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CHALLENGES AND OPPORTUNITIES IN BUILDING THE EMPLOYEES' ORGANISATIONAL COMMITMENT: A STUDY WITH REFERENCE TO THE EDUCATION SECTOR (NCR REGION)

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ABSTRACT

Commitment of the employees plays an important role in today's scenario. Whether it is a public sector or private sector, corporate area or educational area. Commitment of employees is the area where one needs to focus. Organisational commitment basically refers to the employees' involvement and attachment to the work and place where they are working. Now days employees are hogging from one place to another. They do not feel to stay in the organization. When it comes to the educational area especially private sector it is been observed that people are facing various challenges to remain in the organization. Educational area is an area where an individual learns so many things which are required for his/her development. It is the initial phase of a personality development. If the employees of educational sector would not feel satisfied and need to stay in the organization, then they would not able to contribute and fulfill their responsibilities which might affect the students and ultimately a nation. Therefore, the purpose of my study is to find out the challenges and various opportunities in building the employees organizational commitment in NCR region. The study has been conducted in the private colleges and universities in NCR region and the data collected is both primary and secondary data. The primary data involved the interview of the employees.

KEYWORDS

motivational satisfaction, organisational commitment, erp system, healthy environment, transparency in work.

INTRODUCTION

 Education is the important part of the society and for the human development. Without education there will be no value of life. It is necessary for enhancing the knowledge and skills of the employees. It makes you understand the things in a different perspective where you can understand the problems of the others and contribute to the development of the society and nation.

The private colleges and universities are playing a great role in the development and contributing to the education sector. These educational institutions are providing various opportunities for the students as well as for the employees to enhance themselves and shaping up their future. It is the great area for making the career specially for the women. But now the private sector is also facing many ups and downs. In the starting years the payment for the faculty was good and everyone was secure and happy at their position. It was easy to work in the private sector due to good payment system and environment was quite friendly. But today the things are different. Due to increase in the competition level, everyone is running towards securing their job and the politics is being played at an extreme level. Therefore, it is becoming difficult to bear the organizational politics and to remain in the organization.

Organisational commitment refers to the employees' involvement in the job and attachment to the workplace where he/ she is working.

According to porter et al, "organization commitment refers to the attachment of the employees to the organization, followed by the intention to remain into it and willingness to achieve the organizational objective and putting their extra efforts to meet those objectives. There are three different dimensions of the organizational commitment- affective, normative and continuance.

The affective commitment refers to the positive feeling of the employee towards the organization. An employee wants to stay in the organization because he/ she is having a positive outlook towards his/her workplace. The normative commitment is the one in which an employee is committed due to the legal boundation. According to the concept of the continuance commitment, the employees are committed to the organization because they know that they have to incur some cost if they would leave the organization.

Organizational commitment in the private educational system is must for the growth and the development of the educations system as well as for the faculty. The committed employees always put extra efforts in the work and identify with the organization's objective and achieve those. Their involvement in the job is very high. They participate in all organizational activities willingly as they feel that they are the part of the organization. It increases the productivity of the organization. It would help in developing a sound and well developed education system. The employees can focus more on the work.

If the organization will have a clear mission and communication level, then it will enhance the employees' commitment. It is necessary to maintain the employees' motivational level so that they would work for the longer period in the organization. A no. of studies has found that organization should have a good grievance handling system, and should trust and respect coworkers. It will create a positive environment at the workplace.

However, due to increase in the competition level, it is becoming difficult for the employees to stay in the organization. Sometimes they leave the organization due to the politics being played at various hierarchy levels or for the higher position and pay. Commitment is necessary for growth of organization as well as employees. Committed employees can work effectively and efficiently as they can concentrate on the work easily.

This study has been conducted to identify the various challenges and opportunities in building the employees' organizational commitment.

OBJECTIVE OF THE STUDY

The objective of this study is to identify challenges and opportunities in building the employees' organizational commitment.

BACKGROUND OF THE STUDY

Educational institutions are the backbone of the society. The private institutions or government institutions both are contributing in making the future of the society as well as country. In the government institutions and universities, the employees/faculties are committed because they know that they have the secure job and future. Their promotion and pay is fixed. While in the private institution, the job is quite challenging as a person has to go numerous phases.

In today's environment, there are so many changes taking place whether it is technological, social, political or any other. These changes effect not only the corporate sector but also have an impact on the education sector. Therefore, it is necessary for the employees to be committed towards work and job so that they can face the challenges easily.

In the private institutions/universities, the involvement and attachment of the employees in the job is not found easily. Now days employees are not getting job security and not happy at the workplace. It has become necessary to address their issues and problems and to develop an environment which is friendly and where the employees would like to stay for the longer period.

However, there are numerous challenges and opportunities while building organizational commitment which are as follows:

CHALLENGES

PAY

It is the first attraction of the employees when he/she join the organization. Paying a good amount of salary is must to meet the basic needs. Pay has become a problem which is faced by the employees as they do not get what they deserve. It also is a challenge for the institutions to pay a good amount because in the private institutions downsizing is taking place. They want to hire the knowledgeable and expert faculties but at less salary. It becomes the dissatisfaction factor for the employees. Even if they will join the organization at less salary, they will not feel happy and attached to the organization and will starting seeking some other good option. It becomes cost to the organization.

INCREMENT

The institutions and the universities should regularly increase the pay according to the work and performance of the employees. It acts as a great motivational factor for the employees as it shows their work is being recognized. It shows that organization concern for the employees and somehow it increases the attachment of the employees towards the institutions.

In most of the private education sector, top management takes this factor for granted. The increment is not given to the employees on the regular basis according to the time they have spent in the organization. Sometimes it is given and most of the time they do not consider it.

REPORTING AUTHORITY

It is one of the most important thing universities or institutions can have. The right number of people at the right position is must for any organization. In the private educational institutions, this is lacking. If the faculties would not find the right authority to which they can report as and when required, then it will create the disturbance at the workplace. They would not exactly understand for what purpose they are serving the organization. It will create the insecurity in them and they would participate less in the organizational activities.

CONFLICTS AND EGO

It is the one of the major problem which is being found in the organization. When two persons who are having almost same education and achievement work at the same level, then they keep proving each other wrong. They do not accept each other's decision easily and keep creating hurdles in each other's way. It creates conflict in them. Sometimes their ego does not allow them to accept each other due to the competition. This is the problem which is occurring at every level whether it is top management, middle or low management.

Conflicts occur when two decisions clash with each other. If the conflict is not resolved at the right time, then it creates the negative environment at the workplace and it starting creating the stress in the mind which is not neither for the employee nor for the organization.

ENVIRONMENT

Environment at the work place is a challenge as well as an opportunity for the faculties. It becomes challenge when the conflict, ego, negativity towards each other start existing in the surrounding. When faculty members do not trust and respect each other and management. The survivals of the faculties become difficult in such environment and they do not feel to go to the work every day.

MOTIVATIONAL SATISFACTION

When the things like conflict, ego, pay or increment occur in the organizations then it has a negative impact on employees. It creates the dissatisfaction among them. Motivation is required for them to work effectively and efficiently. It effects the productivity and growth of the organization.

Measuring the employees' performance and giving them extrinsic and intrinsic rewards time to time act as great motivational satisfiers. But these things are not found in the private educational institutions.

OPPORTUNITIES

Even after being having so many problems at the workplace, there are numerous opportunities available for the employees through which these problems at the workplace can be removed. The private educational institutions can develop not only own organization but can act with fairness and transparency. These opportunities are as follow-

REGULAR PAY AS PER GRADE

The pay scale of the faculties should be fair and according to the work and their position. The basic salary and other pay which is being showed to them, is not given in number of the institutions. The grade pay should be given to them according to the rules.

If there would be good salary and good increment, then it will create their involvement in the work to the great extent and would create the commitment towards the organization.

FOLLOW UGC/AICTE NORMS STRICTLY

There are number of institutions which have got approval of the UGC and some are AICTE approved depending upon the type of the course those institutions or universities are providing. A no. of private universities follows these rules but the situation is worst when it comes to the private institutions. They are aware of the rules but they are written only in the papers. If the rules of UGC/AICTE are followed strictly then it will create the feeling of confidence among faculties and would be more secure at the institutions.

HEALTHY ENVIRONMENT

Healthy environment acts as a medicine in creating the atmosphere which is friendly and where employees are committed to their job. It can be created by transparent and open communication system. If the communication system is clear, then it will remove the hurdles which come in the growth of the employees. There should be a proper work life balance system. The organizations should motivate the employees to give a proper time to the personal life so that a feeling of satisfaction arises in them. They should give leave time to time so that they will feel happy and relaxed when they arrive for the work. It boosts their satisfaction level and ultimately the commitment.

TRANSPARENCY IN WORK

There should be a clear and transparent system at the workplace. The top management should define its objective clearly and the way it wants its employees to perform. It will remove the hurdles which come when there is an unclear system. Transparency is required in performance appraisal, promotion, increment etc.

ERP SYSTEM

If the good ERP system is followed in the organizations, then they can overcome from the hurdles very easily. Enterprise Resource planning is the need of the hour. Through ERP system the management can keep a check on recruiting, separation and diversity management. It will help to maintain a complete database of salary details, attendance, performance, promotion etc.

CONCLUSION

From the study it has been found that so many private educational institutions have got open today in order to provide the education to the coming generation but there are so many problems which the employees are facing and it has become difficult for the organizations to tackle these problems. This study has focused on some of the opportunities which if would be applicable in the organization can remove the number of the problems. The organizations can develop a good education system for the students as well as for the employees where their needs and well being is considered important.

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COMMON DENOMINATORS OF WRITING DISABILITY

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ABSTRACT

The present paper explores case studies of children with writing difficulty (dysgraphia), Whose speech development and reading is normal, but writing is seriously affected. When speech and reading are controlled, the underlying causes associated with writing difficulties are fine-motor difficulties and visual-motor integration difficulties. Out of six cases analysed, one could be considered a pure case of dysgraphia. In this case, visual motor translation difficulty was observed. Copying was more difficult than spontaneous writing and dictation. Difficulties in visual perception and problems in fine motor activities were observed in four cases. Another child showed a severe 'slowness'- slow paced in writing, but with well formed letters and words. He was slow in several other activities as well. This study also suggests that the problem of each child is unique. Writing disability is not a homogeneous category, so interventions have to be individually tuned and designed with a clear focus on the underlying difficulties of each child. Studies in the area of intervention for each type of writing disability are suggested.

KEYWORDS

visual motor, visual spatial, visual organization, writing disability/dysgraphia.

INTRODUCTION

Writing is a highly complex process. It is one of the highest forms of language and hence the last to be learned. Writing is a form of expressive language, a visual symbol system for conveying thoughts, feelings and ideas. The fine discrimination, integration, memory and co-ordination of hand, mind, and eye required for the act of writing are infinitely complex (Webster, 2004). Smooth motor coordination of the eyes and hands, and control of the arms, and finger muscles are acquired in the process of learning to write and are needed to produce legible results (Demonet, Humphreys, Kaufman, Galaburda, and Paulesu, 2004). The absence of prewriting skills is a major reason why children fail to write correctly. Fine motor coordination is a very essential prerequisite for writing development (Johnson and Myklebust, 1997).

Kaminsky and Powers (1981 cited by Nakra, 1998) identified three problems that may lead to poor writing: a) disorders of visual perception. b) poor efficiency and control of the intrinsic muscles in the hand. c) faulty motor memory related to the storage of motor information in the brain. Persons with writing problem may experience difficulties in the areas of discrimination, coordination or sequential perceptual processing. For this reason, perception probably has been the most heavily researched areas in writing problems (Raymond, 1998). Poor quality of handwriting of children with writing difficulties may be attributed to the deficiency in visual-motor integration (Volman, 2006). Improper functioning of visual processing including difficulties in translating information from visual to fine motor domain can lead to dysfunction in writing. (Sreedevi and Sasidharan, 2010).

The present study attempts to undertake an in-depth analysis of subjects who face serious difficulty in writing and how these difficulties are related to their cognitive functions. There exist two dominant theoretical explanations for the problems in writing. One group of theorists argues that the primary problem is in the area of language (Pennington and Welsh, 1995). Another group attempts to locate the underlying problem in the processes of visual perception and motor function (Wong, 1996). The present study concentrates on the non-linguistic aspects associated with problems in writing. Compared to the amount of research done on reading, surprisingly little work has been done on the psychology of how our writing evolves (Moats, 1996).

OBJECTIVES OF THE STUDY

- To identify a sample of students who have serious difficulties in writing, but do not have problems in either speech or hearing and reading.
- To conduct a detailed analysis of their issues and errors with respect to writing.
- To identify and study the underlying difficulties in the areas of perceptual, intellectual and motor functions.
- To trace the developmental history of these identified underlying difficulties.

METHODOLOGY**DESIGN**

An exploratory design with case study analysis approach was followed.

SAMPLE

Using the judgment sampling procedure, six cases were selected from the children who were diagnosed as writing disabled by a team of experts consisting neurologist, pediatrician, physiologist, psychologist, linguist and speech pathologist working in an institute specialized in neuroscience disciplines. All these children were evaluated by the speech pathologists and the linguist and it was reported that they had normal language development and communicative skills. Moreover, it was also found that they had adequate Phonetic skills and powers of comprehension. The researcher also verified these observations, and made sure that their writing problem was not related to language problem. The children in the sample had average IQ, and good skills in reading as well as, in mathematics. All children belonged to families with above average socio-economic status.

TABLE - 1: SAMPLING BREAK UP

SI NO	Sex	Age	Class	Medium of instruction
1	M	9	4	English
2	F	8	4	English
3	M	7	3	English
4	M	11	6	Malayalam
5	M	10	5	English
6	M	10	5	English

The data collection procedure involved in two steps

- Administration of the following tools.

TOOLS

- Malin's Intelligence Scale for Indian Children (MISIC) (Malin, 1959).
- Test of Memory for children (Uma et al., 2002).
- Quick Neurological Screening Test revised edition (QNST) (Mutti et al., 1998).
- Symptomology check list of learning disabilities (Harwell, 1989).

a) Interview with parents regarding present problems, academic and personal history and developmental problems observed, if any.

b) Unstructured cognitive function tasks developed by the researcher and when necessary.

DESCRIPTION OF THE TOOLS

Psychometric Information regarding Intelligence, Memory and Motor function was collected using standardized tests. A Symptomology Checklist of Learning Disabilities was used for collecting information regarding Perceptual, and Conceptual Problems. In the areas identified from these tests, more in-depth information was collected by the researcher using self developed task. Detailed information on these tools is presented below.

MALINS INTELLIGENCE SCALE FOR INDIAN CHILDREN (MISIC)

Malin's Intelligence Scale for children (MISIC) is the Indian adaptation of WISC (MALIN, 1959). The original Wechsler Intelligence Scale for Children is an individual test for children from the ages of 5 to 15. The Indian adaptation covers only ten years from 6 to 15.

The scale comprises eleven sub-tests divided into verbal and performance groups as follows.

Verbal Tests - 1. Information, 2. Comprehension, 3. Arithmetic, 4. Similarities, 5. Vocabulary, 6. Digit span.

The Performance Tests - 7. Picture Completion, 8. Block Design, 9. Object Assembly, 10. Coding, 11. Mazes.

SCORING

Scoring was done as per the manual. After raw scores were obtained for each sub-test, they were transformed into standardized IQ scores. Further Verbal IQ, Performance IQ, and Total IQ were also computed. The scores for the subtests were combined and grouped in four categories - (1) Spatial ability (2) Verbal conceptualization ability, (3) Sequencing ability and (4) Acquired Knowledge.

The Indian adaptation established its reliability with the test - retest method and yielded a product moment correlation coefficient of 0.91 for the full scale IQ results. The Indian adaptation has established concurrent as well as congruent validity.

TEST OF MEMORY FOR CHILDREN

For assessing memory, a test developed by (Uma et al., 2002) was used. The test of memory for children consists of 12 sub-tests, namely:

1. Personal Information.
2. Mental Control.
3. Sentence Repetition.
4. Logical Memory.
 - (a) Story Recall immediate.
 - (b) Story Recall delayed.
5. Word Recall meaningful.
6. Digit Span
 - (a) Digit forward.
 - (b) Digit backward.
7. Word Recall non-meaningful.
8. Delayed Response Learning.
9. Picture Recall.
10. BVRT.
11. Paired Associate Learning.
12. Cattell's Retentivity Test

SCORING

Scoring was done as per the manual. After raw scores were obtained for each sub-test, they were converted to percentile scores. To find out the total memory score, the total raw score is converted to percentile. The Reliability (test-retest) of the whole battery has been found adequate, ranging from 0.51 to 0.97 for different sub-tests. Correlation coefficients of different sub-tests scores with a total memory score range from 0.27 to 0.78.

QUICK NEUROLOGICAL SCREENING TEST (QNST)

The Quick Neurological Screening Test (QNST) is composed of 15 tasks (these tasks are simple in nature and were adapted primarily from a typical pediatric neurological examination; however, a few were derived from developmental scales or neurological tests). Subjective scoring is required for the tasks, which include handwriting ability, perceptual ability for numbers written on the palms of the hands, eye tracking, finger to nose co-ordination, and rapidly reversing repetitive hand movements.

The cut-off scores for the full battery are as follows. H=High (>50), S=Suspicious (26-50) and N=Normal (0-25). Test re-test reliability coefficient of 0.81 is reported after a month interval for 33 learning disabled children who were tested by a single examiner. However, a lower reliability coefficient of 0.71 was reported in another study after a one-month interval with two different examiners, implying that the individual examiners employed slightly different scoring criteria though both attempted to follow the instructions. The QNST seems to be best for matching the findings of a standard pediatric neurological examination.

SYMPTOMOLOGY CHECKLIST OF LEARNING DISABILITIES ADAPTED FROM HARWELL, 1989.

The checklist features:

- : Visual perceptual/Visual motor deficits.
- : Auditory perceptual deficits.
- : Spatial relationship and body awareness deficits.
- : Conceptual deficits.
- : Memory deficits.
- : Motor output deficits.
- : Behavioural Components.

The rater simply puts either a tick mark or cross mark on the descriptive cues to indicate his view.

PROCEDURE

The study was conducted in four phases;

1. Exploratory analysis of the problem faced by children in writing.
2. Collection of detailed regarding academic and personal history.
3. Administration of standardised psychological tests and informal tests to find and bring out cognitive deficits features.
4. Collection and analysis of the developmental history of the identified underlying deficits/problems.

In the first phase, the reports obtained from the parents and children were crosschecked for congruence. Importance was given to finding out the actual difficulty of each child. In order to assess the child's writing ability, the child's way of writing was scrutinised. The writing and drawing samples were also filed.

In the next stage, the researcher explored the history of each child's current academic problems. The researcher extended the exploration of the school history of each child and studied the family history, medical history and the behavioural patterns of each student, including, social skills and daily life activities.

In the third phase of the data collection, the researcher gave the students psychological tests, to find out how the problems in writing were related to the peculiar problems in the specific areas of cognitive functions. The subcomponents of each test were given more importance. How the results of the subcomponents correlated with each subject's writing skill was scrutinized. If the results obtained from the psychological tests revealed any kind of difficulty in any area of psychological function, the researcher made the subject to perform self-developed unstructured cognitive function tasks (informal tests) related to that area, in order to study their difficulties closely. To be explicit, the student could perform some tasks within the boundary of problem-affected area, but could not perform some other tasks in the same area. The researcher attempted to find out the tasks they failed to perform and the reasons for their failure.

In the fourth phase, the detailed developmental history of each student was analysed to detect whether the results obtained in the psychological tests and unstructured tasks were reflected in the developmental stage of each child.

INTRODUCTORY INFORMATION

Writing is a complex activity that requires the use and coordination of multiple skills simultaneously. These includes organizing thoughts, choosing/recalling words, forming letters, spacing letters and words, recalling correct spellings, remembering and using the rules written languages and managing time when writing lengthy sentences.

Out of six children analysed for writing problems, the first case revealed reversed letters and was confused about small and capital letters. He had more difficulty in spontaneous writing than in the copying process. The difficulties of the second case, a girl were largely related to lack of spatial orientation. She could not keep margins and was also unable to draw or write in a straight line, and made spelling mistakes. She had to make a big effort to even read her own handwriting. The analysis of her handwriting showed that she had difficulty in holding the pencil and that the letters were very small and misshapen.

One of the most important observations in the third case was that he experienced of greater difficulty in copying written matter than in spontaneous writing or taking dictation. He was so bad at copying that his parents had to copy his notes for him. Some peculiarities were seen in the next two cases (Case No. 4 and 5), like omissions, substitution and spacing errors. Case No. 4 made spelling mistakes especially in secondary graphemes.

The last case (No.6) was distinct from all the other cases. He was very slow in writing (both spontaneous and copying) but his handwriting was legible. His major problem was centered on the difficulty in reproducing letters.

INVESTIGATION

The investigation comprises two parts included- Primary and Secondary. The primary parts include standardised psychological tests. The secondary part of the investigation includes various unstructured tasks (informal tests) related to cognitive function.

PRIMARY PART OF INVESTIGATION AND RESULTS

TABLE - 2: SUMMARY OF SCORES OBTAINED IN THE TEST OF MISIC

Sl.No.	Verbal items	Case No.1	Case No.2	Case No.3	Case No.4	Case No.5	Case No.6
1	Information	128	120	115	145	126	97
2	General comprehension	145	109	106	153	142	122
3	Arithmetic	100	94	90	115	100	92
4	Similarities	105	122	91	136	94	108
5	Vocabulary	114	100	98	144	110	124
6	Digit span	100	92	91	115	92	100
	Total VIQ Score	115	106	98	135	111	107
	Performance Items						
7	Picture completion	110	109	111	134	97	97
8	Block design	113	96	103	130	85	106
9	Object assembly	96	93	100	116	75	87
10	Coding	98	88	73	102	84	72
11	Mazes	94	98	93	124	121	121
	Total PIQ scores	102	97	96	121	92	97
	Mean score (full IQ score)	109	102	97	128	102	102

In the MISIC test, all cases scored average and above average scores in overall Verbal and Performance IQ. But they showed difficulties in subtests. In the subtests of MISIC, the Case No: 1 got very good scores in General Comprehension, Information, and Vocabulary. In the Performance test, he scored average and above average in all sub-items. Case No.2, had relatively superior informative skills. Her skills in General Comprehension, Vocabulary, Similarities and Arithmetic were average. In the Performance test, she scored evenly for Picture Completion, Block Design, and Object Assembly which explained that her perceptual, spatial and visual organization abilities were at an average level. The score of the Maze test revealed that her planning skills were average but she scored low score in Coding, which revealed that her capacity for new learning, eye motor-co-ordination skills were below average. Case No. 3's results showed that with the exception of Coding, he had average and above average scores in all other subtests. In Coding he scored poor score, which indicated that he had below average skills in eye-motor coordination task.

His overall IQ score put Case No. 4 on superior level. The result of the verbal IQ revealed that his General Comprehension, Information, Vocabulary and Similarities were at a superior level. In the performance tests, he had above average and superior scores in all other subtests except coding. In Coding he scored average score. Similarly, the Case No. 5 and 6 scored average scores in VIQ. But in the Performance test, they had below average scores in Object assembly and Coding, which indicated that their ability in general observation, visual organisation, and eye-motor co-ordination skills, were at below average. Moreover, the Case No. 5 scored below average score in Block Design, which suggested that his ability in visual-spatial construction was not an average level.

TABLE - 3: THE SCORES OBTAINED IN THE MEMORY TEST

Sl. No.		Case No.1 Percentile	Case No.2 Percentile	Case No.3 Percentile	Case No.4 Percentile	Case No.5 Percentile	Case No.6 Percentile
1	Personal information	50	100	10	100	60	50
2	Mental control	30	70	40	90	50	50
3	Sentence repetition	10	30	10	20	20	10-20
4	Story recall immediately	100	90	70	100	90	100
	Story recall delayed	90	80	60	60	90	80
5	Word recall (meaningful words)	40	80	20	40	80	30
6	Digit span forward	40	30	30	100	40	40
	Digit span backward	20	20	10	90	30	30
7	Word recall (Non meaningful words)	30	80	60	50	50	30
8	Delayed response learning	10	70	20	30	70	40
9	Picture recall	40	40	20	30	10	10
10	Benton Visual Retention Test	20	30	10	10	10	40
11	Paired associate learning	90	70	80	60-70	90	100
12	Catell's retentivity	10	10	20	40	20	40
	Total score	50-60	70	30	60-70	70	50-60

Overall the result of the Test of Memory for Children suggested that, among these groups, every child has satisfactory skill in auditory perceptual memory which was reflected in the scores of Story Recalled and Paired Associative Learning. These results revealed that they had good skill in recognition of auditory memory

and associative learning. At the same time, they showed difficulties in the sub-components of the Visual perceptual memory tasks. Detailed analysis indicated that the whole group scored below average in Picture Recall, BVRT, Cattell's Retentivity Test (sub test of visual perceptual memory) and Sentence Repetition task. The lowest score in Picture Recall and BVRT suggested that they had below average skill in visual-scanning and visual-motor integration tasks. They scored below average in Cattell's Retentivity test, and this showed that they did not have sufficient visual-spatial memory skills. Beyond that, the low scores in the Sentence Repetition task indicated that they might have difficulty in the sequential reproduction of the sentence verbatim.

TABLE - 4: THE SCORES OBTAINED IN THE QNST TEST

Sl.No.	Items	Case No.1		Case No.2		Case No.3		Case No.4		Case No.5		Case No.6	
1.	Hand skill	2	S	0	N	1	N	1	N	2	S	1	N
2.	Figure recognition & production	2	S	0	N	0	N	0	N	2	S	1	N
3.	Palm form recognition	3	N	7	H	4	S	0	N	4	S	4	S
4.	Eye tracking	2	N	3	N	4	S	4	S	2	N	0	N
5.	Sound patterns	6	S	6	S	0	N	3	N	1	N	3	N
6.	Finger to nose	3	S	1	N	2	S	0	N	1	N	1	N
7.	Thumb & finger circle	3	N	2	N	2	N	0	N	0	N	1	N
8.	Double simultaneous stimulating of hand and cheek	3	H	0	N	0	N	0	N	0	N	0	N
9.	Rapidly reversing repetitive hand movement	3	S	3	S	3	S	3	S	5	H	2	S
10.	Arm & leg extension	3	S	3	S	3	S	3	S	4	S	3	S
11.	Tandem walk	1	N	4	S	2	N	1	N	6	S	2	N
12.	Stand on one leg	2	S	0	N	1	N	0	N	3	H	2	S
13.	Skip	2	S	2	S	2	S	2	S	3	S	2	S
14.	Left-right discrimination	0	N	0	N	0	N	0	N	3	S	2	S
15.	Behavioural irregularities	1	N	1	N	4	S	0	N	1	N	0	N
	Total score	36	S	32	S	28	S	17	N	37	S	24	N

H – high S – suspicious N – Normal

The overall result of QNST test suggested that out of six cases four children belonged to the suspicious group and two cases belonged to the normal group. The descriptive analysis indicated, that the whole group had motor coordination difficulties which was evident in the areas of Rapidly reversing repetitive hand movements, Arm and leg extension and Skip. However, all these children did not have any kind of apraxia.

On Symptomology Checklist for Learning disabled children were given have showed some difficulties in the visual perceptual area. The result of the tasks given in the visual perceptual area revealed that out of six children two showed letter reversal, slow in recognition of letters and words. Difficulty in spacing the letters and words appropriately (case No. 1 and 2). The case No.3 had difficulties in copying, and did not leave enough space between words. Visual discrimination difficulties were found in case Numbers, 4 and 5. The case No. 6 had visual sequencing problems like reading 'saw' as 'was' and 'no' as 'on' and he was slow in writing.

SECONDARY PART OF INVESTIGATION AND RESULTS

To study the subtleties of the problem of each child, the researcher gave them unstructured cognitive function tasks, (informal tests) related to different areas of Language function, Memory function (both Visual /Auditory memory), Perceptual function (Visual/Auditory perception), Motor Function (Gross /Fine) and Attention span. Visual perception tasks included Visual discrimination, Visual sequencing, Visual spatial, and Visual organization. The auditory perception task included auditory discrimination and auditory comprehension.

The detailed developmental history was analysed to detect whether the results obtained in the psychological tests and informal tests were reflected in the developmental stage of each child. Collected information from the parents whether the child had any kind of peculiarities from the prenatal period to the current stage.

The researcher observed all the selected cases for minimum three years. During that period, it was very clearly noticed that, the children showed attention deficit or restless behavior when they required to perform academic tasks, (especially in those related to writing). However, they showed a lot of interest in and attentively carried out all other cognitive function tasks as well as other activities like playing puzzles, games etc. Parents reports also suggested the same. Various attention – enhancing tasks were given to the student to help him/her sustain attention. His/her success in the task was monitored. It was ruled out that the children don't have attention deficit hyperactive disorder.

It was evident from the results of the informal tests, the out of six cases, four cases have fine motor difficulties and they had (case no 1, 2, 4 & 5) partially defective visual process function. Case No 3 and 6 needed another explanation for their writing difficulties. Certain types of writing difficulties were common in the developmental stages. All these children examined, belonged to the upper socio-economic strata. Their parents were well educated, and so the children had received proper academic training and attention from the early stages of their childhood, but the problems persisted. This indicates that the problems are not just those at the developmental stage.

TABLE - 5: SUMMARY OF THE SIX CASES WITH WRITING DIFFICULTIES

Main difficulties in writing skill		Psychological Test Results	Cognitive function Results
Case No:1	Orthographic problems, mirror writing, reversed letters, illegible handwriting. Difficulty to hold pencils. More problems in spontaneous writing rather than copying.	MISIC- Scored above average score for all subtests. Memory test- Low scores in Picture recall, BVRT, and Cattell Retentivity test. QNST test - belongs in Suspicious group. Checklist of learning disability- Slow in recognition of letters and words.	Difficulty in remembering the structure of any visual picture especially of structure of letters. Visual discrimination difficulty. Visuo-Motor and fine motor coordination difficulties.
Case No:2	Lack on Space orientation. Difficult to write on a straight line and unshaped letters. Unable to keep margin and punctuation.	MISIC-Low score only in Coding. Memory test- Low scores in BVRT, Cattell retentivity test and Picture recall. QNST test - Belongs in Suspicious group. Checklist of learning disability – Difficulty in spacing the letters and words.	Difficulty in visuo-spatial working memory and fine motor co-ordination.
Case No:3	Major Difficulties found in Copying rather than in spontaneous writing and taking dictation.	MISIC- Low score in Coding. Memory test- Low score in Picture recall, BVRT, and Catells retentivity. QNS test - Belongs in Suspicious group. Symptomology checklist of learning disability- Difficulty in copying.	Difficulty in translation of visual process to fine motor process.
Case No:4	Severe Spelling mistakes especially in secondary graphemes, omission and substitution, difficulty in all areas of writing which results in spontaneous writing, dictation and copying.	MISIC- Scored above average score in all subtests. Memory test- Low Score in Picturerecall, BVRTand Catells retentivity. QNSTtest- Normal Checklist of learning disability- Visual discrimination difficulty.	Visual discrimination problem and mild level fine motor difficulty.
Case No:5	Reversing letters, Mixed up with small, capital letters and poor drawing skill.	MISIC- Low scores in Block design, Object Assembly and Coding. Memory test-Low score in Picturerecall, BVRT, Cattels retentivity. QNST test- Normal. Checklist of learning disability– Visual discrimination difficulty.	Visuo-Spatial and visuo-organisation difficulties. mild level of fine motor problem.
Case No:6	Very slow pace writing, but very legible handwriting.	MISICtest- Low scores in Object Assembly and Coding. Memory test - Low score in Picture recall, BVRT, Cattels retentivity test. QNST test- Normal. Symptomolgy checklist of learning disability- Visual sequencing problem.	Difficulty in reproducing letters and problem in automatic word decoding skill.

DISCUSSION

The finding of this a detailed case analysis throw light on how developmental delays, writing difficulties and cognitive function are correlated within each case. The result of the psychological tests indicated that the case NO.1 had deficits in visual process function and fine motor difficulties. Though he scored good scores in MISIC test, he showed some difficulties in subtests of Memory test. His writing sample disclosed a clear history of orthographic problems. This could be due to his lack of skill in comprehending the visual picture of the words. Visual-motor difficulties were reflected in his poor drawing skills. His visual process deficits were evident in his difficulty in understanding the difference between the two hands of a clock. He found difficulty to make out the front and back side of a shirts. He had visual discrimination difficulties like letter reversal and inversion of letters from the beginning of his school life. In addition to all this, he suffered from certain fine motor problems, which were reflected in his daily living activities. He could not hold food such as rice in his fist. When he tried to take and eat a pinch of sugar most of it got spilt. He had difficulty in brushing his teeth and washing his mouth. It can be concluded that the child's problem (Case No. 1) is not limited to the verbal area as a learning process but to the finemotor area. It can be said that he had problems in the area of visual-motor function. It could help the child if he were provided more training in this area.

The case No. 2 showed difficulties in motor coordination tasks. She had difficulties in catching balls, riding a tricycle, and was slow to learn the dance steps. The analysis of her handwriting showed that she had difficulty in holding the pencil and that the letters were very small and misshapen. She was very slow in drawing and painting. Her fine motor difficulties were related to fastening sheets of paper with a large paper clip, using a key to open a lock and buttoning her shirt. She found it difficult to thread a needle and also needed help with tasks taking off her socks and shoes. Her handwriting showed she had spacing problems, though the MISIC test did not give any evidence of this. She had a good score in Block design, but her scores on Cattell's Retentivity Test (sub-test of memory) was poor. This could be because of her difficulty in spatial memory. Study of (Zhang 2002) indicated that students with writing disabilities had difficulties in visual-spatial working memory. When her cognitive function developments were studied it was noticed that, she was slow to understand different shapes, and failed to properly grasp the concepts of time and quantity. In the visual memory test, her deficits were prominent in visual-motor and visual-spatial tasks. If these two cases (case No. 1 and 2) were given proper training in the area of fine motor and visual-spatial, they could vastly improve their writing skills.

The case No.3, had difficulty in copying notes which could be due to his visual to fine motor deficits. The child's visual to the fine motor problem were evident in psychological tests. He had difficulties in Coding and BVRT. To be more specific he did not have much of a problem in either fine motor function or visual process function, but faced complications during the translation of the visual process to the fine motor process. If he has given training in this area, he can definitely improve. The result of other unstructured tasks also shows that he had more of a difficulty in visual to fine motor tasks. His deficits in visual to fine motor skills were evident in his inability to cut, color, paste and copy. He faced difficulties in combing his hair properly. He lacked skill in games frequently seen in children's magazines like joining dotted lines (to form a picture), finding the path (to the finish point) etc. Further scrutiny of his writing skills revealed that his obvious problem was in copying rather than in spontaneous writing or dictation.

The case No 4, he had some peculiarities in the Intelligence test and he scored above average scores in all subtests of MISIC. However, the other informal tests revealed that he had a visual discrimination problem. Both the cases (case No 4 and 5) showed difficulties in all areas of writing skill. Their writing sample gave indications of this fact. Their deficits in visual discrimination skill was manifested in various type of writing difficulties. The letter confusion and spelling mistakes were reflected in their visual discrimination difficulties. The deficits in eye tracking movement co-related with making omissions while copying. Moreover, the case No.5, showed visual-spatial difficulties which were reflected in their poor performance in drawing tasks. He found drawing geometrical figures tedious. The below average score in Block design, Object assembly and Coding (sub test of MISIC). BVRT, Picture Recall and Catell's Retentivity test (sub test of Memory) indicated that he had difficulty in spatial organisation, visual-motor co-ordination and visual organisational skills. Eden (1996) reported that dysgraphic children were impaired in a number of visual tasks involving visual-motor, visual-spatial, and visual-organisational. The insufficient and inadequate learning processes, defects in certain areas of the visual process and mild deficits in fine motor development had also affected their writing ability. So it may be concluded that the subjects have multiple dysfunction of both these defects. If the children (case no 4 and 5) are given proper training in those areas they can improve.

The case No. 6, was very slow in writing but his handwriting was legible. It could therefore be concluded that the child did not lack in fine motor developments. After a detailed analysis of his handwriting sample, it could be understood that his letters were well shaped and had clarity. The difficulty of writing does not originate from a visual-motor problem or a fine motor problem. The problem is with the speed of performing writing tasks. Every time he wrote a word, he found it as a novel experience. He took time to recall letters. The non-existence of automatic registration of letters could be one of the reasons for his writing disability.

Sternberg (1996) suggested that the most automatic process govern relatively easy tasks. The difficult tasks require controlled processing, although with sufficient practice, even a complex task like writing can become automatic.

Out of the six children analysed for writing problems, only one case can be described as having 'pure' dysgraphia. Analysis of that case (Case No. 3) indicated that his primary difficulty lies in translating a visual information to a fine motor activity. The problem is matching with his specific extraordinary difficulty in copying. In two children, problems in fine motor activities seemed to be more dominant. For them, difficulties were evident in all the three forms of writing: spontaneous writing, dictation and copying. Problems in mastering fine motor activities were clearly evident in their developmental history. All possible errors like spelling problems, spatial errors, fine-motor difficulties and slowness were evident in most of the cases in varying degrees. These difficulties were clearly represented in the Coding test of MISIC. Moreover, all children scored low in BVRT. The writing performance of one child was generally good with a clear readable handwriting accompanied by well formed letters. The problem noticed was the speed of writing. He was so slow in writing that it seems writing was an effortful activity for him rather than an automatic easy one.

CONCLUSION

As it is evident from the present research that writing disability is not a homogeneous category, detailed classification schemes have to be prepared. For that, concentrated studies in pure cases are essential. The present findings brought some fresh insight regarding the relationship between cognitive functions, developmental hazards, difficulties in daily activities and writing difficulties. The present study reveals an important fact that translation of experiences from one domain to another (visual, verbal, fine motor) could be a possible factor in writing disability. The study also suggests that the problem of each child is unique. So interventions have to be individually tuned and designed by giving a clear focus to the underlying difficulties of each child.

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CONSUMERS ATTITUDE AND PREFERENCES TOWARDS DAIRY PRODUCT: A STUDY OF MILMA MILK WITH SPECIAL REFERENCE TO NALLEPILLY PANCHAYATH

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ABSTRACT

Learning the behaviour of consumers remains imperative for marketers to device marketing strategies. Consumer perception and satisfaction is an undermined human psychology that marks a particular human behaviour. The study focuses on consumers Milma milk product Attitude and preference towards Milma milk products. The study definitely ensures development in the field of co operative dairies that ultimately results into rural development.

KEYWORDS

Consumer attitude, dairy products, Milma milk, Nallepilly Panchayath.

MILK PRODUCTION IN INDIA

India is the highest milk producer in the entire globe. India is well known as the 'Oyster' of the global dairy industry, with opportunities galore for the entrepreneurs globally India is the largest producer of milk producing more than 100 million tons of milk per annum. Yet, her per capita milk consumption is around 250 g per day. India has a population of more than 1 billion with diverse food habits, cultures, traditions and religions. Regional variations within the country can be mind boggling. On one hand, the country has plains with long tradition of milk production and consumption. India had tremendous milk production in 40 years and has become the world's largest milk-producing nation with a gross output of 84.6 million tons in 2001. The Indian Dairy Industry has achieved this strength of a producer-owned and professionally-managed cooperative system, despite the facts that a majority of dairy farmers are illiterate and run small, marginal operations and for many farmers, selling milk is their sole source of income.

REVIEW OF LITERATURE

CHRISTINE M. BRUHN (1992) studied on the topic "Consumer Attitudes and Market Potential for Dairy Products Utilizing Fat Substitutes". He examined about the impact of diet on health has led consumers to reduce the consumption of foods perceived as being high in fat. This study quantifies consumer concern about dietary fat, identifies foods perceived as being high in fat, and explores attitudes toward, and interest in, purchasing dairy foods in which the fat has been reduced by a fat substitute.

SOHAIL AYYAZ, HAMMAD BADAR AND ABDUL GHAFOR (1993) their study examines the level and determinants of consumer perception of packed milk in Pakistan. In order to seek the objectives of the study, primary data were collected through intercept interviews of 120 consumers of packed milk from three major cities of Pakistan i.e. Lahore, Faisalabad and Multan. The results of the study indicate that consumers mostly perceive packed milk relatively better due to its various quality attributes. The estimated ordered logistic regression model reveal that younger, married and male consumers irrespective of education level have greater preferences for packed milk

RICH PIROG (2004) studied on the topic "Consumer Perceptions of Pasture raised Beef and Dairy Products: AN INTERNET CONSUMER STUDY". He study perceptions that Iowa consumers have regarding pasture-raised beef and dairy products, Gauge the level of awareness Iowa consumers have regarding a set of perceived benefits of pasture-raised beef and dairy products, and determine the level of interest that Iowa consumers have in receiving information about how and where their food products are raised.

RAVINDER FRANK FULLER, JOHN BEGHIN AND SCOTT ROZELLE (2006) Their paper analyzes demographics, cultural factors, and purchasing behaviours influencing the consumption of fresh milk, yogurt, ice cream, and powdered milk in Beijing, Shanghai, and Guangzhou, China. Results from estimation of a double-hurdle model of consumption show that income and marketing channels are the key determinants of milk consumption levels; however, education, advertising, and convenience play a more important role in consumption of other dairy products.

V. S. JONES & M. A. DRAKE (2015) they conducted study on the topic "Consumer perception of soy and dairy products A cross-cultural study". The purpose of this research was to collect consumer views and opinions from New Zealand (NZ) and U.S. consumers about the health benefits and product claims associated with soy and dairy products and to determine if there were any cross-cultural differences.

IMPORTANCE OF THE STUDY

Based on the above reviews an attempt is made to undergo a study focusing on the consumer attitude and preferences towards Milma Dairy products. The results and suggestions of this study will facilitate the manufacture to improve their product. This study useful to the manufactures to take decision and to identify the present consumer trends and problems. It helps to take appropriate decision for improving their performance.

STATEMENT OF THE PROBLEM

Learning the behaviour of consumers remains imperative for marketers to device marketing strategies. Consumers perception and satisfaction is an undermined human psychology that marks a particular human behaviour. In India, dairy industry is a rapidly flourishing industry in FMCG sector. India stands first in its share of dairy production in the international scenario. Contribution of Kerala dairy products to GDP of India is 80%. Milma's share to kerala's contribution is 45%. The role played by the Milma in catering to the needs of rural people and providing live hood are very much imperative. Study on consumer perception on Milma Brand will definitely ensure development in the field of cooperative dairies that ultimately results into rural development.

OBJECTIVES OF THE STUDY

1. to know the consumers perception on dairy product

2. To study the attitude of consumers towards Milma milk products.
3. To study the preference of consumers towards Milma milk products.

RESEARCH METHODOLOGY

Nallepilly panchayath is selected as a sample area for the research in which a population of 13839 survives. It is comprised of 19 wards. Disproportionate stratified random sampling method is applied. A pilot study was conducted with 50 respondents. Based on the data collected the irrelevant questions are removed and necessary changes are made to the interview schedule. Thus the sample size is finalised with 200 respondents.

TOOLS FOR ANALYSIS

In this research work the following tools are applied

- Chi-square and
- Correlation

CHI-SQUARE

In this research the chi-square test is used to find out whether there is any association of variables namely age, monthly income, educational qualification with purchase behavior opinion, volume of consumption and satisfaction of respondents.

CORRELATION

This tool is used to assess the correlation between age and monthly income and total consumption of milk by the respondents. So that it will be thriving relevant information related to the objectives framed.

RESULTS

ATTITUDE OF CONSUMERS TOWARDS MILMA MILK PRODUCTS

H₀: There is no significant association between Opinion about Milma milk products and educational qualification

TABLE NO. 1: OPINION ABOUT MILMA MILK PRODUCTS AND EDUCATIONAL QUALIFICATION

Educational qualification	Opinion about Milma milk products					Total
	Very Good	Good	Neutral	Poor	Very poor	
Uneducated	24	12	2	2	0	40
School level	15	42	26	8	5	96
Graduate	2	33	2	3	2	42
Post graduate	3	8	6	3	0	20
Others	0	1	0	0	1	2
Total	44	96	36	16	8	200

INTERPRETATION

As the chi square value being 77.04 at 5% level of significance when degrees of freedom remains 16 is greater than the table value 27.587, The null hypothesis is rejected.

H₀: There is no significant association between Gender and practice of watching ingredients of Milma milk product

TABLE NO.2: GENDER AND PRACTICE OF WATCHING INGREDIENTS OF MILMA MILK PRODUCT

Gender	Practice of watching ingredients of Milma milk product		
	Yes	No	Total
Male	86	30	116
Female	26	58	84

INTERPRETATION

At 5% level of significance, the computed value of chi square is 37.647 at degree of freedom 1 is greater than the table value 3.841 and hence the null hypothesis is rejected.

PREFERENCE OF CONSUMERS TOWARDS MILMA MILK PRODUCTS

As Milma milk is brand as the most popular item among all other Milma products the following hypothesis are framed and analysed.

H₀: Monthly income of respondents does not have significant association with total consumption of milk in a day

TABLE NO. 3: MONTHLY INCOME AND TOTAL CONSUMPTION OF MILK IN A DAY

Total consumption of milk in a day	Monthly income					Total
	5000-10000	10001-20000	20001-30000	30001-40000	Above 40000	
250ml-500ml	22	8	14	4	2	48
500ml-1litre	89	29	2	0	1	122
1litre-2litre	5	2	4	0	0	12
Above 2 litre	4	9	1	4	0	18
Total	120	48	21	8	3	200

TABLE NO. 4: CORRELATION BETWEEN MONTHLY INCOME AND TOTAL CONSUMPTION OF MILK IN A DAY

Monthly income	Total consumption of milk in a day
21	120
55	48
38	21
2	8
60	3
200	200

The correlation co-efficient, r value is 0.38 which shows that monthly income of the respondents is positively correlated with total volume of milk consumption per day.

INFERENCE

The null hypothesis is rejected. Hence it may be concluded that there exists significant association between monthly income and total consumption of milk in a day.

H₀: There is no significant association between age and volume of consumption of milk

TABLE NO. 5: AGE AND VOLUME OF CONSUMPTION OF MILK

Age	Volume of consumption of milk				
	250ml-500ml	500ml-1litre	1litre-2litre	Above 2 litre	Total
Below 20 years	29	18	2	9	58
21-30	3	27	2	0	32
31-40	11	26	1	0	38
Above 41	5	51	7	9	72
Total	48	122	12	18	200

INTERPRETATION

At 5% level of significance, when the degree of freedom is 9, the chi square value is 56.12 which is greater than the table value 16.919

INFERENCE

The null hypothesis is rejected.

H₀: There is no significant association between Gender and practice of watching manufacturing date of Milma milk product

TABLE NO. 6: GENDER AND PRACTICE OF WATCHING MANUFACTURING DATE OF MILMA MILK PRODUCT

Gender	Practice of watching manufacturing date of Milma milk product		
	Yes	No	Total
Male	86	30	116
Female	26	58	84

INTERPRETATION

As the computed value of chi square at 5% level of significance when the degree of freedom is 1 is 37.647 which is greater than the table value 3.841.

INFERENCE

The null hypothesis is rejected.

FINDINGS

1. There exists significant association between opinion about Milma milk products and educational qualification. Though majority of the respondents have very good or good opinion on Milma milk products, the respondents educated at school level have very poor opinion on Milma milk products.
2. There exists significant association between Gender and practice of watching ingredients of Milma milk product. Most of the women are not bothered about reading the ingredients of the Milma milk product. whereas men are more alert about reading the ingredients of the Milma milk product.
3. It is inferred from table no.3 that the consumers' preference towards for the quantity of milk consumption has positive correlation with income earned by the respondents. Majority among 120 respondents whose monthly income is Rs.5000-Rs.20000 consume half to one litre of milk per day.
4. Age of the respondents is significantly associated with volume of consumption of milk. It is inferred that respondents categorised under below 20 years and above 41 years consume above two litres of milk in a day. We therefore can derive a conclusion that the age level of consumers is an important factor determining the volume of consumption of milk. Respondents at middle age group namely 21-40 years generally do not prefer consuming greater volume of milk consumption.
5. There exists significant association between gender of respondents and their practice of watching manufacturing date of Milma milk product. Most of the women are not much concentrated about watching the manufacturing date of Milma milk product whereas more men have an attitude to notice the manufacturing date of Milma milk product.

SUGGESTIONS

- Milma group has to take necessary efforts to attract consumers at age group towards their milk products.
- It has to grab the attention of people at all educated groups initiating effective promotional campaign and impart positive attitudes among them towards their various products.
- They can revise pricing strategy to capture market segmented for higher income group which will fruitfully improve their returns and profitability.

CONCLUSION

In the recent trend the consumption pattern of the consumer has been changing due to their vast exposure to global market. Nallepilly panchayath which already is an established market for Milma milk can also turn as into a successful market for other Milma products provided the company execute right programs towards it.

LIMITATIONS OF THE STUDY

- The research findings are confined to the Nallepilly panchayath and hence may not apply universally.
- The analysis was based on the data collected with help of the designed questionnaire for interview schedule and this might have its own limitation

SCOPE FOR FURTHER RESEARCH

This study provides scope for further research on the advertisement effectiveness and distributors' satisfaction and problems, brand loyalty etc, of Milma products.

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ANNEXURE**INTERVIEW SCHEDULE****PART I: DEMOGRAPHIC VARIABLES**

- | | | | | |
|--|--|---|--|---|
| 1. Name | | | | |
| 2. Age | | | | |
| a. Below 20 years <input type="checkbox"/> | b. 21-30 <input type="checkbox"/> | c. 31-40 <input type="checkbox"/> | d. above 41 <input type="checkbox"/> | |
| 3. Gender | | | | |
| a. Male <input type="checkbox"/> | b. Female <input type="checkbox"/> | | | |
| 4. Educational Qualification | | | | |
| a. Uneducated <input type="checkbox"/> | b. School level <input type="checkbox"/> | c. Graduate <input type="checkbox"/> | d. Post Graduate <input type="checkbox"/> | e. Others <input type="checkbox"/> |
| 5. Occupation | | | | |
| a. Home Maker <input type="checkbox"/> | b. Business\Agriculture <input type="checkbox"/> | c. Employee <input type="checkbox"/> | d. Professional <input type="checkbox"/> | e. Others <input type="checkbox"/> |
| 6. Monthly Income | | | | |
| a. Rs.5000-10000 <input type="checkbox"/> | b. Rs .10001-20000 <input type="checkbox"/> | c. Rs .20001-30000 <input type="checkbox"/> | d. Rs .30001- 40000 <input type="checkbox"/> | e. above Rs. 40000 <input type="checkbox"/> |

TO STUDY THE PREFERENCE AND ATTITUDE

- | | | | |
|---|--|---|--|
| 7. Your opinion on Milma milk products? | | | |
| a. Very Good <input type="checkbox"/> | b. Good <input type="checkbox"/> | c. Neutral <input type="checkbox"/> | d. Poor <input type="checkbox"/> |
| 8. Do you read ingredients of dairy products? | | | e. very poor <input type="checkbox"/> |
| a. Yes <input type="checkbox"/> | b. No <input type="checkbox"/> | | |
| 9. Did you have the practice of watching manufacturing date? | | | |
| a. Yes <input type="checkbox"/> | b. No <input type="checkbox"/> | | |
| 10. What is the total consumption of milk in a day? | | | |
| a. 250ml-500ml <input type="checkbox"/> | b. 500ml- 1 litre <input type="checkbox"/> | c. 1 litre-2 litre <input type="checkbox"/> | d. Above 2litre <input type="checkbox"/> |
| 11. How do you feel about the price of milk products? | | | |
| a. Very high <input type="checkbox"/> | b. High <input type="checkbox"/> | c. Normal <input type="checkbox"/> | d. Low <input type="checkbox"/> |
| 12. Your Monthly expenditure in Milma milk products? (in Rs.) | | | e. Very low <input type="checkbox"/> |
| a. 100-250 <input type="checkbox"/> | b. 250-500 <input type="checkbox"/> | c. 500-750 <input type="checkbox"/> | d. 750-1000 <input type="checkbox"/> |
| | | | e. Above 1000 <input type="checkbox"/> |

THANK YOU

GOLD JEWELLERY TREND IN INTERNATIONAL GOLD MARKETS

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ABSTRACT

This paper examines the trend of gold jewellery in international gold market and determinants of physical demand supply of gold. Recently the international gold market has attracted much attention and the gold price is relatively high compared to its trend. In this paper, historic gold demand from January 1980 to December 2014 is reviewed and the relationship between gold price and Euro, USD, Silver, Oil and S&P 500 index is analyzed. This study also applies the regression model and forecast the demand of gold jewellery. This study validates the model and estimates the gold jewellery demand for the next 5 years based on the yearly data of gold demand.

KEYWORDS

international gold markets, gold jewellery.

1. INTRODUCTION

The gold price, which hit a five-year low on July 20th 2015, reflects supply and demand right now, and also expectations about the future. The gold serves two purposes: it is a commodity (used in electronics, jewellery and dentistry, for example) and a store of value—especially as an insurance policy against political upheavals. But gold is unlike other assets in that it does not have a rate of return and the cost of storage could outweigh the benefits. For now, the gold and investors who favor this metal are in trouble. Gold rallied strongly after the financial crisis and has been falling ever since. As the supply and demand determines the prices of any economic resources, as the supply increases in the market, the demand will decrease and the price will come down. In the market, seldom do the perfect conditions as the buyers and sellers always influence the market price. In the present market, the factors like government regulations, monopolies and the modern marketing and advertising techniques also affect the pricing. In the present gold market, the supply contributes to the situation as the people are hesitating to sell their old gold which is of good quality. Also in a supply and demand economy, population and the purchasing power parity is important. China has, as of 2015, a population of 2.6 billion and India has a population of 1.25 billion which makes up almost half of the world. The private citizens, apart from the government of China, India, Brazil, Pakistan, Bangladesh, Japan, and Indonesia have a real thirst for gold. As per the international monetary fund, the Chinese economy, when measured by the purchasing power parity, surpassed the US. In the same way, the spending power of Indian consumers will be reaching 1.1 trillion shortly. As long as this power exists, gold price will continue to increase. Eventually, the production of gold will not be able to meet the demand and the price will be forced to increase, irrespective of the stock market, interest rates, and other economic factors. As the gold is measured in US dollar, the strengthening or weakening of Indian rupee will also influence the gold price in India. This will also influence the speculation in future price and the derivatives market. The most immediate reason for gold's woes is the strong dollar. Gold is priced in dollars, so if the American currency goes up, investors mark down the gold accordingly. Another factor for the rising of dollar is because of the revival of American economy that brings a hope for higher interest rate. The interest rate hike will also increase the opportunity cost of holding the zero yielding assets. Hence there will be a tendency to invest in treasury bills or other debt instruments rather than investing in gold.

1.1 INTERNATIONAL GOLD MARKET

Gold market has got a very ancient origin and the introduction of free gold market has transformed gold trading worldwide. The current international gold market is classified in to: 1) Cash Market (London's OTC and centered bullion market) and ii) Derivatives market (gold futures and ETF markets.) Gold Exchanges are there in all most all international financial centers and it has become an important part of financial markets internationally. Presently there are more than 40 international gold markets and it is forming the global market framework. The international gold market act as a core institution and local gold markets acts as its auxiliary. Among the important gold markets, London Gold Market, America Gold Market, Zurich Gold Market and Hong Kong Gold Market are the leading gold exchange markets. And London gold market prices have a greater influence on the world gold market price.

