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   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

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

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

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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

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

A COMPARATIVE STUDY OF SERVICE QUALITY OF SELECTED INDIAN BANKS: A STUDY IN INDORE REGION

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ABSTRACT

The need for banking is as old as commerce and trading in the civilized world. A bank is an institution that deals in money and its substitutes and provides other financial services. Banks accept deposits and make loans or make an investment to derive a profit from the difference in the interest rates paid and charged, respectively. India's economy has been one of the stars of global economics in recent years. It has grown by more than 9% for three years running. Agriculture is a major component of the Indian economy, as over 66% of the Indian population earns its livelihood from this area. Banking sector is considered as a booming sector in Indian economy recently. The current study attempts to study the product offerings of largest public sector Indian bank, State Bank of India and the private giant ICICI Bank Ltd on the aspects of applicability of SERVQUAL dimensions to current product offering and to study and compare the perception of customers in terms of service quality. The study discovers their present levels of the product offerings on the basis of SERVQUAL dimensions. Present study also attempts to compare quality of product offerings of the selected banks in the region on SERVQUAL dimensions. It is an exploratory research study, which after development of conceptual frame work deploys structured instrument and statistical analysis tools like Eigen value scores and comparison of means. This study shall be helpful to give a wonderful insight to the concerning organizations to identify the gap and take leverage by offering the desired quality products.

KEYWORDS

Quality, SERVQUAL, Banking, Organization, Service.

INTRODUCTION

Banking in India in the modern sense, originated in the last decade of the 18th century. The first banks were Bank of Hindustan (1770-1829) and The General Bank of India (1786). For many years the presidency banks acted as quasi-central banks, until the Reserve Bank of India was established in 1935. In 1969 the Indian government nationalized all the major banks. The Indian banking sector has been joined since the 1990s by new private commercial banks and a number of foreign banks. All the banks functions under the license of Reserve Bank of India.

CHANGING FACE

The RBI has given licenses to new private sector banks as a part of the liberalization process. Today the banking industry, which was tightly protected by regulations, is now experiencing a rapid change. Now it is no more confined to nationalized and cooperative banks but has emerged with multinational banks that have spread their branches across the length and breadth of the country. Indian banks have now realized that it no longer pays to have transaction based operating. This has shifted their focus from operational services to customer centric services. Today they are looking at newer ways to make a customer's banking experience more convenient and effective. This can be done by using new technology, tools and techniques to identify customer needs and then offering products to match them. In the financial world, product superiority does not last long as it is relatively easy to copy products. So the real strength comes from operational excellence and understanding the customer and developing rapport with them.

PUBLIC SECTOR BANK: STATE BANK OF INDIA (SBI)

It is a multinational banking and financial services government-owned corporation with its headquarters in Mumbai, Maharashtra. As of December 2013, it had assets of US$388 billion and 17,000 branches, including 190 foreign offices, making it the largest banking and financial services company in India by assets. State Bank of India is one of the Big Four banks of India, along with ICICI Bank, Punjab National Bank and Bank of Baroda.

The bank traces its ancestry to British India, through the Imperial Bank of India, to the founding in 1806 of the Bank of Calcutta, making it the oldest commercial bank in the Indian Subcontinent. Government of India owned the Imperial Bank of India in 1955, with Reserve Bank of India taking a 60% stake, and renamed it the State Bank of India. In 2008, the government took over the stake held by the Reserve Bank of India.SBI is a regional banking behemoth and has 20% market share in deposits and loans among Indian commercial banks.

PRIVATE SECTOR BANK: ICICI BANK LTD.

ICICI Bank is an Indian multinational banking and financial services company headquartered in Mumbai. It is the second largest bank in India by assets and by market capitalization, as of 2014. It offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries in the areas of investment banking, life, non-banking, venture capital and asset management. The Bank has a network of 3,539 branches and 11,162 ATMs in India, and has a presence in 19 countries.

FIGURE 1.1: COMPARATIVE CHART STATE BANK OF INDIA AND ICICI BANK

Type	Public
Traded as	NSE: SBIN BSE: 500112 LSE: SBID BSE SENSEX Constituent CNX Nifty Constituent
Industry	Banking, financial services
Founded	1 July 1956
Headquarters	Mumbai, Maharashtra, India
Area served	Worldwide
Key people	Arundhati Bhattacharya (Chairman)
Products	Credit cards, consumer banking, corporate banking, finance and insurance, investment banking, mortgage loans, private banking, wealth management
Revenue	▲ INR 200,560 Crores (US$ 36.9 billion) (2012)[1][2]
Profit	▲ INR 17,916 Crores (US$ 3.3 billion) (2012)[1][2]
Total assets	▲ INR 15,66,261 Crores(US$ 392.5 billion) (2012)[1][2]
Total equity	▲ INR 98,884 Crores(US$ 23.0 billion) (2012)[1][2]
Owner(s)	Government of India
Employees	295,696 (2012)[2]
Website	www.sbi.co.in

ICICI Bank

Type	Private
Traded as	BSE: 532174 NSE: ICICIBANK NYSE: IBN BSE SENSEX Constituent CNX Nifty Constituent
Industry	Banking, Financial services
Founded	1954
Headquarters	Mumbai, India
Area served	Worldwide
Key people	K.V. Kamath (Chairman) Ms.Chanda Kochhar (MD & CEO)
Products	Credit cards, Consumer banking, corporate banking, finance and insurance, investment banking, mortgage loans, private banking, wealth management
Revenue	▲ US$ 13.52 billion (2012)[1]
Operating income	▲ US$ 2.12 billion (2012)[1]
Profit	▲ US$ 1.60 billion (2012)[1]
Total assets	▼ US$ 98.99 billion (2012)[1]
Total equity	▲ US$ 12.62 billion (2012)[1]
Employees	81,254 (2012)[1]
Website	www.icicibank.com

BANKS IN INDORE
Indore has the largest economy in central India and is the business and trading capital of Pradesh. Located at the crossroads of western and central India the residents of the city love to refer Indore as Mini Bombay. Indore has relatively good connectivity and has been the hub of trade and commerce, not only for the state but also for western India. Today Indore can boast of a phenomenal industrial and business development. It has one of the largest trans-shipment centers for truck transport.

Besides the SBI there are a number of other public, private and cooperative sector banks in Indore, some major banks include: Export Credit Guarantee Corporation, The Saraswat Co- Operative Bank, Union, Bank, Bank, Bank, Punjab, State, Bank, Bank, Bank, Bank, and AXIS

REVIEW OF LITERATURE
GENERAL REVIEWS: ON MARKETING OF SERVICES
A study by Parasuram A, Zelthaml V.A. and Berry L.L (1990), reveals that, over two-third of the customer dissatisfaction is because of perceived indifference to their problem or concerns on the part of service providers. Cristopher and Ballntyne (1991) reported that it is the relationship marketing that brings quality, customer service and marketing. Brown and Swartz (1989) reported that the consistent delivery of superior service is the key to the service provider to position themselves more effectively. Parasuraman, Zithmal and Berry (1988) provide a terse definition of service quality. They defined service quality as 'a global judgment, or attitude, relating to the superiority of the service', and explicated it as involving evaluation of the outcome (i.e. what the customer actually receives from the service) and process of the service act (i.e. the manner in which service is delivered). In line with the propositions put forward by Gronroos (1982), Parasuraman, Zithmal and Berry (1985, 1988) posited and operationalised service quality as a difference between consumer expectations of 'what they want' and their perceptions of 'what they get'.

COMMITTED STUDIES
A noticeable study by Lee and Hing (1995), Steven, et. Al 1995), John and Tyas (1996), Oh and Jeong (1996), Sesha Sai (1999), Harsh (2001), Simla and Swain (2002) and Mushtaq (2003) suggests that customer satisfaction is important because it directly linked to return behavior. Therefore, to achieve the service excellence, banks must strive for Zero defections. However, quality cannot be improved unless it is measured. Bapat, Harish et al (2007) in their study on 'Effect of Interactive marketing on service quality of retail industry' revealed that interactive marketing efforts leads to better interactive encounters. Roma Mitra, Shankar Ravi (2008), revealed that a stable and efficient banking sector is an essential precondition to increase the economic level of a country. This paper evaluates the performance of Banking Sectors in India. B.Satish Kumar (2008), in his article on an evaluation of the financial performance of Indian private sector banks wrote Private sector banks play an important role in development of Indian economy. RBI permitted new banks to be started in the private sector as per the recommendation of Narashiman committee. New generation banks with use of technology and professional management has gained a reasonable position in the banking industry. Brijesh K. Saho, Anandeep Singh (2007), this paper attempts to examine, the performance trends of the Indian commercial banks for the period: 1997-98 - 2004-05. Empirical findings are indicative in many ways. First, the increasing average annual trends in technical efficiency for all ownership groups indicate an affirmative gesture about the effect of the reform process on the performance of the Indian banking sector. Vradi, Vijay, Mauluri, Nagarjuna (2006), in his study on Measurement of efficiency of bank in India concluded that in modern world performance of banking is more important to stable the

economy .in order to see the efficiency of Indian banks they have seen the fore indicators i.e. profitability, productivity, assets, quality and financial management for all banks includes public sector, private sector banks in India for the period 2000 and 1999 to 2002-2003. For measuring efficiency of banks they have adopted development analysis and found that public sectors banks are more efficient then other banks in India.

IMPORTANCE OF THE PRESENT STUDY
The study is very important from the point of view of dealing and developing the service marketing culture in the organization especially in the Banking and Financial services sector. In the cutting edge competition and liberalization, those organizations will survive and lead who will maintain service quality. The present paper is a humble attempt to identify the major factors based on descriptive research design and addresses very important aspect of service quality in banking industry.

RATIONALE
After doing rigorous literature review, it is found that there are many studies which have been done on SERVQUAL in the large organizations. The previous studies have also been focused on different aspects of organizational culture and other dimensions of marketing such as internal and interactive marketing. As the reach of the banking sector is growing, the researchers inclined to conduct the research in order to know the gap between customers' expectation and product delivery in the selected banks operating in tier two cities. This study may be help full for the concerning organizations to bridge this gap in order to benefit the society at large and build a profitable proposition to adapt to the specific requirements of tier two cities..

OBJECTIVES
The main objectives of the present study can be figured out as follows.
1. To study the applicability of SERQUAL dimension in selected banks.
- To measure the perception of customers of selected public and private in terms of service quality.
- To compare the perception of customers of selected public and private banks in terms of service quality.

RESEARCH METHODOLOGY
RESEARCH DESIGN
The present research is designed to explore the dimensions of SERVQUAL in the organizations. The conceptual frame work and theoretical linking of the subject is done and the entire research is divided in to two parts according to the problem definition and objectives. First Tentative norms are applied to the SERVQUAL profile to know the validity and reliability of the instrument. Then it is measured and compared for SERVQUAL dimensions by applying statistical tools. The banks chosen for the study are SBI and ICICI.
OPERATIONALIZATION
At this level the researcher has put the theoretical concepts to the conceptual frame. It has been found that service quality has been broadly characterized by SERVQUAL.To capture the various dimensions of SERVQUAL a pre tested instrument with extended items to capture two new dimensions namely 'cost' and 'accessibility' have been used. On the basis of above mentioned theoretical understanding the researcher has operationalize the concept.
VARIABLES
It can be characterized as consisting of five dimensions of SERVQUAL -
1. Tangibility 2.Reliability 3.Responsiveness 4.Assurance 5.Empathy
HYPOTHESES
On the basis of the literature review and the objectives of the study following Null hypotheses have been formulated:-
H_{01}: There is no significant difference between perception of customers of selected public and private banks in terms of Tangibility.
H_{02}: There is no significant difference between perception of customers of selected public and private banks in terms of Reliability.
H_{03}: There is no significant difference between perception of customers of selected public and private banks in terms of Responsiveness.
H_{04}: There is no significant difference between perception of customers of selected public and private banks in terms of Assurance.
H_{05}: There is no significant difference between perception of customers of selected public and private banks in terms of Empathy.
H_{06}: There is no significant difference between perception of customers of selected public and private banks in terms of Cost.
H_{07}: There is no significant difference between perception of customers of selected public and private banks in terms of accessibility.
SAMPLING PLAN
POPULATION
It included all those 1) Selected banks 2) Existing customers for at least last two years in selected banks. The banks were selected on the basis of market share.
SAMPLING ELEMENT:
The sampling elements of the defined population are existing customers at least for last two years in selected banks.
SAMPLE SIZE
70 samples were collected.
DATA COLLECTION
The researcher has used pre tested structured instrument for primary data collection. The questionnaire is used because they have items designed to elicit the information on the research interest and they have protocol for recording the responses. Care has been taken to keep them simple and to avoid leniency, severity, central tendency and halo error (positive and negative questions).A brief introduction of the research is provided in the beginning and the demographics are intentionally placed at last, to maintain the interest of the respondents. Questionnaire was typed and presented to respondents in an arranged manner with likert scale. Pre-tested SERQUAL scale of Parasuraman, Zithmal and Berry is used.
SERVQUAL SCALE
The SERVQUAL scale includes five dimensions: tangibles, reliability, responsiveness, assurance and empathy. Within each dimension are several items measured on a five-point
Scale from strongly agree to strongly disagree, for a total (24+8*) items.
TANGIBLES
1) Excellent banks will have modern equipments.
2) The physical facilities at excellent banks will be visually appealing.
3) Employees at excellent banks will be neat in appearance
4) Tangibles associated with the service will be visually appealing in an excellent bank.
5) The ATM's of this bank are technologically well equipped
6) The ATM's of this bank are adequate in number
7) The internet banking services of this bank are widespread
RELIABILITY
8) Excellent banks keep promise
9) Excellent banks will have sincere problem solving approach
10) Excellent banks will perform the service right the first time

11) Excellent banks will provide their services at the time they promise to do so
12) Excellent banks insist on error free records

RESPONSIVENESS

13) Employees of excellent banks will tell customers exactly when services will be performed 14) Employees of excellent banks will give prompt service to customers
15) Employees of excellent bank are always willing to help customers
16) Employees of excellent banks are never too busy to respond to customer requests

ASSURANCE

17) The behavior of employees of excellent banks will instill confidence in customers
18) Customers of excellent banks will feel safe in their transactions
19) Employees of excellent banks are consistently courteous with customers
20) Employees of excellent banks are having the knowledge to answer customer questions

EMPATHY

21) Excellent banks will give customers individual attention
22) Excellent banks will have operating hours convenient to their entire customer
23) Excellent banks will have employees who give customers personal attention
24) Employees of excellent banks will understand the specific needs of their customers

ACCESSIBILITY

25) Excellent banks will have wide spread network
26) Excellent banks reach out to the customers
27) Excellent banks understand the value customers' time and efforts
28) Excellent banks will have wide and strong coverage of ATM network

COST

29) Excellent banks provides the services at reasonable cost
30) Excellent banks will have no hidden charges for their services
31) Excellent banks takes care of service affordability
32) Excellent banks deliver value added services at reasonable cost

These findings do not undermine the value of Zeithaml, Parasuraman, and Berry's achievement in identifying some of the key underlying constructs in service quality, but they do highlight the difficulty of measuring customer perceptions of service quality. Anne Smith notes that the majority of researchers using SERVQUAL have omitted from, added to, or altered the list of statements purporting to measure service quality.

Hence, In addition to this *two more variable (Accessibility & cost) are added. A pilot test is conducted on very small sample and many errors have been found in the instrument. It is designed and redesigned to avoid the systematic errors. It is also used to see whether the scores are behaving as expected.

RELIABILITY AND VALIDITY MEASURES

The indicator scores obtain during the pilot study is subjected to the chronbach alpha test to measure the internal consistency and reliability and it was found that the entire alpha values are more than .7 hence good consistencies is concluded.

ANALYSIS & INTERPRETATION

OBJECTIVE-1: TO STUDY THE APPLICABILITY OF SERQUAL DIMENSION IN SELECTED BANKS

To check for the reliability of the data Chronbach's alpha method was used and its value was found to be more then (.7) for all seven variables (Table-1) and which indicates the scale is reliable and consistent. To check the validity (whether the items are capturing the variable) factor analysis is done and it is found that the items are highly loaded (more than .5) on a single component and Eigen value is more than 1(Table-2). This showed that SERQUAL dimensions are applicable in selected banks.

TABLE-1: RELIABILITY STATISTICS (Cronbach's Alpha)

Variable	ICICI	SBI
Tangibility	.684	.701
Reliability	.774	.688
Responsiveness	.784	.735
Assurance	.669	.688
Empathy	.714	.811
Accessibility	.811	.791
Cost	.744	.819

TABLE-2: VALIDITY (Communalities)

Variable		ICICI		SBI	
		Initial	Extraction	Initial	Extraction
Tangibility	VAR00001	1.000	.733	1.000	.479
	VAR00002	1.000	.850	1.000	.861
	VAR00003	1.000	.623	1.000	.519
	VAR00004	1.000	.700	1.000	.457
	VAR00005	1.000	.512	1.000	.821
Reliability	VAR00001	1.000	.687	1.000	.479
	VAR00002	1.000	.925	1.000	.861
	VAR00003	1.000	.858	1.000	.549
	VAR00004	1.000	.574	1.000	.657
	VAR00005	1.000	.819	1.000	.821
Responsiveness	VAR00001	1.000	.899	1.000	.841
	VAR00002	1.000	.701	1.000	.701
	VAR00003	1.000	.711	1.000	.622
	VAR00004	1.000	.969	1.000	.822
	VAR00005	1.000	.883	1.000	.625
Assurance	VAR00001	1.000	.703	1.000	.699
	VAR00002	1.000	.696	1.000	.655
	VAR00003	1.000	.859	1.000	.584
Empathy	VAR00001	1.000	.703	1.000	.565
	VAR00002	1.000	.787	1.000	.492
	VAR00003	1.000	.689	1.000	.809
	VAR00004	1.000	.658	1.000	.543
Accessibility	VAR00001	1.000	.729	1.000	.785
	VAR00002	1.000	.787	1.000	.836
	VAR00003	1.000	.900	1.000	.928
Cost	VAR00001	1.000	.980	1.000	.734
	VAR00002	1.000	.940	1.000	.727
	VAR00003	1.000	.951	1.000	.993

OBJECTIVE-2: TO MEASURE THE PERCEPTION OF CUSTOMERS OF SELECTED PUBLIC AND PRIVATE BANKS IN TERMS OF SERVICE QUALITY

TABLE-3 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Tangibility	Equal variances assumed	.026	.872	-2.297	68	.025	-.42000	.18282	-.78480	-.05520
	Equal variances not assumed			-2.297	67.362	.025	-.42000	.18282	-.78486	-.05514
Reliability	Equal variances assumed	13.655	.000	7.931	68	.000	1.14571	.14446	.85744	1.43399
	Equal variances not assumed			7.931	54.193	.000	1.14571	.14446	.85610	1.43533
Responsiveness	Equal variances assumed	3.888	.053	-2.272	68	.026	-.35429	.15595	-.66549	-.04308
	Equal variances not assumed			-2.272	56.921	.027	-.35429	.15595	-.66659	-.04198
Assurance	Equal variances assumed	.389	.535	3.170	68	.002	.48857	.15411	.18106	.79609
	Equal variances not assumed			3.170	67.983	.002	.48857	.15411	.18106	.79609
Empathy	Equal variances assumed	4.753	.033	-3.287	68	.002	-.39714	.12082	-.63823	-.15606
	Equal variances not assumed			-3.287	66.521	.002	-.39714	.12082	-.63832	-.15596
Accessibility	Equal variances assumed	.035	.852	7.153	68	.000	.97429	.13621	.70249	1.24608
	Equal variances not assumed			7.153	67.794	.000	.97429	.13621	.70247	1.24610
Cost	Equal variances assumed	6.426	.014	3.063	68	.003	.40571	.13247	.14137	.67006
	Equal variances not assumed			3.063	65.411	.003	.40571	.13247	.14118	.67025

TANGIBILITY

Further table-3 of the analysis explains the Z test calculation with a level of significance of .05. Z test analysis here explains the pattern of the relationship between the independent variables. In the present case the table shows that the p=.025 value at α= .05 which is highly significant; from this value we can infer that the service quality of SBI and ICICI bank in terms of Tangibility are different.

RELIABILITY

The analysis explains the Z test calculation with a level of significance of .001. Z test analysis here explains the pattern of the relationship between the independent variables. In the present case the table shows that the p=.000 value at α= .001 which is highly Significant; from this value we can infer that the service quality of SBI and ICICI bank in terms of Reliability are different. The above analysis and interpretation states that the null hypothesis is rejected.

RESPONSIVENESS

Similarly for p=.026 value at α= .05 which is highly significant; from this value we can infer that the service quality of SBI and ICICI bank in terms of Responsiveness are different. The above analysis and interpretation states that the null hypothesis is rejected.

ASSURANCE

The analysis for assurance p=.002 value at α= .05 which is highly significant; from this value we can infer that the service quality of SBI and ICICI bank in terms of Assurance are different. The above analysis and interpretation states that the null hypothesis is rejected.

EMPATHY

F0r p=.002 value at α= .05 which is highly significant; from this value we can infer that the service quality of SBI and ICICI bank in terms of Empathy are different. The above analysis and interpretation states that the null hypothesis is rejected.

ACCESSIBILITY

Further analysis explains the Z test calculation with a level of significance of .001. Z test analysis here explains the pattern of the relationship between the independent variables. In the present case the table shows that the p=.000 value at α= .001 which is highly significant; from this value we can infer that the service quality of SBI and ICICI bank in terms of Accessibility are different. The above analysis and interpretation states that the null hypothesis is rejected.

COST

Further table-9 of the analysis explains the Z test calculation with a level of significance of .05. Z test analysis here explains the pattern of the relationship between the independent variables. In the present case the table shows that the p=.003 value at α= .05 which is highly significant; from this value we can infer that the service quality of SBI and ICICI bank in terms of cost of services are different. The above analysis and interpretation states that the null hypothesis is rejected.

OBJECTIVE-3: TO COMPARE THE PERCEPTION OF CUSTOMERS OF SELECTED PUBLIC AND PRIVATE BANKS IN TERMS OF SERVICE QUALITY.

The researches has compared the service quality on the basis of SERQUAL model and added two more variables (Accessibility & Cost). The researcher has compared on the basis of group statistics obtained from Z- test calculations. The mean value of the items for the selected construct has been taken in to account. The result is shown in following table.

TABLE-4: GROUP STATISTICS

	TR	N	Mean	Std. Deviation	Std. Error Mean
Tangibility	COMPY1	35	1.7029	.72659	.12282
	COMPY2	35	2.1229	.80113	.13542
Reliability	COMPY1	35	2.8429	.74134	.12531
	COMPY2	35	1.6971	.42529	.07189
Responsiveness	COMPY1	35	1.8257	.48770	.08244
	COMPY2	35	2.1800	.78321	.13239
Assurance	COMPY1	35	2.3714	.64969	.10982
	COMPY2	35	1.8829	.63962	.10811
Empathy	COMPY1	35	1.7000	.54178	.09158
	COMPY2	35	2.0971	.46620	.07880
Accessibility	COMPY1	35	2.6914	.58530	.09893
	COMPY2	35	1.7171	.55386	.09362
Cost	COMPY1	35	2.1400	.49598	.08384
	COMPY2	35	1.7343	.60680	.10257

The researcher has found that ICICI bank leads to SBI on Tangibility (2.1229>1.7029), Responsiveness (2.1800>1.8257) & Empathy (2.0971>1.7000) and SBI leads to ICICI bank on Reliability (2.8429>1.6971), Assurance (2.3714>1.8829), Cost (2.1400>1.7343) & accessibility (2.6914>1.7171).

CONCLUSION

In the cutting edge competition and liberalization world, those companies will survive who continuously work upon and maintain their service quality. The SBI is first and oldest state owned company in banking sector. As per the present study, this is a challenge to the private players as it has pre dominance in reliability, assurance and wide network. Private players are trying to overcome it by providing accessibility through internet smart phones and high end up-to-date technology, greater degree of tangibility, effective & appealing promotional campaign, online services, more personalized & innovative services, etc. Now the monopoly of SBI is threatened and leading private player like ICICI bank started capturing the market share. The SBI has to take this into consideration and aggressively work upon it in order to excel in other dimensions of SERVQUAL where the private players are marking their significant presence.

The ICICI bank has identified the gap and taken the lead in terms of providing empathy, better response and system. The product customization is good but accessibility and branch/ATM network is less as compare to SBI. The bank has to give emphasis on expanding the market coverage. Rewards, incentives and adequate publicity for exemplary conduct, work and innovations should be awarded frequently.

LIMITATIONS AND SCOPE

The scope of the present study is limited to the city of Indore and surrounding rural area because of the availability of the resources. For the purpose of studying the SERVQUAL existing customers of banking of the companies under study are considered. Further the tenure of association of customers subject to present study is quite stable. Personal interests of customers are not taken into consideration. Implementation and practices of the organizations differ from institute to institute and thus the result may vary. This is a pioneering study on this topic hence limited up to fundamental domain.

FURTHER AREAS OF RESEARCH

There remains a scope and gap for further research in this domain of knowledge. It can be extended to regional, national level and to other professionally managed organizations. New variables can be developed taking in to account the other aspects of service quality. Further research can be done by developing a suitable model to test the contribution of each variable on dependent variables. In brief, it can be suggested that replication of this study on other randomly selected banking organizations, and comparative analysis of banking organizations other banks can be made. Also further study can be done to identify the performance indicators of various categories of banking organization with a view to evolve training policy/designs for marketing and product development personnel

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EFFECTIVENESS OF RURAL MARKETING STRATEGIES ON BRANDED FMCG's: A CASE STUDY IN KANYAKUMARI DISTRICT

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ABSTRACT

The bottom of the pyramid will continue to grow and emerge as a huge potential market for manufactured goods and services in an unprecedented manner in the years to come. This trend would provide a perennial population dividend for Fast Moving Consumer Goods companies. .According to a report by Nielsen, the Indian rural market is tipped to grow more than tenfold to USD 100 Billion by 2025, presenting a huge opportunity for Fast Moving Consumer Goods brands. The Fast Moving Consumer Goods giants in India like Hindustan UniLever, ITC, Britannia, Nestle, Procter and Gamble etc. have already proved their sales performance in rural markets and continue to extend their sales. The Fast Moving Consumer Goods companies over the years have developed and implemented rural marketing strategies to overcome the challenges in rural markets. The major challenges in rural markets are Awareness, Affordability, Availability and Acceptability of their brands. The Fast Moving Consumer Goods companies need to target and gain their profitability through customized marketing strategies to meet these challenges as well as consider the factors that motivate rural consumers to buy Branded Fast Moving Consumer Goods and their purchase decision on Branded Fast Moving Consumer Goods. The Fast Moving Consumer Goods companies need to measure also the effectiveness of rural marketing strategies for re-engineering existing strategies. This paper focuses on to measure the effectiveness of existing rural marketing strategies of Branded Fast Moving Consumer Goods companies in Kanyakumari District.

KEYWORDS

FMCG, Awareness, Affordability, Availability, Acceptability.

1. INTRODUCTION

The role of marketing in a firm, the strategies it pursues in influencing consumers in their buying decisions and eventually meeting their needs have had gone through a dynamic change over the years. Growth of economies world-wide, shifts in demographic characteristics of population and rapid globalization, among others, have prompted companies, especially multi-national, to rethink and re-engineer their marketing strategies to stay profitable and competitive in market. This segment of 72% of Indian population; 12% of world population live in Indian rural areas, providing a population dividend for Fast Moving Consumer Goods companies. Rural India has opened up new opportunities as well as challenges for firms competing to share the market. The Indian rural market has gained significance in the recent times as the overall economic growth of the country has led to an improvement in the living standards of the rural people. The boon of the Green Revolution combined with Government initiatives such as subsides, loan waivers, minimum support prices and employment guarantee schemes have led to an increase in their purchasing power. The country also witnessed the entry of many well-known Multi National Companies that have been successful in marketing Fast Moving Consumer Goods (FMCGs) brands in the international market. Then there was a proliferation of brands, fueling intense competition, resulting in the saturation of urban market. This forced companies to look for greener pastures in new rural markets. All eyes turned to the world's most promising potential market of 833 million of rural consumers, who had yet to taste the fruits of modernity, a promise that seemed ready to be fulfilled because of the explosion in the buying capacity in the rural market. So the FMCG companies have formulated different marketing strategies to attract the rural consumers and overcome the challenges.

2. STATEMENT OF THE PROBLEM

The rural marketing strategies of FMCG companies are focused to attract the rural consumers and meet the challenges in rural market. In this context, the FMCG companies have designed and implemented a number of marketing strategies. Measurement of the effectiveness of these strategies is difficult in nature. However the companies need to know the effectiveness of implemented strategies for sustaining and increasing their growth in the market.

3. OBJECTIVE OF THE STUDY

The objective of this study is to measure the effectiveness of rural marketing strategies implemented by FMCG companies in Kanyakumari District.

4. RESEARCH DESIGN

The nature of the study is Descriptive type. The stratified random Sampling technique was used to collect the primary data. The primary data was collected from 506 respondents from 150 Panchayats under four taluks in Kanyakumari Distict. The respondents are rural consumers. The secondary data was collected from Journals. The multiple regression analysis is used to analyze the primary data.

5. RESULTS & DISCUSSION

Regression Analysis of Effectiveness of Rural Marketing Strategies on Awareness, Availability, Affordability and Acceptability

The FMCG companies have developed and implemented number of rural marketing strategies to meet the challenges in rural marketing. The major challenges are Awareness, Availability, Affordability and Acceptability. This analysis was done to find the effectiveness of the strategies.

The researcher has taken Effectiveness of Rural Marketing Strategies is as dependent variable (Y) and Independent variables are Awareness(X_1), Availability(X_2), Affordability(X_3) and Acceptability(X_4).

TABLE 1: SHOWING VARIABLES IN THE MULTIPLE REGRESSION ANALYSIS

Variables	Unstandardized Coefficients	S.E of B	Standardized Coefficients	t value	P value
X_1	0.026	0.049	0.026	0.542	<0.001**
X_2	0.087	0.057	0.083	1.512	0.588
X_3	0.510	0.060	0.433	8.501	0.131
X_4	0.142	0.062	0.108	2.314	<0.001**
Constant	10.944	1.728	-	6.335	0.021*

The multiple correlation coefficient is 0.570 measures the degree of relationship between the actual values and the predicted values of the effectiveness of rural marketing strategies. Because the predicted values are obtained as a linear combination of Awareness (X_1), Availability (X_2) Affordability (X_3) and Acceptability (X_4) the coefficient value of 0.570 indicates that the relationship between Effectiveness of Rural Marketing Strategies and the Four independent variables is quite strong and positive.

The Coefficient of Determination R-square measures the goodness-of-fit of the estimated Sample Regression Plane (SRP) in terms of the proportion of the variation in the dependent variables explained by the fitted sample regression equation. Thus, the value of **R square is** 0.325 simply means that about 32.5 percent of the variation in Effectiveness of rural marketing strategies is explained by the estimated SRP that uses Awareness, Availability, Affordability and Acceptability as the independent variables and R square value is significant at 1 % level.

The Multiple Regression Equation is

$Y = 10.944 + 0.026X_1 + 0.087X_2 + 0.510X_3 + 0.142X_4$

The above equation shows that the Coefficient of X_1 is 0.0261 represents the partial effect of Awareness on effectiveness of rural marketing strategies; holding Availability, Affordability and Acceptability constant. The estimated positive sign implies that such effect is positive that effectiveness of rural marketing strategies would increase by 0.0261 for every unit increase in Awareness and this coefficient value is significant at 1 percent level. The Coefficient of X_2 is 0.0.087 represents the partial effect of Availability on effectiveness of rural marketing strategies; holding Awareness, Affordability and Acceptability constant. The estimated positive sign implies that such effect is positive that effectiveness of rural marketing strategies would increase by 0.087 for every unit increase in Availability and this coefficient value is not significant at 5 percent level. The Coefficient of X_3 is 0.510 represents the partial effect of Affordability on effectiveness of rural marketing strategies; holding Awareness, Availability and Acceptability constant. The estimated positive sign implies that such effect is positive that effectiveness of rural marketing strategies would increase by 0.510 for every unit increase in Affordability and this coefficient value is not significant at 5 percent level. The Coefficient of X_4 is 0.142 represents the partial effect of Acceptability on effectiveness of rural marketing strategies; holding Awareness, Availability and Affordability constant. The estimated positive sign implies that such effect is positive that effectiveness of rural marketing strategies would increase by 0.142 for every unit increase in Acceptability and this coefficient value is significant at 1 percent level.

6. FINDINGS

1. The effectiveness of strategies for Availability of Branded FMCGs in rural market is very low.
2. The Affordability of Brands is rated high in effectiveness of rural marketing strategies for those earning more than Rs 12,000 per month.
3. The effectiveness of rural marketing strategies depends highly on how best the challenges in rural marketing are met by the companies.

7. SUGGESTIONS

1. The FMCG companies should make available of their products in rural markets for convenient purchase by rural consumers. The manufactures can use motor bikes and autorikshas to supply their products in rural shops regularly because the local manufactures generally use motor bikes to ensure regular stock replenishment.
2. Only the high income (above Rs.12000 per month) earning consumers only find Branded FMCGs affordable while most of other consumers go for low priced spurious products. Therefore, the companies must give due consideration in price so as to make the products affordable to all categories.
3. The companies should give importance to all 4A's while formulating rural marketing strategies.

8. CONCLUSION

The rural market has opened up huge opportunities to the marketers who need to fully understand the dynamics of rural market and convert their business intent into strategies that can sustain as well as increase their penetration into rural markets. The FMCG companies in this regard need to plan more inclusive corporate strategies with thrust on rural markets. The effectiveness of existing marketing strategies has been minimal. The manufactures, have to therefore, need to focus on the Availability of their products in rural markets for convenient purchase by rural consumers at an affordable price. This re-orientation may force the FMCG companies to re-evaluate their marketing strategies.

