of persons or groups.
- ❖ To examine trends and patterns in documents.
- ❖ To describe the development of literature in a specific field.
- ❖ To make inferences the antecedents of a communication.
- ❖ To make inference about the effects of a communication. To determine stylistic features of authors and to determine authorship. One technique for determining authorship is to compile a list of probable authors, examine their previous writings and correlate the frequency of nouns or function words to help develop a case for probability of each person's authorship of the data of interest.
- ❖ To compare the media or levels of communication, the nature of audiences for these and the manner of the treatment of the media to the same topic.
- ❖ To provide an empirical basis for monitoring shifts in public opinion.
- ❖ To conduct an audit of communication content via- a- via the explicit or implicit objectives of the communication.
- ❖ To understand the "readability" of communication materials.
- ❖ To identify the intentions and other characteristics of communicators. (Cited in Pandya, (2010)

RESULTS AND DISCUSSION

Following this area "Evolving the Concept of Teaching Intelligence" results and discussion as,

CONTENT ANALYSIS OF TEACHING APTITUDE

An aptitude is a component of a competency to do a certain kind of work at a certain level, which can also be considered "talent". Aptitudes may be physical or mental. Aptitude is not developed knowledge, understanding, learned or acquired abilities skills or attitude. The innate nature of aptitude is in contrast to achievement, which represents knowledge or ability that is gained through learning. (cited in Shamim and Ashok, (1986).

Following are the components of teaching aptitude as given by Shamim and Ashok given as,

❖ CO – OPERATIVE NATURE

Cooperative learning is the instructional use of small groups so that students work together to maximize their own and each other's learning. In cooperative situations, there is a positive interdependence among teachers and students and goal attainments. The students perceive that they can reach their learning goals if and only if the other students in the learning group also reach their goals.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ CONSIDERATIVENESS

The items of this area are attributed to the general and particular attention, patience, toleration, consideration etc. of the teacher which is to be devoted for the all round development of the personality of the pupils and to remove the obstructions in the way of all round development of the pupils.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ **WIDE INTEREST AND SCHOLARLY TASTE**

The teacher is also an active participant in co – curricular activities of the students and is always a student in the acquisition of knowledge. The items of this sub – test are framed to measure the wide interest and the scholarly taste of the teacher.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ **FAIR-MINDEDNESS AND IMPARTIALITY**

Fairness and impartiality are the most essential traits of a teacher's personality. The items of this sub – test are framed to measure the same.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ **MORAL CHARACTER AND DISCIPLINE**

Teachers moral character and discipline is very important factor for teaching efficiency since teacher's high moral character and discipline brings harmony in thinking feeling and doing as such the items of this sub – test are framed accordingly.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ **OPTIMISTIC ATTITUDE**

Optimistic attitude is an important aspect of efficient teaching or making teaching successful. The item of this sub – test are framed to judge the degree of optimistic attitude in a teacher. Always look on the bright side of life.

In group factor theory reasoning ability is mentioned. Optimistic attitude correlations with reasoning ability hence optimistic attitude be taken for the concept of teaching intelligence.

❖ **MOTIVATIONAL ASPECT**

Motivation is an essential aspect of successful teaching. The items of this sub – test are framed to judge as to what degree of motivational aspect a teacher has.

In all intelligences theory is mentioned. Motivation is correlated. Hence motivation is taken for the concept of teaching intelligence.

❖ **DYNAMIC PERSONALITY**

Dynamism in personality refers to teacher adjustment with his students and classroom atmosphere which is very essential for a right goal on right times.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

CONTENT ANALYSIS OF TEACHING COMPETENCY

Teacher competence is a comprehensive term which includes teacher's personalities, presage, process, and product variables while teaching competence is restricted to the teaching behavior during classroom teaching. Some of them are components follows given.

All following are the components of teaching competency in collected from Srinivasan, (2010), given as,

The possessions of the teacher such as knowledge, skill, altitude, personality configuration, and the like are referred to as competencies; they lend the character dimension to teaching.

❖ **PLANNING**

The planning is a vital component of the teaching-learning process. Proper classroom planning will keep teachers organized and on track while teaching, thus allowing them to teach more, helps students reach objectives more easily and manage less. The better prepared the teacher is, the more likely she/he will be able to handle whatever unexpectedly happens in the lesson.

In multiple intelligences theory intrapersonal is mentioned. Planning and intrapersonal are correlated. Hence planning and preparation is taken for the concept of teaching intelligence.

❖ **MOTIVATION**

Motivation is a process rather than a product. As a process, we do not observe motivation directly but rather we infer it from actions (choice of tasks, effort, and persistence) and verbalizations, I really want to work on this.

In all intelligences theory is mentioned. Motivation is correlated. Hence motivation is taken for the concept of teaching intelligence.

❖ **SET INDUCTION**

Do not strut teaching directly. Complete the formality. Write the date on top – left corner, name of subject on the top and middle and standard on right corner of the board. Do not tell the title of the unit. One of the skills in to micro teaching. Skill of the introducing and lesson.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ **COMMUNICATION**

Communication is defined as a process by which we assign and convey meaning in an attempt to create shared understanding. This process requires a vast repertoire of skills in intrapersonal and interpersonal processing, listening, observing, speaking, questioning, analyzing, and evaluating. Use of these processes is developmental and transfers to all areas of life: home, school, community, work, and beyond. It is through communication that collaboration and cooperation occur.

In group factor theory verbal ability is mentioned. In structure of intellect semantic is given. By these two intelligence theories communicate is taken for the concept of teaching intelligence.

❖ **INSTRUCTIONAL**

The instructional approaches that are struted sequenced and led by teachers. They are presentation of academic content to students by teachers. Such as in a lecture of demonstration, in other words, teachers are "direct" the instructional process or instruction is being "directed" at students.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ **CLASSROOM CLIMATE**

Classroom environment encompasses a broad range of educational concepts, including the physical setting, the psychological environment created through social contexts, and numerous instructional components related to teacher characteristics and behaviors. The study classroom environment has been widespread across nearly all sub specializations of educational psychology. Researchers are interested in relationships between environment constructs and multiple outcomes, including learning, engagement, motivation, social relationships, and group dynamics. Early researchers recognized that behavior is a function of people's personal characteristics and their environment.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ **TEACHING LEARNING MATERIALS**

Teaching materials is a generic term used to describe the resources teachers use to deliver instruction. Teaching materials can support student learning and increase student success. Identify the teaching materials will be tailored to the content in which they're being used, to the students in whose class they are being used, and the teacher. Teaching materials come in many shapes and sizes, but they all have in common the ability to support student learning.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ **CLASSROOM MANAGEMENT**

Classroom management refers to the wide variety of skills and techniques that teachers use to keep students organized, orderly, focused, attentive, on task, and academically productive during a class. When classroom-management strategies are executed effectively, teachers minimize the behaviors that impede learning for both individual students and groups of students, while maximizing the behaviors that facilitate or enhance learning. Generally speaking, effective teachers tend to display strong classroom-management skills, while the hallmark of the inexperienced or less effective teacher is a disorderly classroom filled with students who are not working or paying attention.

In all intelligences theory communication is mentioned. Communication is correlated. Hence communication is taken for the concept of teaching intelligence.

❖ **OPTIMISM**

Optimism is a form of positive thinking that includes the belief that you are responsible for your own happiness, and that more good things than bad will continue to happen to you. Optimists believe that bad or negative events are rare occurrences, and that it is not their fault when something bad happens, but is due to something external.

In structure of intellect theory optimism is mentioned. Optimism is correlated. Hence planning and preparation is taken for the concept of teaching intelligence.

❖ **EVALUATION**

Educational evaluation is the process of characterizing and appraising some aspects of an educational process. There are two common purposes in educational evaluation which are, at times, in conflict with one another. Educational institutions usually require evaluation data to demonstrate effectiveness to funders and other stakeholders, and to provide a measure of performance for marketing purposes. Educational evaluation is also a professional activity that individual educators need to undertake if they intend to continuously review and enhance the learning they are endeavoring to facilitate.

In structure of intellect theory evaluation is mentioned. Evaluation is correlated. Hence evaluation is taken for the concept of teaching intelligence.

❖ **ASSIGNMENTS**

The acts of assigning. Something such as a task that is assigned. A position or post of duty to which one is assigned. The transfer of a claim, right, interest or property from one to another.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

CONTENT ANALYSIS OF TEACHING EFFECTIVENESS

Teacher effectiveness is not a new concept to us. It has been listening that some teachers are the most effective ones. This means that those teachers have attained the needed competence in their roles and functions, such as the preparation and planning for teaching, classroom management, and knowledge of subject matter, teacher characteristics and their interpersonal relations. Also these teachers excel in their other personality characteristics. They are said to be the best teachers. Some of them are components follows given.

All following are the components of teaching effectiveness in collected from Umme Kulsum, (2000), given as,

❖ **PREPARATION AND PLANNING FOR TEACHING**

This area includes statements pertaining to the ability of the teacher in preparing, planning and organizing for teaching in accordance with the course objectives by using different source material.

In multiple intelligences theory intrapersonal is mentioned. Planning and preparation intrapersonal are correlated. Hence planning and preparation is taken for the concept of teaching intelligence.

❖ **CLASSROOM MANAGEMENT**

This area includes statements pertaining to the ability of the teacher to successfully communicated, motivate the students and evaluate the teaching learning process and also to maintain discipline in the classroom within the framework of democratic set-up.