1.1.1 LONDON GOLD MARKET

London gold market has got a long history and in 1804, Amsterdam was replaced by London as the center for world gold trading. The London gold market was formally established in 1919. The price of gold was twice fixed in a business day and the participants in fixing the price consist of Barclays bank, HSBC, Scotia-Mocatta, and Societe Generale. The trading in New York and Hong Kong was effected by the price in London. In 1982, spot trading popularized in London gold market and in April 1982 futures market opened. The London bullion market is an over-the-counter market for gold and silver trading. The bullion is traded among members of the London Bullion Market Association (LBMA), regulated by the Bank of England. London gold is priced in U.S. dollars, using the unit of ounces. The purity of gold is denoted by millesimal fineness system. The fineness is a measure of the proportion of gold in a bullion bar and is expressed in terms of fine metal content in parts per 1000. The fineness is usually rounded to a three figure number, For gold, it consist of 999.999 (six nine fine) the purest gold ever produced, 999.99 (five nine fine), 999.9 (four nine fine), 999 (24 carat or three nine fine), 995, 990, 986, 958.3 (23 carat), 916 (22 carot) most widely used fineness.

1.1.2 AMERICAN GOLD MARKET

In 1970, the New York Commodity Exchange (COMEX) division of New York Mercantile Exchange (NYMEX), developed the American Gold Market. American gold market is mainly in gold futures trading; currently it becomes the world's largest trading volume and most active gold futures market. It is considered the most efficient and complex futures trading organization. The major trading objects of American gold market are gold, silver, copper and some financial derivatives, gold futures and gold options trading are in the first of the world, and are recognized as precious metals trading center. At present, the varieties transactions are gold futures, Mini options, options and funds. The New York Mercantile Exchange (NYMEX) is a commodity futures exchange. In 1975, the New York Commodity Exchange (COMEX) was starting the forward trading of gold, and became the center of the forward trading of gold in the world. In August 2008, it was owned and operated by CME Group of Chicago.

1.1.3 ZURICH GOLD MARKET

After World War II the Zurich gold market was developed. Since the 1960s, Zurich has become the world's second largest gold trading market. Zurich gold market has no formal organizational structure responsible for the liquidation by the three major Swiss banks: UBS, Credit Suisse and Union Bank of Switzerland. Zurich

gold market is without gold price fixing system. At any given time of each trading day, the trading price is agreed upon based on the supply and demand. Whole day fluctuation in the gold price on this basis is not subject to price limits restrictions. Switzerland is not only the world's largest new gold transit station but is also the world's largest private gold storage center.

1.1.4 HONG KONG GOLD MARKET

Hong Kong gold market has more than 90 years of history, and the most important is Chinese Gold and Silver Exchange Society (CGSE) which was opened in 1910 as the Gold and Silver Exchange Company and changed its name in 1918. Hong Kong Gold Market mainly consists of three parts: the Hong Kong Gold and Silver Exchange, which developed on the basis of the traditional gold market, the local London gold market, established by the London and Zurich branches gold dealers, as well as the Hong Kong Mercantile Exchange gold futures market. The CGSE plays an important role in Hong Kong's gold market. In the time difference, Hong Kong Gold Market fills empty time of the New York, Chicago and London markets. It can be coherent in Asia, Europe, and the United States, so as to form a complete world gold market, which promotes Hong Kong to become one of main world gold market. Hong Kong gold market is the only one area to have physical gold trading and the futures market.

The global gold market is across continents trading network with 24 hours of continuous operation. In addition to the above four international gold markets, Tokyo, Sydney, Dubai, Singapore, Mumbai, Rio de Janeiro, Shanghai are world famous gold markets

The demand for gold bullion in India and China is growing and the consumers continue to buy more. Though the consumption in India and China has increased, the price is going down. And besides India and China, there are other countries where the demand has gone up for gold bullion. When it comes to the direction of the prices for any commodity or stock, it usually comes down to the basics—supply and demand. For gold bullion, we are seeing supply come under pressure and demand increase.

2. REVIEW OF LITERATURE

Gold and silver have historically been seen as close substitutes for one another, both being precious metals that can be used to back currency and both having been used as currency. There is significant evidence (see for example Shishko (1977), Money, Affleck-Graves and Carter (1982), Sherman (1982), Landa and Irwin (1987) Aggarwal and Sonen (1988), Johnson and Soenen (1997), Egan and Peters (2001), Draper, Faff and Hillier (2002) and Adrangi, Chatrath and Raffiee (2003)) that these metals can play a useful role in diversifying risk, as well as being an attractive investment in their own right. Thus, one might expect that the prices share similar dynamics. More recently the focus has switched to collectibles made from these metals: see for instance Kane (1984), Koford and Tschoeigl (1998) & Roehner (2001). However, there are also economic fundamentals that may act to drive the prices of gold and silver apart. While both are used extensively in industrial processes, there are significant differences between these uses. Silver is extremely reflective, a good conductor of electricity and has extensive use in optics and photography.

3. DATA ANALYSIS

The demand and supply of gold from 2004 to 2013 is given in table 1. The supply of gold is having a steady growth whereas the scrap is having a declining trend. Under the demand of gold, the jewellery has got more demand than the industrial fabrication

TABLE 1: WORLD GOLD SUPPLY AND DEMAND FROM 2004 TO 2013 (tonnes)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Supply										
Mine Production	2504	2561	2496	2499	2430	2613	2741	2839	2861	3022
Scrap	881	902	1132	1005	1350	1726	1711	1659	1634	1280
Net Hedging Supply	-438	-92	-434	-432	-357	-234	-106	11	-40	-48
Total Supply	2948	3371	3194	3071	3424	4104	4346	4509	4455	4254
Demand										
Jewellery	2619	2721	2302	2425	2306	1817	2034	2029	1998	2361
Industrial fabrication	418	440	471	477	464	414	469	458	415	409
Industrial fabrication of which electronics	266	286	31698	322	311	275	326	320	284	279
Industrial fabrication of which dental and medical	68	62	61	58	56	53	48	43	39	36
Industrial fabrication of which other industries	85	92	95	98	97	87	95	95	92	93
Net official Sector	-479	-663	-365	-484	-235	-34	77	457	544	409
Retail investment	361	412	427	442	915	825	1229	1569	1357	1778
Physical Demand	2920	2909	2835	2861	3450	3023	3809	4512	4315	4957
Physical Surplus/deficit	28	462	359	210	-26	1081	536	-3	140	-703
ETF inventory build	133	208	260	253	321	623	328	185	279	-880
Exchange inventory build	83	29	32	-10	34	39	54	-6	-10	-99
Net balance	-188	225	67	-33	-381	418	100	-182	-129	277

Source: GFMS, Thomson Reuters, (Net producer hedging is the change in the physical market impact of mining company's gold loans, forwards and options positions.)

TABLE 2: GOLD SUPPLY AND DEMAND IN 2013 AND 2014.

Supply	2013	2014
Mine Production	3060.3	3135
Scrap	1254.6	1175.9
Net producer hedging	-32.8	99.1
Total Supply	4282.2	4410
Demand		
Jewellery	2705.3	2480.9
Industrial fabrication	354.1	346.5
Total bar and coin demand	1702	1004.4
ETF and similar products	-916	-183.6
Central banks and other institutions	625.5	588.0
Gold Demand	4470.8	4236.1
Surplus/deficit	-188.6	173.9
Total Demand	4292.2	4410.0

Source: Metals Focus, GFMS, Thomson Reuters, ICE Benchmark Administration, World Gold Council

TABLE 3: ABOVE GROUND GOLD STOCK AS ON 2013

Item	Quantity (tonnes)
Jewellery	85900
Official holdings	30500
Private investment	34400
Other fabrication	21600
Unaccounted	3600
Total	176000

Source: GFMS, Thomson Reuters

RECOMMENDATION AND CONCLUSIONS

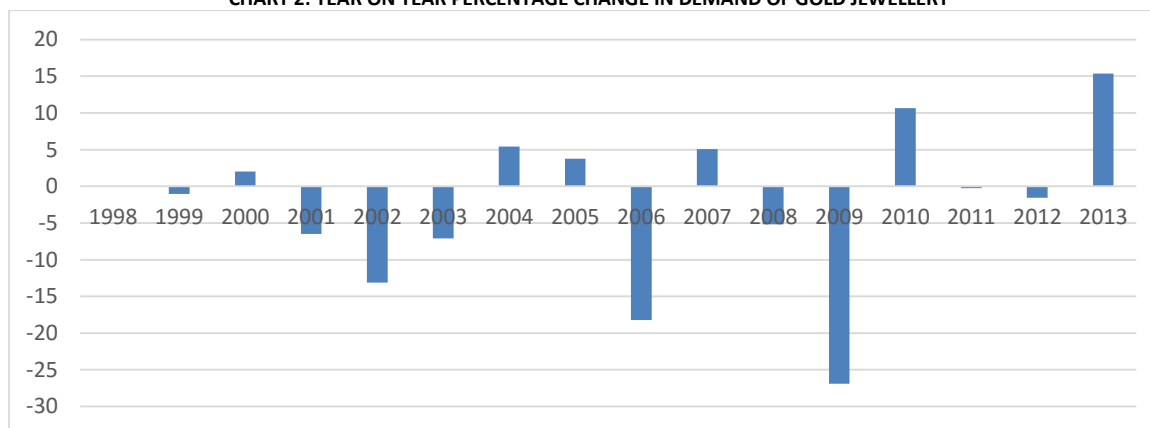
From the study it was found that though the total demand of gold is decreasing, the demand of gold jewellery is gradually increasing. This study also indicates that the demand of gold jewellery in China and India is increasing and thereby the price will also be increasing in the near future. The continued poor performance of the stock market and increasing demand of gold jewellery are signs towards the increase in price of the yellow metal.

GOLD JEWELLERY DEMAND

CHART 1: THE DEMAND FOR GOLD JEWELLERY IN TONNES



CHART 2: YEAR ON YEAR PERCENTAGE CHANGE IN DEMAND OF GOLD JEWELLERY



The chart shows that the demand for gold has decreased in 9 out of 16 years during 1998 to 2013.

TABLE 4: JEWELLERY

Mean	2514.6875
Standard Error	110.2743064
Median	2451
Mode	#N/A
Standard Deviation	441.0972257
Sample Variance	194566.7625
Kurtosis	-1.028247774
Skewness	0.201101837
Range	1379
Minimum	1817
Maximum	3196
Sum	40235
Count	16
Confidence Level(95.0%)	235.0441203

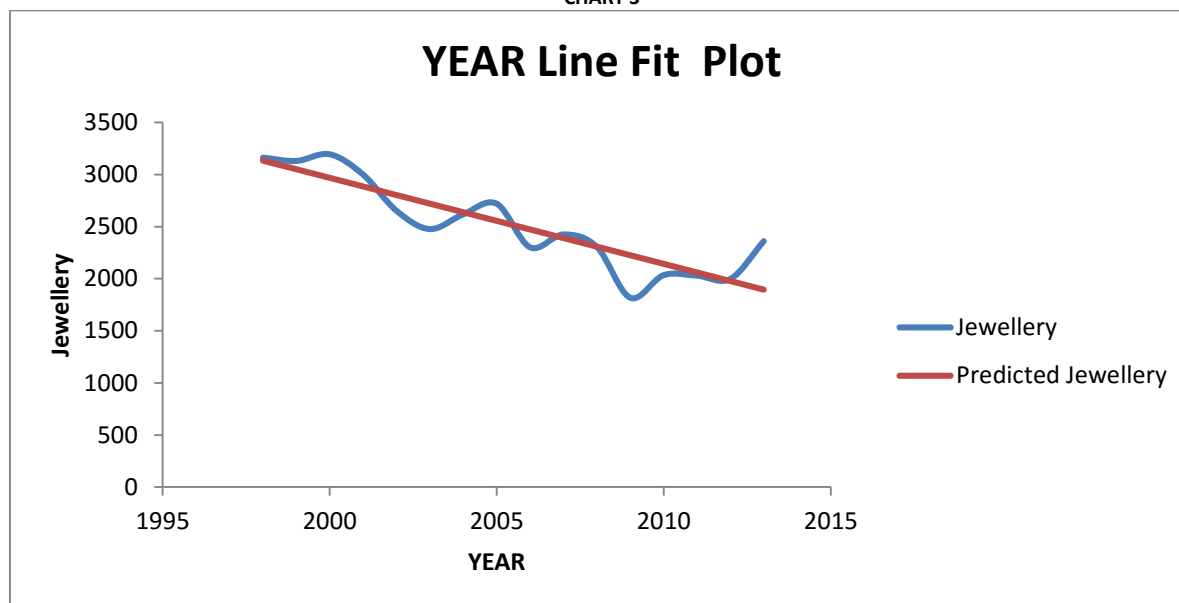
TABLE 5: SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.889426298
R Square	0.79107914
Adjusted R Square	0.776156221
Standard Error	208.6924995
Observations	16

TABLE 6

ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	2308765.607	2308765.607	53.01102027	4.02683E-06			
Residual	14	609735.8309	43552.55935					
Total	15	2918501.438						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	167776.7353	22698.18836	7.391635518	3.39591E-06	119093.9631	216459.5075	119093.9631	216459.5075
YEAR	-82.40441176	11.31793987	-7.280866725	4.02683E-06	-106.6789785	-58.12984501	-106.6789785	-58.12984501

CHART 3



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IMPACT OF TELEVISION ADVERTISEMENTS OF JUNK FOOD ON CHILDREN WITH SPECIAL REFERENCE TO SALEM CITY

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ABSTRACT

Advertisement is a vital marketing tool as well as powerful communication medium. Today, children believe television advertisements to be informative and most children respond to them favourably, it is also important to recognize that children are being exposed to so many food messages each day. Television is a major contributing factor in influencing children's junk food purchases. When children watch young adults in good shape eating junk foods in the advertisements they assume that it is good for health. They are unaware of the fact that junk food does not contain nutritional value. Children increased their consumption of junk foods after seeing these television advertisements. Hence the present study focuses on the interest of the children towards television advertisements and their preference for junk food items. The current study depends upon the non-probability sampling namely, convenience sampling. A total of 450 sample respondents were selected for the study. The findings of the study revealed that the preference for junk food increase due to their exposure to advertisements in television and it is the parents who have to take care of them by explaining the pros and cons of consuming the junk food.

KEYWORDS

advertisements, junk food, children.

INTRODUCTION

In the highly competitive and globalized market, advertisements are present everywhere. It is a vital marketing tool as well as powerful communication medium. The basic objective of any advertisement is to stimulate sales, direct or indirect by trying to make tall claims about product performance. Today, children believe television advertisements to be informative and most children respond to them favourably. They remain glued to the television and enjoy what they see. The degree of impact of advertising on adults may be problematic but the outcome is devastating for children. Advertisers of television used to appeal to the parents earlier but now they appeal directly to children who do not have the emotional or cognitive tools to evaluate what's being sold to them. Television is no more just a source of entertainment for children. They showcase the must haves for a child making them a consumer even before they have reached the age of 3. They are exposed to an overwhelming amount of advertising as there is little regulation controlling the programme to advertisement ratio. Thus the influence of the media on the psychosocial development of children is profound.

THE PHILOSOPHY OF MARKETING TO CHILDREN

Companies recognize there is more to the children's market than the immediate purchases made. This is because children represent three distinct markets: primary, influence, and future. The primary market is the money actually spent by children themselves. They receive this money through allowance, birthday money, and others types of currency gifts.

Children's power over their money has induced many companies to introduce items to children that they could afford and produce these items in a series and make the children to buy more and more. Also, if children are satisfied with that product, they will then persuade their parents to buy the product for them.

The second market, the influence market, is where children direct parental expenditures. Requests for snack foods have become the main determinant of what is actually purchased by the household simply because the request gives direction to a purchase that otherwise might be postponed or not even considered by a busy or working parent.

Children cannot influence parental spending unless their parents let them. There are two ways that children can determine parental spending. Direct influence is a child's request, demand or hint, often beginning with words "I want..." It is also present when there is joint decision making- when a children participates in the purchase with other family members. Then, there is indirect influence- when parents are aware of the product which their child likes they buy them without being asked or told by the child.

The third market is the future market. This is based on the premise that children will be full-time consumers as they grow older and become even more independent. When a company successfully nurtures children as customers before children actually have the power to buy their products, they often create loyal future customers that will remember their product name or brand in the future.

THE IMPACT OF TELEVISION ADVERTISING ON CHILDREN

One of the greatest factors that influences a child's eating habits is what that child sees on the television. Since television is the most widely used advertising medium, it is important to recognize that children are being exposed to so many food messages each day. Television is a major contributing factor in influencing children's junk food purchases and fueling the obesity epidemic.

Food advertising aimed towards children has spun out of control. It has been infiltrating schools, sports arenas, the web, newspapers, and mainly television, where advertising has become available on a constant basis, especially since the boom of 24-hour-a-day children's programming on cable and satellite television. Children are now exposed to over 40,000 television ads a year, doubling since 1970. Ads for high-fat, high-salt foods have doubled since the 1980s, while commercials for healthy foods are in short supply.

Junk food advertisements influence children greatly leading to an increased demand for junk food by children. When children watch young adults in good shape eating junk foods in the advertisements they assume that it is good for health. They are unaware of the fact that junk food does not contain nutritional value. Children increased their consumption of junk foods after seeing these television advertisements. Children seem to be more swayed by this trend and pizzas, burgers, noodles, wafers/chips, colas, ice-creams, etc. have become their all time favourites. Candy, soft drink, and sweetened cereals are traditional kids' products that are constantly in the spotlight. These types of products have expanded their sales and offerings greatly in the past few years. Snack food shelves are bigger than ever, especially for candy and potato chips, two of the unhealthiest choices for kids. Also, the range of these products has increased rapidly. The number of different types of candies is endless, and our society has every flavor of potato chip imaginable.

REVIEW OF LITERATURE

Advertising to children is the act of marketing or advertising products or services to children, as defined by national legislation and advertising standards. There is no universal definition of a child (although UNESCO - the United Nations Educational, Scientific and Cultural Organization, defines early childhood as ages 0–8 years). Children are otherwise defined according to national jurisdictions. For the purposes of advertising law, the definition of a child varies from one jurisdiction to another. However, 12 is commonly used as a cut-off point, on the basis of the widespread academic view that by the age of 12 children have developed their behavior as consumers, effectively recognize advertising and are able to adopt critical attitudes towards it.

Television advertising to children is rapidly becoming a major concern. Children who watch a lot of television, want more toys seen in advertisements and eat more advertised food than children who do not watch as much television. Aleathia Cezar (2008) in his study concluded that children are exposed to high amounts of food advertisements which affect young children's food choices and poor food consumption. The study suggested that parents should restrict eating food with poor nutrition content and also limit television viewing time, remove television sets from children's bedrooms, monitor the shows children are watching and to watch television with the children.

Ramesh Kumar (2011) in his study concluded that the advertisements in television take an important role in purchasing the junk food and other items not useful to the children. Advertisements create an unrealistic expectation in the minds of the children. They give high preference to children's taste and preference, which is unhealthy and not useful to the children. There is a significant association between the nagging of children and their age and income of the parents. All children irrespective of their parents' income and age, nag their parents to purchase the product with a free offer after or while watching television. The children give preference to animation programs and in case of a free offer, the children give first preferences to sticker collection followed by toys. When compared to taste, colour, happiness and attractive packages of the products, the children give first preference to attractive packages followed by its colour.

NEED FOR THE STUDY

Marketers are striving to attract children through various advertising media as they are emerging as strong consumer segment which has a high influence on the parents buying decision with respect to items of own consumptions and also items for common consumption of the family. In this way, the exposure to unhealthy foods through television advertising has been linked to increased preferences for junk food. Hence the present study focuses on the interest of the children towards television advertisements, their preference for junk food and factors in the television advertisements of junk food influencing children

STATEMENT OF THE PROBLEM

Children are influenced by the junk food advertisement gimmicks and get tempted to try out the products. The easy to eat and lip smacking tastes of junk food allure children to be away from healthy vegetables and homemade nutritious food. The frequent consumption of junk food worsens the health status of children. So in a city like Salem where children can easily get the junk food items at every nook and corner of the street it is imperative to know the impact of consumption of junk food due to television advertisements on children.

OBJECTIVES OF THE STUDY

1. To study the interest of the children towards television advertisements.
2. To study the children's preference for junk food.

HYPOTHESES OF THE STUDY

1. There is no significant association between the gender and age of the children and interest in watching television advertisements.
2. There is no significant association between the gender and age of the children and their preference towards the junk food items advertised in the television.
3. There is no significant association between the gender and age of the children and the factors influencing them in the television advertisements of junk food.

METHODOLOGY

The study is basically an empirical research using survey method to analyse the children's preference for junk food and the factors influencing children in the television advertisements of junk food. Parents were the basic sampling unit for the present study as they are the primary care takers of children. Primary data was collected, through a pre-tested and well drafted questionnaire, from the parents within the geographical focus of Salem City. A total of 450 sample respondents were selected for the study. The current study depends upon the non-probability sampling namely, convenience sampling. Hence it is a non-random selection of available elements from the study defined population.

TOOLS USED FOR ANALYSIS

The data collected from the respondents were presented in the form of tables and were analysed with the help of simple percentage and ANOVA.

RESULTS AND DISCUSSION

Indian marketers are increasingly targeting children because they find children are the only market segment that do not change their preferences rapidly and are easy to influence through advertisements. In this context, the present study focuses on the interest of the children towards television advertisements and their preference for junk food.

1.1 DEMOGRAPHIC PROFILE

A. DEMOGRAPHIC PROFILE OF THE CHILDREN

The demographic profile of the children depicts the personal profile such as gender of the child, age of the child, type of family to which the child belongs and the number of siblings the child has.

TABLE 1.1a: DEMOGRAPHIC PROFILE OF THE CHILDREN

Variable	Particulars	No. of Children	%
Gender	Male	233	51.78
	Female	217	48.22
Age (Years)	2-6	140	31.11
	7-11	310	68.89
Type of Family	Nuclear	252	56.0
	Joint	198	44.0
No. of Siblings	None	91	20.22
	1	232	51.56
	2	121	26.89
	3 and above	6	1.33

Source: Primary data

Table 2.1a shows the social status of the children where four demographic variables namely Gender of the child, Age of the child, Type of family of the child and Number of siblings the child has are considered. Gender of the child shows that a majority 51.78 percent of the children are male. Age of the child classified under

three groups shows that a majority of 68.89 percent are between the age group 7-11 years. A majority of 56 percent of the children belong to nuclear family. A majority of 51.56 percent of the children have one sibling.

B. DEMOGRAPHIC PROFILE OF THE PARENTS

The demographic profile of the children depicts the educational status of the parents, occupational status of the parents and annual income of the parents.

TABLE 1.1b: DEMOGRAPHIC PROFILE OF THE PARENTS

Variable	Particulars	No. of Parents	%
Educational Status of the father	Illiterate	7	1.56
	Primary school	17	3.78
	Higher secondary	81	18.0
	Graduate	274	60.89
	Post Graduate	71	15.77
Educational Status of the mother	Illiterate	22	4.89
	Primary school	55	12.21
	Higher secondary	196	43.56
	Graduate	138	30.67
	Post Graduate	39	8.67
Occupational Status of the father	Private Employee	124	27.56
	Government Employee	85	18.89
	Business	238	52.89
	Any other	3	0.66
Occupational Status of the mother	Private Employee	221	49.11
	Government Employee	88	19.56
	Business	42	9.33
	Any other	99	22.0
Total Annual Income (Rupees)	Less than 1,00,000	131	29.11
	1,00,000-3,00,000	235	52.22
	3,00,000-5,00,000	72	16.0
	Above 5,00,000	12	2.67

Source: Primary data

Table 2.1b depicts the economic status of the parents namely the educational status, occupational and annual income of the parents. Educational status of the father shows that majority of 60.89 percent of them are graduates. Educational status of the mother shows that maximum of 43.56 percent of them are educated upto higher secondary level. The occupational status of the father shows that a majority of 52.89 percent of them have their own business and occupational status of the mother shows that a maximum of 49.11 percent of them are private employees. The total annual income of the parents shows that maximum of 52.22 percent of the parent's annual income lie between Rs.1,00,000 - Rs.3,00,000.

1.2 GENDER OF THE CHILD AND LEVEL OF INTEREST IN WATCHING TV ADVERTISEMENTS

TABLE 1.2: GENDER OF THE CHILD AND LEVEL OF INTEREST IN WATCHING TV ADVERTISEMENTS

Gender	Frequency	Very much interested	Interested	Neither interested nor disinterested	Little bit interested	Not at all interested	Total
Male	No.	46	120	45	17	5	233
	%	52.3	54.3	48.4	42.5	62.5	51.8
Female	No.	42	101	48	23	3	217
	%	47.7	45.7	51.6	57.5	37.5	48.2
Total	No.	88	221	93	40	8	450
	%	19.55	49.11	20.67	8.89	1.78	100

From the Table 1.2, it could be observed that out of 88 children who have been very much interested in watching television advertisements, 52.3 per cent of them were male children and 47.7 per cent of them were female children. Out of 221 children interested in watching television advertisements, 54.3 per cent of them were male children and 45.7 per cent of them were female children. On the other hand, out of 93 children who were neither interested nor disinterested in watching television advertisements, 48.4 per cent of them were male children and 51.6 per cent of them were female children. Out of 40 children little bit interested in watching television advertisements, 42.5 per cent of them were male children and 57.5 per cent of them were female children. Among 8 children not at all interested in watching television advertisements 62.5 per cent of them were male children and 37.5 per cent of them were found to be female children. With a view to understand the significance of relationship between gender of the children and interest in watching television advertisements the following hypotheses have been framed and tested by performing analysis of variance (ANOVA):

Null Hypothesis H_0 : There is no significant association between gender of the child and interest in watching television advertisements.

TABLE 1.2a: GENDER OF THE CHILD AND LEVEL OF INTEREST IN WATCHING TV ADVERTISEMENTS - ANOVA

Source of variation	SS	DF	MS	Computed value of F	p value	Table value	Result
Between Groups	0.69	4	0.17	0.68	0.60	2.46	Not Significant
Within Groups	111.67	445	0.25				
Total	112.36	449					

It is understood from the Table 1.2a, the computed value of F stating the relationship between gender of the child and interest in watching television advertisements was found to be 0.68 while the probability value and table value were 0.60 and 2.46 respectively. Since the computed value of F is lesser than the table value and p value is greater than 0.01, it falls in the acceptance region. Hence, the null hypothesis is accepted. Thus, it is concluded that there is no significant relationship between gender of the child and interest in watching television advertisements.

1.3 AGE OF THE CHILD AND LEVEL OF INTEREST IN WATCHING TV ADVERTISEMENTS

TABLE 1.3: AGE OF THE CHILD AND LEVEL OF INTEREST IN WATCHING TV ADVERTISEMENTS

Age	Frequency	Very much interested	Interested	Neither interested nor disinterested	Little bit interested	Not at all interested	Total
2 to 6 years	No.	19	65	38	18	0	140
	%	21.6	29.4	40.9	45.0	0.0	31.1
7 to 11 years	No.	69	156	55	22	8	310
	%	78.4	70.6	59.1	55.0	100.0	68.9
Total	No.	88	221	93	40	8	450
	%	19.55	49.11	20.67	8.89	1.78	100

From the Table 1.3, it is evident that out of 88 children very much interested in watching television advertisements, 21.6 per cent of them were very young children while 78.4 per cent of them were young children. Out of 221 children interested in watching television advertisements, 29.4 per cent of them were very young children and 70.6 per cent of them were young children. On the other hand, out of 93 children who were neither interested nor disinterested in watching television advertisements, 40.9 per cent of them were very young children and 59.1 per cent of them were young children. Out of 40 children little bit interested in watching television advertisements, 45.0 per cent of them were very young children and 55.0 per cent of them were young children. All the 8 children not at all interested in watching television advertisements were found to be young children.

With a view to understand the significance of relationship between age of the children and interest in watching television advertisements the following hypotheses have been framed and tested by performing analysis of variance (ANOVA):

Null Hypothesis H_0 : There is no significant association between age of the child and interest in watching television advertisements.

TABLE 1.3a: AGE OF THE CHILD AND LEVEL OF INTEREST IN WATCHING TV ADVERTISEMENTS – ANOVA

Source of variation	SS	DF	MS	Computed value of F	p value	Table value	Result
Between Groups	3.29	4	0.82	3.93	0.00	3.51	Significant @ 1%
Within Groups	93.15	445	0.21				
Total	96.44	449					

According to the Table 1.3a, the computed value of F stating the relationship between age of the child and interest in watching television advertisements was found to be 3.93 while the probability value and table value were 0.00 and 3.51 respectively. Since the computed value of F is greater than the table value and p value is less than 0.01, it falls in the rejection region. Hence, the null hypothesis is rejected and concluded that there is a significant relationship between age of the child and interest in watching television advertisements.

1.4 GENDER OF THE CHILD AND PREFERENCE TOWARDS THE JUNK FOOD ITEMS ADVERTISED IN THE TELEVISION

Null Hypothesis H_0 : There is no significant association between gender of the child and preference towards the junk food items advertised in the television

TABLE 1.4: GENDER OF THE CHILD AND THE PREFERENCE TOWARDS THE JUNK FOOD ITEMS ADVERTISED IN THE TELEVISION

Factors	Source of Variation	SS	DF	MS	Computed Value of F	P value	Table Value	Result
Snacks	Between Groups	1.32	1	1.32	0.24	0.62	3.94	NS
	Within Groups	2447.62	448	5.46				
	Total	2448.94	449					
Candies, Sweets, Gums and Chocolates	Between Groups	0.47	1	0.47	0.12	0.73	3.94	NS
	Within Groups	1716.75	448	3.83				
	Total	1717.22	449					
Ice-creams /Milk shakes	Between Groups	0.92	1	0.92	0.23	0.63	3.94	NS
	Within Groups	1765.40	448	3.94				
	Total	1766.32	449					
Soft drinks	Between Groups	10.78	1	10.78	3.04	0.08	3.94	NS
	Within Groups	1587.58	448	3.54				
	Total	1598.36	449					
Fruit juices	Between Groups	11.53	1	11.53	2.85	0.09	3.94	NS
	Within Groups	1814.60	448	4.05				
	Total	1826.12	449					
Health supplements	Between Groups	1.87	1	1.87	0.39	0.54	3.94	NS
	Within Groups	2176.39	448	4.86				
	Total	2178.26	449					
Ready to eat foods	Between Groups	0.00	1	0.00	0.00	0.98	3.94	NS
	Within Groups	1932.49	448	4.31				
	Total	1932.49	449					
Fried fast foods	Between Groups	11.89	1	11.89	2.30	0.13	3.94	NS
	Within Groups	2311.38	448	5.16				
	Total	2323.26	449					

According to the Table 1.4, the computed value of F stating the relationship between gender and preference for snacks has been found to be 0.24 while the computed value of F stating the relationship between gender and preference for candies, sweets, gums and chocolates has been found to be 0.12. The table value of F in both of these cases was found to be 3.94. Since the computed values have been lesser than the table values, they fall in the acceptance region. Hence, the null hypothesis is accepted and is concluded that there is no significant relationship between gender and preference for snacks and also the relationship between gender of the child and preference for candies, sweets, gums and chocolates is not significant.

It is further understood that the computed value of F stating the relationship between gender and preference for ice-creams/milk shakes is found to be 0.23 whereas the table value is 3.94. Since the computed value is less than the table value, it falls in the acceptance region and hence the null hypothesis is accepted and the alternative hypothesis is rejected. The relationship between gender of the child and preference for soft drinks has been measured by F which is computed to be 3.04 whereas the table value is 3.94. Since the computed value is less than the table value it falls in the acceptance region. Hence, the null hypothesis is accepted and concluded that there exists no significant relationship between gender of the child and preference towards ice-creams/milk shakes and soft drinks advertised in the television.

The computed value of F stating the relationship between gender and preference for fruit juices has been found to be 2.85 while the computed value of F stating the relationship between gender and preference for health supplements has been found to be 0.39. The table value of F in both of these cases was found to be 3.94. Since the computed values have been lesser than the table values, they fall in the acceptance region. Hence, the null hypothesis is accepted and is concluded that there is no significant relationship between gender and preference for fruit juices and also the relationship between gender of the child and preference for health supplements is not significant.

It is further understood that the computed value of F stating the relationship between gender and preference for ready-to-eat foods is found to be 0.00 whereas the table value is 3.94. Since the computed value is less than the table value, it falls in the acceptance region and hence the null hypothesis is accepted and the alternative hypothesis is rejected. The relationship between gender of the child and preference for fried fast foods has been measured by F which is computed to be 2.30 whereas the table value is 3.94. Since the computed value is less than the table value it falls in the acceptance region. Hence, the null hypothesis is accepted and is concluded that there exists no significant relationship between gender of the child and preference towards ready-to-eat food and fried fast food advertised in the television.

1.5 AGE OF THE CHILD AND THE PREFERENCE TOWARDS THE JUNK FOOD ITEMS ADVERTISED IN THE TELEVISION

Null Hypothesis H_0 : There is no significant association between age of the child and preference towards the junk food items advertised in the television

TABLE 1.5: AGE OF THE CHILD AND THE PREFERENCE TOWARDS THE JUNK FOOD ITEMS ADVERTISED IN THE TELEVISION

Factors	Source of Variation	SS	DF	MS	Computed Value of F	P value	Table Value	Result
Snacks	Between Groups	1.87	1	1.87	0.34	0.56	3.94	NS
	Within Groups	2447.07	448	5.46				
	Total	2448.94	449					
Candies, Sweets, Gums and Chocolates	Between Groups	2.93	1	2.93	0.76	0.38	3.94	NS
	Within Groups	1714.29	448	3.83				
	Total	1717.22	449					
Ice-creams /Milk shakes	Between Groups	0.01	1	0.01	0.00	0.97	3.94	NS
	Within Groups	1766.31	448	3.94				
	Total	1766.32	449					
Soft drinks	Between Groups	0.62	1	0.62	0.17	0.68	3.94	NS
	Within Groups	1597.74	448	3.57				
	Total	1598.36	449					
Fruit juices	Between Groups	1.79	1	1.79	0.44	0.51	3.94	NS
	Within Groups	1824.33	448	4.07				
	Total	1826.12	449					
Health supplements	Between Groups	3.86	1	3.86	0.79	0.37	3.94	NS
	Within Groups	2174.40	448	4.85				
	Total	2178.26	449					
Ready to eat foods	Between Groups	0.18	1	0.18	0.04	0.84	3.94	NS
	Within Groups	1932.31	448	4.31				
	Total	1932.49	449					
Fried fast foods	Between Groups	7.92	1	7.92	1.53	0.22	3.94	NS
	Within Groups	2315.34	448	5.17				
	Total	2323.26	449					

According to the Table 1.5, the computed value of F stating the relationship between age and preference for snacks has been found to be 0.34 while the computed value of F stating the relationship between age and preference for candies, sweets, gums and chocolates has been found to be 0.76. The table value of F in both of these cases was found to be 3.94. Since the computed values have been lesser than the table values, they fall in the acceptance region. Hence, the null hypothesis accepted and it is concluded that there is no significant relationship between age and preference for snacks and also the relationship between age of the child and preference for candies, sweets, gums and chocolates is not significant.

It is further understood that the computed value of F stating the relationship between age and preference for ice-creams/milk shakes is found to be 0.00 whereas the table value is 3.94. Since the computed value is less than the table value, it falls in the acceptance region and hence the null hypothesis is accepted and the alternative hypothesis is rejected. The relationship between age of the child and preference for soft drinks has been measured by F which is computed to be 0.17 whereas the table value is 3.94. Since the computed value is less than the table value it falls in the acceptance region. Hence, the null hypothesis is accepted and it is concluded that there exists no significant relationship between age of the child and preference towards ice-creams/milkshakes and soft drinks advertised in the television.

The computed value of F stating the relationship between age and preference for fruit juices has been found to be 0.44 while the computed value of F stating the relationship between age and preference for health supplements has been found to be 0.79. The table value of F in both of these cases was found to be 3.94. Since the computed values have been lesser than the table values, they fall in the acceptance region. Hence, the null hypothesis is accepted and concluded that there is no significant relationship between age and preference for fruit juices and also the relationship between age of the child and preference for health supplements is not significant.

It is further understood that the computed value of F stating the relationship between age and preference for ready-to-eat foods is found to be 0.04 whereas the table value is 3.94. Since the computed value is less than the table value, it falls in the acceptance region and hence the null hypothesis is accepted and the alternative hypothesis is rejected. The relationship between age of the child and preference for fried fast foods has been measured by F which is computed to be 1.53 whereas the table value is 3.94. Since the computed value is less than the table value it falls in the acceptance region. Hence, the null hypothesis is accepted and concluded that there exists no significant relationship between age of the child and preference towards ready to eat foods and fried fast foods advertised in the television.

1.6 GENDER OF THE CHILD AND FACTORS INFLUENCING CHILDREN IN TELEVISION ADVERTISEMENTS OF JUNK FOOD

TABLE 1.6: GENDER OF THE CHILD AND FACTORS INFLUENCING CHILDREN IN TELEVISION ADVERTISEMENTS OF JUNK FOOD

Gender	Frequency	Physical Action	Lively music	Rhyming Sound effects	Animation	Celebrity	Witty And Stylish Imagery message	Total
Male	No.	106	37	56	30	3	1	233
	%	63.1	57.8	42.4	51.7	12.0	33.3	51.8
Female	No.	62	27	76	28	22	2	217
	%	36.9	42.2	57.6	48.3	88.0	66.7	48.2
Total	No.	168	64	132	58	25	3	450
	%	37.33	14.22	29.33	12.89	5.56	0.67	100

Table 1.6 depicts that out of 168 children who have been influenced by the physical action in the television advertisements, 63.1 per cent of them were male children and 36.9 per cent of them were female children. Among 64 children who have been influenced by lively music of television advertisements, 57.8 per cent of them were male children and 42.2 per cent of them were female children. Out of 132 children who have been influenced by rhyming sound effects of television advertisements, 42.4 per cent of them were male children and 57.6 per cent of them were female children while among 58 children who have been influenced by the animation of television advertisements 51.7 per cent of them were male children and 48.3 per cent of them were female children. Out of 25 children influenced by celebrity of the television advertisements, 12.0 per cent of them were male children and 88.0 per cent of them were female children. It is observed that out of 3 children influenced by witty and stylish imagery messages of television advertisements 33.3 per cent of them were male children and 66.7 per cent of them were female children.

With a view to understand the relationship between gender of the child and its factors influencing towards watching television advertisements, the following hypotheses have been framed and tested by performing analysis of variance (ANOVA):

Null Hypothesis H_0 : There is no significant association between gender of the child and factors influencing towards watching television advertisements.

TABLE 1.6a: GENDER OF THE CHILD AND FACTORS INFLUENCING CHILDREN IN TELEVISION ADVERTISEMENTS OF JUNK FOOD - ANOVA

Source of variation	SS	DF	MS	Computed value of F	P value	Table value	Result
Between Groups	7.60	5	1.52	6.44	0.00	3.21	Significant @ 1%
Within Groups	104.76	444	0.24				
Total	112.36	449					

It is understood from the Table 4.57 that the computed value of F stating the relationship between gender of the child and factors influencing towards watching television advertisements was found to be 6.44 while the probability value and table value were 0.00 and 3.21 respectively. Since the computed value of F is greater than the table value and p value is less than 0.01, it falls in the rejection region. Hence, the null hypothesis is rejected. Thus, it is concluded that there is a significant relationship between gender of the child and factors influencing towards watching television advertisements.

1.7 AGE OF THE CHILD AND FACTORS INFLUENCING CHILDREN IN TELEVISION ADVERTISEMENTS OF JUNK FOOD

TABLE 1.7: AGE OF THE CHILD AND FACTORS INFLUENCING CHILDREN IN TELEVISION ADVERTISEMENTS OF JUNK FOOD

Age	Frequency	Physical Action	Lively music	Rhyming Sound effects	Animation	Celebrity	Witty And Stylish Imagery messages	Total
2 to 6 Years	No.	41	18	54	21	6	0	140
	%	24.4	28.1	40.9	36.2	24.0	0.0	31.1
7 to 11 Years	No.	127	46	78	37	19	3	310
	%	75.6	71.9	59.1	63.8	76.0	100.0	68.9
Total	No.	168	64	132	58	25	3	450
	%	37.33	14.22	29.33	12.89	5.56	0.67	100

According to Table 1.7, out of 168 children who have been influenced by the physical action in the television advertisements, 24.4 per cent of them were very young children and 75.6 per cent of them were young children. Among 64 children who have been influenced by lively music of television advertisements, 28.1 per cent of them were very young children and 71.9 per cent of them were young children. Out of 132 children who have been influenced by rhyming sound effects of television advertisements, 40.9 per cent of them were very young children and 59.1 per cent of them were young children while among 58 children who have been influenced by the animation of television advertisements 36.2 per cent of them were very young children and 63.8 per cent of them were young children. Out of 25 children influenced by celebrity of the television advertisements, 24.0 per cent of them were very young children and 76.0 per cent of them were young children. It is observed that 3 out of 3 children influenced by witty and stylish imagery messages of television advertisements were young children.

With a view to understand the relationship between age of the child and its factors influencing towards watching television advertisements, the following hypotheses have been framed and tested by performing analysis of variance (ANOVA):

Null Hypothesis H_0 : There is no significant association between age of the child and factors influencing towards watching television advertisements.

TABLE 1.7a: AGE OF THE CHILD AND FACTORS INFLUENCING CHILDREN IN TELEVISION ADVERTISEMENTS OF JUNK FOOD - ANOVA

Source of variation	SS	DF	MS	Computed value of F	p value	Table value	Result
Between Groups	2.65	5	0.53	2.51	0.03	2.46	Significant @ 5%
Within Groups	93.80	444	0.21				
Total	96.44	449					

From the Table 1.7a it is evident that the computed value of F stating the relationship between age of the child and factors influencing towards watching television advertisements was found to be 2.51 while the probability value and table value were 0.03 and 2.46 respectively. Since the computed value of F is greater than the table value and p value is less than 0.05, it falls in the rejection region. Hence, the null hypothesis is rejected. Thus, it is concluded that there is a significant relationship between age of the child and factors influencing towards watching television advertisements

FINDINGS

- A maximum of 49.11 percent of the children are interested in watching television advertisements. The gender of the children reveals that a majority of 62.5 percent of the male children are not at all interested in watching television advertisements. The age of the children reveals that a majority of 78.4 percent of the children between 7-11 years are very much interested towards television advertisements.
- A maximum of 37.33 percent of the children are influenced by the physical actions in the television advertisements of junk food. Based on the gender and age of the child a majority of 88 percent of the female children and 76 percent of children between the 7-11 years are influenced by the presence of celebrities in the television advertisements of junk food.

RESULTS OF ANOVA

- There is no significant association between gender of the child and interest in watching television advertisements.
- There is a significant association between age of the child and interest in watching television advertisements.
- There exists no significant association between gender of the child and preference for junk food items advertised in the television.
- There is no significant association between age of the child and preference for junk food items advertised on television.
- There is a significant association between gender and age of the child and factors influencing towards watching television advertisements of junk food.

SUGGESTIONS

- Children are interested towards television advertisements as various factors like their favourite cartoon characters, attractive music, etc., are there in the advertisements to attract them. So, it is the duty of the parents to see what their children are watching in television and if they are highly influenced by the advertisements then they should try to explain them the pros and cons of that product by using it.
- The interest of the children varies with respect to their age, advertisers need to come out with new innovative and creative strategies beyond the usual tactics such as celebrity endorsers, attractive product design and packaging, freebies, branded entertainment, repetition etc. They need to give a lot of thought into designing advertisement content with respect to the age of the child and the product that is sold to them.
- The study reveals that the use of celebrities in the television advertisements of junk food influence children to a great extent. Advertisers must see that celebrities are used to promote healthy eating in children are they are considered as the role models in the young minds.

CONCLUSION

To conclude, children are the easy targets for the advertisements. They come across many advertisements in their day-to-day life which increase their preference for the advertised product. Especially, for junk food product they do not care whether these products are good for their health or not. So it is important that parents should educate children about the harmful effects of the junk food and prevent them from the health consequences because of consuming junk food.

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FDI IN INDIA: CURRENT TRENDS AND WAY FORWARD

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ABSTRACT

This paper is an attempt to analyze the need of FDI. This paper traces the FDI inflow sector wise and its impact on employment. Paper advocates for more FDI in manufacturing sector taking into account the employment elasticity of different sectors and the need and education attainment level of Indian workforce. Paper also highlights the increasing importance of FDI in financing the saving investment gap and FDI also becoming an increasingly important component of Gross Fixed Capital Formation.

KEYWORDS

FDI, employment, saving investment gap, gross fixed capital formation.

INTRODUCTION

FDI has been a focus area of reforms in India since the last two and a half decades. However it was China which has led the pathway in attracting FDI and changing the notion of development by following liberal policies for attracting foreign investment as means to meet its investment needs and to accelerate growth of their economy. China was a highly closed economy till mid seventies, then China opened up its economy in late 1970's and received large amount of FDI in manufacturing sector, this enabled China to create large number of jobs in manufacturing sector which enabled it to pull more than 500 million people out of absolute poverty line in less than three decades. China has shown that for development purposes money matters and not the colour of money. India opened up its economy in 1991 when its level of openness (trade to GDP ratio) was 17% which has increased to 49% by 2014. India also has turned out to be an attractive destination for FDI but there is a quantitative and qualitative difference in FDI received by India and China. In China the amount of FDI received is much more both in absolute terms and as a % of GDP as compared to India. In India FDI has mostly been invested in service sector but more broad based benefits in terms of providing more employment opportunities will come if FDI is invested in industry rather than services as has been the case in China.

OBJECTIVES

1. To analyse FDI inflow and sector wise distribution of FDI in India.
2. To analyse impact of FDI on employment.
3. To analyse trend of saving and investment in India and China and need of FDI inflow in India.

RESEARCH METHODOLOGY

This study is based on secondary data. To show the relationship between FDI and employment we have used coefficient of co-relation.

TABLE 1.1: FDI EQUITY INFLOW IN INDIA YEAR WISE

YEAR	FDI EQUITY INFLOW IN USD \$ BILLION
Cumulative FDI equity inflow from 1991-March 2000	37620
2000-01	2400
2001-02	4095
2002-03	2764
2003-04	2229
2004-05	3778
2005-06	5975
2006-07	16481
2007-08	26864
2008-09	32066
2009-10	27146
2010-11	22250
2011-12	35855
2012-13	22884
2013-14	25274
2014-15	31885

Table 1.1 points towards in increasing trend of average FDI equity inflow when taken for five years average at a time, however the rate of increase of FDI has moderated in post global financial crisis year due to many reasons like Global recession, apprehension of rate increase by Federal reserve, increase in current account deficit and fiscal deficit in India. Between 2000-01 to 2004-05 average FDI equity inflow was \$ 3.08 billion per year and for 2005-06 to 2009-10 it was \$ 21.72 billion per year, and the corresponding figure for 2010-11 to 2014-15 was \$ 27.66 billion per year.

TABLE 1.2: SECTOR WISE DISTRIBUTION OF FDI BETWEEN APRIL 2000 TO JUNE 2015

Sector	% of total fdi equity inflow
Services sector (services sector includes financial, banking, insurance, non-financial/business, outsourcing, r&d, courier, tech. Testing and analysis)	17%
Construction development: township, housing, built-up infrastructure	9%
Computer software and hardware	7%
Telecommunications (radio, paging, cellular, mobile, basic, telephone services)	7%
Automobile industry	5%
Drugs & pharmaceuticals	5%
Chemicals (other than fertilizers)	4%
Power	4%
Trading	4%
Metallurgical industries	3%

Table 1.2 clearly shows that FDI in India is heavily tilted in favor of service with top 4 service sub sectors together accounting for about 40% of FDI equity inflow. So FDI can boost growth in India but not an equitable one across all sectors. However, service sector is skill intensive which is not in line with India's comparative advantage of large unskilled labor force (ES -2013-14). In India more FDI is needed in manufacturing sector to increase employment so that surplus workforce in agriculture sector could be shifted to manufacturing sector as has been the case in china.

IMPACT OF FDI ON EMPLOYMENT

To analyse the impact of FDI on employment we have used karl pearson coefficient of correlation, we have assumed FDI as independent variable and employment as dependent variable and we get $r=0.77$ which shows high degree of co efficient of correlation between FDI and employment.

Still service sector is not providing enough employment opportunities in India which can be clearly seen in table no 1.4, the reason for this can be attributed to less amount of FDI and service sector being skill intensive while labour force in India is largely unskilled}

TABLE 1.3: ESTIMATED NUMBER OF WORKERS (PS+SS IN THE AGE GROUP OF 15-59) BY LEVEL OF EDUCATION BY SECTOR (MILLIONS), 2009-10

	Agriculture and allied	Manufacturing	Non manufacturing	Service	Total
NOT LITERATE	87.36	9.56	14.42	13.65	124.99
Literate without formal schooling	1.23	0.25	0.21	0.42	2.11
Below primary +primary	57.62	12.69	12.47	18.32	101.10
Middle	36.20	10.27	8.67	18.98	74.12
Secondary	21.30	7.02	4.27	18.21	50.79
High secondary	10.36	3.21	1.45	12.43	27.45
Diploma/Certificate course	0.58	1.16	0.53	3.12	5.39
Graduate	3.84	3.01	1.25	17.82	25.93
Graduate and above	0.74	0.73	0.24	7.00	8.70
Total	219.23	47.90	43.50	109.96	420.59

[Source: Twelfth Five Year Plan]

TABLE NO 1.4: SECTOR WISE EMPLOYMENT AS % OF TOTAL EMPLOYMENT

SECTOR/YEAR	1993-94	1999-2000	2004-05	2009-10	2011-12
AGRICULTURE AND ALLIED ACTIVITIES	61.6	58.5	54.5	51.6	47.1
INDUSTRY	16.0	16.8	19.5	21.8	24.4
SERVICES	22.9	24.7	26.0	26.6	28.5

[Source- Table No.7.5, Economic Survey 2014-15]

As table 1.4 depicts there has been a shift in labour force from agriculture to other sectors but till date agriculture continues to be major employer in India as manufacturing and service sector have not been able to absorb all the excess agricultural work force.

FDI in service sector is likely to leave out vast majority of Indian population employed in agriculture out of the ambit of FDI led growth so we need to adopt alternate growth strategy for agriculture and allied sectors.

Table 1.5: EMPLOYMENT ELASTICITY IN THREE SECTORS OF THE ECONOMY

SECTORS/YEAR	1993-94 TO 1999-00	1999-00 TO 2004-05	2004-05 TO 2009-10	2009-10 TO 2011-12
AGRICULTURE AND ALLIED ACTIVITIES	0.3	0.7	-0.2	-0.5
INDUSTRY	0.4	0.9	0.3	0.9
SERVICE	0.3	0.5	0.1	0.5

[Source: Table No 7.5 Economic Survey 2014-15]

Service sector is providing more employment in comparison to industry but employment elasticity is more in industry than service sector, it means industry can provide more employment than service sector (for per % of GDP growth) as employment elasticity of industry is highest among the three sectors of the economy. Even though service sector is receiving most of the FDI but still its employment generation capability is limited due to its lower employment elasticity than industry. So more FDI in industry is needed as it has more capacity than other sectors to absorb surplus workforce of agriculture sector.

TABLE 1.6: SAVING - INVESTMENT GAP OF INDIA AND CHINA

INDIA	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GROSS DOMESTIC SAVING AS % OF GDP(S)	24.7	24	25.5	30.7	31.5	32.7	34.0	30.5	30.9	32.2	32.5	29.5	29.6
GROSS DOMESTIC CAPITAL FORMATION AS % OF GDP(I)	26	25	26	32	34	36	38	36	36	37	39	36	33
S-I	-1.3	-1	-0.5	-1.3	-2.5	-3.3	-0.4	-4.5	-5.1	-4.8	-6.5	-6.4	-3.4
CHINA	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GROSS DOMESTIC SAVING AS 5 OF GDP(S)	37.8	39.7	42.7	44.7	46.4	49.2	49	50.3	51.5	50.4	49.2	50.1	50.4
GROSS DOMESTIC CAPITAL FORMATION AS% OF GDP (I)	36	38	41	43	42	43	41	44	48	47	47	47	48
S-I	1.8	1.7	1.5	1.7	4.4	6.2	8.0	6.3	3.5	3.4	2.2	3.1	2.4

[Source: World Development Indicator]

Saving Investment Gap has been observed to be increasing adversely in India and FDI can be an important non debt creating option to fill this gap without putting additional fiscal burden on government or without the need of decreasing investment expenditure. FDI along with investment also brings better technology which is very essential for developing country like India where expenditure on R & D is low as compared to other developed countries, this is one of the reasons why China wants to attract more FDI even though it has a surplus saving-investment gap.

FDI can be an important source of investment when the global markets are not performing well this can be observing in India's case when FDI investment spiked in year 2007-08 and 2008-09. A rapidly growing and stable economy can attract higher FDI in case of global crisis as has been observed in India between 2007-09.

TABLE 1.7: FDI AS % OF GROSS FIXED CAPITAL FORMATION (GFKF)

YEAR	FDI as percentage of GFKF
On an average FDI as % of GFKF from 1991 To 2000	1.8
On An Average FDI as Percentage of GFKF From 2001 TO 2005	3.58
2006	6.9
2007	6.2
2008	12.3
2009	8.2
2010	5.2
2011	5.8
2012	4.2
2013	5.1
2014	5.9

Above table clearly points towards increasing importance of FDI especially after 2005 in Gross Fixed Capital Formation (GFKF). Moreover, there has been a spike in FDI as % of GFKF in 2007-09 this again points to the fact that FDI is increasingly becoming more important for India and more so in years of global financial crisis.

CONCLUSION

There is an increase in inflow of FDI but this rate of increase in inflow of FDI has moderated in post global financial crisis years. In India FDI is heavily tilted in favor of service sector but rather we need more FDI to be invested in industry as it has higher employment elasticity than service sector. At times when saving investment in India is widening FDI has proved to be vital in financing this deficit and FDI is forming a larger part of GFKF. There is a high degree of correlation between FDI and employment, still service sector is not able to provide enough employment opportunity despite getting highest FDI equity inflow, this is due to the fact that service sector is skill intensive while larger part of our labour force is unskilled.

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WORK STRESS WITH SPECIAL REFERENCE TO EMPLOYEES OF ELANTE MALL (CHANDIGARH)

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ABSTRACT

Modern life is full of stress and no one can escape from stress as it is unavoidable. In today's world it is a big challenge for everyone as it has great impact on the performance of an individual as well as on performance of whole organization. Every employee finds it difficult to cope up with rapid changes taking place at their workplace and this in turn leads to situation of stress among employees. People feel stressed when they are trapped in the situation of losing complete control over what happens in their life. An attempt has been made through this research paper to find out the reasons behind stress among employees of Elante mall and what are the techniques to overcome the stress being faced by employees at their workplace. Surely, this research will help the employees in one or the other way.

KEYWORDS

work stress, environment, workload, role conflict.

I. INTRODUCTION

In today's cut throat competitive environment, stress is being faced by almost every person whether they are working at upper level or at lower level in an organization. We all have some expectations from ourselves and also from other people working with us and when these expectations are not fulfilled, then the situation of stress arises. Then this stressed situation reduces the efficiency and performance of an individual. Through this research, focus has been made on main factors which are responsible for stress and techniques to be adopted to reduce stress.

In medical field the term stress has been explained as, "Stress is the body's general response to environmental situations". Stress can manifest itself in both positive and negative manner. Stress is positive when it motivates to give the best and strengthen us to achieve our targets just like a friend. In other words, positive stress is given the term Eustress. Stress can be negative also just like an enemy which causes various diseases like B.P, asthma etc. and given the term Distress.