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POWER SECTOR REFORMS DURING GLOBALIZED ERA: SOME EVIDENCES FROM INDIAN ECONOMY

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ABSTRACT
India, the second most populous country in the world with its vibrant economy and impressive growth of GDP has been facing challenges in meeting its energy needs. Indian economy is at a critical stage of development, where energy requirement has been increasing at a phenomenal pace. Even though, large part of the developed world is struggling to recover from the recession, the relatively faster emerging country like, India are aiming to meet the requisite demand for energy by introducing different reforms both in energy sector and power sector. With the economic growth of India set to take off, the power demand is forecasted to rapidly mount in next 25 to 50 years. It is well known fact that electric power is an essential input for the sustained growth in different facets of economic development. With increasing economic activities followed by population growth, there is a shift from the use of non-commercial energy to commercial energy sources, particularly fossil fuels including electricity, resulted in surging demand outstripping the supply. In spite of being the fifth largest electricity producer in the world, India's per capita electricity consumption rates remain very low in comparison to many developing countries. As the economy grows, the power sector of the country has been undergoing a massive revamp from policy changes to investment pattern and restructuring the preference for sources of power. Some important steps in this regard in the globalized era in India include outlining the reform of the power sector restructuring the state electricity boards, liberalizing the generation of power with private participations, stepping up efforts to secure oil and natural gas by investing in overseas oilfields, international agreements on nuclear cooperation which includes supply of nuclear fuels, greater emphasis of other renewable energy sources etc. With these background, the authors have made an attempt to examine the salient features of power sector reforms and their impact an Indian economy in the globalized era.

KEYWORDS
Power Sector Reforms and Economic Reforms.

INTRODUCTION
India's energy-mix comprises both non-renewable (coal, lignite, petroleum and natural gas) and renewable energy sources (wind, solar, small hydro, biomass, etc.) Information on reserves of non-renewable sources of energy like coal, lignite, petroleum, natural gas and the potential for generation of renewable energy sources is a pre-requisite for assessing the country's potential for meeting its future energy needs. The changes in the reserves over time indicate the research and development going into the discovery of new reserves and the pace of their exploitation. They also facilitate in devising effective conservation and management strategies for optimal utilization of these resources. Energy is the very basic and prime requirement for the mankind. It is one of the major factors on which the economic, social and industrial growth of any country and civilization depends. With 8-9 percent of Gross Domestic Product (GDP) rate and 17.0 percent of world population, India is one of the biggest consumers of energy. In the population stats India stood in second position after china. Demand of energy requirement is directly proportional to the development rate and population growth rate of the country (Deepak Kumar-2012). Presently in 2011-12 the total installed capacity in India is 181.5 GW (including conventional and non conventional sources) with peak load demand of 136 GW. Out of this energy demand only 118 GW is met having a deficit of 13.0 per cent in energy generation (CEA-Central Electricity Authorities). The gap between energy demand and supply is the most serious issues in India. The main reasons for this trend are demographics and economics. India's economy is growing, thereby demanding more energy and electricity. The population is also increasing and causing shortage in energy resources. There is also massive urbanization and modernization, which is putting more pressure on energy resources and the environment which cannot be neglected. The deficit in energy is also caused by the in-efficient power system structure which includes the generation, transmission and load distribution. In India, the major sources of energy are the fossil fuels. To meet out the increased energy demand and to reduce the carbon emission, the generation system needs electricity reforms, power system restructuring, demand side management, more renewable energy research and development centre. The main objective of the paper is to emphasis on the current status of electricity production and electricity consumption, various reforms in power sector with their effects, consumption and tips for energy savings.

OBJECTIVES OF THE PAPER
1. To Study overall Growth Rate of Electricity Consumption in India
2. To Study evaluate Per capita Energy Consumption of India and Tamil Nadu
3. To Important Policy and Strategies reform of Electricity Sector in India

METHODOLOGY
The present study is an empirical and analytical exercise based on the secondary data. The overall Electricity performance of India and Tamil Nadu evaluated on the basis of the availability of a comprehensive set of data from the various published and unpublished sources, the data are collected from the administrative report, statistical at a glance of the Ministry of Power, Energy Statistics. The main aim of the study is to analysis the performance appraisal Ministry of Power and TNEB.

ANALYSIS OF THE STUDY
The study used only Secondary data for analytical purpose. Secondary data are obtained from various published and unpublished sources such as Energy statistics, Ministry of Power Statistical report, TNEB Statistical Hand book, Central Electricity Authority, Electric Power Survey Report and various annual reports. The Statistical tools used in the study were percentages, Simple linear regression and Growth model.

INSTALLED GENERATING CAPACITY OF ELECTRICITY
The total installed capacity for electricity generation in the country has increased from 16,271 MW as on 31.03.1971 to 206,526 MW as on March, 2011, registering a compound annual growth rate (CAGR) of 6.4 per cent. There has been an increase in generating capacity of 18654 MW over the last one year,

which is 10.0 per cent more than the capacity of last year. The highest rate of annual growth (11.3 per cent) from 2009-10 to 2010-11 in installed capacity was for Thermal power followed by Nuclear Power (4.8 per cent). The total Installed capacity of power utilities in the country increased from 14,709 MW in 1970-71 to 173,626 MW as on March, 2011, with a CAGR of 6.2 per cent over the period. The highest CAGR (7.1 per cent) was in case of Thermal utilities followed by Nuclear (6.1 per cent) and Hydro (4.4 per cent). At the end of March 2011, thermal power plants accounted for an overwhelming 64 per cent of the total installed capacity in the country, with an installed capacity of 131.2 thousand MW. Hydro power plants come next with an installed capacity of 37.6 thousand MW, accounting for 18.2 per cent of the total installed Capacity. Besides, non-utilities accounted for 15.9 per cent (32.9 Thousand MW) of the total installed generation capacity. The share of Nuclear energy was only 2.31 per cent (4.78 MW). The geographical distribution of Installed generating capacity of electricity as on March, 2011 indicates that Western Region (both central and state sector) accounted for the highest share (30.98 per cent) followed by Southern Region (27.35 per cent), Northern Region (26.88 per cent), Eastern Region (13.45 per cent) and North Eastern Region (1.35 per cent). Region wise growth in the installed capacity during 2010-11 reveals that Eastern Region registered the highest growth of about 18.21 per cent, followed by Northern Region (10.1 per cent) and Western Region (6.65 per cent). Among the States in the Eastern Region that accounted for the highest growth of 18 per cent, Odisha registered the highest (47.7 per cent) followed by Jharkhand (27.1 per cent). Among all the states Delhi registered highest growth (105.1 per cent) in the installed capacity followed by Odisha (48 per cent) and Jharkhand (27 per cent).

GRID INTERACTIVE RENEWABLE POWER

The total installed capacity of grid interactive renewable power, which was 16817 MW as on March, 2010 had gone up to 19971 MW as on March, 2011 indicating growth of 18.75 per cent during the period. Out of the total installed generation capacity of renewable power as on March, 2011, wind power accounted for about 71 per cent, followed by small hydro power (15.2 per cent) and Biomass power (13.3 per cent). Tamil Nadu had the highest installed capacity of grid connected renewable power (6500 MW) followed by Maharashtra (3005 MW) and Karnataka (2882 MW), mainly on account of wind power. As on March, 2011 out of total Biogas plants installed (41.98 lakh), maximum number of such plants installed were in Maharashtra (8 lakh) followed by Andhra Pradesh, Uttar Pradesh, Karnataka and Gujarat each with about 4 lakh biogas plants. Out of about 6.6 lakh Solar Cookers installed as on March, 2011, 1.7 lakh were installed in Gujarat and 1.4 lakh were installed in Madhya Pradesh. Further, as on March, 2011 there were 1,352 water pumping Wind mills systems installed and 6,975 remote villages and 1,871 hamlets were electrified.

GENERATION OF ELECTRICITY

TABLE-1 TRENDS IN INSTALLED GENERATING CAPACITY OF ELECTRICITY UTILITIES AND NON-UTILITIES IN INDIA (In Gwh)

Year	Utilities				Non-Utilities			Grand Total
	Thermal*	Hydro	Nuclear	Total	Railway	Others	Total	
1970-71	28162	25248	2418	55828	37	5347	5384	61212
1975-76	43303	33302	2626	79231	38	6657	6695	85926
1980-81	61301	46542	3001	110844	42	8374	8416	119260
1985-86	114347	51021	4982	170350	43	12997	13040	183390
1990-91	186547	71641	6141	264329	29	25082	25111	289440
1995-96	299316	72579	7982	379877	24	38142	38166	418043
2000-01	409940	74362	16902	501204	-	59638	59638	560842
2005-06	505001	101494	17324	623819	-	73640	73640	697459
2009-10	670965	106680	18636	796281	-	109693	109693	905974
2010-11	704323	114257	26266	844846	-	114224	114224	959070
Growth rate of 2010-11 over 2009-10	4.97	7.1	40.94	6.1	-	4.13	4.13	5.86
CAGR 1970-71 to 2010-11	8.17	3.75	5.99	6.85	-	7.75	7.74	6.94

Source: Central Electricity Authority, 2012

Note: * Thermal includes Renewable Energy Resources, Small Hydro Projects, Wind power, Biomass Power, Biomass Gasifier, Urban & Industrial Waste and Solar Power

The all India gross electricity generation from utilities, excluding that from the captive generating plants, was 55,828 Giga Watt-Hours (GWh) during 1970-71.(Table 1). It rose to 1,10,844 GWh during 1980-81, to 2,64,329 GWh during 1990-91 and to 8,44,846 GW during 2010-11. The CAGR during the period from 1970-71 to 2010-11, has been an impressive 6.9 per cent. The production of electricity from utilities has increased from 7,96,281 GWh during 2009-10 to 8,44,846 GWh during 2010-11, registering an annual growth rate of about 6.1 per cent. Total Electricity generation in the country, from utilities and non-utilities taken together, during 2010-11 was 9,59,070 GWh. Out of this 7,04,323 GWh was generated from thermal and 1,14,257 GWh was from hydro and 26,266 GWh was generated from nuclear sources. Total output from non-utilities was 1,14,224 GWh.

AVAILABILITY OF ELECTRICITY

TABLE-2 TRENDS IN AVAILABILITY OF ELECTRICITY IN INDIA (In Gwh)

Year	Electricity (GWh)	Electricity in Percentage
1970-71	27666	3.4
1975-76	35928	4.4
1980-81	49543	6.1
1985-86	56003	6.9
1990-91	77782	9.6
1995-96	80561	10.0
2000-01	91264	11.3
2005-06	118818	14.7
2009-10	125316	15.5
2010-11	140524	17.4
Growth rate of 2010-11 over 2009-10	12.14	-
CAGR 1970-71 to 2010-11(%)	4.04	-

Source: CEA-2012

Electricity availability is considered only for that electricity which is generated from Hydro and Nuclear sources. Without taking into account the transmission and distribution losses, the total availability is equal to the total generation, and this figure increased from 27,666 GWh during 1970-71 to 1,40,524 GWh during 2010-11, registering a CAGR of 4 per cent over the period.

CONSUMPTION OF ELECTRICITY

TABLE-3 CONSUMPTION OF ELECTRICITY (FROM UTILITIES) BY SECTORS IN INDIA (In Gwh)

Year	Industry	Agriculture	Domestic	Commercial	Traction and Railways	Others	Total Electricity Consumed
1970-71	29,579	4,470	3,840	2,573	1,364	1,898	43,724
1975-76	37568	8721	5821	3507	1855	2774	60246
1980-81	48,069	14,489	9,246	4,682	2,266	3,615	82,367
1985-86	66980	23422	17258	7290	3182	4967	123099
1990-91	84,209	50,321	31,982	11,181	4,112	8,552	190,357
1995-96	104693	85732	51733	16996	6223	11652	277029
2000-01	107,622	84,729	75,629	22,545	8,213	17,862	316,600
2005-06	151557	90292	100090	35965	9944	24039	411887
2010-11	272,589	131,967	169,326	67,289	14,003	39,218	694,392
Growth rate of 2010-11 over 2009-10	15.14	9.78	15.91	11.04	12.85	7.17	13.34
CAGR 1970-71 to 2010-11	5.57	8.61	9.67	8.29	5.84	7.67	6.98

Source: Central Electricity Authority 2012

The electricity consumption increased from 43,724 GWh during 1970-71 to 6,94,392 GWh during 2010-11, showing a CAGR of 6.98 per cent (Table 3). The increase in electricity consumption is 13.34 per cent from 2009-10 (6,12,645 GWh) to 2010-11 (6,94,392 GWh). Of the total electricity sales in 2010-11, industry sector accounted for the largest share (38.6 per cent), followed by domestic (23.8 per cent), agriculture (19.6 per cent) and commercial sector (9.89 per cent). However, it is seen that electricity consumption in domestic sector and agriculture sector has increased at a much faster pace compared to other sectors during 1970-71 to 2010-11, with CAGRs of 9.67 per cent and 8.61 per cent respectively. Loss of electricity due to transmission has increased from 17.55 per cent during 1970-71 to 32.86 per cent during 2000-01 and declined to 18.04 per cent during 2010-11 (Central Electricity Authority-2012).

PER- CAPITA ENERGY CONSUMPTION & ENERGY INTENSITY

Per-capita Energy Consumption (PEC) during a year is computed as the ratio of the estimate of total energy consumption during the year to the estimated mid-year population of that year. Energy Intensity is defined as the amount of energy consumed for generating one unit of Gross Domestic Product (At constant prices). PEC and Energy intensity are the most used policy indicators, both at national and international levels. In the absence of data on consumption of non-conventional energy from various sources, particularly in rural areas in the developing countries, including India, these two indicators are generally computed on the basis of consumption of conventional energy. The PEC has increased from 1204 KWh in 1970-71 to 4816 KWh in 2010-11, a CAGR of 3.44 per cent. The annual increase in PEC from 2009-10 to 2010-11 was 3.65 per cent. The Energy Intensity (at 1999-2000 prices) increased from 0.128 KWh in 1970-71 to 0.165 KWh in 1985-86, but it has again come down to 0.117 KWh (at 2004-05 prices) in 2010-11 (CEA-2012).

TABLE - 4 TRENDS IN PER CAPITA ENERGY CONSUMPTION IN INDIA AND TAMIL NADU (KWh)

Year	Per capita Energy Consumption In India	Per capita Energy Consumption In Tamil Nadu	Percentage Share of PEC in Tamil Nadu from India
2005-06	3497.6 (14.1)	631.4 (14.5)	18.0
2006-07	3727.2 (15.0)	671.9 (15.4)	18.0
2007-08	3928.2 (15.8)	717.1 (16.4)	18.2
2008-09	4171.6 (16.8)	733.5 (16.8)	17.5
2009-10	4646.9 (18.7)	778.6 (17.8)	16.7
2010-11	4816.4 (19.4)	818.8 (18.8)	17.0

Source: Central Electricity Authority-2012 and Dinamalar, April-2013

Above the table explain that PEC energy in India and Tamil Nadu, The PEC has increased from 3497.6 KWh in 2005-06 to 4816.4 KWh in 2010-11 in India, The PEC consumption In Tamil Nadu Increased from 631.4 KWh in 2005-06 to 818.8 KWh in 2010-11, but Percentage share of PEC in Tamil Nadu from India declined from 18.0 in 2005-06 to 17.0 in 2010-11.

ELECTRICITY REFORMS FOR CONVENTIONAL ENERGY SOURCES

The Union government has given top priority to the power sector in the infrastructural development strategy. The Power Policy announced in 1996 and subsequently modified by the GOI to uplift the national agendas has emphasized upon the crucial role of the power sector in achieving the targets of the 21st century. The major thrust of the government is to provide sufficient electricity primarily to the industrial and agriculture sector by 2010 although full and sufficient supply to all sectors of the Indian economy will remain dream. The policy is to attack on three major areas of the sector i.e. investment, institutions and management. In the past few decades, India is not in a position to meet the peak load demand and normal load demand of energy due to inefficient use of electricity, Aggregate Technical and Commercial (AT&C) losses, which leads to significant energy shortage and energy crises. During the period of heavy loads, the load scheduling is done by the regulatory authorities to make grid stable. These needless power cuts can be avoided by installing new efficient generating stations and by introduction of new reforms and restructuring existing power systems (including generation, transmissions, distribution). The restructuring of Indian power sector formally started in the year 1991 and after that up to 2007 a number of reforms have been introduced by Indian government. These reforms revolutionized the growth in power capacity, reliability in supply, growth in the revenue collection by streamline the working of state electricity boards across the country by unbundling them into separate transmission, generation and distribution sectors, establishment of the central electricity regulatory commission, rationalization of electricity tariff, increase in the oversea investments, increase in private power generating companies, and increase in healthy competition. These reforms are adopted made by government to decrease all the factors which actually degrade the power systems. The government succeeded to some extent to achieve the goals set for the power sector reforms. But, still a lot of work has to be done to achieve the ultimate goal. The aggregate technical and commercial losses of India in year 2003-04 were 36.64 percent which have been reduced to 27.15 percent in year 2009-10 (Ministry of Power). So, it is the need of the hour that these reforms are implemented more rigidly and effectively.

INDIAN INITIATIVE IN RENEWABLE ENERGY DEVELOPMENT

The reforms in Indian Power Sector started with the advent of Electricity Act 2003. The Electricity Act 2003, the policies framed under the Act, and also the National Action Plan of Climate Change (NAPCC) provide a roadmap for increasing the share of renewable in the total generation capacity in the country. With the participation of private sector there is increased competitiveness among the power producers and to meet this challenge and to increase the share of renewable following mentioned provisions and policies have been framed. Many authors have published their work on the status of renewable energy sector and their promotion policies being implemented in India

Electricity Act 2003: The Act has assigned the responsibility of promoting Renewable Energy to State Electricity Regulatory Commission (SERC). Under section 86 (1) (e) –SERC shall promote cogeneration and generation of electricity from renewable sources by providing suitable measures for connectivity with the grid and sale of electricity to any person and also specify, for the purchase of electricity from such sources. Section 61(h) emphasize on tariff rate keeping in mind the cogeneration and electricity generation from renewable sources of energy.

National Electricity Policy (**NEP 2005**)**:** The policy focuses on increase in share of non conventional energy sources in the generation mix with participation from private sector. Tariffs rates to be decided by SERC so as to make purchase of power from non conventional sources preferable and thus create competition through bidding process; considering the fact that it will take some time before non-conventional technologies compete, in terms of cost, with conventional sources, the commission may determine an appropriate deferential in prices to promote these technologies.

National Tariff Policy (NTP 2006): Tariff fixing so as to lower the Green House Gas emission and provide adequate incentives to the project developers. The appropriate commission shall fix minimum percentage for the purchase of energy from such sources taking in to account the availability in the region and its impact on retail tariffs.

National Rural Electrification Policy 2006 (**NREP**)**:** In remote villages where it is not possible to connect supply to grid, there is permission to use stand alone system. The isolated lighting technologies like solar photovoltaic can also be adopted.

Indian Electricity Grid Code-2010: Special provisions under Indian Electricity Grid Code 2010 (IEGC) for connection, operations, forecasting, scheduling and commercial settlement for wind and solar generating plants.

State Electricity Regulatory Commission (SERC): Under EA 2003, the SERCs set targets for distribution companies to purchase certain percentage of their total power requirement from renewable energy sources. This target is termed as Renewable Purchase Obligation. In order to ensure compliance to the RPO as specified by SERCs a provision to impose penalty on ECs upon failing to meet the RPO targets has also been kept by few states.

CONCLUSION

The basic problem of developed and developing countries like India is the lack of knowledge of the infrastructure since last several years due to intervening reasons. the country had a very poor infrastructure in terms of energy production and supply. The per capita consumption of energy was abysmally low and the access to energy was very inadequate for the common people. The economy was dependent largely on the non-commercial sources of energy for meeting the requirements of the households and on animal and human energy in case of agriculture and transport. During the 50 years that followed Independence, the demand for energy, particularly for commercial energy, registered a high rate of growth contributed largely by the changes in the demographic structure brought about through rapid urbanization, need for socio-economic development and the need for attaining and sustaining self reliance in different sectors of the economy. The demand of energy is increasing day by day. The ever increasing use of modern means of transport systems, changing lifestyles and mechanization of labor have led to sudden and very large spurt in the energy requirements. There are several choices available in selecting an alternate source, but the cost factor is high and each is suitable only in a particular area. Since the renewable sources of energy have inbuilt constraints of use. Almost 90.0 percent of the energy requirements have to for now be met from the finite sources available on this planet (Deepak Kumar-2012). With the impending energy crisis facing mankind, saving every bit of energy is of great importance. This saved energy can then be put to same useful use in future. One must remember energy saved is energy produced. Therefore one needs to practice sustainable sources of energy for consumption.

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NGO APPROACHES TO RURAL DEVELOPMENT IN BANGLADESH

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ABSTRACT

Rural development is the important issue in the development agenda of a country. Among actors working in development field, NGOs play vital role in Bangladesh. Historically discrete individual efforts were made for rural development and gradually institutional and organized initiatives are started in field of rural society in the course of time. The present paper is prepared based on secondary documents such as NGOs annual reports, published articles and government publications. It attempts to explore the areas of income generating activities and human resource development programs which ultimately contribute to socio-economic and structural development of rural communities. The NGOs have proven themselves as the real associates of the government in rural development activities. It also focuses on the NGO contribution on rural development including problems and difficulties such as; religious fundamentalism, pressure from the political leaders and local elites, overlapping in the NGO activities, influence of donor agencies, corruption and fund crisis which act as barriers in the path of rural development. So, it is appeared as new added knowledge in rural development literature.

KEYWORDS

Rural Development, NGOs, Women Empowerment, Community Participation.

INTRODUCTION

Bangladesh is mainly an agro-based rural society. So, rural development is the main focus of government and non-government efforts from the very beginning of the planned era. Rural development was initiated and encouraged in this region by some outstanding development personalities and institutes since later half of the 19th century. During the British rule, the permanent settlement and Tenancy Act of 1793, the Rent Act of 1859 were legal initiatives in land reform. Along with legal initiatives, the British government established agricultural development board (1880) and introduced local Government institutions, i.e. Union Board and District Board (1891), organized cooperatives (1904) and rural reconstruction development(1939) for the improvement of agriculture and rural life situation. Sher-e-Bangla A.K.Fazlul Haq, Rabindranath Tagore, Mahatma Gandhi and some enthusiastic Indian civil service officials such as; Gurushaday Dutta, Nurunnabi Chowdhury, N.M.Khan and H.S.N Ishaque of the Indian Civil Service played important roles in promoting rural development activities to a great extent.(Samad; 2002). Thereafter Pakistan government introduced an important important rural development program known as V-AID program. In 1959, Integrated Development Program was first conducted as experimental project in Comilla Kotwuali Thana by the Pakistan Government for training and action research. In 1961, Government of Pakistan launched a program in East Pakistan to create employment opportunity for the rural poor development and develop rural infrastructure (Quddus; 1993). After the independence of Bangladesh, the Government of Bangladesh adopted IRDP as a national program in 1972. Rural local government organizations (union parishad, upazila parishad and zila parishad) in Bangladesh play important roles in implementing rural development programs. In 1970, after the destructive cyclone, NGOs started its relief and rehabilitation based activities in Bangladesh in order to help the cyclone affected people. Then BRAC (1972), PROSHIKA (1976) and Grameen Bank (1976) started their activities in Bangladesh. At present, more than ten thousand NGOs have been engaged in rural development activities.

Both the Government agencies and non-Government organizations are now playing stimulating roles in making rural development in Bangladesh. Right now Non-Governmental Organizations (NGOs) have become an extensively discussed theme in the third world countries. The NGOs have appeared as the savior of countless number of people without food, cloth, education and basic health facilities. Bangladesh is one of the top thirteen underprivileged countries. With the record of being the most densely populated country on earth and feeble manpower competency, Bangladesh is facing massive challenge to meet up the demand of her ever-increasing population. Although agriculture sector is the main source of income for the rural-agro based country, unfortunately this sector has completely failed to create rewarding employment opportunity for the landless. Considering these overall situations, the NGOs are working on rural development. These organizations are working based on the assessed need and demand of the grass root level farmers and women. By involving the beneficiaries directly, they are working within the context of overall national planning for rural development.

CONCEPTUAL ANALYSIS OF RURAL DEVELOPMENT AND NON-GOVERNMENT ORGANIZATION (NGO)

Rural development is a part of development effort especially in agro-based countries. Rural development has been recently recognized by policy makers as the center price of national development in a developing country like Bangladesh. The term rural development has been used to encompass the whole range of institutional, local, economic, political and technical intervention made by the Government and non-Government agencies in order to increase the well-being of rural people of country.

According to Robert Chambers, 'Rural development is a strategy to enable a specific group of people, poor rural women and men, to gain, for themselves and their children more of what they want and need. It involves helping the poorest among those who seek a livelihood in the rural areas, to demand and control more of the benefits of development' (Chambers; 1986).

In Bangladesh, the term NGO is very well known and NGO activities are wide spread. The voluntary social welfare agencies (registration and control) ordinance 1961 defines voluntary organization as associations which are voluntarily formed by individuals for the purpose of rendering welfare and development services outside government structures; drawing funds from national or international sources; and functioning within the legal frame work of the country."

So, it is clearly evident that NGOs are those organizations, which are one way or the other involved in development or welfare oriented activities including various aspects of rural development.

RURAL DEVELOPMENT AND NGO APPROACHES

Bangladesh has passed 43 years of her liberation. Despite of having the effect of urbanization & industrialization, till now it is a rural based country. Out of 161,083,804 populations (Socio economic & Demographic report 2011), 110,009,445 live in rural area. [World Bank-2012.est] Bangladesh has agriculture based economy. Eighty percent of total population lives in rural area, among them 62% are directly & others are indirectly engaged with agriculture. For this, from the very past, rural areas of Bangladesh have always get priority. For rural development many government & non government initiatives have been taken. Many non- government organizations (NGOs) are working for rural development along with the government organizations (GOs), among them the well known non-government organizations (NGOs) are BRAC, CARE, Proshika, CARE and World Vision Bangladesh etc. These specific non-government organizations (NGOs) are dealing with specific issues related with Rural Development. The approaches of various non- government organizations (NGOs) in the different fields of rural development are discussed in the following manner;

AGRICULTURE

Agriculture is the most important issue of rural development. This sector contributes around 29% of the country's Gross Domestic Product (GDP) & generates employment of 63% of total labor force. (National web portal of Bangladesh). The general agricultural sectors are rice, crops, jute, cotton, sugarcane, flowers, sericulture, horticultures, fisheries, vegetables, live stocks, soil development, seed development & distribution. BRAC expanded their agricultural credit to support the government's effort to achieve self sufficiency in food growing & arranged microfinance program for the tenant farmers. Under this project BRAC is organizing tenant farmers into village organization (VOs) & providing them with both credit & training on modern agriculture. This project had a target to reach 3000,000 tenant farmers in 150 upazilas by end of 2012. BDT 4.45 billion has been distributed to 284,000 farmers through 12000 village organizations (VOs) in 193 upazilas up to December 2012 (BRAC Annual Report, 2012). Grameen Bank provides the loan to the poor farmers at low interest rate for cultivating using agricultural instruments, like irrigation pump, quality seeds, fertilizers & insecticides. Grameen Bank is giving loans for this purpose. ASA provides loans among the poor farmers for the development of agricultural sector. ASA also provides power tiller loan for the poor farmers. BDT 98.85 crore has been distributed among 13,531 borrowers under this sector up to December 2011(ASA Annual Report, 2012). ASA also providing training to 807 male & 345 female entrepreneurs on crop production, nursery, dairy farming, agricultural technology, giving knowledge on quality seeds, fertilizers & insecticides. Proshika provides micro loans for the poor landless & tenant farmers. It also started Ecological Agricultural program (EAG), training course has arranged under this program to provide training on using insecticides, quality seeds, compost fertilizers & modern technology. Environmental Protection & Regeneration (EPR) is another program by Proshika. For playing important role on environment protection, Proshika was awarded "Bangabandhu Prize 2000" by the Bangladesh Government. Proshika introduced "Friendly Environment Fertilizers" which makes no harm to the environment, crops & soil. Live Stock development Program (LSD) and Fisheries development program (FDP) are income generating programs by Proshika.. Proshika arranged some income generating programs for rural people such as, Irrigation & Tilling Technology Service Program (ITTSP), Sericulture development program (SDP), Api-Culture Program (ADP in which Farmers are getting loans & training under these programs. CARE provides training to farmers on how to increase production in agriculture under the program about 2 million farmers increased their production in agriculture in 2010, mainly in north-west & south-east area in Bangladesh (CARE Annual Report, 2010).

RURAL HEALTH, NUTRITION AND HYGIENE

In Bangladesh, rural health & nutrition status is very poor. Majority people are derived from minimal health & nutrition facilities. For this reason, a significant part of the active non- government organizations (NGOs) of Bangladesh are providing training & education service in the field of health & nutrition. World Vision has contributed BDT 65,841,474.45 in this sector (World Vision Annual Report, 2012). BRAC contributed BDT 3,710,271,278 in health program & BDT 1,339,321,154 in water, sanitation & hygiene program (BRAC Annual Report, 2012). Bangladesh Red Crescent society established 5 hospitals with 471 bed facilities. Besides, Grameen Bank, CARE, Proshika provide awareness program & training in respect to this approach.

RURAL WOMEN EMPOWERMENT

Women empowerment is very important for a nations building. Without having the empowerment of women, the entire development can't be made in a country. Women of Bangladesh are lagging behind & it is more serious in rural area. BRAC is working for the prevention of violence against women. BRAC launched a social development program in 1985; with a human rights & legal services components where women were enlightened their legal rights taught about the laws concerning marriage, family & inheritance. BRAC contributed BDT 138,151,582 in the Gender, Justice & Diversity program (BRAC Annual Report, 2012). Grameen Bank is trying to empower women financially that bring changes in women' life through giving them micro-credit which help them to increase their autonomy; help them to play important role to take decision in family matters; enhancing their economic & social matter. Proshika delivered training for the rural women so that they can increase income. Proshika also runs integrated multi-sectoral women's development program.

HUMAN RIGHTS AND STRUCTURAL DEVELOPMENT OF ORGANIZATIONS FOR RURAL POOR

Despite the fact that rural people have vast experience about life, still they are incapable of developing exact ways to scientifically analyze & fix their problems. In this case, approaches of the non- government organizations (NGOs) are worth mentioning to help the rural people analyze the society & problems in the backdrop of old, superstitious & life perspectives. Non- government organizations (NGOs) such as; BRAC, Grameen Bank, Proshika, and ASA have arranged different seminars & work-shop, joint social activities & application of socio-economic projects. Basically these non- government organizations (NGOs) have introduced essential concepts like developing small groups, credit based co-operatives, mother welfare society & co-operatives, etc, for homeless/landless etc & thus have strengthened the roof of humanitarian progress & organizational structure of rural people.

EMPLOYMENT GENERATION

In order to encourage the rural poor to participate in different economic activities & to increase their income through employment generation, several policies, methods & strategies of the non- government organizations (NGOs) have attracted the attention of some foreign development experts. Grameen Bank contributed BDT 5,256,713,610 in livestock & fisheries, BDT 5,178,149,581 in agriculture & forestry, BDT 4,809,595,125 in shop keeping (Grameen Bank Annual Report, 2012). BRAC contributed BDT 6,988,350,392 in income generating projects (BRAC Annual Report, 2012). ASA distributed BDT 98.85 crore among 13,531 borrowers up to December 2011 & provided training for skill development (ASA Annual Report, 2012).

MICRO CREDIT

Overall economic development is essential for poverty education at the rural level. Besides employment generation, per capita income & scheme to increase savings is required so that a sustainable development & poverty reduction can be seen for the rural poor. The identification of loan as a significant necessity for sustainable economic development for the poor as well as developing an effective method for meeting the demand for loan is a competent model of poverty eradication. BRAC has contributed BDT 2,045,763,985 for ultra poor program, BDT 6,988,350,392 in income generating approaches, BDT 1,171,455,567 in micro finance program (BRAC Annual Report, 2012). Grameen Bank distributed 62931.12 million BDT up to February 2011 (Grameen Bank Annual Report, 2012). ASA helps around 5.5 million households in getting micro credit facilities (ASA Annual Report; 2012).

INFORMAL AND NON-FORMAL EDUCATION

Literacy problem is one of the biggest social problems in Bangladesh. Rural literacy rate is 46.81 & Rural female literacy rate is 42.59 (Census Report 2011). Many non- government organizations are working to increase the literacy rate in rural area. Non- government organizations (NGOs) run informal & non-formal education to increase the literacy rate in Bangladesh as a whole. ASA operates 900 learning centers adjunct to government. Primary schools in 57 districts & there is a plan to increasing it to 4500 by the year 2015 to provide additional tuition support to about 135000 students in 64 districts (ASA Annual Report, 2012). BRAC launched BDT 4,277,356,988 in education program (BRAC Annual Report, 2012). Grameen Bank provided 36.23 million USD as education loan. (Grameen Bank Annual Report; 2012).

DEVELOPMENT OF RURAL INFRASTRUCTURE AND COMMUNICATION

It is one of the important sectors in rural development. Rural infra-structure includes roads, bridges, dam e.tc along with these, the development in communication system is also important to keep the better communication system with urban area. At present this low level of infra-structure communication & transportation system is one of the major obstacles in rural development. For this reason, rural people are facing many problems, like not having medical service in time of need, not having distribution of crops & other agricultural production in urban market. For reducing this problem ASA, Proshika, BRAC, Grameen Bank are working in rural area.

RELIEF AND REHABILITATION BASED APPROACH

One of the major causes of increase in poverty rate in Bangladesh is natural disaster. The non- government organizations are working for the rural poor people in time of regular need as well as emergencies. Those non- government organizations (NGOs) give support during pre disaster period, during disaster period & post disaster period. BRAC contributed BDT 93,188,884 in this sector (BRAC Annual Report, 2012). Grameen Bank contributed USD 0.45 million in this sector. (Grameen Bank Annual Report, 2012). ASA, World Vision, CARE have also taken several measures in relief & rehabilitation program.