Classroom management is defined as the process of sending our conveying messages to the research. In all theory classroom management is meaning. By these intelligence theories communicate is taken for the concept of teaching intelligence.

❖ **KNOWLEDGE OF SUBJECT MATTER; ITS DELIVERY AND PRESENTATION INCLUDING**

This area includes statement on the ability of the teacher in acquiring, retaining, interpreting and making use of the contents of the subject he/ she is dealing within the classroom situations. Delivery of course contents and its presentation including summary constitute essential aspect of the teaching- learning process.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ **TEACHER CHARACTERISTICS**

This area includes students pertaining of the personality make-up and its behavioral manifestations that have their own level of acceptability or unacceptability in the teaching profession. Ability to arouse a perceptive mass and seeking active participation of pupils constitute essential demand characteristics of effective teacher.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ **INTERPERSONAL RELATIONS**

The ability of the teacher to adopt himself / herself to maintain cordial relations with his/ her colleagues, pupils, their parents and other persons in the community with whom he/ she is to interact as part and parcel of his/ her profession form the basis to have statements pertaining to this area.

In multiple intelligences theory intrapersonal is mentioned. Intrapersonal relations are correlated. Hence intrapersonal relations are taken for the concept of teaching intelligence.

CONTENT ANALYSIS OF TEACHING EFFICACY

Teacher efficacy is a simple idea with significant implications. A teacher's efficacy is a judgment of his or her capabilities to bring about desired outcomes of student engagement and learning, even among those students who may be difficult or unmotivated.

All definition of the components by teaching efficacy have learn taken from Murgan, (2014), given as,

"Teacher efficacy has proved to be powerfully related to many meaningful educational outcomes such as teachers' persistence, enthusiasm, commitment and instructional behavior, as well as student outcomes such as achievement, motivation, and self-efficacy beliefs".

❖ **CLASSROOM MANAGEMENT**

Classroom management is an assigned task of the teacher who should play his/her role to organize students, space, time and material, and monitor students learning activities that the teaching – learning is taking place.

Classroom management refers to the methods or system used to organize classroom activities, instruction, physical structure and other features to make effective use of time, to create a conducive and productive environment, and to minimize behavioral problems and disruption to maximize effective teaching and learner learning.

Classroom management is defined as the process of sending our conveying messages to the research.

In all theory classroom management is meaning. By these intelligence theories communicate is taken for the concept of teaching intelligence.

❖ **STUDENT'S ENGAGEMENT**

Student's engagement means that the opportunity given to the students by the teacher for their desirable participation in teaching – learning process such as asking questions, answering, showing teaching learning material and explaining figures. It leads desirable outcomes of the students.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

❖ **INSTRUCTIONAL STRATEGY**

Instructional strategy is a technique of instruction which includes the process of motivating students, help them to focus attention, organize information understanding and remembering, explain with the help of simple examples, asking questions without hurting, monitor and assess learning of students.

This component does not seem to fit with the component of intelligence and hence this component has not taken.

CONTENT ANALYSIS OF TEACHING EFFICIENCY

Education economics or the economics of education is the study of economic issues relating to education, including the demand for education and the financing and provision of education. From early works on the relationship between schooling and labor market outcomes for individuals, the field of the economics of education has grown rapidly to cover virtually all areas with linkages to education.

All following are the components of teaching efficiency in collected from iobservation.com, (2015), given as,

❖ **PLANNING AND PREPARATION**

This area includes statements pertaining to the ability of the teacher in preparing, planning and organizing for teaching in accordance with the course objectives by using different source material.

In multiple intelligences theory intrapersonal is mentioned. Planning and preparation intrapersonal are correlated. Hence planning and preparation is taken for the concept of teaching intelligence.

❖ CLASSROOM ENVIRONMENT

Classroom environment encompasses a broad range of educational concepts, including the physical setting, the psychological environment created through social contexts, and numerous instructional components related to teacher characteristics and behaviors. The study classroom environment has been widespread across nearly all sub specializations of educational psychology. Researchers are interested in relationships between environment constructs and multiple outcomes, including learning, engagement, motivation, social relationships, and group dynamics. Early researchers recognized that behavior is a function of people's personal characteristics and their environment.

❖ INSTRUCTION

Attitudes are developed right from childhood through the process of conditioning, imitation and instruction. This component does not seem to fit with the component of intelligence and hence this component has not taken.

FINDINGS

Following the topic findings given as,

TEACHING INTELLIGENCE

Various challenges in education have been tackled are being tackled to improve enrolment and quality of education. Enhancing the number of institutions, furnishing infrastructure, providing noon meal, supplying books, bags, atlas and gadgets laptops to students, giving various scholarships, refresher programs for teachers and much more are in place to enhance the quality of education. Even by doing all these does teaching of every teacher is equal in quality? Does every teacher produce students with equal quality? Certainly, it is not.

Teacher differs in degrees of variability in teaching among themselves and with respects to outcome of students. Every teacher is not equally effective with their students. One could remember Dr. Sarvapalli Radhakrishnan, former, President of India as a teacher par excellence. One could also remember a mediocre teacher as well. Within these two extreme ends every teacher differs in their teaching in degrees which may follows Normal Probability Curve.

Each and every class is unique to a teacher. He / She have to prepare a plan of action to teach. This has to be meticulously executed during the classroom transaction. This usually starts with motivation, introduction of the concept, explanation with examples, illustrations, demonstrations, formative evaluation, summing up and summative evaluation. Many times the classroom transaction may not go as pre scripted. Classroom is not an industrial process where products are obtained with notebook precision. Many unexpected / unwanted situations may crop up.

Some students may understand and some may not, some students may pose critical questions and some pose irrelevant questions, some students may try to gossip with others, some students are actively participating and some feel sleepy / boring, some students may praise a teacher who was criticized by other / others and there could be multitude of responses from the students. A teacher has to negotiate the art of concept formation in the minds of students by understanding all these types of responses. He / she has to solve the teaching learning problems which may arise on here and now basis where 'Here' represents place of transacting the lesson and 'Now' represents time of transaction.

As Jackson (1962) reports, "the elementary teacher may change the focus of his concern as many as 1000 times daily" (cited by Alavandar, 2001). The focus upon solving teaching learning problems that may arise during classroom transaction may be looked upon as a kind of intelligence, which may be called as, 'Teaching Intelligence'. Teaching intelligence is not teaching the intelligence; rather it is a kind of intelligence for better teaching.

Teaching Intelligence, a word mentioned passing reference by Peter Maingay (cited by Alavandar, 2001), did not gather momentum so far, In this post-doctoral research, the investigator wants to identify the components that would make teacher intelligence and would like to elaborate upon it.

If by some means the teaching quality of the teacher is increased, then student learning will also be improved. If teaching quality increases, the overall quality of education will also be improved. The main objective of the proposed research is to improve the degree of teaching by constructing a newer concept known as Teaching Intelligence. (Cited in Srinivasan & Alavandar, 2014).

DEFINITION OF TEACHING INTELLIGENCE

As described by S. Arockiyasamy, (2014), from the extraction of common elements from the definitions, a definition of teaching intelligence can be given as follows. Teaching intelligence is a type of intelligence. It is an ability of the teacher to solve classroom problems that may arise during classroom transaction apart from the content knowledge that he / she posses, capacity of the teacher to adapt himself / herself and also make student to adapt classroom setting.

Following are the teaching intelligence components selected as,

- ❖ Optimistic Attitude
- ❖ Planning
- ❖ Motivation
- ❖ Communication
- ❖ Classroom Management
- ❖ Optimism
- ❖ Evaluation
- ❖ Preparation and Planning for Teaching
- ❖ Interpersonal Relations

RECOMMENDATIONS

Following are the recommendations,

- ❖ The researcher wishes to prove a few facts.
- ❖ Teachers should be well aware of the subjects.
- ❖ Preparation should be done before and after teaching.
- ❖ Teaching faculty should take an active part in seminars.
- ❖ Teaching should attend many workshops possible.
- ❖ Teachers should understand the capacity of each and every student.
- ❖ The growth of students should be the top priority of teachers.

CONCLUSION

They can conclude by informing that this chapter helps teaching effectively, teaching aptitude, teaching competency, teaching efficacy, teaching efficiency. The components of teaching effectiveness will be dealt with in a very special manner, by evaluating the education necessity of each child this is the intelligence theory.

DELIMITATIONS OF THE STUDY

This study is confined itself to "Evolve the Concept of Teaching Intelligence".

SCOPE OF THE FURTHER RESEARCH

In this message of analysis, teaching intelligence tool along with the review, they come to a new path. The teacher's quality of teaching will be trough out.

REFERENCES**BOOKS**

1. Dandpani, S. (2013), "A Textbook of Advanced Educational Psychology." Anmol Publications, New Delhi.
2. Kothari, C.R. and Gaurav Gang, (2014), "Research Methodology." Age International Private Ltd, New Delhi.
3. Kulbir Singh Sidhu, (2011), "Methodology of Research in Education." Sterling Publications.
4. Nagarajan, K. and Srivasan, R. (2009), "Psychology of Learning and Human Development." Ram Publishers, Chennai.
5. Ranjit Kumar, (2011), "Research Methodology." Sage Publications, New Delhi.
6. Shamim Karim and Ashok Kumar Dixit, (1986), "Manual for Teaching Aptitude Test Battery, Agra Psychological Research Cell, Agra.
7. Shefalui Pandya, R. (2010), "Educational Research." A P H Publishing Corporation, New Delhi.
8. Soti Shivendra Chandra Rajendra Sharma, K. (2010), "Research in Education," Atlantic Publishers and Distributors, New Delhi.
9. Vgotsky, L.S. (1999), Educational Psychology." Vanity Books International, New Delhi.