According to Beehr and Nowman, stress has been explained as, "The condition arising from the interaction of the people and their jobs, and characterized by changes within people that force them to deviate from their normal functioning".

II. REVIEW OF LITERATURE

Many researches have been conducted on job stress till now and many researchers have suggested different ways to cope with stress. Some of the researches conducted are as follows:

Yates, and Iva in their research work titled "Reducing occupational stress", (2005) explained that some of the workers in a manufacturing company felt that their job was very stressful, while others felt that their job was extremely increasing the stress towards their family life. The survey also suggested various job conditions that can be adopted to maintain a stress less work life.

Struebing, Laura in their article titled "Eight ways to reduce employee stress", (1996) concluded that many of the employees have stress related to health problems and therefore suggested to set achievable targets, encouraging exercise regularly, paying for the overtime hours in time.

Garnitz, Rick in his article titled "Managing the interrelationship of work, family and finances", (1998) concluded that there is need for employers to address the interrelationship of work, family and finances. To relieve the employees from stress, they emphasized on employee self-reliance and empowering employees through education and they also suggested various work life benefit programs.

J.E. Agolla in his article titled "Occupational stress among police officers", (2009) has conducted a study to find out the symptoms of stress and strategies adopted to cope with work stress among the police service in Botswana. During study the stressors identified were; getting injured while on duty and the use of force when the job demands to do so. The strategies which were adopted were identified as exercising, healthy eating or diets, career planning and employee training.

Nagesh, P. and Murthy, M.S. Narasimha in their article titled "Stress Management at IT call centers", (2008) has concluded and identified the important factors which contribute to work stress. Some of them were: demands of the job, support from colleagues and management, clarity of role and organizational change. They also concluded that the measure in the form of training to individuals will enable to manage stress at workplace in general.

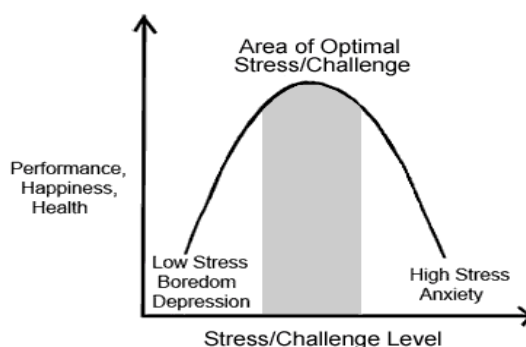
III. LEVEL OF STRESS

Stress level is different for different people; therefore, it is highly individualistic in nature. Some people may have high tolerance level for stress, and they face the stress situation in proper manner while others may have low level of tolerance for stress and they become paralyzed when they interact with routine factors that appear undesirable to them.

Stress can be categorized into two types:

1. Eustress
2. Distress

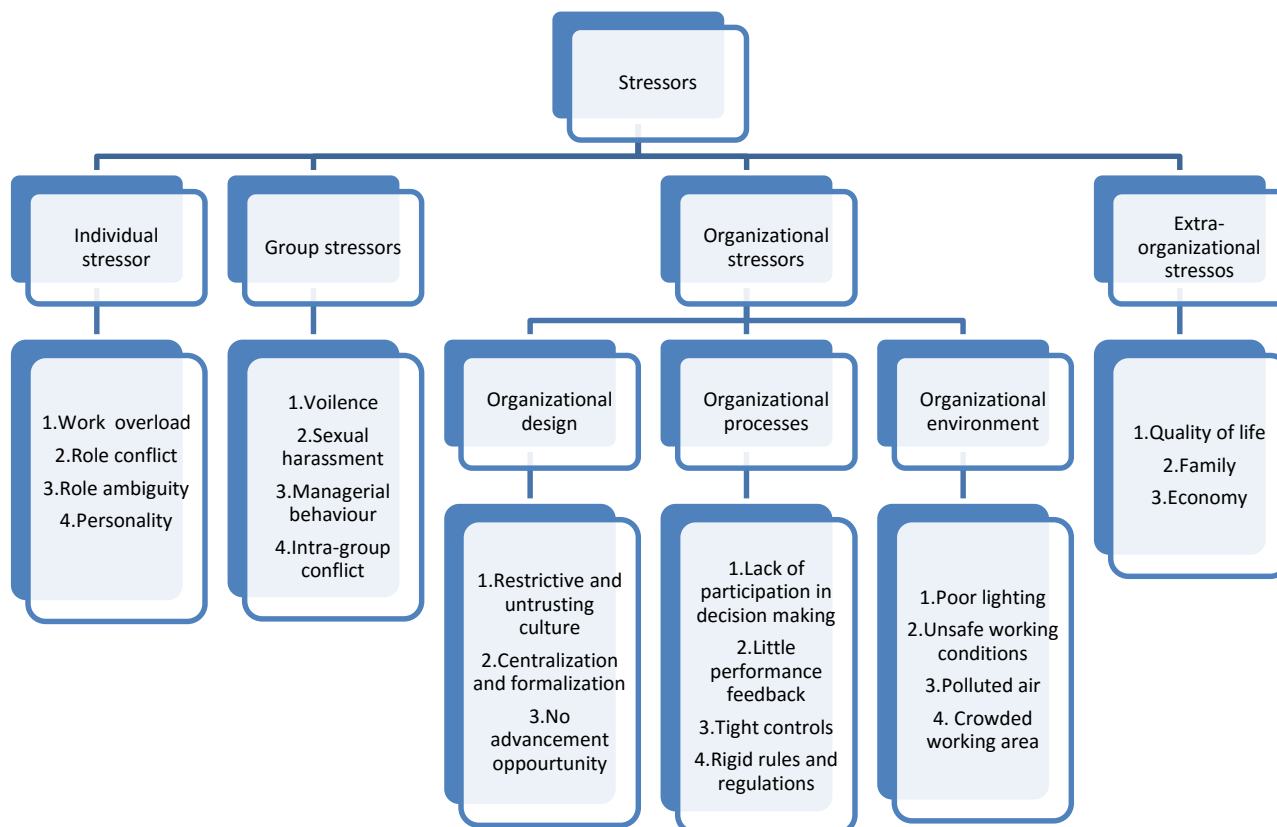
Eustress is healthy and positive in nature. This type of stress motivates people to work hard and perform better than before. Distress is unhealthy and negative in nature. This type of stress demoralizes the employee and adversely affects the efficiency and performance of an individual.

FIG. 1

IV. CAUSES OF STRESS

Any event in life that a person finds difficult to cope with can be a potential cause of stress. Many things can cause stress- physically, mentally and emotionally. In physical way it could be fear of something dangerous, mentally it could be depression and emotionally it could be worry over your family or job. The first step in reducing one's stress is to identify the cause behind that stress situation. Stress is caused by many factors and the stimuli that produce stress or which causes stress is called stressor. There are hundreds of different types of stressors. The following diagram shows the various stressors:

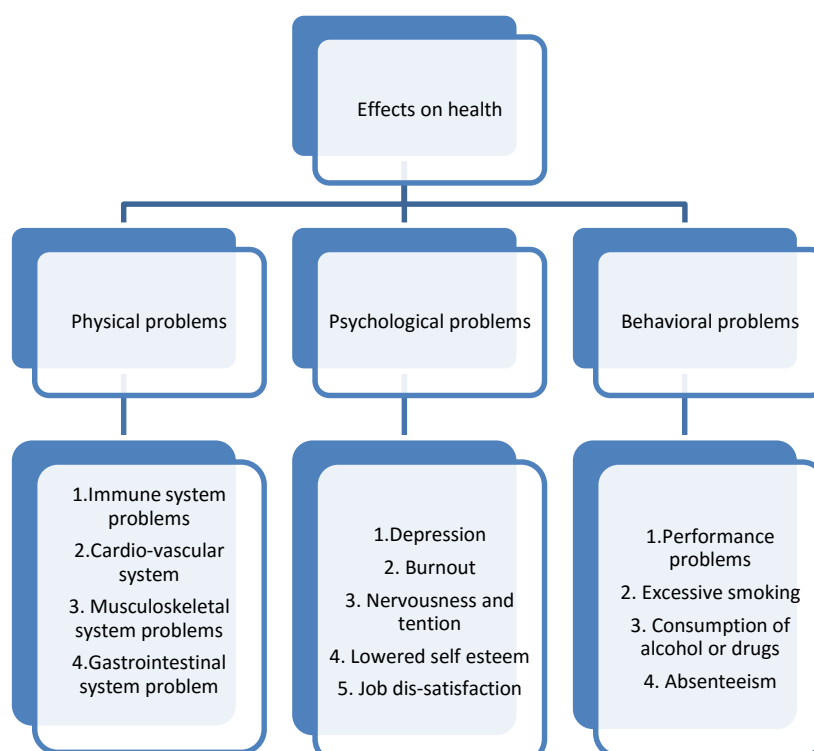
FIG. 2



V. EFFECT OF STRESS ON HEALTH

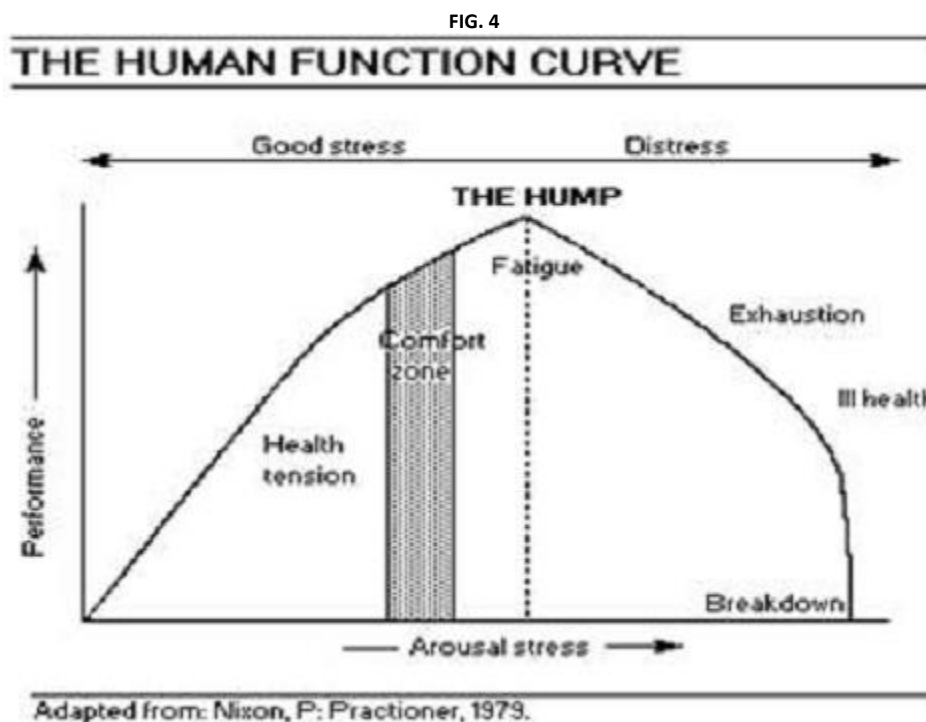
As we know, stress is unavoidable and has adverse effect on the health of employees and this effect could be in the form of physical, psychological and behavioral. The factors which come under the physical, psychological and behavioral problems are explained through diagram shown below:

FIG. 3



VI. STRESS AND ITS IMPACT ON PERFORMANCE

Stress has a great impact on the performance of an individual; which in return affect the overall performance of an organization. So there is great need to focus on those factors of stress which affect one's performance. Stress motivates the people to work up to a certain level but after attaining the stage of "Hump" it becomes negative in nature. The impact of stress on performance is elaborated with the help of diagram given below:



VII. COMPARISON OF EFFECT OF STRESS ON PERFORMANCE, HELATH, & BEHAVIOUR

	Performance	Health effects	Behavior
Low stress	Low performance	Dull	Low motivation
Optimum stress	High performance	Good health	High motivation
High stress	Poor performance	Insomnia Psychosomatic illnesses	Anxiety

VIII. STRATEGIES TO COPE WITH STRESS

Stress is harmful as it affects the performance and health of an individual. There is need to adopt the techniques and methods which help in reducing the stress. There can be both healthy and unhealthy ways of coping with stress.

HEALTHY WAYS TO MANAGE STRESS

- 1.) **Meditation:** Every individual must teach himself to reduce tension through relaxation techniques such as yoga, meditation. 20-25 minutes a day of deep relaxation releases tension and provide a person with pronounced sense of peacefulness.
- 2.) **Take a break:** The best strategy to manage the stress situation is to take a break from the situation which is causing stress. One can spend enjoyable moments with his family in that break.
- 3.) **Talk to others:** Talking to other persons will definitely help in reducing stress and relax your mind up to certain extent. Even sometimes sharing the stress situation with others; gives solution to cope up with that situation.
- 4.) **Time management:** One of the reasons of stress is that most of the people are very poor in managing their time. The result of poor time management is feeling the work overload and tension. Therefore, an individual must manage his time so that he can cope with tension created by job demand.
- 5.) **Knowledge about stress:** In the beginning stage, an individual should become knowledgeable about stress. He must be aware of the causes of his stress and should decide what he can do to manage his stress level.
- 6.) **Saying "NO":** An individual should not say "Yes" when he wants to say "No". He should start saying "no" to the managers who demand too much of his time. Being assertive will help a person to reduce his stress.

UNHEALTHY WAYS OF COPING WITH STRESS:

There strategies to manage stress help in reducing stress temporarily but can cause great damage to an individual in long run.

1. Too much drinking
2. Smoking
3. Sleeping too much
4. Using drugs and pills to relax
5. Consuming too much caffeine.
6. Physical violence.
7. Gambling
8. Driving too fast and/or recklessly.

IX. OBJECTIVES OF THE STUDY

- 1.) To analyze the level of stress among employees.
- 2.) To study the impact of stress on performance and health of employees.
- 3.) To study the reasons of work stress among employees at Elante mall.
- 4.) To recommend the different techniques to reduce work stress.

X. RESEARCH METHODOLOGY

For conducting this research, a questionnaire has been prepared and distributed at the workplace of the employees at Elante mall (Chandigarh). Convenience sampling method is used in this study as the data are collected on the convenience of the researcher. Data for this research was collected from the employees working in Elante mall (Chandigarh) of Shopper stop, Westside, Big bazar. The sample size of the research is 100 employees. The data for review and background detail is secondary data and has been collected from various websites, books and internet sources. Discussions with HR managers of all stores were also conducted to know the reasons of stress and programs conducted or efforts taken by them to help their employees to face stress situation. The data is presented in tabular form and analyzed on the basis of percentages. Garret's Ranking Technique was applied to rank the reasons for job stress among the employees of Elante mall. Chi-square test was also used to test the relation between the overall job stress and age, monthly income and experience.

XI. DATA ANALYSIS AND INTERPRETATION

The results of the analysis of the collected data are presented under different heads.

TABLE 1: AGE OF THE SAMPLE RESPONDENTS

S.No	Age Group	No of Respondents	Percentage
1	Below 30 years	60	60
2	30-35 years	28	28
3	Above 35 years	12	12
	Total	100	100

Source: Primary Data

From the Table 1, It is indicated that 60% of the respondents working at Elante mall are below 30 years and the respondents belonging to the age group of 30-35 years and above 35 years are 28% and 12% respectively.

TABLE 2: GENDER OF THE SAMPLE RESPONDENTS

S.No	Gender	No of Respondents	Percentage
1	Male	64	64
2	Female	36	36
	Total	100	100

Source: Primary Data

From the Table 2, it is indicated that majority of respondents working at Elante mall are male whereas only 36% of the respondents are female.

TABLE 3: FAMILY SIZE OF THE SAMPLE RESPONDENTS

S.No	Family size	No of Respondents	Percentage
1	Less than 3 members	36	36
2	3 to 6 members	52	52
3	More than 6 members	12	12
	Total	100	100

Source: Primary Data

From the Table 3, it is indicated that 52% of the respondents have family size of 3-6 members. The respondents having family size of less than 3 members and above 6 members are 36% and 12% respectively.

TABLE 4: EXPERIENCE LEVEL OF THE SAMPLE RESPONDENTS

S.No	Experience	No of Respondents	Percentage
1	Less than 3 years	48	48
2	3-6 years	28	28
3	6-9 years	24	24
	Total	100	100

Source: Primary Data

From the Table 4, it is indicated that 48% of the respondents have less than 3 years of experience and the respondents having 3-6 years and 6-9 years of experience are 28% and 24% respectively.

TABLE 5: INCOME OF THE SAMPLE RESPONDENTS

S.No	Income	No of Respondents	Percentage
1	Less than 15000	34	34
2	15000-30000	48	48
3	Above 30000	18	18
	Total	100	100

Source: Primary Data

From the Table 5, it is indicated that 48 % of the respondents fall within the income group of 15000-30000. The respondents having income less than 15000 and above 30000 are 34% and 18% respectively.

TABLE 6: FEELING WHILE WORKING IN ORGANIZATION

S.No	Response	No of Respondents	Percentage
1	Satisfied	36	36
2	Unsatisfied	40	40
3	Average	24	24
	Total	100	100

Source: Primary Data

From the Table 6, it is indicated that only 36% of the respondents working at Elante mall feel satisfied while working and 40% of the respondents feel unsatisfied. Remaining 24% respondents feel average.

TABLE 7: LEAVE IN PAST 1 YEAR DUE TO STRESS

S.No	Response	No of Respondents	Percentage
1	Yes	58	58
2	No	42	42
	Total	100	100

Source: Primary Data

From the above table it is indicated that majority of respondents (about 58%) working at the Elante mall had taken leave in past one year due to stress. Remaining of the respondents (i.e 42%) had not taken leave in past one year due to stress.

TABLE 8: STRESS SITUATION FACED BY RESPONDENTS AT THEIR WORKPLACE

S.No	Response	No of Respondents	Percentage
1	Mostly	18	18
2	Rarely	28	28
3	Sometimes	42	42
4	Not at all	2	2
	Total	100	100

Source: Primary Data

From the Table 8, it is indicated that 18 out of 100 sample respondents face stress situation at their workplace and 28% of the respondents feel that they rarely face stress situation. Most of the respondents (i.e 42%) sometimes face stress situation at their workplace and remaining 2% respondents not at all face stress situation at their workplace.

TABLE 9: WAYS TO HANDLE STRESS SITUATION

S.No	Response	No of Respondents	Percentage
1	With the help of others	36	36
2	Through meditation	46	46
3	Depend upon stress level	18	18
	Total	100	100

Source: Primary Data

It is indicated from above table that 46% of the respondents handle their stress situation through meditation and 36% respondents take help of others to handle stress situation. Remaining 18% feel that it entirely depends upon stress level that how they handle stress situation.

TABLE 10: EFFECTS OF STRESS ON BEHAVIOR OF RESPONDENTS

S.No	Response	No of Respondents	Percentage
1	Aggressive	46	46
2	Feeling irritated	38	38
3	No effect	16	16
	Total	100	100

Source: Primary Data

From the Table 10, it is indicated that 46% of the respondents working at Elante mall become aggressive due to stress, 38% respondents feel irritated and remaining 16% feel that they have no effect of stress on their behavior.

TABLE 11: EFFECTS OF STRESS ON PERFORMANCE OF RESPONDENTS

S.No	Response	No of Respondents	Percentage
1	Performance increase	24	24
2	Performance decrease	48	48
3	Remains stable	28	28
	Total	100	100

Source: Primary Data

From the above table 11, it is concluded that nearly 48% of the respondents feel that their performance decreases due to stress and 28% of the respondents feel that stress doesn't effect their performance and it remains stable. Remaining 24% respondents favored that their performance increases due to stress.

TABLE 12: SMOKING/ DRINKING TO EXCESS AS A WAY TO DEAL WITH STRESS

S.No	Response	No of Respondents	Percentage
1	Yes	38	38
2	No	42	42
3	Sometimes	20	20
	Total	100	100

Source: Primary Data

From the above table 12, it is concluded that 42% of the respondents says that they do not smoke/drink to excess as a way to deal with stress and 38% respondents smoke/drink to excess as a way to deal with stress. Remaining 20% respondents sometimes smoke/drink to excess as a way to deal with stress.

TABLE 13: OVERALL STRESS LEVEL

S.No	Response	No of Respondents	Percentage
1	High	32	32
2	Low	20	20
3	Average	48	48
	Total	100	100

Source: Primary Data

From the above table, it is concluded that 48% of the respondents feel that they have overall average stress level and 32% respondents feel that they have overall high stress level. Remaining 20% of the respondents feel that they have overall low stress level.

XII. CHI-SQUARE ANALYSIS

In order to test the null hypothesis that there is no relationship between the age and the overall job stress of the sample respondents, Chi-square test was applied. As the calculated value of 4.652 is lower than the table value of 9.49 at 5 per cent level at 4 degrees of freedom, the null hypothesis is accepted. Hence, it is confirmed that there is no relationship between the age and the overall job stress of the sample respondents.

In order to test the null hypothesis that there is no relationship between the monthly income and the overall job stress of the sample respondents, Chi-square test was applied. As the calculated value of 5.186 is lower than the table value of 9.49 at 5 per cent level of significance at 4 degrees of freedom, the null hypothesis is accepted. Hence, it is proved that there is no relationship between the monthly income and the overall job stress.

In order to test the null hypothesis that there is no relationship between the experience and the overall job stress of the sample respondents, Chi-square test was applied. As the calculated value of 12.888 is higher than the table value of 9.49 at 5 per cent level of significance at 4 degrees of freedom, the null hypothesis is rejected. Hence, it is proved that there is relationship between the experience and the overall job stress.

XIII. GARRET'S RANKING ANALYSIS

In order to rank the most influencing reason for the job stress of the sample respondents, Garret's Ranking Technique was used. Table 19 reveals the mean scores of various reasons

TABLE 14: MEAN SCORES OF VARIOUS REASONS

Sl	Reasons	Mean	Rank
1	Work overload	52.40	I
2	Job security	50.10	IV
3	Financial problem	45.80	V
4	Long working hours	50.50	III
5	Unachievable targets	51.20	II

Source: Primary Data

It is inferred from table 14 that a heavy work load is the most important reason for job stress of the sample respondents with a mean score of 52.40. The second and third important reasons are unachievable targets and long working hours with a mean score of 51.20 and 50.50 respectively. Job security is ranked at four and is followed by financial problem which is ranked at the fifth and last position.

XIV. SUGGESTIONS

1. The employees working in various stores at Elante mall, (Chandigarh) feel that they are overloaded with the work which leads to work stress so they should be given manageable workload only.
2. There should be mutual understanding between employees and management and communication gap should also be reduced.
3. The employees should be provided with healthy environment and various programs should be conducted to help employees in coping with stress.

XV. CONCLUSION

Various factors -work overload, job security, financial problem, long working hours, unachievable targets taken into consideration for this study cause work stress. A majority of employees working at Elante mall had overall average level of stress. So there is need to motivate the employees who didn't know how to tackle their work stress situation and which techniques would benefit them the most. It is concluded that meditation is one of the most effective and popular technique of relief from work stress.

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STOCKHOLM SYNDROME WITHIN THE FRAMEWORK OF GOVERNMENT-VOTER BEHAVIOUR: COALITION YEARS 1991-2002 IN TURKEY

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ABSTRACT

In today's complicated world order, there are a lot of reasons which effect the voter behaviour. Voters behaviours are affected from not only social, psychological, economic, ideological and religious factors but also cyclical factors. In the parliament elections held in 1991, 1995 and 1999 in Turkey, the rate of voter changefulness increased and there was a big change in the choices of voters just like parties'. In the parliament elections held in those years, there wasn't a working majority to form a one-party government on the contrary the rate of vote which the first party received decreased. The most remarkable side of the work is that it claims that the emotional commitment occurred between a bank robber and the hostages known as "Stockholm Syndrome" in the literature was between the political power and the voter behaviours in the term 1991 and 2002. The most important factor evidence of this thesis that voter's behaviours support coalition government and economic and politic instability rather economic and politic stability due to economic crisis happened in the mentioned period and major trauma happened in politics and economy. A play was displayed in which economic and political instability was inured behaviourally and only the cast (government) changed but the stage (economical and political conditions) stayed same.

KEYWORDS

Stockholm Syndrome, Voter Behaviour, Economic Crisis.

JEL CODE

D72, H11, K42.

1. INTRODUCTION

The voter is effected by many factors while making a decision. Among these, the most important ones can be political outputs (leader of political parties, candidates, ideology etc.), psychological factors (belonging, feel closeness etc.), social economical factors (age, sex, occupation, income etc.) and the effect of reference groups (Colman and Pountney, 1975:305; Miller, 1977:780). But both limitedness of knowledge acquisition about policies which is applied by the current government and limitedness of knowledge acquisition about alternative parties in many countries leads them to act in firm ideological ways mostly. On the other hand, emprical evidences clearly shows that ideological preferences don't always come into prominence in the election terms. Many times, economical conditions on the market determine the voter behaviours, in other words, the voters who evaluate macro economical indicators vote by regarding the point which is important for them (Erdoğan, 2004:105).

One of the most important subjects of policy in Turkey is the voter behaviour. Because if the voter behaviour is analyzed well, it has a role that show the way to become the power to the political parties. Every party wants to know how voters see their policies, it is necessary sustaining the policies which are approved to convince the voter. Elections are not purposes, they are only means and they are accepted as a measurement of a real democracy. If they can put the staff which can meet society's needs and account for them with a sense of responsibility into power. It is a must that both elections are free and the environment of the formation of the voters' opinions.

It became a common belief that society trusted political system, parties and generally all corporations less in 1990s in Turkey. Voters on one hand withdrew their support from the parties which were in the center on the other hand they preferred voting the marginal parties which were out of the system or edge of the system. Result of this is that on one hand, a voter volatility out of the ordinary on the other hand, over split-off which is seen in the parties system and coalition parties being short term, inconsistent and having weak power to decision alternate with each other. So, while the political and economical reform process which Turkey start in 1980s stalls in 1990's, status quo defenders and saving the day policies start to be in demand. Certainly, political and economical crises going on insistently, scandals always appearing in the media and coalition governments having low governing capacity are among the main reasons of the radical change in the attitudes of voters towards political system and preinstitutions (Akgün, 2001:2).

Over distrust against institutions, common depression among society, increasing disappointment and political alienation are unhealthy and dangerous indicators for a democratic system. Because; this confident erosion will destroy the legality of the established system in the long term (Finifter, 1970:395). The constant trust problem between the voter and government will cause the government to have a weak ability of decision making against the developments which are problematic but extremely critical for public life and more importantly it will prevent the governments' governing abilities (Easton, 1975:445; Hibbing et. al., 1995).

In the developing countries' democracies like Turkey's political trust becomes more important. Because, in such countries regime doesn't have the support of public unconditionally as in the pre-democracies (Akgün, 2002:117). If the belief that governments coming to power in a democratic way have failed starts to pervade, this attitude may weaken also the democracy's faith against itself. This will prevent the developing democracies institutionalizing. The danger occurring in such cases is that the probability of weakening democratic regime which has already weak legality with the leadership debates, ethnical conflicts and the getting pressed for the usage of political and civil rights (Norris, 1999:2).

The problems becoming chronical in Turkey especially increasing financial, social and economical problems and common political corruption caused a deep pessimism and disappointment among the voters in 1990s. Now, most voters vote by looking at the least harmful (the lesser of two evils) option in the election time (Özbudun, 1996:132).

It is often said that crises experienced and over fluctuations in the market are related with the political trust in Turkey, here the aim of this work is to analyze reasons of increasing dissatisfaction and over distrust of public against the government and political institution within the frame of "Stockholm Syndrome" and present the conclusions of this in Turkish political and economical life. In this sense, the importance of voter behaviours and the institutions trying to explain the voter behaviours were demonstrated in the work. Also, the possibility of Stockholm Syndrome was evaluated by establishing a bond between the voter behaviours and economical performance in the term 1991-2002 in Turkey from the point of voter and political party.

2. VOTER BEHAVIOUR

The decisions made by voters are preferences that emerge under different and complicated circumstances, have the feature of frequent changeability and direct the individuals' behaviours. Voters vote for the parties that they believe that they will be the best for them. In a country, there is a parallelism between the level of voters' general culture, education and income and the quality of politics done. The true analysis of voter behaviours present critical datas about both that

country's socio-economical and socio cultural indicators (Aktan and Dileyici, 2001:116). The voter going to polls to vote by considering one or a few of these four factors: trust will, respectability will, emotional commitment and religious/political beliefs (Kışlalı, 1994: 363).

Safety will push people to the search of stability people who has low but stable income vote for the current government to continue. These kind of voter groups don't trust the parties which will increase the income, provide better conditions. They act in a way to keep the one they have instead of taking risks. The ones who believe that they aren't respected or discriminated unlike the voters acting with safety will prefer to vote in favor of change. Because they have a dissatisfaction with the current government and maybe they think that they have a chance to get rid of being treated as a second-class citizen in an alternative political party's power.

The emotional commitment between a voter and a party or its leader can have an effect on the voting behaviour. Even if a party, which is connected emotionally, behave against people's views, deepness of this emotional commitment may motivate to people vote again the same party. As the same as emotional commitment, religious and political beliefs affect the people's voting behaviour. People beyond their substantial interests may feel close themselves to a party. People who want to be together with the people whom they have the same beliefs, thought act with this feeling while voting in the elections (Kışlalı, 1994: 365).

We can express the factors which make the voters determining the political power with their votes go to polls or deter from voting like this: (Lipset and Lazarsfeld, 1954:362). The more the government effect a public group is interests with the politics it does, the more the tendency of voting increases in that society. In this regard, public officials can be given as examples. Because the ingoing is the boss of public officials in some aspects. The more the public has knowledge about the conclusions of governments' decisions about itself the more tendency of voting increases. The more pressure on the society, the more tendency of voting will be there. But the effect of this pressure on the individual depends on the intensity of relationship between the individual and society in which individual lives. When the pressure on the group is in the same direction, political attendance and voting increase. When it is in the opposite direction, they decrease.

There are some variables which change the direction of voting beside the factors which determine the direction of voters' vote are ranked like this (Lipset and Lazarsfeld, 1954:364). The society which is semi-closed and depended on agriculture, while passing to an open, modern and industrial based society, the regional and local effects decrease in voting, the effect of social classes increase. The more the possibility of an individual's upwards tendency in this new public relationship is, the more conservative tendencies become powerful. In accordance with the lack of hope of improving the conditions in which the individual lives, there are demands to change the order. In the same way, while the inequality in society increases, the rate of political attendance also increases.

In the first stages of industrialism, masses can be effected by the improvement of life conditions and they can be conservative. But in time, it becomes important to compare its own conditions and other societies' conditions. While the shanty regions and less developed regions generally vote for the continuation of current system, the voter of industrialized and urbanized regions, if they are not pleased with the current system, they can be directed to alternative political parties more easily. Recent political developments are effective especially on the undetermined voters. For instance, the fear which is formed by increasing violence events direct the ones being in search to stability an the one who seems powerful.

The preferences of individuals' voting can also be effected by long and short term factors. While the long term factors maintain its effect throughout some elections, short term factors are related to one specific election. These factors can be different according to candidates of that time an the combination of subjects. However, it is observed that voters focus on daily subjects an short term factors in their voting preferences. With the weakening of loyalty to the parties an voting and decrease of voting based on class, voters focus on daily issues and short term factors more often (Sitebölükbaşı, 2005:208).

3. THE THEORITICAL APPROACHES ABOUT THE FACTORS EFFECTING VOTER'S PREFERENCE

The first studies about voter behaviour started in 1910s an it maintained its density in especially the USA. In the studies starting 1940s and reaching out today, it is seen that people approach the subject in accordance with three basic views. These basic views, consist of "The People Choice" of Lazarsfeld an his friends "The American Voter" of Campell and his friends "An Economic Theory Of Democracy" of Downs (Boiney and Paletz, 1991:3). In the light of these studies that can be described as respectively, sociological, psychological and economical approaches, most studies were directed. Even if the ones who are interested in the subject use different concepts, they accept one of these basic approaches and try to explain the preference of voter.

3.1. SOCIOLOGICAL APPROACH

The ones who approach the voter preference sociologically refuse the individualism which economic and psychological approach emphasize especially and they give some idea to group basic. In voting behaviour, the attitudes of individual and their value systems don't mean anything and in this approach factors such as religion, socio-economical status, the place in which people live come into prominence. So the basic subject of sociological approach is not voters but groups an parties, its basic problem is to find an answer to the question of "why do they vote?" (Harrop and Miller 1987:157).

One of the main features of groups is that there are norms an if the members don't comply with them, they can be punished in different ways. In this direction, the individual will want not to conflict with the norms and come up with the punishments which are indicated in the voting behaviour. And this one of the main assumptions of sociological approach and the question of "why" is answered by this generalisation to some extent (Kalender, 2005:120).

Lazarsfeld and his friends reach these generalisations from the first research which is the basic sociological approach. First, an individual becomes political sociologically and social features determine the party references. Second, voting is a basic group experience and people living and working together are likely to voter for the same candidate. Third, political tendencies' index; social-economic status, loyalty to religion and residence these three factors have an important role for individuals to decide. Fourth, family has a very important role in voting. Partners and children have similar vote preferences. Fifth the groups of which individuals are members determine the voting behaviour and direct it. Lastly the class position of individuals effect the preference of voting (Lazarsfeld et. al., 1968:137-142).

It is observed that voters' preferences are coherent with the sociological approach in the previous election terms in Turkey. For instance, first Justice Party and then its permanence True Path Party (DYP) generally took votes from the voters living in the countryside. Moreover, for the custom of DYP, there was a definition of peasant part. Also, the mentality of National View coming from the custom of National Safety, Welfare Party and then Virtue Party and Bliss Party takes the votes of right wing and religious voters and it is an example of sociological approach (Özkan, 2010:3).

3.2. PSYCHOLOGICAL APPROACH OR PARTY IDENTIFICATION

One of the theoritical approaches to the voter preference is psychological approach or with its common used name in the literature is identification model. The core of this model is the love, loyalty and being a supporter of voter. This partialism can be evaluated as being a fan of football team (Denver, 1989:24). To identify with the party, there is not such an obligation that voter has any legal bond with any party. In the model of party identification, it is essential that individual has a psychological loyalty against any party.

Party identification, carry two basic innovations with it, first of these is that it presents rules which are about behaviour rather than moral sermons. Second, it refuses sociological comment (Pomper, 1992: 114).

The basic assumption of party identification depends on the voters' partisan preferences and the direction and power of the factors which involve the field of psychological powers. The direction of attitudes and measuring the density can be used in assessing most voter behaviour. In the party identification model, factors like candidates, subjects, group effects are the focal point and they are basis of psychological powers model. With these psychological powers, attitudes have a very important role. Especially, the density of attitudes helps to explain why some people and others don't. For the voter, harmony of attitudes determine why an individual vote for the party which is appropriate for him/her best. The partisan aspect and its volume determine the reason of preference which is made by every voter among rival candidates (Campell, 1960: 58).

The basic assumptions of party identification model can be summarized like this, first most voters feel loyal to a party existing in advance and this loyalty becomes with socialization in the family. The sub-assumptions of this assumptions are like this; first it is highly likely that voter being more loyal to a party vote for that party independently. Second, voters being more loyal to a party are more likely to take part in the elections. Third, it is highly likely that a voter perceive and evaluate other parties in accordance his/her own loyalty to a party (Budge and Farlie, 1997:40).

Among Turkish voters, the party identification model is a common thing. Especially, it is a good example that some highbrows and bureaucrats vote for CHP insistent. These are so identified with their parties that they don't vote for the parties which share similar ideals and describe themselves as democratic left

or social democrat. CHP tradition is a radical movement and anyhow its supporters support their party in the elections. The need of change and transformation, new approaches and problems which globalization imposes with the time is not sufficient enough to direct these people to other parties (Özkan, 2010:4).

3.3. RATIONAL PREFERENCE APPROACH

Basic assumption of the ones who approach the voter behaviour rationally is that voters know their interests well and evaluate a candidate or party which will serve them best and so, vote for the most appropriate candidate or party. Rational preference bias prioritise the goals and wishes of the individual (Downs, 1957). Accordingly, it is easily seen that rational preference approach differs from party identification model. Harrop and Miller analyze the differences between these two approaches within three main topic. According to the approach of rational preference, voters do not vote for any party or candidates' sake. In the model of the identifying with party, voting has importance in accordance with psychological loyalty. The second difference between two approaches is that rational preference models generally focus on voters' politic purposes and they ignore social environment. The last difference is that rational preference model approaches the voters' politic information about their votes as an instrument. To decide, individuals need to get more information and evaluate the information evenly and holistically. However, there is a commitment with a party in the identification with the party model; the knowledge is approached reversely and defensively and evaluated in the short period (Harrop and Miller, 1987:145).

In the approach of rational preference, voters vote by evaluating the past but not future with a common sense. Voters generally evaluate the past performances of the government parties and decide by taking the benefits of the performances into account. They don't give importance to promises and glossy words, they care about the results. During the election time, if voters evaluating the propaganda and the other election activities of the government parties are not pleased, they are not affected by persuasion efforts (Gomez and Wilson, 2001:900).

The changing global balance and individuals' progression on the way of individualism find out the loyalty of political party and give a clue about ending up the period of obsession with a particular opinion and ignoring the alternative opinions. Individuals do not behave towards the past expressions and they do not want to stay behind the technological and scientific developments in accordance with the change and transformation dynamics. They wish to make use of benefactions of the life and to live peacefully and safely (Hibbs, 1977:1475).

When individuals in this living area go to polls to vote, they prefer the person who will govern them better and make happier and more peacefully. As such an approach develops and spreads, the parties will compete with each other for good government, honesty, clarity, safety and happiness.

4. APPROCHES TO VOTERS' BEHAVIOURS AND ECONOMIC PERFORMANCE

In the search of studies on voters' behaviours and economic performance, three basic hypothesis occur (Carlsen, 2000: 141).

4.1. RESPONSIBILITY HYPOTHESIS

Responsibility hypothesis focuses on the relation of politic powers' popularity level and economic conditions. According to the hypothesis, the voters give a prize to politic powers who enable low inflation and the rate of unemployment while they punish politic powers who enable high inflation and the rate of unemployment. Voters have no partisan ideologic preferences like right and left. They vote by considering macroeconomic performance as a result of politic powers have ideologic preferences like right and left (Carlsen, 2000:142). However they consider the priorities are more important than ideology. The reason is a symetrical study of responsibility hypothesis for political parties and their different ideology (Lewis and Paldam, 2000:115).

The reason why responsibility hypothesis is asymmetric with regards to political parties is that positive developments in the economy the increasing popularity effect of is bigger than the decreasing effect of negative economical condition, there is asymmetry between award and penalty. Award has a bigger effect on popularity than penalty's (Telatar, 2004:354).

According to supporters of this hypothesis, inflation rates that are in the steady levels and growing is the most important variable that voters think of first while deciding on their support for the current government. Not to decrease the support for current government, there should be an increase in the economy without causing an inflation. Revenue increase which triggers inflationist tendencies increases the effectiveness and chance of opposition parties. As a matter of course, it can be said that voters evaluate whether the party in power is successful or not according to their performance about the inflation.

In different political and economical systems, the prior indicators of voters about macro economical performances of political powers. But, as a result of empirical works, the basic conclusion to come is that in developed countries whereas voters mostly focus on the inflation variable, in developing countries and transition economies voters focus on the unemployment as a economical development prolongation. According to support of responsibility hypothesis, it is not important which macroeconomical variable has a high decisiveness it is important that the success in economical conditions is the most important variable in the process of voting. While voters are deciding on their preferences about political parties, they will decide on not only their macro economical performances but also personal interests.

4.2. CLIENTELE HYPOTHESIS

According to clientele hypothesis, political powers will want to apply policies according to voters' ideologic preferences. The political powers who have left ideologic view will be profitable in high unemployment terms and the ones who have right ideologic view will be profitable in terms which there is a high inflation. The political party who has two different views like right and left will use different economical policies to direct the economy in accordance with their own ideology. In the countries where there is bipartisan voting system, voters adopt one of low unemployment or low inflation preferences while choosing one of two countries voters decide on their vote preferences before the elections in accordance with their ideology (Carlsen, 2000:142).

This point of view basically, according to Swank trying to build a model for American economy, voters look with favour on the positive developments in financial expansion performance, they don't look at ascent in inflationary tendencies with the same attitude American voters know very well that, presidents of Democrat Party give priority to financial expansion, republican presidents give priority to struggle with inflation. Reel revenue and inflation variables determine which way that voters being aware of this fact will use their support. In other words, when inflationary tendencies increase, there is a demand for reducer policies which are adopted by republican presidents, when there is low reel revenue rate and steady inflation there is a demand for expander policies (Swank, 1998: 367).

Verstyuk also made similar inquiries who test the USA's datas after WWI (Verstyuk, 2004: 170). According to the writer, the basic factor determining the voters' voting behaviour is their expectations related to inflation and unemployment problems. High inflation expectations cause right parties to be more supported, high unemployment expectations cause left parties to be more supported relatively. The findings achieved in this work, with writer's own expression, bring into question an important result. In the election of policy, makers not only general competence level but also political priorities have a distinctive role. In other words, in the determination of political support basic macro economical problems are effective but parties' priorities related to economic policies goals are also extremely important (Çinko, 2002:111).

Determination of voting tendency on the basis of the expectations related to economical problems requires that government should behave very carefully while determining their priorities about economical problems. For instance, a left party which struggles with only unemployment problem and passes by the increasement in the inflationist tendencies could have less chance in the next elections. Powers being aware of this result shouldn't pass by the other problem completely while giving priority to one of the inflation or unemployment problems (Ercins, 2007:34).

Before the elections, voters know only as much about policies which political party or parties coming into power will apply at the end of the election as they promise plans and programs before the elections. Actually, this situation causes a big uncertainty with regards to the voters. So, voters create their expectations avaregly about macro economical variables according to the programs of political party or parties which they think that it will win at the end of the elections. Political parties will try to form macro economical quantities such as unemployment, inflation and enlarging according to their own ideology (Alesina and Rosental, 1995:170).

4.3. BASIC TARGET HYPOTHESIS

Basic target hypothesis was theorised by G. Bingham and Guy D. Whitten (1993). Basic target hypothesis is based on the same ground with the clientele hypothesis but their results show a contrary framework. According to Powell and Whitten, it is important that governments can account before their voters. Voters know that political powers having left ideologic view are better at the issue of unemployment and the ones having right ideologic view are better at the issue of inflation (Carlsen, 2000:142).

According to basic target hypothesis voters evaluate the political powers according to their experiences of being a government instead of awarding or punishing them in accordance with their economical performances. Basic target hypothesis was theorised after the rational expectations theory. As it is known, according to Phillips Curve analysis there is an exchange relationship between inflation and unemployment. Based on this, political powers make some certain macroeconomical variable target according to their own ideological views. Purpose of this is that political parties want to increase the number of their voters in accordance with their own ideology. Accordingly, left-wing parties having unemployment basic target have generally voters who have low and middle income. Right wing parties having inflation basic target have supporters who have upper-middle and high income (Nannestad and Paldam, 2000:127).

In an analysis made for more than 19 countries by Powell and Whitten between 1969 and 1988, voter behaviour was analyzed and it has been put forward that support of voters continue as long as it achieves the goals set before. It is seen that different political parties having different ideological views have different economical goals. While price stability has a primary importance for right wing parties, reducing unemployment policies has a primary importance for left and center wing parties. The failure of right, left and center wing parties about the policies they apply in accordance with their own ideology will put the votes which voters give them in jeopardy. So, voters don't make their preferences according to their ideological views under any circumstances. It is more important that political parties achieve their basic goals than their ideology (Erdoğan, 2004:113).

Basic target hypothesis was put forward as award-punishment approach and alternative of government approach. In multi party systems and coalition government popularity of the party determines with how economical motivation voters made preference. According to basic target hypothesis, voters have the basic knowledge about economy. However, political parties have subject priority partly. They have reasonable expectations about political outcome in coalition governments (Dorussen and Taylor, 2001:400).

5. STOCKHOLM SYNDROME: COALITION GOVERNMENTS AGAINST THE VOTER BEHAVIOUR

The source of Stockholm Syndrome concept emerged when a Sweden whose name was Olsson robbed a bank. The issue called as a sympathizing of hostages to their pledgee within 6 days. After the events, this sympathy continued and almost all of the hostages testified in favour of Olsson and helped him to retain a lawyer. Within a very short time, police blockaded the building Olsson stated many time that he didn't want to attempt somebody's life even while trying to escape in the interviews with the police. According to the testimony of a hostage talking to a mediator, the common anxiety is that police tried to solve the problem by using force. In case of such a possibility they even helped Olsson to barricade. In the course of tense waiting, attitude of the police caused public to give reaction. Public thinking that police was aggressive started to feel pity for robbers. It has been learned that there was a good dialogue between the hostages and robbers during the bargain and hostages was angry at police. The event took the attention of the world with its dimension, this state of mind was called as "Stockholm Syndrome" and within time this term was started to use for similar situations. This situation caused voter behaviour which started the work and coalition governments to make connection among each other.

In 1990's Turkish party system an voter behaviours were in an ongoing situation. From the ultimate powerful ANAP coming from assembly and elections got into weak coalition or minority government process. In this term, it has been seen that there is a weak support for two central right wing parties like ANAP and DYP. In the parliament elections held in 1991, 1995 and 1999 the rate of voter changeability increased and just like parties there was a big change in the preferences of voters. As a result of this voter tendency, parties passing the %10 election boundary entered the parliament and became potential coalition members. The urgent demand for the coalition government revealed the unexpected cooperation among the parties. In none of the parliament election held in those years, there wasn't enough majority to form a one-party government on the contrary, the rate of vote taken by the first party dropped down from %27,1 in 1991 to %22,2 in 1999. At the same time, in spite of %10 of country boundary in these three elections, five parties managed to get an administrative post.

TABLE 1: VOTING RATES AND DEPUTY DISTRIBUTION OF THE PARTIES IN 1991, 1995 AND 1999 ELECTIONS

Parties in the parliament	1991 Elections		1995 Elections		1999 Elections	
	Voting rate (%)	Number of deputies	Voting rate (%)	Number of deputies	Voting rate (%)	Number of deputies
ANAP	24	115	19,7	132	13,22	86
DYP	27	178	19,2	135	12,01	85
RP (FP)	16,9	62	21,4	158	15,41	111
DSP	10,8	7	14,6	76	22,19	136
SHP (CHP)	20,8	88	10,7	49		
MHP					17,98	129
Independent					0,87	3
Total		450		550		550

Source: Database of TBMM

Among the basic reasons of corruption in the party system, separations in central right and left have priority (Tosun, 1999: 89). In the central right, existence of ANAP and DYP, on the left existence of, CHP and DSP resulted in the breaking of traditional two-parties structure. In spite of similarity between the basic ideology and programs of these parties, especially because of the attitudes of their leader, they came together and couldn't canalize voter bases and this was the basic reason of scatteredness of system. The other characteristics of this term, there was rough election fights among the parties having similar ideological orientation instead of a political structure based on a right or left rivalry as in 1970s. This situation caused voters having similar ideas in both central right and left to be separated and split in.

The other important reason of increasing of split in Turkish party system is that the voter support for the central parties decreased as time passed. The four parties in the central right and left have %82,7 vote rate totally in 1991. This vote rate decreased to % 56,1 in 1999 election. This dramatical decrease was because of the decrease of voters for CHP and DYP. Among the reasons of decrease of voter support for central parties, the economical and social oppression and especially chronic inflation had an important role. On the other hand, fights among these parties and being called with impropriety and degeneration were the important factors for them to lose voter support.

This decrease in the vote rates of central parties was good for the parties in the extreme points. However these parties could control the only a little segment of total vote rate but these votes made them key party in some situations. This advance of RP is also indication of rising of Islam and religious processes in this term. On the other hand it shouldn't be overlooked that in the rising of RP, there are effects of central parties' effectiveness methods and defects and the effective party organization of this party.

In Turkey, coalition consisted of the parties in the same polarization depending upon the right and left political polarization in 1970s. But in 1990s, there were some examples out of this tradition; there were some coalition groups coming together such as central right and central left among themselves, even the parties being on the far corner of political spectrum create coalition units. The most long-lasting of these coalitions is the coalition of DYP and SHP/CHP from 1991 to 1995 (Sayarı, 2002: 21).

6. VICIOUS CYCLE OF VOTER BEHAVIOUR "COALITION GOVERNMENTS' MACRO ECONOMICAL PERFORMANCES

It is known that there is a direct and strong interaction between election results and macro financial policies in representative democracies. The questions such as according to the type of election system; how many parliamentarians and which parties will get in to the parliament, which parties will form the government, will the party or parties which will be in power behave in a populist way or ideological way and until the next elections what kind of financial policy will they apply? Are answered at the end of the elections. Every election is a combination of voter, politician, bureaucrat and pressure and interest groups affecting the decision making mechanism. The different behaviours of the election actors meet on a common clientele called as interest maximization. The basic goal of the politicians is to maintain the power and in order to achieve this goal, they carry out an election economy (Kalaycı, 1999:30). Especially in the terms of coalition governments,

it can be said that election economy applications are carried out more often. Coalition governments having different economical interests and bases can't produce policies in accordance with their own interests and goals and this causes governments not to be long-lasting.

After the election held in 1991 DYP-SHP coalition was formed. So the term of one party government in 1983-1991 ended and from 1991 till 2002 elections, the term of coalitions started. This term differs from the other coalition terms in terms of the quality of coalitions formed. In other words, two parties representing two different ideology and never came together before formed a coalition government in that term (Turan, 2004: 142).

TABLE 2: ECONOMIC PERFORMANCE BETWEEN 1990-2002 YEARS

Yıl	Inflation Rate (%)	Unemployment rate (%)	GDP % (Prices in 1987)	Foreign Trade Deficit (Billion \$)	Total External Debt (Billion \$)
1990	50	8	9,4	-9,3	49
1991	52,6	8,2	0,3	-7,5	50,5
1992	67,1	8,5	6,4	-8,2	55,6
1993	55,2	8,9	8,1	-14,1	67,4
1994	120,5	8,6	-6,1	-5,2	65,6
1995	88	7,6	8	-14,1	73,2
1996	71,6	6,6	7,1	-20,4	79,4
1997	78,4	6,8	8,3	-22,3	84,2
1998	68,8	6,9	3,9	-19,0	96,4
1999	43,7	7,7	-6,1	-14,0	103,0
2000	53,7	6,5	6,3	-26,6	118,8
2001	57,7	8,4	-9,5	-20,6	113,9
2002	45	10,3	7,9	-18,7	129,4

Source: TÜİK, DPT, TCMB.

It is said that there were important social and financial problems. It is claimed that on one hand there were some regressions related to identities on the other hand, identities weren't represented in the political area (Bayramoğlu, 2001: 16). However, in 1994 when there were high inflation, stability increasing national and external debts, growing foreign trade deficit, there was an economic crisis. Also, with the collapsing of Union Soviet Socialist Republics in December 25, 1991 the map of Europe and Asia changed, there was a lack of strength in that area. This event had an effect on an international platform. All these progressions, with Özbun's words, caused central parties to lose vote at the end of the term (Özbudun, 1995: 243).

Beginning from 1990's there had been two important developments and these developments directly affected Turkish economy. First one is Korfez crisis which arised after the war of Iran-Iraq. The other one is narrow progress of exportation seen in World economy which causes negative effects for Turkish economy. Apart from these factors, the first one of two negative implemantations which leads economy into bad situation is high interests and excessive valuable TL. So, being debt politics have been followed based short term foreign capitals, excessive valuable TL made difficult exportation while making simpler importation. Second point is stagnation in OECD countries. That situation facilitated importation from that countries while making difficult exportation to these countries (Tokgöz, 1999:218).

Çiller-Karayalçın government established in 1994 after death of Turgut Özal and becoming president of Demirel in 1993 set targets which changes restriction in 1994. For instance GSMH development target was determined as % 4,5 in 1994. The public set some targets like out-debt capital and paying interests for decreasing being in debt and aiming for that numerous precautions have been carried out. Among these precautions the most important ones can be assumed as increasing tax rates and agricultural support politics. However, just beginning in 1994 there has been tension in many markets and because of local elections some politics have been applied towards first quarter of elections. These politics precipitated for 194 economic crisis step by step.

After 1989 with liberalization of capital movements developments progress directly started to depend on directly capital entrances. However, in which years capital entrances had reached great growing speed ended with current deficit. With another explanation development dynamics started to highly depend on World financials and out-capital movement.

Paraleling with increasing public deficit in 1994 crisis increasing external interest rates accelareted entrance of quick-money entrance and made TL excessively valuable. As a consequence of this development there has been reel increase in labor cost and directly/indirectly encouragement in exportation caused losing of competition power of country economy. As a result, imbalance in external stability, importation increased quickly, exportation slowed down and external trade deficit reached important dimensions. Broken internal and external stabilities provoked serious crisis in money, capital and currency markets in 1994 April.

In DYP-SHP Coalition Government politic unemployment has taken place as least mentioned subject among macro-economic problems. Public purse began to being debt to afford financial requirement in DYP-SHP Coalition government time the highest inflation rates were legislated in country history. Budget stability started to increase after 1990. After the period in 1992 as well as budget expenses can not be decreased influential income policy couldn't be applied.

In this period, considering applied foreign curriences especially beginning from 1993 TL increased in value. Keeping the exchange rate low increased the short term capital movements so productive investors were pushed to background. This situation increased importation but complicated exportation. As a result in 1999 high rate devaluation occurred in markets (Kepenek and Yentürk, 1996:257).

Economic crisis occured with higher inflationists politics in 1994 and rising indirect texts are main problems for affecting income distribution in negative manner. Unfavourable developments in income distrubutions continued to go on for benefit of high-income groups during the period of DYP-SHP Coalitions.

Considering DYP-SHP Coalition period with economic signs of DYP-SHP Coalition on the contrary aims price stability was broke down greater wth 1994 crisis plenty of negative developments were recorded inside most areas of economy. Real interests rised, some banks went bankrupt, infinite assurance brought to deposit accounts. Difference between income-expense reached on the rise especially in 1993. Developmets bound on public deficit caused deviation from Money and finance discipline. External trade deficit increased and correspondingly the rate of supplying exportation of importation declined.

After 1995 general election there had been too many coalition attempts. Sometimes coalition government established by two political parties lasted for short, sometimes established by governments couldn't continued and sometimes established by minority governments had to give up because of withdrawing foreign supports.

As from second part of 1995 the country dragged along dark. In the last three months of this year public expenses increased entirely and the country got into 1996 with uncertain political atmosphere caused by early general election in 6 March 1996 Second Yılmaz Government was published. However, because of conflict between two party leader it lasted just for 3 months. Therefore, the uncertainty continued to 28 June 1996 in which RP-DYP Coalition government was established. Beside political progresses the end of stand by deal with IMF in the beginning of 1996 and get in Custom Union were other facts rasing uncertain in financial markets. Refahyol Government established in 28 June 1999 remained in power only for one year and fell down in 30 June 1997. Following established parties were 3. Yılmaz Government and 4. ve 5. Ecevit Governments.

TABLE 3: PERIODS OF GOVERNMENTS BETWEEN 1991-2002 YEARS

Name of Government	Periods of being in power
VII. Government of Demirel	21.11.1991-25.06.1993
I. Government of Çiller	25.06.1993-05.10.1995
II. Government of Çiller	05.10.1995-30.10.1995
III. Government of Çiller	30.10.1995-06.03.1996
II. Government of Yılmaz	06.03.1996-28.06.1996
Government of Erbakan	28.06.1996-30.06.1997
III. Government of Yılmaz	30.06.1997-11.01.1999
IV. Government of Ecevit	11.01.1999-28.05.1999
V. Government of Ecevit	28.05.1999-18.11.2002

Source: TBMM Veri Tabanı.