INNOVATIVE APPROPRIATE TECHNOLOGY FOR SMALL AND SEASONAL FRAMERS

In Bangladesh during the 70'society the government agencies initiated irrigation in agriculture. But it was not successful in small farmland. In small size farming land, deep & shallow tube well was not suitable when growing vegetables & spices. On demand from the small & seasonal farmers, the non- government organizations have developed bamboo/can tube well, star pump, *Dheki* pump, etc type of irrigation technology. As this can be produced with little cost, the small & marginal farmers can now easily afford these technologies. Right now in Bangladesh 400 irrigation projects are running with loans from non-government organizations. The non- government organizations arrange to teach appropriate technology for fruits, vegetables, fish & cooking through transfer of suitable technology for family agriculture. The NGOs also use newer communication & transportation technology to play significant role in rural development.

CONCLUSION AND RECOMMENDATIONS

It was proven that the active presences of NGOs are a boon for the rural development in Bangladesh. The NGOs started in a war stricken Bangladesh with relief and rehabilitation program. Right now, they are omnipresent in Bangladesh's rural development through improving socio-economic, cultural, geographic, family planning, education, health, and so on. The NGOs have proven themselves as the true associates of the Government in rural development. For the purpose of rural development along with government organizations (GOs), many non-government organizations (NGOs) are also playing vital role. The non-government organizations (NGOs) which are working for rural development are always facing problems & difficulties including religious fundamentalism, lack of absorptive capacity in clients due to education and literacy, pressure from the political leaders and local elites, duplication or overlapping in the NGO activities, superstition and stubbornness, ambiguity in knowledge, geographical distance, influence of donor agencies, corruption and treasury fund crisis which act as barriers in the path of rural development. For this, some recommendations may be taken as effective measures for eliminating those barriers.

- Non-government organizations (NGOs) are always facing financial problems for the insufficient funding & resources. Government should also come forward to play vital role to solve this financial problems of the NGOs.
- For the absence of effective work schedule & specific objectives, sometimes the non-government organizations fail to achieve the faith & support of common people. So the NGO objectives should be very clear.
- Non-government organizations (NGOs) should perform priority based activities & should take steps by identifying the actual social problem.
- To implementing the program & work schedule successfully skillful, efficient & experienced worker should be appointed. Training, seminar, & workshop should be arranged to increase the skill level of NGO workers.
- There should have enough facilities of doing research & collecting authentic information regarding rural development barriers and possible ways of solution.
- Participation in politics should be strictly forbidden for the management authority & workers of non-government organizations (NGOs) and NGOs should take their initiatives according to the national policy & planning.
- Rural community participation should be ensured in the stages of taking planning, programs and implementation of NGO activities.
- Extensive research should be conducted on the problems of rural community so that NGOs working with rural development issues can play effective roles in this regard.

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INFLUENCES OF SOCIO-ECONOMIC FACTORS ON JOB SATISFACTION OF READY-MADE GARMENTS WORKERS

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ABSTRACT
Job satisfaction is one of the key determinants of employee satisfaction in all organizations. In rising countries like Bangladesh, it was tricky to strike ahead such studies on employee satisfaction bearing in mind intrinsic and extrinsic issues. This study was carried out to identify the determinants of job satisfaction among RMG employees. To achieve the objectives, data were collected through intensive survey by a pre-tested interview schedule from randomly selected 120 respondents in selected readymade garments factories of Gazipur sadar upazila. Co-efficient of correlation and multiple stepwise regressions were employed to find out the determinants of employee job satisfaction. Findings reveal that majority (56.67%) of the respondents fell in medium job satisfaction category. It also yielded that socioeconomic factors have a profound influence as these factors combinedly explained 52.4 percent variation in job satisfaction. Education, monthly family income, financial contribution to the family and infrastructural facilities showed significant positive relationship with employee job satisfaction where financial contribution to the family was a single most influential factors (26.2% contributor). Lack of functional training, low wage and job security were the major obstacles in employee job satisfaction. It is recommended that employer, employee and government should work together to manage the situation.

KEYWORDS
Bangladesh, Job Satisfaction, Ready Made Garments.

INTRODUCTION
BACKGROUND OF THE STUDY
Considering the previous history of industrialization, in almost all countries it starts with textile or readymade garments. This industry migrates from high-wage to low-wage countries like a “flying goose” (Siddiqi, 2005). Ready - made garments (RMG) are very potential sector than any others industrial sectors in Bangladesh. This sector plays major role to prevent poverty, create employment facilities, full-fill the domestic demands, earning the foreign exchange as well as contribute to highest gross domestic products (GDP). Readymade garment industries enjoyed a dramatic rise from 30 enterprises in 1980 to about 5800 in 2012-2013 fiscal years. Bangladesh export wears in more than 20 countries. US is the main buyer of Bangladeshi wears. Second largest buyer is EU (Anonymous, 2010). According to one statistics whereas in 1983-84 RMG sector employed 0.040 million workers, in 2012-2013 this figure increased to 4.0 million (BGMEA 2013). Gross foreign exchange earnings from RMG exports and their contribution to the total export earnings have increased significantly over time. The sector’s earnings stood US$ 7.9 billion from US$ 3.36 million in fiscal year 1981 and in 2007, 77.4% of total export earnings of Bangladesh came from RMG sector. The share of RMG exports in total GDP became 13.1% in FY (fiscal year) 2006 compared with 0.16% in FY 1984.

JUSTIFICATION OF THE STUDY
Bangladesh belongs to the group of developing countries of the world, which has been characterised by very low level of economic activities for the last few decades, high inflation, low growth, corruption, politicisation, increased population, economic instability, gender relations and growth of media, industrialisation and decentralisation. This is due to the fact that the vast population of Bangladesh cannot fully or even partially be employed in different sectors of the country. Moreover, employed workers are not fully satisfied with their provided facilities as sometimes they raised their voice peacefully and sometimes in devastating way. Research indicates that when workers are satisfied, productivity increase and staff turnover may decline (Clark, 1997; Islam and Shazali, 2011). These two aspects (productivity and staff turnover) are important for the garments industries in Bangladesh. In addition, if the workers are not satisfied with their work, they cannot increase their performance and that would lead to an overall decline in organisational productivity (Ahmed, 2005; Islam and Shazali, 2011). MacDonald (2005) revealed that poor job satisfaction has a great impact in the organisation success. Bangladesh provides the example of successful use of low cost labor in export industries (Islam and Shazali, 2011). This study was conducted in private sector industries of Bangladesh where the government of Bangladesh has recently announced wage reforms for the industrial workers. Thus, these factors require employee attitudes and performances in the context of Bangladesh to be examined, where the job satisfaction predicators may be influenced by different socio-economic, political, religious and cultural factors. Empirical evidence from previous studies (Locke, 1976) suggests that job satisfaction tends to correlate positively with labor productivity and negatively with labor turnover, both of which influence industry performance.

STATEMENT OF THE PROBLEM
Bangladesh had a good reputation worldwide in a RMG sector. Despite of most successful sector in Bangladesh, it is being encountering numerous problems. Like as poor working environment inside the industry, job security, social security, absence of maternity leave, irregular payment, low wages, provident found, gender discrimination. So to get the better feed back or maximum profit from this industry, we need to make happy with the related stakeholder of this industry, as well as improved the job satisfaction and infrastructure change is the first step of this industry. Keeping all these in view, the present study was designed to answer the following questions.
1. What is the level of job dissatisfaction among the RMG workers?
2. Is there any influence of socio-economic factors on job satisfaction of the RMG workers?
3. What are the major problems hindering job satisfaction and way to overcome these?

OBJECTIVES OF THE STUDY
The study attempted to achieve the following specific objectives:

1. To determine the level of job dissatisfaction among the RMG workers
2. To identify the factors significantly influences job satisfaction of the RMG workers
3. To find out the major problems hindering job satisfaction and suggestions to overcome these problems

HYPOTHESIS OF THE STUDY

The null hypothesis is framed as follows:

- H_0: "There is no significant relationship between selected socio-economic characteristics of RMG garments workers with their job satisfaction".

METHODOLOGY

The descriptive and diagnostic research design was applied in the present study. Descriptive research design was used for describing socioeconomic characteristics of the respondents, job satisfaction and problem faced by the respondents. On the other hand, diagnostic and analytical research design used in this study for specifying and interpreting relationship of variables. The survey was conducted among four factories of Gazipur sadar upazila under Gazipur district. The sampled factory were purposively selected because of co-operation of the administration and management authority of these selected garments for conducting the study, easy accessibility of the researcher to the area and familiarity of the researcher with the dialect and culture of the people of the selected area. All garments workers of the selected eight garments were the population of the study. From the eligible population 120 workers of the four garments consisting of 30 workers from each were selected as sample of the study following simple random sampling technique. Another 16 workers (4 from each factory) were selected following same procedure as reserved list. A pre-tested interview schedule was used to collect data from the respondents during July to August 2013 by the researcher himself .The independent variables of the study were the selected socio-economic characteristics of the readymade garments workers whereas level of job satisfaction was considered as dependent variable of this study. The independent variable was measured following standard procedure. Five aspects of job satisfaction viz. job security, benefits, compensation, opportunities to use skills and abilities and feeling safe in the work environment were used to measure job satisfaction of the respondents. Job satisfaction of the respondent was computed by using a 4-point Likert type rating scale. In case of item, scores of 04, 03, 02 and 01 were assigned for the corresponding responses of 'highly satisfied', 'satisfied', 'moderately satisfied' and 'not satisfied respectively. Thus, job satisfaction score of a respondent was obtained by summing up the scores for each of five different aspects. The job satisfaction of a respondent could range from 5-20; where '5' indicates low job satisfaction and '20' indicate high job satisfaction. The respondents were classified into three categories on the basis of job satisfaction score according to Islam (2011). After collection of data, all the information contained in the interview was edited. All the collected data were then checked and cross checked, compiled, coded and entered into the computer for analysis and interpretation using SPSS program. Qualitative data were converted into quantitative form by means of suitable scoring techniques. In order to realize the objectives of ascertaining factors influencing job satisfaction of the RMG workers, means, percentages, standard deviation and frequencies were used to describe selected characteristics of the respondents. Coefficients of correlation (r), multiple regression and stepwise regression were computed to find out the determinants of job satisfaction of readymade garments workers.

RESULTS AND DISCUSSION

SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS

Data presented in Table 1 revealed that the highest proportion of the respondents were young aged (85.8%), having primary level of education (45 %), small family size (57.5%), moderate service experience (62.5%), low working load (58.3%), low wage (52.5%), low family income (38.3%), avail low financial contribution to family (47.5%) and perceived moderate infrastructural facilities (50%).

TABLE 1: DISTRIBUTION OF THE RESPONDENTS ACCORDING TO THEIR SOCIO-ECONOMIC CHARACTERISTICS

Character	Unit	Categories	%	Mean	SD
Age	Actual year	Young aged (18 to 35 year)	85.8	27.28	5.02
		Middle aged (36 to 45year)	14.2		
Education	Year of schooling	Primary (1-5)	45.0	6.63	2.58
		Secondary (6-10)	43.3		
		Higher secondary (11 to 12)	11.7		
Family size	Number	Small (up to 4)	57.5	3.97	1.71
		Medium (5 to 6)	36.7		
		Large (7 and above)	5.8		
Service experience	No. of years	Low experience (up to 2.00 years)	26.7	4.32	1.62
		Medium experience (2.1 to 5.00 years)	62.5		
		High experience (above 5.00 years)	11.7		
Working load	Hours/ day	Low (up to 8)	58.3	8.75	1.18
		Medium (above 8 to 10)	35.0		
		High (above10)	6.7		
Wage	'000 Tk/month	Low (up to 6)	52.5	6.48	3.23
		Medium (above 6 to 10)	41.7		
		High (above10)	5.0		
Monthly family income	'000 Tk/month	Low (up to 10.00)	38.3	12.97	7.32
		Medium (10.1 to 15.00)	30.8		
		High (above15.00)	31.7		
Financial Contribution to family	'000 Tk/month	Low (up to 2)	47.5	2.78	3.57
		Medium (above 2 to 5)	44.2		
		High (above 5)	8.3		
Infrastructural facilities	Actual Score	Poorly developed (up to 15)	17.5	18.64	3.52
		Moderately developed (16 to 20)	50.0		
		Well developed (above 20)	32.5		

JOB SATISFACTION OF GARMENTS' WORKER

Some factors were considered for measuring the level of job satisfaction, these factors includes job security, benefits, compensation, opportunities to use skills and abilities and feeling safe in the work environment. Observed job satisfaction scores of the respondents ranged from 7 to 18, with an average being 13.86. The respondents based on their job satisfaction scores were classified into three categories such as low, medium and high job satisfaction categories (Table 2). Information furnished in Table 2 show that majority (56.67%) of the respondents fell in medium job satisfaction category compared to 34.17 percent in high job satisfaction category. It is surprising that only 9.16 percent of them showed low satisfaction about their job. It may be concluded that, the respondents get medium to high level of satisfaction about their jobs in garments. This might be due to that if they did not get job in the garments the respondents having very scanty education would have to work as domestic help receiving very poor wages. Huda et al. (2007) reported that the overall status of satisfaction in HRM practices of RMG sector is moderately low.

TABLE 2: DISTRIBUTION OF THE RESPONDENTS ACCORDING TO THEIR JOB SATISFACTION

Categories	Respondents		Mean
	Number	Percent	
Low satisfaction (up to 10)	11	9.16	13.86
Medium satisfaction (11-15)	68	56.67	
High satisfaction (above 15)	41	34.17	
Total	120	100.0	

RELATIONSHIP BETWEEN SELECTED CHARACTERISTICS OF THE RESPONDENTS AND THEIR LEVEL OF JOB SATISFACTION AFTER JOINING IN THE GARMENTS

To find out the relationship between selected characteristics of the respondents and their level of job satisfaction, co-efficient of correlation was employed. Here, the null hypothesis developed by the researcher was, "There is no significant relationship between the selected characteristics of the respondents and their job satisfaction after joining in the garments". Findings contained in Table 3 shows that level of education, monthly family income, financial contribution to the family and infrastructural facilities had positive significant relationship with their job satisfaction where the coefficient of correlations (r value) were 0.171*, 0.225*, 0.272** and 0.258** respectively. It indicates that if there is any increase in their education, monthly family income, financial contribution to the family and infrastructural facilities there would be an increase in their job satisfaction. Other variables viz. age, family size, service experience and wage shows no significant relationship though service experience and wage showed positive non-significant relationship and age, family size and work load showed negative non-significant relationship.

TABLE 3: RELATIONSHIP BETWEEN SELECTED CHARACTERISTICS AND THEIR LEVEL OF JOB SATISFACTION AFTER JOINING IN GARMENTS

Dependent variable	Socio-economic factors	Correlation Co-efficient (r value)
Job satisfaction	Age	-0.83^{NS}
	Education	0.171*
	Family size	-0.053^{NS}
	Service experience	0.054^{NS}
	Working load	-0.006^{NS}
	Wage	0.091^{NS}
	Monthly family income	0.225*
	Financial contribution to the family	0.272**
	Infrastructural facilities	0.258**

*=Significant at 0.05 level of probability, ** = Significant at 0.01 level of probability NS=Non Significant

Data presented in the Table 4 indicated that multiple R and R^2 values in full model regression were 0.617 and 0.524 respectively. The corresponding F- value (5.713^*) was found significant. The above mentioned facts indicated that all the selected socio-economic factors have a joint contribution to the job satisfaction i.e. R = 0.617 and corresponding R^2 value is 0.524, which means that all socio-economic factors have jointly explained 52.4% of the total variation of job satisfaction.

TABLE 4: MULTIPLE REGRESSION ANALYSIS SHOWING INFLUENCE OF SOCIO-ECONOMIC FACTORS ON THE JOB SATISFACTION

Sl. No	Independent variables	Regression coefficients (b values)	t values	Level of Significance (p values)
1.	Age	-.156	-1.393	.166
2.	Education	.140	1.431	.155
3.	Family size	.060	.604	.547
4.	Service experience	-.002	-.014	.989
5.	workload	.095	.732	.466
6.	Wage	-.062	-.671	.504
7.	Monthly family income	.227	2.039	.029
8.	Financial contribution to the family	.298	4.102	.003
9.	Infrastructural facilities	.281	3.078	.003

R=0.617, F = 5.713*, R^2 = 0.524

* = significant at 5% level

Step-wise regression analysis of all the independent variables (Table 5) revealed that the variable financial contribution to the family (26.20 %) emerged as the single-most outstanding contributor to job satisfaction followed by infrastructural facilities (14.7%) and monthly family income (5.4%). All the above three independent variables jointly explained 46.3 percent of the total variance of job satisfaction. Out of this 46.3 percent explained variance, the two independent variables like financial contribution to the family and infrastructural facilities jointly explained 40.9 percent signifying that these two are the most dominant variables contributing to job satisfaction of the RMG workers.

TABLE 5: STEPWISE REGRESSION ANALYSIS ISOLATING THE MOST IMPORTANT INDEPENDENT VARIABLES CONTRIBUTING IN JOB SATISFACTION OF THE RMG WORKERS (DEPENDENT VARIABLE)

Steps	Independent variables	R^2	R^2 Change	Contribution (R^2 Change X 100
I	Financial contribution to the family	.262	-	26.2%
II	Infrastructural facilities + financial contribution to the family	.409	.147	14.7%
III	Infrastructural facilities + financial contribution to the family + monthly family income	.463	.054	5.4%

PROBLEMS IN EMPLOYEE JOB SATISFACTION

The purpose of this section is to find out the problems faced by the respondents while working in the garments. After compiling their responses, ten major problems were identified. Rank order of the problems has been furnished in Table 6.

TABLE 6: RANK ORDER OF THE PROBLEMS CITED BY THE RESPONDENTS IN PERFORMING THEIR JOB (ACCORDING TO THEIR NUMBER OF THE RESPONSES)

Sl. No.	Problems	Respondents (N=120)		Rank Order
		Number	Percent	
1.	Lack of functional training	74	61.67	1st
2.	Disparity between wage and workload	61	50.83	2nd
3.	Low job security	55	45.83	3rd
4.	Insufficient medical facility	46	38.33	4th
5.	Lack of enough toilet and washroom facilities.	44	36.67	5th
6.	Health issue including pure water for drinking and washing.	37	30.83	6th
7.	Force for overtime	32	26.67	7th
8.	Discrimination in wage fixation and other facilities between male and female worker.	29	24.17	8th
9.	Misbehave by superior	28	23.33	9th
10.	Gender division of labor.	24	20.00	10th

Data contained in Table 6 indicated that among 10 major problems, lack of functional training ranked first. Garments workers do not get proper training facilities due to inadequate time for training and lack of other working sources. The authority can't realize the benefit of proper, improved and functional training. Insecurity of job was another major problem. Sometimes workers had to lose their job without any legal causes. That's why they have not performed their level best to improve themselves. Other problems were respondents were unable to get pure water, which is not available for drinking and washing for female worker. As a result they cannot do their daily work in a proper way. Insufficient toilet and washroom facilities results a very unhealthy working condition. The owner of garments thinks that men can do more work than women so that discrimination in wage fixation and other facilities between male and female worker can be seen. But women worker are more passionate about their work so they do all their works in a proper way. It is very common in garments factory to herrage the subordinate workers. Gender division of labor was the last one ranking in position. Women garments worker are unable to change the thinking of the owner of the industry though the women worker put good effort to do their work well. Other researchers found poor labour management such as lower wage rate (Abdullah 2005b; & Clark and Kanter 2010), late payment of wage, inadequate overtime allowance, low house rent allowance (Khan 2010), gender discrimination and low literacy rate (Haider 2007), availability of semiskilled workers, lack of awareness about labour rights and labour laws and wrong practice of various NGOs and legal agencies are also found liable for poor working condition in the RMG sector (Clark and Kanter 2010). Miller and Rosse (2002) also note that organisation must consider employee's work life balance in order to retain skilled workers and increase job satisfaction. At present, garment workers are aware about their employment rights, wages, working hours, incentives and other benefits related with their employment (Rahman, Bhattacharya and Moazzem 2008). Hay (2002) notes that poor relationship between employers and employees is a source of conflict and encourages employees to leave the organisation.

SUGGESTIONS TO IMPROVE EMPLOYEE JOB SATISFACTION

To overcome the problems in RMG sectors of Bangladesh, some possible suggestions were collected from the respondents through Focus Group Discussion (FGD).

1. Need functional and technical training for further improvement in their work.
2. Ensure job security
3. Allocation of wages is needed according to the pay rule
4. Need to pay strict attention about various health issue related to their daily life like pure water and safe sanitation.
5. Gender specific labor is needed to maintain a good and healthy working environment.
6. Equating in wage distribution.
7. Smooth promotional facility
8. Authority should strictly control any kind of herragement at work place
9. Government should ensure punishment facility to the authority for force over duty
10. Government monitoring team should intensively monitor all the RMG.

Findings from other studies reveal that the unrest situation of RMG needs a solution to reduce cost of production and to attract and retain international buyers (Haider 2007). The RMG are requiring to compliance with labour law (Rahman, , Bhattacharya and Moazzem 2008), ensuring appropriate financial benefit plans (Rahman, Bhattacharya and Moazzem 2008), improving working environment (Abdullah 2009; & Robbani 2000), providing training (Abdullah 2005b; & Chowdhury et. al., 2005) to semiskilled workers, removing gender discrimination, improving mutual understanding among workers and supervisors (Rahman, Bhattacharya and Moazzem 2008), providing maternity leave, removing relocation among different floors, providing residence facility (Absar 2001), arranging recreational activities and introducing individual performance based reward (Chowdhury et al., 2005) and participative management system in the garment sector.

CONCLUSION AND RECOMMENDATIONS

Findings revealed that majority of the RMG workers have moderate job satisfaction. Hence there is an immense scope to further improvement of their level of job satisfaction. In this connection, employer, BGMEA, government as well as other relevant stakeholders should take immediate steps to improve the level of job satisfaction in RMG sector. Education, family income, financial contribution to the family and infrastructural facilities showed significant positive relations with the job satisfaction whereas financial contribution to the family emerged as single most significant factors influencing job satisfaction of the RMG workers. Lack of functional training, low wage in compare to work load and job security were the major problems of the RMG workers. So, increasing the level of education, training facilities, provision for higher financial contribution to the family by uplifting wage and infrastructural facilities should be the main strategy to improve job satisfaction of the RMG workers in Bangladesh.

LIMITATIONS OF THE STUDY

Though results of this research will reflect the country's overall condition of employee satisfaction in readymade garments factory, data were collected only from specific selected areas. Researcher takes this issue as a major drawback of this study. The researcher realizes that there are some limitations that must be considered in future investigation. Data was collected at a single point in time, which does not allow for changes in perceptions and attitudes over time. The data was collected on a cross sectional basis rather that longitudinal basis. This will give insight through a 'snap shot' view, but not an ongoing picture of the changing scenario. There were many chances that all the respondents will reluctant to fill up the questionnaire. Desirability biases from the respondents might also take place. Time constraint may lead to get narrower outcomes.

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CORPORATE GOVERNANCE PRACTICES: A STUDY OF SELECTED LEADING HOTELS IN INDIA

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ABSTRACT

The study evaluates the corporate governance practices of Indian hotel industry. Good corporate governance has become a contemporary issue today because it has become part of the superior economic context in which businesses operate. The hospitality industry is viewed as a major foreign exchange earner (FEE) of country but little is known about their corporate governance practices. To limelight on the research gap this study is undertaken. The governance variable s considered in this paper include the composition and size of board, break up of chairman as executive and non executive, separation of chairman from CEO/MD, composition of various committees like audit committee, remuneration committee, investors grievances committee, frequency of board meetings and women directors on the board of selected companies. The whole study is based on secondary data. The eight leading hotel companies are selected for the study. The study discovered that, all selected hotel companies have met the minimum requirement of companies' code. The study reveals that all sampled hotel companies have healthy, sound, effective and efficient corporate governance practices which helped in stimulating the performance of companies, maximize their operational efficiency, achieve sustained productivity and also ensure to give protection for the intact of shareholders' interests.

KEYWORDS
Corporate Governance, Hotel Industry, Stakeholders.

INTRODUCTION

Good Corporate Governance is essential for achieving long-term corporate goals and to enhance stakeholders' value. Good Corporate Governance practices are characterized by a firm commitment and adoption of ethical practices by an organisation in all its dealing with a wide group of stakeholders. With increasing interdependence and free trade among countries and citizens across the globe, good Corporate Governance should be followed by every company to distinguish itself. Corporate governance may be defined as the set of systems, principles and processes through which a company is governed. It provides a set of guidelines that can direct or control the company in a bid to fulfill its goals and objectives. It adds to the value of the company and is also beneficial for all stakeholders in the long term. It is the framework of rules and practices by which a board of directors ensures accountability, fairness and transparency in a company's relationship with its all stakeholders (financiers, customers, management, employees, government and the community).

It is about commitment to values, about business conduct and about making distinction personal and corporate funds in the management of a company. It consists of "procedures and processes according to which an organization is directed and controlled".

According to the Institute of Company Secretaries of India, corporate governance is "the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders". According to Cadbury Committee (UK), 1992, corporate governance is the system by which companies are directed and controlled. It encompasses the entire mechanics of the functioning of a company and attempts to put in place a system of checks and balances between the shareholders, directors, employees, auditors and the management. In simple word, corporate governance can be defined as set of law, rules, regulations, systems principles, process by which company is governed.

The concept of corporate governance emerged in the late 1980's when several companies collapsed in U. K. because of inadequacy of operating control. This led to the setting up of Cadbury committee on corporate governance in 1991 by the London stock Exchange. The report of this committee along with the code of best practices was published in December 1992 for compliance by all the listed companies.

The main objective of any corporate governance system is to simultaneously improve corporate performance and accountability as means of attracting financial and human resources on the best possible terms and of preventing corporate failure.

In India, the question of corporate governance has come up mainly in the wake of economic liberalization and de-regularization of industry and business. In the wake of recent financial scandal (the Satyam Scam Case) in India and in the context of global financial crisis, the term corporate governance has become a topic of hot debate. After liberalization serious efforts have been made towards overhauling the system with SEBI formulating the Clause 49 of the Listing Agreements dealing with corporate governance. Clause 49 of the Listing Agreement to the Indian stock exchange comes into effect from 31 December 2005. It has been formulated for the improvement of corporate governance in all listed companies. The latest and revised Clause 49 of listing agreement has been introduced on 8th April 2008. The statutory and non-mandatory requirements are stipulated by the revised Clause 49 of the listing agreement of stock exchange board of India and also the provisions required by the Company's Act 1956.

INTRODUCTION TO TOURISM AND HOTEL INDUSTRY

Indian tourism industry is blooming due to an increase in foreign tourist arrivals and greater number of Indians travelling to domestic destinations than before. Over the last decade, India has transformed into one of the most popular tourism destinations in the world, largely as a result of the government's "Incredible India" campaign which showed India in a new light to overseas tourists. The total market size of Indian tourism and hospitality sector stood at US$ 117.7 billion and is expected to touch US$ 418.9 billion by 2022. The foreign direct investment (FDI) inflows in hotel and tourism sector during April 2000 to July 2013 stood at US$ 6,754.49 million, as per the data released by Department of Industrial Policy and Promotion (DIPP). Foreign tourist arrivals (FTA) during the Month of August 2013 stood at 4.74 lakh as compared to FTAs of 4.46 lakh during August 2012, registering a growth of 6.4 per cent. Foreign exchange earnings (FEE) during the month of August 2013 were US$1.294 billion as compared to FEEs of US$1.306 billion during August 2012 and US$ 1.264 billion in August 2011.

The country has received 43.06 lakh foreign tourists during the period January-August 2013. India is perceived as one of the fastest growing medical tourism destination. The number of medical tourists coming to India has registered a growth of 40 per cent in the past six months.

Hotels are an important component of the tourism product. They contribute in the overall tourism experience through the standards of facilities and services offered by them. The Indian hotel industry is highly fragmented with a large number of small and unorganized players. The major players in the organized segment include Indian Hotels Company Ltd, Hotel Leela Venture Ltd, EIH Ltd, ITC Hotels, Assian Hotels, and ITDC.

LITERATURE REVIEW

Many researchers have examined the corporate governance practices in India in other industry but unfortunately not much has been examined with respect to corporate governance in Indian hotel industry. Empirical literature on the corporate governance practices of the hospitality industry remains very meager.

Gupta et al. (2003) studied the corporate governance reporting practices of 30 listed companies in BSE, Sensex by extracting corporate governance section from the annual report. According to them although the companies provided information related to all dimensions there was considerable variance in the extent and quality of disclosure made by companies in the annual report.

Ramsay and Hoad (1997) analysed the extent to which Australian companies disclose their corporate governance practices by examining the annual reports of 268 listed companies. They made detailed analysis of both the degree of compliance with the provisions of corporate governance code of best practices as well as explanations given in case of non compliance. The study revealed an increase in the trend for compliance as well as use of uninformative explanations in case of non-compliance.

Javed and Iqbal (2007) studied as to wether difference in the quality of firm-level corporate governance has an effect on the firm-level performance of the companies listed in the Karachi Stock Exchange.

HVS Executive Search reviewed corporate governance practice in 21 publicly listed European hotel companies. They used four categories:

- Size, makeup and independence of the board
- Committee structure and effectiveness
- Presence of interlocks, insider participation and related transactions
- Commitment to pay-for-performance for executives and director pay

The study reveals that only five out of the21 companies had recommended number of board members and few companies had corporate governance committee.

Godfred et al (2009) studied the corporate governance practices of two sets of hotels (3 star and 4 star hotels) in Ghana. The study adopted the comparative study methodology by comparing governance structure of 3 star and 4 star hotels. The study revealed that governance practices did not meet best practices around the world. It was ascertained that there were similarities and differences in the governance practices of the two classes of hotels. They suggested that serious concerns which must be addressed in the hospitality industry is to offer the needed boost to the economy of Ghana.

Basak Denizci Guillet and Anna S. Mattila (2010) studied to explore the nature and extent of corporate governance practices in the U.S. hospitality industry. The results show that hospitality firms with weaker shareholder rights tend be relatively larger in size, have relatively higher earnings per share, closing stock prices, return on equity, lower capital expenditure per assets and higher leverage ratios. Moreover, there were significant differences in several firm performance measures between high and low corporate governance firms across the three industry segments, namely hotels, restaurants and casinos.

Literature review reveals that relatively less attention has been paid to the concept of corporate governance in Indian hotel industry as compared to other industry and this created the need for the study.

RESEARCH METHODOLOGY

The scope of the study is limited to 8 leading hotels which are listed in BSE stock exchange. Those hotels are Indian Hotels Company Ltd. (IHCL), Hotel Leela Venture Ltd, MHRL, Asian Hotels (North), EIH Ltd., Taj Gvk, ITC and Jaypee hotels. The whole study is based on secondary data. Analysis has been made by covering the collected data into relative measures such as averages and percentages. Analysis is limited to only one year because disclosure practices usually do not change dramatically over time (Botosan, 1997). All annual reports were available on the respective company websites and have been accessed thus. Annual reports studied for all companies are for 31st March 2013.

The governance variable s considered in this paper include the composition and size of board, break up of chairman as executive and non executive, separation of chairman from CEO/MD, composition of various committees like audit committee, remuneration committee, investors grievances committee, frequency of board meetings and women directors on the board of selected companies.

RESULT ANALYSIS AND DISCUSSION

1. COMPOSITION AND SIZE OF THE BOARD

Responsibility for setting objectives and monitoring and controlling the firm's activities rests with the board of directors, which is central to decision-making within the firm and was highlighted by Fama and Jansen (1983). The board size and composition influence its ability to function effectively. Linck et al.(2008) show that board structure tends to reflect the firm's performance, the need for monitoring of activities given the available growth opportunities and the transparency of the firm's earnings. Board meeting frequency may indicate the level of board activity; following poor performance, more frequent meetings are often associated with better future operating performance (Vafeas. 1999)

According to the study, the span of the board size is wide ranging from as small as 7 to as high as 18. The size of the board should ideally be a collective decision of the board and it is an internal matter. Majority of the selected companies, have board size of 14 to 18 directors. Only two companies have smaller board having 7 to 8 directors.

2. COMPOSITION OF BOARD AS EXECUTIVE, NON EXECUTIVE AND INDEPENDENT DIRECTORS

The board of directors comprises executive (inside) and non-executive (outside) directors. Executive directors provide overall strategic guidance and are experts in their field. Non-executive directors commonly are professional directors with experience in an unrelated business and substantial reputations to protect. There should be an appropriate balance between executive and non-executive directors on the board.

Clause 49 Boards of directors of listed companies must have a minimum number of independent directors. Where the Chairman is an executive or a promoter or related to a promoter or a senior official, then at least one-half the board should comprise independent directors. In other cases, independent directors should constitute at least one third of the board size.

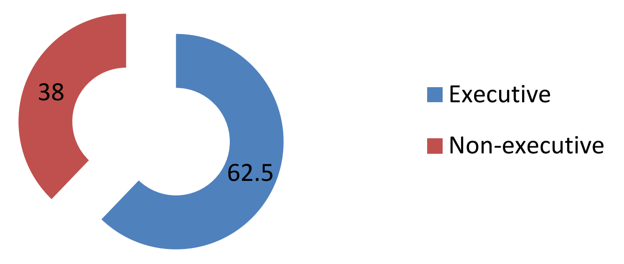
Figure 1: Composition of Board(%) as Executive, non executive and independent directors

Hotel companies recognize the value of independent directors as our research shows that 49% of directors are independent on the Indian Hotels boards. Additional 28% represented by non executive directors. Only 23% are executive directors on the hotels board. All the boards sampled are thus independent and this is quite encouraging as the trend now is to have more non-executive directors. This shows that selected hotel company boards are very independent.