UNPUBLISHED DISSERTATIONS

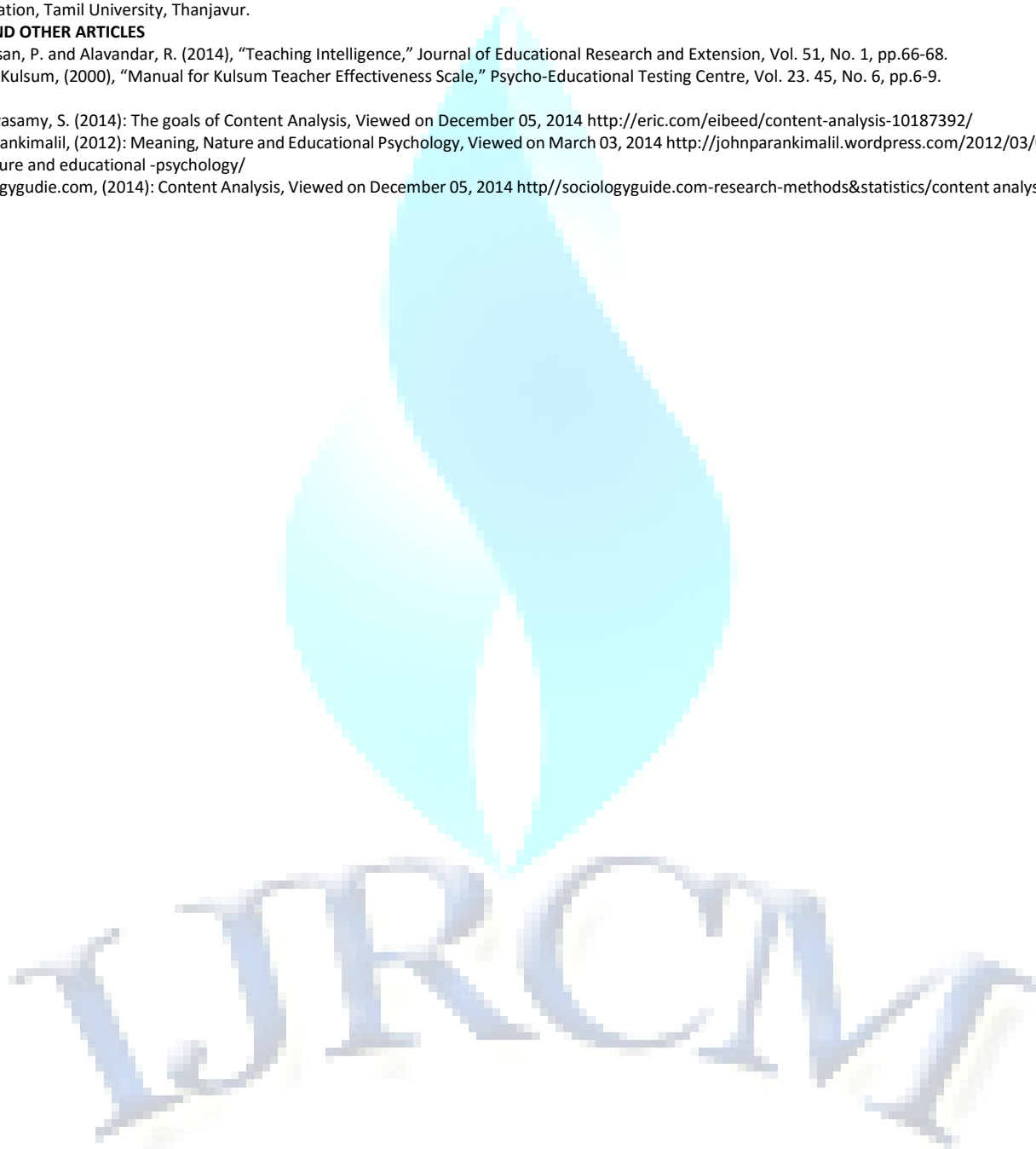
10. Srinivasan P. (2010): "Developing a Strategy for Enhancing Emotional Intelligence and its Effect on Competence in Teaching Science of B. Ed, Trainees, Doctoral Dissertation, Tamil University, Thanjavur.

JOURNAL AND OTHER ARTICLES

11. Srinivasan, P. and Alavandar, R. (2014), "Teaching Intelligence," Journal of Educational Research and Extension, Vol. 51, No. 1, pp.66-68.
12. Umme Kulsum, (2000), "Manual for Kulsum Teacher Effectiveness Scale," Psycho-Educational Testing Centre, Vol. 23. 45, No. 6, pp.6-9.

WEBSITES

13. Arockiyasamy, S. (2014): The goals of Content Analysis, Viewed on December 05, 2014 <http://eric.com/eibeed/content-analysis-10187392/>
14. John Prankimalil, (2012): Meaning, Nature and Educational Psychology, Viewed on March 03, 2014 <http://johnparankimalil.wordpress.com/2012/03/09meaning-nature-and-educational-psychology/>
15. Sociologygudie.com, (2014): Content Analysis, Viewed on December 05, 2014 <http://sociologyguide.com-research-methods&statistics/content-analysis.php/>



VALUE OF TMT SOCIAL CAPITAL IN AN INDIAN ENTREPRENEURIAL FIRM: A CASE STUDY

YESHA DUA
RESEARCH SCHOLAR
INTERNATIONAL MANAGEMENT INSTITUTE
TARA CRESCENT

ABSTRACT

This article focuses on the Top management team's Social capital and the role it plays in the bringing about company's overall growth and future opportunities. We rely on a single case study method in the Food processing industry which is highly competitive. The analysis showed that forms of social capital (internal social capital) and (external social capital) exist and play a significant role in company's growth prospects. The paper also highlights the importance of a vision, shared by the top management team which is beneficial for the company to tap into the TMT's social capital.

KEYWORDS

Indian entrepreneurial firm, social capital, growth opportunities, vision of the TMT.

INTRODUCTION

Studies done in the past to understand the relation between social capital and entrepreneurship seen to agree that social skills, trust, and social networking give access to resources that the entrepreneur would need for the start-up process thereby linking the social capital theory to the resource dependency theory.

Networks are called a set of high trust relationships that either directly or indirectly link together everyone in a social group (Carson & Gilmore, 2000). Formal definition of the network perspective says that entrepreneurship is embedded in networks of continuing social relations.

The origins of this perspective (Birley, 1985) which investigates how social connections between entrepreneurs and their environment affect entrepreneurship, revealed that informal sources such as family and friends played a larger role than formal sources such as banks, business centers and lawyers' in the process of mobilizing resources.

It is often argued that entrepreneurs must network in order to survive (Huggins, 2000) within complex networks of relationships; entrepreneurship is facilitated or constrained by linkages between aspiring entrepreneurs, resources, and opportunities (Aldrich & Zimmer, 1986).

Social networks made up of family, friends, acquaintances, customers, suppliers, and also on, were found to play a central role in helping entrepreneurs identify opportunities and mobilize resources for their firms.

Networks, involving organized systems of relationships between entrepreneurs and the outside world, are particularly valuable to the small business sector (Dunckels & Johan, 1997). Networks have also been defined as a set of nodes of persons and organizations, linked by a set of social relationships..... And an orientation towards mutual gains (Cooper, 2002).

The emphasis is on reciprocal, preferential and mutually supportive actions, characterized by complex, multidimensional and durable relationships (Carr, 2000). This theoretical perspective suggests that family firms are characterized by a unique bundle of resources, resulting from the close interplay between the family and the business systems that may both produce competitive advantages and disadvantages (Habtsion, Williams & Mac Millan, 2003; Taigiuri & Davis, 1996).

These distinctive resources are known as special human & financial capital (Danes Stafford, Haynes & Amarapurkar, 2009, Sirmon & Hitt, 2003).

Social capital in particular is generally referred to as the resources embedded in the relationships among people (Hoffman, Hoelscher & Sorenson, 2006) both within the organization (internal social capital) and between the organization & its external parties (external social capital) Adler, 2002.

Social capital in family firms is especially important for addressing the distinctive features of family firms because the strong relational ties holding among family members can significantly alter relationships within and across organizations (Arregle, Hitt, Sirmon & Very, 2007). For this reason social capital played a crucial role in defining the behavioral and social resources on which family firms can grow competitive differentials (Pearson, Carr & Shaw, 2008).

Studies in the past have contributed to this understanding that Social capital within and outside the firm does help and facilitate entrepreneur to make better decisions, and also facilitate in setting the firm, getting various resources. This paper is an attempt to understand the role of Social capital in especially entrepreneurial firm.

We make a step ahead in this direction by addressing the following research questions in this article:

RQ1: What is the Top management view on the importance of social capital?

RQ2: How has this particular organization moved on its growth path?

RQ3: How has social capital helped this organization along its growth path?

The structure of the article is as follows.