Refahiyol Government had been a period lasted for one year and with political tubulances. There had been no remarkable positive developments in inflation rates in this period. Difference between income-expense of public increased compared with previous periods, reel expenses couldn't reduced. While rate of supplying importation of exportation were very low current deficit continued to increase (Erdem et. al., 2009:32).

After general election in 1999 no political party could bring senator to assure majority, there had to be at least 3 political parties. After 1999 elections because of fail of the coalition government including three different parties which had different World-view caused distrust in markets. The negative developmets of government in economical politics caused likidite problem in markets and made contributitons to occur crisis.

In Turkey; developments financed with hot money inflows in 1990s had unsustainable quality after crisis in the Far East and Russia in 1998. With this effect while country economy decreased exportation regressed and publical interest expenses increased. Furthermore, there had been a situation against county regarding external trade balances of Custom Union which came into operation in 1996 with EU. In addition publical debt stocks got into unsustainable situation there had been problems such as lack of budget deficit, high inflation, low efficiency and internal economy DSP-MHP-ANAP Coalition Government established after 18 April 1999 election had to apply stability programme to fix broken financial economical balances (Ongun, 2002:67).

Apart from some positive economical improvements parallelling high-rated increase, main problems like corruption in current processes, detension in customization and constitutional reforms, problems of public and private bank lost the trust of that programme sustainability which struggle with external and internal inflation. Ignoring devaulation as a result of current deficit foreign capital as quick money left the country in a short time. Money supply decreased as a result of focusing on exchange entrance and likidite problem occurred. As a result, one of the most important economical problems occurred in Turkish Republic history (Akbulak, 2002:16; Alp 2001 ;53).

Beginning from 1990's to prevent dispersion in political situation some steps got taken and it was mentioned that collapse could be prevented with coalition of similar parities. It was common idea that the most important block was party laders. Especially regarding diversion from government parties, polemics between leaders and bribery claims caused the damaged constitution.

Poor macroeconomical performances displayed by Turkish government started to change preferences of voters and decreased the support in future. Since 1970's regarding high inflation unstable development performance unsustainable debt stocks, imbalance in income distribution and politic corruption it could be understood that economical fears are main variables which determines behaviours of voters. Especially major financial problems in 1991 affected behaviours of voters as a way of important variable (Erdoğan, 2004:158).

7. CONCLUSION

There are voters and be voted in politic area. Voters exhibit their demand with voting during taking political decisions. Economical, political, sosyological and psychological factors have importance for voters to decide their decisions. Voters exhibit their demands for publical goods and servers by the way of voting. There are many factors that affect voters while voting. The importance of behaviours of voters in the way of economical science take place as a way of demanding publical goods and servers. It is interpreted differently by the economical theories in which how and what for voter react to economical situations.

There are three hypothesis about how voters react to economical situations. These are Responsibility Hypothesis, Client Hypothesis and Main Aim Hypothesis. According to Responsibility Hypothesis voters are assumed to punish or reward political powers in the way of their economical performances. According to Client Hypothesis voters vote in the way of figuring out how political parties reach their goals which have macroeconomical variables their political ideologies. In this manner while right view voters vote according to success of parties in which macroeconomical inflation variable, the left view voters vote in the way of success of parties in macroeconomical unemployment variable. According to Main Aim Hypothesis, stability of reaching economical aims of government has a crucial important for voters.

In democratic systems, as well as financial factors, social, cultural, ideological and physhological factors have crucial importance. It could be easily said that financial factors are more important than other variables in the country of financial problems.

Considering numbers of determining Turkish political power there are too many groups live under the powerty border. The demand of poor voters are only financial support for themselves. Therefore, they prefer similar or the same politicians. As a matter of fact, before elections agricultural price disconnected with world prices and rising prices not focusing on fertility increase are common politics.

Rising importance of financial factor in the tendency of behaviours in Turkey are reasons for economical and social problems. Indeed, considering chronical high inflation coming from 1970's, unstable performances, debt stocks reaching unsustainable dimensions, growing unjustness and political degeneration it is easy to understand economical factors are main variables determining behaviours of voters. It shouldn't be interpreted like that economical factors determining voted party is not the way of getting opportunity to solve problems of voters. Voters crushed under burdensome of economical problem, as emphasized by Özbudun, don't vote eagerly but behave a rule of "ehveni şer". This tendency is one of the most important variables in which leads to connection with parties. (Özbudun, 2003: 75)

There hasn't been strong political organization based on ideological basis in Turkey for a long time. Even political organizations which hinder by military forces directly or indirectly give impression like new and strong political organization they couldn't be instutionalised because of interfering artifically. This situation revealed outrageous broken constitution. As a result, this fact called Stockholm Syndrome reveals parallelling with parties and voters in the way of political economical working period.

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AN INSIGHT INTO THE CONCEPT OF FINANCIAL SOCIALIZATION WITH SPECIAL REFERENCE TO ROLE OF PARENTS

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ABSTRACT

Finance is the life and blood of any economy. For an economy to be successful it is imperative for its public to be enough knowledgeable and socialised in financial decisions. Alongwith other aspects of successful growth of nation, financial socialisation is also an important determinant. Financial socialization is the familiarity and attitude of people towards financial concepts and monetary decisions. The present study endeavours to go through the concept of financial socialization with special reference to role of parents in this regard. Parents and family is among other agents of financial socialization. Apart from family, media, educational institutions, state etc act as its agents. But parents have crucial role regarding this because they inculcate the values since birth.

KEYWORDS

financial socialization, finance, financial decisions, monetary decisions.

INTRODUCTION

Financial socialization refers to the learning of knowledge about money and managing finances, as well as developing skills including banking, budgeting and saving (Bowen, 2002). Financial socialisation can be defined as 'the process of acquiring and developing values, attitudes, standards, norms, knowledge and behaviors that contribute to the financial viability and well-being of the individual' (Danes, 1994, p.128). Financial socialisation are those opportunities that the child engages in that contributes to their acquisition of financial skill and knowledge.

Parents have been found to be a key source of children's monetary socialisation, through observing parents practices and including children in financial practices (Pinto, Parente & Mansfield, 2005). Although parents may not explicitly discuss financial issues, children learn from their parents through observation. Beutler and Dickson (2008) highlight the importance of financial socialisation, proposing that the failure to adequately socialise young people for later financial roles is costly both to society and the individual personally.

Parents, and society in general, are likely to hope that they provide children with an environment that will permit them to develop into financially responsible and independent adults. There are good reasons for that hope. Early financial socialisation is important in shaping the financial habits of adolescents because financial responsibility and efficacy, as well as financial behaviors, will most likely persist through adulthood. But an effective financial socialisation is significant for reasons other than the obvious benefits that come from financial stability. Financial independence serves as a marker of adulthood and self-sufficiency. Adolescents generally perceive financial independence as a key to adult status, and young adults who are financially independent are more likely to view themselves as adults (Shanahan 2000). In addition to being a marker of achievement, appropriate financial socialisation contributes to adolescents' eventual mental health.

RESEARCHERS THOUGHTS ABOUT FINANCIAL SOCIALISATION

The importance of primary socialisation of children, via the agent of family, is noted by all scholars (Piaget in Liben 1983, Vygotsky 1974, Roedder John 1999), and has reasonably been the focus of empirical research into children's understanding of money for decades (Berti and Bombi 1988, Strauss 1952, Roland-Levy 2010). However, some scholars still bemoan the lack of research focus on financial socialisation within the family (Gudmunson and Danes 2011). More and more the role of secondary socialisation (Brim and Wheeler 1966) through the agent of schools has become a focus for UK government intervention in financial socialisation with increasing emphasis on compulsory financial education in primary and senior schools in England. Lusardi et al. (2010). There are talks of turbulent economic events having 'forced' finance and education to work together and there has been increasing interest in policy research - particularly in UK, USA and Australia - to address the seeming lack of capability amongst the young (Taft et al 2013, Taylor & Wagland 2013, Atkinson et al 2013, Serido et al 2013). The importance of the media, the workplace and peers as agents of financial socialisation have had little research focus though (Roedder-John 1999, Ekstrom 2007) and despite calls for a greater understanding of adult socialisation over and above the emphasis on children, there has been very little focus on researching other more adult groups. 'Emerging adults' (Arnett 2006) are the next generation growing up and taking responsibility for their finances. Arnett describes "emerging adulthood" as the life stage between approximately late adolescence and the mid-twenties, highlighting the young person's psychological journey to greater autonomy from the family. This is a time when "most young people in this age period feel like neither adolescents nor (fully) adults, but somewhere in between" (Arnett, 2006:113), indicating a protracted period of liminality (Cody, 2012). He sees this age span as characterised by movement towards adult roles which are "highly unstructured and unsettled", leading to a degree of ambiguity for these young adults. An understanding of how these emerging adults have been, and continue to be, influenced by financial services socializing agents is of particularly interest at the moment as economic constraints may leave them reluctant or unable to leave home, despite increasing desires for choice and freedom. This inevitably shapes their financial maturity and family interactions (Arnett 2006, Kloep & Hendry, 2010) and is of further interest as they are not only expected to be taking on greater financial responsibility by their key primary socializer - the family - but simultaneously by that other powerful agent - the state.

The impact of the family on knowledge regarding money, and views towards money seem to decline with age. Churchill and Moschis (1979) found that family communication regarding purchasing behaviours decline with age, where discussion with friends increases over time. Thus, parental influence with regards to spending decreases through life and peer influence increases.

Despite how influential parents have found to be on shaping their children's money attitudes, contradictory research has found those in Western Cultures to be reluctant to discuss finances with their children due to how taboo the topic is (Mumford & Weeks, 2003). Danes (1994) found that parents considered the discussion of some financial issues off limits regardless of the child's age—including revealing family income, and disclosing family debt. Despite how reluctant many parents are toward discussing financial matters with their children, parents have a large influence over the ways their children are socialised into society (Bandura, 1989).

Saving is the most reported financial concept that students learn from their families. The second most frequently learned concept is how to manage finances, including credit use. Unlike findings from Dilworth et al.'s (2000) qualitative study, Solheim et al (2011) found that many college students expressed the importance of savings as a key financial concept learned in childhood. This finding should be encouraging to parents who try to model savings behavior and teach their children the importance of saving (Brenner, 1998). Whether or not they are actually saving was not addressed in this study, but growing levels of debt reported in other studies of college students (Gutter & Renner, 2007) suggest that they are not. The disconnection between knowing and doing underscores the importance of reinforcing saving during young people's emerging adult phase of development. They also identified three socialisation pathways leading to different saving and management outcomes. One pathway could be characterized as positive and effective; students who observed that their parents saved and managed their money taught them the importance of saving and money management. Another ultimately effective pathway could be characterized as negative; students observed negative ramifications of their parents' inability to save or manage their money. Contrary to what we might expect, this negative model resulted in students'

resolve to not repeat their parents' mistakes. A third pathway also started out with negative saving or management modeling, but the outcome was also negative; like their parents, students were currently neither saving or managing well.

In today's uncertain economic times, there is renewed interest in how families teach their children life-long financial management skills. Additionally, schools and higher education institutions are considering their obligations to either enhance what is learned at home, or in some cases, fill in the gaps due to inadequate or ineffective family financial socialisation. Consistent with existing literature, college students' reflections clearly demonstrate that families play an important role in the development of financial competencies from an early age. Students in our classrooms are not blank slates; they arrive with attitudes, knowledge, and behaviors which have been shaped by their families of origin. Effective instructors understand that learning is enhanced when students can connect their lives to the topics at hand. Understanding our students' formative financial experiences contributes to our ability to create more effective learning activities in the classroom. It is also important for faculty to recognize that there are multiple financial socialisation pathways that students have followed to reach this point in their development. With student populations becoming more diverse than the faculty who teach them

WHAT IS THE SOCIALISATION OF FINANCE?

Socialisation of finance is defined by the impact of technology and changing behavior on the financial services markets. The financial services industry is becoming increasingly social and democratic as it continues to move online and becomes more automated, at once empowering consumers, disrupting existing banking and credit systems, and creating new markets. This is happening across crowdfunding, wealth management, lending, and payments, among other categories, and fundamentally changing the way these markets operate.

Enablers of the socialisation of finance:

The notion of "socialisation" goes beyond the influence of social networks on consumer financial behavior to more broadly reflect the impact that technology, demographics, and data have in terms of expanding and driving efficiencies within existing financial services markets.

So the concept is utmost different from financial socialisation.

AGENTS OF FINANCIAL SOCIALISATION

As has been previously established, a child's family is one of their primary socialisation agents. Several authors (Danes, 1994; McNeal, 1987; Moschis, 1987) have found that financial knowledge is learned through children's observations and participation, as well as through the intentional instruction of their parents. Multiple previous studies have revealed that intentional instruction and reinforcement by parents can both directly and indirectly impact the financial knowledge and behavior of their children (Drentea & Lavrakas 2000; Hayhoe, Leach, Turner, Bruin, & Lawrence 2000; Lyons, Scherpf, & Roberts 2006; Moschis, 1985). Marshall and Magruder (1960) found that wise financial management by parents can lead to increased knowledge about money in their children. Hira (1997) identified family, in general, and mothers and fathers, in particular, as the most important influences on the financial attitudes and beliefs of respondents, suggesting that young people learn their symbolic meanings of money from their parents and other family members.

Schweichler examined the role of attachment insecurity, locus of control, and parental financial communication in the financial behavior of emerging adults from a family financial socialisation theory perspective. Results indicated a mediated relationship between attachment insecurity and financial behavior with significant indirect effects. Direct effects of attachment insecurity on the mediating variables, locus of control and financial communication were significant. Significant positive effects from locus of control and financial communication on financial behavior were also found. The findings support the inclusion of attachment as an important family relationship variable in the financial socialisation process.

There is a central role of the family in young adult financial socialisation. Acquiring responsible financial behavior is a key developmental task, one that must be accomplished along the path to adult self-sufficiency, and parents are central in that process. Much previous research has noted the role of family economic background in the successful launching of young adults. However, little is known about the relational aspects in the socialisation of financial self-sufficiency during adolescence and the transition to adulthood. Our results indicate that parents can be both direct teachers and useful role models in the financial development of their children. From adolescence and through the transition to adulthood, parents' ongoing enactment of these roles lays the foundation for sound young adult financial attitudes and behavior. Given the importance of financial well-being to many indicators of college student success (Shim et al. 2009), such parental investment in the financial skills and knowledge of their adolescents may pay substantial dividends in terms of youth health, adjustment, and academic success.

The financial habits—both positive and negative—that form during the transition to adulthood are likely to persist throughout adulthood. What is more, the financial knowledge, attitudes and behaviors acquired during this period and, subsequently, the financial independence that young adults establish, may affect their lives in profound ways, not only in the realms of financial and economic wellbeing, but also with regard to their ongoing relations with family, friends, and associates.

Universities and colleges should experiment with workshops and classes to educate students about personal financial management and planning. Some particulars about targeting that education to student sub-populations were discussed by Sabri, MacDonald, Hira, and Masud (2010) in their detailed analysis of financial literacy among Malaysian college students, which recommended more attention to financial socialisation by Chinese parents, that college educators should focus special attention to students who live on campus, and increased efforts to motivate more affluent students to become financially literate. By demonstrating the strong linkage between financial literacy and better financial management (and that the effects of pre-college consumer experience and financial socialisation are mixed).

Financial socialisation in the home may be subject to a gender bias, which over time contributes to differential financial literacy knowledge levels between the genders.

that those who chose media as their primary financial socialisation agent, and those who had a bank account, exhibited higher levels of financial literacy. Among the sample, those who saw money as good or as a reward for efforts tended to report higher levels of financial literacy, while those perceiving money in terms of avoidance or achievement had lower levels of financial literacy. Students with mid-range monthly allowances showed higher levels of financial literacy compared to the highest allowance group.

The financial socialisation of children may influence attitudes and behaviours later in life, was also discussed by John (1999) who described ages 7-11 as a period that contains some of the most important developments in terms of consumer knowledge and skills, when they develop a more adaptive approach based on their new-found ability to think from the perspective of a parent or friend (p. 187). John (1999) also describes the 11-16 age-group as a time when consumers are shaping their own identity while conforming to group expectations. The home is an important part of this process, as some research indicates that within the family unit is where children generally learn about money matters and that the home is a filtering point from the outside world, suggesting that if parents are poor money managers this is likely to affect children as they model their parents' behaviour (Lusardi et al., 2010; Clarke et al., 2005)

CONCLUSION

It is concluded that finance is the life and blood of any economy. For an economy to be successful it is imperative for its public to be enough knowledgeable and socialised in financial decisions. Along with other aspects of successful growth of nation, financial socialisation is also an important determinant. Financial socialization is the familiarity and attitude of people towards financial concepts and monetary decisions. Parents and family is among other agents of financial socialization. Apart from family, media, educational institutions, state etc act as its agents. But parents have a crucial role regarding this because they inculcate the values since birth.

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A STUDY ON ROLE OF MILKFED IN PUNJAB

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ABSTRACT

This paper examines the sales of Punjab State Corporative milk Producers Federation Limited (MILKFED). The data from 2009-10 to 2014-15 has been collected from secondary sources for the study. The data has been analyzed with the help of mean, compound growth rate and sales trend analysis. The sales trend analysis of MILKFED has been studied on the basis of sales of fresh milk products, total sale and Net profit. This study reveals that the MILKFED has higher net profits during the year 2011-12 in the comparison of 2012-13, 2013-14 and 2014-2015. MILKFED was achieved impressive sale growth of 8.62% during the year 2014-15 in comparison to previous year and registering CAGR of 13.30% over last six year.

KEYWORDS

MILKFED, sales, trends, metric tonne, milk product, turnover.

I. INTRODUCTION

The Punjab State Cooperative Federation Milk Producers Limited is known as MILKFED Punjab. It came into existence in 1973. Its prime objectives, first is to provide assured milk market for Milk and milk Product and second is to marketing of produce and to provide technical inputs to the milk producers for enhancement of milk production. This federation has prepared a rehabilitation plan for each milk union to revitalize them. It markets a wide variety of milk product which include milk, skimmed milk, milk powder, khoa ghee, butter, cheese ice cream, lassi and malted food etc. MILKFED is determined to maintain this rate of growth in the coming years. The expected target is Rs. 2900.00 crores by the end of financial year 2016-17.

II. OBJECTIVES

The objectives of the present study are given below:

1. To study the trends of sale of milk, milk product like Paneer, Khee, Curd, Lassi.
2. To study the profitability of Punjab MILKFED.

III. RESEARCH METHODOLOGY

1. **Scope of study:** The study relates to MILKFED of Punjab. It covers the period from 2009-2010 to 2013-2014.
2. **Source of data:** The data has been collected from secondary sources. The data has been collected from annual reports of Punjab State Corporative Milk Producers Federation Limited.
3. **Statistical tool:** The statistical tool like average and trend analysis has been applied for the study. In this study, the trend analysis 2009-10 takes as base year.

IV. REVIEW OF LITERATURE

SINGH, KANWARDEEP (October, 2014) the study reveal the financial performance evaluation of dairy cooperative federations: comparative study, of Punjab & Haryana. According to this study, the dairy industry plays an important role in the socio economic development of India. The dairy cooperatives form an integral part of dairy industry in India. The two dairy federations MILKFED, and DAIRYFED were set up their respective states, Punjab and Haryana in 1973 and 1977. These federations have been set up and work under the similar objectives and structure. MILKFED market a wide range of products under brand, 'VERKA'. 'DAIRYFED' market a wide range of products under brand 'VITA', The both dairy federations come into existence with the objective of bringing prosperity among milk producers in the state also provide an efficient network for marketing their products. They also advise guide, assist and control of milk unions, milk plants and chilling centres working under purview of respective federations. This research paper is to evaluate the financial performance evaluation of MILKFED and DAIRYFED and their comparative analysis. To measure the financial performance evaluation, one of the financial tools ratio analysis is used. Some important ratios are used in research paper. These are debit-equity, current ratio, salary and wages to sales, return on investment, gross profit, stock turnover, return on assets, return on equity, earning per share, working capital turnover and quick ratio. The studies cover the period of 10 years i.e. 2001-02 to 2010-11. From the analysis it is concluded that financial performance of Milkfed is better than DAIRYFED.

Kaur, Manvir (November, 2011) The study explain the operational performance of milk cooperatives- a comparative study of MILKFED and HDDCF. According to this study, the main purpose of dairy industry is to provide milk and milk products at reasonable cost that satisfy the consumer's needs and fulfil consumer's nutritional requirements. MILKFED and HDDCF were set up in their respective states in 1973 and 1997. These institutions have been working as Dairy cooperative Federations for more than 40 years. They operate various milk unions and milk plants and manufacture, process and sale the variety of milk products. The purpose of this paper is to study the operational performance and marketing strategies of MILKFED and HDDCF and compare the operational performance of MILKFED and HDDCF. The operational performance of the MILKFED and HDDCF are on the basis of various physical indicators like number of functional societies, number of unions, number of members, plants, chilling centers, Average daily milk procurement, peak procurement of milk etc. The secondary data has also been used and collected from the web sites of the selected federations and visited various offices of MILKFED and HDDCF. The annual growth rates and the compound growth rates have also been calculated. The period of study is 2005-06 to 2009-10. The study found that the MILKFED is performing much better than HDDCF.

Kaur, Jasmeet & Kaur Dhaliwal Navkiranjit in their study examine the Trend Analysis of Co-operative Milk Federation – A Study of Milkfed, Punjab. According to this study Dairy Cooperatives are central part of dairy industry in India. The Punjab State Cooperative Milk Producers Federation Limited (MILKFED) is playing an important role in Punjab's dairy industry. The present paper attempts to study business and financial performance of MILKFED. The study is based on secondary data covering period from 2000-01 to 2010-11. The analysis has been done on the basis of various indicators using one-sample Kolmogorov-Simonov test, averages, exponential growth rate, coefficient of variation, linear regression, and trend lines. The study found that the federation is financially sound and is supporting dairy farmers of Punjab by providing various facilities like procurement, processing, marketing of products and input services. But MILKFED needs to improve conditions of milk producers by forming more strong societies and improve its procurement activities. It is also required to judiciously invest its funds in productive avenues. Arora, Dr. Pooja in her study observe that financial viability of investments in milk plants. Milk co-operatives have been a suitable instrument for planned development of dairying in the country encompassing dispersed rural population of milk producers. The ideal conditions for long term growth in milk procurement have been created like adopting modern technologies in animal breeding and feeding by number of dairy farmers. Existing level of efficiency was arrived at by working out economic parameters for four milk plants such as NPV, BCR, IRR, capital ratios and income ratios. To see the effect of costs on gross output and vice versa, regression analysis was done, sensitivity analysis was done at 5 stages. For all milk plants NPV for actual and projected period turned out to be positive. B/c ratio came out to be greater than unity means that project is having scope of improvement. For both federations (Milkfed Punjab, HDDF) the Ludhiana milk plant is holding the best position in all criteria NPV (3393.51), B/c (1.24), IRR (21.56) followed by Jalandhar NPV (1017.02), B/c (1.13), IRR (18.64) Rohtak NPV (404.83), B/c (1.08), IRR (19.68) and Jind NPV (236.25), B/c (1.01), IRR (17.45). The assessment of viabilities and investment productivities of study milk plant leads one to in

escapable conclusion that there was a considerable scope of improvement in overall efficiencies of these plants. Another approach i.e. Marginal Redistribution Weights (MRW) concept was applied and analyzed by computing marginal costs for all milk plants. Jalandhar milk plant attained cost minimization point i.e. most efficient in production at minimum level. Ludhiana faces marginal costs to be quite higher which means that there is overuse of plant and machinery. In Rohtak and Jind milk plants marginal costs are below marginal revenue and hence we conclude average total costs would be reduced by increasing the production level. To supplement the benefit cost analysis and ratio analysis multiple regression analysis was used to study input output relationships in processing of milk at plant level gross output were used as dependent variable and all other cost components i.e. processing costs, raw material and procurement costs, marketing and overhead costs. Overall it can be concluded that processing costs emerged as the most common contributing factor towards revenue from gross output of all milk plants while administrative expenses exerted negative effect on the same. Another regression analysis was fitted taking total cost as dependent variable and total revenue as explanatory variable. The regression coefficient of output in all milk plants was found to be less than unity highlighted that increase in cost was less than increase in output indicating scope of surplus capital for reinvestment in production process at an extended scale in all milk plants. Regression analysis evaluating the effect of physical output of major products on respective cost was done. It was concluded that production of milk and butter in Rohtak, butter and cheese in Jind, milk and cheese in Jalandhar and milk, ghee and cheese in Ludhiana milk plant may be incorporated in order to minimize the per unit costs of these products. To reap full benefits of economics of scale, scope and integration there is requisite degree of co-ordination among units of production, procurement, processing and marketing.

V. SALES TREND ANALYSIS

TABLE 1: SALES OF MILKFED IN PUNJAB

Years	Sales (Rs. In crores)	Trends
2009-2010	1253.95	100
2010-2011	1523.58	121.5
2011-2012	1742	138.92
2012-2013	1935.96	154.38
2013-2014	2183.28	174.2
2014-2015	2371.27	189.10
AVERAGE	1835.007	
CAGR	13.30%	

(Source: Calculated from annual reports of MILKFED of Punjab for the period 2009-2010 to 2014-15)

The table 1 shows the sales trends of MILKFED during the study period. The sales trend goes upward direction. It reveals that the total sales increased from 1253.95 crores in 2009-10 to 2371.27 crore in 2014-15 and registering a compound annual growth rate of 13.30% per cent and mean value was 1835.007 over the study period. The higher value of sales was 2371.27 in 2014-15 which indicated impressive growth as compared to other years of the study period. MILKFED also achieved impressive sale growth of 8.62% during the year 2014-15 in comparison to previous year.

TABLE 2: SALES OF FRESH PACKED PANEER IN PUNJAB

Years	Paneer (Qty in MT)	Trends
2009-2010	1730.21	100
2010-2011	1986	114.78
2011-2012	2116	122.29
2012-2013	2174	125.64
2013-2014	2361	136.45
2014-2015	2129	123.04
AVERAGE	2082.702	
CAGR	4.63%	

(Source: Calculated from annual reports of MILKFED of Punjab for the period 2009-2010 to 2014-15)

The table 2 observe trends of the sales of fresh Paneer in Punjab during the study period. The sales trend goes upward direction except 2014-15. It reveals that the total sales increased from 1730.21 MT in 2009-10 to 2129 MT in 2014-15 and registering a compound annual growth rate of 4.63% and mean value was 2082.702 over the study period. The higher value of sales was 2361 MT in 2013-14 which indicated impressive as compared to other years of the study period. Sales were going down in year 2014-15.

TABLE 3: SALES OF FRESH PACKED KHEER IN PUNJAB

Years	Kheer (Qty in Million ton)	Trends
2009-2010	429	100
2010-2011	575	134.03
2011-2012	560	130.53
2012-2013	538	125.4
2013-2014	646	150.58
2014-2015	816	190.20
AVERAGE	594	
CAGR	10.59%	

(Source: Calculated from annual reports of MILKFED of Punjab for the period 2009-2010 to 2014-15)

Table 3 shows the Sales of fresh Packed Kheer in Punjab by MILKFED. 429 MT sales in 2009-2010 and 816 MT in 2014-2015. It observe the sales trends of fresh Kheer goes upward direction in Punjab. Compound annual growth rate of packed fresh Kheer was 10.59% and mean value was 594 MT over the study period. MILKFED also achieved impressive sale growth of 26.31% during the Year 2013-14 in comparison to previous year.

TABLE 4: SALES OF FRESH PACKED CURD IN PUNJAB

Years	Packed Curd (Qty in Million ton)	Trends
2009-2010	6246	100
2010-2011	7470	119.59
2011-2012	8133	130.21
2012-2013	8589	137.51
2013-2014	12620	202.04
2014-2015	12504	200.19
AVERAGE	9260.33	
CAGR	15.68%	

(Source: Calculated from annual reports of MILKFED of Punjab for the period 2009-2010 to 2014-15)

The table 4 shows the data relating to the sales of fresh packed curd in Punjab by MILKFED from 2009-2010 to 2014-2015. The sales trend goes upward direction. It reveals that the total sales increased from 6246MT in 2009-10 to 12504 MT in 2013-14 and registering a compound annual growth rate of 15.68% and mean value was 9260.33 over the study period. The higher value of sales was 12620 MT in 2013-14 which indicated impressive as compared to other years of the study period. But Milkfed sales go down during 2014-2015

TABLE 5: SALES OF FRESH PACKED LASSI IN PUNJAB

Years	Packed Lassi (Qty in Million ton)	Trends
2009-2010	5493	100
2010-2011	8579	156.18
2011-2012	9619	175.11
2012-2013	14256	259.53
2013-2014	17906	325.97
2014-2015	15357	279.57
AVERAGE	11170.6	
CAGR	24.75%	

(Source: Calculated from annual reports of MILKFED of Punjab for the period 2009-2010 to 2014-15)

The table 5 shows the data relating to the sales of fresh packed lassi of Punjab from 2009-2014. It reveals that the total sales increased from 5493MT in 2009-10 to 17906 MT in 2013-14 but sales go down in year 2014-2015 and registering a compound annual growth rate of 24.75% and mean value was 11170.6 over the study period. The higher value of sales was 17906 MT in 2013-14 which indicated impressive as compared to other years of the study period.

TABLE 6: NET PROFIT OF PUNJAB MILKFED AND ITS AFFILIATED MEMBER MILK UNION

Years	Net profit (Rs. In Lacs)	Trends
2009-2010	2163.4	100
2010-2011	2380.94	110.05
2011-2012	2695.62	124.6
2012-2013	1596.9	73.81
2013-2014	2345.56	108.42
2014-2015	1277.00	59.02
AVERAGE	2236.48	
CAGR	-8.7486%	

(Source: Calculated from annual reports of MILKFED of Punjab for the period 2009-2010 to 2014-15)

The table 6 shows the data relating to the Net profit of Punjab MILKFED and its affiliated member milk union together and has earned net profit of Rs. 1277 lac during 2014-15 which was Rs. 2345.56 lacs during 2013-14. Overall Net profit of Punjab MILKFED and its affiliated member milk union together were going downward direction in year 2014-15. The figures in the table indicate that the MILKFED and milk union had generated profits during the years 2009-10 to 2014-15. Milkfed earned the net profit of Rs.633.64 during year 2013-2014. Compound annual growth rate of Net profit was -8.7486% and mean value was 2236.48 over the study period.

VI. SUGGESTION

1. MILK FED should establish more research and quality control laboratories.
2. MILKFED should Make necessary arrangements for transport of milk, milk products.
3. MILKFED should improve the financial viability of Milk Unions.
4. MILKFED should introduce innovation in the product development and to market the products effectively thereby increasing the profit margins.

VII. CONCLUSION

This study examines the sales of Punjab State Corporative milk Producers Federation Limited (MILKFED).. This study analyses the trends in sale of MILKFED. According to this study r the MILKFED has higher net profits during the year 2011-12 in the comparison of 2012-13, 2013-14 and 2014-2015. MILKFED was achieved impressive sale growth of 8.62% during the year 2014-15 in comparison to previous year and registering CAGR of 13.30% over last six year.

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MANUFACTURING SECTOR: AN MISSED OPPORTUNITY & WAY AHEAD

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ABSTRACT

This paper is an attempt to trace the structural changes that have taken place in the Indian economy since independence and to bring focus on the fact that developmental strategy adopted by India is not in line with India's comparative advantage of cheap unskilled labour. Paper also traces the developmental path taken by the East Asian miracle economies that had used their comparative advantage of cheap labour to develop their labour intensive manufacturing sector and the reasons due to which India had missed the manufacturing sector led growth during same time period. The developmental strategy adopted by India is limited in scope as it is beneficial to only a small fraction of India's population that is educated middle classes and does not benefit the vast unskilled labor force of India. This paper analyses the limitations of two flagship schemes of the government which are (1) 'MAKE IN INDIA' and (2) 'SKILL INDIA' in their capability to develop manufacturing sector in India and also advocates for policy change so that India's comparative advantage could be aligned with 'Make in India' initiative.

KEYWORDS

East Asian miracle, make in india, skill india.

INTRODUCTION

Many East Asian countries saw a rapid manufacturing led growth between 1960 to 1990 which culminated finally in 1997 due to East Asian crisis. This phase of rapid growth was first seen in Japan in 1960's followed by four tigers (South Korea, Taiwan, Hong Kong and Singapore) and then by the three cubs (Indonesia, Malaysia and Thailand) and finally seen in China and Vietnam. This phase of rapid economic growth of East Asian countries characterised by export led labour intensive manufacturing is known as Asian miracle. Japan in 1960's saw an average growth rate of 10.4% which abruptly ended in early 1970's. Similarly, the four tiger economies saw an average growth rate above 9% between 1960 to 1980, however for South Korea this growth spurt lasted till early 1990's. For the three cubs the growth spurt lasted between 1960's till 1997 when they were hit by East Asian currency crisis, however the average growth experienced by the three cubs during this growth spurt was around 7.6% which was significantly lower the growth rate of Japan and four tiger economies. The growth spurt in China started in 1979 when it opened up its economy, between 1979 and 2013 China experienced a growth rate of 9.9%. But India missed out from this Asian miracle growth story.

The growth spurt experienced by these countries was for varied duration but was initiated and sustained by export led low skilled labour intensive manufacturing, however the ultimate destination for this labour intensive manufacturing was China which opened up its economy in late 1970's. Though the initial growth spurt in all these economies was provided by unskilled/low skilled labour intensive manufacturing but as wage cost increased these countries shifted to low and medium technology manufacturing while the unskilled labour intensive industries shifted away to China which continued as to be their hub till recently due to its vast labour supply. But now the wage cost has started to rise in China's coastal provinces so China is now trying to shift these industries to less develop Chinese hinterland.

OBJECTIVES OF THE STUDY

1. This paper analyses the reasons due to which India missed out the phase of rapid labour intensive manufacturing led growth which was experienced by other east Asian countries.
2. Paper also draws into focus the fact that developmental pathway taken by India has not been in line with the comparative advantage of Indian economy.

RESEARCH METHODOLOGY

This a descriptive and analytical study based on secondary data, data has taken from Central Statistical Organisation, Planning Commission, Economic Survey and another studies.

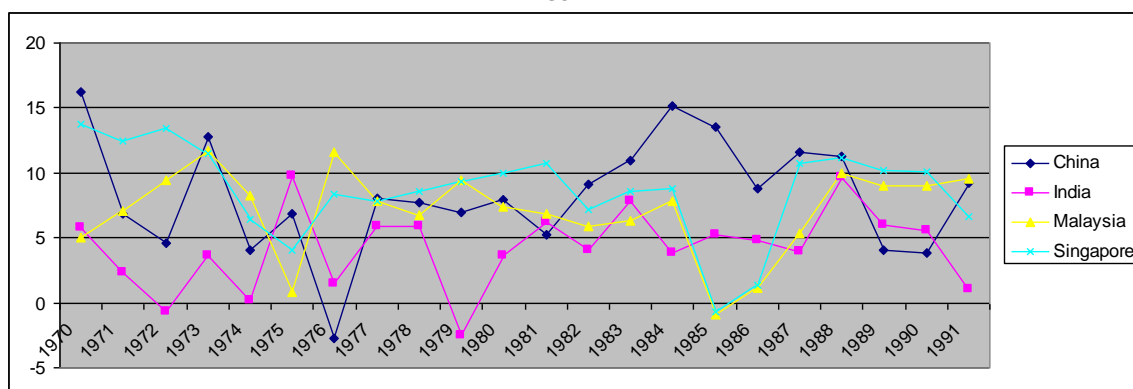
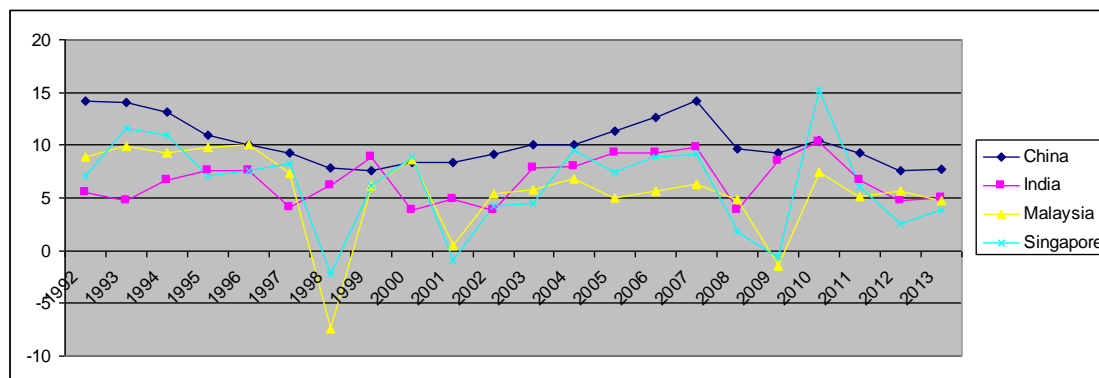
ANALYSIS**LINE GRAPH OF GDP GROWTH RATE OF CHINA, INDIA, MALAYSIA AND SINGAPORE (PLANNING COMMISSION)****FIGURE 1 A**

FIGURE 1 B



On the other hand, India could not witness anything similar to Asian miracle as experienced by east Asian countries. Its reason can be traced to the developmental path taken by India since independence. The strategic objective of India's visionary leaders like Nehru was to make Indian economy a self reliant economy which was independent of international capitalist block countries. India was virtually a closed economy for first four decades of independence and we adopted import substitution strategy due to which we have to diversify our production into almost every thing from consumer goods to space and atomic energy irrespective of our competitive advantages in some sectors and weaknesses in other sectors. This led to a situation in which we entered into areas in which we did not possess competitive advantage which led to loss of efficiency for the entire industry (Vijay Kelkar, 1999). Though some half hearted measures were taken by government in mid 1950's and in mid 1980's to open up India's economy but they were ad hoc in nature and were limited in scope. Due to these reasons India could not match the growth rate of east Asian countries it was only in between 2000- 2015 when India grew at an average rate of 7.2% which was similar to growth rate attained by the Malaysia, Indonesia and Thailand but the reasons for India's growth during this time were different from those of East Asian economies.

India was closed economy until 1991 as it followed an inward looking developmental strategy, India did not consider itself competitive enough in world market, so it did not encourage its exports even in areas in which it was competitive like textile etc. Rather India went for import substitution as it was deeply influenced by Soviet Union model of development and had strong anti colonial bias. India diversified its industrial production and focused very little on areas of its competitive advantage. There were some half hearted measures taken in mid 1960's for export promotions and rupee was devalued in 1966 by 57 %. Another attempt in mid 1980's was made to slowly and gradually to open up India's economy but this attempt was also limited and ad-hoc in nature and was nothing as compared to comprehensive reforms undertaken by China in 1978 to open up its economy. Though these reforms undertaken by India were inadequate but still enabled India to move away from Hindu rate of growth (2-3%) to Sardar rate of growth (5-6%). However, a real paradigm shift took place in 1991 when India was forced to open up its economy due to conditions imposed by IMF and WORLD BANK, but India did not grow at a phenomenal rate like the Asian tigers even after it had opened up its economy and had vast supply of cheap labour force. The reason for this was that by the time India's policy shift took place in 1991 the competition in world market for labour intensive manufacturing had already intensified and India was way behind east Asian countries specially China. (Guha and Ray 2004). On the contrary lack of government support and import liberalization have adversely affected India's manufacturing sector, whereas in many other countries like Japan, South Korea and China government actually helps in development of manufacturing sector whereas in India government has withdrawn from such roles post 1991 (Sudhip Chaudhuri, 2015). These were the primary reasons due to which India could not be a part of Asian miracle fuelled by labour intensive manufacturing.

However, despite missing on the export led labour intensive manufacturing growth due to the developmental path taken by India, this very socialist pattern of development enabled growth of number of government funded universities and colleges this led to accumulation of skilled labour force pool in India, which enabled India to venture into skill intensive manufacturing and service sector especially post 1991.

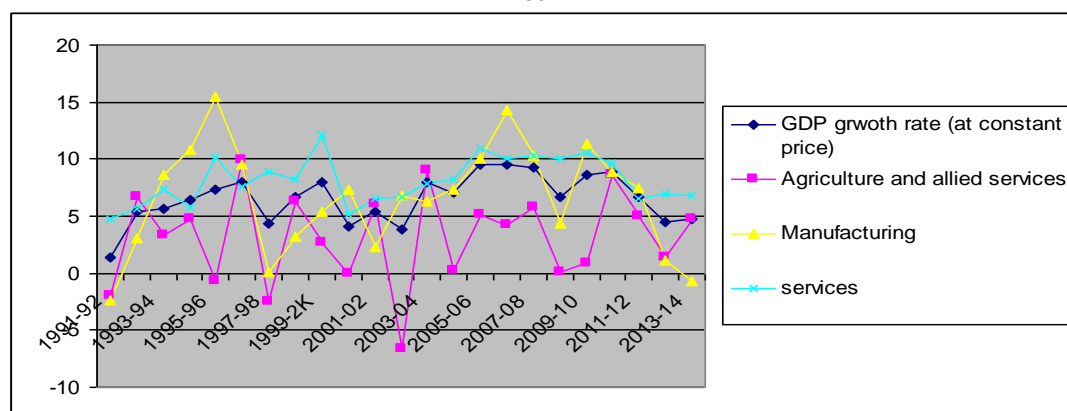
The UPA-2 government launched the much ambitious National Manufacturing Policy in November 2011 which envisaged to increase the share of manufacturing to 25% of GDP within a decade which had been stagnant around 15% since 1980's, while it has been much higher in the East Asian countries. It also seeks to generate 100 million jobs in manufacturing sector and to impart skills to rural youth. (Press Note No 2, 2011 series, Government of India, Ministry of Commerce and Industry, Department of Industrial Policy and Promotion) An even more ambitious scheme which is continuation of National Manufacturing Policy that is MAKE IN INDIA and SKILL INDIA has been launched by the NDA government in 2014.

Now we will analyse if this developmental strategy adopted by the Indian government is in line with the needs and the comparative advantage of Indian economy. Manufacturing can be of two types 1) Registered (workers in factory having more than 10 workers) and 2) Unregistered, for purpose of this paper we will only take into account only registered manufacturing as it is registered manufacturing which has the potential for structural transformation and has greater value addition per worker.

India has a vast supply of cheap unskilled labour so the growth strategy adopted by it should be such that it should promote low skilled manufacturing activity, similar to what happened in case of east Asian countries. However, this was not the case in India as with the opening of economy in 1991 we took a path of service sector led growth.

LINE GRAPH SHOWING RATE OF GROWTH OF THREE SUB SECTORS AND AVERAGE GROWTH RATE OF GDP (PLANNING COMMISSION)

FIGURE 2



The above line graph clearly shows that India's growth was service led growth.

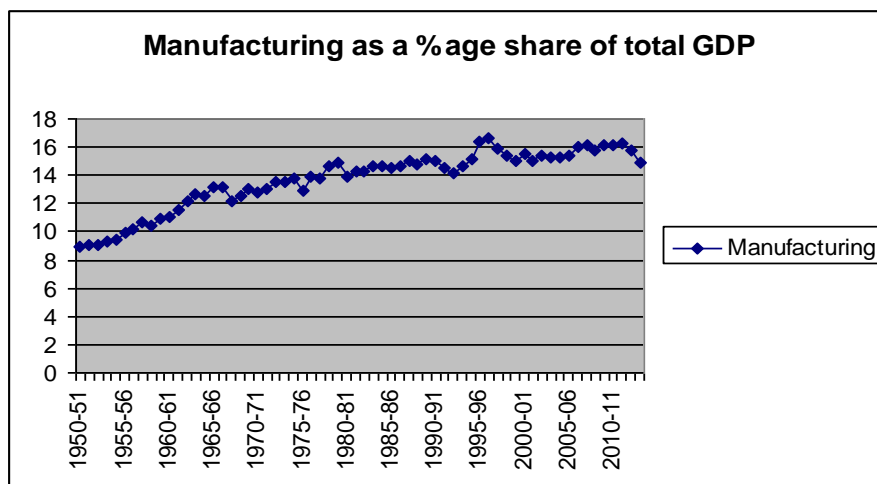
The service sector and manufacturing activity taken in India were skill intensive (except for construction sector activity) which was not in line with India's comparative advantage. The table below clearly shows that both manufacturing and service sector in India are skill intensive on other hand a large part of our population is un-skilled.

TABLE 1

SECTOR/SUB SECTOR	Share of employment with at least primary education %	Share of employees with at least secondary education %
Registered manufacturing(Workers in factories with>10 workers)	76	43.2
All Services	77.8	47.8
Construction	51.8	14.4

However, there should be an alignment between the rapidly expanding sector of the economy and the skill availability within the country. Both the registered manufacturing and service sector are skill intensive and not aligned with the needs of employment of large unskilled labour force present in India. Both National Manufacturing Policy and Make in India are very ambitious projects. These projects have been launch at a time when wage cost is rising in china and investors are looking for alternate manufacturing hubs.

FIGURE 3



Source: Planning Commission

However, India's track record in manufacturing has not been very bright. Registered manufacturing is rather on a decline in India and it has never reached more than 12% of India's GDP, Gujarat has been only state in which registered manufacturing has crossed 20% of state GDP. An even more bad parts is that Maharashtra peaked in its share of registered manufacturing in 1980's and for Tamil Nadu and Andhra Pradesh it was in 1990's. China has been trying to reallocate its labour intensive manufacturing to its interior parts where labour cost is still low this will act as a development boost to china's backward regions and hence inequality will decrease in China where as in India's case backward states which had never effectively industrialized are de industrializing and manufacturing is declining there, so in India's case inequality is effectively increasing as opposed to china where it is likely to decrease (economic survey vol1). No country has been able to reverse this kind of de industrialization before.

South Korea peaked in its manufacturing share at 30% of GDP and for Brazil it was 31%, however India is effectively de industrialising even before reaching half of those levels. In India manufacturing had never constituted more than 17% of GDP while registered manufacturing has never been more than 12%.

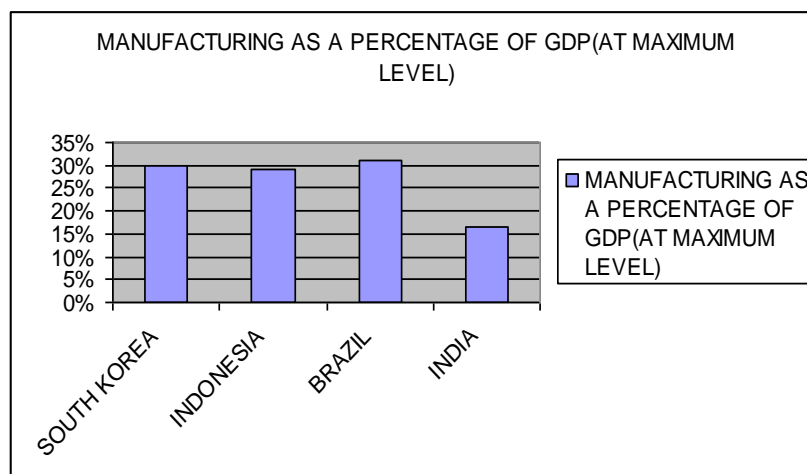
A BAR GRAPH SHOWING MAXIMUM GDP PERCENTAGE OF MANUFACTURING OF DIFFERENT COUNTRIES (South Korea, Indonesia, Brazil, East Asian economies)

TABLE 2

COUNTRY	MANUFACTURING AS A PERCENTAGE OF GDP(MAXIMUM)
SOUTH KOREA	30%
INDONESIA	29%
BRAZIL	31%
INDIA	16.6%

Source: Economic Survey Vol. 1 2014-15

FIGURE.4



India is inappropriately specialised in skilled intensive manufacturing and service sector which are different from India's natural comparative advantage. (Amirapu and Subramanian, 2015).

These are some of the major challenges for Make in India programme which needs to be tackled. Skill India is a step in right direction which is complimentary to Make in India, but training such a vast labour force as in India is an uphill task. What can also be done is that labour intensive industries should also be encouraged as they are now moving out of China and India is an attractive destination as surplus labour force is available from agriculture. These complementary steps will surely take India's growth trajectory much ahead of East Asian Economies however 'Make in India' needs to be aligned with natural comparative advantages of Indian economy than only Make in India can prove to be India's Asian miracle.

CONCLUSION

The study concludes that the developmental strategy adopted by India is limited in scope as it is beneficial to only a small fraction of India's population that is educated middle classes and does not benefit the vast unskilled labor force of India.

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ROLE OF FISCAL POLICY IN ECONOMIC DEVELOPMENT

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ABSTRACT

Indian economy is witnessing rapid economic growth. With downsizing government activities in the aftermath of new economic policy private intervention in the economic activities enhanced. Fiscal policy plays an important role in the economic development, but due to increased imbalance between revenue and expenditure with reckless spending, enhanced non-developmental expenditure deficit curbing growth. There is a clear message that government expenditures will be beneficial only if the revenue accumulated through tax or disinvestment process should be directed towards infrastructure investment, then only cost recovery and productivity gains can be possible.

KEYWORDS

fiscal policy, economic development, economic growth, public expenditure.

INTRODUCTION

Indian economy is witnessing a transformational progress with its Gross Domestic Product growing at an average rate of 7 to 8 percent per year (2004-2008) except during the period of economic recession. Economic recession adverse impact on Indian economy ended with inflationary situation for successive years (two to three). The growth during this period was mainly driven largely due to the contribution from service and industrial sectors. But the question ahead is whether the present growth is able to sustain for a long run? Or the economy is impressing aggressive economic growth. This question arises when we look at the economic capability and its stability. Macro-Economic stability is necessary for sustainable Development. To achieve economic growth and economic stability two policies such as Monetary and Fiscal Policies would be significantly effective techniques of economic policy in a developing economy. Fiscal policy mainly aims at rapid economic Growth, through its expansionary nature. Sound Monetary and Fiscal policies create a hospitable climate for private investment (which lacks in developing countries) and thus promote growth. A prudent fiscal policy is the foundation for a stable macro economy.

RESEARCH METHODOLOGY

The article covers the time period 1991 to 2010. The relevant data of public finance, obtained from Monetary Statistics and Handbook of Statistics on Indian Economy, RBI. The time period was considered, mainly the period from 1991 to 2004 the pre-FRBM period, and the period from 2004 to 2010 post-FRBM period. In the analysis AAGR of fiscal variables has been used.

STATEMENT OF THE PROBLEM

Indian economy is today at important threshold with the severe crises it is undergoing in the fiscal and trade sectors. Our resources are inadequate to meet the many-dimensional challenges of economic planning. As already mentioned above; the key threat to sustainable economic growth and to economic security is the substantial decline in investment/capital expenditures made by the government with rising fiscal deterioration. So, in this context it is necessary to examine the changing trend in the central fiscal variables (revenue, expenditure, debt).

OBJECTIVES

In order to understand the current fiscal Predicament of the central government it is necessary to examine the pattern of central Government expenditure and revenues over At least the last 20 years. This study mainly focusses on the following objectives:

1. To analyze the growth pattern of central government revenue and expenditure
2. To examine the impact of FRBM act on the revenue and expenditure pattern

THEORETICAL BACKGROUND

Classical economists emphasized the role of money in achieving price stability where as Keynes strongly advocated fiscal action to revive depressed economies of the 1930s. The confidence on monetary action was again revived in recent years with cyclical inflationary conditions. But the recent economic slowdown was mainly due to US sub-prime crisis once again reminds the role of Governments in maintaining economic stability during economic imbalance. The effectiveness of above two policy instruments is interrelated. Though the social welfare is a prime objective of the two policies, Fiscal policy mainly concentrates on the growth rate of output, & monetary policy concentrates of economic stability. So in order to make balance between two objectives a proper coordination between Monetary as well as fiscal policy is the need of the hour. As Macro imbalances are inter-related, inter sectoral linkage and Inter policies are linked each other in the developmental process. Internal as well as external factors are contributing for structural Fiscal imbalance; mainly fiscal deficit and Trade deficit are interrelated through Current account deficit. Which is a common trend, can be traceable in Indian economy since 1980s. With respect to the nature of fiscal deficit, a close analysis shows that it is not only cyclical in nature but also structural. In the earlier day's fiscal imbalance is cyclical in nature but due to continued Government expenditure (revenue expenditure) faster than its revenue (revenue receipts) and the steady accumulation of public debt, transferred it into a structural one. The successive Governments with dual intention followed expansionary fiscal policy to stimulate demand. First, for political reasons (vote bank politics), mainly after 1990s when India witnessed political instability with higher frequency of general elections with coalition government structure (communist-regional parties, dominance) in 1991,1996,1998,1999,2004,2009 elections(srinivasan). Second, to stimulate economy to come out from economic slowdown through stimulus packages. Political motivation of successive democratic governments is the main reason behind this structural nature of the fiscal imbalance with cyclical capital mixed economy.

REVIEW OF LITERATURE

A Study by **Ajit Karnik (2002)** titled 'Fiscal Policy and Growth' Explain the importance of fiscal policy in reviving economic growth. Examining the impact of fiscal policy instruments on growth, author opines that there is need to restructure the composition of expenditure in order to make it productive (capital outlay) from the point of economic development. As the availability of public revenue has limited space the only hope is disinvestment policy.

Subra Ramamurthy (2010) tries to examine the reason behind budget deficit (revenue expenditure gap) and also looks at the reason to consider deficit seriously from the point of economic stability. Examining the corrective measures undertaken by the Indian as well as USA, EU governments to sustainable level from the crisis, opine that though there is no appropriate level of budget deficit to GDP, higher level of deficit may have an adverse impact on the fiscal health of the government.

According to Mr. Narasimham; Fiscal Policy shouldn't be narrowly interpreted to mean merely levels of Tax Incidence. It should really address itself to meeting the overall resources requirements of the economy, both in public and private sectors, and aim at removing inefficiencies wherever they exist, so that all sectors of the economy can make a fair contribution to economic progress and, equally importantly, to government revenues. In general, Fiscal policy is all about government expenditure, its composition and its financing or transfer of resources.

India adopted the path of planning to accelerate the process of economic development, to achieve an optimum allocation of resources from point of view of the society's welfare. The initial period of planning was based on trickle down paradigm" (second five-year plan). There was a gradual decrease in the trickle down optimism, after 1970, due to the emergence of several economic problems like poverty, unemployment, galloping inflation, and income inequality and wealth distribution. Consequently, the goals of planning changed and diverted towards solving the emerging problems. Totally, the emphasis was shifted from "quantitative" (investment on core industries) dimension to "qualitative" (poverty, nutrition) dimension of growth. The successive governments came with various welfare programmes. In the coming years Indian economy started facing huge fiscal, monetary & trade deficits simultaneously, as the welfare concept developed over the years. The management of "Aggregate demand and Aggregate supply policies become more important for solving the chronic problems faced by the Indian economy.

In spite of theoretical differences regarding the effectiveness of the policies, one point is common in the development literature from classicalists to Neo-classicalists that development, that is structural transformation of the system, depends on Investment. As already mentioned above, the key threat to sustainable economic growth and to economic Security is the substantial decline in development oriented investment expenditures made by the government. The main source of investment is savings. But the investment climates as well as saving rate are in deprived condition in our country since the beginning of planning era which has been the main reason for Fiscal imbalances. Besides the massive investment in the public sector during the successive plans, import of huge technologies to promote growth of basic domestic industries, huge public investment in the creation of infrastructural facilities, public policies in the form of price support, procurement, subsidies and concessional credit, rural debt relief scheme all these necessarily as well as unnecessarily created a burden on the fiscal structure of the developing economy. The decade of 1980s could be called as the decade of fiscal deterioration, which leads to external crisis through widening of current account deficit in 1991. Government's ability to make further invest has been declining continuously since the late 1980s because of its deteriorating fiscal situation putting burden and it also started eating the generated resources. This raised the question of sustainability in growth. Government of India for the first time created long-term fiscal policy with specific targets to achieve fiscal balance.