3. BREAK UP OF CHAIRMAN AS EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Chairman is the most important person in the Governance structure if a company. The element of independence of the board therefore is dependent on whether the chairman is Executive or non-executive. This is reflected by the fact that SEBI's Clause-49 requires 50% independent directors on the board of companies, which have executive chairman, and 1/3 rd in case of the companies with non-executive chairman.

Figure 2: Break up of Chairman as executive and non-executive

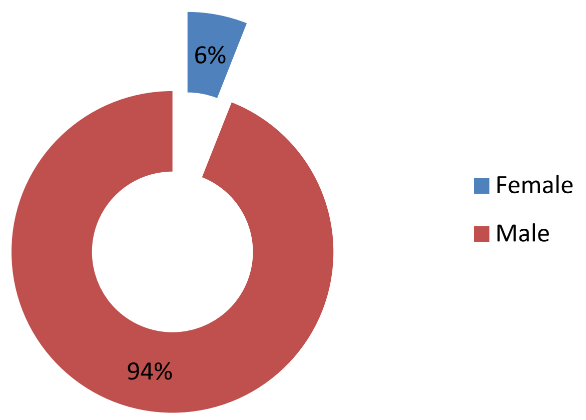


Research shows that 62% companies are executive chairman (Family member) and remaining 38% companies have non-executive chairman.

4. WOMEN DIRECTORS IN THE BOARD

Diversity on the board, per say is an important factor in governance; same is true for gender diversity. The reveals that, the number of female as director in selected hotel companies falls far short when compared to the male directors. It is miserably low, only 6% directors on board of selected companies are female and remaining 94% are male.

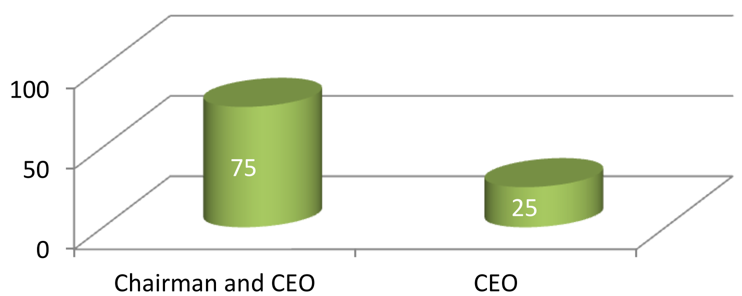
Figure 3: Women Direcor of selected companies



5. SEPARATION OF BOARD CHAIRMAN FROM CHIEF EXECUTIVE OFFICER (CEO)/ MANAGING DIRECTOR (MD)

Janson (1993) recommends that the function of CEO could be separated from the function of the board chairman. The CEO duality (CEO is also the board chairman) diminishes board control and promotes CEO entrenchment (Hambrick and Finkelstein, 1987). The chairperson's role includes ensuring the board's activities are carried out with due diligence and informantion is provided to directors on a timely basis. The CEO is responsible to the board for overall strategy and investment, and for managing day-to-day affairs. These roles clearly differ in their nature and emphasis and governance codes typically recommend that they be assumed by different individuals (Cadbury Report, 1992).

Figure 4: Seperation of Chairman from CEO/MD



Study reveals that, 75% of selected hotels operate the one-tier board topology where the board chairman is the same as CEO /MD with only 25% operating the two-tier system.

6. FREQUENCY OF BOARD MEETINGS

A board that fails to hold regular meetings runs the risk of being unable to fulfill its responsibilities to the shareholders, the company and other stakeholders.

Study reveals that, on an average board of selected companies meet 5 times in financial year. According to Clause 49 gap between two meetings has to be 3 months. All companies' board meets frequently.

7. BOARD EVALUATION

Good corporate governance practices recommend the need for the company to evaluate the board's performance. Majority of selected hotels do not evaluate the board's performance while only 25% do evaluate the boards performance. Only 25% of selected companies are disclosed the Mechanism for evaluating Non-Executive Board Members.

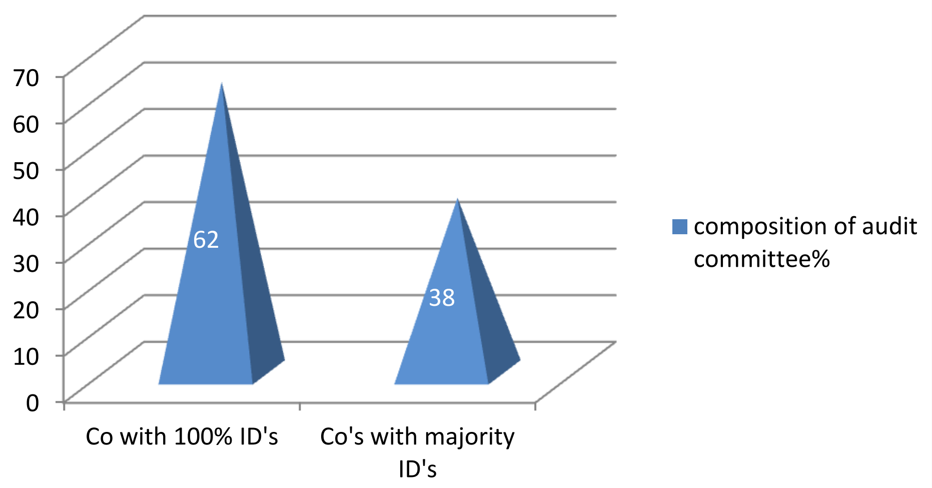
8. COMPOSITION VARIOUS COMMITTEES

According to Clause 49 of listing agreement of the stock exchange, all sampled hotel companies have recommended committees such as audit committee, investors grievance and remuneration committee

9. AUDIT COMMITTEE

It is generally considered imperative that the audit committee be confined to non-executive directors if it is to carry out its duties effectively. Audit committee, by far, is the most important board committee and critical to governance process. Therefore majority of independent directors only can ensure transparent and accountable functioning of audit committee. The idea is to strengthen the financial oversight of finance and accounting practices, through board. Here, sampled hotel companies fair very well.

Figure 5: Composition of audit committee%



Study reveals that all sampled companies are having audit committee and. The audit committees have average size of 3 but qualification and area of specialization were not investigated. Above diagram shows that most of the sampled companies (62%) are having 100% of their members as Independent Directors. The remaining 38% of the companies have majority of independent directors as member of their audit committee.

10. INVESTOR GRIEVANCE COMMITTEE

The Share Transfer & Shareholders' / Investor Grievance Committee have the required powers to carry out the handling of shareholders / investor grievances. The brief terms of reference of the Committee include redressing shareholder and investor complaints like transfer of shares, non-receipt of Annual Reports, non-receipt of dividends, etc.

The study shows that all selected hotel companies are having investor grievance committee composed with on an average three directors. Majority directors are executive directors.

11. REMUNERATION COMMITTEE

All selected hotel companies are having Remuneration Committee which is a non – mandatory requirement as per the Listing Agreement. The Committees recommends managerial remuneration payable to the Whole-time Directors. Majority of selected companies Committees consists of on an average 3 Non-Executive Directors.

12. DISCLOSURE

According to clause 49 of listing agreement of stock exchange all companies should disclose the Basis of related party transaction, accounting treatment, Risk management, Proceeds from public issues, rights issues, preferential issues, Remuneration of directors and According the study. Majority of selected hotel companies discloses above mentioned information.

CONCLUSIONS AND RECOMMENDATIONS

The study discovered that, all selected hotel companies have met the minimum requirement of companies' code. The span of the board size is wide ranging from as small as 7 to as high as 18. The size of the board should ideally be a collective decision of the board and it is an internal matter. Majority of the selected companies, have board size of 14 to 18 directors. Only two companies have smaller board having 7 to 8 directors.

Research shows that 62% companies are executive chairman (Family member) and remaining 38% companies have non-executive chairman. Study also reveals that, 75% of selected hotels operate the one-tier board topology where the board chairman is the same as CEO /MD with only 25% operating the two-tier system. This is in infringement of best practices. Best practices of corporate governance all over the world recommend the separation the functions of CEO/MD from the board chairman.

Study states that, on an average board of selected hotel companies meet 5 times in financial year. According to Clause 49 gap between two meetings has to be 3 months. According to the study All companies follow the requirement of Clause 49 and board meets frequently which is good sign of Best corporate governance practice.

Majority of selected hotels do not evaluate the board's performance while only 25% do evaluate the boards performance. Only 25% of selected companies are disclosed the Mechanism for evaluating Non-Executive Board Members. It is recommended that company should evaluate the board's performance.

Most of the sampled companies (62%) are having 100% of their members as Independent Directors in their audit committee. The remaining 38% of the companies have majority of independent directors as member of their audit committee.

According to the study, Indian hospitality world have short of women director in the board. Therefore hospitality sector should make efforts to appoint more women directors on their board so as to jack up obvious advantages of assortment on the board.

The study can be concluded as all sampled hotel companies' practices healthy, sound, effective and efficient corporate governance which helped in stimulating the performance of companies, maximize their operational efficiency, achieve sustained productivity and also ensure to give protection for the intact of shareholders' interests. The competitive hospitality industry motivated the selected hotel companies to adopt good corporate governance practices to achieve highest level of transparency, accountability and integrity and enhances shareholders' value.

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GENDER DIVERSITY AND INCLUSION IN STRATEGIC HUMAN RESOURCE MANAGEMENT: SUSTAINABLE PEOPLE MANAGEMENT IN THE ASIA-PACIFIC

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ABSTRACT

The 21st C is witness to the stunning growth of Asian economies like India and China which are already being referred to as "Tiger Economies" of Asia. In India, demographers indicate that women and people of different cultures will represent over 50 percent of all new entrants to the workforce by 2020. This shift in demographics as well as the pressure from an ever expanding competitive global marketplace is now compelling organizations to rethink their models of business success. Organizations are willing to efficiently align their business tactics with present demographic realities to achieve sustainability while never losing their profitability. This study studies the effect diversity has on the performance of the organization. It reviews the progress made and the future prospects and potential profits for Indian businesses in leading today's diverse workforce. It also includes a survey of managers from leading Indian firms from diverse industries. Based on these primary and secondary resources, it seeks to make the most of the strategic benefits of workplace diversity. Various types of Diversity Initiatives have been implemented by many organizations in the past few decades that efficiently utilized its benefits. One of them is gender diversity. Based on provenance and the stigma consciousness theories, women are more likely than men to charge retarded advancement to not only an internal factor, but especially to an external one of discrimination because of their understanding of the gender discrimination in the past at work. In the top 10 organizations surveyed to determine the extent to which women are part of the diverse workforce and included in the business growth prospect, certain findings indicate that working hours, safety related issues, family responsibilities and education as well as the aspirations and the perceptions of gender discrimination influence level of progression. The results don't offer any particular proof of a victim-mentality, because mostly the women in the sample set are very similar to their male counterparts in terms of factors of work, but still report much higher levels of discrimination on the basis of gender. Organizations are now implementing initiatives that specifically focus on gender diversity in order to encourage women towards advancement in the workplace while at the same time making women feel appreciated and at an equal platform as their male counterparts. This study highlights some of the above mentioned initiatives and links it to the employee's performance and thereby the organization's performance.

KEYWORDS
Sustainability, diversity, gender discrimination, constraints of women.

INTRODUCTION
Diversity
In simple terms, diversity means difference. In an employment context, it means ensuring that organizations retain and recruit the best person from the widest possible talent pool regardless of gender, age, sexual orientation, race, religion or disability.

Diverse workplace
Valuing and managing diversity at workplace is gradually acquiring paramount importance in the organizations. Diverse workforce leads to a clear competitive advantage. With a diverse range of employees, it becomes easy to understand the needs of a wide range of customers, and interact with a broad client base. Ingraining diversity of thought throughout an organization requires proper recognition and nurturing of talent – wherever it may be.

Inclusion
The inclusion area is concerned with the affinity network which helps employees celebrate commonalities, overcome differences and create synergies based on the complementarities of talent. It is the degree to which the organization continuously fosters flexibility and choice and attends to diversity. People feel connected to each other and to the organization and its goals. Employees are valued and their ideas are taken into account and used. Current employees feel that they belong and prospective employees are attracted to the organization. People partner successfully within and across departments

LITERATURE REVIEW/BACKGROUND
Diversity and inclusion: a formula for success
Diversity and inclusion at the workplace aim at "including everyone and excluding no one". In simple terms, it creates a safe environment where each individual is recognized and respected for the characteristics that make him/her unique. In todays' world, all organizations deal with or will at some point deal with a diverse work force. Organizations need to develop a management process that builds on the individual differences of their workforce for the benefit of the organization. Many organizations believe diversity is the key to attracting, retaining and motivating talented people, and a critical differentiator in work place

environment. Diversity acts as the fuel of creativity and innovation. A diverse and inclusive workforce fosters creativity, guides business strategies and drives innovation. Multiple voices lead to new products, new ideas, and new services, and encourage out-of-the-box thinking.

Challenges

At the same point, embedding diversity also imposes certain inevitable challenges like communication gap, intercultural conflicts, unlawful discrimination etc. Thus to foster innovation through diversity, it's of paramount importance to reshape the organization and its policies in such a way that it not only supports but also promotes diversity. A diverse population that feels welcome and respected will always allow for creation of new approaches or different ideas to doing things.

Our study aims at determining the impact on an organization when it decides to implement diversity program into its workplace culture, proactive steps to ensure diversity initiatives are seen as opportunities to improve the overall productivity of the company and its employees in an unbiased manner. It also aims at determining competitive advantages diversity at workplace brings to an organization

Inclusion strategy

Hiring decisions are made by recruitment heads and middle management. They have to be educated on the benefits of diversity, the need to be inclusive of people with generational diversity and disabilities.

Managers approach staffing in a very simplistic manner- they want to hire people who would require the least amount of training and investment and would show up for work with the least effort

Each generation has its own characteristics like work/life balance, how they approach work and employee loyalty. These characteristics vary greatly. Unawareness can cause conflict among teams and departments, hindering productivity and morale in the workplace.

Hiring a disables employee requires a manager to deal with issues like self-disclosure to colleagues, technological barriers and other employees' reactions, attitudes and perceptions

Communication gap

Bridging communication gap is becomes an inevitable challenge at workplaces when individuals have different communication styles at the workplace. When communicating important decisions, it becomes difficult to keep all the employees "in-the-loop", as preference for communication style differs for everyone.

CREATING A COMMON GROUND

Many organizations take a variety of tactics to engage the kinds of diverse populations they hope to bring on board. For example, AT&T and Mattel enlist their employee groups to act as company ambassadors. These groups reach out to talent by attending conferences, community events, and external job fairs.

Ignoring diversity issues costs time, efficiency, and money. Some of the consequences can include unhealthy tensions; loss of productivity because of increased conflict; inability to attract and retain talented people of all kinds; complaints and legal actions; and inability to retain valuable employees, resulting in lost investments in recruitment and training.

Dow's Global Respect and Responsibility Policy- stipulates that an employee works in an environment that is free from any kind of inappropriate or unprofessional behavior or any form of unlawful discrimination

Accenture's two major gender sensitization training programs – "Leading a Diverse Workforce" and "Being Gender Sensitive" focuses on understanding psychological differences between men and women and the implications on the work environment and personal lives."Vaahini," provides a platform for their employees to share learnings and experiences, and to discuss growth prospects thereby enabling them to drive the organizational change.

The Infosys Women's Inclusivity Network (IWIN) creates a gender-sensitive and inclusive work environment for women employees and develop them for managerial and leadership roles.

MAKING DIVERSITY WORK

Anjana Nathwani studied that leveraging gender diversity and creating an environment conducive to constructive employee interactions and improved employee morale must become ultimate goals. Gender equality improves national productivity and competitiveness. And companies supporting diversity perform better and enhance creativity and innovation

It is also recommended that organizations should try to develop new and innovative methods of training employees so generations can effectively communicate with each other, transmit corporate knowledge, and create an environment of understanding and acceptance.

OBJECTIVE OF THE PROJECT

1. To study diversity in the organization.
2. To understand the impact of diversity on the performance of the organizations' workforce.
3. To understand the strategic HR practices used in the organization to encourage diversity.

RESEARCH METHODOLOGY

RESEARCH DESIGN

The experience survey method was used. According to this method, people who had practical experience in the area under consideration were considered as respondents. A questionnaire was given to every respondent in this research.

SIZE OF THE SAMPLE

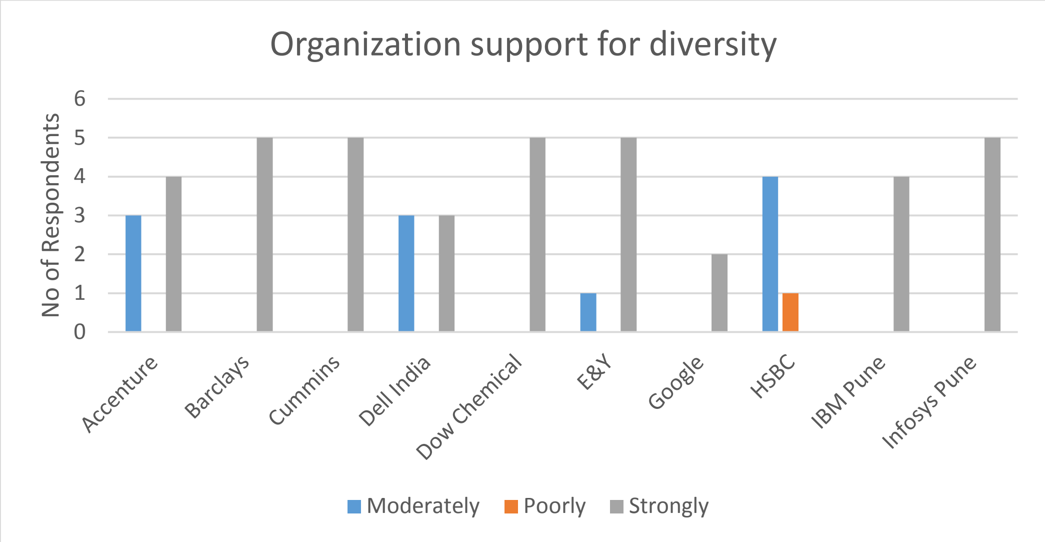
In all, following 10 organizations were considered:

IBM
Google
Dow Chemicals
Barclays
Accenture
HSBC
Dell
Cummins
Ernst and Young
Infosys

DATA ANALYSIS

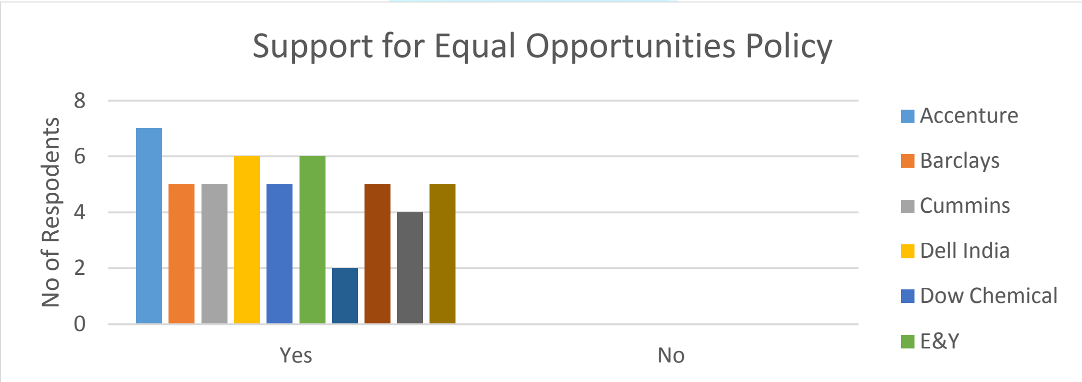
The following fd through the survey:indings were collect

1. IS YOUR COMPANY SUPPORTIVE OF DIVERSITY?



74% of the respondents said that their organization supports diversity strongly followed by 26% saying their organization supports diversity moderately.

2. DOES YOUR WORKPLACE HAVE A DIVERSITY AND/OR EQUAL OPPORTUNITIES POLICY?

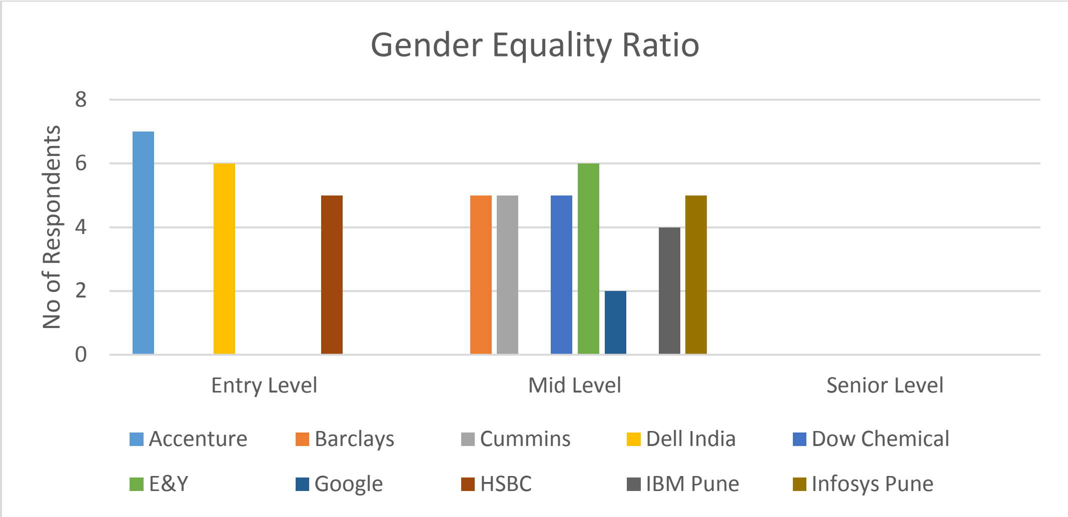


All the companies surveyed followed diversity/or equal opportunity policies.

3. SPECIFIC WORKPLACE DIVERSITY AND/OR EQUAL OPPORTUNITIES POLICY

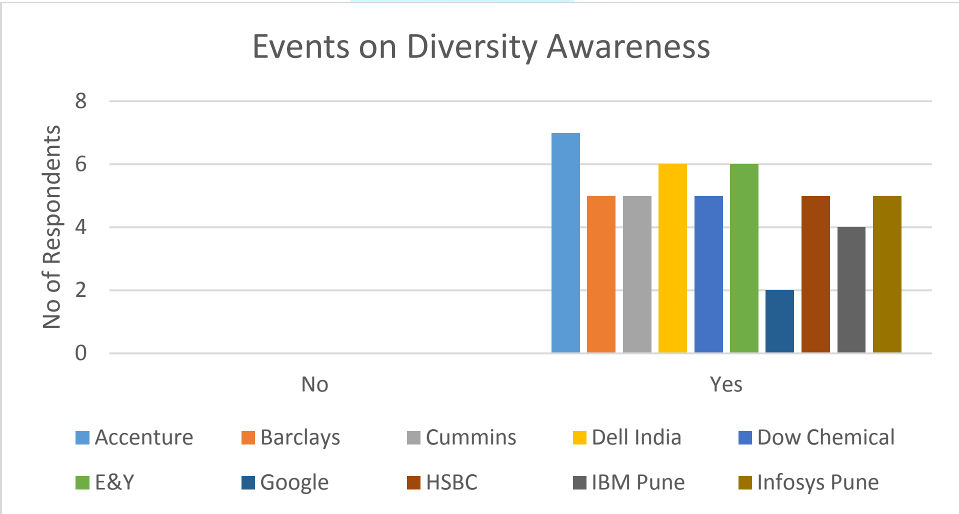
S.No	ORGANISATION	POLICIES
1	**Accenture**	Vaahini Developing High Performing Women
2	**Barclays**	Equality and Diversity Policies
3	**Dow Chemicals**	Diversity and Inclusion Training Program Disability Employee Network Global Respect and Responsibility Policy
4	**Ernst & Young**	Access Abilities Diversity and Inclusion Policy
5	**Google**	Transgender Inclusive Benefits Hispanic Googler Network (HGN)
6	**HSBC**	Equal Opportunities Employer Diversity Committee
7	**Infosys Pune**	Infyability Infosys Women's Inclusivity Network InStep Program for Interns
8	**Cummins**	Courses on Treatment of Others Diversity Training Open Door Policy
9	**Dell India**	Equal Opportunities Employer Policy
10	**IBM Pune**	International Women's Day Take Your Kids to Work Day

4. WHICH LEVEL HAS THE HIGHEST GENDER EQUALITY RATIO? (WHICH LEVEL HAS MORE WOMEN EMPLOYEES COMPARATIVELY?)



From the figure above, it can be said that 70% of the companies show highest gender equality ratio in entry level.

5. DOES YOUR COMPANY CONDUCT EVENTS/SEMINARS ABOUT DIVERSITY AWARENESS?

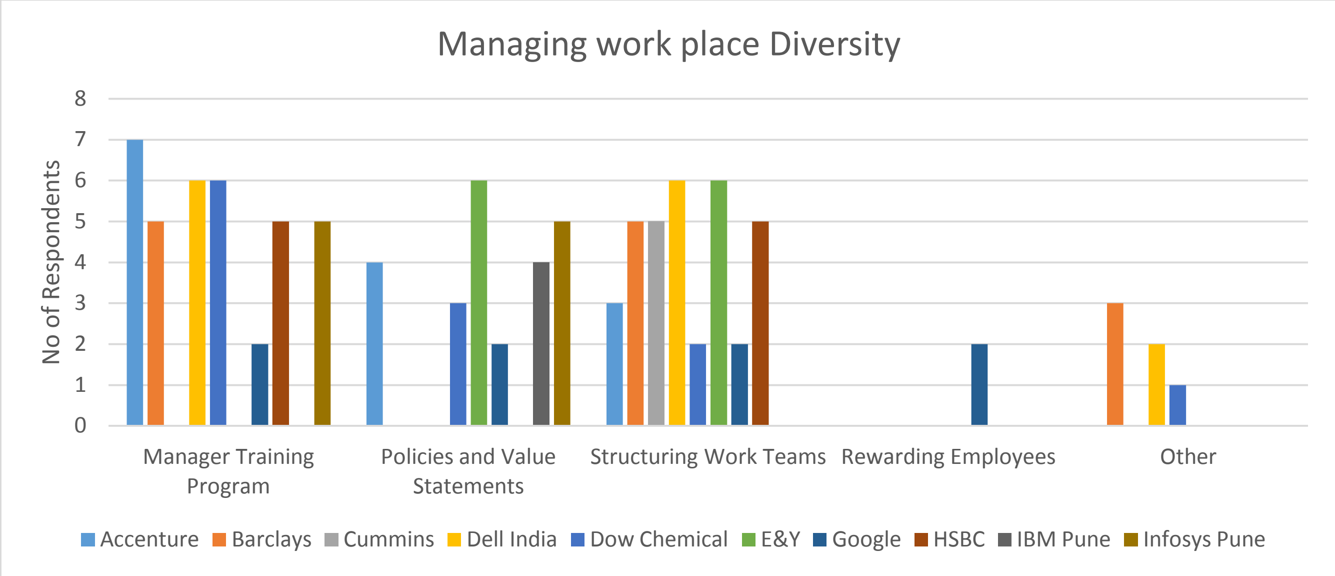


It was observed that all the companies surveyed believed in conducting seminars and events for creating diversity awareness among employees.

6. SPECIFIC PROGRAMS CONDUCTED FOR DIVERSITY AWARENESS

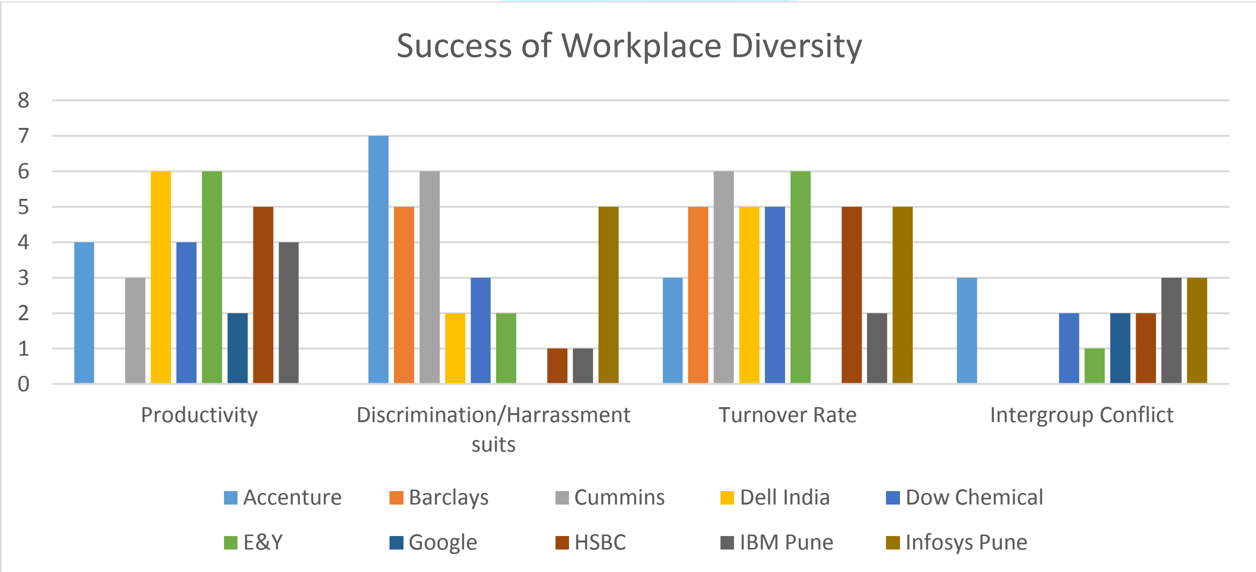
S.No	ORGANISATION	SEMINARS/ EVENTS
1	**Accenture**	Leading a Diverse Workforce Being Gender Sensitive Vaahini
2	**Barclays**	Diversity and Inclusion Summit Disability Listening Groups Spectrum Employee Network Training Seminars
3	**Dow Chemicals**	Diversity and Inclusion Training Program Disability Employee Network
4	**Ernst & Young**	Career Opportunities for Students with Disabilities Abilities Champions Network Recruitment Programs Training Seminars
5	**Google**	Global ERG Leadership Summit Gayglers: Google's LGBT Network
6	**HSBC**	Sexual Harassment Seminars
7	**Infosys Pune**	ACTION Infosys Gay Lesbian Employees and You
8	**Cummins**	Diversity Training Cummins Code of Conduct Treatment of Others
9	**Dell India**	Sexual Harassment Dell PRIDE Equal Workplace Summit
10	**IBM Pune**	People with Disability (PwD) IT Camp Women's Leadership Conference

7. HOW DO YOU MANAGE WORKPLACE DIVERSITY?



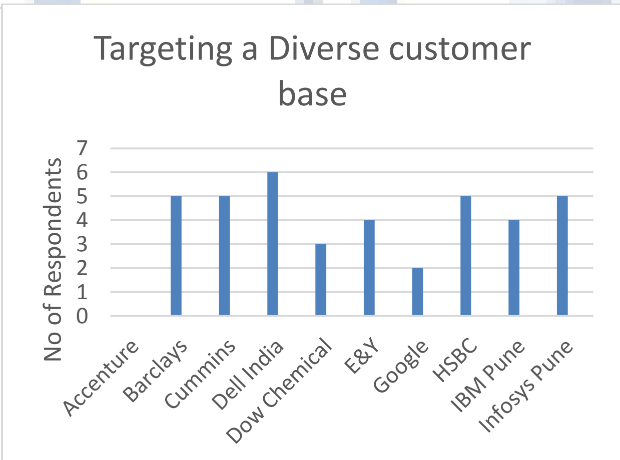
70% of the companies use Management Training Programs to manage workplace diversity. 60% of the companies make use of Policies and Value Statements for managing their workplace diversity. 80% of the companies adopt Structured Work Teams to manage workplace diversity . Only 10% of the companies make use of Rewarding Employees to manage their workplace diversity

8. HOW DO YOU GAUGE THE SUCCESS OF YOUR WORKPLACE DIVERSITY MANAGEMENT?

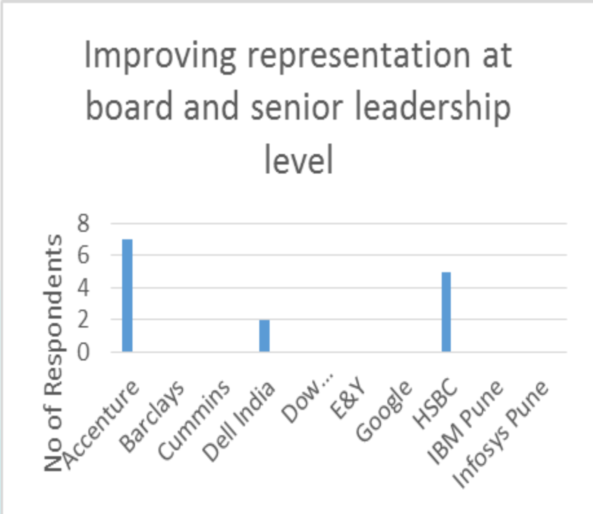


80% of the companies use Productivity to gauge the success of their workplace diversity management, 90% of them use Discrimination/Harassment Suits, 90% of the companies measure Turnover Rate and 70% of them measure Intergroup Conflict to gauge the success of their workplace diversity.Accenture uses a combination of all 4, Productivity, Discrimination/Harassment Suits, Turnover Rate and Intergroup Conflict to gauge the success of their workplace diversity.