THEORETICAL BACKGROUND

Social capital

Social capital, generally defined as the resources embedded in the relationships among people (Hoffman et al, 2006) is distinctively affected by the strong relational ties holding among family members that can affect both intra-and inter-organizational relationships (Arregle et al, 2007).

It involves therefore both relationships among the individuals working in the organization (internal social capital) and between the organization and external parties (external social capital) (Adler, 2002; Rutten, 2001).

Birley (1985) investigates how social connections between entrepreneurs and their environment affect entrepreneurship, revealed that informal sources such as family and friends played a larger role than formal sources such as banks, business centers and lawyers in the process of mobilizing resources. It is argued that entrepreneurs must network in order to survive (Huggins, 2000). Networks, involving organized systems of relationships between entrepreneurs and the outside world, are particularly valuable to the small business sector (Donckels & Johan, 1997).

Networks have also been defined as a set of nodes of persons and organizations, "linked by a set of social relationships....., and an orientation towards mutual gain" (Cooper, 2002).

Social capital entails the actual and potential resources accessible through an actor's network of relationships (Nahapiet and Ghoshal, 1998). The core intuition is that investments in social relations generate goodwill available to individuals and groups that can be mobilized to achieve certain goals (Adler & Kwon, 2002). Accordingly, social capital creates value by endowing well connected actors with privileged access to intellectual, financial, and cultural resources (Bourdieu, 1986).

Social capital in Entrepreneurial firms

The social network approach to asset creation is founded on the principle that the relationships entrepreneurs have with others is a key resource for creating and building business ventures (Aldrich et al, 1997; Carsrud and Johnson, 1989).

Granovetter (1995) argues that all relationships are socially embedded and the degree of embeddedness has a direct and positive impact on economic actions and performance. When network relationship is entrenched within a social relationship and directly impacts an entrepreneur's decision making process, the linkage is deemed to be "relationally embedded" (Uzzi, 1996). Network relationships create organizational assets often referred to as social capital (Burt, 1992). Thus one's relationships are a source of material, informational and emotional aid (Lin, 1986).

Bhagavatula et al, (2008) examined the importance of social capital and its impact on business performance and revealed that selected entrepreneurs in handloom industry in India maintain business contacts with the suppliers for getting favorable credit policies. Importance of strong ties gains access to the resources for longer credit periods in India (Bhagavatula et al, 2010).

Researchers in the past have contributed on the value of informal and social contacts embedded within the entrepreneur's social networks can have both short and long-term benefits for new firm start-up and growth. Access to networks is perceived to provide potential knowledge resources to support small firm growth, particularly at start-up (Mac Pherson and Holt, 2007). Lin et al. (2001) believed social capital to be manifested by: [...] resources embedded in a social structure of relationships which are accessed and/or mobilized in purposive actions. Baron and Markman (2000) suggest that an entrepreneur's social capital can assist in gaining access to those individuals who are important for their success including for example, business advisors, venture capitalists, customers and/or suppliers. The size and capacity of social networks may affect overall stocks of social capital. Individuals and families with large numbers of social ties may have access to a large stock of social capital (Stone, 2001). Mitchell (1969) recognized that it is always necessary to limit the volume of data collected by selecting "Partial networks". Partial networks are networks which revolve around an individual with an abstraction of the "global" feature in relation to a particular aspect of social life, referred as "ego-centered" networks.

Although networks are important in any successful entrepreneurial venture, just having a good network is unlikely to ensure success. Entrepreneurs must be adept at managing effectively the networks of "know-who" in order to build strong, independent relationships and being a sound "fixer" capable of putting the packages of resources in order to achieve (Gartner, 1990; Long, 1983).

Networks connect the entrepreneur with opportunities critical to a firm's success and provide support, credibility, and contact for entrepreneurs. Individuals who are "well connected" that is, who have numerous social and professional relationships, will experience more success in starting new ventures, given the existence of a rich network.

METHOD

The article aims to broaden theory on entrepreneurship and studying the top management team's view on the importance of social capital for the organizations growth and growth prospects. For this purpose, we have used a single-case study approach, wherein an in-depth analysis of the company and supported with top management team's interview and backed by company data. Moreover, this methodology is suitable for answering questions which are qualitative in nature (Eisenhardt, 1989).

We operationalised the definition of entrepreneurial firms and selected the firm on the basis of criteria (a) it should be a medium-sized entrepreneurial firm, (b) the presence of owner/promoter in the functioning of the company is essential, (c) the Top management team members are intact with the company atleast for past 5 years. We thought of including medium sized firm because of the relationship between family involvement and social capital within the firm is still evident. This theoretical sampling method provided us with an experimental situation where to study the phenomenon of interest under particularly insightful circumstances (Siggelkow, 2007), could shed light on the sources of social capital and its importance to the organization.

As regards data collection, we mainly relied on personal interviews with the entrepreneurial firm CEO/Promoter and function/ departmental heads. We have used semi-structured approach of interviews. The evidence collected during interviews was finally analyzed by conducting within-case study and an explanation building investigation.

Case Study Approach

The case study is a research strategy which focuses on understanding the dynamics present within single settings. Case studies can involve single or multiple cases, numerous levels of analysis (Yin, 1984). Case studies typically combine data collection methods such as archives, interviews, questionnaires, and observations. The evidence may be qualitative (e.g., words), quantitative (e.g. numbers), or both (Miles & Huberman, 1984).

Finally, case studies can be used to accomplish various aims: to provide description (Kidder, 1982), test theory (Pinfield, 1986; Anderson, 1983), or generate theory (e.g., Gersick, 1988; Harris & Sutton, 1986).

We have used a Thematic Analysis which consists of understanding "a priori" and Emerging themes. A code in qualitative inquiry is most often a word or short phrase that symbolically assigns a summative. Charmaz (2001) describes coding as the "critical link" between data collection and their explanation of meaning.

Coding

To codify is to arrange things in a systematic order, to make something part of a system or classification, to categorize. When codes are applied and reapplied to qualitative data, you are codifying- a process that permits data to be "segregated, grouped, regrouped and relinked in order to consolidate meaning and explanation" (Grbich, 2007, p.21).

The "a priori" is indicated with numerical codes from 1 to 21 and are highlighted.

Categories

1. Emotional capital
2. Social capital
3. Vision
4. Decision making style
5. Organizational innovativeness
6. Incremental innovation
7. Growth

COMPANY PROFILE

LT FOODS (DAAWAT)

Daawat Rice or LT foods as it is commonly called was formed under the leadership of Mr. Vijay Arora in the year 1990. Right from the beginning, Mr. Arora aimed at growing this organization into a global enterprise. The industry in the country was highly unorganized when LT foods began its journey almost two decades ago. Limited technology and poor quality products created a wide gap between the supply and demand of quality food products. The company is largely known for its high standards in hygiene, quality and healthy food products.

With core vision of maximizing customer's delight through value expansion, LT Foods Limited stands strong leading processor and exporters of packaged basmati rice in the country. The company is dynamic and diversified agribusinesses and foods company dealing into varied businesses such as Organic Foods, Grain storage, Staple Foods and Healthy snacks.

The company is headquartered in Gurgaon, Haryana. It employs around 900 employees in India and abroad, with net sales of Rs. 1281 Cr in FY'11. It has robust plans to expand its business globally. The company has a strong nationwide distribution network in the domestic market that sells products such as branded rice, wheat and pulses, healthy snacks, spices and other value added products like brown flax seeds and cashew nuts.

Initially the company started as a privately held business, but in 2006 it got listed on the BSE and eventually it has become a professionally managed entity. The company took E&Y on board, which further helped it to take major strategic initiatives. To enhance its market position, looking at the global business environment, the company has always strived to improve its backend support; it has set up a flour mill in Bhopal with an expandable capacity of 300 tonne a month. It has also set up re-packaging (RPC) at Khalapur near Panvel in Maharashtra.

The company's mission is "to deliver value to its customer, be profitable and establish leadership in the core markets". The company values are Ownership, Passion for Excellence, Customer centricity, Business ethics and Innovation.

PepsiCo the global beverage player has recently tied up with LT Foods, for manufacturing, processing and packaging its rice based snack, Kurkure. A new plant with a capacity of 796 tonnes a month has been set up under Daawat Foods Ltd., which is a majority owned subsidiary of LT Foods. LT Foods will be paid conversion

charges- a combination of return on investment and operating cost. The company is also said to be exploring production of other products with PepsiCo, such as oats. (Business Line, 2012).

It has also bagged a recent deal in the month of October, 2012 from Indonesian Government agency Bulog, to deliver rice shipments. The Indian rice exporter has already exported 21,000 tonnes of rice to Indonesia, the remaining 9000 is still at the port due to some lengthy procedures in awarding the contract. (Business line, 2013).

TABLE 1: PRESENTS THE COMPANY GROWTH TIMELINE.