Indian economy is today at important threshold with the severe crises it is undergoing in the fiscal and trade sectors. Our resources are inadequate to meet the many-dimensional challenges of economic planning. As already mentioned above; the key threat to sustainable economic growth and to economic security is the substantial decline in investment/capital expenditures made by the government with rising fiscal deterioration.

TABLE 1

Growth of combined deficits of the centre and states (%) of GDP						AAGR (% change)			Saving & Capital % of GDP				GDGF AAGR (% change)			GDS AAGR (% change)		
Year	Gross fiscal deficit (GFD)	Gross primary deficit (GPD)	Revenue deficit (RD)	GDP/ GFD	RD/ GFD	% of Primary Deficit	% of RD	% of FD	GDS % of GDP	GDGF % of GDP	S-K GAP	PublicSector /GDS	public sector %	private sector %	household sector %	Public sector %	Corporate Sector%	House hold Sector %
1991-92	7.00	2.27	3.35	32.41	47.79	-7.3	-8.11	-14.29	22.8	26.0	-3.2	-814.50	-9.10	-58.5	24.94	-71.92	-33.90	1.23
1992-93	6.96	2.12	3.15	30.41	45.20	-75.31	-54.21	-35.39	21.5	22.1	-0.5	-4277.94	-10.44	-29.65	-39.99	5.15	1.65	-19.15
1993-94	8.19	3.23	4.22	39.38	51.48	30.9	-1.80	-0.97	21.2	23.1	-1.8	-1255.78	-10.78	-1.10	5.44	35.77	-49.57	-21.26
1994-95	7.05	1.90	3.66	26.96	51.91	3.7	-2.01	-8.42	21.9	22.5	-0.6	-4064.37	-24.83	-43.64	-24.20	-122.27	-18.06	-26.25
1995-96	6.52	1.56	3.18	23.94	48.84	7.8	-28.57	-12.33	24.4	25.5	-1.2	-2180.74	-3.14	-62.73	-40.02	-31.70	-67.76	-6.48
1996-97	6.33	1.24	3.54	19.66	55.90	-89.24	-28.74	-26.93	24.4	26.2	-1.7	-1500.39	-5.53	1.14	16.77	3.07	-5.17	-9.93
1997-98	7.25	2.13	4.11	29.32	56.69	-96.9	-76.19	-41.82	22.7	24.0	-1.3	-1864.96	-4.53	-9.92	-54.49	8.22	-5.72	-22.33
1998-99	8.97	3.65	6.32	40.72	70.43	-16.3	-9.74	-17.68	23.8	25.3	-1.5	1729.93	-13.93	7.81	-21.94	132.33	-4.69	-21.99
1999-00	9.47	3.81	6.22	40.24	65.68	-0.89	-14.34	-8.13	22.3	23.3	-1.0	-2222.57	-17.71	-15.59	-37.81	-74.70	-26.69	-25.10
2000-01	9.51	3.57	6.60	37.55	69.45	-12.0	-14.80	-13.30	24.8	25.9	-1.1	-2302.36	-0.02	24.02	-16.38	-138.04	7.08	-10.26
2001-02	9.94	3.69	6.99	37.12	70.38	9.7	-2.28	-3.78	23.7	24.3	-0.6	-4012.45	-8.23	-13.41	-7.12	-25.23	5.13	-10.84
2002-03	9.57	3.09	6.64	32.31	69.36	25.02	2.20	0.21	23.5	22.8	0.6	3659.12	4.56	-17.66	-20.76	65.50	-29.01	-11.72
2003-04	8.51	2.07	5.79	24.28	67.98	25.5	28.01	-0.09	26.3	25.2	1.2	2169.61	-16.85	-29.42	-13.17	285.25	-28.10	-17.90
2004-05	7.24	1.31	3.54	18.07	48.89	16.10	13.46	-2.06	29.8	27.6	2.2	1237.49	-37.81	-77.87	-24.21	-152.36	-67.21	-15.00
2005-06	6.49	0.96	2.69	14.85	41.46	101.12	44.25	3.81	32.2	32.7	-0.5	-6540.0	-21.93	-49.51	1.12	-19.40	-30.42	-13.81
2006-07	5.37	-0.01	1.29	-0.17	24.03	-131.4	82.61	11.50	33.5	34.7	-1.2	-2891.67	-21.55	-24.67	-18.45	-55.05	-23.50	-14.46
2007-08	4.09	-1.12	0.19	-27.38	4.72	439.44	-2402.2	-131.86	34.6	35.7	-1.1	-3245.45	-23.94	-38.29	-5.40	-80.50	-36.94	-12.56
2008-09	8.47	3.39	4.31	40.08	50.94	-58.75	-55.99	-32.19	36.9	38.1	-1.2	-3175.0	-19.76	25.71	-35.88	88.38	6.47	-18.86
2009-10	9.54	4.59	5.74	48.13	60.11	30.28	19.92	7.75	32.2	34.5	-2.3	1.61	-13.68	-34.85	-4.60	-383.62	-21.22	-15.40
2010-11	7.32	2.66	3.82	36.37	52.18				33.7	36.5	-2.8	6.34						

Source: Calculated from RBI handbook of statistics on Indian economy

NOTE: AAGR indicate yearly increase or decrease & positive sign indicate percent of increase compared to previous year, negative sign indicate percent of decrease compared to previous year.

In spite of theoretical differences regarding the effectiveness of the policies, one point is common in the development literature from classicalists to Neo-classicalists is a structural transformation of a system mainly depends on Investment. The main source of investment is saving. In India the rate of investment is dismal compared to saving; saving-led growth has been the main feature of the economy. Table 1 show the overall increase in the savings rate (% of GDP) in reform period from 21.5% of GDP in 1991-92 to 33.7 % of GDP in 2009-10 along with gross capital formation which also increased from 26% in 1991-92 to 36.5 in 2010-11. The last 6 years, 2002/3-2007/8, have witnessed a remarkable transformation in the level and composition of aggregate savings and investment in the economy. The more optimistic trend can be seen from 2005-06, from which both saving and investment even crossed 30 per cent. As per cent of GDP at current market prices private sector saving is 24 percent compared to public sector which constitute 7.8 percent during the year 2010-11. Though the saving investment gap has been larger in the year 1990-91, it gradually reduced in late 1990s, but from 2002 to 2005 it turned positive, means investment rate was lower than saving rate, so that saving investment gap turned surplus during that period. After that the gap exceeded even more than 2 per cent during last two years mainly because of decrease in the saving rate in Household sector (after a long gap of eight years) due to severe inflation. The structure of gross domestic saving gives the real picture. Its structure has been changed significantly over a period of time. The annual rate of growth has been volatile in all the three sectors, mainly in the public sector. Public sector saving raised at slower rate, but it even turned negative from 1998-99 to 2003-04, means its contribution to total saving has been nil. After that it increased (Post-FRBM) but not even exceeded 10% of total saving (except few years). The structure of Gross Domestic Capital Formation also changed significantly over a period of time. The annual rate of growth has been volatile in all the three sectors, mainly in the public sector. Capital formation in private corporate sector (24 % in 2011) showing an optimistic growth, which would be the main engine of growth with downsizing of government activities. AAGR of capital formation shows annual increase in capital. One thing to be noticed that both the sectors have a positive trend (yearly increase) mainly after 2003-04 compared to previous years, (1990s figure) except in the year 2008-09 due to economic recession which ruined private investors confidence. This huge variation is mainly because of steep variation in public and corporate private sectors contribution to domestic saving. The yearly growth of capital formation raised one percent, four percent, seventy percent like these huge variations reveals the unstable nature of the growth pattern. This structural imbalance due to various wrong economic policies adopted during the planning periods has been the main cause for fiscal deterioration.

The above table also reveals the nature of deficits. Whenever the government spends more than its revenue because of saving-investment gap, it ends with deficit finance. In 1991-92 Gross Fiscal deficit to Gross Domestic Product ratio was 7%, which was coexisted with 2.27% of Gross Primary Deficit to Gross Domestic Product

share and 3.35 % of Revenue Deficit to Gross Domestic Product. Over the years the deficits showed an increasing trend, in 1991-92 it was 7 percent, later it increased up to 8 to 9 percent of GDP. After the enactment of FRBM act fiscal deficit gradually reduced to 6.49 percent in 2003-04 and to 4.09 percent in 2007-08. There after again it marks a reversal of fiscal consolidation happened over the last 6 years (2002-03 to 2007-08), primary deficit also revenue deficit are the main culprit behind this deficit. "Between "2002-03 to 2007-08 all the deficits declining, can be a period of fiscal consolidation. When primary deficit turned negative, revenue deficit nearer to zero, fiscal deficit showed a lowest rate of 4.09% to GDP, compared to previous years, which can be noticed in AAGR of Gross fiscal deficit. Whereas Gross primary deficit (GFD-Interest payment) and revenue deficits also showing the same increasing trend, but from 2002-03 moving in a decreasing trend, mainly the Primary Deficit turned negative for two years from 2006-07 to 2007-08, in recent years again it started rising. The main component of revenue expenditure is interest payment. It means government is spending, means borrowing more money to finance its debt services and also to finance current ongoing unproductive expenditure. The ratio of revenue deficit to fiscal deficit rose from 32 percent to 48 percent. Noticeable points are the deficits reduced when the rate of saving and investment raised above thirty percent from 2005-06, and with the decrease of saving and investment the total deficit rate raised again after 2009. (Combined effect of inflation & economic recession). It is like "vicious circle"- the total sectoral dissaving and widening saving-investment gap make market borrowing inevitable and then it ends with fiscal deterioration. (Inter linked).

TABLE 2

YEAR	Combined share in GDP& Total expenditure & AAGR					Central share in total expenditure & AAGR					State AAGR	
	development %GDP	Non development %GDP	Development % Total expenditure	% development	Non development	Development	Non development	AAGR of Development expenditure	AAGR of development expenditure	Non	Development expenditure	Non development expenditure
1991-92	-69.6	-24.8	51.81	-8.07	-14.49	51.81	48.19	-10.40	-9.81	-8.02	-8.0160348	
1992-93	-69.1	-25.1	51.94	-8.67	-20.90	51.94	48.06	-10.67	-21.46	-10.21	-10.207653	
1993-94	-67.5	-26.9	49.62	-15.73	-18.61	49.62	50.38	-14.27	-11.98	-15.58	-15.584913	
1994-95	-66.3	-28.3	50.12	-13.23	-13.23	50.12	49.88	-1.96	-19.70	-10.00	-9.9961999	
1995-96	-64.5	-30.8	46.12	-11.81	-14.67	46.12	53.88	-11.57	-13.77	-14.59	-14.594111	
1996-97	-64.6	-31.2	45.63	-8.58	-15.27	45.63	54.37	-17.83	-13.90	-9.97	-9.9742585	
1997-98	-64.9	-30.8	46.48	-20.63	-20.63	46.48	53.52	-23.66	-17.59	-13.31	-13.308872	
1998-99	-63.5	-31.6	47.73	-14.51	-19.14	47.73	52.27	5.91	-18.38	-13.86	-13.858561	
1999-00	-61.7	-32.6	42.06	-12.17	-7.95	42.06	57.94	-7.92	-10.98	-12.06	-12.057317	
2000-01	-59.6	-35.2	41.38	-10.73	-10.73	41.38	58.62	-14.33	-9.11	-2.63	-2.633447	
2001-02	-60.5	-34.2	42.52	-7.99	-10.45	42.52	57.48	-15.58	-12.67	-5.08	-5.0751826	
2002-03	-57.3	-36.8	43.14	-16.41	-9.49	43.14	56.86	-6.10	-0.23	-23.02	-23.015884	
2003-04	-54.1	-36.5	44.54	-11.93	-11.93	44.54	55.46	-9.99	-8.06	-4.99	-4.9936228	
2004-05	-53.1	-32.4	44.98	-16.25	-6.58	44.98	55.02	-6.56	-10.56	-15.21	-15.209461	
2005-06	-51.8	-33.33	44.07	-15.41	-25.61	44.07	55.93	-11.64	-17.41	-18.82	-18.822036	
2006-07	-58.8	-33.8	42.83	-6.62	-6.62	42.83	57.17	-27.36	-17.42	-18.44	-18.435352	
2007-08	-59.7	-32.2	44.83	-32.87	-8.07	44.83	55.17	-44.75	-6.84	-22.10	-22.095241	
2008-09	-61.7	-31	52.40	-17.99	-22.53	52.40	47.60	-12.06	-20.08	-21.06	-21.064001	
2009-10	-64.3	-28.9	50.92			50.68	49.32	-26.51	-10.47			

Source: Calculated from RBI handbook of statistics on Indian economy

Fiscal deficit increased due to rapid rise in the revenue deficit. Revenue deficit means government is borrowing money to finance current expenditure, to meet day to day expenditures, which are more often unproductive and inflexible in nature. Capital deficit means government is borrowing to make investment towards developmental activities, which are productive in nature, leads to further development in future. The expenditure pattern of the Government shows that, revenue expenditure widening over revenue receipt in successive years, whereas capital revenue has been higher than capital expenditure. FRBM targets are reached by compressing capital expenditure. In order to clearly understand the nature of Fiscal deficit it is necessary to examine the volume and pattern of Government expenditure and revenues made by the central and state Governments over the period of years. Fiscal policy is all about government expenditure, its composition and its financing. Fiscal policy influences aggregate demand for goods and services in an economy in several ways. $AD = C + I + G + (X - M)$ There are three main components of fiscal policy; they are taxation, public expenditure, public debt. All the three are examined.

Government expenditure is nothing but expenditure made by the government in order to undertake social and economic activities for overall development of the country, which is the prime duty of the welfare oriented Governments. Public expenditure used as a tool to accelerate economic growth. All Such activities require huge public expenditure. Government expenditure is broadly classified into two parts: Revenue expenditure and Capital expenditure. It can be classified as below (**Table 2**) - Combined Developmental and Non-Developmental Expenditure. When we look at the expenditure scenario in the below table, one can notice a sharp rise in the share of non-developmental expenditure as a percent of total expenditure (subsidies, interest rate, salaries, transfer payments etc) compared to developmental expenditure (centrally-sponsored programmes, economic, social services and flagship schemes).

TABLE 3

combined revenue expenditure of centre and states					Non developmental expenditure developmental expenditure										capital expenditure of centre & states	
YEAR	interest payments	pension	social & community services	Education	health	Labour & UE	social security	urban development	economic services	Agriculture & allied	power & irrigation	transport & coms	Public works	economic services	agriculture	
1990-91	38.85	8.05	50.58	29.24	10.42	1.27	2.50	1.26	7.41	19.21	46.96	4.58	1.57	4.43	4.05	
1995-96	41.28	8.52	53.66	30.60	10.85	1.20	3.33	1.29	20.18	20.07	8.38	4.67	1.51	-0.63	4.26	
1996-97	43.92	9.38	53.29	29.81	10.55	1.13	3.47	1.42	1.80	18.20	11.12	4.92	1.52	-0.38	3.52	
1997-98	42.50	10.03	55.53	30.86	11.36	1.20	3.47	1.58	1.76	18.41	8.92	5.16	1.60	2.85	5.57	
1998-99	41.80	11.86	56.24	32.12	11.40	1.12	3.22	1.64	1.92	19.28	8.37	4.98	1.38	0.25	7.23	
1999-00	41.81	14.06	56.68	34.03	10.98	1.14	2.52	1.73	15.78	18.51	7.81	5.79	1.52	2.92	7.11	
2000-01	42.95	13.58	54.90	32.08	10.59	1.07	3.40	1.62	1.64	16.12	9.83	8.20	1.58	2.80	9.02	
2001-02	43.98	12.59	54.24	31.56	10.40	0.09	3.24	1.78	9.95	16.61	10.98	8.80	1.54	3.82	10.25	
2002-03	43.88	12.23	52.45	30.76	9.86	0.87	2.90	1.83	1.27	15.51	9.93	8.77	1.29	-0.13	4.04	
2003-04	46.07	11.81	49.55	28.23	9.41	0.84	3.25	1.71	13.58	15.21	13.71	7.45	1.25	0.67	3.64	
2004-05	45.29	13.05	55.74	31.42	10.36	0.94	3.89	2.08	1.93	15.74	7.52	7.54	1.30	2.96	5.57	
2005-06	44.77	13.20	53.85	29.66	10.13	0.91	4.71	1.69	16.63	16.50	7.93	8.79	1.18	4.15	5.68	
2006-07	45.30	13.43	52.11	28.46	8.95	1.10	4.58	2.60	1.96	16.04	8.89	9.28	1.28	7.47	5.88	
2007-08	44.33	13.81	52.74	27.40	9.04	0.87	5.51	3.09	20.81	17.20	7.76	8.73	1.23	27.35	5.10	
2008-09	40.93	13.96	49.52	25.28	7.67	0.76	5.56	3.23	1.79	17.81	6.84	6.95	1.01	5.47	7.61	
2009-10	38.52	15.09	54.12	27.29	8.41	0.80	7.58	3.27	34.90	16.13	5.61	7.49	1.19	7.84	6.04	

Source: Calculated from RBI handbook of statistics on Indian economy

The development expenditure as percent of GDP declined from 69.6% in 1991-92 to 51.8% in 2005-06, but later on there has been slight increasing trend with 64.3 % in 2009-10. Whereas the non-developmental expenditure as a percent of GDP increased continuously from 24.8% in 1991-92 to 36.8 % in 2002-03, but there after showing a slightly decreasing trend with 28.9% in 2009-10.

It means non developmental expenditure such as interest payments, defence expenditure; Transfer payments (subsidies, pensions) show a positive trend. The developmental and non-developmental expenditure may be of revenue or capital in nature; but development oriented expenditure directly and quickly leads to faster and sustainable economic growth. The basic structural imbalance lies in mismatch between revenue receipt and revenue expenditure. The successive Democratic Government's upward moving revenue expenditure and major cutback in capital expenditure to limit the growth of expenditure and lower capital outlay are the main factors behind the expenditure pattern. That is needed to be analysed in FRBM Act limelight. Public expenditure is one of the main concepts in fiscal management. Since from independence, government is spending lump sum amount of money primarily to provide infrastructural base to the economy as well as to finance Government popular programmes. It is using as a means of creating aggregate demand. In an attempt to accelerate the growth rate through heavier investment, the total expenditure outlays were raised over the years through plan as well as non-plan expenditure. The combined revenue component of developmental expenditure recorded higher growth rate compared to capital component over the years. The above **table 3** reveals the pattern of combined revenue as well as capital expenditure. Under the revenue part Interest payments, defence, pension, food security comes under non-developmental expenditure. The share of Interest payments debt servicing (i.e. principal repayment plus interest payment) obligations constitute largest component with 38.85 percent in 1991-92 to 38.52 percent, it also maximised 46.07 in 2003-04, there after it showed a decreasing trend. The Other component like pension, administrative expenses also rising in successive years. For instances successive pay commissions mainly the Fifth as well as sixth Pay Commissions salary revision, various pension schemes and increase in the retirement age of state government employees in many states and salary revision of ministers and administrators (president monthly salary cost to the exchequer), Increase in the off-balance sheet liabilities due to oil, fertiliser, food (2% of GDP) subsidies etc also contributing to deficit. Whereas the developmental expenditure part (revenue) recorded dismal growth compared to non-developmental part. The above table reveals that the social, economical, agricultural, power etc sectoral allocation has been declined and huge variation (less than 2%, 13%) in allotment of funds over the years. The share of labour & unemployment, public works, social security's which are the sub components of social & community services showing dismal growth with less than 7 to 8 % per year allotment. So there has been huge variation in the revenue part itself in developmental and non developmental expenditures. The capital component also recorded lower growth, mainly economic services allocation also turned negative in few years. In total out of total expenditure unproductive expenditure has grown faster than the developmental expenditure. Addition to this imbalance, 2007 mid economic recession had an adverse impact on the economy. In order to stimulate demand in the two preceding years, 2008-09 and 2009-10 Government provided three fiscal stimulus packages of Rs 1.86 lakh crore (3.5% of GDP, which helped the economy to achieve a growth of 8 per cent in 2009-10, against 6.8 per cent in 2008-09.) to overcome from such impact and to boost private business confidence towards investment. The package included Tax cuts, export concessions, social services & rural development etc. The adverse effect of three stimulus packages was a sharp rise in interest rates, crowd out of private investment with rising interest rate, decrease in revenue receipt collection as well as inflationary pressure in the economy. This inflationary pressure further added fuel to fiscal deterioration. Prior to this crisis, the Indian economy had a recorded growth rate of over 9 per cent over a four-year period. With the new entry of UPA government, it introduced nearly eight flagship programmes-NREGS, JNNURM, MIDDAY-MEALS, RAJIVE GANDHI VIDYUTIKARAN YOJANA, NREGA, SANITATION PROGRAMME etc. All these programmes added income in the hands of the poor. They started demanding more & more goods. Due to this mismatch between demand and supply economy faced core inflation, which initially started in the agriculture sector as food inflation later on it wide spread over other sectors. This is because of the much larger responsibility of the central government for macro stabilization as a result of which, its fiscal and revenue deficits increased considerably in 2009-10.

The Government need revenue to run its expenditures to reach its goal of economic welfare. The Government revenue and capital receipts compared to its total expenditure remained unaltered during the same period. The main components of revenue receipts are tax revenue (Direct and Indirect Tax) and non tax revenue. The share of direct tax increased from 13.98% in 1991-92 to 39.32% in 2009-10, in the mean time indirect tax share decreased from 86.02% in 1991-91 to 60.68% in 2009-10. This changing trend shows a structural change in the tax structure towards a progressive way. The below table explains various components of combined revenue receipts of both state and central government. Combined revenue and capital receipts of the central and the states (**Table 4**).

TABLE 4

Share in Total Revenue Receipt			Direct & Indirect Taxes AAGR		Direct and Indirect Taxes Components Share In Total direct tax and indirect tax									Share in Non-tax revenue	Share in capital receipt	
Year	Tax Receipt	Non tax Receipt	Direct % AAGR	Indirect % AAGR	Corporate	personal income	% AAGR Agriculture	Agriculture	Hotel receipts	Land revenue	Customs	Excise duties	Service	Public undertaking	Market loans	External debt
1990-91	88.36	12.38			43.52	43.86		1.38	0.01	4.92	27.36	32.49	1.14	-3.69	24.62	8.67
1995-96	84.60	15.87	-14.77	-13.99	46.08	43.58	-1.90	0.40	0.02	3.71	25.64	28.81	0.76	10.39	71.19	0.57
1996-97	85.47	14.13	-4.59	-7.00	45.22	44.41	10.34	0.25	0.03	2.62	26.95	28.31	1.00	5.12	34.45	4.04
1997-98	82.59	14.34	-14.38	-8.10	46.61	39.82	-3.49	0.42	0.03	2.54	23.63	28.19	1.15	27.36	81.96	2.25
1998-99	84.81	15.06	-23.91	-16.22	49.94	41.21	-2.28	0.49	0.02	2.10	22.11	28.95	1.16	15.79	46.61	1.12
1999-00	83.95	14.97	-17.91	-9.28	50.43	42.15	-5.10	0.25	0.02	1.76	22.66	28.96	1.22	16.73	40.81	0.58
2000-01	87.24	14.10	-1.88	-10.91	49.74	44.26	1.11	0.11	0.01	1.92	20.36	29.34	1.41	21.43	43.43	3.80
2001-02	87.55	16.43	-19.12	-11.23	50.07	43.77	3.29	0.03	0.02	2.35	15.55	34.81	1.59	25.50	30.61	5.05
2002-03	84.31	16.08	-25.78	-5.70	53.02	42.33	10.57	0.02	0.01	1.98	15.57	28.57	2.74	28.72	54.00	-5.13
2003-04	83.37	15.69	-25.15	-17.32	58.02	37.78	4.58	0.01	0.01	1.97	15.97	29.81	4.66	29.88	51.43	-5.10
2004-05	84.11	14.72	-22.28	-17.57	60.31	35.94	-0.83	0.02	0.01	1.85	16.12	27.74	6.45	18.07	21.91	4.69
2005-06	84.40	14.28	-38.02	-20.30	60.42	36.24	4.11	0.01	0.02	1.61	15.49	26.48	8.95	26.28	55.83	15.77
2006-07	84.63	14.17	-37.80	-9.13	62.37	34.75	-0.92	0.01	0.01	1.43	17.08	23.27	10.15	26.17	91.57	6.11
2007-08	86.41	13.99	-2.87	-6.52	60.50	35.07	7.78	0.01	0.01	1.03	18.88	22.41	11.05	23.81	71.91	3.72
2008-09	86.96	13.01	-18.38	-2.00	65.06	32.34	0.46	0.49	0.01	1.32	17.00	18.49	9.87	25.14	108.60	3.52
2009-10	83.42	13.48			65.69	32.19		0.41	0.01	0.95	14.10	17.02	11.35	23.68	83.55	2.64

Source: Calculated from Indian public finance statistics 2004-05 and 2010-2011.

The empirical evidence shows that the share of the total tax revenue compared to non-tax revenue and the share of the indirect tax (86% in 1991 to 61 % in 2009-10) to direct tax (14% 1991 to 39% in 2009-10) as percentage of GDP as well as to total tax revenue increased over the years. In 1990-91 the total share of tax receipt as percent of GDP was 88.4 % in 1990-91, later on it continued to rise with slight variations and it remained above 82%, mainly after 2009-10 it declined due to global economic recession. Global recession had its adverse impact on private investment. Many private companies downsized their employee's strength. So the share of personal income tax reduced from 43.77% in 2001-02 to 32.19% in 2009-10, which was lower compared to decadal growth of personal income tax. Income tax base has been progressively widening with the inclusion of large number of employment opportunities in private sector and the emergence of corporate companies except during the period of recession (2007-08 mid). Similarly, corporate tax also showed a positive trend over the years with increase in the large number of companies. It constitutes a largest share among direct tax contribution. Its share in the total direct tax increased from 43.52 % in 1990-91 to 65.69% in 2009-10, but it declined in 2007-08 and also in 2011-12 up to 22.85% which is lower compared to corporate aggregate rate (55%). The main reasons behind this variation in tax revenue are global economic recession, inflationary tendency and also government tax concessions to attract private investment. Whereas the share of other components of direct tax are negligible compared to corporate and personal income tax. The share of agriculture, hotel receipts, and land revenue reduced budget after budget due to Government tax consational policy towards land lards as well as its vote bank policy towards large number of farmer section. The agricultural taxation was not popular in India though the large number of people still depending upon agriculture; its share to total direct tax has been less than 1%. It was 1.38% in 1990-91. Since from 2000-01 it further declined, " between" 2202-03 to 2007-08 its contribution to total direct tax was just 0.01 percent.

There has been a successive decline in the AAGR of Agricultural sector since 2000-01, the positive sign indicates this. Similarly, the share of Land revenue has been declined from 4.92% in 1990-91 to 0.01 % in 2000-01, slightly increased to 0.95% in 2009-10. Hotel receipts share remained almost stagnant, though the hotels are expanding their role with the emergence of tourism sector as well as service sector.

The share of the components of indirect tax customs and excise duties has been decreased over the years. The share of customs and excise declined respectively from 27.36%, 32.49% in 1991-92 to 14.10%, 17.02% in 2009-10. The present emerging component service tax contribution to total GDP is around 65%, where as its contribution to the indirect tax only 14.10% in 2009-10. Due to increased liberalised policy the customs as well as excise duty share has been declined whereas service sector share failed to show progressive trend due to unorganised nature of that sector.

The structure of Non-tax revenue contribution reversed from negative to positive in 1990s, although compared to tax revenue its contribution is negligible with slight changes from 12.38% in 1991-92 to 16.43% in 2001-02 i.e. net contribution of public undertakings dividend payments which progressively increased over the years, nearly up to 30% (2003-04) of nontax revenue, but later non-tax receipts share declined to 13.48% in 2009-10. The main source of capital receipt is market borrowing/ loans and external loans. Market loans had the largest share with 24.62% in 1990-91 to 83.55% in 2009-10 compared to other components like external loans, small savings, provident funds and disinvestment receipts. Disinvestment policy which started in 1991 revenue about 3038 Rs crores of income from it and it was used to meet revenue expenditure rather than capital investment. The disinvestment policy was not succeeding as expected due to coalition Governments with divergent agenda. AAGR of disinvestment reveals huge variation and also a turned negative for many years. Tax-GDP ratio as a measure of tax payers' contribution to the Government has been steadily rising over the years. It increased from 6.22% in 1950-50 to 15.40% in 1990-91 and further rose to 17.45% in 2007-08 after that it declined slightly to 15.08% in 2009-10 due to some cyclical factors and also due to Government tax consational policies. In 1950-51 the share of direct tax and indirect tax was respectively 2.29%, 3.93%. In 1990s and also in 2000s both achieved an increasing trend, but the share of indirect tax was lower compared to direct tax, in 2009-10, direct tax share raised to 5.93% due to increased share of corporate tax as well as personal income tax. The indirect tax share raised to 9.15%, with the fall in the contribution of excise, custom duties. Over all the structure of taxation is progressive with the rising share of direct taxes and falling share of indirect tax.

Public Debt: Whenever the Government expenditure more than its revenue, it leads to deficit financing, it means the existing gap between spending and income could be filled by internal or external borrowing. The combined budgetary transactions, the total expenditure higher than total revenue ends with deficit, the persistent rise in the primary and revenue deficits, the borrowing requirements of the Centre had remained significantly high, which in turns financed by various financial sources.

TABLE 5

Key External as Well as Internal Debt Indicators											
Year	Gross Total Debt	AAGR of External debt	Concessional Debt as % of Total Debt	Short Term Debt As % of Total Debt	Debt Stock - GDP Ratio	Debt Service Ratio(%)	Value of Exports (crore)	Interest on foreign debt as % of Value of Exports	Market borrowing	Loans from the centre to States	Budgetary Deficit
1991	163001		45.9	10.2	28.7	35.3	44041	6.3	23	12	15
1992	252910	-55	44.8	8.3	38.7	30.2	53688	6.7	14	10	24
1993	280746	-11	44.5	7.0	37.5	27.5	69751	5.4	46	7	18
1994	290418	-3	44.4	3.9	33.8	25.4	82674	4.9	36	5	-3
1995	311685	-7	45.3	4.3	30.8	25.9	106353	4.2	50	0	33
1996	320728	-3	44.7	5.4	27.0	26.2	118817	3.6	31	3	15
1997	335827	-5	42.2	7.2	24.6	23.0	130100	3.2	36	1	54
1998	369682	-10	39.5	5.4	24.3	19.5	139752	3.1	51	1	-1
1999	411297	-11	38.5	4.4	23.6	18.7	159561	2.8	45	1	-89
2000	428550	-4	38.9	4.0	22.0	17.1	203571	2.2	44	4	-1
2001	472625	-10	35.4	3.6	22.5	16.6	209018	2.1	46	3	28
2002	482328	-2	35.9	2.8	21.1	13.7	255137	1.8	54	-5	1
2003	498804	-3	36.8	4.5	20.3	16.0	293367	1.1	58	-6	-5
2004	495459	1	35.8	3.9	18.0	16.1	375340	0.7	27	6	-33
2005	586305	-18	30.7	13.2	18.1	5.9	456418	0.7	46	3	12
2006	620522	-6	28.4	14.0	16.8	10.1	571779	0.7	58	4	37
2007	751402	-21	23.0	16.3	17.5	4.7	655864	0.6	90	5	-6
2008	897290	-19	19.7	20.4	18.0	4.8	840755	0.5	74	2	32
2009	1142125	-27	18.7	19.3	20.5	4.4	845534	0.4	83	2	-8
2010	1179096	-3	16.8	20.0	18.0	5.5	949278	0.3	77	4	-2
2011	1366117	-16	15.6	21.2	17.3	4.2			80	1	14

Source: Calculated using the data from Indian Public Finance Statistics Various Issues.

The main source of financing fiscal deficit among budgetary deficit, market borrowing and other liabilities is Market Borrowing. As a proportion to total deficit financing it rose from 19.6% in 1990-91 to 83% in 2009-10, with slight decrease in years mainly in 1996 (31%), 2004(27%). According to the report of World Bank's international Debt Statistics 2013, India's position was fourth in terms of absolute external debt stock to GNI ratio, after China, Russian Federation and Brazil in 2011. As per the latest report of QEDS (Quarterly external debt statistics data base, jointly developed by the World Bank and International Monetary Fund) India ranked at third position among other debtor countries. India's external debt has remained within manageable limits compared to Internal debt due to prudent policy of the Government of India. India's debt composition is shown in the above Table 5.

The External gross total debt shares of the centre and state Government as percent of GDP has become progressively more comfortable. It is evident from the fact that debt stock GDP ratio has declined from 28.7 percent in 1991 to 18.1 percent in 2008, but due to Macro economic imbalances it further raised to 18.9 percent. In absolute terms, External debt rose from 163100 crore Rs in 1991 to 13, 66,117 crore Rs in 2011. The AAGR depicts the declining trend, which again reached double digit in 2007 onwards. In successive years mounting debt burden except in the year 2003-04(positive), showed a negative trend. The concessional component of the external debt as percent of total debt had declined from 45.9 percent in 1990 to 15.6 percent in 2011-12. Over the same period the short term debt as well as debt stock- GDP ratio also showing declining trend. But the share of short term debt increased to double digit since from 2005 till 2011. The debt service ratio has a downward trend and also the interest on foreign debt as percent of value of exports falling from 6.3 percent in 1991 to 1.1 percent in 2003, and further to 0.3 percent in 2010. So the overall ratio of external debt reduced compared to internal debt, in which market borrowing share rising consistently from 23 percent in 1991 to 80 percent in 2011, nearly fivefold rise in two decades. Whereas the total share of loans from centre to states decreased to nearly 1 percent. The budgetary deficit also turned negative since 1998 except few years (2001, 2005, 2006, and 2008). India's private sector external borrowing also raised the burden beyond Government debt service. It is important to know that the external borrowing by India's private sector has increased as a share of GDP in recent years, and also the share of long-term private non-guaranteed debt and the short term external debt in total external debt has increased. The selected indicators reveal that the external debt position significantly changed over the years with the fall in the debt service ratio and consistent rise in the volume of export as a percent of interest share. The rising debt burden is contributing to the unsustainable fiscal policy, which in turn have adverse impact on Investment and growth. To achieve debt sustainability, either revenues has to be raised or cut in public spending should be the remedy.

The Central Government enacted the Fiscal Responsibility and Budget Management Act in 2003. The act aimed at elimination of revenue deficit by 2009 and fiscal deficit is to be reduced to 3 percent of the GDP by 2009. Fiscal consolidation is a policy aimed at reducing government deficits and debt accumulation. FRBM is an important step towards reforming Indian public finance which aimed at expenditure reduction and revenue maximisation through altering the pattern of expenditure so as to ensure sufficient utilisation of resources. In the initial period the fiscal situation of India from 2003-04 to 2007-08, has shown a considerable improvement. The central government drastically reduces the revenue and fiscal deficit in the first two years by a cut back on expenditure, particularly non-plan expenditure. The fiscal outcomes like deficit financing, expenditure pattern, Tax-GDP ratio, Liabilities, savings, gross capital formation, market loan, and external debt showed a progressive trend. Between 2003/04 and 2007/08 the fiscal deficit declined markedly from 8.51 percent to 4.09 percent of GDP and public capital formation also raised with increased in the rate of saving.

TABLE 6

Gross Domestic Saving and Capital Formation					Sectoral contribution			Foreign Investment	
YEAR	GDP at FC	GDS % GDP	GDCF % GDP	Private sector	Public sector	public sector	private sector		Disinvestment
2003-04	12.2	29.8	27.6	4.6	1.3	6.7	17.9	69042	15881
2004-05	13.4	32.2	32.7	6.6	2.3	6.9	21.8	94981	534
2005-06	14.1	33.5	34.7	7.5	2.4	7.3	23	135080	36125
2006-07	16.6	34.6	35.7	7.9	3.6	7.9	23.4	249921	10165
2007-08	15.9	36.9	38.1	9.4	5	8	24.9	110123	-

Source: RBI reports.

The above table:6 shows the growth rate of Gross Domestic Saving and Gross Domestic Capital Formation, Foreign investment and well as generated income through disinvestment policy. As said above saving are the essential prerequisite for the growth of GDP, It directly depends on income growth, which is the main source of capital formation. The figure shows overall rise in the saving as well as capital in the fiscal consolidation period due to increase in the income. The structure of GDS and GDCF has also undergone significantly mainly in the public sector saving and private sector contribution to investment. The higher growth rate with substantial progress in the manufacturing and service sector growth contributed to the rise in tax revenues.

There are two ways in which fiscal deficit can be reduced, that is either by reducing expenditure or through raising revenue. A deep analysis into the pattern of revenue and expenditure reveals that revenue generation contributed more than the expenditure reduction methods in fiscal consolidation. During the fiscal consolidation period the Tax-GDP ratio witnessed an increasing trend with reform in the tax structure. The improvement in the tax revenue mainly due to the expansion of professionals, technical services, corporate sector as well as service sector contribution, then the growth in the excise and custom (Table 7).

TABLE 7

Year	tax-gdp	ID/T	Tax Receipt	Non tax Rceipt	Public sector undertaking	Corporate	Excise duties	Service
2003-04	15.25	73.54	83.37	15.69	29.88	58	30	5
2004-05	15.92	72.27	84.11	14.72	18.07	60	28	6
2005-06	17.16	71.48	84.40	14.28	26.28	60	26	9
2006-06	17.45	68.59	84.63	14.17	26.17	62	23	10
2007-08	16.4	63.37	86.41	13.99	23.81	61	22	11

Source: Authors calculation.

Whereas the expenditure pattern during fiscal consolidation period is depicted in the below table reveals that though the revenue as well as capital expenditure increased there is a huge gap nearly a fivefold rise in revenue expenditure mainly due to rise in the interest payment which was higher than any other expenditure except combined expenditure on community services. Capital expenditure also increased; there was a huge hike in the economic service from 1 to 27 percent and also in community services from 49 to 53 percent in total revenue expenditure. At the same time in revenue expenditure the share of pension and food subsidy allotment was continued to be higher compared to economic, agriculture, urban developments. The expenditure on agriculture and economic services vary with respect to revenue and capital expenditure. considerably larger commitment on social sector expenditure also implies larger expenditure with growing population. This growing trend depicts rising revenue expenditure at the cost of capital expenditure, which is rigid in nature.

TABLE 8

	GDP							Revenue and Capital Expenditure - Non developmental and Developmental expenditure												capital expenditure
YEAR	GDP at FC	Revenue E/TE	Capital E/TE	overall surplus \ deficit	Interest payment	Pension	Food subsidy	social CS	Education	health	labor & UE	social security	URB DPT	ECO SEV	Agri & allied	Power & irrigation	T & C	Public works	economic services	agriculture
2003-04	12.2	87.37	12.7	0.46	46	12	6.8	49.55	28.2	9.41	0.84	3.25	1.71	14	15.21	13.71	7.45	1.25	1	4
2004-05	13.4	84.9	15.2	2.36	45	13	5.8	55.74	31.4	10.4	0.94	3.89	2.08	1.9	15.74	7.52	7.54	1.30	3	6
2005-06	14.1	84.4	15.6	-0.75	45	13	5.3	53.85	29.7	10.2	0.91	4.71	1.69	17	16.50	7.93	8.79	1.18	4	6
2006-07	16.6	84.4	15.7	-1.92	45	13	4.9	52.11	28.5	8.95	1.10	4.58	2.60	1.9	16.04	8.89	9.28	1.28	7	6
2007-08	15.9	81.2	18.8	0.25	44	14	5.8	52.74	27.40	9.04	0.87	5.51	3.09	21	17.20	7.76	8.73	1.23	27	5

Source: Authors calculation.

This indicates that the fundamental of expenditure remains the same as it was in 1991 except the improvements in the foreign exchange reserves which were less than \$1 billion in June 1991, compared with today's \$295 billion reserve. At the same time India undertook few tax reform policies, but later on it also failed to mobilise resources due to its tax concessional policies (Table 8,9,10). For example, according to the Parliamentary Standing committee estimation the total sum of corporate tax rebate was 1.02 percent of GDP in 2005-06, and it gradually raised in each year, it reached 0.62 percent of GDP in 2011-12 as shown in the below table. In terms of crores the estimated sum of total revenue foregone of central government raised from 65,587 crores in 2006 to 1, 38,921 crores in 2010-11. In the total revenue foregone the share of corporate sector is higher compared to non corporate sector. Is India following USA? Is it capitalistic economy? The question arises.

TABLE 9

REVENUE FOREGONE			
sector	corporate sector	non corporate sector	total
2006-07	50075	15512	65587
2007-08	58655	42161	100816
2008-09	68914	39553	108467
2009-10	79554	40929	120483
2010-11	88263	50658	138921

Source: Vivek s Raj

TABLE 10

year	Revenue forgone as % of GDP
2005-06	1.02
2006-07	1.14
2007-08	1.36
2008-09	1.27
2009-10	1.19
2010-11	0.81
2011-12	0.62

Source: RBI

TABLE 11

	fiscal consolidation				
financial year	fy2009	fy2010	fy2011	fy2012	fy2013
centre	6	6.4	4.9	5.8	5.1
states	2.4	2.9	2.7	2.2	na
consolidation	8.4	9.3	7.6	8	na

Source: vivek s Ra

As compared to India other emerging market economies have done relatively better compared to India in fiscal deficit management. For example, china deficit was just 1.2 per cent in 2011 and Brazil less than 3 percent, South Africa 5.7 per cent in 2012.

The FRBM act targets are deferred a number of times. The Government steps towards fiscal consolidation not providing adequate results. There are several reasons like huge amount of tax concessional policies, Global economic recession (stimulus packages), inflationary tendency (devaluation) in the domestic economy; general elections (vote bank policies), lack of political will, and also the unstructured pattern of fiscal consolidation is behind the reversal of fiscal consolidation. The successive Democratic Government's policy to control expenditure through rising revenue expenditure and major cutback in capital expenditure to limit the growth of expenditure and also lower capital outlay are the main factors behind the expenditure pattern. The expenditure commitment controls are not effective in India. Where as its taxation policy not free from structural weakness. There has been a widespread tax evasion in case of formal as well as informal sector. This structural mismatch between expenditure pattern as well as taxation policy should be corrected.

When we look at the volume and pattern of expenditure by the central and the state governments, there is a successive increase in the ratio of unproductive and non-developmental expenditure which are not directly supporting in the creation of public assets compared to capital expenditure which facilitate both social as well as physical infrastructure development. The Government contribution to capital formation in the country has declined proportionately at all the levels. The capital outlays which are characterised as Developmental expenditure showing declining share in GDP. The share of development activities like economic and social services declined over the years. For instance, on social services like education, health capital outlay declined from 0.7 per cent in 1990-91 to 0.3 percent in 2003-04 and it remained constant till 2010-11 at the same level. In the mean time on economic services also declined from 15.2 percent in 1990-91 to 10 percent in 2000-01 and it further declined to 6.7 percent in 2010-11. Whereas on General services remained the major component of the total expenditure, it increased from 5.5 percent in 1990-91 to 6.1 percent in 2000-01, further increased to 6.3 percent in 2010-11. This shows that Government expenditure on developmental activities declining compared to its day to day services, which are rigid in nature. This type of spending gave rise to huge and unsustainable liabilities in both central as well as state Governments. The combined liabilities increased from 65.23 per cent in 1991-91 to 81 percent in 2002-03, and it slightly decreased to 65 percent in 2008-09. The major weakness of Government has been its inability to curtail revenue expenditures. The current expenditures are mainly driven by consumption expenditure, subsidies (1.88% in 1990-91 to 2.20 % in 2009-10) and transfer payments, on the other hand social expenditure showing deterioration and discretionary cut in productive investment further raising the interest burden and also likely to hurt long term growth. Infrastructure bottlenecks are considerably more severe inspire of rising private involvement in filling the infrastructure gap. The quality of expenditure also matters in the developmental process. For instance, public sector plan outlay and its sources of financing public sector plan can be examined. In public sector plan outlay compared to other sectors energy sector share gradually increased up to 2004-05, after that there is a great fall can be noticed, mainly in 2005-06 it turned negative, which can be noticed in AAGR of energy, there after slightly raised, but compared to previous years its share reduced to a large extent. The main reason for specifying its share, because of energy crisis many state governments spending lump sum amount of money and also suffered from huge loss to their exchequer. The share of industry is comparatively low because of many reasons and also the share of transportation is moderate. The improvements in rural development can be traced only after 2005-06, when UPA government introduced several rural development programmes like BHARAT NIRMAN, NRHM, Energy sector oriented several programmes for BPL category, NREGS, PURA project etc. (positive trend).

TABLE 12

Public Sector Plan Outlay (At Current Prices)								Financing of Public Sector Plan							
Share In Total				AAGR				AAGR				Share In Total			
Year	Industry	energy	Transportation	energy	rural development	irrigation & food	Domestic borrowing	own resources	market loans	Net inflow from abroad	Contribution of Public Enterprise	Own resources	Domestic borrowing	Market loans	Public Enterprise share
1991-92	8	30	14									7	81	19	21
1992-93	9	28	15	-3	-22	-11	-3	-285	33	-18	-13	21	67	10	24
1993-94	8	31	14	-33	-32	-14	-46	54	-2	0	-12	8	82	9	27
1994-95	8	28	12	-2	-21	-14	-6	2	-10	-9	0	8	82	9	27
1995-96	8	25	13	2	-2	-19	-7	-194	-9	27	-11	19	75	8	30
1996-97	10	23	14	-2	3	-10	5	16	-9	-76	22	16	72	9	23
1997-98	8	25	14	-16	-9	-24	-36	64	-7	49	-4	5	89	9	24
1998-99	5	23	13	-12	-11	-9	-38	569	5	8	1	-24	119	8	24
1999-00	5	22	15	-1	-5	-31	-31	-63	-2	-18	18	-32	127	7	20
2000-01	4	20	14	-2	15	5	-9	23	-13	23	11	-21	118	7	18
2001-02	4	20	16	-1	-39	-8	-11	-33	-12	-37	-7	-26	122	7	19
2002-03	4	21	17	-20	-37	18	-16	-7	-35	228	20	-25	130	9	15
2003-04	3	22	16	-12	-7	-8	0	23	11	47	8	-18	120	7	14
2004-05	5	31	20	-21	6	-47	4	57	-2	381	5	-7	101	6	13
2005-06	3	9	16	64	-43	-38	-6	315	9	-6	-2	11	78	4	13
2006-07	3	10	17	-34	-19	-21	13	-356	-718	33	-115	41	57	29	29
2007-08	3	9	16	-15	-14	-20	9	-64	-60	-16	-1	54	42	38	29
2008-09	3	8	14	-17	-61	-7	-96	23	-98	-2	-2	33	64	59	30
2009-10	5	19	17	-264	-13	-19	-37	40	-30	-59	2	18	78	69	29
2010-11	6	21	16	-36	-7	-12	7	-140	7	-25	-4	35	61	53	31

Source: Indian Public Finance Statistics Various Issues.

The main sources of financing Public sector is for financing public sector government mainly depending on Domestic Borrowing, which includes market loans, deficit financing, small savings and other liabilities. It means for funding public sector mainly depending on borrowing rather than extracting income from its investment, means the share of public undertaking very low, it is within 30 percent in total, even lower than net capital inflow. Capital inflow also turned negative

for few years in mid 2000s; later on it is in progressive trend. The proportion of domestic borrowing and market loans reduced in between 2003-04 to 2004-05 due to improved GDP growth as well as governmental disinvestment policy bring revenue to the government, which helped in the reduction of dependency on borrowing. (fiscal consolidation period). This fiscal consolidation remains effective only up to 2006-07, there after the share of borrowing raised to a large extent due to increase in the Government popular programmes as well as larger share of central sponsored schemes and also the role of Global recession and domestic inflation cannot be neglected (Table 12).

MAJOR OUTCOMES AND CONCLUSION

To sum up the above trend, the step by step analysis with respect to public expenditure, Government taxation policies and revenue receipts reveals the fact that the existing structural rigidities are mainly responsible for rising debt burden with lower returns from capital investments, which in turn leads to fiscal deterioration. A rising public debt burden is contributing to the unsustainable fiscal policy, which in turn may have adverse consequences for investment and growth.

The 1991s post-reforms have succeeded in encouraging higher levels of private investments in to the economy. But further increases are constrained by declining public investment on basic infrastructure, which is the base for private investment. With declining trend in public investment the current phase of increasing private investment will not be sustained of a long term. The consequence will be the slow down on economic growth in near future. The best example was 2007 mid economic recession which had an adversely impact on Indian economy. In order to stimulate demand in the two preceding years, 2008-09 and 2009-10 Government of India had provided three fiscal stimulus packages worth of Rs 1.86 lakh crore (3.5% of GDP, (Economic survey) which helped the economy to achieve a growth of 8 per cent in 2009-10, against 6.8 per cent in 2008-09.) to overcome from such crisis and mainly to boost private business confidence, towards capital investment. The package included Tax cuts, export concessions to companies, export promotion measures (textile, leather products, etc), social services & rural development investments; etc. This again reminded that public investment is pre request for continuous development. Government should also consider the quality of Expenditure with the quantity. The recent report of Standard & Poor with regard to India regarding credit rating raises question about the quality of expenditure by the respective Governments. The successive increase in the ratio of unproductive and non-developmental expenditure not directly supporting in the creation of public assets compared to capital expenditure which facilitate both social as well as physical infrastructure development. The share of social sector expenditures in total expenditure for Central government is relatively low, which is prerequisite for Human capital development to have a sustainable growth in future. One thing to be noted, that the above mentioned expenditures are committed with little room for flexibility in near future in a popular democratic country like India. So the main sufferer in this process is the government capital expenditure. The debt service (i.e. principal repayment plus interest payment) burden of the government would not rise as a proportion of total expenditure if the investments made by the government from borrowings yield adequate returns either through the tax revenue or through non-tax revenues. As the government borrows to make investment in real assets, tax revenue would raise a reward for initial investment, which would lead to reduce the mounting burden in future. Tax revenues should rise through additions to public assets. Improvement in public infrastructure should lead to improvement in efficiency and in aiding new private investment. If, however, resources are borrowed for investment in activities which do not yield adequate returns, debt service payments will rise continuously as a proportion of total revenues. This is what seems to have happened in India over the last 20 years. The return from public sector enterprises, except some petroleum companies (ONGC, IOC, and BPL) is negligible. The return from public sector enterprises, except some petroleum companies (ONGC, IOC, and BPL) is negligible. In the budget the so called non-tax revenues such as revenue from 3G, 2G spectrum auction reduced revenue deficit up to some extent and also for the short time. Due to wrong pricing policies, functioning of inefficient public sector enterprises with very low returns and unproductive committed current expenditures all contributing to further deterioration in the economy and also leads to yet higher and higher borrowing to correct future fiscal imbalance. The Kelkar Committee report (GOI, 2012) has put forward a strong case for fiscal discipline since "high fiscal deficits tend to heighten inflation, reduce room for monetary policy stimulus, increase the risk of external sector imbalances and dampen private investment, growth and employment". The committee strongly suggested the linkage between fiscal deficit and growth. The government Disinvestment process reduced the need of current borrowing, but its impact on future revenue generation will be negative. The current lump sum earning ends with loss to the exchequer. The government has been disinvesting only profit making ones, not loss making companies come under disinvestment process. In the mean time that huge revenue used to incur budgetary deficits; mainly on popular and short term oriented government programmes. So it is not used to create capital asset. There is a clear message that government expenditures will be beneficial only if the revenue accumulated through tax or disinvestment process should be directed towards infrastructure investment, then only cost recovery and productivity gains can be possible.

- Tax reforms-DT, GST, wealth tax etc
- Imposition of Agriculture Tax with proper Agricultural price policy, supporting price with scientific fixing of price without leading to inflation
- Qualitative expenditure policy
- Promote Capital spending
- Human capital development with social sector spending.

The central Government of India once again formed a committee under the chairmanship of Vijay L Kelkar. The committee submitted its report on fiscal consolidation in September 2012. It recommends a roadmap for the Central Government from 2012-13 to 2014-15. Its indicators as follows -bring down fiscal deficit from 5.1 to 3.9 per cent, revenue deficit from 3.4 to 2.0 percent and primary deficit to 1.9 to 0.9 percent and also the public Debt from 45.5 to 42.9 percent. The democratic Government cannot suddenly change its expenditure pattern and also taxation policies by overemphasizing the need of fiscal consolidation. If the Government does it by force Growth will fall because growing economy needs lump sum amount of money in terms of investment. But due to the corporate lobby government has been retaining most of the stimulus measures which are initiated in 2008-09. The revenue forgone on account of numerous tax concessions to the wealthy amounted to a 4.82 lakh crore Rs in 2009-10 and it even continued to 2010-11 with the amount nearly 5.11 lakh crore Rs, despite the voice for withdrawal of stimulus measures (budget 2011-12).

In fact, central plan outlay for key areas like agriculture, rural development, electricity, community development taken together has been increased marginally. This shows that on the one hand government is providing numerous tax concessions to the gigantic corporate sector and also increasing the share of centrally sponsored schemes from year to year with dual intension which is actually increasing the purchasing power among the mass without creating any fruitful working environment and capital asset. So the consequences would be what India facing today. With partial development and entirely neglecting and missing the role of supply side factors, without boosting the farm productivity and rural infrastructure with marginal increase in the central plan outlay, government is creating unending structural fiscal distress situation. At the mean time, it should try to rise non-tax revenue and also look at mandatory cut in non-plan expenditure, excluding spending on interest payment, debt payment, defence capital, salaries, pensions and grants to states. Reduction in foreign travel of government officials and ministers and complete ban on holding meetings in five star hotels and unnecessary creation of new posts in government level as well as ministry level should be banned and also capping the food and LPG subsidies should be implemented. if no action is taken, economy will likely to face worse situation and it finally collapse. So, without deferring from the FRBM act targets which are deferred a number of times, through step by step corrective measures and with responsible long term oriented plans Government should bring down fiscal burden and can move towards sustainable Growth.

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ANALYSIS OF THE FINANCIAL SUPPORT FOR HOTEL AND LODGING INDUSTRY IN KASHMIR: PERSPECTIVES ON INSTITUTIONAL SUSTAINABILITY INITIATIVES

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ABSTRACT

The importance of hospitality industry is well recognized all over the world because of its great contribution in getting various socioeconomic objectives achieved like employment generation, fostering new entrepreneurship, and significant contribution to national output and exports of our country. There has been a consensus among policy makers on role of financial support in fostering sustainable growth and development of this capital intensive industry since a long time. However, in India the emphasis on the institutional framework for credit is being emphasized since the beginning of planned development era in India. Hotel and lodging industry has been one of the most important contributors to the economy of Jammu and Kashmir, but due to the limitations of adequate resources the inherent potential of this industry has not yet manifested into desired levels. The support of financial institutions is therefore essential for the development, successful operation, and long-term sustainability of this industry in Jammu and Kashmir. The paper seeks to evaluate the role of financial institutions, both public and private, for sustainable development of hotel and lodging industry in Kashmir and also examine various sustainable initiatives of the financial institutions towards the industry in the region. The empirical results revealed strong evidence that financial institutions are playing a crucial role for sustainable growth development of hotel and lodging industry in the region but on the whole respondents were not satisfied with the existing sustainable measures of financial institutions towards this industry. The policy implications of findings stress that financial institutions in the region should engage in sustainable financial products and measures for the industry. The financial institutions should also encourage sustainable development of this industry by extending sustainability awareness and education in the region.