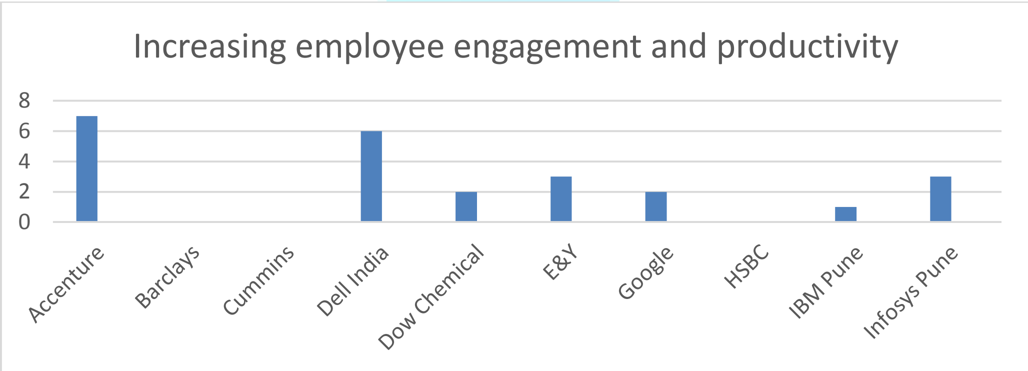
9. WHAT ARE THE BENEFICIAL OUTCOMES THE BUSINESS HAS SEEN AS A RESULT OF A DIVERSE WORKFORCE?



Most organizations feels maintaining a diverse workforce benefits them in the way of reaching new markets, using innovative methods .Only IBM and Infosys do not agree. Whereas, all organizations feels maintaining a diverse workforce benefits it by targeting a diverse customer base.

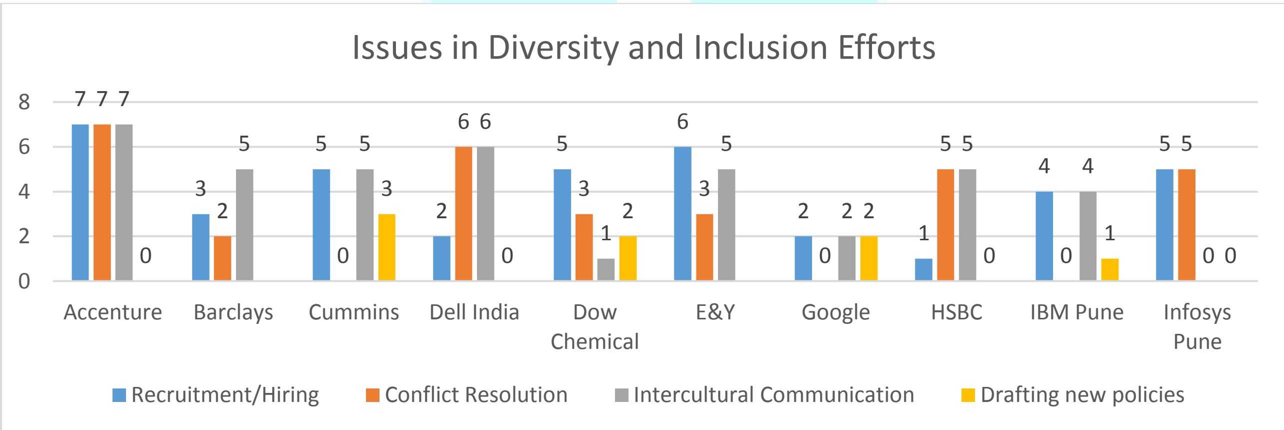


All organizations feels maintaining a diverse workforce impacts the recruiting and retention of employees.Whereas , Only Accenture , Dell and HSBC feel that it improves representation at the board and senior level. Others do not consider it an important aspect.



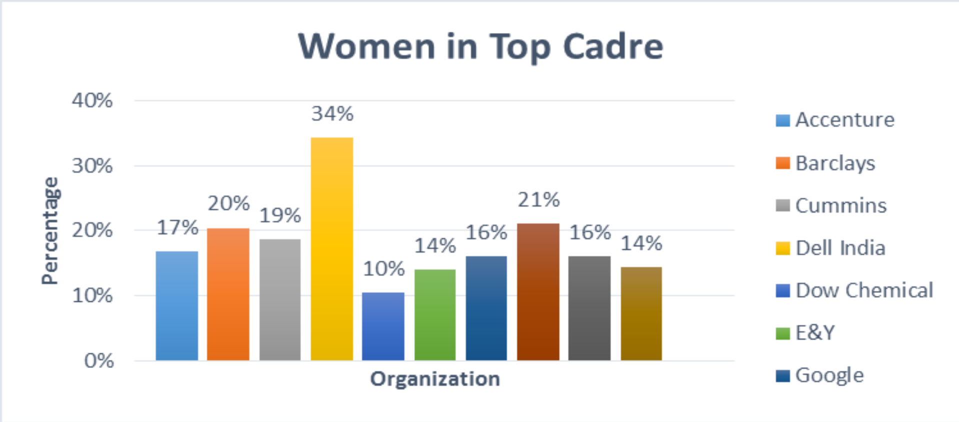
Most organizations feel that it helps it in increasing employee engagement and productivity

10. WHICH OF THE FOLLOWING ISSUES DO YOU SEE AS A TOP PRIORITY IN YOUR DIVERSITY/INCLUSION EFFORTS?



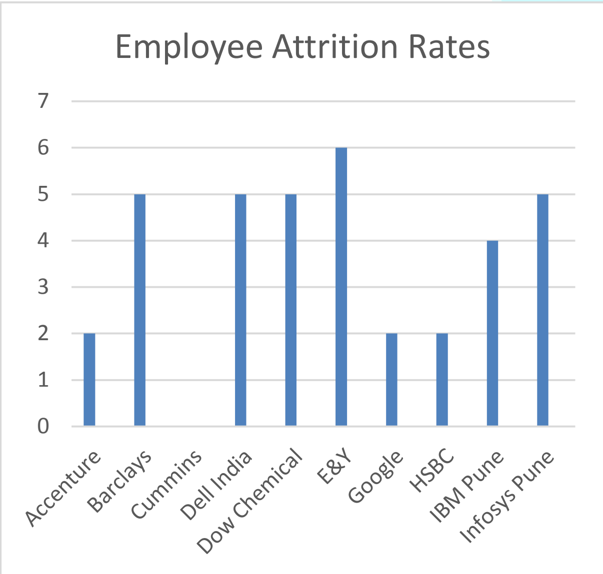
80% of the respondents of the respondents believed that recruitment /hiring and intercultural communication should be the top priority in handling diversity followed by 42% saying conflict resolution.

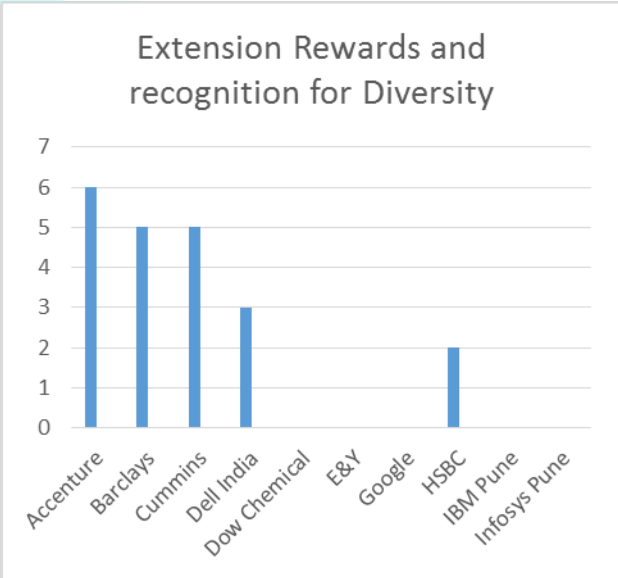
11. WHAT IS THE PERCENTAGE OF WOMEN IN TOP CADRE?



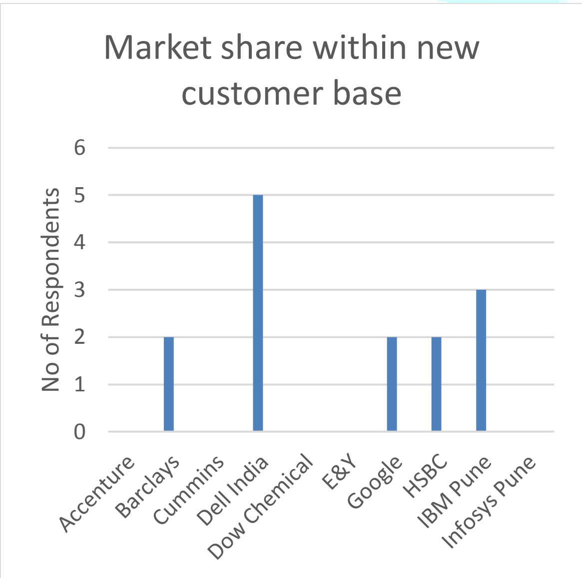
The above figure shows that most of the companies have 15%-20% women in top cadre.

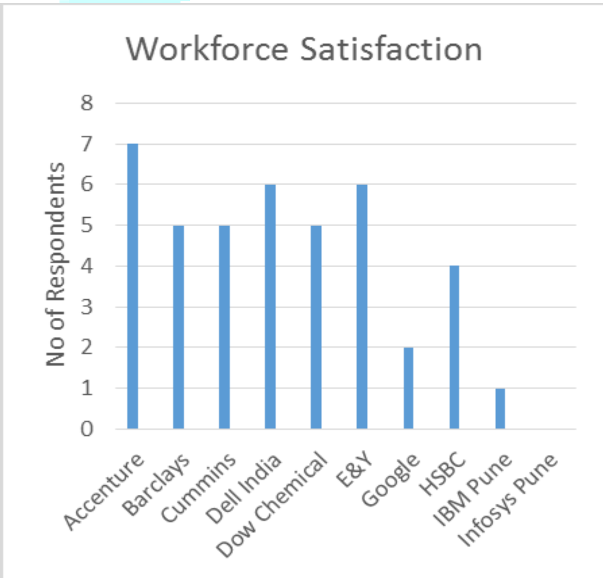
12. DOES YOUR ORGANIZATION HAVE METRICS IN PLACE TO MEASURE THE SUCCESS OF YOUR DIVERSITY AND INCLUSION INITIATIVES?





All organizations except Cummins feel that Employee Attrition hinders in Diversity and Inclusion efforts.But Most organizations surveyed feel that not having a proper policy of rewards and recognition hinders in Diversity and Inclusion efforts.





Only half the organizations that market share is a important issue in Diversity and Inclusion efforts.All organizations except Infosys feel that Employee satisfaction affect the Diversity and Inclusion efforts.

DISCUSSION AND RECOMMENDATION

There are specific benefits associated with diverse and inclusive work force, some of them include creation of widest possible talent pool, improvement of national productivity and competitiveness, reduction in employee turnover, better management of impact of technology changes and globalization.

But managing diversity at workplace offers certain unavoidable challenges as well, like bridging communication gap, reshaping infrastructure, recruiting and retaining talent, overcoming technology barrier etc.

In such condition, it is recommended to have:

1. IMPLEMENTATION OF DIVERSITY PROGRAMS AND EDUCATION

Organizations should start with a written diversity policy and give a copy to all employees. Various sensitivity training and workshops should be conducted. This increases the awareness of employees and broadens their perspectives towards acceptance of a diverse workforce.

2. HIRE BASED ON SKILLS

Organizations must hire capable candidates based on skill and qualifications and not on any specific physical, generational or gender distinction. This not only broadens the qualified candidate pool but also provides the organization with a talented workforce. In doing this, organizations can better capture and retain clients on a global scale. Provide employees with quality on-site child care facilities for both mothers and fathers who work in the organization. Family leave must be available to both men and women (paternity and maternity leave).

3. EQUAL PAY FOR EQUAL WORK

Establish a policy that compensates men and women equally for the same work. The policy should also ensure that both men and women are treated equally in all aspects such as recruitment, training and promotions. Management must ensure equity among all employees in order to stimulate the best performance from them.

4. STRICT DISCRIMINATION/ HARASSMENT POLICIES

Organizations must establish a policy which strictly forbids any form of discrimination or harassment. This policy must describe in detail the professional as well as legal consequences that will result from harassment. Provide employees with an avenue for reporting such harassment directly to the human resource department without fear of retribution.

5. TRAINING TO MANAGEMENT

Provide the management with training so they will be comfortable with hiring more people with disabilities and other diverse candidates. Give managers in Human Resource staff tools and training they may need to conduct lawful and productive job interviews for such diverse candidates.

6. EQUAL OPPORTUNITIES

Establishing policies that ensure equal compensation for men, women and physically challenged for performing the same work, apart from treating them equally in recruitment, training, hiring and promotion.

7. **EFFECTIVE COMMUNICATION CHANNELS**

Organizations must have effective communication channels, especially to enable smooth and efficient functioning of diverse work teams. It also helps employees feel less apprehensive in communicating with the management. This can be done through incorporating open door policy and town hall meetings. This would also make the employees feel more included in decision making process.

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A STUDY ON THE PROFITABILITY RATIO OF THE DISTRICT CENTRAL COOPERATIVE BANKS IN TIRUNELVELI REGION, TAMILNADU

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ABSTRACT
Analyzing cooperatives financial statement is significant for members, government, other non-governmental organizations and researchers to understand the strengths and weakness area in their operational system. DCCBs occupy a place of significance in the cooperative credit delivery system. They act as a spokesperson of the cooperative movement at district level. Inefficient functioning of cooperatives is due to bad debts, excessive overdue or otherwise investment. Therefore, the financial management occupies an importance place as the functions of these institutions. Hence, the analytical study on the profitability ratio of District Central Cooperative Banks in Tirunelveli Region has been undertaken. The results of the study will help in identifying the lacuna if any in the profitability of the DCCBs and to frame financial policies and programme to the benefit of the banks and the community.

KEYWORDS
profitability analysis, co-operative banks.

1.1 INTRODUCTION
Financial Statements' refer to a package of statements such as balance sheets, income statement, funds flow statement, cash flow statement and statement of retained earnings. The balance sheet and income statement are traditional financial statements. Other statements are prepared to supplement them. The following are the main objectives of finance statement analysis.

- To estimate the earning capacity of the concern
- To judge the financial (both liquidity and solvency) position and financial performance of the concern.
- To determine the debt capacity of the concern.
- To decide about the future prospects of the concern.

According to the American Institute of Certified Public Accounts (AICPA), "financial statements reflect a combination of recorded facts, accounting principles and personal judgments." The term recorded facts refers to the data taken out from accounting records. Facts which have not been recorded in the financial books are not depicted in financial, however important they might be. For example, fixed assets are shown at cost irrespective of their market or replacement price since only cost price is recorded in the books. Certain accounting principles, concepts and conventions are followed in the preparation of financial statements. For example, the convention of valuating stock at cost or market price, whichever is less is followed. The principle of valuating assets at cost less depreciation is followed for balance sheet purpose. Personal judgment has an important bearing on the financial statements. For example, the selection of a method for stock valuation depends on the personal judgment of the accountant.

1.2 STATEMENT OF THE PROBLEM
DCCBs occupy a place of significance in the cooperative credit delivery system. They act as a spokesperson of the cooperative movement at district level. The success or otherwise of the cooperatives in a district level largely depends upon the efficiency of the functioning of DCCBs. The founders of the movement envisioned the role of DCCBs beyond the boundaries of mere financing bank. DCCBs are expected to serve as a financing bank for the primaries in a district, guide them in their day to day operations, supply of necessary manpower and technology wherever it is required, voicing on behalf of primaries at policy level etc,. Because of this integrated role, DCCBs are strategically located and integrated with the cooperative system.

Hence, they are not only acting as financing banks but also act as development banks for the cooperatives at district level. To do these multifarious functions DCCBs should have a well-defined management system. In the total management of the DCCBs, financial management occupies a place of importance as the functions of these institutions are also governed by the Banking Regulation Act. Even a minor deviation from banking norms would attract penal actions from the law enforcing authorities. On the one side, DCCBs are expected to act as a financing bank for the primaries, which are in majority of the cases managed by untrained work force. On the other side, DCCBs are expected to follow the banking norms as well as implement the State Governments schemes and programmes for the development of the state. Most DCCBs that fail seem to do so because of problems in their loan portfolio. Non-performing loans grow to such extent that revenues fall off and loan expenses as well as operating costs absorb all the earnings that remain. The bad loan situations usually arise from combination of factors. In this regard, it is pertinent to study how these banks mobilize the resources and deploy them. Hence funds management of the DCCBs is an important issue and their financial performance is to be studied with their impact on profitability ratio in DCCBs. In this context, the questions apt to arise are:

- Whether the financial performances of the banks are in satisfactory manner in terms of profitability ratio?
- To find out the answer to these questions, an analytical study had to be undertaken. The results of such studies will help to find out the problem, difficulties, impacts etc., and to frame financial policies by the DCCBs for the benefits of the farmers, the community and other stakeholders.

1.3 REVIEW OF LITERATURE
Several individual researchers had studied a few facets of profitability ratio of selected DCCBs in selected areas. To know how far the ground is already prepared and to identify the gaps therein and to spell out the issues which need further intensive and comprehensive analysis, an attempt is made to review the related literature.

1.3.1 Gowthaman A. and Srinivasan T, (2010) in their article entitled, "Effective Funds Management by the Kumbakonam Central Cooperative Bank" has presented the DCCBs are modal centers of financial institution in the cooperative sector in a district. They have to mobilize the available resources and utilize them in the most efficient and profitable manner. As a consequence of this situation, efficiency in funds management has down considerably and profitability of the DCCBs in Tamilnadu is found decreased. In this paper an attempt is made to analyze the funds management of the bank for the period of 1998-99 to 2007-08.

1.3.2 Surya Rao K, (2007) in his study, "Performance of Cooperative Banking. A study of DCCB - Eluru, Andhra Pradesh", applied ratio such as profitability analysis, productivity analysis, solvency position, and operational efficiency and SWOT analysis. The study revealed through productivity analysis that the rate of deposits per employee has lagged behind that of the loans per employee ratio. Thus there is need on the

part of employees to mobilize deposit to meet loans demand in view of disparity in the growth rate in these two ratios. Accordingly the ratio values of deposits per employee, productivity of employees can be improved. The solvency ratios showed that the bank was maintaining an average cash reserve ratio of 11 per cent that is much more than the stipulated ratio of 6 per cent. The operational efficiency ratios concluded the satisfactory performance. Finally SWOT analysis revealed various aspects of the Eluru DCCBs. The study suggested strengthening of the working capital and to increase the deposit from member societies. The bank should utilize the opportunity of expanding their lending operations. Depending on external sources of borrowing such as refinance from apex bodies could be minimized by promoting deposits mobilization.

1.3.3 Fulbag Singh and Balwinder Singh, (2006) in their study "Profitability of the Central Cooperative Banks in Punjab- A decomposition Analysis", they analyzed the profitability position of the Central Cooperative Bank in Punjab. Two different years have been studied with the help of a frame work of Return on Equity (ROE) model. The sample of bank with high business volume and those with low business volume had been tested separately. The study could be concluded that as far as the profitability performance was concerned, the central Cooperative Bank of Punjab had worked well. The miscellaneous income in comparison to the total income has been in lower profile in these banks. The switching over to high yield non-farm sector advances has helped to register a positive trend in financial margin in almost all the banks. The implementation of prudential norms from 1996-97 have helped the banks to generate an awareness on adverse effect of overdue/ non-performing assets in these banks.

1.3.4 Raja. S, (2005) in his study, "Performance Evolution of MDDCB Ltd- an Application of Structural and Growth Analysis", analyzed the pattern of each component of the financial statements such as balance sheet and profit and loss account over a period of time. The study found out that performance of the Madurai District Central Cooperative Bank (MDCCB) using structural and growth analysis. Macro mean has been used to exhibit the strength and weakness of each factor considered. The major result of the study is macro mean which in respect of interest received constitutes 99% of the total income, 97% for interest paid, 21% in the case of operating expenses, 94% for spread and it is at 93% for burden. As regards book profit, it works out to be 7% the revolution of the growth rate analysis are that net loss has recorded the growth at 17%, operating expenses at 18%, spread at 13%, burden 20% advances and aggregate deposits at 6% each and fixed deposits and saving deposits at 9% each. The study concluded that the burden rate should be reduced by effecting cost control measure and spread rate be increased so that profitability can be at higher rate.

1.4 OBJECTIVES OF THE STUDY

The specific objectives of the present study are:

1. To analyze the profitability ratio in the DCCBs, and
2. To offer suitable suggestions for the development of the DCCBs

1.5 METHODOLOGY

Mainly-analytical method has been followed for studying the profitability ratio of Tirunelveli (TIDCCB), Virudhunagar (VIDCCB), Thuthukudi (TUDCCB) and Kanyakumari (KADCCB) District Central Cooperative Banks in Tirunelvel Region, Tamil Nadu. The secondary data were collected from the profit and loss account and balance sheet for the selected DCCBs. The macro level data were collected from the office of the Joint Registrar of Cooperative Audit in Tirunelveli region, Tamilnadu State Apex Cooperative Bank, Tamilnadu State Cooperative Unions, National Federation of State Cooperative Banks, NABARD and RBI.

1.6 SAMPLING

The present study has adopted the purposive sampling method for the selection of sample banks. Among the five cooperative regions (Chennai, Coimbatore, Trichy, Madurai and Tirunelveli) categorized by the Registrar of Cooperative Societies, Tirunelveli region was purposively selected. The considerations kept in mind were that the Tirunelveli region of Tamilnadu is popular for Agriculture, Fisheries, Dairy and Industrial growth. This region also covers plain and coastal areas with different cropping patterns. Four districts of this region were served by the four District Central Cooperative Banks namely Tiruneveli, Viruthunagar, Thoothukudi and Kanyakumari DCCBs. These four banks were selected for the present study.

1.7 SCOPE OF THE STUDY

A strong network of the District Central Cooperative Banks is a prerequisite for the sound performance of the three tier cooperative credit structure. DCCBs not only provided much needed financial assistance to PACBs but also ensured the smooth flow of credit to various sectors in the district. The success of these banks depends on efficient management of funds. The study has mainly focused attention to study the profitability ratio of the four DCCBs in Tirunelveli Region. The results of this study will help in identifying the lacuna if any in the profitability ratio of the DCCBs and to frame financial policies and programme to the benefit of the banks and the community.

1.8 PERIOD COVERED BY THE STUDY

The period of the study has been taken-up from the financial year 1998--99 to 2008-09 (11 years) as complete and comprehensive secondary data both for macro and micro level were available only for these years. The period of eleven years was considered for analysis.

1.9 TOOLS USED FOR DATA COLLECTION

For collecting the required secondary data from the selected DCCBs, a comprehensive schedule was prepared and used. The schedule was pre-tested and finalized.

1.10 FRAME WORK OF ANALYSIS

The data collected were subdued into a digestible account by appropriate coding, computing and tabulations. The basic tools of statistical analysis like average and operational ratio were employed.

1.11 RESULTS AND DISCUSSION

1.11.1 RATIO ANALYSIS

The relationship between two figures expressed mathematically is called a 'Ratio'. It is a numerical relationship between two numbers which are related in some manner. Ratio analysis is technique of analysis and interpretation of financial statements. It is the process of determination and interpretation of various ratios for helping in decision making. Ratio analysis involves three steps.

1.11.2 PROFITABILITY RATIOS

The term profitability may be defined as the ability of given investment to earn a return from its use. Profitability provides an incentive to achieve efficiency. Profitability also indicates public acceptance and shows that the firm can perform competitively. Hence profitability is the key indicator of a bank's performance and is a must for its survival and growth. Even though, cooperative organizations do not aim at profit, they must also earn reasonable profit to ensure the success and survival. It is one of the important factors used for measuring the efficiency of cooperatives. It is quite natural than in many corporate annual reports both in our country and overseas, these ratios are computed as an indicator to the financial performance. The importance of profitability analysis has further being brightened in recent years because it helps in critically analyzing and interpreting the current and prospective earning capacity of business corporations. In order to ascertain the actual efficiency of the banks, the profitability of the banks is measured through the following profitability ratios.

1. Net profit to Total Income
2. Net profit to Total Deposits
3. Net profit to Spread
4. Return on Assets
5. Non-Performing Assets to Total Assets
6. Non-Performing Assets to Total loan out standing

1.11.3 RATIO OF NET PROFIT TO TOTAL

The ratio of net profit to total income is presented below.

TABLE-1.1: RATIO OF NET PROFIT TO TOTAL INCOME *(Percentage)*

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	-1.9	1.8	0.6	1.5	0.5
1999-00	-18.9	-25.0	-2.2	3.4	-13.0
2000-01	-47.8	-13.0	-48.8	-6.6	-26.7
2001-02	-10.7	-7.5	-38.5	1.6	-10.9
2002-03	-58.5	-3.3	-38.0	3.8	-23.1
2003-04	-12.9	-11.0	-16.4	3.5	-8.4
2004-05	44.5	31.0	53.8	15.8	34.3
2005-06	-90.3	-14.0	-41.1	-13.0	-33.6
2006-07	-26.2	0.2	34.5	0.3	2.1
2007-08	-240.0	-21.0	-39.2	1.1	-32.1
2008-09	3.2	17.0	0.2	0.1	6.0
Avg.	**-41.8**	**-4.2**	**-12.3**	**1.1**	**-9.5**

The banks net profit as a percentage to total income ranges between -33.5 and 34.3 percent and the eleven years average were -9.5. High fluctuations in this ratio are observed. However the net profit to total income ratio to KADCCB ranged as 1.1 which proves their satisfactory functioning. The other three banks i.e., TIDCCB, VIDCCB and TUDCCB should take necessary steps to maintain consistent and higher level of net profit to total income. The figures for the region show that the performance of the banks under this ratio of net profit to total income is not satisfactory.

1.11.4 RATIO OF NET PROFIT TOTAL DEPOSIT

The ratio of net profit to total deposit is presented below

TABLE-1.2: RATIO OF NET PROFIT TO TOTAL DEPOSIT *(Percentage)*

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	-0.3	0.3	0.1	0.4	0.1
1999-00	-1.6	-4.5	-0.3	0.6	-1.8
2000-01	-5.8	-2.1	-7.2	-1.4	-4.1
2001-02	-1.5	-1.5	-5.7	0.4	-1.9
2002-03	-7.5	-0.5	-6.5	0.6	-3.4
2003-04	-1.95	-1.5	-2.7	0.7	-1.3
2004-05	5.8	9.1	12.2	3.1	7.3
2005-06	-13.2	-2.5	-6.2	-2.6	-5.7
2006-07	-3.5	0.0	6.6	0.1	0.3
2007-08	-10.3	-2.2	-5.4	0.3	-4.2
2008-09	0.4	2.4	0.0	0.0	0.9
Avg.	**-3.6**	**-0.3**	**-1.4**	**0.2**	**-1.3**

The ratio of net profit to total deposits ranged between -5.7 and 7.3 and the average is -1.3. The KADCCB performed satisfactory in this respect with a ratio of 0.18 percent. The management of other three banks should pay more attention in increasing this ratio by increasing the net profits. The regional figure shows an unsatisfactory performance in this respect.

1.11.5 RATIO OF NET PROFIT TO SPREAD

The difference between interest earned and interest paid is compared with net profit. The net profit to spread ratio explain the proportion of interest margin that has been converted into profits. The amounts of net profit are clearly presented in the table.

TABLE – 1.3: RATIO OF NET PROFIT TO SPREAD *(Percentage)*

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	-10.1	8.8	5.8	7.9	2.8
1999-00	-88.5	-273.0	-11.6	19.6	-85.1
2000-01	-300.3	-119.0	-185.0	-34.9	-158.0
2001-02	-65.5	-50.2	-310.0	9.8	-71.2
2002-03	-291.0	-12.4	-359.0	21.1	-119.0
2003-04	-62.5	-62.5	-214.0	10.3	-39.1
2004-05	262.8	526.0	258.9	51.1	211.9
2005-06	-456.3	-62.4	-195.0	-53.4	-151.0
2006-07	-154.2	0.5	95.7	1.0	6.8
2007-08	-582.3	-2900.0	-363.0	8.2	-274.0
2008-09	25.3	43.2	2.1	1.6	32.2
Avg.	**-156.6**	**-264.0**	**-116.0**	**3.8**	**-58.5**

High variations were found in the ratio of net profit to spread; it ranges between -274.1 and 211.9, for many of the years under study. It was in negative side. Hence it is concluded that the performance of these banks in this analysis is not satisfactory.

1.11.6 RATIO OF RETURN ON ASSETS

Profitability is also measured in terms of relationship between the net profit and total assets. It measures the profitability of total funds or investment of a business concern. The optimum level is 5.

TABLE – 1.4: RATIO OF RETURN ON ASSETS (NET PROFIT TO TOTAL ASSETS) *(Percentage)*

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	-0.2	0.2	0.1	0.2	0.1
1999-00	-1.0	-3.3	-0.2	0.4	-1.3
2000-01	-3.7	-1.5	-5.3	-1.0	-2.7
2001-02	-0.9	-1.0	-4.1	0.2	-1.3
2002-03	-5.5	-0.3	-4.6	0.4	-2.4
2003-04	-1.2	-1.1	-1.6	0.4	-0.8
2004-05	3.5	6.3	7.6	1.6	4.5
2005-06	-7.1	-1.6	-3.5	-1.0	-3.2
2006-07	-2.0	0.0	3.5	0.0	0.2
2007-08	-6.7	-1.6	-3.2	0.2	-2.7
2008-09	0.3	1.7	0.0	0.0	0.6
Avg.	**-2.2**	**-0.2**	**-1.0**	**0.1**	**-0.8**

Return on assets ratio ranges between -3.2 and 4.5 percent during the study period; the average ratio was found to be -0.8. It is concluded that the performance of the banks in this respect is not satisfactory.

1.11.7 RATIO OF NON-PERFORMING ASSETS TO TOTAL ASSETS

The total assets of the banks are presented in the previous table. The amount of NPA is given in the above table 4.16. The worked out ratios are presented below. The optimum level of the ratio is 5.

TABLE – 1.5: RATIO OF NON-PERFORMING ASSETS TO TOTAL ASSETS *(Percentage)*

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	5.1	6.0	6.9	5.9	5.8
1999-00	6.9	7.9	13.5	5.0	8.1
2000-01	10.6	9.1	16.6	4.6	10.0
2001-02	12.2	9.3	17.7	4.2	10.6
2002-03	16.9	11.9	23.0	3.7	13.6
2003-04	17.3	14.8	27.3	5.2	15.2
2004-05	17.3	11.7	23.6	4.6	13.2
2005-06	15.5	12.1	27.2	4.5	13.4
2006-07	18.7	10.9	23.7	6.8	14.1
2007-08	18.1	11.3	15.7	4.7	12.0
2008-09	16.7	9.2	16.2	4.0	11.0
Avg.	**14.1**	**10.4**	**19.2**	**4.8**	**11.5**

The ratio of non-performing assets to total assets ranges between 5.8 and 15.2 and high fluctuations in figures are noticed. On an average 11.5 percent of the assets are non-performing assets. Comparatively, the KADCCB had low levels whereas all other three banks had high values. The regional average figure doesn't show the satisfactory performance of the banks under this analysis. These banks have to take sincere steps through loan collections to minimize the ratio of non-performing assets to total assets.

1.11.8 RATIO OF NON-PERFORMING ASSETS TO TOTAL LOAN OUTSTANDING

The total assets of the banks and NPA are stated in the previous table. The ratios worked out are presented in the following table.

TABLE – 1.6: RATIO OF NON-PERFORMING ASSETS TO TOTAL LOAN OUTSTANDING *(Percentage)*

Banks / Years	TIDCCB	VIDCCB	TUDCCB	KADCCB	TOTAL
1998-99	12.5	11.0	12.0	7.8	10.7
1999-00	20.3	17.3	26.3	7.7	17.2
2000-01	23.6	20.3	27.8	6.5	19.0
2001-02	26.2	18.8	29.3	5.9	19.3
2002-03	27.9	23.1	36.0	5.1	22.1
2003-04	27.6	24.0	42.1	7.0	23.0
2004-05	28.0	17.5	35.9	5.9	19.3
2005-06	24.8	18.1	40.5	6.0	19.6
2006-07	29.6	19.0	40.0	9.2	22.1
2007-08	27.9	18.5	24.2	5.8	17.6
2008-09	25.8	15.4	26.1	5.1	16.5
Avg.	**24.9**	**18.5**	**30.9**	**6.5**	**18.8**

It is clear from the above table that the ratio of non-performing assets to total loans outstanding is an increasing trend. The eleven years average of the banks over the study period. The KADCCB had lower ratio of 6.5 percent. The TIDCCB, VIDCCB and TUDCCB have to take efforts in minimizing the non-performing assets.

FINDINGS

The present study, "A study on the profitability ratio of the DCCBs in Tirunelveli Region, Tamilnadu State" is an analytical one. The study was conducted in Tirunelveli Region, Tamilnadu state. Among the five Cooperative Regions in Tamilnadu, Tirunelveli Region covering four DCCBs was selected and secondary data were used for the analysis. A decadal period was covered by this (1998-99 to 2008-09). Statistical tools of statistical like average and ratio were used for analysis. The major findings and conclusion are presented in the following paragraphs.

PROFITABILITY RATIOS

Net Profit to Total Income

The banks net profit as a percentage to total income ranges between 33.5 and 34.3 percent and the eleven years average were 9.5. High fluctuations in this ratio are observed. However the net profit to total income ratio to KADCCB ranged as 1.1 which proves their satisfactory functioning. The other three banks i.e., TIDCCB, VIDCCB and TUDCCB should take necessary steps to maintain consistent and higher level of net profit to total income. The figures for the region show that the performance of the banks under this ratio of net profit to total income is not satisfactory.

Ratio of Net Profit to Total Deposits

The ratio of net profit to total deposits ranged between 5.7 and 7.3 and the average is 1.3 the KADCCB performed satisfactory in this respect with a ratio of 0.18 percent. The management of other three banks should pay more attention in increasing this ratio by increasing the net profits. The regional figures show an unsatisfactory performance in this respect.

Ratio of Net Profit to Spread

High variation was found in the ratio of net profit to spread; it ranges between 274.1 and 211.9 for many of the years under study. It was in negative side. Hence it is concluded that the performance of these banks in this analysis is not satisfactory.