Year	Major Achievements
1990-91	Incorporation of the company as a Private limited company
1993-1994	Converted into a Public limited company
1994-1995	Set up our own milling capacity of 4 mtph
1995-1996	Certificate of merit issued by APEDA for long grain rice under the registered brand "DAAWAT" in USA
1997-1998	Awarded the "APEDA Export award"
1998-1999	Took over business of Lal Chand Tirath Ram Rice mill, capacity of 6 mtph
1999-2000	Recognized as Star Trading House by Government of India and launched the brand "Daawat" in Mauritius, Saudi Arabia, New Zealand
2000-2001	Started the processing facility at Bahalgarh unit of 4 mtph, launched "Daawat" in Australia
2001-2002	Registered and launched the brand "Daawat" in Canada, Obtained ISO 9001:2000 certification, obtained HACCP certification, SQF certification
2002-2003	Received the right to use APEDA certification mark "Quality Produce of India"
2003-2004	Awarded from APEDA for export promotion and quality development of Basmati rice.
2004-2005	Awarded the India Star Award from Indian Institute of Packaging, making owned capacity to 18 mtph
2005-2006	Awarded "Udyog Ratna" by PHD Chamber of Commerce and Industry
2006-2007	Inauguration of "Silos" complex increase in capacity from 18 mtph to 27 mtph
2007	LT Overseas signed an MOU with Madhya Pradesh State Industrial Corporation Ltd.
2008	Company name has been changed from LT Overseas to LT Foods Ltd.
2010	Various Appointments of Independent Directors at Board Meeting
2011	Appointment of Mr. Khandelwal as the CFO and Mr. Ashwani Arora as the new CEO of the company

Source: Moneycontrol.com (accessed on the 25th April, 2014).

FINDINGS

This section presents the findings under the case study regarding the view of the top management team regarding the importance of social capital and their sources. In particular, we will focus on three main theoretical dimensions that have emerged from this case study: the social capital resources, social capital importance to the TMT, Their view on social capital (internal, external) and social capital influences.

Table 2 summarizes these findings and provides exemplary quotes that emerged during the interviews.

Mr. Ashwani Arora remarked....

People are very very important. Company is all about good people, having good people on board. Inside as well as outside. Networking is one of the best strength company possess, majority of them possess that. "agar aapne aadmi dikh nahi rakhe, org. badegi kaise".8

we hired the best of people to train them. Jo bhi hamare rice industry mein best hai, we hire them, or hire them as consultant. On our board we have Ex. CEO ITC Food; we have Mr. Mimani, Ex. Chairman of E&Y. These people that we have are one of the key things that have helped us in reaching wherever we are.10

Mr. Dipol Dhole commented....

Where I have people from multinational P&G's of the world. In fact, we don't hire, a single person from the Rice industry. I have not hired from the same segment. You may call it our pride, or ego whatever.

We believe the system/processes that we have are far far ahead of any industry in this segment. So if I hire somebody he is not going to add value. In fact I have to train him. So why to hire somebody from industry who is at par with my system/processes. So we hire from FMCG but never from rice industry.

Mr. Anil Khandelwal said....

Yes networking – very, very important. Mr. Arora's networking is incredible.10

At the moment I am like working on this for instance I give a very interesting example Networking- fortunately I enjoy great networking across not only in India but internationally, having spent time different parts of the world.12

Just a couple of minutes ago, I was writing a small arbitrary. Mr. Arora wanted me to. The gentlemen who was deputy governor Mr. Satyapal Talwar, who died recently /passed away. The point is- he was telling me that Anil, these are the people they mentored me and most important thing is Mr. Arora followed him the kind of support, help, simplicity, authenticity all these things he nurtured in his business practices. And that's where the business is moving at a good pace.5

Mr. Vikram Patil said....

Networking- Yes/No both because one, I try to keep all the professional dealings in a very strict professional manner but don't mix up personal facts, if some contacts can help me somewhere, help me to achieve something, nothing wrong in that. 5

Mr. Vijay Arora commented on this..

"People are very important, at every stage. Sincerity towards others always pays, it helps".

"Aaj mujhe matlab nahi hai, toh mein nahi milta, nahi baat karta, that taught me a lesson. Mere ko tab matlab nahi tha, phir jab kaam hoga, so it should not be like that, intentionally you should not lose relations".

Miss Monica said....

"Mr. Arora carries certain strengths with him, he is very good at networking, he is very good at identifying sources which will be beneficial for his company, he is a very shrewd businessman".

Hired MNC to look for avenues. "Jab insan dhaan leta hai, log uska saath dete hai".

During the interviews the top management team of the company did mention the importance of Social capital or in the language the importance of Influencers, mentors for the businesses to grow. But their vision which may not be long term vision, but also day to day targets, achievements were beneficial to them and for their company.

One of the CEO's mentioned, that his day to day achievements became his big dreams. He dreamt what he could achieve but his achievements were far bigger and better.

Mr Ashwani Arora said "But Mr.V.K Arora wanted to export, take it international".

Mr. Anil Khandelwal said "Consumer drive thru value added Agri business".1 when the business started; it was more of commodity led business dominated by basmati rice. But last few years thinking has changed, getting into value-added product stream.

Mr. V.K Arora said "Therefore, this poses a question that does Vision of the top management team of the company play a significant role in company's growth? Is a shared vision utmost to tap into the social capital?

VISION

It has been suggested in previous literature that shared vision encompasses many aspects of a cooperative relationship (Li, L, 2005). The concept of shared vision is often used to refer to shared values and mutual goals and understanding in a cooperative relationship (Morgan & Hunt, 1994 and Parsons, 2002).

Nahapiet and Ghoshal (1998) discuss relational resources that provide shared representation, interpretations, and systems of meaning among parties.

Tsai and Ghoshal (1998) label these resources as shared visions. In their view, a shared vision embodies the collective goals and aspirations of members of an organization.

Shared Vision is a necessary condition for exchange to occur because identification and combination of strategic resources can only be realized if the firms have systems and cultures that are compatible enough to facilitate coordinated action (e.g. Dyer & Singh, 1998).

Yli-Renko et al. (2001) further emphasize that shared vision enhances relative absorptive capacity (Lane & Lubatkin, 1998). The existence of shared goals and values enhances headquarter responsiveness to subsidiary needs and appreciation of subsidiary initiatives that help to create a conducive environment and intrinsic motivation for knowledge sharing (Hewett & Bearden, 2001).

Shared vision is a strong influencing factor for inward knowledge transfer (Li, L, 2005). Prior studies support that shared vision is more influential in intra-organizational relationships (Luo, 2002).

Common values and a shared vision, the major manifestations of the cognitive dimensions of social capital, may also encourage the development of trusting relationships. A trusting relationship between two parties implies that “common goals and values have brought and kept them together” (Barber 1983:21).

GROWTH

There is research to suggest that growth is one of the most important outcomes of entrepreneurial efforts because it indicates the degree of success of that effort (Bhide, 1999; Venkatraman, 1997). Regardless of their sizes, expanding and growing firms are indeed the creators of new jobs and of a healthy economy (cf. Storey, 1995). Appropriate measurement of growth is of central importance to entrepreneurship research.

The most used growth indicators were employment and turnover/sales, probably because they were easily available and because they are seen as non-controversial.

For the purpose of the paper we have taken Net profit of the company year-on-year basis, or comparison. During the interviews the Top management team expressed their views on company growth.

Mr. Ashwani Arora head of Marketing commented “mein ne company ko badana hai bus”. This not only describes his ambition, but also the urge to grow. According to Mr. Anil Khandelwal head of finance, he said “TMT is always scouting for opportunities. We will be no.1 and there is no reason why it cannot be no.1”. We added “we have expanded our distribution reach a lot like for instance we have 100,000 retail outlets to 200,000 retail outlets”.

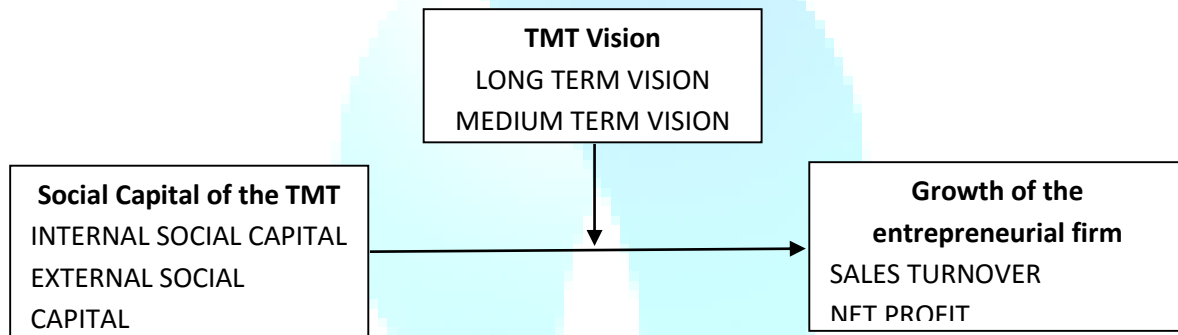
The interview with the TMT supported the growth numbers. It not described their ambition but also their growth patterns, and the desire to grow.

TABLE 2: LT FOODS- GROWTH CHART

Net block/Crs	March '09	March 10	March 11	March 12	March 13
NP	89.29	108.23	131.56	177.9	172.48
NSE:DAAWAT					

THEORETICAL MODEL

FIGURE 1: SOCIAL CAPITAL OF THE TMT AND GROWTH OF THE FIRM



CONCLUSION

A broad consensus had emerged among both strategy and entrepreneurship scholars that networks play a central role in successful firm emergence and growth (Aldrich and Reese, 1993; Birley, 1985; Hansen, 1995; Hite, 1999; Larsen and Starr, 1993, Stuart, Hoang and Hybels, 1999).