KEYWORDS

development, financial Institutions, sustainability, initiatives.

1. INTRODUCTION

Since the Earth Summit, the concept of sustainable development has continued to come under increasing attention from both tourism theorists and practitioners. Its basic premise has received widespread acceptance as a desirable outcome of tourism development. This has been reflected in the proliferation of sustainable tourism development plans, policy statements and guidelines. The World Tourism Organization (WTO) espoused the sustainable approach to tourism, and started to apply sustainable development principles in all of its tourism planning and development (WTO, 1998). The United Nations and its agencies have also addressed the importance of tourism and sustainable development on numerous occasions. India has already identified sustainable approach as an essential input in its policies for achieving long term tourism development. National Action Plan (1992) emphasized that government should consider granting exemption for specific central taxes and provide fiscal incentives in the shape of capital subsidy, interest subsidy, etc. It also recommended that government should set up Tourism Development Fund for providing equity support for investors.

Jammu and Kashmir as a state has tremendous potential for hotel and lodging industry due to its unique endowments of rich tourism natural and cultural resources. However, the challenges in this sector lie in successfully preserving these in their original form, and making them accessible to domestic and international travelers, together with safeguarding the economic interest and heritage of local communities. The main hurdle for the sustained growth of this capital intensive industry in Jammu and Kashmir is lack of timely and adequate finance. More over the growth-oriented pattern of this industry calls for designing sustainable financial policies and alternative sources of financing to bridge the significant long term demand supply mismatches and ensure investments in modern technologies and internationally competitive scales of production. Taken together all these factors, financial institutions can play a vital role to catalyze and channelize investments into various segments of this industry and across various locations in a need based manner. The available literature also makes it clear that various financial institutions have been established by Government of India to catalyze the overall industrial development and tourism promotion, apart from some specialized tourism financial institutions like Tourism Finance Corporation of India (TFCI) to cater to the financial requirements of the fastest growing travel and tourism industry (Joshi, 2011).

2. REVIEW OF LITERATURE

Singh & Gupta (1977) concluded that expansion of the bank credit is not only desirable but also essential for the economic development of Jammu and Kashmir. Raji (1993) examined thoroughly the role of government and institutions in tourism promotion and development of India. Kirk (1995) studied environmental management system in a hospitality business usually involves green purchasing policies (partnership with suppliers, use of sustainable products and those with sensible packaging), waste management (minimization, reuse and recycling) and waste disposal (sound disposal methods and minimizing land-fill disposal). Becker (1995) explained that governmental financing institutions have opened special credit programs for private sector tourism enterprises. The availability of finance to develop and promote the tourism industry is critically important for further growth and development of tourism industry and economy (Government of south Africa, 1996). Hutbers and Bennett (1996) found that the main issue tourism operators face in terms of complying with environmental regulations was their complexity and delays in decision-making by the authorities, along with uncertainty about future regulation. Singh (1998) evaluated the participation of state in infrastructure development and found that public sector has contributed significantly to the growth of tourism recently. According to Raje (2000) the timely and adequate supply of credit is an essential input for setting up and working of small-scale Industries. Christie and Crompton (2001) viewed finance as one of the core challenges for SME development as a whole in Africa. Bhatia (2001) emphasized on financial planning of tourism industry. He observed that financial planning is very much essential for successful tourism development plan. Public and private finance play an important role in tourism development programme. Batterham (2002) found that economic sustainability is essential for most of the tourism enterprises to remain in business, hence, the decision making process to incorporate sustainable practices cannot exclude the financial component in addition to the social and environmental considerations. The National Tourism Policy (2002) acknowledged the critical role of private sector in tourism, recommended government to work as facilitator cum catalyst and emphasized sustainability as a guiding star of all development and management strategies. Schaper and Carlsen (2004) found that most small business owners believe that supporting the environment is important, but awareness of formal environmental management systems, specific environmental laws and/or remediation processes is generally

poor and quite limited. Ateljevic and Doorne (2004) tried to study the difficulties small tourism firms encounter related to lack of financial resources. Nayak (2005) evaluated the role of Financial Institutions in Promoting Entrepreneurship in Assam Small Scale Sector in Assam and concluded that various financial institutions are making attractive schemes for availability of finance apart from other assistances including technical knowhow, training, sales, purchases etc. Chaudhary (2009) through his study illustrated need of the Central and State government tourism Policy to encourage the direct investment in tourism sector. He further revealed that various tourism organization are playing major role for the tourism development in Kerala. Joshi (2011) through his study attempted to evaluate and analyze the role of Tourism Financial Corporation of India (TFCI) in promoting tourism and tourism related services through the financial assistance sanctioned and disbursed on some parameters. His Analysis showed that during the last fifteen years of study TFCI played an important role in tourism development. Das (2011) explained that tourism provides opportunities of job creation directly and indirectly. So this sector should be provided with incentives for sustainable and overall economic growth along with creation of jobs. Mujacevic, Vizjak and Jokic (2012) outlined the role of International Finance Corporation (IFC) and European Bank for Reconstruction and Development (EBRD) in financing projects in tourism and hospitality industry in developing countries. The study made a comparison between the IFC and EBR investments in the tourism and hospitality sector of the Europe and Central Asia. Zapalska and Brozik (2013) pointed that entrepreneurial development and small business growth in tourism is hindered by high taxation, unavailability of low cost financing, lack of tax incentives and unfavorable credit terms.

3. IMPORTANCE OF THE STUDY

The present study is confined to portray the role of financial institutions in the sustainable development of hotel and lodging industry in Kashmir region of Jammu and Kashmir. The outcome of research work undertaken will be beneficial to the stakeholders of hotel industry as well as the policy makers in planning effectively the road map for promotion and development of hotel industry as far as financial institutions are concerned.

4. OBJECTIVES

The study aims to achieve the following objectives

1. To evaluate the role of financial Support in sustainable development of Hotel and lodging industry in Kashmir region of Jammu & Kashmir.
2. To examines various initiatives/measures of the financial institutions towards sustainable development of Hotel and lodging industry in Kashmir.
3. To suggest policy interventions for the long term development of Hotel and lodging Industry with regard to financial institutions.

5. HYPOTHESES

1. There is no association between financial assistance and profit growth of a Hotel and lodging Enterprise.
2. There is no association between financial assistance and increase in employment of a Hotel and lodging Enterprise.
3. There is no significant difference regarding timeliness of credit provided by public and private financial institutions.
4. There is no significant difference regarding quantum of subsidy provided by public and private financial institutions.
5. There is no significant difference regarding rates of interest on credit provided by public and private financial institutions.
6. There is no significant difference regarding gestation period of credit provided by public and private financial institutions.

6. RESEARCH METHODOLOGY

Results of the study are based on the information collected through a detailed questionnaire prepared to carry out an in-depth explorative and empirical research. To select the sample units for this study, first the list of all the formal financial institutions involved in the extension of credit to hotel and lodging industry in Kashmir was compiled. It was from this list that the total number of hotel and lodging business enterprises currently enjoying credit facilities from these institutions was obtained. As far as possible the respondents were selected at random from hotels, house -boat owners and guest houses in Kashmir region of Jammu & Kashmir. However due to practical difficulties, the convenience sampling method was used. In order to achieve the objectives of study only owners and Managing Directors of 100 such business enterprises have been surveyed from different areas of the study region. The qualitative data gathered from the survey was analysed using SPSS on appropriate scales with descriptive statistics like mean, percentage and standard deviation. The hypotheses were tested using non parametric tests like Chi Square Test and Man Whitney U Test in combination with Principle Component Factor Analysis technique.

7. RESULTS AND DISCUSSION

This role of financial support in sustainable growth and development of hotel/lodging industry in the region was examined by investigated various variables on credit facilities extended by financial institutions. The objective was served by directly collecting information from various respondents regarding types of loan, purpose of loan, source of financing, timeliness, sufficiency of credit, quantum of subsidy, rate of interest, gestation period, repayment and economic impact of credit assistance schemes on Hotel and lodging business.

(a) TYPE OF LOAN

Table 1 shows that financial institutions in Kashmir provide short, medium and long term loan facilities to hotel/lodging industry in Kashmir but majority of firms avail medium term loans (53 percent) followed by long term loans (35 percent) for their businesses.

TABLE 1: FREQUENCY DISTRIBUTION OF LOANS AVAILED ACCORDING TO MATURITY PERIOD

Parameters	Hotels		House Boats		Guest Houses		Total	
	No	Percent	No	Percent	No	Percent	No	Percent
Short Term	06	14.29	02	06.67	04	14.29	12	12.00
Medium Term	24	57.14	15	50.00	14	50.00	53	53.00
Long Term	12	28.57	13	43.33	10	35.71	35	35.00
Total	42	100	30	100	28	100	100	100

(b) PURPOSE OF LOAN AVAILED

TABLE 2: FREQUENCY DISTRIBUTION OF LOANS AVAILED ACCORDING TO PURPOSE

Parameters	Hotels		House Boats		Guest Houses		Total	
	No	Percent	No	Percent	No	Percent	No	Percent
Setting up New Business	13	30.95	14	46.67	12	42.86	39	39.00
Working Capital	03	07.14	02	06.67	04	14.29	09	09.00
Self Sufficiency	02	04.76	01	03.33	02	07.14	05	05.00
Expansion	13	30.95	06	20.00	02	07.14	21	21.00
Renovation	05	11.91	05	16.66	04	14.29	14	14.00
Inventory	06	14.29	02	6.67	02	07.14	10	10.00
Repayment of Debt	0	0.00	0	0.00	02	07.14	02	02.00
Others	0	0.00	0	0.00	0	0.00	0	0.00
Total	42	100	30	100	28	100	100	100

The purpose for which loan assistance is availed (Table 2) shows that majority of the respondents (39 percent) availed loans for setting up new businesses, (21 percent) for expansion, (14 percent) for renovation followed by (10 percent) for inventory.

(c) SOURCE OF FINANCING

TABLE 3: FREQUENCY DISTRIBUTION OF LOANS ACCORDING TO SOURCE

Parameters	Hotels		House Boats		Guest Houses		Total	
	No	Percent	No	Percent	No	Percent	No	Percent
Public Banks	18	42.86	12	40.00	09	32.14	39	39.00
Private Banks	12	28.57	11	36.67	08	28.57	31	31.00
Other Formals	11	26.19	06	20.00	07	25.00	26	26.00
Informal	01	2.38	01	03.33	04	14.29	04	04.00
Total	42	100	30	100.00	28	100	100	100

Table 3 reveals that majority of the respondents across all stakeholders received financial assistance (39 percent) from public financial institutions, (31 percent) from private financial institutions followed by (26 percent) from other formal institutions like state finance corporation and other government agencies. Thus various formal financial institutions play a crucial role in the promotion and development of Hotel and lodging industry in Jammu & Kashmir and are the main sources of financial support for this industry in the region.

TABLE 4: EMPIRICAL RESULTS OF HYPOTHESIS TESTING FOR ASSOCIATION BETWEEN FINANCIAL ASSISTANCE AND PROFIT GROWTH OF A HOTEL/LODGING ENTERPRISE

Description	Growth in Profit	No Growth in Profit	Total
Financial Assistance	72	13	85
No Financial Assistance	7	08	15
Total	79	21	100

CROSS TABS CHI SQUARE

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.121 ^a	1	.001
Likelihood Ratio	9.342	1	.002
Linear-by-Linear Association	11.009	1	.001
N of Valid Cases	100		

Interpretation: Significance level of 1 at 5% df (r-1) (c-1), Calculated Value is 11.121 and Table value is 3.84.

Since the calculated value is greater than the Table Value, the null hypothesis is rejected and hence it is proved that there is strong association between the financial assistance and profit growth of Hotel/Lodging enterprise.

TABLE 5: EMPIRICAL RESULTS OF HYPOTHESIS TESTING FOR ASSOCIATION BETWEEN FINANCIAL ASSISTANCE AND EMPLOYMENT GENERATION OF A HOTEL/LODGING ENTERPRISE

Description	Increase in Employment	No increase in Employment	Total
Financial Assistance	73	11	84
No Financial Assistance	10	06	16
Total	83	17	100

CROSS TABS CHI-SQUARE

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.673 ^a	1	.017
Likelihood Ratio	4.791	1	.029
Linear-by-Linear Association	56.16	1	.018
N of Valid Cases	150		

An attempt was also made to find out an association between the financial assistance and employment generation in a Hotel and Lodging enterprise with the help of Chi Square Test.

Interpretation: Significance level of 1 at 5% df (r-1) (c-1), Calculated Value is 5.673 and Table value is 3.84.

Since the calculated value is greater than the Table Value, the null hypothesis is rejected and hence it is proved that there is association between the financial assistance and employment generation in a Hotel/Lodging enterprise.

TABLE 6: FREQUENCY DISTRIBUTION OF RESPONDENTS PERCEPTIONS ON 5 POINT LIKERT SCALE

Parameters	Public Financial Institutions			Private Financial Institutions			All Selected		
	Mean	No.	Std. Dev.	Mean	N	Std. Dev.	Mean	N	Std. Dev.
Timeliness of Credit	2.51	39	0.756	3.10	31	1.221	2.77	70	1.024
Sufficiency of credit	2.69	39	0.950	2.65	31	0.798	2.67	70	0.880
Quantum of Subsidy	2.90	39	0.968	2.23	31	0.425	2.60	70	0.841
Rates of Interest	2.79	39	0.951	2.35	31	0.709	2.60	70	0.875
Gestation period	3.05	39	0.999	2.39	31	0.558	2.76	70	0.892
Repayment	2.62	39	0.935	2.65	31	1.142	2.63	70	1.024

Table 6 indicates that respondent's perceptions regarding Timeliness of credit, Quantum of subsidy, Rates of interest and Gestation period are different with respect to Public and Private Financial Institutions.

Timeliness of Credit : Pub 2.51 < Pvt 3.10

Quantum of Subsidy : Pub 2.90 > Pvt 2.23

Rates of Interest : Pub 2.79 > Pvt 2.35

Gestation Period : Pub 3.05 > Pvt 2.39

Table 6 also indicates that there is very small or negligible difference in respondent's perceptions regarding Sufficiency of Credit and Repayment of financial assistance with respect to Public and Private Financial Institutions

Sufficiency of Credit : Pub 2.69 ≈ Pvt 2.65

Repayment : Pub 2.62 ≈ Pvt 2.65

HYPOTHESIS TESTING

Table 7 indicates that dimensions of financial assistance like Timeliness of Credit ($Z = -2.572$ sig= .010), Quantum of Subsidy ($Z = -3.027$ sig=.002), Rates of Interest ($Z = -2.128$ sig= .033) and Gestation Period ($Z = -3.064$ sig= .002) are significantly different for Public and Private Financial institutions. However respondent perceptions regarding remaining dimensions i-e sufficiency of Credit and repayment are not significantly different for Public and Private financial institutions.

TABLE 7: RESULTS OF MAN WHITNEY U TEST: PUBLIC & PRIVATE FINANCIAL INSTITUTIONS

	Type of Financial Institution	N	Mean Rank	Sum of Ranks	Mann-Whitney U	
Timeliness of Credit	Public	39	30.15	1176.00	M-W-U	396.0
	Private	31	42.23	1309.00	Z	-2.572
	Total	70			Sig. (2-tailed)	0.010
Sufficiency of Credit	Public	39	35.64	1390.00	M-W-U	599.0
	Private	31	35.32	1095.00	Z	-0.071
	Total	70			Sig. (2-tailed)	0.943
Quantum of Subsidy	Public	39	41.21	1607.00	M-W-U	382.0
	Private	31	28.32	878.00	Z	-3.027
	Total	70			Sig. (2-tailed)	0.002
Rates of Interest	Public	39	39.51	1541.00	M-W-U	448.0
	Private	31	30.45	944.00	Z	-2.128
	Total	70			Sig. (2-tailed)	.033
Gestation Period	Public	39	41.76	1628.50	M-W-U	360.5
	Private	31	27.63	856.50	Z	-3.064
	Total	70			Sig. (2-tailed)	0.002
Repayment	Public	39	35.76	1394.50	M-W-U	594.5
	Private	31	35.18	1090.50	Z	-0.123
	Total	70			Sig. (2-tailed)	0.902

FACTOR ANALYSIS OF THE MEASURES OF FINANCIAL INSTITUTIONS FOR SUSTAINABLE DEVELOPMENT OF HOTEL AND LODGING INDUSTRY IN THE REGION

Financial institutions can contribute towards sustainable development of Hotel/Lodging industry by interplay of various measures that can be best explained by appropriate research tools. Before conducting factor analysis, some preliminary tests were carried out in advance to determine whether factor analysis can be performed on existing data. Reliability of the whole scale was tested and Cronbach's alpha was found as 0.887; well above the generally agreed lower limit of 0.60 for research at exploratory stage (Sencan, 2005:170). KMO and Bartlett tests (Table 8) demonstrate that the analysis process can be continued because the value of KMO Measure of Sampling Adequacy is 0.847 greater than 0.5 and the p-value of Bartlett Test of Sphericity is 0.000 smaller than the 0.05 coefficient.

All the mean values below the neutral point (3) for each item as shown in table 09, suggests an overall dissatisfaction along each dimension measured. Therefore, on the whole respondents were not satisfied with the measures of financial institutions towards sustainable development of Hotel and Lodging industry in the region.

TABLE 8: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.847
Approx. Chi-Square	1190.630
Bartlett's Test of Sphericity	df 105
	Sig. .000

TABLE 9

Items	Factor loading	Eigen Values	Variance Explained	Mean Value	Alpha
Factor 1 Sustainable Financial Products		5.846	38.970		
1 Environment performance based incentives	.814			2.48	0.957
2 Variety of loan assistance offers.	.954			2.29	
3 Attractive Insurance for sustainable projects	.918			2.33	
4 Engage in environment contribution credit schemes	.886			2.38	
5 Sufficient subsidy and incentives	.955			2.31	
6 Advisory Services	.854			2.40	
Factor 2 Sustainable Financial Policy & Practices		3.036	20.239		
7 Follow international policies	.846			2.30	0.875
8 Integration of environmental and social issues in financing	.753			2.12	
9 Preference for financing an eco and sustainable project	.817			2.22	
10 Proper monitoring and evaluation process.	.691			2.19	
11 Allow eco ratings/certification of enterprises while financing	.739			2.21	
12 Easy Application Procedure	.782			2.29	
Factor 3 Sustainability Awareness		2.128	14.188		
13 Proper awareness and education	.921			2.79	0.804
14 Dedicated information resources.	.905			2.68	
15 Imparting Training and Skill upgradation	.713			2.81	
Overall Reliability of the Scale (α)					0.887

Total 15 items were employed to data reduction with Varimax rotation. Minimum item loading of 0.5 was selected to interpret variables considered significant. The factor analysis revealed three major factor areas. The first factor extracted was the combination of six variables and may be interpreted as Sustainable Financial Products. The second factor also extracted with combination of six variables may be termed as Sustainable Financial policy and practices. The third factor signifies the combination of three items and referred as Sustainability Awareness and Education. Table 9 shows the results and Cronbach's Alpha of each factor. Reliability of the three factors ranged from 0.804 to 0.957. The three factors explained a total of 73.397 % of the variance.

8. CONCLUSIONS

This paper has examined the role of financing in sustainable Development of Hotel and lodging industry in Kashmir region, investigated the variables that explain role of financial institutions and explored the effect of credit assistance on the sustainable development of this industry. Applying a variety of econometric techniques to the data, however, has provided interesting results. First of all, Hotel industry avail various types of credit assistances for a variety of purposes. Indeed, consistent with older studies, most firms depend to a large extent on various formal financial institutions for their credit. There is also strong evidence that financial assistance has significantly positive economic impact on profit and employment growth of the Hotel and lodging business. Despite the potential role of financial institutions in sustained growth of this industry, a number of credit constraints like absence of adequate and timely credit, unfavourable interest rates and stringent terms prove as major bottleneck in development of Hotel industry in the region. Also explored were the factors that determine the measures of financial institutions towards sustainable development of this industry. The empirical results from factor analysis revealed that sustainable financial policies and products and Awareness are three factors to determine the measures of financial institutions for sustainable development of hospitality industry. However, the study revealed that respondents are not satisfied with the existing measures of financial institutions for sustainable development of Hotel industry in the region.

It is recommended that there should be timely and adequate availability of credit with simple procedures and soft repayment terms. Financial institutions should endeavor to process loan applications quickly and disburse approved loans promptly. There should be variety of loan products with sufficiently long gestation periods at attractive interest rates for hotel business enterprises. The policy implications of findings further stress that financial institutions in the region should incorporate sustainability in their financial policies and engage in sustainable financial products for the industry. The financial institutions should also encourage sustainable development of this industry by extending sustainability awareness and education in the region.

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RESEARCH AND METHODOLOGIES OF RURAL DEVELOPMENT AND EMPLOYEES JOB SATISFACTION**G. APARNA****PG & RESEARCH DEPARTMENT OF COMMERCE
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PUDUKKOTTAI****ABSTRACT**

The study of this paper is basically conducted to cover 658 industrial and 1033 educational R&D groups in eleven countries, not as well as the U.S.A. The climate variable of labor importance explained distinctive variance in publication of original articles in addition as external ratings of technical quality for each samples. Development within the world is evaluated at intervals the compass of the info covering economic and financial aid level. Guaranteeing the standards necessary to be considered a developed country, in different words, increasing education, health, economic, and human life index is feasible with the event of nations. Within the developed countries, this development is progressed in an exceedingly structure that is expanded to rural with urban characteristics. Development of the developing or underdeveloped countries is attainable with the event of the agricultural. During this context, rural development studies have a vital place each in our country and within the world. Rural development is that the development studies of the area unites that are considered rural, and in these studies, simply economic models don't seem to be decent, and social models are developed. Regardless of what the event model is, use of geographical info systems within the studies which is able to make sure that the infrastructures and models to accompany these models is offered, and applications that area unit sure to the geographical info systems taking part in a neighborhood within the analysis and style processes, became important. during this study, however the merchandise, areas, space residential districts and residential area growth plans, idea of geographical sign language that area unit subject to development ought to be planned within the rural development studies in accompany with the geographical info systems, and the way these coming up with is/will be followed with GIS applications were explained.

KEYWORDS

global information system applications, gis and its importance in rural development, job satisfaction, job and rural development strategies, rural development.

INTRODUCTION

ow-a-days, development is that the major goal of particularly the mounting countries. The expression growth is a very important idea not solely within the economic science regulation, however additionally in alternative regulations [1]. At now, it'll be correct to form a general definition of development. Within the most general sense, development is creating ameliorations within the fields like organization and management, in alternative words, results of the investments making certain that economically higher conditions are often reached with the arrangements within the social conditions. Speaking of the event between countries; development is that the moves of developing countries or the countries in want for development to catch the developed countries, by creating economic and social, in alternative words socio-economic arrangements. Sensible analysis of those moves and use of resources within the correct time and place area unit a requirement of development. Whereas the countries having a development objective area unit the countries that presently have some boredom; {they're} additionally the countries that are obligated to use their resources within the most correct manner. This obligation needs that, contemporaneity and improvement and technology that area unit brought by now area unit utilized in most. Realization of development is feasible by carrying on successfully each the urban transformation and rural transformation, and creating correct investments within the method of those transformations. problems like investment, investment designing, tracking, and method watching area unit the problems that continuously exist within the ideational behaviours of development, whether or not they area unit outlined or not. Chase of those problems are often created easier and monitored by linking the event to space and place. From grasp of the geographical approaches like space and place and technology, the idea of Geographical Info Systems [GIS] comes into read.

RURAL DEVELOPMENT

In order to make the thought of development on a ground, initial of all it's necessary to grasp it. They represent so as to extend these savings with restricted resources; have additionally official the economical use of resources designing [2]. Throughout the world's history, serious conflicts are engaged for superintendence and management of the resources, and at the top of those conflicts, resources have passed into different hands. The resources' passing into different hands has emerged the "powers" with the addition of the population density. within the last century, with the struggle of human community for resources dominations, and with some communities not keeping in step with this struggle, domination fight of the nice powers has come back to a significant state, and with the globe Wars I and II, that were really one war, domination fight of the globe has physically entered into a halt. In 1920s, in different words, within the amount when the globe War I and before the globe War II; whereas the thought of economical development [1] utilized by political economy historians was the condition of best utilization of the resources within the historical approach, it's been explained because the community's creating use of the resources as an entire while not monopolisation, for economists like Marks (in different words, within the economical approach).

A. EMERGING EMPLOYMENT SCHEME

In addition to the advantages like these, once solely the economic process is targeted, the rising employment centers additionally become immigration centers, since they increase the attraction. This condition emerges immigration movements alongside new unemployment. Again, rural issues additionally begin with that means well. Provision of this understanding is feasible by creating use of a historical method. Continuous struggle of individuals to achieve the higher, and therefore the savings that they create so as to confirm this, and therefore the struggle to answer the set of desires that the immigration moves.

The most issues within the developing or underdeveloped countries once the planet War II lies behind this. Single – pole world order that has started along side the disintegration of the Union of Soviet Socialist Republics, has small the good armament and stock expenditures, and additionally has emerged a system that is globalizing along side the technological investments covering these expenditures additionally. Along side the globalisation, each the economically advantageous areas, and measuring device areas and areas that couldn't adapt and dissolved, have arisen [3]. it's a identified proven fact that the countries within the system having advantage (low population), having geographical blessings, having high offer capability, and therefore the countries having commercialism partners have provided their economic development by victimisation these opportunities.

Alongside this development model, it's seen that, international organizations have additionally get play. ILO, UNDP and UNOPS have place into use the programs centered on making a business and awareness by providing coming up with and attendance; OECD has brought into forefront the native development by supporting the entrepreneurship additionally, and therefore the world organisation has planned region employment packages and equal leadership studies [3]. Once the assembly space, resource and population are combined, it's determined that improvement potentials additionally get being [4]. With the mobilization of the population potential and development potential, way forward for the countries and communities take form. Shared the event plans are being created, insufficiency of the economic improvement analysis has been mentioned within the previous paragraphs.

However, several models will be developed for the investment planning's geared toward the event. Despite what the developed model is, what is going to be made, wherever it'll be made, what quantity it'll be made, below that conditions it'll be made, with that technology it'll be made, and the way it'll be shared are continually vital queries [5]. During this context, within the studies, countries are evaluated below 2 classes. Developed Countries and Developing Countries.

TABLE 1

Fooder Crops	Required In Kg	Area	Required Calories	Available In Kg	Available Calories	Variation
Rice	2.451	437	86.4	3.12	110.25	675.7
Fruit	502.24	27	1.787	75.3	2.657	246.6
Vegetable	172	104	6.6	126	4.01	47
Cole	333	665	11.2	182.9	6.01	150
Milk	1.3	3760.1	49	292	10.2	1.020

As it is seen within the Table one, the distinction between the wants and stocks is set with GIS applications and general knowledge. This case forms the bottom for coming up with. Within the study, the water resources determination supporting this base has conjointly been created, and afterward the surface of the parcel was analysed. At the side of this analysis; with the aim of making certain the agricultural development, environmental health, economic development, production and tolerance assessment are created.

B. RURAL EMPLOYMENT AND EMPLOYEE JOB SATISFACTION

The study of this paper is essentially conducted to hide 658 industrial and 1033 academic R&D teams in eleven countries, not in addition because the U.S.A. In rural areas industrial development is additional peak now-a-days, so there's a biggest got to analyse the performance of worker and describe the task satisfaction. The climate variable of labour importance explained distinctive variance in publication of original articles additionally as external ratings of technical quality for every sample. The climate variable of participation cooperation accounted for distinctive variance in articles disclosed in every sample, and in technical quality ratings for the business sample. Satisfaction with pay advancement explained distinctive variance in patents for the business sample and in articles for the academic sample. Satisfaction with management accounted for distinctive variance in patents and technical quality ratings for the academic sample. The inclusion of country as a bearing variable had some effects on the results, but still left work climate and job satisfaction as relatively robust predictors of R&D team productivity. Implications for R&D managers are mentioned inside the discussions.

RELATED WORK

In [6] C. D. Fisher Quoted on "On the dubious wisdom of expecting job satisfaction to correlate with performance", the lack of consistent findings on the satisfaction/performance relationship is explained as Associate in Nursing aggregation drawback. I recommend that specific perspective measures ought to be associated with specific job behaviors, whereas general satisfaction measures ought to be associated with the favourableness or disadvantage of somebody's total set of work-related behaviors.

In [7] S. W. J. Kozlowski and B. M. Hulst quoted on "An exploration of climates for technical updating and performance", Rapid technological innovation has created change the data and skills of technical professionals, like engineers, a key concern for several organizations. The facilitation of performance and change activities to stop degeneration is believed to need the event of a congruent structure climate. To date, this issue has received some theoretical however very little analysis attention. This study assessed the effectuality of the conception of change climate. it had been hypothesized that the technical change climate construct would (1) be ready to distinguish among organizations below totally different pressures for technological innovation, (2) proof inter-observer accord among organizations, and (3) be related to relevant structure context options and affection, performance, and change responses. Information gathered from 447 engineers and their 218 supervisors drawn from ten numerous organizations provided support for the hypotheses. it had been complete that the conception of change climate provides a helpful framework for understanding factors that facilitate technical ability and performance.

In [8] S. D. Saleh and C. K. Wang quoted on "The management of innovation: Strategy, structure, and organizational climate", some of the factors that differentiate innovative and fewer innovative corporations are investigated. That has won the Canada Awards for Business Excellence Program for invention and innovation within the past six years are compared to similar teams of companies. The study focuses on the variations in social control strategy, structure, and structure climate. The results show that the innovative corporations use, or have, additional of the subsequent than the less innovative ones: calculated risk taking, management commitment to entrepreneurial activities and innovation, integration and intermingling of abilities in groups and task forces, cluster and collective orientation, and a gift system that reinforces entrepreneurial behavior.

In [9] S. G. Scott and R. A. Bruce Quoted on "Determinants of innovative behaviour: A path model of individual innovation in the workplace", the present study integrated variety of streams of analysis on the antecedents of innovation to develop and take a look at a model of individual innovative behaviour. Hypothesizing that leadership, individual problem-solving vogue, and work cluster relations have an effect on innovative behaviour directly and indirectly through their influence on perceptions of the climate for innovation, we tend to used structural equation analysis to check the parameters of the planned model at the same time and conjointly explored the palliative impact of task characteristics. The model explained around thirty seven % of the variance in innovative behaviour. Task sort qualified the connection between leader role expectations and innovative behaviour.

In [10], R. TELLI quoted on "Effects of EU Rural Development Policies on Turkey: Pozantı Example, Social and Human Sciences Magazine", Today, the South-eastern and Japanese (SE&E) elements of Turkey face several issues. The clear distinction in economic development between the Western and Japanese elements of Turkey has born the Japanese half into deep crises. Several have debated these crises and postulated totally different causes. Some say that it's AN psychological state and a few argue that there's no substance, the economic bias, created against the Japanese a part of Turkey that on the total is populous by a unique grouping. During this study, these instructional establishments and also the economic state of affairs during this region and also the role of pre-university education in economic development of those elements of Turkey are analysed. Thus, the tutorial, economic and social structures of the SE&E elements of Turkey are compared with Turkey as a full. Supported these findings generalization are created on factors inflicting the political instability that are in progress for several years in SE&E. The study can advise suggestions for solutions to those issues.

In [11], A. TOLUNAY, A. AKYOL Quoted on "Development and Rural Development: Basic Concepts and Definitions", From Wikipedia: Rural square measure are giant and isolated areas of an open country with low population density. ...From Wikipedia: Rural development normally is employed to denote the actions and initiatives taken to enhance the quality of living in non-urban neighbourhoods, rural area, and remote villages. These communities will be exemplified with a coffee quantitative relation of inhabitants to open area. Agricultural activities could also be outstanding during this case whereas economic activities would relate to the first sector, production of foodstuffs and raw materials. u. s. Census (2000 census) defines rural areas as comprising open country and settlements with fewer than two,500 residents (population/administrative-based); areas selected as rural will have population densities as high as 999 per square measure or as low as one person per square measure (population/land use-based). ...u. s. Department of Agriculture (2002 farm bill) defines rural spaces as any area apart from (a) a town or city that encompasses a population of bigger than fifty,000 inhabitants, and (b) the urban areas contiguous and adjacent to such a town or city. U.S.A. workplace of Management and Budget defines a Metropolitan applied mathematics space as consisting of (a) central counties with one or additional urban square measure (as outlined by the Census Bureau) and (b) far counties that are economically tied to the core counties as measured by employee travelling information (i.e. if

twenty fifth of staff living there commute to the core counties, or if twenty fifth of the use within the county consists of staff coming back from the central counties). Non-metro counties (rural counties) square measure outside the boundaries of underground areas.

CONCLUSION

As a result, enhancing the welfare level and developing economically is very necessary from the perspective of each the underdeveloped and developing countries, and therefore the countries, policy determinations of that are improved. For this reason, for the aim of levelling the economic distribution and preventing the social issues before they are available to the forefront, human orientated onsite development policy has become very necessary, and this can be "rural development". Rural development studies are the studies maintained within the past years upon policies that are completely different from one another and these studies are the studies that are maintained field – primarily based within the past years. The field-based studies kind prices like intelligence activity and survey, and conjointly causes a heavy waste of your time. The development of the technology can even give the utilization of practices which will cut back these prices. At intervals this scope, the studies that are applied for rural development, application of that is developed, and development of that is in progress, involve the subsequent abilities:

- ✓ Identification of land and Segmentation,
- ✓ Production of machineries and vegetable products,
- ✓ Equipped idea in packages and practical works,
- ✓ Literal background and understanding the latest ideas,
- ✓ Moralities

Additionally, in this descriptions we formalize the working and job satisfaction level of employees who work in the rural areas and how the companies or corporate plan to formulate their firms in those areas.

FUTURE WORK

In the presented work we fully concentrated on the rural area development methodology and the work nature as partially and quote on it like a parallel manner. But in future we plan to extend our work deeply based on the job satisfaction and improvisation of rural area development works. And predict the advantages and disadvantages of the rural area firm/organization/company development plans and improve the culture of rural areas like developed areas.

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A STUDY ON IDENTIFICATION OF TOP FACTORS IMPACTING EMPLOYER BRANDING IN IT MULTATIONALS IN INDIA & ITS STRATEGIC IMPLICATIONS

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ABSTRACT

Objective: The objective of this paper is to identify top factors that contribute towards effective employer branding of IT multinational companies in India from the perspective of current employees & potential hires. **Methodology:** For collection of data, an online questionnaire was administered. 200 employees of three IT companies in Pune & Bangalore and 200 final year engineering students in two Pune based engineering colleges were sent the questionnaire for the survey out of which the completed and accepted questionnaire were 78 for the former and 92 for the students. The survey findings have been analyzed on SPSS 22.0 for identification of top factors through factor analysis. Secondary data was mainly collected from online databases like Proquest, Ebscohost & other internet resources. **Findings:** A comparative analysis on the perspectives of potential hires, the final year engineering students, and the current employees of three IT multinationals has brought out a definite number of prominent factors responsible for effective employer branding of IT companies in India. The top three factors identified were – culture, career path & international opportunities. **Limitations:** Due to an average sample size, the study might not be an accurate representation of the population. However, it can be taken as a pilot study and more research with a much greater sample size can be undertaken to substantiate its claims.

KEYWORDS

employer branding, factors, prospective IT employee's perception, IT companies.

INTRODUCTION










 Employer branding is the creation of a unique identity of a company, in order to make it a desirable employer for prospective hires (Backhaus & Tikko, 2004). It means the reputation of an organization as an employer. This is a field fast gaining attention which studies and works towards building organization's image as employer of choice and hence helps in attracting talent (Backhaus & Tikoo, 2004). Adler and Barrow first coined the term 'Employer Branding' in 1996, and defined the term as "the package of functional, economic, and psychological benefits provided by employment, and identified with the employing company". As described by Adler and Barrow (1996), employer branding is an integrated brand management which serves to project an organization as a brand liked by customers and prospective employees with best human resource practices. They talked about the impact of organizational culture and value on employer branding.

Employer branding helps create a positive image of an organization, thus sending out the right message to the current and prospective employees (Smedley, 2007). Brand image of a company in terms of performance, social responsibility, work culture and its proposition for its employees often influences the future employee's decision of applying to and joining the company. A well-aimed employer branding campaign often ensures the availability of talent pool for the company (Collins & Stevens, 2002; Slaughter et al, 2004, Christopher Mossevelde, 2010) and also shapes their anticipations about their employment (Livens & Highhouse, 2003).

IT SECTOR & EMPLOYER BRANDING

The IT sector has consistently emerged as the most popular sector to potential job seekers, men (69%) and women (70%) alike (Randstad, 2015). The following table shows the ranking:

TABLE 1.1

		2015	2014
1.	IT	56%	56%
2.	technology	52% 	47%
3.	life sciences	51% 	49%
4.	automotive	50% 	47%
5.	industrial	50% 	45%
6.	consulting	49%	48%
7.	FMCG	47% 	44%
8.	financial services	43% 	40%
9.	chemical	42% 	39%
10.	construction	42%	40%
11.	hospitality	41%	40%
12.	services	40%	39%
13.	logistics	38%	38%
14.	retail	36% 	34%
15.	energy & utilities	35% 	37%

(*) global sectors including approx. 6,000 companies surveyed worldwide

(Source: Randstad 2015 International Insights on Employer Branding)

REVIEW OF LITERATURE

Literature review brings up factors like compensation & benefits, work-life balance, nature of business, talent management activities in an organization, training & learning opportunities, career development, leadership, international opportunities to be among some of the most important factors for a good employer branding strategy. Corporate Social Responsibility of late has also been gaining ground. On the basis of secondary research, the following thirteen important factors have been identified as crucial factors which impact employer branding as far as the IT sector is concerned:

TABLE 1.2: LITERATURE REVIEW FOR IDENTIFYING FACTORS

Factor	Reference
Culture	Hatch and Schultz (2001), Barrow, S. & Adler, T. (2006) ,
Work Environment	Biswas and Varma (2007)
Career Development Opportunities	Cable and Graham (2000)
Leadership Capability	Martin and Hetrick (2005)
Corporate Social Responsibility	Freeman and Albinger (2000), Edwards, (2005); Awang and Jusoff (2009), Backhaus et al., (2002)
International Opportunities	Corporate Leadership Council(2006) Attracting & Retaining Critical Talent Segments (Volume III)
Superior Help	Corporate Leadership Council(2006) Employee Value Proposition Redesign
Nature of Role	Barrow, S. & Adler, T. (2006)
Work Life Balance	Stigler(1962), Carless and Wintle, (2007)
Word of Mouth	Wadee, Z. (2012) Harnessing the Power of Word of mouth for Employer Branding
Diversity	Gatrell & Swan (2008); Thomas, D.A. (2004)
Nature of Business	Burman et al., 2008
Availability of Training	Rhebergen and Wognum(1997); Armstrong-Stassen & Templer, (2005)

IMPORTANCE OF THE STUDY

To find a definite number of prominent factors responsible for effective employer branding of IT companies in India & identify the most prominent ones. Three multinational IT companies were selected for the study.

Employer branding initiatives of the Chosen IT Multinationals

Company A is Bangalore based and has spread its branches across 50 countries since its inception. It is generally well known for a very robust training program for fresh campus hires. It provides its clientele service in business technology consulting, IT products and outsourcing.

- Awards - Won the Asia's Best Employer Brand Award twice.
- Global Recruitment – hires from local colleges, trains and deploys to home locations across the globe.
- Employee Engagement – caters to different states and cultures and hosts various events such as celebration of local festivals, etc.
- Leadership Institute – provides behavioural, simulated as well as conceptual training for leadership roles.
- Career Development – provides vertical, horizontal as well as cross functional growth to star performers.
- Social Work Foundation – the company is constantly active for various causes like education, healthcare, arts and empowerment across different underdeveloped states in India.

(Uma S, Shruthi VK, Smita M Gaikwad, 2013)

Company B is Dublin, Ireland based and has been established for 25 years. Its subsidiary in India is a listed company in itself now. It boasts of superior work culture and market leader compensation strategy. It provides management consulting to clients, along with the IT services.

- Global Referral System – the referral system works globally, so an Indian citizen can refer an American for a job in the subsidiary of the parent company
- Online Recruitment – targets GEN Z through their medium of recruitment; recruits heavily through social media
- International Opportunities – provides opportunities for rotational stints across various countries
- Work Life Balance – provides flexible work plans to suit employee needs
- Autonomy – the culture in this company supports complete autonomy and empowers all employee with decision making authority
- Hands on Hiring – hires from remote locations; breaks stereotypes in hiring and recruits as per requirement and availability

(Company Corporate Citizenship Report, 2008 - 2009)

Company C is also headquartered in Bangalore. It is the IT arm of a conglomerate established almost 80 years ago. The IT wing is relatively recent addition to the conglomerate, but it has managed to make a name for itself in a short span of time. It provides IT services and consulting to its clients.

- Compensation Package – gives a choice of flexible compensation at par with market, for each employee so that the compensation package suits the needs of all employees.
- Focus on Women Leadership – various programs aimed specifically at female talent development at all levels in the company.
- Superior Culture – special emphasis on company values; leadership team displays the values and lead by example.
- Social Responsibility – an 80-year-old foundation set up in the name of the founding father which supports charities for various causes.

(Source: Company Website)

RESEARCH METHODOLOGY

Data Collection: Two web based questionnaire were prepared & sent to:

- employees of three prominent IT Multinational companies in India to understand the concept from the perspective of the current employees of these companies,
- final year students of Pune based engineering colleges to know & understand the perspective of potential hires for these IT companies.

The target respondents were 200 current employees of these IT companies & 200 final year engineering students who were sent online questionnaire for the survey out of which the completed and accepted responses were 92 for final year engineering students and 78 for the IT employees. 13 factors were identified from review of literature and this research work was considered to suffice as pilot survey to check the validity and authenticity of factors. Researcher performed factor analysis on SPSS 22 for data reduction & identification of the top factors crucial for employer branding. The extraction method used was principle component analysis.

RESULTS & DISCUSSIONS

TABLE 2: FACTOR ANALYSIS

Rotated Component Matrix ^a									
	Component								
	1	2	3	4	5	6	7	8	9
VAR0001	.627	.639	.027	.206	-.150	.173	.169	.413	.025
VAR0002	.768	.432	.345	.023	-.205	.129	.058	.162	-.033
VAR0003	.419	.756	.215	.125	.105	.083	-.103	-.040	.022
VAR0004	.193	.785	.044	.342	.327	.456	.112	.128	-.003
VAR0005	.106	.205	.338	.052	.111	.072	-.128	-.018	-.143
VAR00006	.768	.135	.017	.207	.264	.174	.134	.284	.063
VAR00007	.146	.126	-.020	.413	.238	-.246	.021	.237	.316
VAR00008	.632	.033	-.032	-.063	-.038	-.105	.034	.451	.178
VAR00005	.228	-.025	-.034	-.156	.271	.228	.020	.136	.054
VAR00006	-.018	.205	.026	.429	.425	.512	.138	-.005	-.232
VAR00007	-.056	-.031	.396	.056	.604	.098	.078	-.035	-.006
VAR00008	.483	.108	.247	.348	.027	.232	.545	-.068	-.224
VAR00009	.826	.356	.036	.286	.034	-.037	.030	.472	-.031
VAR00010	.043	.364	.302	.433	.192	-.168	-.043	.215	.134
VAR00011	.714	.543	.225	.173	.383	.022	-.087	.012	-.065
VAR00012	.408	.512	.037	.035	.137	-.003	-.069	-.123	.234
VAR00013	.483	.106	-.129	-.035	.340	-.143	.256	-.017	-.043
VAR00014	.291	.101	-.027	-.022	-.175	.063	.064	-.005	.054
VAR00015	.428	-.128	-.215	.574	-.343	.316	.823	.312	-.025
VAR00016	.178	-.072	.112	.036	.032	.129	.329	.515	-.012
VAR00017	.262	.035	.504	-.008	-.092	.054	.129	.461	.463
VAR00018	.011	.045	.402	.306	.165	.050	.785	-.165	.023
VAR00019	-.066	.018	-.175	-.259	-.235	-.066	.235	.056	.345
VAR00020	.231	.127	-.030	-.032	.054	.052	.283	.118	.480

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

Hence, top three components post factor analysis were identified on the basis of loadings and factors with similar loadings were grouped together under three heads.

- **Culture** (questions related to culture, values, superior help, work life balance, word of mouth and diversity showed a strong correlation and the name of these components was collectively chosen as Culture which influences all the other factors)
- **Career Growth** (Questions related to Talent management initiatives and career growth showed a strong correlation and the name of these components was collectively chosen as Career Growth which is driven by defined and robust talent management initiatives)
- **International Opportunities** (questions related to nature of role and international opportunities showed a strong correlation and the name of these components was chosen under the head International Opportunities, although nature of role will be considered crucial when looking for international opportunities)

TABLE 3

Top Factors	Correlated Factors	Variables	Cronbach Alpha
Culture	Culture	Var0001	0.964
	Values	Var0002	
	Superior Help	Var0006	
	Work Life Balance	Var0008	
	Word of Mouth	Var0009	
	Diversity	Var00011	
Career Growth	Talent Management Initiatives	Var0003	0.716
	Career Growth	Var0004	
International Opportunities	Nature of Role	Var00015	0.746
	International Opportunities	Var0018	

RECOMMENDATIONS

HR Practices for creating a great Culture

- **Work Life Balance** – Employers should understand the needs of its employees in regard to private life and emergencies. Many flexible work options such as job sharing, work from home and flexi – time can be implemented to provide employees with an opportunity to perform efficiently at their jobs while having ample time for their family and personal needs.
- **Concern for personal and professional development of employees** – Development programs such as personality building, executive education courses and skill development courses can be provided to the employees. This is a two – fold benefit to companies as well as the employees. Through better performance, the employees can feel more confident and engaged with their work, and the company benefits through their productivity. It also ensures loyalty of the employees.
- **Concern for the welfare of the employee and his/her family** – Providing childcare, healthcare and eldercare facilities to the employees sends out a message that the company cares for them in a holistic manner. The employee develops attachment to the company and creates good brand image of the company in his/her acquaintance circle. (*Oxford Brooks University, 2004*)
- **Well defined core values and their embodiment by leaders and other employees** – The Company can create a unique culture where employees daily live the core values of the company. The core values define what the beliefs of the organization are and the employee can then see whether or not he or she resonates with the ideology of the company. (*Susan M. Heathfield, Year Unknown*)
- **Induction and adaptation to the company culture** – A properly planned induction can help the employees adjust easily in the company and also reduce the time to productivity. This eases the transition of the employees from one job to another and helps him to adapt to the beliefs and values of the organization.
- **Defining employee role** – A well-defined employee role and his contribution to the success of the organization can instil in the employee a sense of achievement and accomplishment. “Employees are the brand ambassadors of the company” quoted Narayan Murthy, Ex – CEO of Infosys Technologies Limited, and a proud employee does his/her best to endorse his company’s image.
- **Superior – Subordinate Relationship** – A good relationship between employee and manager can do wonders for productivity. The autonomy given by managers to employees, the acknowledgement of contribution by employees and their participation in the decision making are some of the relational rewards that employees seek.

(*University of Auckland, 2011*)

HR PRACTICES FOR DEVELOPING CAREER PATH FOR EMPLOYEES

- **Internal and External Development Programs** – Personal Development Programs for each employee to chart his progress and plan his advance in the company can be one way to ensure a proper career path for the employees. These can be done externally as well by agencies who chart out open important positions in the company and also highlight the possible candidates for the same and the development plan to ensure that the candidates are ready for the job.
- **Examinations** – Support can be given to employees for preparation for any examinations they want to take, by providing leaves and study material as well as coaching facility. (*Saumya Bhattacharya, 2011*)
- **Further Studies** – Programs like executive MBA or advanced studies in specialized courses can be sponsored by the company for the employees who are aspiring for higher job roles and want to take the examinations in order to enhance their eligibility for the positions
- **Certifications** – Technical or non-technical certifications can be given to employees in order to prepare them for the career path they have chosen
- **On the Job Training** – Techniques such as mentoring, shadowing, job rotation and job enrichment can be used to expose employees to different job opportunities and roles that companies can provide to the employees. This can help them decide which way they want to progress in their career path. These methods can also be used to train the employee later in preparation for taking over the coveted job position.

(*University of Auckland, 2011*)

HR PRACTICES FOR PROVIDING INTERNATIONAL OPPORTUNITIES TO EMPLOYEES

- **Construction of a Mobility Pyramid** – According to this concept, employees should be divided on the basis of their mobility, that is, what is the extent to which they are willing to relocate. The mobility pyramid defines the terms Glopats, Globals, Regionals, Mobile Local Nationals and Rooted Local Nationals. It can be used to divide the employees into groups based on their choice of off base location assignments and the skills they are equipped with. (*John A. Quelch, 2007*)
- **Break “Local National” Glass Ceiling** – Taking a cue from the concepts of ethnocentrism, polycentricism and geocentricism, , one of the best approaches by any company can be ensure no discrimination against people from different nationalities and ethnic groups. This can be done by building a truly diverse culture through sensitization modules, culture sensitive training and adaptation trainings. (*John A. Quelch, Helen Bloom, 1999*)

CONCLUSION: PRACTICAL IMPLICATIONS & FUTURE RESEARCH

This study aimed at finding the factors which contribute to the development of a strong employer brand for an organization & it illustrates how great an impact the three determined factors, namely Culture, Career Path and International Opportunities, have on the Employer Brand of the chosen companies. Taking a cue from the small sample of respondents for this study, IT companies can make focused and consolidated efforts to strengthen their focus on these three dimensions by focusing on creation & cementing of a strong work culture; by planning and executing a well formed career path for employees and by providing international assignments to worthy candidates.

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ANALYSIS OF THE EFFECT OF GOVERNORS' TERM ON MONETARY POLICY: A CROSS-SECTIONAL ANALYSIS OF SELECTED SUB-SAHARAN AFRICAN CENTRAL BANKS

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ABSTRACT

The objective of the study was to investigate the effect of term of the governors on monetary policy objective. The research was conducted through a cross-sectional analysis. A sample was obtained from the selected 16 Sub-Saharan African central banks websites. The target populations were 52 Sub-Saharan African countries where only 16 countries were selected for the study because of the data constraints. The websites of central banks from 1996 to 2011 were used which the researcher a maximum of 288 observations. The selected countries were reached through convenience sampling procedure for the study. The study used reports from central banks to gather pertinent data. The researcher also used previous studies on the same to compare them with existing data in order to provide conclusions and competent recommendations. Data Analysis was analyzed through the use of qualitative and quantitative analysis and presented in tabular form. Data analysis was facilitated by the use of SPSS (Statistical Package for Social Scientist) and spreadsheet. The Pearson product-moment correlation coefficient was conducted to estimates the strength of the linear relationship between two random variables. Regression models were estimated using the random effects methods and tested by the Hausman random effects. ANOVA was used to test for differences among the means of the populations by examining the amount of variations between each of the samples, relative to the amount of variation between the samples. It was also used to analyze the hypothesis of the study. The study concluded that, Central Bank Independence (CBI) has long been a topic of interest given the association that has been found between central bank independence and low inflation. The study recommends Central banks to, have an independent board of directors that can serve fully their term for transparency practice, openness, honesty and trustworthy, which is vital for an independent institution like central banks to engineer the confidence of the public domain because of its independence.

KEYWORDS

term of governors, monetary policies.

INTRODUCTION

BACKGROUND INFORMATION

The idea that an independent central bank is associated with lower inflation was supported by an important empirical literature which suggests that average inflation is negatively related to the central bank independence degree Cukierman, Webb and Neyapti (1992) argue that "the legal status of a central bank is only one of several elements that determine its actual independence. Many central banks laws are highly incomplete and leave a lot of room of interpretation. As a result, factors such as tradition or the personalities of the governor and other high officials of the bank at least partially shape the actual level of central bank independence. Even when the law is quite explicit, reality may be very different". Thus, according to Fuhrer (1997), "legal central bank independence could be very different from actual central bank independence in countries where the practice of monetary policy deviates from the letter of the law. Measures of legal central bank independence should thus be viewed as (possibly noisy) indicators of underlying central bank independence".

According to Cukierman, Webb, and Neyapti index is based on four legal characteristics as described in a central bank's charter. First, a bank is viewed as more independent if the chief-executive is appointed by the central bank board rather than by the prime minister or minister of finance, is not subject to dismissal, and has a long term of office. These aspects help insulate the central bank from political pressures. Second, independence is higher the greater the extent to which policy decisions are made independently of government involvement. Third, a central bank is more independent if its charter states that price stability is the sole or primary goal of monetary policy. Fourth, independence is greater if there are limitations on the government's ability to borrow from the central bank. Cukierman, Webb, and Neyapti combine these four aspects into a single measure of legal independence. Based on data from the 1980s, they found Switzerland to have the highest degree of central bank independence at the time, closely followed by Germany. At the other end of the scale, the central banks of Poland and the former Yugoslavia were found to have the least independence.

Conventional wisdom holds that while fiscal policy should be made directly by democratically-elected legislators, monetary policy should be made by technocrats nominated by the democratically-elected president, and confirmed by democratically-elected legislators. The rationale for this conventional wisdom is that democratically-elected leaders inherently are given to inflation proclivities, giving to the citizenry more than it is willing to tax the citizenry and running perpetual budget deficits that would be monetized, if such leaders kept monetary policy decisions to themselves. Thus, it is argued, democratically-elected leaders are doing the citizenry a huge benefit by bestowing operational political independence to the Federal Reserve, essentially protecting themselves – and, thus, the citizenry – from their inflationary selves.

One of the solutions to this problem is to appoint a conservative central bank governor, who can place greater weight on price stability than the government does (Rogoff, 1985). In practice, Central Bank Independence could be a manner of appointing a conservative central banker. Furthermore, concerning this time-inconsistency problem, recent studies have suggested that Central Bank Independence could allow the protection of monetary policy against partisan electoral cycles (Alesina, 1988; Alesina et al., 1997) and therefore not to divert the monetary policy from its primary objective. The principal message of these arguments is

that the government suffers from inflationary bias and that, it is necessary to depoliticize monetary policy (i.e. increase the Central Bank Independence) in order to fight more efficiently against inflation.

OBJECTIVE OF THE STUDY

To analyze the effect of the term of the governors (tenure) on monetary policies objectives.

METHODOLOGY

RESEARCH DESIGN: According to Kothari (2005), research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It sought to observe, explain, and describe phenomena of interest without manipulating the variables or the respondents. The study was appropriate to provide secondary information.

The research was conducted through a cross-sectional analysis. A sample was obtained from the selected 16 Sub-Saharan African central banks websites. These methods were suitable as non-experimental and were only concerned mainly with explanation, descriptions and explorations of opinions, attitudes, preferences and perception, as it exists at the time of the study and to describe present conditions, events or policy based on the impressions or reactions of the respondents of the research (Creswell, 1994). The researcher opted to use this kind of research considering the desire of the researcher to obtain data from the sample so as to formulate rational, sound conclusions and recommendations for the study.

TARGET POPULATION: According to Mugenda and Mugenda (2003) target population is the population targeted for the study. It refers to all the units of whatever nature that a researcher intends to study. The population refers to the group of people or study subjects who are similar in one or more ways and which forms the subject of the study. The target populations were 52 Sub-Saharan African countries where only 16 countries were selected for the study because of the data constraints. In these countries, economic attributes were observed over a period of 15 years. These was done in order to come up with a realistic information bearing in and how these economic attributes contributions to the economical development of a country.