Return on Assets (Net Profit to Total Assets)

Return on assets ratio ranges between 3.2 and 4.5 percent during the study period; the average ratio was found to be 0.8. However it is concluded that the performance of the banks in this respect is not satisfactory.

Non-performing Assets to Total Assets

The ratio of non-performing assets to total assets ranges between 5.8 and 15.2 and high fluctuations in figures are noticed. On an average 11.5 percent of the assets are non-performing assets. Comparatively, the KADCCB had low levels whereas all other three banks had high values. The regional average figure doesn't show the satisfactory performance of the banks under this analysis. These banks have to take sincere steps through loan collections to minimize the ratio of non-performing assets to total assets.

Non-performing Assets to Total Loan Outstanding

The ratio of non-performing assets to total loans outstanding is an increasing trend. The eleven years average of the banks over the study period is 19. The KADCCB had lower ratio of 6.5 percent. The TIDCCB, VIDCCB and TUDCCB have to take efforts in minimizing the loans outstanding.

TABLE 1.7: PROFITABILITY RATIO RESULTS

S. No	Name of the Ratios	TIDCCB		VIDCCB		TUDCCB		KADCCB	
		S	NS	S	NS	S	NS	S	NS
PROFITABILITY RATIO									
1	Net profit to Total Income	-	NS	-	NS	-	NS	S	-
2	Net profit to Total Deposits	-	NS	-	NS	-	NS	S	-
3	Net profit to Spread	-	NS	-	NS	-	NS	S	-
4	Net Profit to Total Assets (Return on Assets)	-	NS	-	NS	-	NS	S	-
5	Non- Performing Assets to Total Assets	-	NS	-	NS	-	NS	S	-
6	NPA to Total loan outstanding	-	NS	-	NS	-	NS	S	-
	Total	-	6	-	6	-	6	6	-

S: Satisfactory NS: Not Satisfactory

CONCLUSION

Invariably in all the selected DCCBs of this study conducted in the Trirunelveli Region of the Tamilnadu State TIDCCB, TUDCCB and VIDCCB was not satisfactory and KADCCB was satisfactory were found especially with reference to position in profitability ratio. The 'KRA's (Key Result Areas) with reference to profitability ratio was not upto the mark.

SUGGESSTIONS

NPA assets in the banks have been drain on profibility of banks. A double edged sword affecting profitability by no recognizing interest income on NPAs and the additional burden of provisioning on NPAs. Therefore all the banks should minimize their NPAs very close to ZERO percentage of total credit. To achieve this bank has to follow their credit portfolio very closely taking necessary action, even when the first installment or interest is defaulted by and borrower. For such follow it is necessary to have a perfect and speedy information system for giving statements like watch and special watch statements.

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AN ANALYSIS ON CUSTOMER PERCEPTION AMONG INSURANCE SECTOR

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ABSTRACT

The insurance sector in India has come a full circle from being an open competitive market to nationalization and back to a liberalized market again. Tracing the developments in the Indian insurance sector reveals the 360 degree turn witnessed over a period of almost two centuries. Insurance may be described as a social device to reduce or eliminate the risk of loss of life and property. Under the plan of insurance a large number of people associate themselves by sharing risk attached to individuals. Life Insurance sector after privatization is maturing from mere security as single purpose behind owning a policy to one of better investment options as well as policies is available with multiple options and riders. Now at present around 13 private co's are operating in life insurance sector. LIC is going to have tough time ahead but due to its multiple policies and huge network of agents and strong client base gives its competitive advantage. But real competition is coming from HDFC AND ICICI which are utilizing competitively their old database in attracting customers through cross-selling of financial products at one roof.

KEYWORDS

life Insurance company (LIC), ICICI Prudential , HDFCSL Insurance Company, HDFC ,And customers.

INTRODUCTION

Insurance may be described as a social device to reduce or eliminate the risk of loss of life and property. Under the plan of insurance a large number of people associate themselves by sharing risk attached to individuals. The risks, which can be insured against, include fire, perils of sea, death, accidents and burglary. Any risk contingent upon these may be insured against at a premium commensurate with the risk involved. Thus we can say "***collective bearing of risk is insurance***".

Insurance is a plan by themselves which large number of people associate and transfer to the shoulders of all, risk that attach to individuals.

..........John Magee

Insurance is a contract in which a sum of money is paid to the assured as consideration of insurer's incurring the risk of paying a large sum upon a given contingency.

..........Justice Tindall

The insurance sector in India has come a full circle from being an open competitive market to nationalization and back to liberalized market again. Tracing the developments in the Indian insurance sector reveals the 360- degree turn witnessed over a period of almost two centuries.

A thriving insurance sector is of vital importance to every modern economy. First because it encourages the savings habit, second because it provides a safety net to rural and urban enterprises and productive individuals. And perhaps most importantly it generates long-term invest able funds for infrastructure building. The nature of the insurance business is such that the cash inflow of insurance companies is constant while the payout is deferred and contingency related.

This characteristic of their business makes insurance companies the biggest investors in long-gestation infrastructure development projects in all developed and aspiring nations. This is the most compelling reason why private sector (and foreign) companies, which will spread the insurance habit in the societal and consumer interest, are urgently required in this vital sector of the economy.

FUNCTIONS OF INSURANCE

Primary functions

1 ***Provides protection***: insurance cannot check the happening of risk but can provide for losses of risk.
2 ***Collective bearing of risk***: insurance is a device to share the financial losses of few among many others.
3 ***Assessment of risk***: insurance determines the probable volume of risk by evaluating various factors which give rise to risk.
4 ***Provide certainty***: insurance is a device which helps to change from uncertainty to certainty.

Secondary functions

1. ***Prevention of losses***: insurance cautions businessman and individuals to adopt suitable device to prevent unfortunate consequences of risk by observing safety instructions.
2. ***Small capital to cover large risk***: insurance relieves the businessman from security investment, by paying small amount of insurance against large risk and uncertainty.
3. Contribute towards ***development of large industries***.

INTERNATIONAL COLLABORATION OF INDIAN COMPANIES

FOREIGN ENTITY	LOCAL COMPANY/VENTURE
AIG	Tata
Allianz	Bajaj
AMP	Sanmar
Aviva Life	Dabur
Cardiff	State Bank of India Life
ING Life	Vysya
Max New York Life	Vysya
MetLife	J & K Bank, Pallonji Group & others
Old Mutual	Kotak Mahindra
Prudential	ICICI
Standard Life	HDFC
Sun Life	Birla

Post liberalization, the distribution of insurance products has undergone a big change from the days when LIC's tied agency force alone hawked products. In days to come, new entrants will implement multi-channel strategies, the most significant being bancassurance, corporate agency cross selling of insurance products in financial conglomerates. HDFC, ICICI Bank, Kotak Mahindra, State Bank of India with multiple financial units are gearing up for a cross selling the insurance products within the company.
While things are going gung-ho for the industry as a whole, there are quite a few challenges ahead before new players can hope to compete with the state incumbent. The first task is for the new players to build up reach and expanded their geographical spread. Only a small portion of the country has been tapped so far. Unlike LIC, the new companies are taking reinsurance cover from the global leaders including Swiss Re, Munich Re, and Cologne Re etc.
The new basic driving force of the Indian life insurance sector has been positive factors like increasing literacy rates, falling birth and death rates, rising gross domestic product, people's greater orientation towards investment in financial instruments, growing competition to mop up savings, higher disposable income, shift to nucleus and small family norm, more females joining work force in the organized sector, growing rural market, growth in the service sector, increasing proportion of higher age group citizens, maintenance of living standards during the post retirement period.

NEED OF THE STUDY
1. It will help in getting the knowledge that which is the most important factor in affecting the policy purchase decision, and company can emphasis on it (like the agent's training and CRM).
2. It will help in getting the knowledge that what new features and benefits should be in a life insurance policy.
3. It will help in getting the knowledge that advertising is affecting the policy purchase decision or not.

Is less premium affects policy purchase decision? This can be known by this project.

REVIEW OF LITERATURE
Bansal (2005) in an article, "**Insurance Sector : in Privatization on the Right Track**" discussed the recommendations for changes in the structure of the industry and policy framework. The suggestions to improve the functioning of LIC and to examine the role of intermediaries.
Since 1991 Indian economy has been going through European financial reforms. Consequent to the important landmark reforms in the financial sector, the insurance sector in India is going to witness sea change. Liberalization entails on modernizing industrial system by removing unproductive controls, encouraging private and foreign investment and integrating Indian economy with the global economy.
Xharbrahimi (2006) (knowledgementdigest.com) in his research paper, "**Technology and Life Insurance Distribution**" discussed the effect of technology on Life Insurance Distribution, whether life insurers and insured are aggressively seeking to make use of internet or not. Technology in the insurance industry has evolved from providing enhanced operation processing to facilitating corporate strategy.
More recently, technology is becoming an important part of Corporate Life Insurance Competitive Strategy and is increasingly employed in achieving a competition edge. This article examines some of the opportunities that technology solutions offer to life insurance. Thus, it may be safely assumed that the most significant innovations in product distribution by far will be the direct result of the extent to which technology is embraced. Insurers with well conceived technology solutions will get competitive advantage. In a few years time, it might be possible that those who try to resist the flow of internet technologies will be no more successful.
Gupta (1977) in his research work on "**Investment Policy of Life Insurance Corporation of India**" has worked on how LIC is working with its policies, can it provide quality and variety of products to its customers and lastly, is there any scope for private participation in coming few years.
It was concluded that presently, the only captain of ship insurance is Life Insurance Corporation of India but soon the doors may be opened for private sector. No doubt, LIC is working well with its policies but still it will have to be ready for entry of private sector.
Chaudhary (2000) in her research paper, "**Indian Insurance Industry and Privatization**", made an attempt on the roles which private companies can play. The objectives of the paper were to find out whether private insurance companies can serve as one stop shop covering all insurance needs, to know whether private companies can offer value added like beyond premium collection and claim settlement or not.
It was concluded that for the first time in the history of Indian Insurance, the concept of intermediary is being upgraded on a full scale. The reach of intermediaries will become deeper and their impact on the conduct of insurance business will be wider than before. The insurance companies can become one stop shop for providing all insurance products and services to the customers.
Mishra (1986) in his Ph.D. thesis on "**Life Insurance Corporation of India**" has worked on objective to study the effect of working of LIC, how this effects the financial level, and study the impact of LIC's working on the internal organisation. It was concluded that being the only company providing best services to the customers by satisfying their needs, is running successfully by earning through revenues and through providing remarkable services to the customers.
Market Research Report, (2000) "**Distribution of life and pension in Europe**". This report contains a detailed examination of the key trends and issues surrounding distribution of life insurance and pension products in Europe, France, Germany, Italy, Spain and UK.
The report not only looked at channels but also at reasons behind growth of each channel. Distribution of life and pension in Europe (2002) is intended to appeal bancassurers, agents, direct sales force and all life and pension product advisors. In addition, it will appeal to dependent financial advisors and wealth managers.
Aggarwal (2002) in his paper on "**Distribution of Life Insurance Products in India**" worked on the change in the existing distribution channels and to study whether they are technology oriented or not. To study whether there is a potential for new companies or not, it was concluded that new players are exploring fresh techniques of distribution.
The companies are giving opportunity to DSA's to market their polices while many are following bancassurance channel for distribution. The other channel which is already established is agency. Bancassurance is able to penetrate the market more successfully because banking and insurance industry share a common target of providing financial services to the customers.
Thanks to the technology advancement, which is resulting in more awareness and sophistication. On the other hand, web is exclusively used for getting information and offline mode is followed while taking the policy.
*DSA – Direct Selling Agents
Hollway and Basu (2002) in their research report on "**Developments in Indian Life Insurance markets**" worked on the background of new entrants, on their business strategies, on various developments that are likely to influence the market.
After the opening of insurance sector in India, many insurance companies have entered the market with new business and distribution strategies. These companies are offering different saving plans, term benefits, riders and we can say a wider range of products are being offered. Foreign equity capital is expected to increase from 26% to 49% in 2001 to coming 4 to 5 years.
Analyst Report (2004): "Insurance and technology research" gives an overview of distribution technology trends in European Insurance. As the pendulum swings back towards business growth, distribution channel investments are returning to the strategic forefront for Europe's insurers. This is the latest research finding to determine the main areas of investment focus for 2004
This is based upon 100 unique interviews with European Life and non-life insurers covering seven major western European markets.
Aggarwal (2005) on "**Distributing Insurance in India**" has explained his research experience about location and channels used to supply services to target customers. Place and environment in which service is delivered also plays an important role.

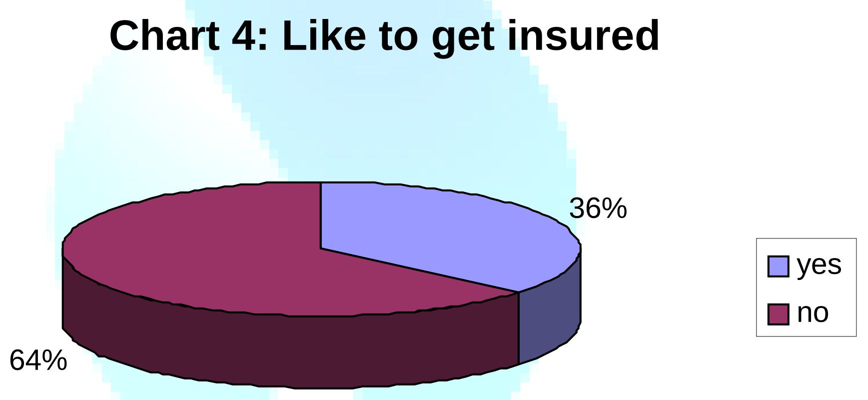
OBJECTIVES OF THE STUDY
1. To know the awareness about insurance.
2. To know the interest of the customers in buying the insurance policy.

3. To know that which factor affects their policy purchase decision.
4. To know Government Life Insurance policies are much more secured than their Private Life insurance policies.

HYPOTHESIS OF THE STUDY
Null Hypothesis because People choice towards insurance are indifferent for various policy of companies and schemes.

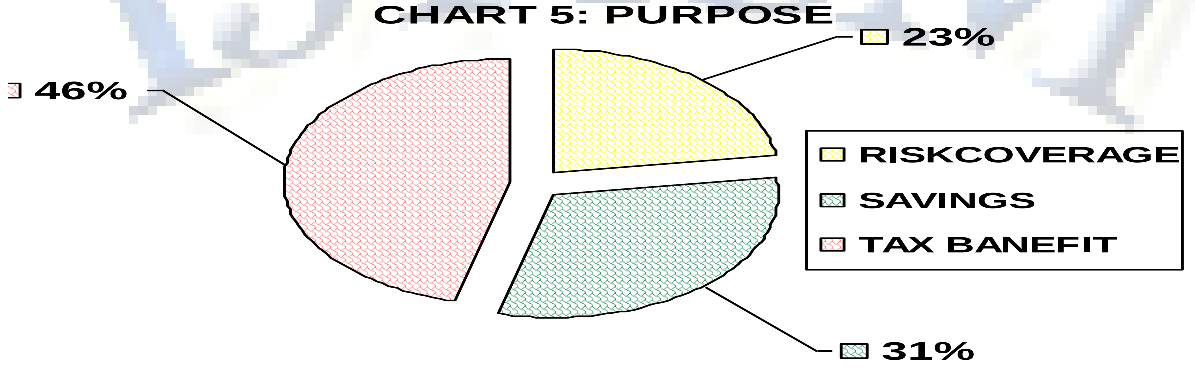
RESEARCH METHODOLOGY
SAMPLES SIZE
In this study life insurance companies are selected from both public and private sectors .In this study 100 customer are surveyed which are deals with insurance policies.
TYPE OF RESEARCH
The present study is Descriptive in nature.
SAMPLING UNIT
Customer mention in the research paper insurance companies are the sampling units.
UNIVERSE & SURVEY POPULATION
Haryana , Punjab and Chandigarh
COLLECTION OF DATA
a) Primary data: The instrument which is used for data collection is questionnaire .the questionnaire is open ended as well as close ended.
b) Secondary data: Information are collected from following tools:
1 Text books
2 Journals like insurance post, business world etc.
TOOLS AND TECHNIQUES
a) pi chart
b) bar chart

ANALYSIS AND INTERPRETATION
1. Would you like to get insured?
A. Yes B. No



Interpretation
1. 64% of the respondents are not interested in getting insured reason being some of them was already insured and yet others do not want any insurance cover.
2. 36% of the respondents' say that they are interested in investing in insurance.

2. What according to you is the most important reason for getting insured?
A. Risk Coverage
B. Savings
C. Tax Benefit

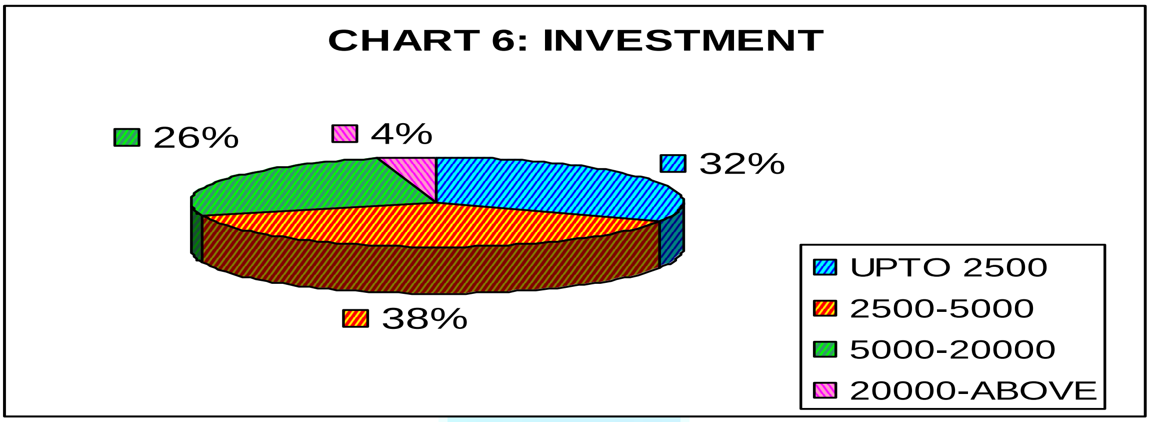


Interpretation

1. Majority of the respondent i.e. 46% says that the most important reason while taking the life insurance policy is tax benefit as there life insurance policy is exempted from tax.
2. 31% respondents invest in life insurance policy for the purpose of savings.
3. The remaining respondents i.e. only 23% invest in life insurance policy for the purpose of risk coverage.

3. HOW MUCH OF YOUR ANNUAL INCOME WOULD YOU LIKE TO INVEST IN LIFE INSURANCE?

A. Up to 2, 500
B. 2,500 – 5,000
C. 5,000 – 20000
D. 20000-above

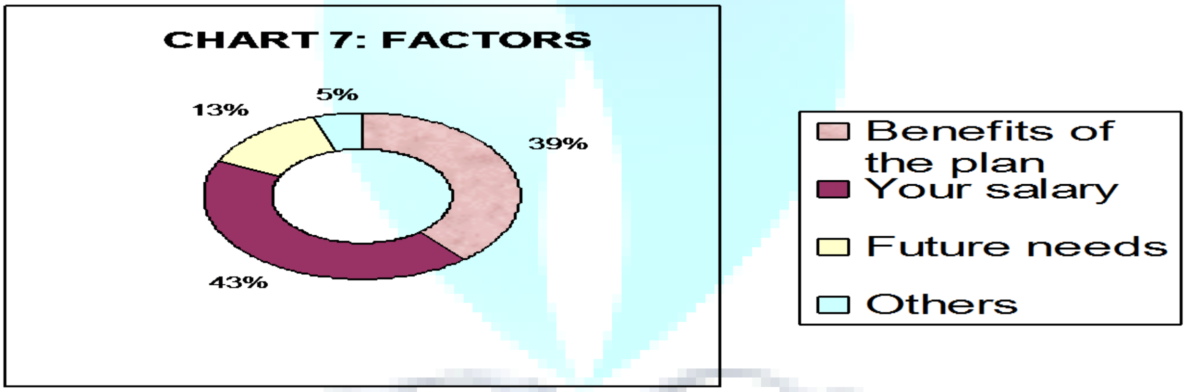


Interpretation

1. 38% respondents say that they invest between Rs. 2500 to Rs. 5000 in the life insurance premium
2. 26% respondents say that they invest between Rs. 5000 to 20000 in the life insurance premium.
3. 32% respondents say that they invest up to Rs. 2500 in the life insurance premium.
4. Only 4% respondents says that they invest up Rs. 20000 or above

4. WHAT FACTORS SHOULD YOU CONSIDER WHEN THINKING ABOUT THE AMOUNT OF LIFE INSURANCE?

1. Benefits of the plan
2. Your Salary
3. Future needs
4. Others
5.

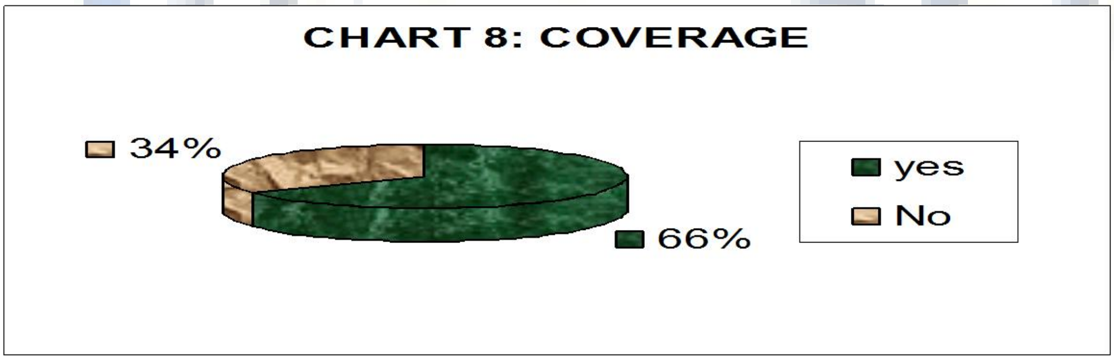


Interpretation

1. 43% respondents consider their salary while planning the amount to be invested in insurance
2. while 39% of them think that benefits of the plan must be the main priority while deciding about the insurance amount.
3. And yet other i.e. the remaining 18% considers future needs or some other factors as the basis for amount of insurance.

5. DO YOU HAVE EXISTING INSURANCE COVER?

A. YES
B. NO

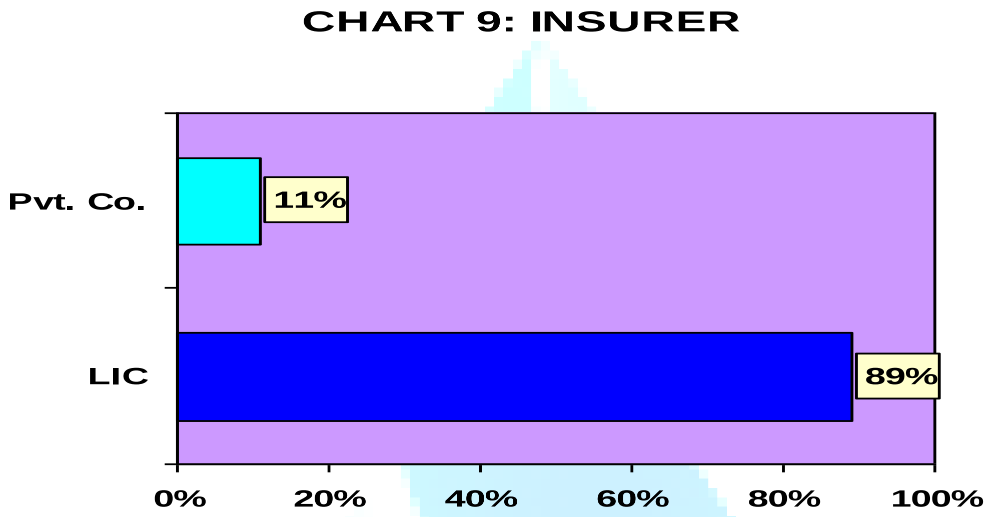


Interpretation

1. 66% of the respondents say that they are covered under life insurance schemes (out of them 80% belongs to LIC and rest of them are covered under private sector) and 34% are not covered under any life insurance scheme. So these 34% persons provides the opportunity to the insurance companies.
2. Majority of people who are covered under life insurance are the one living in urban areas and are the educated lots of society.
3. 34% people who are not covered one probably investing their money in PF and other long term & short-term schemes.
4. The reason for preferring LIC is people's trust in government where as they are of the view that private companies may vanish after a few years.

6. WHO IS YOUR INSURER?

1. **LIC**
2. **Private Company**
   If private company, mention name________________________



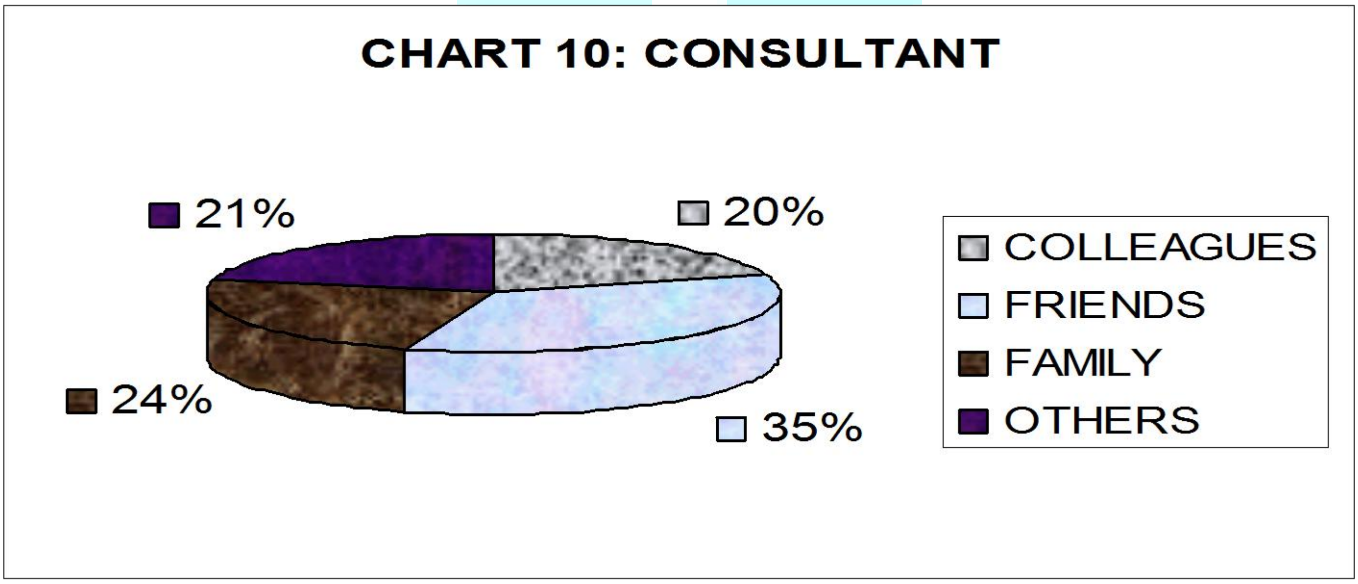
Interpretation:-

1 LIC holds major market share i.e. 89% as they have built customer's trust.

2 Private players together cornered 11% of the market share in which ICICI Prudential, Birla Sunlife, HDFC Standard Life, Tata AIG, Max New York Life are the main players.

7. Whom do you consult while taking financial decisions?

1. Colleagues
2. Friends
3. Family
4. Others

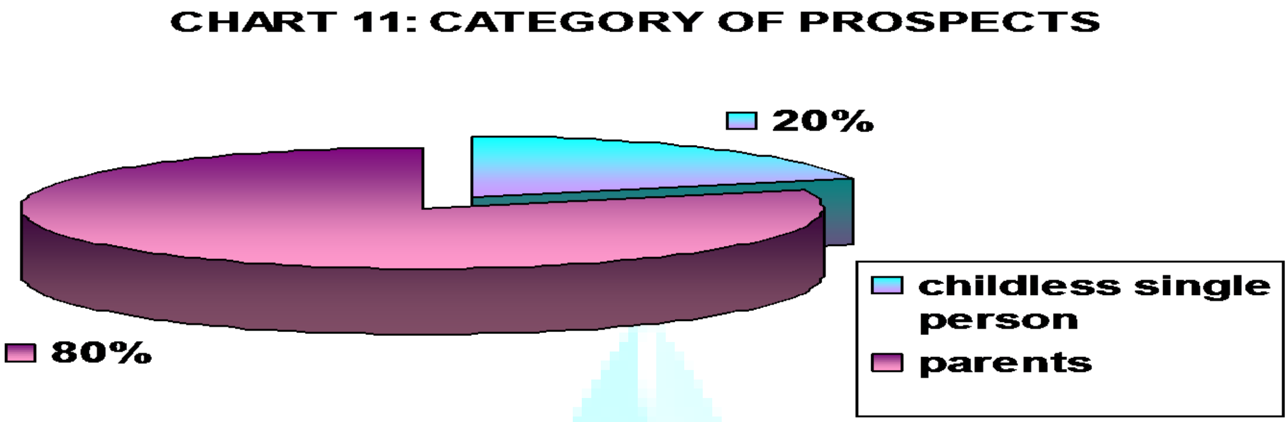


Interpretation

1. 35% of the respondent influenced by friends to go for the policy.
2. 24% of the respondent influenced by the family. So we can say family members play an important role to influence for purchasing of the life insurance policies.
3. 20% of the respondent influenced by their colleagues.
4. 21% of the respondent influenced by the advertisements and others such as agents, professionals etc

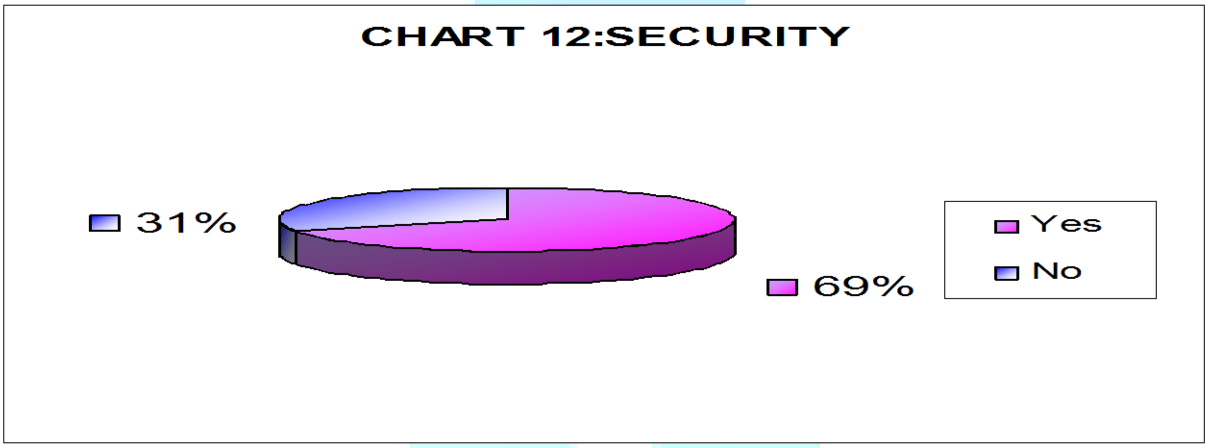
8. WHO WOULD MORE LIKELY BUY LIFE INSURANCE?

1. Childless single person
2. Parents



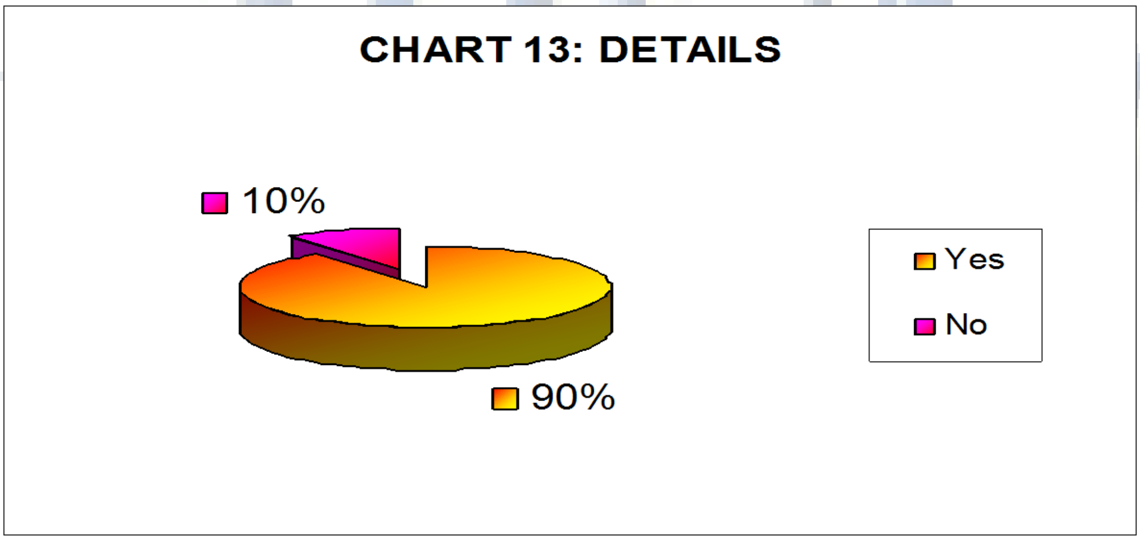
Interpretation
1. 80% of the respondents are of the view that parents are more likely to buy the insurance policies, as they consider insurance as a risk-covering device to protect their dependents.
2. Where as 20% of them are of the view that even singles are more likely to buy insurance as their main motive is to save tax and save a lump sum.