The paper explains the importance of social capital (internal & external) and the benefits that the company reaps in terms of its growth prospects. It also explains the role Vision plays in the entire process. The vision of the top management team, their ambition, day to day goal achievements are essential to tap into the pool of resources (social capital). More so, a vision that is shared by the top management team is even more beneficial for the company to grow. Evolving resource needs necessitate a shift in networks as firm’s progress from emergence to early growth.

REFERENCES

- Adler, P. S., & Kwon, S. W. (2002). Social capital: Prospects for a new concept. *Academy of management review*, 27(1), 17-40.
- Adler, P. S., & Kwon, S. W. (2002). Social capital: Prospects for a new concept. *Academy of management review*, 27(1), 17-40.
- Adler, P. S., & Kwon, S. W. (2002). Social capital: Prospects for a new concept. *Academy of management review*, 27(1), 17-40.
- Aldrich, H. Z., & Zimmer, C. C. (1986): “Entrepreneurship through social networks”. *Sexton, DL y*.
- Arregle, J. L., Hitt, M. A., Sirmon, D. G., & Very, P. (2007). The Development of Organizational Social Capital: Attributes of Family Firms*. *Journal of management studies*, 44(1), 73-95.
- Arregle, J. L., Hitt, M. A., Sirmon, D. G., & Very, P. (2007). The Development of Organizational Social Capital: Attributes of Family Firms*. *Journal of management studies*, 44(1), 73-95.
- Baron, R. A., & Markman, G. D. (2000). Beyond social capital: How social skills can enhance entrepreneurs' success. *The Academy of Management Executive*, 14(1), 106-116.
- Bhagavatula, S., Elfring, T., van Tilburg, A., & van de Bunt, G. G. (2010). How social and human capital influence opportunity recognition and resource mobilization in India's handloom industry. *Journal of Business Venturing*, 25(3), 245-260.
- Birley, S., & Norburn, D. (1985). Small vs. large companies: The entrepreneurial conundrum. *Journal of Business Strategy*, 6(1), 81-87.
- Bourdieu, P. (2011). The forms of capital. (1986). *Cultural theory: An anthology*, 81-93.
- Carsrud, A. L., & Johnson, R. W. (1989). Entrepreneurship: a social psychological perspective. *Entrepreneurship & Regional Development*, 1(1), 21-31.
- Cooper, A. C. (2002). Networks, alliances and entrepreneurship. *Strategic entrepreneurship: Creating a new integrated mindset*, 203-222.
- Danes, S. M., Stafford, K., Haynes, G., & Amarapurkar, S. S. (2009). Family capital of family firms: Bridging human, social, and financial capital. *Family Business Review*.
- Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of management review*, 14(4), 532-550.

15. Gartner, W. B. (1990). What are we talking about when we talk about entrepreneurship? *Journal of Business venturing*, 5(1), 15-28.
16. Gilmore, A., Carson, D., Grant, K., Pickett, B., & Laney, R. (2000). Managing strategic change in small and medium-sized enterprises: how do owner-managers hand over their networks? *Strategic Change*, 9(7), 415-426.
17. Granovetter, M. (1995). *Getting a job: A study of contacts and careers*. University of Chicago Press.
18. Habbershon, T. G., Williams, M., & MacMillan, I. C. (2003). A unified systems perspective of family firm performance. *Journal of business venturing*, 18(4), 451-465.
19. Hoffman, J., Hoelscher, M., & Sorenson, R. (2006). Achieving sustained competitive advantage: A family capital theory. *Family business review*, 19(2), 135-145.
20. Hoffman, J., Hoelscher, M., & Sorenson, R. (2006). Achieving sustained competitive advantage: A family capital theory. *Family business review*, 19(2), 135-145.
21. Huggins, R. (2000). The success and failure of policy-implemented inter-firm network initiatives: motivations, processes and structure. *Entrepreneurship & Regional Development*, 12(2), 111-135.
22. Lin, N., & Dumin, M. (1986). Access to occupations through social ties. *Social networks*, 8(4), 365-385.
23. Macpherson, A., & Holt, R. (2007). Knowledge, learning and small firm growth: a systematic review of the evidence. *Research Policy*, 36(2), 172-192.
24. Mitchell, J. C. (1969). *The concept and use of social networks*. Bobbs-Merrill.
25. Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of management review*, 23(2), 242-266.
26. Pearson, A. W., Carr, J. C., & Shaw, J. C. (2008). Toward a theory of familiness: A social capital perspective. *Entrepreneurship Theory and Practice*, 32(6), 949-969.
27. Rutten, R. (2004). Inter-firm knowledge creation: A re-appreciation of embeddedness from a relational perspective. *European Planning Studies*, 12(5), 659-673.
28. Siggelkow, N. (2007). Persuasion with case studies. *Academy of Management Journal*, 50(1), 20-24.
29. Sirmon, D. G., & Hitt, M. A. (2003). Managing resources: Linking unique resources, management, and wealth creation in family firms. *Entrepreneurship theory and practice*, 27(4), 339-358.
30. Tagiuri, R., & Davis, J. (1996). Bivalent attributes of the family firm. *Family business review*, 9(2), 199-208.
31. Uzzi, B. (1996). The sources and consequences of embeddedness for the economic performance of organizations: The network effect. *American sociological review*, 61(4), 674-698.



A STUDY OF THE ADJUSTMENT PROBLEMS BETWEEN SC, ST AND GENERAL CASTE HINDU STUDENTS

TRIBHUWAN KR. BHARTIYA
GRADUATE SCIENCE TEACHER
VIVEKANANDA VIDYALAYA HIGHER SECONDARY SCHOOL
DIGBOI

ABSTRACT

The Indian society is divided into different strata of castes that are more than 1000 in numbers. Out of these most of the caste are highly backward and at present grouped into Scheduled Caste and Scheduled Tribe. They are the deprived section of the society from the centuries. The present study is done for the finding out the adjustment problems between the Scheduled Caste, Scheduled Tribe and Higher caste Hindu students after the 65 years of the enactment of the Indian Constitution having provisions for the uplifting of the deprived sections. The sample student is taken randomly from the Sonapat District of Haryana. Intelligence test B.P.T. 8 and Dr. Saxena's inventory has been used in this study. It is found that General Caste Hindu students are better adjusted than Scheduled Caste and Scheduled Tribe students in Home, Health, Social Emotional and School fields. The differences between the means of the two classes have been found to be significant at an accepted level of confidence. In the sphere of health though such difference is not statistically significant yet the trend is again in favour of General Caste Hindu students.

KEYWORDS

adjustment problems, deprived section of the society, general caste, scheduled caste (SC), scheduled tribe (ST).

INTRODUCTION

Indian society is usually regarded a caste based society. According to the Upanishadas, Manu stamped the Indian society into four castes keeping in view the function of various individuals to earn their living. But in course of time these functions became permanent with heredity. The son felt no shame in adopting the profession which was followed by family or caste and they became quiet proficient in that Caste. This social system worked well for centuries. With the passage of time, rigidity created in the system. Some gifted children had to face social, economical and environmental problems to change their occupation. Thus they face frustration and felt maladjusted and gradually the position of wards became very deplorable. They became very backward, socially, financially, mentally and educationally. Backward classes were denied entrance to the places, we call houses of GOD. They are denied the use of the same things as the upper caste Hindus like public roads, public wells, public taps, public parks etc. In some cases their approach within measure distance is a social crime. They are relegated for their residence to the worst part of cities, villages where they get no social status. For the centuries no attempt was made to improve their lot.

Mahatma Jotiba Phule was probably the first person of the county who did pioneering work against this social evil. Under his leadership many movements were started from time to time, to lessen these grievances of this backward section of the society. **Savitri Bai Phule**, wife of **Mahatma Phule** did the pioneering work on the education of girls and women of backward classes for which they suffered a lot. **Dr. B. R. Ambedkar** did a lot for uplifting of backward class and also made constitutional provisions for it. Commenting on the necessity of the uplifting of this section of Indian society, **Gandhi Ji** said "I believe that if problem of untouchables is really rooted out, it will not only purge Hinduism of a terrible blot but its repercussion will be worldwide. My fight against problem of untouchable is a fight against the impure in humanity, and therefore, when I penned my letter to Sammel house I did so in full faith that the very best in the human family will come to my assistance if I have embarked on this thing with a pure heart". Ultimately India got freedom in 1947 and was declared a Democratic Republic on 26th January 1950. The constitution was framed and was regarded to be the light-house to give social, political and economic justice to all citizens of India.

REVIEW OF LITERATURE

"The competent physician must keep abreast of the latest discoveries in the field of medicine, obviously the careful student of education, the research worker and investigator should become familiar with the location and use of sources of educational information".

Good, Ber, Scates.

Keeping the above truth in the mind the author tried to review the literature available in other countries as well as in India relating to present study. But as there is no caste system in Foreign Countries, he could find out only a few studies of different social classes as they exist in England and America. In these countries they have the working classes, the middle classes and the aristocratic classes. Besides this it is essential here to mention that he could not find any study directly related to personality adjustment scores. But what he could find is being given as under:

Cohen conducted a study on delinquency to find out the cause of the same (1955). He found that some of the major causes of delinquency are economic and social exigencies and probably this was the reason that a vast majority of delinquents come from working classes.