SAMPLE AND SAMPLING TECHNIQUES: The data for our sample of 16 African countries was retrieved from various sources including the World Bank, International Monetary Fund, Financial Statistics, Central Statistical Offices, the worldwide governance indicators (WGI) and the websites of each sixteen central banks from 1996 to 2011 which gives the researcher a maximum of 288 observations. The selected countries were reached through convenience sampling procedure for the study. The stratification of the sample allowed for diversity of views and analysis. This is possible because of the following reasons. First, sampling is undertaken due to limitation of resources and availability of the data in some other countries. Secondly is a limitation of time, finances and research personnel. Finally, it is no longer possible to use the entire population. A clearly selected sample is therefore assumed to be representative of the entire population as it enables detailed data collection and analysis.

DATA COLLECTION METHODS: According to Kothari (2005); there are several methods of collecting data, particularly survey and descriptive research. The data for our sample of 16 African countries was retrieved and obtained from various sources including the World Bank, IMF Financial Statistics, Central Statistical Offices and the websites of central bank.

DATA COLLECTION PROCEDURES: The researcher then visited the respective websites banks to download the data in person. Equality data was gathered from World Bank, IMF Financial Statistics data and the Worldwide Governance Indicators (WGI) bank for analysis.

DATA COLLECTION INSTRUMENTS: The study used reports from central banks to gather pertinent data. The researcher also used previous studies on the same to compare them with existing data in order to provide conclusions and competent recommendations. Acquiring secondary data was more convenient to use because they were already condensed, organized and readily available. This was done by the researcher personally retrieving the data.

VALIDITY: According to Mugenda et al (1999) validity refers to the accuracy and meaningfulness of inferences, which are based on the research results. Validity therefore, has to do with how accurately the data obtained in the study represents the variables of the study. If such data is a true reflection of the variables, then inferences based on such data was accurate and meaningful. The content validity of the research instrument was determined by the researcher through accuracy of the same data obtained from IMF and World Bank which provided the same data.

RELIABILITY: Kothari (2005) defines reliability of the research tools as the ability of that test to consistently yield the same results when repeated measurements are taken for the same individual economic factors under the same conditions. According to the study reliability therefore implies the extent to which consistent results can be achieved through the use of the same instruments with the same respondents at different intervals. This was tested by the Hausman test.

DATA ANALYSIS AND PRESENTATION

Data Analysis was analyzed through the use of qualitative and quantitative analysis and presented in tabular form. Data analysis was facilitated by the use of SPSS (Statistical Package for Social Scientist) and spreadsheet Computer package using the following models as follows.

DESCRIPTIVE STATISTICS

Measures of central tendency include the mean, median and mode, while measures of variability include the standard deviation (or variance), the minimum and maximum variables, kurtosis and skewness.

Descriptive statistics provide a useful summary of variability when performing empirical and analytical analysis, as they provide a historical account of tenure behavior. Although past information is useful in any analysis, one should always consider the expectations of future events.

PEARSON PRODUCT-MOMENT CORRELATIONS (PMMC)

The Pearson product-moment correlation coefficient (PMCC) is a quantity between -1.0 and 1.0 that estimates the strength of the linear relationship between two random variables. It is to be noted that correlation simply describes the relationship between the two variables and does not explain why they are related. Therefore, a correlation should not be interpreted as a proof of a cause-and-effect relationship between the variables X and Y. Similar results was provided by Spearman rank-order correlation coefficient.

$$r_{xy} = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{\{n(\sum x^2) - (\sum x)^2\} \{(\sum y^2) - (\sum y)^2\}}}$$

Where:

n = number of paired observations

$\sum XY$ = sum of cross of products

$\sum X$ and $\sum Y$ are sum of X and Y respectively

$\sum x^2$ = sum of all the squares values of the X scores

$\sum y^2$ = sum of all the squares values of the Y scores

$(\sum X)^2$ = sum of all the X scores, this sum squared

$(\sum Y)^2$ = sum of all the Y Scores, this sum squared

THE REGRESSION ANALYSIS

The four regression models of the structure provided below were estimated using the random effects methods where these equations are tested by the Hausman random effects. The dependent variable is regressed with the CBI indexes excluding one at a time to check the change of R^2 as well the assumption made is that the depend on one another as follows:

$$M2 = \beta_0 + \beta_1 EXH_t + \beta_2 INF_t + \beta_3 GDP_t + \beta_4 TERM_t + U_{it}$$

$$EXH = \beta_0 + \beta_1 EM2_t + \beta_2 INF_t + \beta_3 GDP_t + \beta_4 TERM_t + U_{it}$$

$$INF = \beta_0 + \beta_1 M2_t + \beta_2 EXH_t + \beta_3 GDP_t + \beta_4 TERM_t + U_{it}$$

$$GDP = \beta_0 + \beta_1 M2_t + \beta_2 EXH_t + \beta_3 INF_t + \beta_4 TERM_t + U_{it}$$

Where:

GDP = Gross Domestic Product, $M2$ = Money Supply EXH = Foreign Exchange Rate and INF = Inflation

TERM = Term of governor in office.

U_{it} = error term & t = time (years)

ANALYSIS OF VARIANCE (ONE-WAY ANOVA)

The basic principle of ANOVA is to test for differences among the means of the populations by examining the amount of variations between each of the samples, relative to the amount of variation between the samples. In this case the researcher's concern is to analyze the performance of various monetary policies in order to know whether their performances differ significantly and investigate any number of factors (CBI) which are hypothesized or said to influence the dependent variable. The ANOVA technique is important in this context because the researcher wanted to compare more than two populations such as the CBI on monetary policy outcomes and investigated the differences among the means of the population's simultaneously.

The hypothesis of the study is similarly analyzed through the use of ANOVA due to insignificance results observed by the regressed models. ANOVA gave a more explanatory power of the independent variables than regression thus more preferred. The tests of the hypothesis using ANOVA therefore provides the yeast of this study which would have been insignificant due to dummy results of regression model making it significant.

THE ANOVA MODEL

$$Y_{ij} = \mu + \tau_i + \epsilon_{ij}$$

Where

μ = grand mean

τ_i = i^{th} treatment effect.

ϵ_{ij} = random error term.

Y_{ij} = dependent variable.

i.e the response of the ij^{th} experimental units that receive the i^{th} treatment.

The researcher tested;

$$H_0: \mu_1 = \mu_2 = \mu_3 = \dots = \mu_t$$

$$H_1: \mu_1 \neq \mu_2 \neq \mu_3 \neq \dots \neq \mu_t$$

Or at least one μ_0 is different.

ANOVA Theorem

Total Sum of squares (TSS)

$$TSS = (\text{Square of square due to treatment}) + (\text{sum of squares of due to error})$$

$$TSS = SStr + SSE$$

$$\sum (Y_{ij} - \bar{Y})^2 = \sum (Y_i - \bar{Y})^2 + \sum (Y_{ij} - \bar{Y})^2$$

$$\text{Correlation factor CF} = \left[\sum^t \sum^n Y_{ij} \right]$$

Total sum of squares

$$TSS = \sum \sum Y_{ij} - CF$$

$$\text{Sum of squares due to treatment } SStr = \sum \frac{t_i^2}{n} - CF$$

$$SSE = TSS - SStr$$

$$\text{Mean sum of squares due to treatment (MSStr)} = \frac{SStr}{t-1 \text{ (numerator)}}$$

r)

$$\text{Mean sum of squares due to error (MSE)} = \frac{SSE}{(nt-1)(t-1) \text{ (Denominator)}}$$

$$= \frac{SSE}{nt-t}$$

Test statistics;

$$F = \frac{MSStr}{MSE} \text{ (Estimate of population variance based on between samples variance.)}$$

MSE (Estimate of population variance based on within samples variance)

Reject H_0 if $F > F_{\alpha}(t-1, nt-t)$

Accept otherwise.

FINDINGS AND DISCUSSIONS

TABLE 1: DESCRIPTIVE STATISTICS

	N	Range	Min	Max	Mean	Std. Deviation	Variance	Skewness
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
TERM	288	14.00	.00	14.00	4.2014	.19940	3.38387	11.451

Source: The researcher 2015.

The output produced shown above in table 1. The first line tells us about the data set for which descriptive statistics have been calculated. The first column in the group output table, labelled N gives the number of cases in that data set followed by range. In the next two columns, that minimum and the maximum values of the variables selected for the study is given. In the last three columns, the mean, standard deviation and the variance are given while the last column gives tells us where the data selected is skewed to.

It can be seen that the TERM of the monetary outcomes vary from .00 to 14.00 with a mean of 4.2014, standard deviation of 3.38387, variance of 11.451 and skewed to the positive at .603. Therefore, the longer the tenure of the governor in office, the higher the degree of central bank independence to formulate and implement monetary policies that will result highest price stability.

TABLE 2: CORRELATIONS

Correlations		EXCH	INFL	M2	GDP	TERM
EXCH	Pearson Correlation	1	-.151	-.378	.163*	.103*
	Sig. (2-tailed)	-	.010	.000	.006	.080
	N	-	288	288	288	288
INFL	Pearson Correlation	-	1	-.146	.094*	-.031
	Sig. (2-tailed)	-	-	.013	.112	.601
	N	-	-	288	288	288
M2	Pearson Correlation	-	-	1	-.283	-.069
	Sig. (2-tailed)	-	-	-	.000	.246
	N	-	-	-	288	288
GDP	Pearson Correlation	-	-	-	1	.090*
	Sig. (2-tailed)	-	-	-	-	.128
	N	-	-	-	-	288

Source: The researcher 2015

The output produced is shown in the table 1 above, the output gives correlation for the variable and each correlation is produced twice in the matrix. The term of the governor is much more significance in the regulation of foreign exchange rates and the gross domestic production.

In the correlation matrix, the researcher gets Pearson's correlation coefficient, P-value for two-tailed test for significance and the sample size. From this table the researcher can conclude that there is a positive correlation between monetary objectives outcomes and the governors term hence the correlations is significant at the significance level of $\alpha = 0.05$ (which was given at *significance 5%). Results for correlation between other set of variables can be interpreted similarly. The same results were generated though the non-parametric correlations.

TABLE 3: REGRESSION RESULTS RANDOM EFFECTS

Independent Variables	Exchange Rate		Money Supply		Inflation		Gross Domestic Product	
	t	Beta	t	Beta	T	Beta	T	Beta
Term	1.879**	0.099**	-.574v	-.030v	-.511v	-0.030v	0.543**	.066*
(Std error)	(7.244)		(0.354)		(.189)		(.036)	
Constants	5.660*** (79.353)		19.509*** (2.652)		7.832*** (1.970)		8.386*** (.679)	
R-Square	.2433		.247		0.089		0.129	
Adjusted R ²	.227		.231		0.069		.111	
N	288		288		288		288	

Sources: Researcher (2015)

Note: Note: The dependent variable is the transformed inflation rate INF, TERM is the period a central bank governor in office, EXCH is the annual percentage change in exchange rate, GDP is the log of real GDP and M2 is the summation of money supply as a percentage. The significance levels are given by **significant at 5%; V insignificant; Standard errors in brackets.

The Wooldridge test for autocorrelation in panel data is used to test for autocorrelation and the researcher also test for panel level heteroskedasticity. The results suggest that the researcher's model does not suffer from these problems. (The test is derived by Wooldridge (2002) to test for autocorrelation in panel data models. Drukker (2003) affirms that the test is reasonably good in plausibly sized samples) The Hausman test indicates that the random effects technique is most appropriate to use. The Hausman test indicates again that the random effects technique is more appropriate to use. The variable in the model is correctly signed and significant. The R² obtained under random effects is 0.243 for exchange rate, 0.247 for money supply, 0.089 inflation and 0.129 GDP meaning that the researcher's models are able to explain about 24% exchange rate, 24.7% money supply 8.9% inflation and 12.9% GDP. Once more, the Wooldridge test for autocorrelation and the test of heteroskedasticity were performed indicating that there is no such problem in our model.

OUTPUT OF ANOVA

ANOVA provides us the results of the inferential statistics as requested. One-way ANOVA gives the results of the analysis for omnibus hypothesis. The results are given in three rows in collaboration with the regression results. The first row labelled regression gives the variability due to the monetary policy factor (between-groups variability), the second row labelled residual gives variability due to the random error term and the third row gives the total variability as summarized in the table below. Equally, as one CBI is omitted from the regression equation the R² decreases while the F-value increase as summarized below.

TABLE 4: ANOVA RESULTS

Independent Variables	Exchange Rate		Money Supply		Inflation		Gross Domestic Product	
	t	Beta	T	Beta	T	Beta	T	Beta
Term	1.879**	0.099**	-.574v	-.030v	-.511v	-0.030v	0.543**	.066*
Constants	5.660*** (79.353)		19.509*** (2.652)		7.832*** (1.970)		8.386*** (.679)	
F	15.030		15.352		4.564		6.943	
N	288		288		288		288	

(Source: the researcher, 2015)

ANOVA RESULTS

The results obtained indicate that CBI is a relatively good means to combat inflation in Africa. However, even though it is a necessary instrument it is not a sufficient measure. As can be seen from this model, the R-squared is not sufficiently high to explain all the variation in the inflation rate. There are other sources which generate inflation in Africa. This is why other accompanying measures are needed to bring back the inflation rate to a satisfying level. The adoption of a responsible balance budget combined with an efficient application of price control can help restrain inflationary pressures. However, if price controls are done improperly, then this could encourage the development of parallel markets as is the case in certain African countries like Ghana, Nigeria, Zambia and Angola. If this happens, then the economic activity would shift to the hidden economy which in turn will negatively affect economic growth in Africa.

CONCLUSIONS

Central Bank Independence (CBI) has long been a topic of interest given the association that has been found between central bank independence and low inflation. Recently, a number of countries in Africa have tried to improve central bank independence and transparency in their monetary policy making. However, in Africa research on the issue of CBI this has been quite problematic given the lack of data especially on unemployment. In this paper, the research examines the relationship of some of the monetary policies on inflation, exchange rate, gross domestic production, money supply and central bank independence using data for 16 countries over the period 1996-2011, and it attempts to investigate whether central bank independence can help achieve price stability in African countries where monetary policy is always a serious problem. The research uses governors term in office as the main proxy measure of central bank independence on monetary policies formulation.

RECOMMENDATIONS

Central banks should, have an independent board of director's composition of all genders because research carried out else on financial institutions depicts that a BOD consist of more women tends to be more transparent, openness, honesty and trustworthy, which is vital for an independent institution like central banks to engineer the confidence of the public domain because of its independence. Independence constrains the government borrowing, which leads to no interest rate manipulations hence price stability a key goal for monetary policies; where government involvement (politicians) is insulated from technocrat's interferences.

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VERTICAL INTEGRATION AS GROWTH STRATEGY: AN ANALYSIS IN THE MEXICAN CORN SECTOR**JOSÉ G. VARGAS-HERNÁNDEZ****RESEARCH SCHOLAR****CENTRO UNIVERSITARIO DE CIENCIAS ECONÓMICO ADMINISTRATIVAS****UNIVERSIDAD DE GUADALAJARA****PERIFÉRICO NORTE 799 EDIF. 201-7; NÚCLEO UNIVERSITARIO LOS BELENES****MÉXICO****JOSÉ SATSUMI LÓPEZ-MORALES****RESEARCH SCHOLAR****ECONOMIC-ADMINISTRATIVE DEPARTMENT****INSTITUTO TECNOLÓGICO DE VERACRUZ****MÉXICO****ROSA PENÉLOPE MARES-GALINDO****RESEARCH SCHOLAR****CENTRO UNIVERSITARIO DE CIENCIAS ECONÓMICO ADMINISTRATIVAS****UNIVERSIDAD DE GUADALAJARA****PERIFÉRICO NORTE 799 EDIF. 201-7; NÚCLEO UNIVERSITARIO LOS BELENES****MÉXICO****ABSTRACT**

The aim of this paper is analyze the strategic trajectory that has followed GRUMA one of the most important Mexican companies around the world. The study of GRUMA's strategies is relevant from strategic and economic scope. In accordance with this the main assumption of this paper is the strategy of vertical integration has contributed in the growth of GRUMA. To achieve this, aim a qualitative method was used, consist in review of data about GRUMA. The results suggest that the vertical integration is an important strategy of growth; however, this strategy is not the only way for growing.

KEYWORDS

growth, strategy, vertical integration.

JEL CODES

M100, M200, D200, D400.

1. INTRODUCTION

Nowadays the business environment is characterized by a globalized and dynamic economy and more competitiveness of the companies. In this environment the companies need to found process of management that contributes to the development of a more efficient management in order to get more benefits. In accordance with this the strategy is a vital organizational resource that helps to reach the success.

In last decade, a number of Mexican companies have been integrated in different process of internationalization. The economic integration is a process through which two or more national markets, which are not integrated, and unitary dimensions considered unsuitable, join to form a single market in a more suitable dimension (Tamames, 1968). This paper analyzes specifically a company that has become world class consolidating in the market shown characteristics, motivations and strategies. Exist a number of strategies which will be shown in the following work in which the reader can get ideas and adapt them to current market events. The aim is to determine the levels of growth and consolidation of the company Gruma from the implementation of the strategy of vertical integration.

Nowadays Mexican companies have had to develop in order to compete in the market. The companies have a different way of ingoing the market. Gruma holds an outstanding performance in the market by not only having the best products, but also the best company to work. This means that Gruma deals with its clients and its employees to have a good result. Gruma has achieved what very few companies manage, to have happy employees and customers.

This paper analyzes the Gruma strategies. Gruma is a leading producer of corn flour and tortillas in the world that is vertically integrated, operating in a lot of places such as the United States, Europe, Central America, Venezuela, Asia, and Oceania, with different brands. The relevance for growth to reach new markets is denoted, and how that was giving through acquisitions and alliances which were given to large companies.

Another important reason that Gruma is world leader is because it is at the forefront of research and development, investing in new technology leading to get a lot of benefits. Gruma is aware that research and development of new technology make the company always evolving. It never remains in the backlog or lagging behind. Currently a firm investing in research and technology can acquire advantages in the market because the environment is constantly changing and therefore require new technology. Gruma has worked all their processes through vertical integration in this paper we speak of the theory from which vertical integration, and we consider that this form has led the company to its consolidation.

The structure of the article is as follows. First, it is presented the company, the industry in which it is located and the background of the problem. Second is the definition of the problem, third the justification and in the fourth place enters the assumptions on which are based the work. In fifth place it is presented the main strategies used to be the market leader. It will depart from the theoretical framework, as Gruma strategies come from theories, which are correlated in this work, and these were used as examples and definitions for the analyst to reach a good understanding of the subject. With this, the importance of Gruma is located, and the reason why is a leader in the Mexican market. On seventh point, it is shown the role of Gruma in the food industry.

In this part Gruma's strategies aimed to link with other firms are analyzed, its acquisitions, the way it progresses in research and development of new technology, raise the search for markets and add diversification strategies are using all of that in the pursuit of efficiency. Finally, some conclusions are presented. The analysis has the objective that the analyst can adapt the article because it is important to know how companies work in the country and to learn how Gruma has managed to reach world levels. Thus can help create new visions and to acquire or adapt these strategies to their companies.

2. BACKGROUND OF THE PROBLEM

Today Mexican companies have managed to build on the international market but this has been relatively on recent years. Twenty-five years ago there were very few studies on the evolution of Mexican companies. As mentioned, today things have changed in a very fast way. Now more studies are conducted as companies begin to grow in order to know the evolution of them.

In Mexico, the process of evolution of the business history and business has been very slow. It started with very little research in the years 1979 and 1980, and as this was happening for 1990 the increase was off causing that currently exist a great interest in new research studies about companies. Of course, this is because there is more training of students who are intended for researchers, although this area has not yet been fully explored and that much remains to be understood in Mexican companies.

It is noteworthy that large companies in Mexico come from the development of new forms of economic organization, and of the general processes of economic modernization. It is understood by this that as the economy has grown companies have excelled. To understand the concept of economic organization Nicholson & Snyder (2010, p 4) departs saying "the study of the allocation of scarce resources among alternative uses."

In other words, economics seeks to meet the needs of people through the production of goods and services (Porter, Lawler & Hackman 1975). Organizations are composed of individuals or groups, in order to achieve certain goals and objectives, through different functions that seek to be rationally coordinated and directed with some continuity over time. Then the economic organization in every time and place is organized differently because it is looking for purpose entities collectively or individually.

The first obstacles that Mexican companies had before were due to wars and independence that faced this country. The war which was during 1810-1821 greatly affected the Mexican economy. A time of independence of Mexico in 1921, the economic recovery was difficult; companies could not develop due to certain factors such as low technological levels, high transportation costs, high interest rates, capital shortages and the high political and social volatility facing the country. For the year 1880 the companies started to grow in Mexico, banks, railroads and mining companies. These were the first large modern enterprises in the country. The reason why it took many years was due to the instability of the country as mentioned above but also because the laws were very slow in transition. What helped the country to grow was the increase in domestic and foreign capital, and therefore to increase foreign investments in new forms of business organization that were introduced in the country by adopting organizational models from other countries, such as England and USA.

The Mexican Revolution also affected the growth of companies in Mexico and the forms of business organization had to be modified. For the twentieth century there were a series of ups and downs in business, as in for the period 1920 -1960 when the growth was very slow, but during the 1960 - 1982, growth was very fast and increased. From 1983 to 1996 economic growth decreases very fast. These changes are due to the state owned enterprises that were privatized hurting the country. This is a recurring description of what happened in those years, which allows the analyst to have a clear idea of the panorama about Mexican companies. By 1990 many Mexican companies begin to globalize or internationalize successfully.

Companies that are transnational in Mexico have a strong presence in domestic and foreign markets. There are a reasonable number of private and national industrial companies, but few that have foreign subsidiaries. Mentioning some of them Grupo Industrial Bimbo, Grupo Industrial Maseca (Gruma), and Femsas (Coca-Cola) these are in the food and beverage industry. Bimbo and Femsas are integrated into a product line. Gruma is integrated into the financial sector as Banorte. What gave impulse to these companies was to create financial industry momentum from privatization of banking which brought benefits giving them advantage over its competitors, acquiring financing advantages in foreign markets.

Gruma is a business group dedicated to the production of corn flour, tortillas, chips and bread. The company began in 1949, beginning its operations in Cerralvo, Nuevo Leon, founding Molinos Azteca, which gives birth to Gruma first flour and cornmeal in the world. For 1970 Gruma ventures into the international market entering to Costa Rica and in 1976 enters the U.S. market. In 1987 installed plants in Honduras, El Salvador and Guatemala in 1993 and 1994 in Venezuela. In 1999 built its first plant tortillas in Europe having three plants in England, Italy and Holland. In 2005 enters to Oceania with two plants and in 2006 comes to Asia.

In addition, GRUMA has operations in the United States, Mexico, Central America, Europe, Asia, and Oceania. GRUMA is headquartered in San Pedro Garza Garcia, Nuevo León, Mexico, and has approximately 18,000 employees and 79 plants (GRUMA, 2015). This fact shows the size of the company that not only is string in Mexico but another parts of the world.

3. DELIMITATION OF THE PROBLEM

Gruma has become one of the most important companies in Mexico. To get to the delimitation of the problems that it has been seen in the economy that as the country grows the companies can advance. Nevertheless, this is not the only way that companies can grow in the introduction of the article, it also mentioned that companies grow due to the strategies implemented. It will be observed that specifically the strategies that have worked with Gruma and it are analyzed how the current economic boom also allows companies in the country.

Starting with the question which are the levels of development and consolidation of the company Gruma from the implementation of the strategy of vertical integration in all his operations?

4. JUSTIFICATION

One of the main problems challenged by businesses today is absence of technological advances in production. Thus companies have failed to address the new business environment each day more competitive. Here the delay in the organization notes that the companies do not renew providers to continue ongoing production performance and lack of training of not qualified staff makes inefficient the company. Another pattern is that marketing companies here are detained. Another issue here is the financial support that faces several problems such as the lack of funding, tax and insurance regulations. Another problem facing business is export procedures and unfair practices in foreign trade.

To develop this research in the first place shows that there is currently an increase in the study, development and training of researchers to help the country stand today. Also it is providing knowledge that not only complements previous knowledge. Development of new knowledge allows the emergence of new ideas since it is intended that more people can gain more knowledge, and apply it in the environment, as they speak of a transfer of knowledge.

At present the companies have very high demands, as when competition increases, companies need to implement strategies to help gain a large market share, through strategies which can give companies competitive advantages. In the case specific of Gruma, it has key strategies, such as offering products and services that have the highest standards of quality, focuses on understanding and completely satisfy the needs of its customers, continuously strengthens its brand, develop research technologies, creates an advantage competitive and is constantly innovating.

In the case of technology, GRUMA has developed a technology division, which is in charge to the next functions: Research and development in the milling of corn and tortilla production; engineering, design and building of plants, supervise the design of plants among others (GRUMA, 2013). The above probably has worked together with the vertical integrations as a strategy of growth.

To understand that companies can develop technology is important. As it is intended that based on research, new entrepreneurial companies or companies that are already on the market may come to be successful because it is not only important to have all resources, but also the implementation of strategies which may use different companies. In this way, firms reach significant growth. The article wants to show an example of a successful company in the national and international market.

5. ASSUMPTION

In order to analyze the strategy the main assumption of this paper is: The strategy of vertical integration has contributed in the growth of GRUMA.

6. THEORETICAL FRAMEWORK

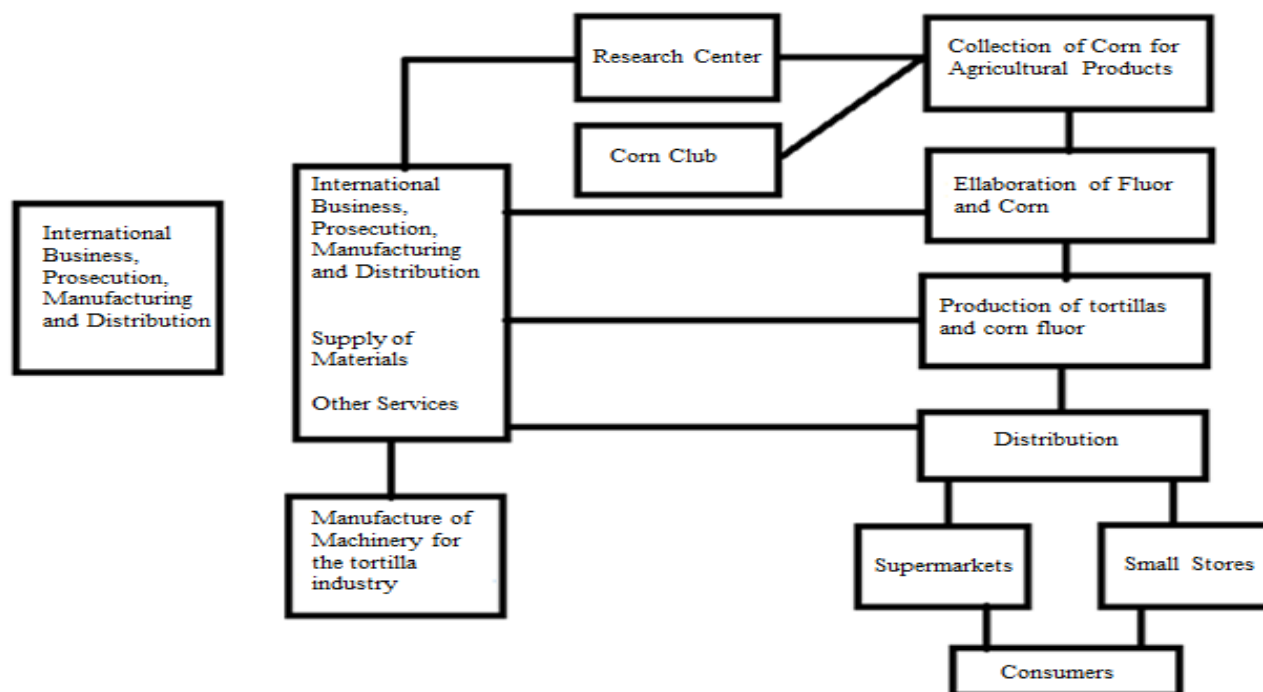
GRUMA has followed several strategies of growth, such as: innovation in products, development of products, development of process, vertical and horizontal integration (Vargas- Sanchez & Perez- Osnaya, 2014). In order to understand the development of GRUMA in this paper we study the vertical integration due to is considered the most important nowadays.

Vertical integration is entirely on the company and nothing is integrated. Being intermediate goods to final goods in diversifying processes which are owned by the company, vertical integration has contributed to the growth and consolidation of the company Gruma. As Williamson (1975, 1985) argues, theory of transaction costs are costs that induce vertical integration because of uncertainty about the future, which implies incomplete or imperfect suppliers of inputs contracts; uncertainty in the negotiation, to avoid problems of opportunism or strategic behavior; and the existence of specific assets or investments. Likewise, integrated companies will do better than an unintegrated competitor if there are high profits in the value- added chain (Klein, Crawford & Alchian, 1978).

Furthermore, the benefits of vertical integration come from the greater capacity it gives organizations to control access to inputs (and to control the cost, quality and delivery times of those inputs) (The Economist, 2009). These benefits maximize the profits of the company due to the increase of the efficiency in his operations. For this the vertical integration is a tool for the competitiveness of the organization.

Vertical integration as Gruma incurs in a number of vertically integrated processes, it is clear that this could be replaced by the market through transactions but these are guided to one company. Williamson (1975) in Market and Hierarchies has contributed to the theory of transaction costs, being three major factors to which they are attached. The first is that contracts are incomplete or imperfect. The second is that there is uncertainty in the agreements, and third, investments have suitability for use of third parties.

FIGURE 1: VERTICAL INTEGRATION GRUMA



Source: Based on data from Gruma (2014)

Gruma Strategies to be at a high level has been having long-term vision, focused its vision for the future so as to be constantly improving. Another strategy is technology company that develops its own technology thereby be able to head, something very important the brand value. Gruma's strategy strengthen its brand, as to the distribution of their product works very efficiently, already mentioned at the beginning of which is one of the best companies to work for in Mexico. One of its fundamental Gruma's strategies is the quality of integration of workers and their products.

The implemented strategies of GRUMA are considered as factors of success in the literature (Rubio- Bañón & Aragon- Sanchez, 2002). It is possible that some of the strategies had contributed more to the success than other; however, this issue is not clear. Likewise, it is probably that not only the strategies of success are not the only factor of success, for this it is important to study in depth the case of GRUMA.

Likewise, as a company, Gruma bases its leadership through its vertical integration, starting from the collection of maize, consecutively transforming in flour and building machinery for making flour tortillas. Hence, Gruma produces the tortilla and then the final distribution occurs to the end buyer. For Gruma its formula of success has been vertical integration since as business is from the beginning to the end in the development and distribution of its product because it is a way to avoid costs, and thus, being a very efficient alternative. Coase (1937) states that the vertical integration is associated with the decision to make or buy, that is, produce the necessary inputs for production or buy them in the market and distribute the products directly or through specialized firms. This is because firms incur to high transaction costs. Then, to avoid transactional costs is through vertical integration.

7. CONTEXTUAL FRAMEWORK

This work is done to develop the knowledge of the analysts; the investigated company is Gruma, which today is one of the best companies in food industry in Mexico. Globalization over time has favored agribusiness companies. This study takes an agribusiness firm to show vertical integration and how the application of this theory can achieve market efficiency.

Gruma begins in 1949 when Roberto González Barrera and Roberto M. González founded the company. Its operations are initiated in Nuevo Leon, Mexico, creating a solution to the conservation of mass Nixtamal that is used in making tortillas, facilitating the manufacture of mass, since only the mass and water is needed to prepare the tortillas. The first floor Molinos Azteca began with 45 employees producing 150 tons per month.

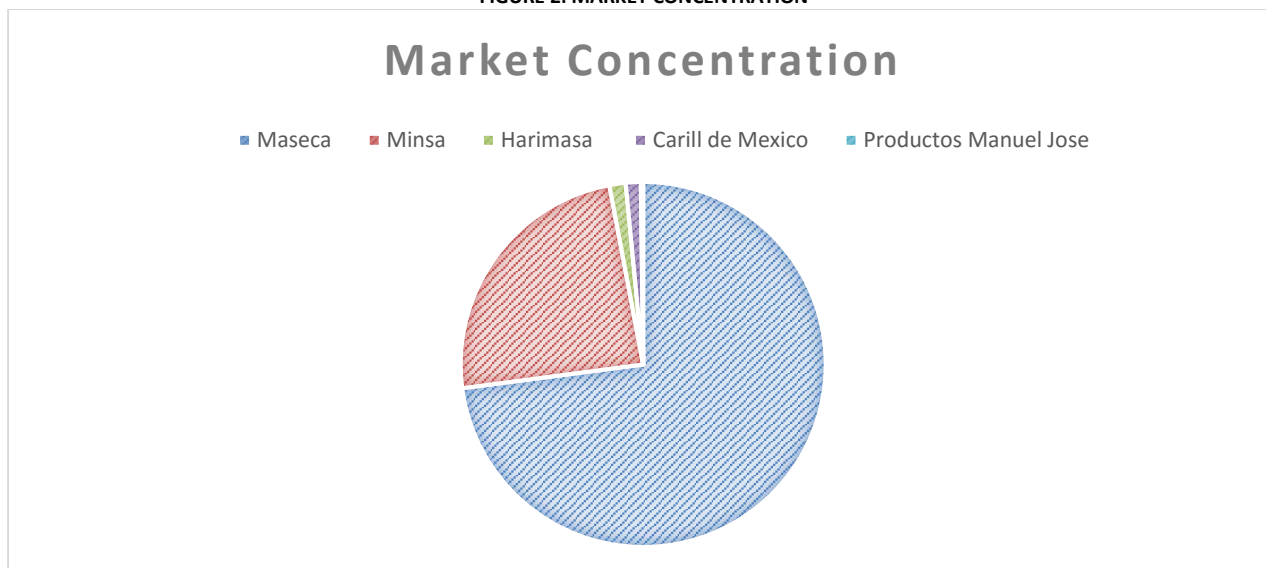
In 1950 emerged Maseca brand Masa Seca, which means dehydrated corn meal concept was born. The second production plant is created in Acaponeta, Nayarit. In 1960 the company began its expansion Gruma, opening 7 new flour mills, while positioned in the market for its quality. In 1973 begin to internationalize entering into operations in Costa Rica. This is where the company began to develop high-speed machines, produces tortillas with soy, showing that the tortillas do not lose their properties and achieving a high amount of routes distribution. In the middle of this decade, Gruma entered to United States acquiring the Mission Foods plant in California.

In the international context GRUMA starts their internationalization in 1973 a plant in Costa Rica was opened. Many years after in 1977 GRUMA acquires a plant in Texas. These two facts increased the presence of GRUMA in the international markets and was the starts of a process of internationalization that continues today. In 1980 acquired 10 floors more in United States and later that year established itself as an international company.

Likewise, in the next decade, in 1992 GRUMA diversified his business, acquiring 10% of BANORTE an important bank in Mexico. In addition, In 1998 makes the list Gruma action in New York Stock Exchange. In 2000 opened the first floor of tortillas in Coventry, England. By 2004 expand in Europe. In 2006 it expanded to Asia. In the years following the 2006 is involved in the development of new technologies at the forefront of innovation and being one of the best companies in product quality. Today in Mexico the flour and tortilla production exceeds 1.5 million tons, has 14,500 employees and 74 plants.

In addition, the corn is the planet's most produced grain. In the case of Mexico plants around 7.2 million hectares of corn every year. Last year its farmers produced 21 million tonnes of corn, or about 3 % of global production. But the country consumed roughly 30 million tonnes, this difference is corrected with U.S. imports (Reuters, 2015).

FIGURE 2: MARKET CONCENTRATION



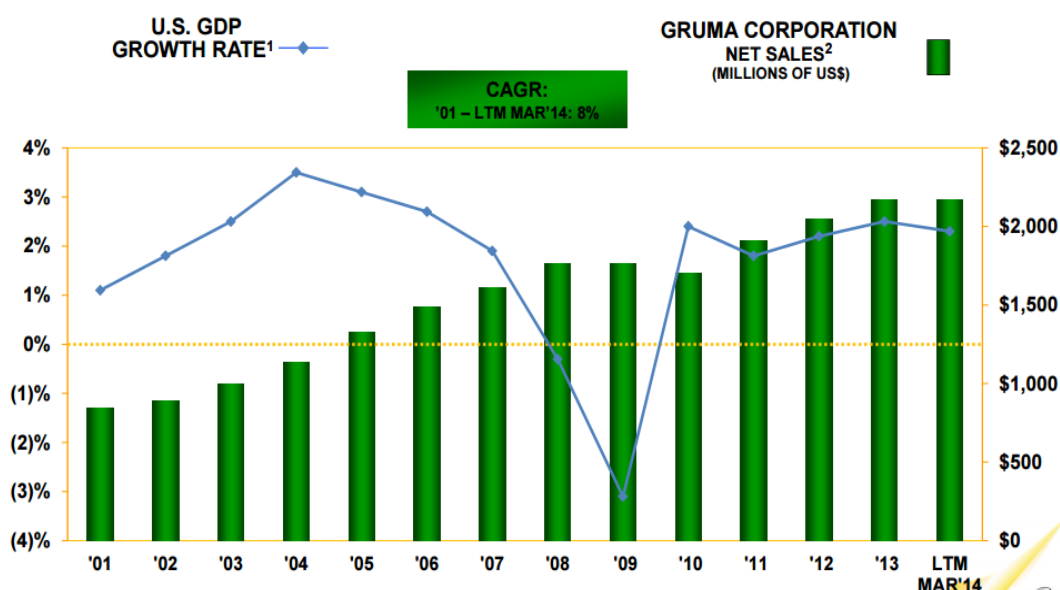
Source: Own elaboration with data from INEGI & SE. (2010).

The Figure 2 shows the market concentration of the corn meal industry. The concentration is highly concentrated five companies controlling the market. En 2010 according to the Analysis Value Chain Corn - Tortilla, production of corn flour reached 22.8 million tons concentrated in few companies: Grupo Industrial Maseca (71.2% market share), MOH (23.54%), Harimasa (1.4%), Cargill de Mexico (1.3%), Molinos Anahuac (1.1%) and José Manuel Products (0.2%), SE & INEGI (2010). It can be realized that after Maseca (Gruma) is Minsa, a company which is in direct competition, as it has a high concentration in the corn industry.

This study on Gruma's strategies is important not only to obtain information but also the analysis is important since the tortilla is the second most important good in the consumption basket in Mexico being daily per capita consumption of 157 grams of it according to the National Survey on Household Income Expenditure (ENIGH, 2010). However, the National Assessment Council (CONEVAL, 2012) estimated that daily consumption of tortilla per person in rural areas was 217.9 grams, in contrast to urban areas whose indicator is 155.4 grams. With these data, it is estimated that tortilla consumption in the country in 2010 was 6.9 million tons of tortilla. Calculating that each Mexican consumes an average of 123 Kg. of corn annually, which is well above the world average (16.8 kg per person).

At this time, the corn industry has an advantage that becomes very appropriate for the company with the highest market concentration, since this year 2014 prices will be very low due to inventory accumulation in countries producers because Mexico imports corn. By December of 2012 to December of 2013 the price of a ton of corn, white and yellow reported a 40% reduction from \$ 284 to \$ 170 according to the Consultant Agricultural Markets Group. And the grain is expected to drop further. Globally corn has a total of 964.2 million tons in the cycle 2013/2014. In Mexico it is estimated that in the cycle 2014-2015 will break the barrier of 21 million tons of production, i.e. it must import corn to meet demand and the decrease in corn costs per ton becomes a benefit to the corn industry as there is higher profit margin.

FIGURE 3: SALES OF GRUMA 2001-2014



Source: GRUMA, 2015.

The Figure 3 shows a comparative analysis of GRUMA sales. These results indicate that GRUMA increase his sales in the last ten years. Likewise, it is important to point out that is possible that the reason for this is the vertical integration. The reason of this assumption is that one of the advantages of vertical integration is additional profit margins or the ability to charge lower prices on final product (Blois, 1972).

In Mexico Gruma has had monopolistic practices in the production, marketing of the dough and mass, tortillas, corn flour and wheat, input essential to the national diet, as the company Gruma bought Agroinsa of Mexico. The union generated barriers to entry of competitors, such as investments in plants, distribution channels and the ability to negotiate the purchase of corn. What make a monopolistic market are generated and controlled prices and market conditions.

Gruma increased market concentration, and the effect of reducing the level of competition in the Mexican market. It can be observed that buying Agroinsa is a strategy of Gruma to consolidate further in the market. It is also to be noted that this is a great strategy. However, monopolies on Mexican soil are banned so it's an excellent strategy but not very accessible as the Federal Competition Commission (CFC), is always watching for this not to happen.

8. ANALYTICAL METHOD

The analytical method is the method of the following research and through the composition of the following article has made it to the analysis of the object of study, since this work is divided into parts which give a clear picture of the causes, the nature and effects by Gruma. It is one of the best food companies, not only that it also has the highest concentration of market corn industry. The company analysis allows a clear view on important strategies for studying by students, academics, business and government.

9. CONCLUSION

The main aim of this paper is analyze the strategic trajectory that has put to GRUMA as one the best Mexican companies in Mexico. The country has a lot of manpower and natural resources that makes it very attractive. Recent business expansion in Mexico is due to the need to reach new markets and the liberalization of trade in the 90's. All this has been given in terms of innovation and technology that companies are required to develop and implement for attaining position both domestically and externally.

For Gruma, as mentioned repeatedly, its fundamental strategy has been the vertical integration, claiming to reduce transaction costs, decreased marketing expenses, certainty in supply of products and better control in the distribution process. These factors has caused consolidation in the Mexican market and has prompted the international presence of GRUMA.

However, even exist evidence that GRUMA has growth in the last years. It is in an oligopolistic market structure and has monopoly power in the Mexican corn market. This means that for the Mexican consumer market is not very good, because if there is a monopoly there is no more firms and undertakings which causes production required is not reached to supply the Mexican market. This is when it is necessary to raise awareness and to think that these studies are important not only for businesses but also for regulatory control institutions that create these structures. Thus the best way to present a company's growth is through innovation and technology, as it is one of the reasons why other countries are developed.

Finally, it is true that vertical integration had contributed to the success of GRUMA local and internationally. However, GRUMA not only have followed this strategy, as company in constant movement and development the strategies as internationalization and an adequacy management of the finances have contributed too. The success of GRUMA is not only produced by unique strategy, is a mix of several of this. In the future it is important to analyze specifically each strategy and afterwards analyze comparatively together.

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ANXIETY AND SELF-CONCEPT OF SECONDARY SCHOOL STUDENTS: SPECIAL REFERENCE TO THE STATE OF ASSAM AND SIKKIM

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ABSTRACT

The present age is an age of anxiety with fast track competitions in every aspect of life. Our school going population are the worst sufferers with the demands of this fast paced world. Research shows that high-anxious students are self-disparaging, are unadventurous, possess more negative personality characteristics, and have a strong tendency to indulge in daydreams. Furthermore, high-anxiety leads to low self-concept which leads to low performance of the students. Self-Concept is an important concept of any child's development. The importance of self-concept within educational settings has been discussed by several scholars and has led to the performance of studies examining the role of self-concept in school performance (Oliva, 1999). Keeping these points in view, the objective of the present study was to find out the Anxiety and Self-Concept of Secondary School Students of Assam and Sikkim. The sample size comprised of 200 secondary students that was drawn out through simple random sampling method. Based on a descriptive method of study, standardized tools were used for collecting the data and analysed using correlational method and t-test. Results shows that majority of the students have extreme high anxiety, where there was no significant sex difference in anxiety indicating that both male and female have the same level of anxiety. Results also shows that majority of the students have above average self-concept, where the males were found to have higher self-concept than females. There is also a significant negative correlation between anxiety and self-concept. So, it is important for parents and teachers to check the ever-growing anxieties and frustrations the students are facing in the present day world. The students should also be helped to develop positive self-concept which will help them to reduce their stress and anxieties.

KEYWORDS

anxiety, self-concept, secondary school students.

INTRODUCTION

It is a natural process for human beings to grow from infancy to adulthood and in this process they come into contact with various environmental and social circumstances which make them develop a distinct self-concept and self-image. As they try to adjust with the society having a self-concept of their own and compete with other human being's anxieties develop in them. Adolescents are the worst sufferers of these constructs as this stage is already a period of storm and stress.

According to Yahaya (n.d), Self-concept refers to the totality of a complex, organised and dynamic system of learned beliefs, attitudes and opinions that each person holds to be true about his or her personal existence. Parental upbringing, continuous failure, depression and internal self-critic are factors that influence the development of one's self-concept. Self-concept is not innate, but is developed by the individual through interaction with the environment and reflecting on that interaction. According to Mischel and Morf, 2003, as quoted in Weiten and Lloyd (2007), Self-Concept is a multifaceted structure. It is an organized collection of beliefs about self. These beliefs, also called self-schemas, are developed from past experience and are concerned with one's personality traits, abilities, physical features, values, goals, and social roles. People have self-schemas on dimensions that are important to them, including both strengths and weaknesses. Maheswari and Singh (2014) states that self-concept is the individual's perception of his or her abilities, status and roles in the outer world. The ideal self is important for higher aspiration and future performance. The students' self-concept will decide what goals suit him or her and how he or she should strive for their realisation and it will also determine his or her level of aspiration. Additionally, self-concept interacts with self-esteem, self knowledge and social self to form the self. As self-concept is the individual's way of looking at himself, the dimensions of self-concept involves physical, moral, temperamental, educational, intellectual and social self-concept.

The concept of self has three major components: the perceptual, the conceptual and the attitudinal. The perceptual component is the image the person has to the appearance of his body and the impression he makes on others and sex appropriateness of his body, the importance of the different parts of his body, such as his muscles to his behaviour and the prestige that give him in the eyes of others. The perceptual component is often called the 'physical self-concept'.

The conceptual component is the person's conception of his distinctive characteristics, his abilities and disabilities, his background and origin and his future. It is often called the 'psychological self-concept' and it composed of such life adjustment qualities as honesty, self-confidence, independence, courage and their opposites. The attitudinal component refers to feelings a person has about himself, his attitudes about his present status and future prospectus, his feelings about his worthiness and his attitudes of self-esteem, self-reproach, pride and shame (Dash, 1994).

Anxiety refers to a psychological state that occurs when an individual experiences a sense of impending (or) threatening danger. Marmor (1965) states "Anxiety is a normal natural response and is as important to the safety and security of human organism as is the ability to perceive pain." As quoted in Ganesan (1995). Sullivan (1952) states that anxiety is a painful uneasiness of mind, concerning anticipated illness. Anxious person is not clearly aware of the nature of conflicting condition in him that makes him uneasy. According to Freud (1941), anxiety is a disorder within the personality, arising when for example there is clash between incompatible or conflicting tendencies as when a person is torn between conformity and rebellion, resolution and temptation, or between an impure to love and hate or is troubled by remainders of a gap between what he is and what pretends to be. As quoted in Ganesan (1995).

Anxiety is a complex behaviour commonly found in different people and especially among student's adolescence anxiety is defined as reported experiences of worry, poor concentrative and physiological relations such as sweating or breathing problems, negative socio-evaluative fears and sensitivity to failure. Chauhan (1983) repeated that some of the anxieties of students were school work, examination and tests, favouritism on the part of teacher of parents, appearance, unpopularity, inadequacies in their sex role illness of member of the family, quarrel between parents, boys-girls relationship, difficulty in making friends, vocational choices, health problem, religion, money lack of emotional control unrealistic worry about the future, doubts absent identity development, independence and worry about the appropriateness of past behaviour etc. as quoted in Muchhal and Chand (2011).

REVIEW OF RELATED LITERATURE

Rochers and Schneider (1999) examined a study on self-concept and anxiety in immigrant children. In order to study the 364 of immigrant and non-immigrant elementary school children were tested. The participants belonged to one of four subgroups: (i) non-immigrant from the western region of Germany (ii) non-immigrants from the Eastern region (iii) German-speaking immigrants from the former German Democratic Republic and (iv) immigrants with poor German language skills from the former USSR. The result of the study indicated that the migration did not seem to lead to a global decrease of self-concept or to an increase of general anxiety. The immigrant children did differ in their self-concept in the German language and in anxiety from the non-immigrant children. The study also showed that the German speaking groups and in the immigrant group with poor German language skills, the self concept was more stable with a longer stay in Germany.

Ali, Javed, Mohammad and Hamid (2007) found that with the increase of self-concept and self-esteem there is decrease of anxiety and a negative significant relation exists between self-concept, self-esteem and depression which will ensue decrease in academic achievement.

Soundararajan (2013) did a study on Test-anxiety and self concept among the higher secondary students in Cuddalore district. The normative survey method was employed and random sample of 300 higher secondary students in 6 higher secondary schools locating in Cuddalore district of Tamil Nadu was selected. The tools used for the study was test anxiety scale by Sharma (1978) and self concept scale by Mukta Rani Rastogi (1979). The statistical techniques such as mean, SD, t-test and correlation were employed. The findings of the study revealed that the mean and SD are found to be 24.19 and 0.39 the higher secondary students level of test anxiety is moderate. The mean at SD are found to be 166.43 and 13.01 and the higher secondary students' level of self concept is low. The computed 't' value 0.76 is not significant at 0.05 level. The boys and girls higher secondary students do not differ in their anxiety. The study also indicated that the computed 'r' value 0.04 is not significant. There is no significant relationship between test anxiety and self concept of higher secondary students it is low correlation.

Maheswari and Singh (2014) conducted a study on self concept among rural girl students. In order to get the information, the 370 respondents selected by using stratified proportionate random sampling technique constituted the sample. The self concept questionnaire developed by Dr. Rajkumar saraswat (1971). The findings of study revealed that more than half (56.5 %) of the respondents had high self concept. The study also revealed that no socio-demographic variable has influence over the respondent's self concept except the course of study.

IMPORTANCE OF THE STUDY

The school is one of the most important social institutions where the students socialise and educate themselves and prepares themselves as responsible citizens for the future. It is here where they develop a distinct self-concept through their experiences that make them realise who they are. But vis-a-vis self-concept, another construct that develops in them is anxiety that results from the fast-track competitions and academic pressures they receive from school. Research shows that if a student has high anxiety, he or she develops low or negative self-concept and vice-versa. So, the investigators feel the need to study the, "Anxiety and Self-Concept of Secondary School Students with special reference to Assam and Sikkim", as in the north-eastern part of India no studies in this arena could be found. The study will be helpful for teachers, parents and educational administrators in knowing about the level of anxiety and self-concept of secondary school students which greatly affects their overall personality and academic performance as well.

STATEMENT OF THE PROBLEM

The study undertaken is stated as, 'ANXIETY AND SELF-CONCEPT OF SECONDARY SCHOOL STUDENTS: SPECIAL REFERENCE TO THE STATE OF ASSAM AND SIKKIM.'

OBJECTIVES OF THE STUDY

1. To study the level of self concept and anxiety among the secondary school students in the State of Assam and Sikkim.
2. To study the correlation between self concept and anxiety among the secondary school students.
3. To study the sex difference in self concept among the secondary school students.
4. To study the sex difference in anxiety among the secondary school students.

HYPOTHESES OF THE STUDY

1. There is no significant relationship between self concept and anxiety of secondary school students in the State of Assam and Sikkim.
2. There is no significant sex difference in self concept among the secondary school students.
3. There is no significant sex difference in anxiety among the secondary school students.

RESEARCH METHODOLOGY

METHOD

Descriptive method was used for the present study

SAMPLE

The sample comprise of 200 students of Class IX i.e.100 students from Dhemaji district of Assam and 100 students from West district of Sikkim. The sample distribution is shown in the table below.

TABLE 1: SHOWING THE DISTRIBUTION OF THE SAMPLE

Sl.No	State	Schools	No.of students	Total no.of students
1	Assam	Gogamukh Higher Secondary School	48	100
		Mohoricamp High school	52	
2	Sikkim	Lungchok Secondary School	40	100
		Daramdin, Senior Secondary School	60	
				Total

TOOLS

The following tools were used for the present study:

- 1) Self-Concept questionnaire by Dr. Raj Kumar Saraswat (1992)
- 2) Sinha's Comprehensive Anxiety Test by A.K.P. Sinha and L.N.K. Sinha (2011)

STATISTICAL TECHNIQUES

The data collected were carefully analyzed and processed. Statistical test such as mean, standard deviation, correlation and t-test were applied to interpret the data to draw meaningful inferences.

RESULTS AND DISCUSSION

Objective 1: To study the level of anxiety and self-concept among the secondary school students in the State of Assam and Sikkim.

1) STATUS OF ANXIETY

The table below shows the Anxiety level of the students in terms of various categories

TABLE 1: SHOWING THE ANXIETY LEVEL OF THE STUDENTS OF ASSAM AND SIKKIM

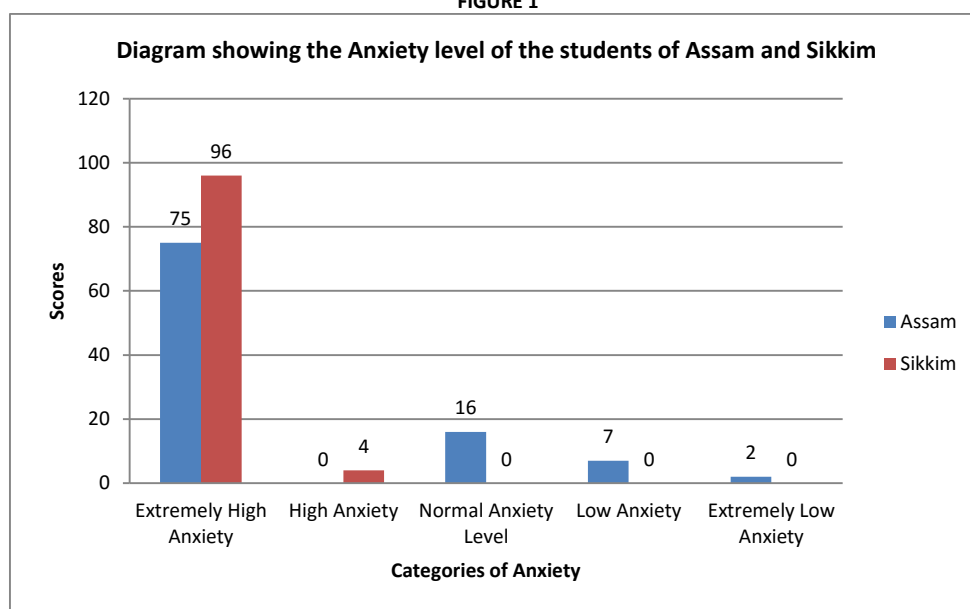
Sl. No.	Range of percentile rank	Limits of score	Name of the States	Frequency	%	*Interpretation
1	P ₈₀ -P ₉₉	29-71	Assam	75	75%	Extreme high anxiety
			Sikkim	96	96%	Extreme high anxiety
2	P ₇₀ -P ₇₅	27-28	Assam	0	0	High anxiety
			Sikkim	4	4%	High anxiety
3	P ₄₀ -P ₆₀	20-25	Assam	16	16%	Normal anxiety level
			Sikkim	0	0	Normal anxiety level
4	P ₂₅ -P ₃₀	15-16	Assam	7	7%	Low anxiety
			Sikkim	0	0	Low anxiety
5	P ₅ -P ₂₀	4-13	Assam	2	2%	Extreme low anxiety
			Sikkim	0	0	Extreme low anxiety
				200		

*As per manual

The above table shows that:

1. Majority of the students have extremely high anxiety i.e. 75% of the students of Assam and 96% of the students of Sikkim
2. In the level of high anxiety, 4% of the students of Sikkim fall in this category while none of the students of Assam fall in this category.
3. In the level of normal anxiety, 16% of the students of Assam fall in this category while none of the students of Sikkim fall in it.
4. 7% of the students of Assam fall in the level of low anxiety, while none of the students of Sikkim fall in this level.
5. 2% of the students of Assam fall in the extremely low anxiety level, while none of the students of Sikkim fall in this level.