9. DO YOU PERCEIVE THAT GOVERNMENT LIFE INSURANCE POLICIES ARE MUCH MORE SECURED THAN THEIR PRIVATE COUNTER PARTS?
1. YES
2. NO



Interpretation
1. 69% Respondent feel that Govt. life insurance policies are more secured than their private counterparts. Because the life insurance policies have with in the market for a long time and a wider reach.
2. 25% respondents feel that private counter parts are also secured. Among other Govt. life insurance the premium rates are comparatively low. The services are better as compare to govt. life insurance.

10. Do you go through all the details of the policy (Comparative and the chosen) that you choose?
1. YES
2. NO

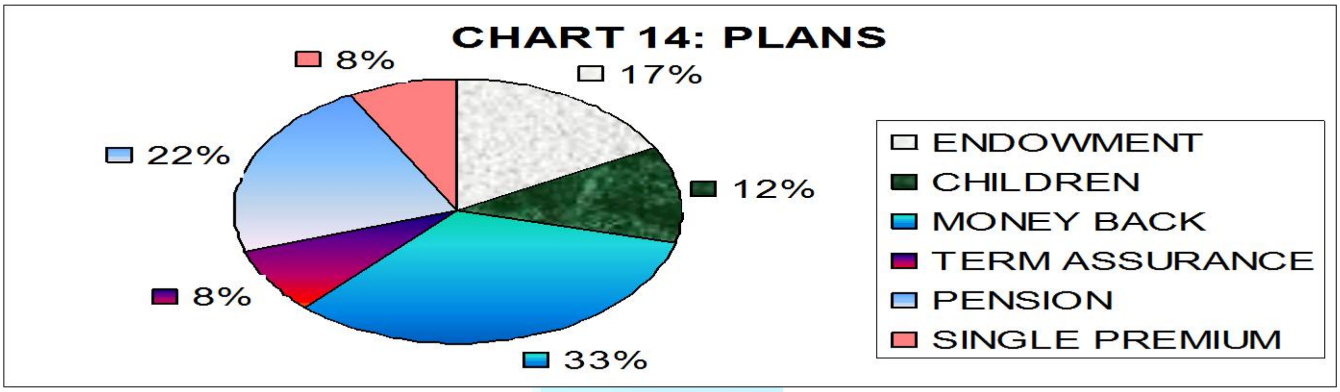


Interpretation

1. 90% respondent says that they go through the details of the policy before choosing the one. Because they are going to invest their money in that policy.
2. 10% respondents says that they don't go through the details of the policy and that is because they are just buying the policy to evade the tax and that people are rich and the premium hardly make any difference to them.

11. ARE YOU AWARE ABOUT INSURANCE POLICIES TERMINOLOGY?

1. Endowment Policy
2. Term Assurance Policy
3. Children Policy
4. Pension Plan
5. Money Back Policy
6. Single Premium Plans

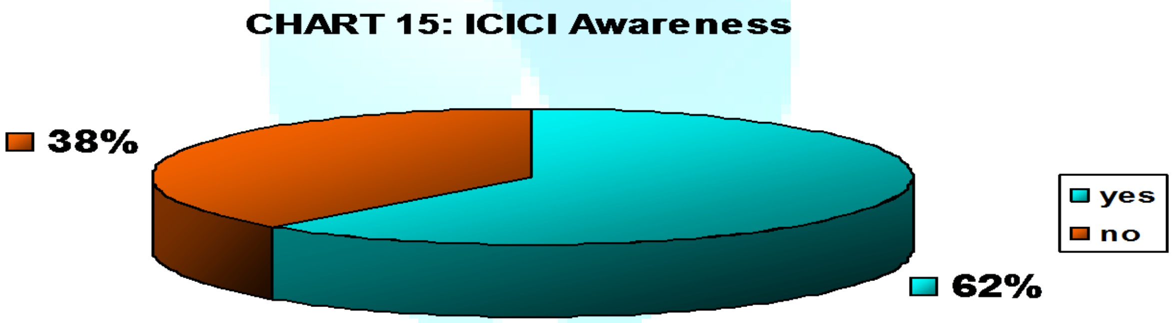


Interpretation

1. Majority of the respondent are aware about the money back plan.
2. 22% of the respondent is aware about the pension plan.
3. 17% of the respondent is aware about the Endowment policy.
4. 12% of the respondent is aware about the children policy.
5. 8% of the respondent is aware about the term assurance policy and single premium plans.

12. Do you know about ICICI Prudential Life Insurance Co. Ltd.?

1. Yes
2. No

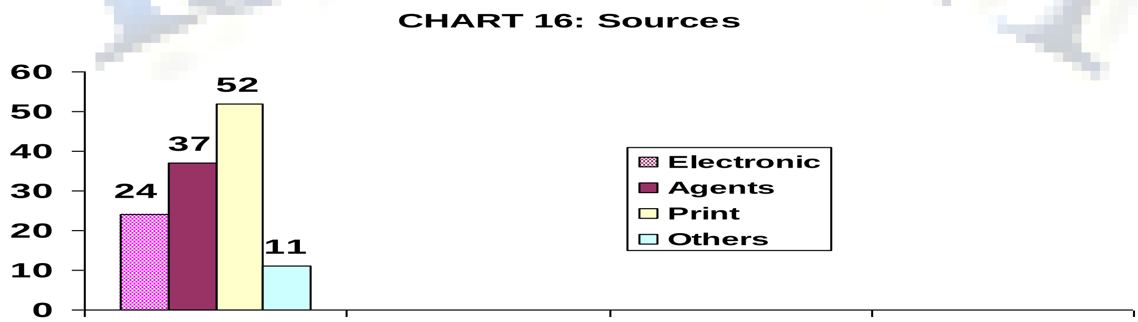


Interpretation

1. 62% respondents are aware of the ICICI Prudential Life Insurance Company although some of them know it by ICICI Bank, others have partial knowledge and yet others have full knowledge about the company.
2. 38% of the respondents are not at all aware of the brand ICICI Prudential .

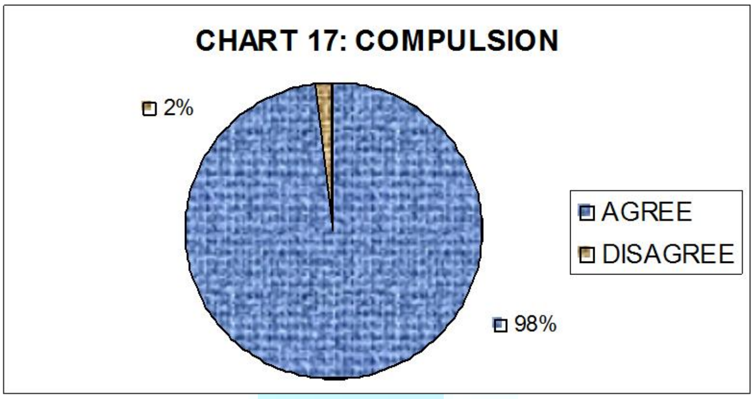
13. IF YES, WHAT ARE THE SOURCES?

1. Electronic Media
2. Agents
3. Print Media
4. Others



Interpretation
1. 52% people surveyed said that they are able to recall the advertisements of the company in newspaper , magazines and other such print medias.
2. 37% of the population surveyed knew HDFC through their agents.
3. Only 24% people said that they knew about HDFC Standard Life through Electronic media .The company seldom show any advertisements on the electronic media but still people were aware

14. LIFE INSURANCE POLICY SHOULD BE MADE COMPULSORY FOR EVERY EARNING INDIVIDUAL.
1. Agree
2. Disagree



Interpretation
1. 98% respondent says that life insurance policy should be made compulsory as they can relate it to the benefits they set to the policy.
2. 2% respondent disagrees to the statement.

LIMITATIONS OF THE STUDY
All sincere efforts were made to make this study accurate and reliable. However following limitations may have occurred.
- The main limitation of the study is that sample is limited to respondents of Haryana , Punjab and Chandigarh.
- The selection of the respondents was based on convenient sampling and it might not be true representative of the entire universe.
- Although utmost care has been taken to get accurate results, yet because of the risk of ambiguities and misinterpretation on the part of respondents some elements of inaccuracy might have occurred.
- All the respondents were not always give correct respond on some questions.

FINDINGS
After, Analysis and Interpretation there are many things which I found. The main findings of my research are:-
1. The main objective of the study was to check the awareness of people regarding the private companies of Life Insurance.
2. In the comparison of other private Life Insurance companies the awareness of ICICI Pru. and HDFCL is much more. After ICICI Pru. The next Life Insurance Company which is known by people in HDFCSL. These two companies are known by people due to their other previous operations in India.
3. If we ask the question to the people that from which company he/she is willing to buy LIP, then most of the people answered that they will purchase LIP from LIC, due to its strong brand image and wide network. I reached a conclusion that after some time and with the better performance and better features products private Life Insurance Companies will be able to increase their database.
4. In the comparison of other private life insurance companies, more people give their preference to buy LIP from ICICI prudential and HDFCSL Insurance Company, due to successful operation of ICICI Prudential and HDFC in India.
5. If we see the reasons that why more people are willing to buy LIP from LIC. I reached a conclusion that people give preference to LIC because it's strong brand image and wide network. The other reasons are that the people think that their money is safe in the hand of LIC, and after completion the policy the returns will be guaranteed.
6. This is the reason that why there is an increase in the sale of LIC as compared with other products.

SUGGESTIONS
After analyzing the findings from my survey I am giving some Suggestions to Insurance companies, by applying these suggestion company can get some benefit.
1. Relationship marketing in life insurance sector play very important role in attracting customer and getting repeat business in terms of new policy for himself/herself or for other members of family. Insurance agents were only involved in maintaining relationships with known customers. So Company's agent should be more educated with strong command on company's products & competitors products.
2. Maintain customer database and send them birthday wishes on client's birthday and providing customized policy with conversion option in terms of payment schedule, premium terms, bonus declaration, money back clause etc.
3. In India personal relationship and good reputation of agent play important role in selling insurance policy. Agent's advice makes customer to opt for particular policy, so company should increase the no. of its agents with better knowledge about the project and good communication skill.
4. Due to pressure on markings and LIC'S strong customer and agent base in all over India, requires ICICI Pru. to come up with new innovative products.
5. Improve customer Sensitivity
6. Enhance Focus on Rural Sector
7. Professionalization
8. Publicity & Public relations
9. Management by Objectives
10. Classification of customer as profitable and least profitable and aligning all business processes and strategies along customer links
11. Improved service quality and individualized attention to customer
12. Emphasis on Agent's training. The agents should be provided comprehensive training so that they can go in the market and fetch business for company. Partial and incomplete knowledge will bring bad name to the company and brings brand dilution for the company.
13. Classify their customers on basis of profitability and revenue generation.
14. Complaints by clients should be tried to remove as soon as possible.
15. More commission and other benefit should be given to the more profitable agent.
16. Classifies its most profitable staff on basis of no of complaints handled.

17. Provide club membership programs for policyholders, and arrange seminars time to time.
18. Under social benefits company should initiate positive phone calls and should provide service suggestions with getting to problems.
19. Maintain database of existing customers for future contact.

CONCLUSION

Life Insurance sector after privatization is maturing from mere security as single purpose behind owning a policy to one of better investment options as well as policies is available with multiple options and riders. Now at present around 13 private co's are operating in life insurance sector. LIC is going to have tough time ahead but due to its multiple policies and huge network of agents and strong client base gives its competitive advantage.

But real competition is coming from HDFC AND ICICI which are utilizing competitively their old database in attracting customers through cross-selling of financial products at one roof.

In the era of IT and telecom revolution through mobile commerce, net services, bank assurance and easy availability of credit has given cut throat competition in this sector. As a credence service it is very difficult for customers to evaluate even after purchase and use of policies. Here, personal relations maintained by insurance agents give you competitive edge. Relationship marketing is advanced concept which is transformation of transaction marketing.

The distribution of whole life insurance sector seems to suggest relationship marketing. It usually is sold by agent who is primary contact person and on whose advice buyers rely in finding a suitable policy. After the sale agents provide follow-up service, helping customers make policy changes in response to changing needs.

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INFORMATION BROCHURE

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24. Information Brochure of ING VYASA LIFE INSURANCE
25. Information Brochure of OM KOTAK MAHINDRA.

WEBSITES

26. www.icicipur.com
27. www.insurance.co.in
28. www.lic.co.in

ANNEXURE

NAME: ____

ADDRESS: ____

PHONE NUMBER: ______________________________________

AGE/ DATE OF BIRTH: __________________________________

EDUCATION: ____

OCCUPATION: ____

1. Would you like to get insured?
   Yes No
2. What according to you is the most important reason for getting insured?
   Risk Coverage Savings Tax Benefit
3. How much of your annual income would you like to invest in life insurance?
   Up to 2, 500 2,500 – 5,000 5,000 – 20000 20000-above
4. What factors should you consider when thinking about the amount of life insurance?
   Benefits of the plan Your Salary Future needs Others
5. Do you have existing insurance cover?
   Yes No
6. If yes (Q4. above) who is your insurer?
   LIC Private Company

If private company, mention name_______________________

7. Whom do you consult while taking financial decisions?
   Colleagues Friends Family Others
8. Who would more likely buy life insurance?
   Childless single person Parents

9. Do you perceive that Government Life Insurance policies are much more secured than their Private counterparts?
   Yes No
10. Do you go through all the details of the Policy that you choose?
   Yes No
11. Are you aware of the following Insurance Plans?
   Endowment Policy Children Policy Money Back Policy Term Assurance Policy Pension Plan Single Premium Plans
12. Do you know about HDFC Standard Life Insurance Co. Ltd.?
   Yes No
13. If yes, what are the sources?
   Electronic Media Agents Print Media Others
14. Life insurance should be made compulsory for every earning individual...
   Agree Disagree

GLOBALISATION, SKILL-BASED EDUCATION AND UNEMPLOYMENT IN RURAL ASSAM: AN ECONOMIC ANALYSIS

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ASST. PROFESSOR
KHERAJKHAT COLLEGE
DEOTALA

ABSTRACT
The term Globalisation refers the increasing flow of technology, finance, trade, knowledge, value and ideas across the borders. Nowadays its impact is emerged in every sector of the society. It is an important asset of both education and economy of states and the country. Starting with the breakfast, now the people, both in rural as well as urban, are using global product in the entire day, which perhaps, is the impact of globalisation on economy. Similarly, from the agricultural field to that of highly developed non-farm sector or industrial sector of the country is concern; the broadly using high-tech knowledge is the contribution of globalisation. In this sense the dimension of education in the recent period is highly globalised. The process of the globalisation of education has many benefits: which might help to build a better world for all. The skilled based education that includes the agricultural extension and farmers training programme, occupational skill training outside the formal system, etc. especially in the rural areas is most essential in the recent job market. To keep this view in mind the paper tries to highlight the effect of globalisation in the rural education and economy of Assam. Moreover, by taking some data collecting from the representative district of Assam (Lakhimpur) through the primary survey, an attempt has been made to find out the relationship between the formal education, skill-based education and the rural job market in the present global era.

KEYWORDS
Globalisation, Skill-based, Job market, Employment, Education.

INTRODUCTION
The ultimate goal of employment is to earn sufficient income for smooth maintaining of consumption, savings and investment. Unemployment, the situation of joblessness, a big problem for most of the countries but its severity varies from country to country. It is a big challenge for a country like India where the growth of population is still high. As population of a country increases, the labour force also increases leading to the magnification of this problem. But the increase of population for every economy does not lead to this problem. Countries with a high rate of saving and investment with good educational status may find an increasing population beneficial and they may not suffer from a high rate of unemployment. In India, unemployment is intense and grave in both urban and rural areas, but its nature varies: while the urban unemployment is basically structural, the rural unemployment is seasonal in nature. The seasonality of unemployment arises from overdependence on agriculture, which is seasonal. Apart from this, with the speedy expansion of formal education, the educated unemployment in rural areas is growing up in the absence of skill-based education and a rapid industrialization. Apart from industrialization, an improvement in agricultural technology especially the one which tends to enhance the intensity of cultivation can boost employment.

The term Globalisation refers the increasing flow of technology, finance, trade, knowledge, value and ideas across the borders (Knight, J and de wit H. 1997). Nowadays its impact is emerged in every sector of the society. It is an important asset of both education and economy of states and the country. Starting with the breakfast, now the people, both in rural as well as urban, are using global product in the entire day, which perhaps, is the impact of globalisation on economy. Similarly, from the agricultural field to that of highly developed non-farm sector or industrial sector of the country is concern; the broadly using high-tech knowledge is the contribution of globalisation. In this sense the dimension of education in the recent period is highly globalised. The process of the globalisation of education has many benefits: which might help to build a better world for all. The skilled based education that includes the agricultural extension and farmers training programme, occupational skill training outside the formal system, etc. especially in the rural areas is most essential in the recent job market.

REVIEW OF LITERATURE
Effect of globalisation, status of education among the rural people and the availability of employment opportunity is highly research based issue in an economy. By focusing on the significance of education Ghose (1999) observed that there is a positive association between unemployment and level of education. Because the young people with some education do not want to engage in work which is low productive and pay low wages in informal sector. They want non-manual work preferably in the organized sector. Therefore skill based education or vocational education is most essential for high productive and high earning employment opportunity is concern. According to the Task Force Report (2001) the rate of unemployment is typically much higher among the educated than among those who have lower level of education. It highlights the need for employment strategies to focus on the employment quality. The problem of unemployment among the educated people can only be solved if high quality employment is created through vocationalisation of education.

In his study on unemployment Alagh (1999) found that it varied by sector and by region. Some regions showed high rates and others, low. He also found an increase in employment with the growth of agricultural output, cropping and irrigation intensities and crop diversification and it happened only through the effects of globalisation by introducing different type of machinery in the production process.

Visaria's study on the youth unemployment shows that the lack of proper training for work, acceleration of population growth, expansion of education, quality of education are some important factors for higher unemployment. Many of the unemployed have rather poor qualifications in terms of their performance at the examinations and have little aptitude or the capacity for the type of work they aspire for (Visaria 1998).

Bepin Behari (1990) holds that the provision of employment opportunities is an intensely human and a very complex problem. Technological choice in the present global era is one of the major measures to create employment opportunities in rural as well as urban areas. The identification, development and adoption of appropriate technology would increase the productivity of workers without any excessive labour displacement. The effective adoption of technologies leads to the tempo of economic development and the rate of public participation. Moreover, the solution of rural unemployment requires an innate urge among the village community to generate adequate work opportunities for the local people.

Mukhopadhaya and Rajaraman (2007) conducted a study on rural unemployment during 1999-2005 and found that unemployment declined in India among the males with secondary and higher education relative to illiterate males in a reference group. There is higher unemployment at low level of schooling i.e. literate males up to primary level relative to illiterate males. This pattern of unemployment is not common for females at all. Moreover, they observed that unemployment remained the same in households with only one member with secondary schooling or higher education showing the continued importance of network in securing jobs. This network impact also explains the political pressure on caste based quotas in access to both education and jobs.

The India Labour Market Report (2008) and unemployment data of NSSO 62nd round show the unemployment rate to be increasing with an increase in the educational level. The unemployment rate for the illiterate is as low as 0.25 per cent and goes on increasing with the level of education. Unemployment is highest at 8.74 per cent for diploma or certificate holders. In case of graduates unemployment rate is marginally lower at 7.89 per cent and for post graduates it is at 6.64 per cent. Moreover, the level of unemployment increases by a greater proportion, after secondary level of education.

OBJECTIVE AND METHODOLOGICAL ISSUE

The main objective of the study is to highlight the effects of globalisation in the rural economy and rural education of Assam. Moreover, by taking some data collecting from the representative district of Assam (Lakhimpur) through the primary survey, an attempt has been made to find out the relationship between the formal education, skill-based education and the rural job market in the present global era.

The study is largely an empirical one. The universe of the study consists of all the rural households of Assam. One representative district, one with most of the characteristics of the state is selected. Since Assam economy is primarily agrarian and industrially backward, district Lakhimpur appears to be a good representative and it is selected. The district is composed of two subdivisions: North Lakhimpur and Dhakuakhana. Keeping the general characteristics of the state in mind 12 villages, five from Dhakuakhana subdivision and seven from North Lakhimpur subdivision are selected in such a way that all major communities of Assam are represented. From these villages 220 households from different communities are selected. The method used is stratified random sampling. The total numbers of people sampled are 1180. All categories and religions of people staying in the state are covered in the sample. The study is not based only on the primary data; whenever necessary the study also utilizes the secondary information. The primary survey has been carried out using a structured questionnaire.

RESEARCH QUESTION

1. Does the impact of globalisation through the skill-based education makes any change in the rural job market?
2. Does the formal education system itself a cause of rural unemployment problem in the present global era?

STATEMENT OF THE PROBLEM

After the introduction of globalisation, Indian economy emerge tremendous changes since 1991. The foreign reserve has been increasing, the industrial sector has been developing and the economic growth rate has been accelerating. Now different multinational companies come forward for investment in different state of India so that they can promote the global market. As a result the millions of Indian people are able to get the industrial product in the perfectly competitive global market very easily. But it brings some corns for small-scale and cottage industries. Not that globalisation has no negative effect, it has basically in the rural area. Rural economy is mostly depends on the agricultural sector. But globalisation does not have any positive impact on agriculture. On the country it has few detrimental effects as government is always willing to import food grains, sugar, etc. whenever there is a price increase of these commodities. Government never thinks to pay more to farmers so that they produce more food grains but resorts to imports. Except Punjab and Haryana, technological effect on agriculture is still not found in other state. In some cases, government provides some incentive but lack of their skillful knowledge; they are unable to take such advantage. Therefore, there is still a tendency to import food grains and other agricultural product from abroad. Moreover, owing to the effect of globalisation, the different multinational companies starting their business venture in rural areas and offer different job opportunities i.e. for the computer trainee, light machineries trainee, etc. among the local people. But due to the absence of skill-based education they are unable to take the advantage. Those have such skill are easily get the advantage. Therefore, the impact of globalisation is not emerging only economic sector, but also the rural education as well.

Normally the formal education is spread everywhere of the country but the skill-based education is concentrated basically in urban centers. There are still miles to go for providing skill-base education for the common people in India in general and Assam in particular so that they can easily participate in the global job market. The globalisation of education may have many benefits those are associated with the flow of ideas, knowledge and cultures through education from different countries to the rest of the world.

MAGNITUDE UNEMPLOYMENT IN ASSAM ECONOMY

As per the report of Employment and Unemployment survey 2009-10, Government of India, the rate of unemployment by broad usual activity was 4.1 per cent in rural Assam against 2.1 per cent in rural India. Similarly, the rate of unemployment in urban Assam was 5.8 per cent against 3.7 per cent at all-India level. There is a significant difference between unemployment status of males and females. In 2009-10, 3.6 per cent male and 6.8 per cent female workers in Assam were found unemployed against 1.9 per cent male and 2.4 per cent female workers in the country. Similarly, in urban areas, there were 4.4 per cent male and 14.3 per cent female workers unemployed in Assam against 3.0 per cent male and 7.0 per cent female workers in urban India (Government of India, 2011). The rate of unemployment in the state is not decreasing, rather it is increasing day by day. As per 66th round of NSSO report, the unemployment rate was 4.3 per cent in rural and 7.6 per cent in urban Assam, in the age group (15–59) according to the usual principal status.

EDUCATIONAL STATUS IN ASSAM

Literacy is an important input for economic development. As per the 2011 census the literacy rate of Assam is lower (73.2 per cent) than that of All-India average (74.0 per cent) and most of the better-off states of the country. The implementation of *Sarva Siksha Avijan* (SSA) and *Rastriya Madhyamik Siksha Avijan* (RMSA) have significantly spread education in Assam, like other parts of the country. In 1951, literacy rate of Assam was almost the same as in the country as a whole (Assam's literacy was then 18.5 per cent against the country's 18.3 per cent). The literacy rate of Lakhimpur district as per 2011 census is 78.4 per cent which is higher than that of the state and the country as a whole.

Education and the status of unemployment have a measure of relation. Educated unemployment is found largely in urban areas, but owing to the spread of education, it is also nowadays found in the rural areas. With the spread of education, the rate of rural unemployment seems to be rather growing. This is because of the low demand for educated labour in the rural economy. No doubt some youths with a few years of schooling take up agriculture and allied activities but most often they are forced to do it in the absence of any better alternatives. Even when they engage themselves in farming, they try to supplement their incomes through private tuition, agency-ship especially in selling of products of different companies, participation in or promotion of NGOs, etc.

TABLE 1: A COMPARISON OF RURAL EDUCATION LEVEL OF ASSAM WITH THAT OF THE NATIONAL LEVEL 2009-10

Standard	Assam	India
Not literate	12.0	25.4
Below Primary	11.5	12.9
Primary	22.5	17.1
Middle	29.6	19.5
Secondary	12.4	12.4
Higher Secondary	7.7	7.1
Diploma & Skill-based education	0.7	1.0
Graduate	3.3	3.7
PG & above	0.3	0.9

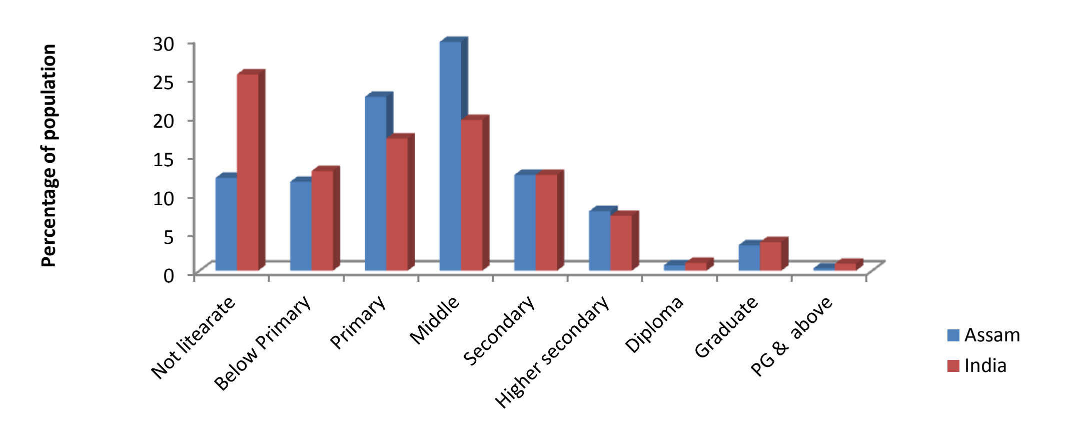
Source: Report of Employment and Unemployment Survey, 2009-10.

With the expansion of IT activities some rural people have found the opportunities of engaging themselves in various new activities such as mobile repairing, provisioning and servicing of dish TV, etc. The growth of educated unemployment is high because the turnover of educational institutions exceeds the required number of candidates. The unemployment may also increase due to slow growth of tertiary sector (Planning Commission, 2001).

Table 1 shows that the rate of rural illiteracy is lower in Assam (12 per cent) than the All-India average (25.4 per cent). In the state and the country as a whole, the percentages of those in middle standard are highest, i.e. 29.6 per cent and 19.5 per cent respectively. However, the percentage of people with PGs and above is lower in Assam (0.3 per cent) than All-India level (0.9 per cent).

Like the PGs and above, the proportion of graduates in Assam (3.3 per cent) is lower than that of All-Indian average (3.7 per cent). However, there is a significant difference between the literate and educated people. The educated people are defined as those with an education level which is secondary and above. There are about 24.4 per cent people who are educated in Assam against an all-India average of 25.1 per cent. Figure 1.1 shows the educational composition of population.

FIGURE 1.1: EDUCATIONAL STATUS OF RURAL PEOPLE IN DIFFERENT SCHOOLING LEVEL (IN PER CENT)



LEVEL OF EDUCATION

EDUCATION IN THE SURVEYED VILLAGES

The level of education is one of the important factors of employment generation. In rural area, though a very high educational level is not at all significant for rural work especially in agriculture, yet it is quite important for getting work opportunities in non-agricultural sectors. Table 2 shows the status of education in the surveyed villages. The literacy rate with formal education of the surveyed population is 80.1 per cent. Literacy rate is high in Kharkati (96.3 per cent) followed by Joriguri (92 per cent) and Bhoroluwa (91.1 per cent). In Soriyahbari it is lowest (42.6 per cent). The highest proportions of people (31.7 per cent) have an educational achievement up to the secondary level and 15 per cent have senior secondary level education (shown in appendix III). Those with the graduation level form 6 per cent while 12 per cent have primary level of education. The skill-based educated people are found only three villages namely Brisnupur, Kathabari and Tiokia covering 0.66 percent. People with secondary and senior secondary have the highest proportion in villages: Duliyagaon (42.9 per cent) and Kharkati (30.9 per cent), followed by Bamchapori (42.1per cent) and Kathabari (26.1per cent). It is lowest in Soriyahbari (6.4 per cent) and Brisnupur (1.5 per cent) for secondary and senior secondary respectively.

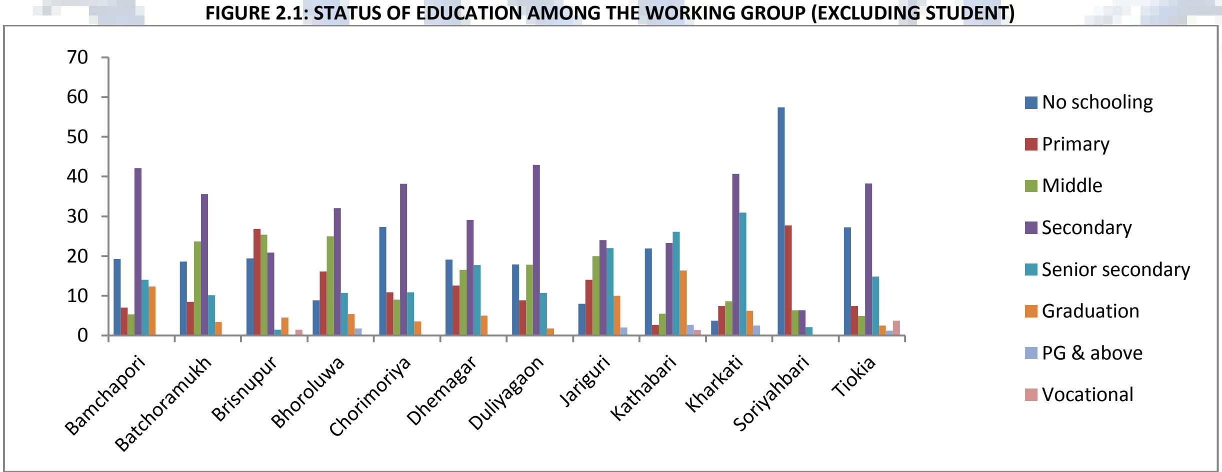
TABLE 2: PERCENTAGE DISTRIBUTION OF EDUCATIONAL STATUS OF THE WORKING PEOPLE IN THE SURVEYED VILLAGES (EXCLUDING STUDENT)

Villages	No schooling	Primary	Middle	Secondary	Senior secondary	Graduation	PG & above	Skill-based or Vocational	Rate of unemployment	Literacy Rate (with F.E.)
Bamchapori	19.3	7.0	5.3	42.1	14.0	12.3	0	0	**5.8**	**80.7**
Batchoramukh	18.6	8.5	23.7	35.6	10.2	3.4	0	0	**0**	**81.4**
Brisnupur	19.4	26.8	25.4	20.9	1.5	4.5	0	1.5	**6.3**	**80.6**
Bhoroluwa	8.9	16.1	25.0	32.1	10.7	5.4	1.8	0	**0**	**91.9**
Chorimoriya	27.3	10.9	9.0	38.2	10.9	3.6	0	0	**0**	**71.7**
Dhemagar	19.1	12.6	16.5	29.1	17.7	5.0	0	0	**0**	**80.9**
Duliyagaon	17.9	8.9	17.8	42.9	10.7	1.8	0	0	**5.8**	**82.1**
Jariguri	8.0	14.0	20.0	24.0	22.0	10.0	2.0	0	**0**	**92.0**
Kathabari	21.9	2.7	5.5	23.3	26.1	16.4	2.7	1.4	**0**	**78.1**
Kharkati	3.7	7.4	8.6	40.7	30.9	6.2	2.5	0	**0**	**96.3**
Soriyahbari	57.4	27.7	6.4	6.4	2.1	0	0	0	**20.0**	**42.6**
Tiokia	27.2	7.4	4.9	38.3	14.8	2.5	1.2	3.7	**4.8**	**72.8**
Total	**19.97**	**11.97**	**13.67**	**31.67**	**15.11**	**6.04**	**0.91**	**0.66**	**3.6**	**80.1**

Source: Primary Survey, 2010-11.

Note: * F. E. refers formal education

FIGURE 2.1: STATUS OF EDUCATION AMONG THE WORKING GROUP (EXCLUDING STUDENT)



X axis = Surveyed Villages

Y axis = Level of Education

Kathabari is the village with the highest percentage (16.4 per cent) of people having the graduation level education, while the village, Soriyahbari has no graduate. There are only five villages where at least one person studied up to PG level or above.

LEVEL OF EDUCATION AND UNEMPLOYMENT IN THE SURVEYED VILLAGES

Table 3 shows the educational characteristics of the unemployed. The incidence of unemployment is not found among the illiterate and skill-based educated people. Unemployment begins with literacy; 7.1 per cent of the unemployed have a primary level education. The model education level is secondary, graduation and post-graduation. As high as 28.57 per cent of the unemployed have a secondary level education and the same percentage of the unemployed have the graduation and post-graduation level of education.

TABLE 3: UNEMPLOYMENT AND EDUCATION

Level of education	Unemployed	
	Number	percentage
Illiterate	0	-
Primary	1	7.14
Middle	2	14.29
Secondary	4	28.57
Seniour Secondary	3	21.43
Graduation & others	4	28.57
Skill-based education	0	0.00
All	14	100

Source: Primary Survey, 2010-11.

**Unemployed is measured in Current Daily Status Activity (in NSSO norms)*

The absence of unemployment among the illiterates is perhaps a reflection of their willingness to undertake menial work even at low wage rates. On the other extreme, the incidence of unemployment decreases if the level of skill-based education increases. In the surveyed area as high as 0.66 per cent of the labour force is educated with vocational or skill-based education and all are absorbed in different job.