In the same way in our country, in society two different types of classes exist- one is the economically and socially depressed class known as SC, ST and the other is the well to do General Caste Hindu group. Because of economic and social pressure, the inferior type of sub-culture begins to crop up in the depressed strata of society. And the norms and modes of this sub culture reflect over the behaviour of the individuals comprising such groups. This inference is supported by the studies of Kundu (1969, 1970), where as the author compared the scores of delinquent and non-delinquent people on the Bhatia Battery of Intelligence tests and found significant differences in favour of non-delinquent people. The state of affairs should be similar so far other psychological and mental functions are concerned and as a result such differences may also exist in the field of adjustment. Hence he thought it is better to conduct an investigation regarding the differences that may exist in adjustment scores of boys of the communities i.e. SC, ST and General Caste Hindus.

IMPORTANCE OF THE STUDY

Social change is on the way. Science and industrialization have made life complex. Because of this complexity in life, it is increasingly becoming difficult for the individual, keeping in view his/her own potentiality, to decide as what he/she has to do. This leads to frustration and maladjustment. So to save the young from such frustration, it is essential to know whether the General Caste and SC, ST Hindu students are well adjusted in different fields of adjustments i.e. Home, Health, Social, Emotional and School. The study will also be useful in devising ways and means to solve the adjustment problems of the lesser adjustment and maladjustment.

OBJECTIVES OF THE STUDY

This problem is related to find out the adjustment differences of the two groups of students i.e. SC, ST and General Caste Hindus of various High Schools/Sr. Sec. Schools in different areas of adjustment as follows:

1. To study the adjustment problems of General Caste and SC, ST Hindu students in HOME.
2. To study the adjustment problems of General Caste and SC, ST Hindu students in HEALTH.
3. To study the adjustment problems of General Caste and SC, ST Hindu students in SOCIETY.
4. To study the adjustment problems of General Caste and SC, ST Hindu students in EMOTION.
5. To study the adjustment problems of General Caste and SC, ST Hindu students in SCHOOL.

HYPOTHESIS

The null hypothesis is assumed of:

1. There is no significant problem in the adjustment in HOME between SC, ST and General Caste Hindu students.
2. There is no significant problem in the adjustment in HEALTH between SC, ST and General Caste Hindu students.
3. There is no significant problem in the adjustment in SOCIETY between SC, ST and General Caste Hindu students.
4. There is no significant problem in the adjustment in EMOTION between SC, ST and General Caste Hindu students.
5. There is no significant problem in the adjustment in SCHOOL between SC, ST and General Caste Hindu students.

METHODOLOGY AND PROCEDURE

"Technique is a process, manipulation or procedure required in any art, study, activity or production."

C.T. Good

A. METHOD

This problem can be studied by various methods viz. Historical method which studies, discovers, describes and interprets what existed in the past. The study could be conducted by going into the history or cumulative records of both the groups. But at this stage it is very difficult to find out whether SC, ST students could be compared with General Cast students with regard to their intelligence and adjustment. Moreover C.R. are not maintained in most of the schools. The present study under investigation could also be made by the experimental methods, which describes and analyses what will be or what will occur under careful controlled conditions. By this method two matched groups of General Caste Hindu students and SC, ST students could be studied after administering intelligence test to rule out the differences due to intelligence. But this method could not be followed due to the paucity of time at the disposal of the investigator. He used survey method which specifies the present status of the subjects used in any study in terms of conditions, relationships, practices, beliefs, attitudes, processes, effects or trends etc.

B. SAMPLING AND SELECTION OF SCHOOLS

In this study, the author gave due consideration to the term sampling. He felt it very difficult rather impossible to conduct the investigation on a large population due to paucity of time so he preferred a limited sample and a sample, if selected properly is considered to be a representative of a larger whole.

Keeping in view the time and financial considerations, he selected one district of SONEPAT out of which, he selected ten schools on the basis of randomization from the urban and rural areas. A copy of selected schools is attached in appendix No. 1. Out of the children present in these schools, 342 children of both the groups were taken for the investigation.

C. SELECTION OF TOOLS

Intelligence Test B.P.T. 8

Intelligence is considered as a major factor in adjustment so far matching the groups B.P.T. 8, a verbal group test of intelligence was administered. Other variables like age, sex, socio-economic status etc. could not be controlled because of the following difficulties:

- (i) Female literacy in scheduled caste and backward class people is very low, so adequate number of girl students belonging to these castes was not easily available. The study was confined to boys only.
- (ii) With regard to socio-economic status, student's responses are generally not reliable. Even there is hesitation on the part of parents to reveal the correct figures of income so it also could not be controlled.
- (iii) In India especially in villages, people are careless about the exact data of birth of their wards. So this factor was also uncontrolled. The students were matched on the basis of their raw scores on B.P.T. 8, a verbal group test of general mental ability.

It is verbal group test of intelligence in Hindu and was constructed under the Bureau of Psychology, Allahabad in 1956. It is a time bound test to measure mental ability. Separate single page answer sheets were used.

JUSTIFICATION FOR THE SELECTION OF THIS INTELLIGENCE TEST

- This test is in Hindi. The students know Hindi well and the medium of instruction and their mother tongue was Hindi.
- It was standardized on the students of U.P. Also the manual of the test suggests that the test is valid for other Hindi speaking states too.
- The time required for the administration of the test i.e. 45 minutes, is quite reasonable. It was quite possible to finish the test in one sitting of about one hour.
- It was standardized on a fairly large number of students.
- Separate answer sheets and scoring key was quite useful for objective, correct and quick marking.

ADJUSTMENT INVENTORY BY DR. M.S.L. SAXENA

Personality adjustment means a state of harmony between the needs, activities, resources of a person and the conditions of his environment. Adjustment indicates how well a particular individual has been able to cope with himself and the ways of life he has to follow without getting into trouble, he is well adjusted. The general method of estimating personality falls into three categories:

1. Subjective Method
2. Objective Method
3. Projective Method

The author used the subjective method. The subject himself supplies the data about his personality. The subject looks upon himself as others see him. He views himself critically and objectively, though the process is altogether subjective. For this purpose, there are following main methods:

- (a) The autobiography
- (b) The Case History
- (c) The Interview Method

The autobiography method is lengthy and time consuming and every student has no autobiograph so this method was discarded. The case History is also lengthy and time consuming while interview method is costly and needs expertise. So the author used an inventory for the purpose of this investigation.

JUSTIFICATION FOR THE SELECTION OF ADJUSTMENT INVENTORY

There are several other inventories e.g. Bell's Inventory, M.M.P. 1, etc. which have been standardized in foreign countries according to their own norms of behaviour. It is an admitted fact that the norms differ from society to society and hence use of Dr. Saxena's inventory has been made as it has been standardized in India, and is meant for Indian adults also. This inventory has only 90 items which make it easy to be administered in one sitting of the usual class period.

There is no time limit to answer questions yet 45 minutes were found to be sufficient for this purpose as most of the students could complete the test within this time limit. It is available in Hindi. Hindi being the mother tongue of the state of Haryana as well as the medium of instructions in the schools selected for the study was found to be suited for the students of 9th class. The inventory consists of the following five elements:

TABLE NO. 1

Section	Area of Adjustment	No. of Items	Reliability of the inventory
A	Home	17	0.81
B	Health	15	0.79
C	Social	21	0.76
D	Emotional	25	0.86
E	School	12	0.72
	TOTAL	90	0.87

The answer of each item is to be given on a three point-scale yes, can't say and No. Raw scores can be easily changed into standard scores with the help of the manual.

TYPES OF SAMPLING AND SIZE OF SAMPLE

After the selection of schools and tools, intelligence test B.P.T. 8 was administered to the students of 9th Class in accordance with the direction given in the manual of the test. Because the number of SC, ST students in a class is generally less than the number of General Caste students, so the section of the class having the maximum number of SC, ST students was selected for study. After scoring the answer sheets of intelligence, the students of both the groups having similar intelligence scores were selected for investigation. For example, a General Caste student getting a raw score of 40 on intelligence test was matched with a similar score of SC, ST student. Out of 342 students tested only 75 pairs of students were taken after matching an intelligence score.

The matching on intelligence had to be done because intelligence is correlated with adjustment in different areas. It is easier for an intelligent person to adjust and adapt himself to the situation in which he is placed.

ADMINISTRATION OF TESTS

The selected tools were administered to 342 students of 9th class available for investigation from the schools (stated in the appendix No. 1) selected randomly but the section having the maximum number of SC, ST students of each school, was taken purposely, because such students were not easily available. The author himself administered both the tests to all students under study, after imparting necessary instructions and clearing all the doubts, questions and queries of the students and after becoming sure that the students had followed the instructions, the tests were administered on two successive days. All the students were given the intelligence test first and the personality adjustment inventory afterwards.

SCORING

Scoring was done in accordance with the instructions given in the respective manuals of the tests. The author used raw scores for intelligence. The personality adjustment scores were used after converting them into 'z' scores in accordance with the norms given in the manual by Dr. Saxena.

DIFFICULTIES ENCOUNTERED IN COLLECTING DATA

Out of about 120 schools in the one district, ten schools (stated in the appendix No. 1) were selected on the basis of randomization. The data could not be collected for more than 342 students because of the many difficulties. Moreover, some of the school authorities did not properly cooperate and avoided sparing classes.

STATISTICAL TECHNIQUES USED

The investigator used the following statistical techniques for processing the data:

(a) Mean – The investigator calculated the mean adjustment in different fields. The formula used is given as under:

$$\text{Mean} = \frac{EX}{N}$$

Where EX stands for the sum of scores of one group and N for the number of individuals in the group.