FIGURE 1



II) STATUS OF SELF-CONCEPT

The table below shows the level of Self-Concept of the students in terms of various categories

TABLE 2: SHOWING THE LEVEL OF SELF-CONCEPT OF THE STUDENTS OF ASSAM AND SIKKIM

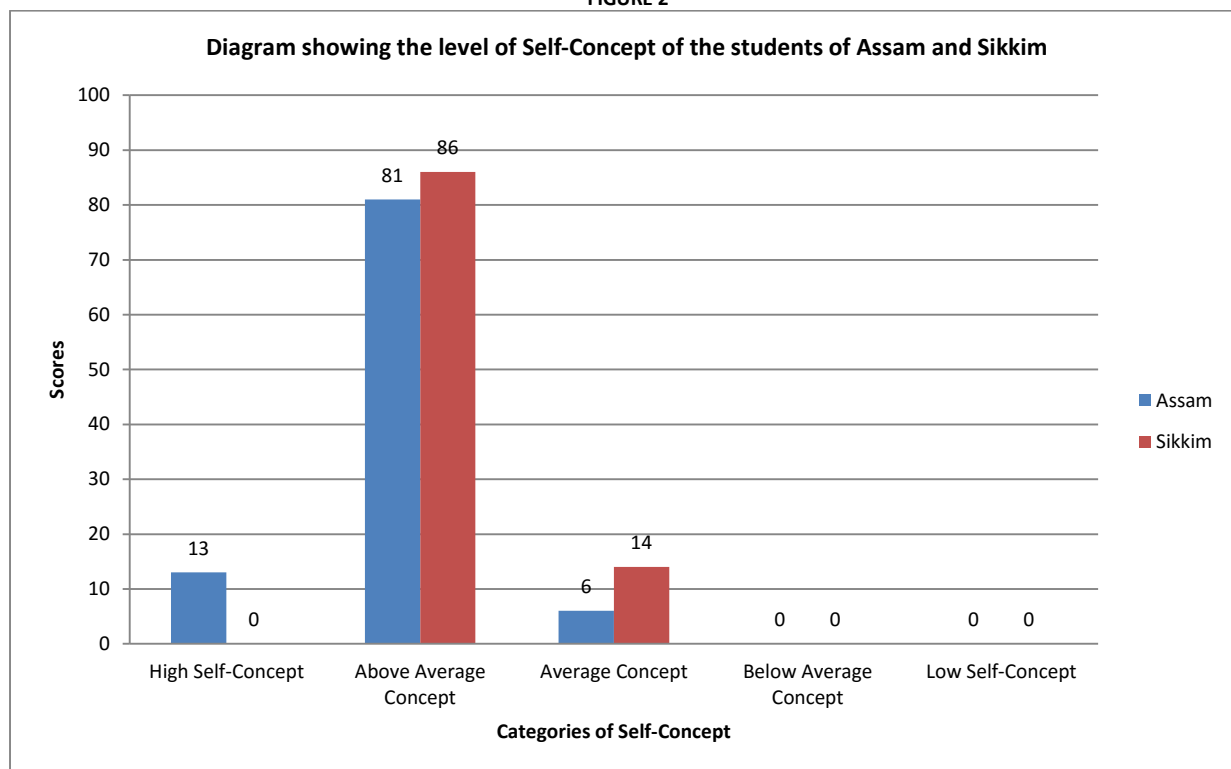
Sl.No.	Limits of the Scores	Name of the States	Frequency	%	*Interpretation
1	193 to 240	Assam	13	13 %	High Self-Concept
		Sikkim	0	0	High Self-Concept
2	145 to 192	Assam	81	81 %	Above Average Self-Concept
		Sikkim	86	86 %	Above Average Self-Concept
3	97 to 144	Assam	6	6 %	Average Self-Concept
		Sikkim	14	14 %	Average Self-Concept
4	49 to 96	Assam	0	0	Below Average Self-Concept
		Sikkim	0	0	Below Average Self-Concept
5	1 to 48	Assam	0	0	Low Self-Concept
		Sikkim	0	0	Low Self-Concept
			200		

*As per manual

The above table shows that:

1. 13% of the students of Assam has high self-concept, while none of the students of Sikkim has high self-concept
2. Majority of the students of both the states have above average self-concept i.e. 81% for the students of Assam and 86% for the students of Sikkim
3. 6% of the students of Assam has average self-concept, while 14 % of the students of Sikkim has average self-concept.
4. None of the students of both the state of Assam and Sikkim fall in the category of below average self-concept.
5. None of the students of both the state of Assam and Sikkim fall in the category of Low self-concept.

FIGURE 2



Objective 2: To study the correlation between self concept and anxiety among the secondary school students in the State of Assam and Sikkim

The following hypothesis was formulated for the above objective;

Hypothesis 1: There is no significant relationship between self concept and anxiety of secondary school students in the State of Assam and Sikkim.

TABLE 3: SHOWING THE CO-EFFICIENT OF CORRELATION BETWEEN SELF-CONCEPT AND ANXIETY OF CLASS IX STUDENTS

Variables involved	Sample size	Computed correlation value (r)	Table value of r	Df	Level of significance
Self-concept and Anxiety	N=200	-0.18	0.138	198	Significant at 0.05 level

From the above table it is found that the value of r is negative and is significant at 0.05 level and therefore the null hypothesis is rejected. It indicates that there is a significant negative relationship between Anxiety and Self-Concept. It means the higher the Anxiety, the lower will be the Self-Concept and lower the Anxiety, higher will be the Self-Concept.

Objective 3: To study the sex differences in self-concept among the secondary school students.

The following hypothesis was formulated for the above objective;

Hypothesis 2: There is no significant sex difference in self-concept among the secondary school students.

TABLE 4: SHOWING THE MEAN, SD, MEAN DIFFERENCE AND Z-VALUE FOR MALE AND FEMALE STUDENTS WITH RESPECT TO THEIR SELF-CONCEPT

Variables Involved	Sex	N	Mean	SD	Mean Difference (D)	Computed z-value	Table z-value	Significance
Self-Concept	M	98	167.54	15.53	5.69	2.32	1.97	Significant at 0.05 level
	F	102	161.85	19.04				

Comparison of Self-Concept between male and female students, the table above reveals that the mean value for male students (167.54) was slightly higher than that for female students (161.85). To test the significance of the difference t-test was applied, and was found significant at 0.05 level. Therefore, the null hypothesis is rejected. It means that there is a significant difference between male and female students in Self-Concept. Since the difference is in favour of male students, it means that male students have higher self-concept than female students.

Objective 4: To study the sex difference in anxiety among the secondary school students.

The following hypothesis was formulated for the above objective;

Hypothesis 3: There is no significant sex difference in anxiety among the secondary school students

TABLE 5: SHOWING THE MEAN, SD, MEAN DIFFERENCE AND Z-VALUE FOR MALE AND FEMALE STUDENTS WITH RESPECT TO THEIR ANXIETY

Variables Involved	Sex	N	Mean	SD	Mean Difference (D)	Computed z-value	Table z-value	Significance
Anxiety	M	98	42.07	12.08	1.26	0.70	1.97	NS*
	F	102	43.33	13.20				

*not significant

To compare the Anxiety between male and female students, the mean and standard deviation measures are presented in the Table 5. From the table it can be observed that the mean anxiety score for female (13.20) was slightly higher than male (12.08). But when the significance of the difference was tested using t-test, it was not significant. Hence the null hypothesis was accepted. It means there is no significant sex difference in anxiety among the secondary school students of Assam and Sikkim. Both the male and female students have the same level of anxiety.

FINDINGS

- The study found that majority of the students of both Assam (75%) and Sikkim (96%) fall in the category of extreme high anxiety which is a matter of great concern. It could be due to cut-throat competitions, lots of academic pressures from the schools and parents high educational expectations. A very few number of students fall in the category of normal and low anxiety.
- Another finding of the study is that majority of the students of both Assam (81%) and Sikkim (86%) fall in the category of above average self-concept, which is a good sign and parents and teachers should play a very important role to develop positive self-concept among the students. A very few number of students fall in the category of high self-concept and average self-concept. And none of the students fall in the category of below average self-concept and low self-concept.

- The present study also found that there is a significant negative relationship between Anxiety and Self-Concept. It means the higher the Anxiety, the lower will be the Self-Concept and lower the Anxiety, higher will be the Self-Concept. So it is important that parents and teachers should take steps to lower the anxiety of the students and develop positive self-concept, and when the students develop high self-concept of themselves automatically their anxiety will also decrease.
- When the significance of the difference between male and female students on self-concept was tested, it was found significant at 0.05 level. It indicates that there is a significant difference between male and female students on Self-Concept. Since the difference is in favour of male students, it means that male students have higher self-concept than female students. This could be due to the more extrovert nature of males and the more freedom and independence they get at home than the females.
- But when the significance of the difference in anxiety between male and female students were tested, it was found not significant. It indicates that both the male and female students have the same level of anxiety. This could be due to the fast track competitions in the present day world where both male and female have to compete equally.

SUGGESTIONS

- The educational institutions should not give too much academic pressure to the students. They should be allowed to learn according to their own pace keeping into consideration their interests and abilities. Learning-by-doing method of teaching should be followed in every school which will help the students to develop interest and creativity and will also help in reducing anxiety. Co-curricular activities should be encouraged that will help the students to release their pent-up feelings.
- The teachers and parents should be very tolerant and co-operative in their approach towards the child and should have knowledge on child psychology which will help them to know the psychological problems the child is going through that has made them anxious or have low self-concept.
- Teachers and parents also should always encourage and motivate the child to do what interest them, and reinforce them when they have done something good or achieved something. This in turn will help the child to develop positive self-concept and also reduces their stress and anxiety.

CONCLUSIONS

The present age is an age of anxiety. The school going population is at cross-roads with the fast-track competitions, academic pressures, parental high expectations, and also with the ever-growing knowledge and population explosion. This in turn hampers in developing their self-concept. It is palpable from the present study that the students of secondary school from both the State of Assam and Sikkim are having extreme high anxiety which if not taken care of immediately might lead to long term effects and they might grow up into anxious adults incapable of handling life. The students should also be helped to develop positive self-concept which will help them to reduce their stress and anxieties.

DELIMITATION OF THE STUDY

1. The study is delimited to only 4 secondary schools of Dhemaji District of Assam and West District of Sikkim.
2. The study is also delimited to class IX students studying in Government rural secondary schools.

SCOPE FOR FURTHER STUDY

- The study can be done on a larger sample, taking a larger cross-section of population that will lead to more reliable results.
- The study can also be correlated with academic performance of the students.

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MODELING THE CAUSES OF STAGNATION OF A MATURED CAPITALIST ECONOMY

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ABSTRACT

The crisis of 2008 clearly shows the weak economic condition of the developed countries. This weakness is not limited to any particular economy rather all developed economies are showing low growth rates. Moreover, a closer look will make it clear that most developed capitalist economies are facing the problem of low growth rate since 1990s. Developed countries like Japan, Germany, France, United Kingdom are recording almost less than 2% average annual growth rates for the last two decades. Even USA is struggling to return to its pre-2008 crisis growth rate at the moment. In this paper we have explained the low growth in matured capitalist economy as inherent contradiction in capitalist economy. So we here present a model which shows that capitalist economy stagnated as it matures i.e. more and more goods and services are produced by capitalism. We have applied here Marxian concept of continuous profit accumulation by increasing automation and Schumpeterian concept of product innovation and process innovation by capitalist entrepreneurs to raise profit. On one hand as new product is introduced, profit is made by recruiting more labor which raises real wage in the capitalist economy. But in process innovation, profit is made by increasing automation which reduces demand for labor and hence real wage. In early stage of capitalism, existing product base is small so effect of automation is low but as existing product base rises impact of automation dominates that of product innovation. We have divided the paper into five sections where section 2 explains the theory working behind the model, section 3 explains the relation between technological progress and employment where there is no introduction of new products, section 4 explains the model with closed economy and fixed population, section 5 explains the model with closed economy and changing population and section 6 gives the concluding observations.

KEYWORDS

economy, closed economy, matured capitalist economy.

1. INTRODUCTION & LITERATURE REVIEW

The theory of monopoly financial capitalism is first forwarded by Marxist economist ¹Paul M. Sweezy and Harry Magdoff in the two books namely "Irreversible Crisis" and "Stagnation and the Financial Explosion". Now theory of Monopoly Financial Capitalism says that capitalism in the monopoly financial capitalist stage can survive by creating bubbles in the financial market by continuously inflating financial asset prices. Thus speculative profits can be made by buying and selling of financial assets (including real estate). This asset price inflation feeds on the assumption of the investor that asset prices only go up and it is done by channeling huge credit to finance speculative activities. This can be traced from rising debt to GDP ratio in all matured capitalist economies. But as asset price inflates above the real valuation of the asset the time will come sooner or later when bubble will burst. Thus the capitalist economy starts facing recession. Now capitalist investors find no more financial assets in which they can profitably invest. So investment as a whole in the economy falls. Hence recession is in full force. Now as financial asset price starts falling, asset holders have to face losses and creditors who financed those asset holders start facing losses too since their debtors are defaulting. At this moment Government of a matured capitalist economy emerges to save financial firms from defaulting. The Government bails out the financial firms using expansionary monetary policies. This can be seen historically in US economy in the year 1987, 2001 and 2008. Thus its becoming clear that matured capitalist economies are getting adopted to this kind of policies in this age.

²John Bellamy Foster and Fred Magdoff has extended this theory and applied it to understand the Great Financial Crisis that originated in 2008 from sub-prime mortgage crisis of USA in their book, "The Great Financial Crisis- Causes and Consequences". They said that in USA in this age of Monopoly Financial Capitalism the financial firms are using financial assets of common people of households as collaterals and spreading debt among US households. Thus debt of household rises too. This household debt was actually stimulating the consumption of US economy which actually helped to counter the over-accumulation crisis in US economy. Financial firm themselves have become debtors in this age of Monopoly Financial Capitalism. Thus the financial firms who financed asset holders' investment in financial assets are debtors too. These financial firms start facing default too.

³A. Shaikh in his "Falling Rate of Profit and Economic Crisis in USA", shows us the continuous fall of profit rate in USA between 1970 and 1987 and with cointegration analysis pointed out that falling profit is leading to fall in investment in the US economy and not the other way round.

⁴Easterly William in his "Economic Stagnation, Fixed Factors and Policy Thresholds" points out how lack of production inputs including land, skilled labor as well as stagnant population can lead to stagnation in an economy.

⁵Edward Prescott and Stephen Parenti in his "An Exogenous Growth Model Based on Total Factor Productivity" shows that the growth rate of a country depends on technology stock of the world and the later a country starts the more the technological stock available for it and higher is its growth rate of output and faster is its development.

2. THEORY BEHIND THE MODEL

This model is based on Marxian concept of capital accumulation, Schumpeterian idea of innovation and input output model framework.

By Marxian concept of capital accumulation, we mean that: Two class i.e. capitalist class and labor class. Capitalist class has several properties :-> (1) the desire of continuous capital accumulation; (2) ownership of means of production; (3) capitalist class employs labor class to produce goods and services by using the means of production; (4) capitalist class earns profit by selling goods and services at a price above what was to labor class as wage; (5) this profit is the basis of capital accumulation.

By Schumpeterian concept of innovation, we mean that: (1) Applying new technology to create new goods and services. (2) Applying new technology in existing production i.e. automation.

In our Input-Output model we hold the following assumptions: (1) There is one capital accumulating sector. Labor is supplied from outside the model. (2) Labor is completely mobile between different products. (3) There is full employment of labor i.e. for a specific real wage rate offered the total amount of labor demanded by the accumulating sector is equal to total amount of labor supplied from outside. If more labor is demanded by the capital accumulating sector, it has to offer higher real wage to draw in more labor from outside.

¹ Sweezy, Paul M. and Magdoff, H. "Stagnation and the Financial Explosion", *Monthly Review Press* (2008).

Sweezy, Paul M. and Magdoff, H. "Irreversible Crisis", *Monthly Review Press* (1998).

² Foster, J. B. and Magdoff F. "The Great Financial Explosion: Causes and Consequences", *Monthly Review Press* (2009).

³ Shaikh, A. "The Falling Rate of Profit and the Economic Crisis in the US", *unpublished* (October, 1987).

⁴ Easterly William, "Economic Stagnation, Fixed Factors and Policy Thresholds", *Working Paper of Economics Department of World Bank* (October, 1991).

⁵ Parenti Stephen and Prescott Edward "What a Country Must Do to Catch up Industrial Economies", *Working Paper of Economics Department of World Bank* (October, 2001).

The capitalist class will want to increase profit by introducing new technologies. Whenever a new technology is invented, it can be used by the capitalist class in two ways. First is to raise profit rate in the existing production and second is to raise profits from introducing new production. Now profit rate from existing production can be raised by increasing capital labor ratio in the production process. So this automation of production reduces demand for labor. On the other hand, new production increases demand for labor. So new product introduction brings about rise and fall in demand for labor simultaneously.

This model shows that during initial years of capitalism, when the size of existing production is negligible and all production is new production from capitalist point of view, the demand for labor is high. But as the capitalism matures and existing production size is large enough, the impact of new production increasing demand for labor becomes marginal. Hence the falling labor demand from automation of existing production has more impact. So demand for labor is low.

Now the model also assumes that the goods and services produced are entirely consumed by the labor class while capitalist class used all its income in investing for capital accumulation. So fall in demand for labor implies fall in demand for wage rate which implies fall in demand for consumption of goods and services. So fall in labor demand growth rate entails fall in output growth rate as capitalist economy matures.

Hence, the model predicts that as capitalism matures and the number of production rises, the demand for labor falls. Now growth rate of output also depends on the growth rate of demand for labor which further effects growth rate of real wage. And rise or fall in wage and employment growth rate entails rise or fall in demand for consumption goods. So fall in growth rate of labor demand entails fall in growth rate of output. So as capitalism matures, growth rate of output becomes lower steadily and can end up in stagnation.

3. RELATION BETWEEN PROFIT RATE AND DIRECTION OF TECHNOLOGICAL PROGRESS IN A MODEL OF OLD PRODUCT WITH NO INTRODUCTION OF NEW PRODUCTS

In this model production consists of two types of goods: (1) consumer products and (2) the capital goods required to produce those consumer products.

Both consumer products and capital goods use labor and capital goods as factors.

The capitalist class hires labor and gives wage in return. Labor is hired from outside the model. The more the amount of labor the capitalist class needs to employ the higher is the real wage rate that capitalist class must offer in order to draw in more labor from outside the model.

Similarly, real profit rate rise too as the demand for capital goods rises. This is because capital goods require inputs like labor and different raw materials which are supplied from outside the model. As demand for capital goods rises, demand for these inputs rises as well and so their price. Thus, real profit rate rises.

Moreover, the demand for consumer products comes from the labor class only. Capitalist class spends its entire income in capital accumulation.

NOTATIONS

p = general price level in the economy

Y = aggregate output level in the economy

w = wage rate

r = profit rate

L = amount of labor employed in the economy

K = amount of capital in forms of machineries called capital goods produced and employed in the economy

C = consumer product produced in the economy

p_c = price of consumer good

EQUATIONS

$$Y = C + K \quad (1)$$

[There are two types of production: a consumer good and capital goods.]

$$C = AK \quad (2)$$

[Where, A is a constant implying the ratio of consumer product produced to the capital goods employed in the economy.]

$$pY = wL + rK \quad (3)$$

[Both consumer good and capital goods use labor and capital good as factors.]

$$L = aK \quad (4)$$

[Where, a = labor-capital ratio or technological coefficient.]

$$w/p = bL = baK \quad (5)$$

[Here b is a positive constant implying real wage rate is directly related to the total amount of labor employed in the economy. As total number of employed labor increase, real wage increase too at a fixed ratio.]

$$r/p = hK \quad (6)$$

[Here, h is a positive constant implying that as the employment of capital goods in the economy rise, the real profit rate rise too at a fixed ratio.]

$$p_c C = wL \quad (7)$$

[Here we assume the entire consumer goods is consumed by the labor class.]

Here in this system, we have seven equations and seven endogenous variables i.e. Y, C, K, L, a, w and r . The parameters in the system are: A, p, p_c, h and b .

At equilibrium,

$$pY = p(C + K)$$

$$\Rightarrow wL + rK = pC + pK$$

$$\Rightarrow waK + rK = pAK + pK$$

$$\Rightarrow wa + r = pA + p$$

$$\Rightarrow (w/p)a + (r/p) = 1 + A$$

If capitalist class wants to increase (r/p) , (w/p) needs to fall since $(1+A)$ is constant. Hence, to raise real profit rate, capitalist class either has to reduce wage or reduce labor capital ratio which will entail fall of wage or has to do both simultaneously. So new technology will be used by the capitalist to reduce labor-capital ratio to raise real profit rate.

MATHEMATICAL DEDUCTION 1

Since we assume that the entire consumer goods is consumed by the labor class then,

$$p_c C = wL$$

Taking natural logarithm on both sides we get,

$$\ln p_c + \ln C = \ln w + \ln L$$

Differentiating both sides with respect to time t we get,

$$(1/p_c) (dp_c/dt) + (1/C) (dC/dt) = (1/w) (dw/dt) + (1/L) (dL/dt)$$

[Let us denote $(1/i) (di/dt) = \dot{i}$]

$$\Rightarrow 0 + \dot{C} = \dot{w} + \dot{L}$$

[since, p_c is a constant at equilibrium]

$$\Rightarrow \dot{C} = \dot{w} + \dot{L}$$

[since, $w/p = bL \Rightarrow \ln w - \ln p = \ln b + \ln L \Rightarrow \dot{w} - \dot{p} = \dot{b} + \dot{L} \Rightarrow \dot{w} = \dot{L}$ as p and b are constants]

$$\Rightarrow \dot{K} = 2\dot{L}$$

[since, $C = AK \Rightarrow \ln C = \ln A + \ln K \Rightarrow \dot{C} = \dot{A} + \dot{K} \Rightarrow \dot{C} = \dot{K}$ as A is a constant]

$$\Rightarrow \dot{Y} = 2\dot{L}$$

[since, $Y = C + K \Rightarrow Y = K(1+A)$ (as $C = AK$) $\Rightarrow Y = KA' \Rightarrow \ln Y = \ln K + \ln A' \Rightarrow \dot{Y} = \dot{K} + \dot{A}' \Rightarrow \dot{Y} = \dot{K}$ (as $A' = 1+A$ is constant)]

\Rightarrow So, growth rate of output = twice the growth rate of labor.

4. MODEL WITH CONTINUOUS INTRODUCTION OF NEW CONSUMPTION PRODUCTS WITH CLOSED ECONOMY AND FIXED POPULATION

Here we assume that the economy is closed, no government intervention, population is fixed and entire population falls within exchange economy i.e. entire population has purchasing power to consume all consumption goods and services. Moreover, a commodity caters to the entire market from the moment it is introduced. There is no lag period between the time of introduction of the model and the time when it is marketed to the entire population to the full extent.

Let K_i = total capital employed by commodity i for making it available to the entire population.

Commodity $i = i$ signifies the order of introduction of the commodity. First commodity introduced will be called commodity i .

a_{ij} = labor to capital ratio or technological coefficient of commodity i in period- j or after $[j-i+1]$ phases of commodity i , i.e. in period- j commodity i is automated for $[j-i+1]$ times.

L_i = total labor amount needed to produce commodity i for making it available to the entire population at the time of its introduction.

Another important assumption is that at each and every period, a new commodity is introduced and older commodities' labor-capital ratio falls. In real world whenever there is an invention of new technology, the capitalist class uses the technology to maximize profit. Profit can be maximized in two ways i.e. introducing new commodities and mechanization of older commodities. Again there is no lag period between introduction of new commodity and automation of older commodities' production process.

TECHNOLOGICAL COEFFICIENT MATRIX TABLE

TABLE 1

K_i	K_1	K_2	K_3	K_4	.	.	.	K_{n-1}	K_n
Period- 1	a_{11}								
Period- 2	a_{12}	a_{22}							
Period-3	a_{13}	a_{23}	a_{33}						
Period-4	a_{14}	a_{24}	a_{34}	a_{44}					
.
.
.
Period-n-1	$a_{1\ n-1}$	$a_{2\ n-1}$	$a_{3\ n-1}$	$a_{4\ n-1}$				$a_{n-1\ n-1}$	
Period-n	a_{1n}	a_{2n}	a_{3n}	a_{4n}				$a_{n-1\ n}$	a_{nn}

Estimated technological coefficient of all commodities in their phase-1 or time of introduction

$$\alpha_1 = (a_{11} + a_{22} + a_{33} + \dots + a_{n-1\ n-1} + a_{nn})/n$$

Estimated technological coefficient of all commodities in their phase-2

$$\alpha_2 = (a_{12} + a_{23} + a_{34} + \dots + a_{n-1\ n})/(n-1)$$

Similarly,

$$\alpha_3 = (a_{13} + a_{24} + a_{35} + \dots + a_{n-2\ n})/(n-2)$$

$$\alpha_j = (a_{1j} + a_{2\ j+1} + a_{3\ j+2} + \dots + a_{n-j+1\ n})/(n-j+1)$$

$$\alpha_n = a_{1n}/1$$

We know that, $a_{11} > a_{12}$, $a_{22} > a_{23}$, $a_{33} > a_{34}$ and so on since, profit rate can be increased only decreasing labor-capital ratio.

$$\Rightarrow \sum^{n-1} a_{ii} > \sum^{n-1} a_{i\ i+1}$$

$$\Rightarrow \sum^{n-1} a_{ii}/(n-1) > \sum^{n-1} a_{i\ i+1}/(n-1)$$

$$\Rightarrow \sum^{n-1} a_{ii}/(n-1) > \alpha_2$$

$$\Rightarrow \alpha_1' > \alpha_2 \text{ [Where, } [\sum^{n-1} a_{ii}/(n-1)] = \alpha_1']$$

$$\text{Now, } \alpha_1 = \sum^n (a_{ii})/n = [\sum^{n-1} a_{ii} + a_{nn}]/n$$

$$= [\sum^{n-1} a_{ii}/(n-1)] + [(\sum^{n-1} a_{ii}/n) - [\sum^{n-1} a_{ii}/(n-1)] + a_{nn}/n]$$

$$= [\sum^{n-1} a_{ii}/(n-1)] - [\sum^{n-1} a_{ii}/(n(n-1))] + a_{nn}/n$$

$$\alpha_1 > \alpha_2, \text{ according to,}$$

$$[\sum^{n-1} a_{ii}/(n-1)] - [\sum^{n-1} a_{ii}/(n(n-1))] + a_{nn}/n > \alpha_2$$

$$\Rightarrow \alpha_1' - [\sum^{n-1} a_{ii}/(n(n-1))] + a_{nn}/n > \alpha_2$$

$$\text{[Where, } [\sum^{n-1} a_{ii}/(n-1)] = \alpha_1']$$

$$\Rightarrow n(n-1)\alpha_1' - [\sum^{n-1} a_{ii}] + (n-1)a_{nn} > n(n-1)\alpha_2$$

$$\text{[Here, both sides are multiplied by } n(n-1)]$$

$$\Rightarrow n(n-1)\alpha_1' - [\sum^{n-1} a_{ii}] + (n-1)a_{nn} > n(n-1)\alpha_2$$

$$\Rightarrow n(n-1)(\alpha_1' - \alpha_2) + (n-1)a_{nn} > 0 \text{ [Where, } \alpha_1' - \alpha_2 > 0]$$

$$\Rightarrow n(\alpha_1' - \alpha_2) + a_{nn} > 0 \text{ [Here, } \alpha_1' - \alpha_2 > 0]$$

Now the larger the value of n , the higher the value of $n(\alpha_1' - \alpha_2) + a_{nn}$.

Hence, greater is the chance that $n(\alpha_1' - \alpha_2) + a_{nn} > \alpha_1'$

\Rightarrow higher the value of n , greater is the chance that $\alpha_1 > \alpha_2$.

\Rightarrow In matured capitalism where n is large implying $\alpha_1 > \alpha_2$.

The economic interpretation is that as the number of goods and services is small, the impact of a new good or service is quite visible and often leading. But as the number of goods and services rise, the impact of new technology on the over all economy is marginal in nature.

Similarly, $a_{12} > a_{13}$, $a_{23} > a_{24}$, $a_{34} > a_{35}$ then $\alpha_2 > \alpha_3$ when n is large.

Similarly, $\alpha_1 > \alpha_2 > \alpha_3 > \dots > \alpha_n$ as the value of n is large i.e. for matured capitalism.

Amount of labor used by commodity i at the time of introduction, $L_i = a_{ii}K_i$

$$\text{Therefore, } \sum(L_i) = \sum(a_{ii}K_i)$$

$$\Rightarrow nL_M = n\alpha_1 K_M$$

$$\text{[Where, } L_M = \sum(L_i)/n \text{ \& } K_M = [\sum(a_{ii}K_i)]/(n\alpha_1)]$$

$$\Rightarrow L_M = \alpha_1 K_M$$

$$\Rightarrow a_1 L_M = \alpha_1 K_M$$

$$\text{[Where, } a_1 = 1]$$

Here, L_M and K_M denote the amount of labor and capital employed by any commodity at the time of its introduction. Here, the value of labor and capital employed by any commodity implies the mean value of total amount of labor and capital employed for all commodities.

Now, α_1 is estimated labor-capital ratio of all commodities in their phase-1.

So $\alpha_1 K_M$ implies the average of the total labor employed by all commodities in their phase-1.

$$\text{Now, let, } \alpha_2 K_M = a_2 L_M \Rightarrow a_2 = \alpha_2 (K_M/L_M)$$

Here, a_1 denotes the average ratio of total labor employed by all commodities in phase-1 and total labor employed by all commodities initially.

$$\text{Similarly, } \alpha_3 K_M = a_3 L_M \Rightarrow a_3 = \alpha_3 (K_M/L_M)$$

$$\text{Similarly, } \alpha_n K_M = a_n L_M \Rightarrow a_n = \alpha_n (K_M/L_M)$$

Since, $\alpha_1 > \alpha_2 > \alpha_3 \dots > \alpha_n$ then, $1 = a_1 > a_2 > a_3 > \dots > a_{n-1}$

Now labor demand function in initial period is: $L_1 = L_M$.

In period-1, there is only one commodity more precisely oldest commodity i.e. commodity-1.

Labor demand function in period-2: $L_2 = a_2 L_M + L_M$.

In period-2, commodity-1 is automated for the first time and commodity-2 is introduced as well.

Labor demand function in period-3: $L_3 = a_3 L_M + a_2 L_M + L_M$.

Labor demand function in period-n: $L_n = a_n L_M + a_{n-1} L_M + \dots + a_2 L_M + L_M = (1 + a_2 + a_3 + \dots + a_n) L_M$

Therefore, $^A L_n = (L_n - L_{n-1}) / L_{n-1} = a_n / (1 + a_2 + a_3 + \dots + a_{n-1}) = a_n / \sum^{n-1} a_i$.

As n rises, a_n falls and $a_i > 0$ i.e. $\sum^{n-1} a_i$. Hence, $^A L_n$ falls.

By mathematical deduction (1) it is proved that $^A Y = 2 \ ^A L$.

So as n rises $^A L$ falls which entails $^A Y$ falls too.

So as capitalism matures i.e. more and more goods and services are formed, growth rate of output falls. As n tends to infinity, growth rate of output tends to zero.

5. CLOSED ECONOMY WITH CHANGING POPULATION

Here, we assume that population changes at every period i.e. whenever one new production is introduced. Here $g(i)$ denotes the population change rate in period-i when also there are i number of commodities.

Labor demand function in initial period is: $L_1 = L_M (1 + g(1))$

Labor demand function in period-2: $L_2 = (a_2 L_M + L_M) (1 + g(2))$

Labor demand function in period-3: $L_3 = (a_3 L_M + a_2 L_M + L_M) (1 + g(3))$

Labor demand function in period-n:

$L_n = a_n L_M + a_{n-1} L_M + \dots + a_2 L_M + L_M = [(1 + a_2 + a_3 + \dots + a_n) L_M] (1 + g(n)) = L_M \sum^n a_i (1 + g(n))$

Therefore, $^A L_n = (L_n - L_{n-1}) / L_{n-1}$

$= [(\sum^n a_i) L_M (1 + g(n)) - (\sum^{n-1} a_i) L_M (1 + g(n-1))] / [(\sum^{n-1} a_i) L_M (1 + g(n-1))]$

$= [(1 + g(n)) / (1 + g(n-1))] [1 + \{a_n / (\sum^{n-1} a_i)\}] - 1$

$= \Phi [1 + ^A L_{n \text{ p=constant}}] - 1$

[Where, $\Phi = [(1 + g(n)) / (1 + g(n-1))]$]

Here if $g(n) > g(n-1)$ then, $\Phi > 1$. Hence, $^A L_n > ^A L_{n \text{ p=constant}}$.

If $g(n) = g(n-1)$ then, $\Phi = 1$. Hence, $^A L_n = ^A L_{n \text{ p=constant}}$.

If $g(n) < g(n-1)$ then, $\Phi < 1$. Hence, $^A L_n < ^A L_{n \text{ p=constant}}$.

The larger the value of Φ , the higher is the value of $^A L$.

Since, $^A Y = 2 \ ^A L$, we can conclude that, the larger the value of Φ the higher is growth rate of output. This conclusion is in line with that of demographic dividend theory.

6. CONCLUDING OBSERVATIONS

In this analysis we reach our conclusion that as a capitalist economy matures its growth rate slows down due to its own inherent profit maximization logic. During the infant stage of capitalism, the power of new goods and services to generate new demand for labor and with new demand for consumer goods and services is quite strong. Then, profit maximization can go on along with high growth rate of output. But as the capitalism mature, the number of goods and services produced increase, the power of new goods and services to create new demand for labor and consumption becomes marginal in nature. On the other hand, in the infant stage, the number of goods and services are small, so their power to reduce demand for labor and with it consumption level of the economy by increasing automation is small. But as capitalism mature, the number of old goods and services are large, their power to reduce demand for labor and general consumption capacity through automation rise. Hence, there is an inherent tendency of falling growth rate of output as capitalist economy become mature.

Now, in matured level, the only factor that can increase growth rate of output is rising growth rate of population. If growth rate of population in a matured capitalist economy rises at every new period when one more commodity is introduced, then only growth rate of output can be higher than the previous period. Since, population growth rate usually rises with rise in per capita income up to certain level and then falls with rise in per capita income and ultimately becomes zero. So when n is large, when capitalism is matured, either population growth rate is zero or falling then $g(n) \leq g(n-1)$. The growth rate of output is bound to slow down at every period.

Comparison with Solow's neo-classical model shows that:

$^A Y_{\text{solow}} = ^A a + ^A g$ but $^A Y_{\text{here}} = 2\Phi [1 + (a_n / \sum^{n-1} a_i)] - 2$

In Solow model, even when population growth rate is nil, then also a matured capitalist economy can grow at the rate of growth of productivity of labor. A matured capitalism can face stagnation or very low growth rate only when rate of growth of labor productivity is nil or low.

In the model described here, a matured capitalist economy with nil population growth is bound to face slow down since, rise in labor productivity of older products i.e. automation reduces demand for labor and hence consumption capacity. Only labor productivity of new product do increase demand for labor and consumption capacity. But the new product is only one among many old products. So the net result of rising labor productivity is falling growth rate of output.

In reality, countries like Japan and UK which are facing long term stagnation are not technologically static, rather they are very dynamic. But Solow cannot explain such stagnation. In this model we have seen that even when a country is technologically dynamic then also it has full chance to stagnate.

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RISE OF PLASTIC MONEY IN MODERN ERA AND ITS ECONOMIC DIMENSIONS

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ABSTRACT

Plastic money is a name given to all types of plastic cards. Holders of a valid card have the authorization to purchase goods and services up to a predetermined amount called a credit limit. As it stands, the debit card industry is a multi-billion-dollar engine that helps drive bank profits and point-of purchase consumer sales - but is also beginning to redefine traditional payment options in the business and government sectors, such as food stamps, benefits, and payroll. The debit card has arrived and is here to stay. And yet, though it remains poised for growth, the debit card has also reached a crossroads. Provision for easy repayment gives the card the liquidity of cash along with the accountability of credit card. In the past 20 years these cards have proliferated the world market so successfully that they have altered the face of retail banking. With the power of plastic ruling the world, India cannot remain behind. With a slow and steady move towards scrip less trading the country is moving towards cashless transactions. The plastic money market is bubbling with activity with both Indian and foreign banks vying to expand their market presence. While the foreign banks have been hogging the limelight Indian banks are the slumbering giants. The latter have the advantage of a large customer base, branch network along with low service charges. These advantages need to be tapped to realize the full potential of these banks.

KEYWORDS

banks, credit cards, dimension, growth, global impact, gdp, plastic money.

INTRODUCTION

The history of phenomenal growth in the credit cards segment traces way back.

First payment cards were introduced in the USA, in 1920. Dinners Club and American Express launched the world's first plastic cards in the USA, in 1950. First credit card was introduced by Diners club in 1951. Citibank and HSBC were the pioneers in the Indian credit card market in the 1980.

Banking has evolved a long way from the days of the medieval money lenders counting coins on the bench to the present scenario, where it is hard to trace the trail of money from the beginning to the end. The trail starts right from the small saver leaving a few rupees in his local bank to the billions of rupee loans raised by a syndicate banks and financial institutions, capable of financing projects in any country in the world. Still, these banking majors are heavily dependent upon their retail home base of savers and borrowers. Most of the bankers began focusing on this retail market segment as global competition intensified in late seventies and early eighties. The debit card has emerged from the shadow of its older sibling, the credit card.

The Visa association of card took credit card to a new level in 1989 when they introduced debit cards. These card linked consumers to their checking accounts. Money was now drawn from a checking account at the point of sale with these new cards and replaced check writing. This helped the merchants check that money was available and made it easier to track the customer if the funds could not be obtained. Customers liked the convenience of not having to write checks at the point of sale which made debit cards a safe alternative to cash and checks.

RESEARCH DESIGN

The study is based on partially primary and secondary information as well as collective source and research so it is a descriptive research.

The study includes concepts and experiences discussed on the emergence of plastic money; different types of plastic cards its benefits and their growth in India and other related dimensions (issues) like merits demerits and economic impact in india and global scale.

An experience discussed with the banks like Standard Chartered, Citibank, HDFC, Axis bank. The main purpose is to serve on this topic under the study; is to discover the accurate dimensions of plastic money.

OBJECTIVES

1. Find out that how the credit card may help in the development of an economy like ours a developing economy.
2. To understand the toughness of the credit card market due to emerging competition.
3. To know the credit cards procedure, documentation and the growth of credit cards in Indian context.
4. To find out the features, which attract consumers towards credit cards and the parameters, they use to compare the credit cards.
5. To determine whether consumers are aware of credit card and its advantages.

LITERATURE REVIEW

Slocum, J. and Mathews (1970), in their study "social class and income indicators of consumer credit behavior" studied the influence of social and income variables on credit card selection and usage among cardholders in USA. They found that members of the lower socio-economic class tend to use their cards for installment financing much more than higher socio-economic classes. Upper classes tend to use their cards as convenient method of payment. Lower class showed more impulse buying than the middle class, who feels that they should save money and postpone purchases. The upper classes do not need to save and gratification, and since there is no reason for installments they use credit cards for convenience. It also showed that age, sex and marital status are the significant determinants of credit card selection and its usage.

Puri, vishal (1997) in his paper "smart cards – the smart way for the banks to go?" examined the many innovative smart card application covering areas such as telecommunication, transport, banking, health care and employee/membership schemes. It look how the banks, financial firms, information companies and card issuers are gradually re-conceptualizing their delivery strategy as well as their businesses to meet the growing needs for remote delivery, brand equity and differentiation. Smart cards could as payment vehicles, access keys, information managers, marketing tools and customized delivery system. It also explored the possibilities of an electronic purse ranging from a possible stored value and to a re-loadable stored value card, which could literally replace low-value cash transaction. Smart cards would then become integral to the bank's concept of remote delivery system in future, because smart cards are not just a product; they are a new delivery system. Besides the paper focused on some of the issue that might be of deeper concern to banks and suggests collaboration between banks provides in the mass introduction of smart cards.

CONCEPT OF PLASTIC MONEY

PLASTIC MONEY or polymer money made out of plastic is a new and easier way of paying for goods and services. Plastic money are the alternative to the cash or the standard 'Money'. "Plastic" portion of this term refers to the plastic construction of these cards, as opposed to paper and metal currency. The "money" portion is an erroneous reference to credit cards as a form of money, which they are not. Although credit cards do facilitate transactions, because they are a liability rather than an asset they are not money and not part of economy's money supply. Plastic money is the generic term for all types of bank cards, credit cards, debit cards, atms, smart cards, etc.

Credit cards, variants of plastic money, are used as substitutes for currency. We can use plastic money whenever we want and pay later. It makes it too easy for people to buy things they normal could not afford, which makes it easier to get into debt. Nowadays even developing countries like India are encouraging the use of these plastic money more than cash due to these reasons. They can come in many different forms like, Pre-paid Cash Cards, Debit Cards, Credit Cards, Cash Cards as In-store cards. Credit card is either Visa or MasterCard which is the most popular and in some instance American Express. The top ten Credit Card issuers in India are as follows:

TABLE 1

	ISSUERS	(IN RS.)
ICICI	Bank	5.07mn
HDFC	BANK	4.42mn
SBI	Cards	2.65mn
Citibank	-	2.54mn
HSBC	Cards	1.3mn
ABN	Amro	0.78mn
Axis	Bank	0.57mn
Deutsche	Bank	0.495mn
American	Express	0.45mn

Source: The Reserve Bank of India

BENEFITS TO BANK

- A credit card is an integral part of banks major services these days. The credit provides the following advantages to the bank: the system provides an opportunity to the bank to attract new potential customer.
- To get new customers the bank has to employee special trained staff. This gives the bank an opportunity to find the latent from among existing staff that would have been otherwise wasted.
- The more important function of a credit cards, however, is a simply to yield direct profit for the bank. There is a scope and a potential for a better profitability out of income/commission earned from the trader's turnover.
- This also provides additional customer services to the existing clients. It enhances the customer satisfaction.
- More use by the card holder consequently the growth of banking habits in general.
- Better network of card holder and increased use of cards means higher popularity and image of the bank.
- Savings of expense on cash holdings, i.e. stationary, printing and man power to handle clearing transaction while considerably is reduced. It increases.

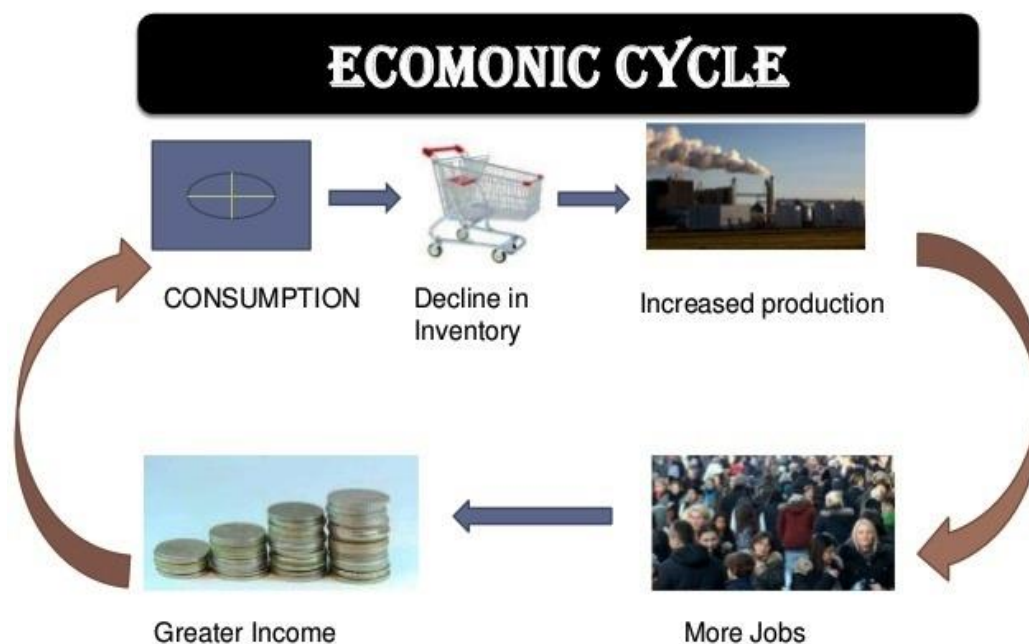
BENEFITS TO CUSTOMER

- He can purchase goods and services at a large number of outlets without cash or cheque. The card is useful in emergency, and can save embarrassment.
- The risk factor of carrying and storing cash is avoided. It is convenient for him to carry credit card and he has trouble free travel and many purchase his without carrying cash.
- Months purchase can be settled with a singe remittance, thus, tending to reduce bank and handling charges.
- The card holder has the period of free credit usually between 30-50 days of purchase.

DIMENSIONS OF PLASTIC MONEY ON ECONOMIC GROWTH

THE state of a country or region in terms of the production and consumption of goods and services and the supply of money makes the impact on economic growth. The careful management of available sources is directly plays a vital role to the same. Following are the dimension of plastic money with reference to economic growth.

FIG. 1

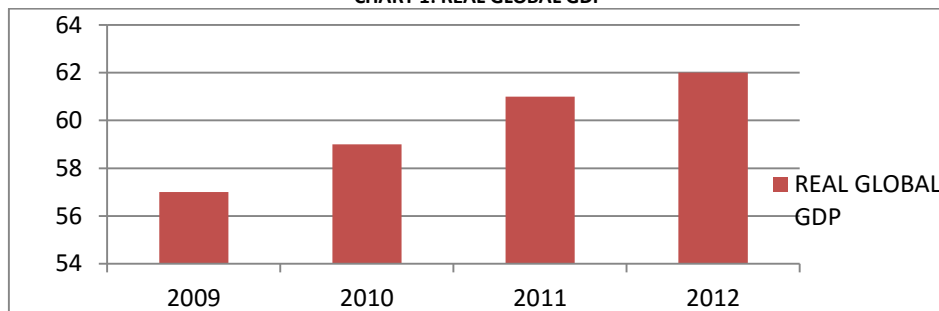


RIISING CARD PAYMENTS DRIVE ECONOMIC GROWTH

The Global economic growth is \$983 billion (2008-12). Where, Electronic payment contributes to the emerging markets – 0.8 % in GDP and Developed markets 0.3 % increase in GDP.

Global real GDP was only 1.8 % per annum (2008-12); without increased card usage, that growth would have been 1.6%. So the growth of the plastic money boosts recovery.

CHART 1: REAL GLOBAL GDP



Source: Moody's Analytics report covering 2008-12

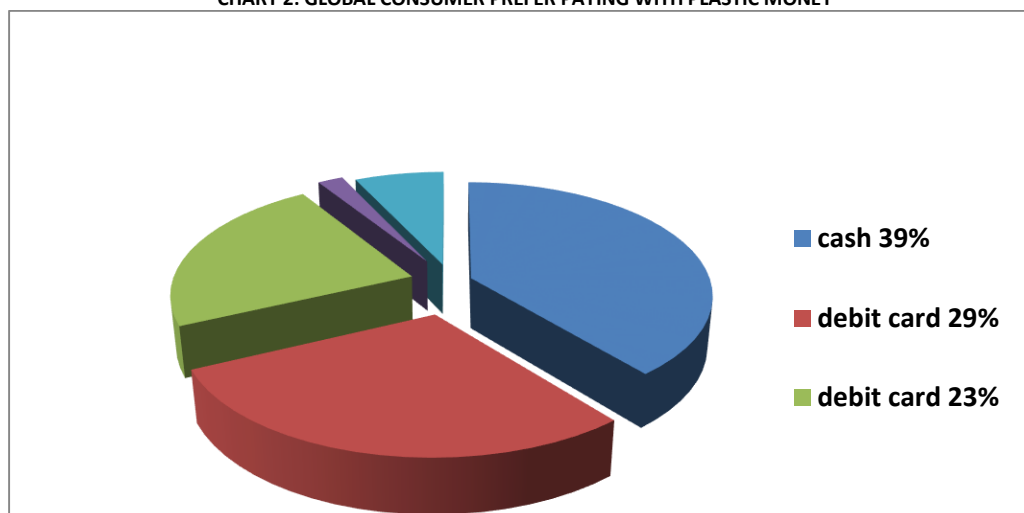
VALUE DERIVED FROM THE MIGRATION TO ELECTRONIC PAYMENT

- Higher potential of tax revenue
- Lower cash handling cost
- Guarantee payment for merchant
- A reduction in the gray economy due to lower unreported cash transaction/
- Greater financial inclusion

CARD PENETRATION

The global consumer's preference to pay through plastic money is 39% of cash and 54% of plastic out of which credit card, debit card and prepaid card have occupied 29, 23% and 2% respectively. Rest 7% are others ways. It has been observed that the consumers feel more free while paying in online or through cards than through cash.

CHART 2: GLOBAL CONSUMER PREFER PAYING WITH PLASTIC MONEY



Source: Moody's Analytics report covering 2008-12

THE MACRO-ECONOMIC IMPACT OF CARD USAGE

The card usage in 2008 was 27.4% which has drastically increased to 32.8% in 2012. It enhances the private consumption. Card penetration as a percent of total PCE. There has been a large amount of growth of card usage; as in growth in GDP emerged due to card usage.

TABLE 2: GLOBAL RETAIL PURCHASE PAYMENT BREAKDOWN (in U.S \$)

	2008	2012
CARD	27.4	32.8
CASH	42.2	38.3
CHEQUE	9.5	7.7
OTHER	20.9	21.2
TOTAL	\$26.99 trillion	\$30.32 trillion

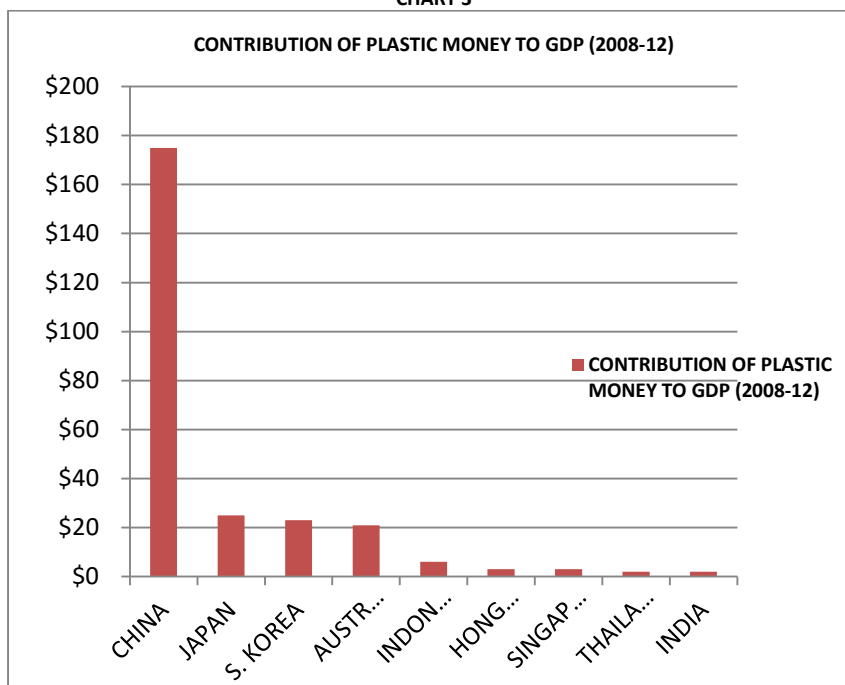
Source: Moody's Analytics report covering 2008-12

The global contribution of increased card usage to GDP in the year 2008 to 2012 is \$ 983.9 billion. Where Asia-Pacific continent occupies \$260 billion and India \$2 billion.

THE VALUE OF CARD PAYMENT

There is less friction and more efficiency through payment via plastic money. It is fruitful as it benefits all the parties included as in consumers, merchant and banks. As it is convenient and transparent it plays a vital role to the contribution in the growth of GDP. The growth seen in the following countries: China, Japan, South Korea, Australia, Indonesia, Hong Kong, Singapore, Thailand and India is \$175, \$25, \$23, \$21, \$6, \$3, \$2 and \$2 in billion dollars respectively.

CHART 3



Source: Moody's Analytics report covering 2008-12

MERITS OF PLASTIC MONEY

- Customer having poor worthiness can opt for debit card.
- Less identification and scrutiny than personal checks, thereby making transaction quicker and less intrusive.
- A debit card may be used to obtain cash from an ATM or PIN- based transaction at no extra charge.
- Provide a convenient payment method for purchase made on the internet and over the telephone.
- Instant finalization of accounts and later, helps to establish good credit history.
- Gives you incentives, such as reward points, that you can redeem.

DEMERITS OF PLASTIC MONEY

- Limited to the existing funds in the account to which it is linked.
- Banks charging over – limit fees or non – sufficient funds fees based upon pre – authorization, and even attempted but refused transactions by merchant.
- Lower levels of security protection than credit cards.
- Damage your credit rating if your payment is late and allow you to build up more debt than you can handle.
- More prone to frauds. The plastic money leads to plastic fraud. Today it is the big business for criminals.

FINDINGS

There were almost 29 million debit card users as of 2006, with a projected 34.4 million users by 2016. However, online service like PayPal is emerging as a way for people to pay their debts in now, secure and convenient ways. Technology also exists to have device implanted into phones, keys and other everyday devices so that the ability to pay at the point of sale is even more convenient.

A recent settlement has cost VISA and MasterCard approximately \$3 billion, and has dramatically reduced the fees they can charge for signature-based debit purchases. The effects of the settlement reach into every layer of the industry - from rewards incentives, to marketing programs, to future fee arrangements, and future growth. Consumer preferences for PIN or signature based debit will certainly influence how things unfold, and whether either debit card option will suffer or bloom in the short, mid, or long term. Credit cards, one of the banking products that cater products to the needs of retail segment has seen its number grow in geometric progression in recent years. This growth has been strongly supported by the development in the field of technology, without which this could not have been possible.

SOLUTION

21ST Century banking has become wholly customer driven and technology driven challenges of competition, rising customer expectation and shrinking margins, banks have been using technology to reduce cost and enhance efficiency, productivity and customer convenience. Technology intensive delivery channels like net banking, mobile banking etc have created a win-win situation by extending great convenience and multiple options for customer.

From educating customers about credit cards there is need to educate them about the differentiating factors of the cards. Because visa and master card are advertising regularly and thereby increases awareness. The strategy should be emphasizing on its differentiating characteristics.

They also need to identify potential customers and target those using mailers. As internet is growing at a fast rate the net users be targeted by having interactive sites. The prospective company's card personality could also be in the home page to solve customer queries in the best possible manner.

CONCLUSION

- ▶ Card makes economy more efficient.
- ▶ Actual currency in circulation reduces.
- ▶ Penetration increases impact on GDP and consumption increases.
- ▶ Card reduces transactional and opportunity cost.
- ▶ Enhances economic growth and reduces friction.
- ▶ Increasing purchasing power and need not to carry heavy cash and also convenient and saves time.
- ▶ Consumer spends an average of 68.5% more when they pay with a credit card instead of cash. This increases the sale of the retailers.

RECOMMENDATION

The stakeholders need to play a vital role in expending the role of plastic money, thus by giving awareness and literacy to the customers. And, adopt practices which reduce risk and fraudulent experiences.

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