(b) S.E. – To calculate S.E. of the mean differences between the two groups he used the following formula:

$$S. E. = \frac{E \times d}{N(N-1)}$$

Where $E \times d$ stands for the sum of the squared deviation of a differences from the mean of differences. N stands for the number of pairs.

(c) 't' ratio: Further he used the Fisher's 't' formula which is meant for calculating 't' when the scores are correlated pairs. The formula used is as follows:

$$t = \frac{Md}{S.E}$$

Where Md stands for the mean of the N differences of the paired observations and S.E. for standard error.

RESULTS AND DISCUSSION

"A scientist is not completely satisfied with naming, classifying or describing phenomena he proves more deeply to find reasons for the occurrence of these events. Going behind casually observed factors to reach for some underlying pattern that explains them in his objectives"

DEOBOLD B. VANDALEN

The statistical tables will clearly show the extent to which the students of both the groups have adjusted. Statistical treatment of the data reveals the comparative adjustment of the two groups too.

TABLE NO. 2

Field of Adjustment	General Caste Hindu Students		SC, ST Students			Md	t-ratio	Probability
	N	Mean	N	Mean	Md.			
Home	75	45.5	75	40.9	4.6	1.5	3.06	0.01*

* Significant at 0.01 level of significance.

For finding out differences in Home adjustment the mean score of:

General Caste Hindu= 45.5

SC, ST = 40.5.

The mean differences of 4.6 showed that General Cast Hindu students were better adjusted with home situations than SC, ST students.

To find out whether the difference in adjustment was real difference or was due to chance factors; the value of 't' was calculated which was 3.06 and when compared with the statistical table, it was found to be significant beyond 0.01 level. This means that there was a genuine difference in adjustment in the sphere of "home" among the two classes.

TABLE NO. 3

Field of Adjustment	General Caste Hindu Students		SC, ST Students			Md	t-ratio	Probability
	N	Mean	N	Mean	Md.			
Health	75	38.00	75	36.50	1.50	1.1	1.4	Not Significant*

* Not significant

General Cast Hindu Mean = 38.00

SC, ST Mean = 36.50

Md. = 1.50

In the table 4.2 the difference showed that General Cast Hindu students were better adjusted in health area than SC, ST students.

To find out whether the differences in adjustment was real difference or was due to chance factors, the 't' test was applied and the ratio, thus calculated, came out to be 1.4 which was found to be statistical insignificant.

This means that the difference in adjustment between the two classes, in the area of 'health' was due to chance factors.

TABLE NO. 4

Field of Adjustment	General caste Hindu's St.		Scheduled Caste St.			Md	t-ratio	Probability
	N	Mean	N	Mean	Md.			
Social	75	36.00	75	34.00	2.00	1.0	2.00	0.05*

* Significant at 0.05 level of significance.

The differences between the means of social adjustment in two groups were 2.00. It showed that General Cast Hindu students were more adjusted than SC, ST students. To determine whether the difference in adjustment was real difference, the 't' ratio was calculated and found to be 2.00. It was significant at 0.05 levels of significance.

This means there was a genuine difference in social adjustment among the two classes.

TABLE NO. 5

Field of Adjustment	General Caste Hindu Students		SC, ST Students			Md	t-ratio	Probability
	N	Mean	N	Mean	Md.			
Emotional	75	40.0	75	36.5	4.5	0.96	3.6	0.01

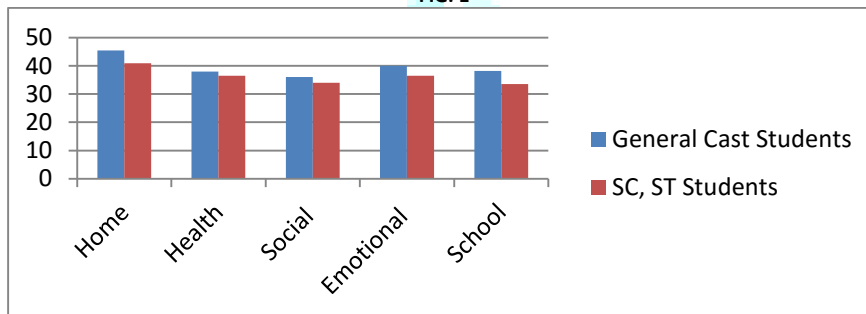
As table No. 4.4 reveals that the mean difference in 'emotional' adjustment was 3.5 and 't' ratio was 3.6 which was significant at 0.1 level of confidence. Thus, there is real difference in adjustment, in this field, between the two groups.

TABLE NO. 6

Field of Adjustment	General Caste Hindu Students		SC, ST Students			Md	t-ratio	Probability
	N	Mean	N	Mean	Md.			
School	75	38.2	75	33.6	4.6	1.4	3.3	0.01*

In 'School' adjustment, General Cast Hindu students were well adjusted than SC, ST students. The difference between the two means were 4.6 and 't' ratio was 3.3. When the obtained t-ratio was compared with the statistical table, it was found to be significant at 0.01 levels. So it is clear that General Cast Hindu students were genuinely better adjusted than SC, ST students. The mean adjustment scores in both the groups of students have also been depicted graphically and are represented in Fig. 1.

FIG. 1



On the whole, it is found that the General caste Hindu excel in adjustment than their counterparts, the SC, ST in all the five fields of adjustments, though the results fail to reach significant level in the case of 'health' adjustment yet we find that the trend of adjustment is in favour of General Caste Hindu in this case too. This indicates that all the measures adopted by the Central and State Government. For ameliorating the lot of SC, ST people have not proved to be adequate. In accordance with the results of the study they are less adjusted in life in all the major fields of adjustment, viz. Home, social, emotional, Health and School. The disparities between the two are significant at an accepted level of significance.

CONCLUSIONS

General Caste Hindu students are better adjusted than SC, ST students in home, health, social, emotional and school fields. The differences between the means of the two classes have been found to be significant at an accepted level of confidence. In the sphere of health though such difference is not statistically significant yet the trend is again in favour of General Caste Hindu students.

SCOPE FOR FURTHER RESEARCH

The study suggests the following work for further research:

- (i) One of two things can be inferred at this stage: either the measures adopted by the Govt. are insufficient or the facilities provided by the Government are not being utilized adequately by the people. A commission, on Govt. level may be constituted to look into the matter.
- (ii) A historical study could be undertaken to assess the mode of improvement in adjustment in accordance with the various facilities and amenities provided by the Govt. from time to time.

ACKNOWLEDGMENTS

The Author acknowledges his work to **DR. J. L. JAIN**, Retd. Associate Professor, Hindu College of Education, Sonapat, Haryana (India) who guided him for this work. He is also thankful to his friends who helped him in collecting data and he is highly indebted to his parents who provided him financial support as well as blessings.

REFERENCES

1. Ahuja, Ram (2010): "Social Problems", Rawat Publication, Jaipur.
2. Ahuja, Ram (2010): "Social Structure of India", Rawat Publication, Jaipur.
3. Bakshi, P.M. (1991): "The constitution of India", Universal law publishing Co. Pvt. Ltd.
4. Basu, Dr. Durga Das (2011): "Introduction to the constitution of India", Wadhwa and Company law publishers, Agra.
5. Bhattacharya, Prof. Srinibas (1962): "Our Society and Education", Academic Publishers, Calcutta – 9.
6. Bose, Deva Brate (1968): "The Problems of Indian Society", Popular Parkashan, Tara Deo Road, Bombay.
7. Bose, N.K. (1967): "Culture and Society in India", New York, Asia, Publishing House, 29. Sast 10th street, N.R. 1003.
8. Ghurye, G.S. (1963): "The Scheduled Tribes" Popular Parkashan, Bombay.
9. Jacob; K.K. (1965): "Methods and Rituals of social work in India", Asia Publishing House, Bombay – 1.
10. Slotkin; G.S. (1950): "Social Anthropology (The science of Human Society and Culture)", New York, the Mac Millan Co.
11. Srinivas, M.N. (1962): "Caste in Modern India", Asia Publishing House, Bombay.
12. Tomar, Prof. Ram Bihari Singh (1959): "Indian Social Institutions", Dutt Bandhu, Ajmer, Pvt. Ltd.

APPENDIX

APPENDIX NO. 1

96	Sr. No.	URBAN AREA			RURAL AREA				
		Name of Schools	G.C.	SC, ST	Total	Name of Schools	G.C.	SC, ST	Total
	1	S.D. Sr. Sec. School Sonapat	20	15	35	Govt. High School Juna	18	15	33
	2	S.M. Hindu School Sonapat	13	8	21	Govt. Sr. Sec School Mohana	19	19	38
	3	Shiv Shiksha Sadan Sonapat	21	5	26	Govt. High School Rathdhan	22	17	39
	4	Govt. High Masad Mohalla Sonapat	12	9	21	Govt. Sr. Sec School Kabirpur	27	16	43
	5	Govt. Sr. Sec. School Gari Gashita Sonapat	24	13	37	Govt. Sr. Sec. School Leharara	31	18	49
		TOTAL	90	50	140		117	85	202

General Caste Hindu = 90 + 117 = 207
 SC, ST = 50 + 85 = 135

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail infoijrcm@gmail.com for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