The relationship between rate of unemployment (U_n), literacy rate with formal education (L_t) and rate of skill-based education (S_{Ed}) shows in specification (i).

U_n = 31.95*- 0.36Lt* - 0.42**S_{Ed}……………………..(i)

(1.65) (10.23) (0.21)

$R^2 = 0.684$ $\bar{R}^2 = 0.621$ N = 220

** Significant at one per cent level*

***Significant in five per cent*

It is reveal in specification (i) that the rate of unemployment is negatively related with rate of literacy with formal education and the rate of skill-base educated people. Where one per cent increase of literacy rate with formal education can decrease the unemployment rate by 0.36 per cent point and one per cent change of skill-based education can remove the unemployment by 0.42 per cent point. The “t” values are significant at one per cent and five per cent level respectively. Moreover, the explanatory power (R^2) is about 68 per cent; explain a higher degree of significance. The negative relationship between unemployment and literacy rate (both formal and skill-based education) perhaps reflection of the expansion of non-agricultural working opportunities in the rural area.

CONCLUSION & POLICY PRESCRIPTION

The effect of globalisation in both education and economic sector of the country is highly discussed area among the researchers. These two are the main pillar of rural development in terms of employment generation and poverty eradication. But there are some positive and some negative impacts of globalisation on these sectors. As the rural development in the present global era is concerned we must welcome the spread effect while carefully looking after the backwash effect so that it cannot create excess burden over time. On the other hand, for development of rural economy in the present global era, we must interdependence the development of each other, i.e. on development of education and economy as well. Though the level of Education has expanded in the rural areas, but this expansion has not been accompanied with the opening of new avenues of employment for the educated rural youth. The type of education imparted in schools and non-technical colleges is not much demanded in many branches of employment, rather technical skill and vocational training is more in demand.

To promote skilled based education along with formal education, the curriculum should rearrange so that the rural as well as the common people easily participate in the global job market. Moreover, by introducing the training-cum-participation programme especially in agricultural sector in terms of agricultural mechanisation, perhaps, beneficial for employment generation in rural area is concern.

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FDI IN INDIA: TREND, ISSUES AND CHALLENGES

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ABSTRACT

Foreign Investment is considered to be the life blood and an important vehicle of for economic development as far as the developing nations are concerned. Its global popularity and positive output in augmenting the domestic capital, productivity and employment; has made it an indispensable tool for initiating economic growth in countries. But there are some controversies and challenges regarding FDI in India and there is a need to reflect upon the question that will high growth and inflows of FDI be able to solve structural imbalances of Indian economy and whether it will succeed in improving the lot of bottom section of the Indian economy, which are living in abysmally poor socio-economic conditions. The employment elasticity in the agriculture and industrial sector has gone down in the post-reform period, therefore, the creation of employment opportunities will be a gigantic task for the policy makers. FDI has come in the most capital-intensive sectors; therefore, the required employment opportunities could not be created especially for the manual and the semi skilled labor while high skilled workforce gained substantially. That is why high growth is called urban centric and thus has developed a wedge between the urban and rural economy. This paper focuses on such issues and challenges.

KEYWORDS
Foreign Direct Investment (FDI), Growth, flow of FDI, policy recommendation.

INTRODUCTION
Before 1991, the Indian financial system was isolated from the international financial markets. Indian companies could only access the Indian capital markets which means their sources of finance were restricted with in India. After the economic liberalization, the openness was introduced in the Indian financial system and option of global market was opened for Indian business entrepreneur. They can tap international sources for both debt and equity and global depository receipts (GDR) and American Depository Receipts (ADR) were the main market instruments used by the Indian companies. At the same time international finance also comes in the form of foreign direct investment (FDI), under this source direct equity contribution by MNC's are made to expand their operation beyond their national boundaries in the form of new enterprises as a branch or as subsidiary, expansion of overseas branch or subsidiary and acquisition of an overseas business. A tremendous change has occurred in the Indian financial system with regard to its integration with the global financial markets.

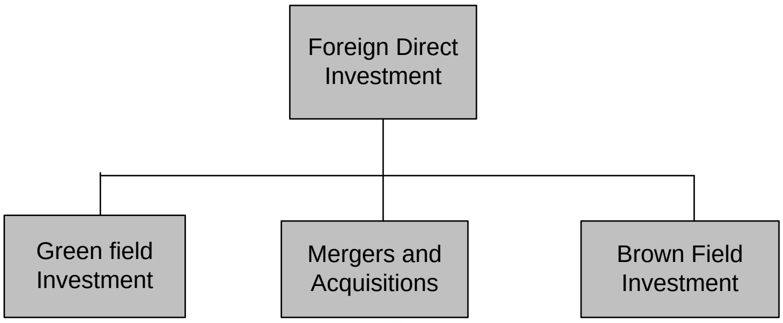
Foreign direct investment (FDI) has become an integral part of national development strategies for almost all the nations globally specially for developing countries. Its global popularity and positive output in augmenting of domestic capital, productivity and employment; has made it an indispensable tool for initiating economic growth for countries. In India, FDI is considered as a good source of flow of foreign capital as it not only adds value to the domestic resources but also an important source of technology and global best practices. Foreign direct investment is done for many reasons including to take advantage of cheaper wages in the country, special investment privileges such as tax exemptions offered by the country as an incentive to gain tariff-free access to the markets of the country or the region.

Now there is a need to reflect upon the question that will high growth and inflows of FDI be able to solve structural imbalances of Indian economy and whether it will succeed in improving the lot of bottom section of the Indian economy, which are living in abysmally poor socio-economic conditions. The employment elasticity in the agriculture and industrial sector has gone down in the post-reform period, therefore, the creation of employment opportunities will be a gigantic task for the policy makers. FDI has come in the most capital-intensive sectors; therefore, the required employment opportunities could not be created especially for the manual and the semi skilled labor while high skilled workforce gained substantially. That is why high growth is called urban centric and thus has developed a wedge between the urban and rural economy. There is urgent need to solve this problem.

OBJECTIVES OF THE STUDY
The main objective of the study is to discuss Current issues and challenges related to FDI in India. The other objectives are:
1. To review FDI Policy framework in India.
2. To discuss the FDI limits of various sectors in India.
3. To study the country wise FDI inflows in India.
4. To address various issue and concern relating to FDI.

RESEARCH METHODOLOGY
The present study is of analytical and descriptive nature. For this study data and information has been gathered through secondary sources including Magazines, Newspapers, and reports of RBI, department of Industrial Promotion and Policy, Centre for Monitoring Indian Economy, books on Foreign Investment, Research Journals, and articles written by eminent authors.

FDI POLICY FRAMEWORK IN INDIA
FDI is the process whereby resident of one country acquires ownership of assets for the purpose of controlling the production, distribution and other activities of a firm in another country. In other words FDI is characterized as any form of long-term investment that earns interest in an enterprise which functions outside the domestic territory of the investor. FDI can of following types: -
Foreign Direct Investment (FDI) has been classified in a following manner:



1. **Green Field Investment**. It involves starting from scratch means constructing new infrastructure for the purpose of business or investment abroad through opening of the branches
2. **Mergers and acquisitions** are either outright purchase of running company abroad or an amalgamation with a running foreign company.
3. **Brown field investment** involves just maintenance of existing one or cosmetic additions to the existing one.

1.1 ROUTES OF FOREIGN DIRECT INVESTMENT

An Indian company may receive Foreign Direct Investment under the two routes as given under:

- **Automatic Route**: FDI under the automatic route does not require any prior approval either by the Government or the Reserve Bank. The investors are only required to notify the concerned regional office of the RBI within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issuance of shares to foreign investors.
- **Government Route/FIPB Route**: Under this Route, FDI approval is made by three institutions, viz., the Foreign Investment Promotion Board (FIPB), the Secretariat for Industrial Assistance (SIA) and the Foreign Investment Implementation Authority (FIIA).Under the approval route, the proposals are considered in a time-bound and transparent manner by the FIPB. Approvals of composite proposals involving foreign investment/ foreign technical collaboration are also granted on the recommendations of the FIPB.

AUTHORITIES DEALING WITH FOREIGN INVESTMENT

(a) Foreign Investment Promotion Board (popularly known as FIPB)**:** The Board is responsible for expeditious clearance of FDI proposals and review of the implementation of cleared proposals. It also undertakes investment promotion activities and issue and review general and sectoral policy guidelines;
(b) Secretariat for Industrial Assistance (SIA): It acts as a gateway to industrial investment in India and assists the entrepreneurs and investors in setting up projects. SIA also liaison with other government bodies to ensure necessary clearances;
(c) Foreign Investment Implementation Authority (FIIA): The authority works for quick implementation of FDI approvals and resolution of operational difficulties faced by foreign investors;
(d) Investment Commission
(e) Project Approval Board
(f) Reserve Bank of India

REPATRIATION OF PROFITS EARNED ON FOREIGN INVESTMENT CAPITAL IN INDIA

All foreign investments are freely repatriable except for the cases where NRIs choose to invest specifically under non-repatriable schemes. Dividends declared on foreign investments can be remitted freely through an authorized dealer. Non-residents can sell shares on stock exchange without prior approval of RBI and repatriate through a bank the sale proceeds if they hold the shares on repatriation basis and if they have necessary NOC/tax clearance certificate issued by Income Tax authorities. For sale of shares through private arrangements, regional offices of RBI grant permission for recognized units of foreign equity in Indian company in terms of guidelines indicated in Regulation 10.B of Notification No. FEMA.20/2000 RB dated 3rd May 2000. The sale price of shares on recognized units is to be determined in accordance with the guidelines prescribed under Regulation 10B (2) of the above Notification. Profits, dividends, etc. (which are remittances classified as current account transactions) can be freely repatriated.

FDI LIMITS FOR VARIOUS SECTORS

Foreign Direct Investment (FDI) in India is subject to certain Rules and Regulations and is subject to predefined limits ('Limits') in various sectors which range from 20% to 100%. There are also some sectors in which FDI is prohibited. The FDI Limits are reviewed by the Government from time to time and as and when the need is felt and FDI is allowed in new sectors where the limits of investment in the existing sectors are modified accordingly. In order to revise the FDI Limits to attract more foreign investment in India, the Union Government constituted a committee named, Arvind Mayaram Committee headed by the Economic Affairs Secretary. On 16th July, 2013, the Government approved the recommendations given by the Arvind Mayaram Committee to increase FDI limits in 12 sectors out of the proposed 20 sectors, including crucial ones such as defense and telecom.

SECTOR SPECIFIC LIMITS OF FOREIGN INVESTMENT IN INDIA			
Sector	**FDI Cap/Equity**	**Entry Route**	**Other Conditions**
A. Agriculture 1. Floriculture, Horticulture, Development of Seeds, Animal Husbandry, Pisciculture, Aquaculture, Cultivation of vegetables & mushrooms and services related to agro and allied sectors.	100%	Automatic	
2. Tea sector, including plantation	100%	FIPB	
(FDI is not allowed in any other agricultural sector /activity)			
B. Industry 1. Mining covering exploration and mining of diamonds & precious stones; gold, silver and minerals.	100%	Automatic	
2. Coal and lignite mining for captive consumption by power projects, and iron & steel, cement production.	100%	Automatic	
3. Mining and mineral separation of titanium bearing minerals	100%	FIPB	
C. Manufacturing 1. Alcohol- Distillation & Brewing	100%	Automatic	
2. Coffee & Rubber processing & Warehousing.	100%	Automatic	
3. Defence production	26%	FIPB	
4. Hazardous chemicals and isocyanates	100%	Automatic	
5. Industrial explosives –Manufacture	100%	Automatic	
6. Drugs and Pharmaceuticals	100%	Automatic	
7. Power including generation (except Atomic energy); transmission, distribution and power trading.	100%	Automatic	
(FDI is not permitted for generation, transmission & distribution of electricity produced in atomic power plant/atomic energy since private investment in this activity is prohibited and reserved for public sector.)			
D. Services **1. Civilaviation (Greenfield projects and Existing projects)**	100%	Automatic	
2. Asset Reconstruction companies	49%	FIPB	
3. Banking (private) sector	74% (FDI+FII). FII not to exceed 49%	Automatic	
4. **NBFCs** : underwriting, portfolio management services, investment advisory services, financial consultancy, stock broking, asset management, venture capital, custodian, factoring, leasing and finance, housing finance, forex broking, etc.	100%	Automatic	s.t.minimum capitalisation norms
5. Broadcasting a. FM Radio b. Cable network; c. Direct to home; d. Hardware facilities such as up-linking, HUB. e. Up-linking a news and current affairs TV Channel	20% 49% (FDI+FII) 100%	FIPB	
6. Commodity Exchanges	49% (FDI+FII) (FDI 26 % FII 23%)	FIPB	
7. Insurance	26%	Automatic	Clearance from IRDA
8. Petroleum and natural gas : a. Refining	49% (PSUs). 100% (Pvt. Companies)	FIPB (for PSUs). Automatic (Pvt.)	
9. Print Media a. Publishing of newspaper and periodicals dealing with news and current affairs b. Publishing of scientific magazines / speciality journals/periodicals	26% 100%	FIPB FIPB	S.t.guidelines by Ministry of Information & broadcasting
10. Telecommunications a. Basic and cellular, unified access services, national / international long-distance, V-SAT, public mobile radio trunked services (PMRTS), global mobile personal communication services (GMPCS) and others.	74% (including FDI, FII, NRI, FCCBs, ADRs/GDRs, convertible preference shares, etc.	Automatic up to 49% and FIPB beyond 49%.	

Source: Reserve Bank of India

SECTORS WHERE FDI IS BANNED

1. Retail Trading (except single brand product retailing);
2. Atomic Energy;
3. Lottery Business including Government / private lottery, online lotteries etc;

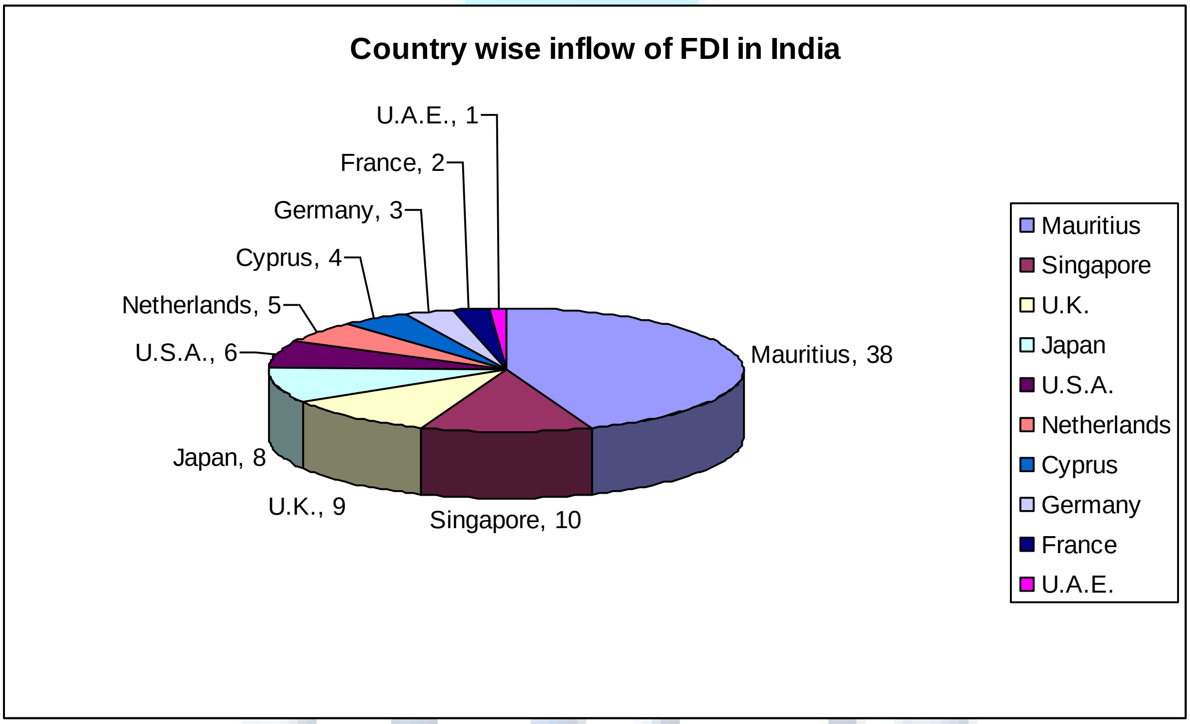
4. Gambling and Betting including casinos etc.;
5. Business of chit fund;
6. Trading in Transferable Development Rights (TDRs);
7. Activities/sector not opened to private sector investment;
8. Agriculture (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and cultivation of vegetables, mushrooms etc. under controlled conditions and services related to agro and allied sectors) and Plantations (Other than Tea Plantations);
9. Real estate business, or construction of farm houses; Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco or of tobacco substitutes.

COUNTRY WISE INFLOW OF FDI IN INDIA

It is proposed to analyse the country wise inflow of foreign direct investment in India during 2001 to 2013. The data relevant to the analysis is presented in table.

Ranks	Country	Amount (in US$ Million)	%
1	Mauritius	73666	38
2	Singapore	19460	10
3	U.K.	17549	9
4	Japan	14550	8
5	U.S.A.	11121	6
6	Netherlands	8965	5
7	Cyprus	6889	4
8	Germany	5480	3
9	France	3573	2
10	U.A.E.	2422	1

Source: RBI Bulletin 2013



Above table portrays the country-wise FDI equity inflows in India. It shows the total amount of inflows from 2000 to 2013 in terms of US $. Table discloses that the Mauritius country has the highest foreign investment in India with 38.14%. Mauritius is at top in investing FDI in India followed by Singapore, UK, Japan and so on. U.S.A also gets 5th position in this category with 5.84%.

India is the fourth largest economy in terms of purchase power parity. India have the second largest road network in the world, spanning 3.3 million kilometers, easy availability of labour at cheap rates, raw materials supplied abundantly and fully developed banking system. These are the reasons which facilitate the flow of FDI from different countries in India.

FDI: CURRENT ISSUES AND CHALLENGES

ISSUES

- **Predatory pricing issue-** Threat of MNC's using predatory pricing policies to wipe out competition from the market. Thus a possibility of unfair trade war can't be wiped out.
- The promise of back end sourcing within tunes of 30% might not materialize as seen in case of IKEA- the furniture giant refusing to be bound to source from local manufacturers over quality issues.
- FDI promises to provide jobs to people but the jobs will mostly be high end and lots of jobs lost to unskilled employees.
- Recent controversy of Wal-Mart allegedly paying bribe to secure FDI in several nations like China, India and Brazil cast shadows over the transparency of the whole idea of FDI.
- FDI investment implementation decision is left to states but recently Delhi and now Rajasthan with changed non-Congress regime have decided to not implement it while first agreeing when ruled by Congress govt. The whole unpredictability and lack of firm guidelines make it a shoddy investment for foreign companies as it involves huge investment to begin with.
- **High Entry Barriers might be erected**-Issue of Hypermarkets being promoted or MNC/ mall culture being promoted might lead discourage small entrepreneurs from entering the market.

- Drastic shift in crop patterns might affect food security as MNC's promote mono crop large scale cultivation with contract farming..
- 26% Cap in FDI in defense is called to be insufficient according to industry experts who think the low cap is a disincentive for foreign firms to invest in this crucial sector. Increase in FDI in the defense sector becomes all the more important as India and the US are working to boost their defense ties and co-development under the Defense Trade Initiative (DTI). But issues underlying this crucial decision are many. Typical concerns that make foreign investments in the defense sector important from a national security perspective are:

(i) Foreign owners could eventually restrict defense supplies to host governments;
(ii) Foreign owners could use acquired technologies to harm host government's security interests;
(iii) Foreign-acquired domestic firms could be used for surveillance, infiltration and sabotage against the host governments and
(iv) Particularly from a developing country perspective, foreign ownership could result in widespread infusion of low-end technologies that could wipe out nascent defense industrial bases in the host countries.

- Though FDI permitted in telecommunications with a large share but it's mired in controversy with privacy and security concerns.

CHALLENGES

India is focusing on maximizing political and social stability along with a regulatory environment. In spite of the obvious advantages of FDIs, there are quite a few challenges facing FDIs in India, such as:

1. **Resource challenge**: India is known to have huge amounts of resources. There is manpower and significant availability of fixed and working capital. At the same time, there are some underexploited or unexploited resources. The resources are well available in the rural as well as the urban areas. The focus is to increase infrastructure 10 years down the line, for which the requirement will be an amount of about US$ 150 billion. This is the first step to overcome challenges facing larger FDI.
2. **Equity challenge**: India is definitely developing in a much faster pace now than before but in spite of that it can be identified that developments have taken place unevenly. This means that while the more urban areas have been tapped, the poorer sections are inadequately exploited. To get the complete picture of growth, it is essential to make sure that the rural section has more or less the same amount of development as the urbanized ones. Thus, fostering social equality and at the same time, a balanced economic growth.
3. **Political Challenge**: The support of the political structure has to be there towards the investing countries abroad. This can be worked out when foreign investors put forward their persuasion for increasing FDI capital in various sectors like banking, and insurance. So, there has to be a common ground between the Parliament and the foreign countries investing in India. This would increase the reforms in the FDI area of the country.
4. **Federal Challenge**: Very important among the major challenges facing larger FDI is the need to speed up the implementation of policies, rules, and regulations. The vital part is to keep the implementation of policies in all the states of India at par. Thus, asking for equal speed in policy implementation among the states in India is important. Federal legislation is another perverse impediment for India. Local authorities in India are not part of the approval process and the large bureaucratic structure of the central government is often perceived as a breeding ground for corruption. Foreign investment is seen as a slow and inefficient way of doing business, especially in a paperwork system that is shrouded in red tape.
5. **Investment challenges**: India must also focus on areas of poverty reduction, trade liberalization, and banking and insurance liberalization. Challenges facing FDI are not just restricted to the ones mentioned above, because trade relations with foreign investors will always bring in new challenges in investments.
6. **Inadequate and region specific infrastructure**: Physical infrastructure is the biggest hurdle that India currently faces, to the extent that regional differences in infrastructure concentrates FDI to only a few specific regions. While many of the issues that plague India in the aspects of telecommunications, highways and ports have been identified and remedied, the slow development and improvement of railways, water and sanitation continue to deter major investors. Public transport is a particular infrastructure challenge; in Bangalore, for example, Infosys Technologies spends US$5 million a year to transport its 18,000 employees to their place of work.
7. **Other challenges** include income disparities, bureaucracy, environmental impact of development, and corruption.

POLICY RECOMMENDATIONS

- FDI can be instrumental in developing rural economy. There is abundant opportunity in Greenfield Projects. But the issue of land acquisition and steps taken to protect local interests by the various state governments are not encouraging. Government of India has enacted an act to address this issue named **Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013** to replace the 120 year old Land Acquisition Act 1894. But the new act still is lacking in certain policy areas. Early addressal of lacuna will strengthen confidence among investors and will be a key to attracting more FDI in several areas in India.
- India has a huge pool of working population and a favorable edge as in large number of youth i.e. **Demographic Dividend**. However, due to poor quality primary education and mismatch between education and skills; there is still an acute shortage of employable working population. This factor has negative repercussion on domestic and foreign business. FDI in Education Sector is less than 1%. Given the status of primary and higher education in the country, FDI in this sector must be encouraged. However, appropriate measure must be taken to ensure quality. The issues of commercialization of education, regional gap and structural gap have to be addressed on priority.
- Indian economy is largely agriculture based. There is plenty of scope in food processing, and investment in agriculture services and agriculture machinery. FDI in this sector should be encouraged but the issue of food security, interest of small farmers and marginal farmers need cannot be ignored for the sake of mobilization of foreign funds for development. Thus a balance needs to be achieved for sustainable and all round development.
- India has a well developed equity market but does not have a well developed debt market. Steps should be taken to improve the depth and liquidity of debt market as many companies may prefer leveraged investment rather than investing their own cash. Looking for debt funds in their own country invites exchange rate risk.
- In order to improve technological competitiveness of India, FDI into R&D should be promoted. Various issues pending relating to Intellectual Property Rights, Copy Rights and Patents need to be addressed on priority. Special package can be also instrumental in mobilizing FDI in R&D.
- Though service sector is one of the major sources of mobilizing FDI to India, plenty of scope exists. Still we find the financial inclusion is missing. Large part of population still doesn't have bank accounts, insurance of any kind, underinsurance etc. These problems could be addressed by making service sector more competitive. Removal of sectoral cap in insurance is still awaited.

CONCLUSION

Despite a surge in foreign investments, rigid FDI policies resulted in a significant hindrance. However, due to some positive economic reforms aimed at deregulating the economy and stimulating foreign investment, India has positioned itself as one of the front-runners of the rapidly growing Asia Pacific Region. FDI might prove to be an important source of financing the economic development of our nation. However, we must not forget that FDI alone can't be a solution for poverty eradication, unemployment and other economic ills. Thus India while holding on to its current policy of sector selective FDI, must be on lookout for broadening its base while keeping in mind our nation specific socio-economic constraints so that an all beneficial FDI may lead our nation to the path of progress.

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PERSONAL INCOME TAX STRUCTURE IN INDIA: AN EVALUATION

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ABSTRACT
In the present paper an attempt has been made to throw light on prevailing personal income tax structure in India. The paper briefly analyses the issues relating to high tax burden on people falling under low and medium income groups. Researcher concludes that there is still a need to bring more reforms in the personal income tax structure in the form of broadening the exemption limits, lowering the tax rates, reorganizing the different income tax slabs and simplify overall tax procedure so that people could be encouraged for compliance of tax laws.

KEYWORDS
Structure, Slabs, Reorganizing, Exemptions, Broadening.

INTRODUCTION
As per Income Tax Act 1961, every person (Individuals, Companies, Hindu undivided families, Firms, Cooperative Societies and all other artificial judicial persons) whose total income exceeds maximum exemption limit is liable to pay income tax at the rates prescribed in the act. It is not a voluntary payment but an enforced contribution that is why tax is known as financial charge or levy. Despite the fact that money provided by taxation is used to carry out many functions for the welfare of the society, it usually gives a feeling of displeasure to tax payee. Actually, tax payer does not want that his hard core earned money should be taken away from him. History is witness that there is always a struggle between tax payer and tax collector. This may be due to the irrational structure of Personal Income tax. The tax rates, tax base and tax slabs in Personal Income Tax schedule were exorbitantly higher by any standards during the period under review. The need for rationalization of tax structure was felt long back but very little reform has been seen so for.

REVIEW OF LITERATURE
It is a matter of general belief that taxes on income and wealth are of recent origin but there is enough evidence to show that taxes on income in some form or the other were levied even in primitive and ancient communities.(IT circular, 2010). India has a tax charter with three-tier federal structure (Union, state governments. & local bodies). (Bernardi, 2005) The rapid changes in administration of direct taxes, during the last decades, reflect the history of socio-economic thinking in India. (CBDT report, 2009) Governments use different kinds of taxes and vary tax rates because taxes are one of the significant sources of revenue. (Asia trade hub .com) Quite apart from its role of raising revenue, the personal income tax has long been regarded as a potent weapon of effecting distributive justice (Nayak, 1989). Secondly, it is an instrument of equity, social justice and income distribution.(Sahota,1961) Another common and most empirically used way to understand its role is the ratio of personal income tax to total tax revenue and national income.(Agarwal,1991) A good tax system is characterized by a high responsiveness of tax revenue to changes in income of public bodies or national income; the technique of measuring this response is tax elasticity and tax buoyancy. Tax policy forms an important part of development process in a developing economy. The total tax revenue is dependent upon three variables viz., tax rate, tax base, and national income. (Ankita, 2009) Tax reforms sometime bring changes in taxation system. A tax payer sometime finds it difficult to understand whether change in tax liability is due to legislative change in the federal tax code or shift in his or her own circumstance. (Troyet all) There has been change in Personal income tax rates, tax brackets and rate of surcharges from time to time. As rates remained stable since 1997–98, at 10, 20, and 30%, with some changes in the associated tax brackets. A surcharge of 5 % of the income tax payable was imposed in 2002–03 in the wake of the Kargil war and was discontinued the following year. It was replaced, however, with a separate 10 % surcharge imposed on all taxpayers with taxable incomes above ` 850,000; the level was raised to ` 1million in the 2005–06 budgets. (Raoen all)

OBJECTIVES OF THE STUDY
The objectives of the study are:
1. To measure the trend of personal income tax structure in India.
2. To determine the present scenario and future prospects of prevailing income tax structure.
3. To suggest suitable measures for rational personal income tax scheme.

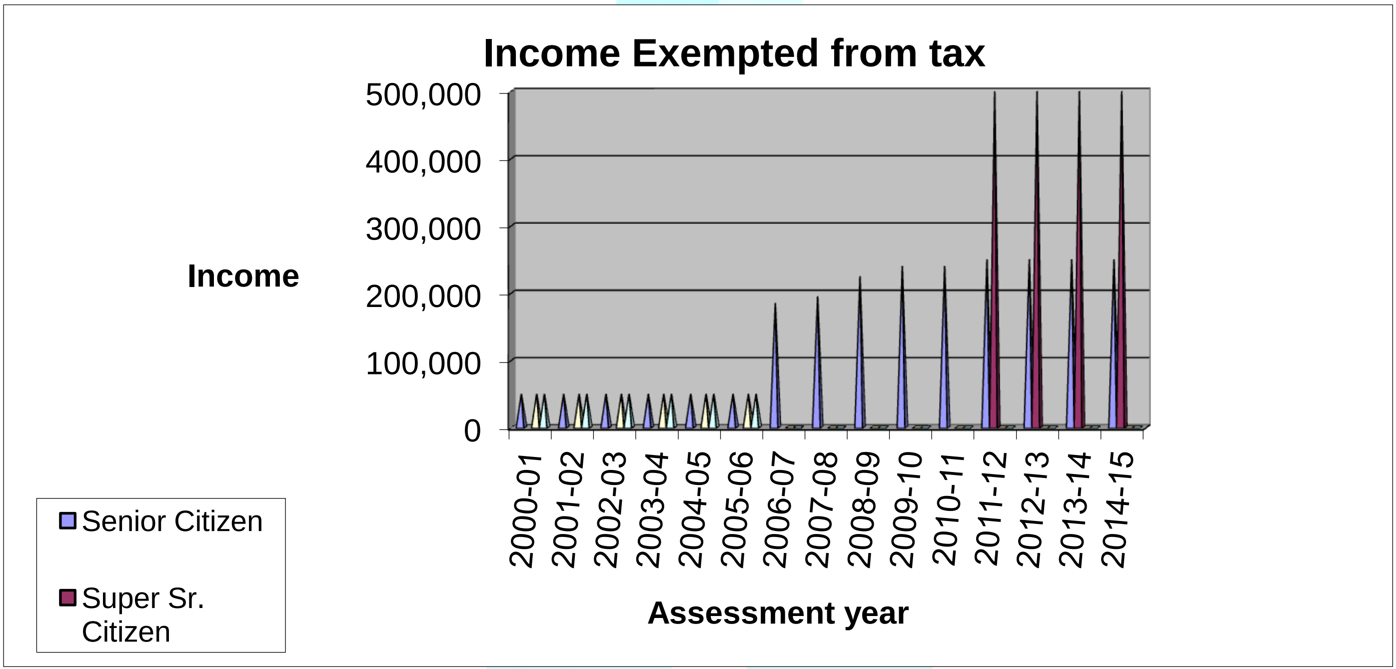
LIMITATIONS AND SCOPE OF THE STUDY
Personal income tax in India may be said to consist of taxes on the non-agricultural incomes of three types of assesses: Individuals, Hindu Undivided families, unregistered firms and other associations of persons. However, present study is confined only to general tax payers. Hence, there is further scope of study.

RESEARCH METHODOLOGY
Present study is descriptive and exploratory in nature. Here researcher has taken 15 financial years (2000-2001 to 2014- 2015) personal income tax rate and calculated tax burden accordingly. Various books on direct taxes, indirect taxes, public finance, circulars of CBDT, reports in newspapers, research papers in journals and magazines, statistics based on various issues of economic survey of Govt. of India, various internet sites, and other relevant literature were consulted. Guidance of the experts in the field and view of public is also considered for carrying out the study. Present study has passed through the following stages:
1. Composition and comparative analysis of income exempted from tax.
2. Composition of total tax liability of general tax payer for period under review.
3. Composition of growth rate of tax burden.
4. Composition of tax liability on different income slabs.
5. Conclusion and suggestions.

COMPOSITION AND COMPARATIVE ANALYSIS OF INCOME EXEMPTED FROM TAX
Table1 under reference depicts tax free income of male, female and senior citizen. Study shows that exemption limit remained constant for first six financial years under review, despites raising cost of living and additional requirement for better life. Although the increased proportion of tax free income thereafter is significant but the pace has not been in consonance with raising prices all around.

TABLE 1: TAX FREE INCOME FOR MALE, FEMALE, SENIOR CITIZEN AND SUPER SENIOR CITIZEN

Assesment Year	Male	Female	Senior Citizen	Super Sr. Citizen
2000-01	50,000	50,000	50,000	---
2001-02	50,000	50,000	50,000	---
2002-03	50,000	50,000	50,000	---
2003-04	50,000	50,000	50,000	---
2004-05	50,000	50,000	50,000	---
2005-06	50,000	50,000	50,000	---
2006-07	1,00,000	1,35,000	185,000	---
2007-08	1,10,000	1,45,000	195,000	---
2008-09	1,50,000	1,80,000	225,000	---
2009-10	1,60,000	1,90,000	240,000	---
2010-11	1,60,000	1,90,000	240,000	---
2011-12	1,80,000	1,90,000	250,000	500,000
2012-13	1,80,000	1,90,000	250,000	500,000
2013-14	2,00,000	2,00,000	250,000	500,000
2014-15	2,00,000	2,00,000	250,000	500,000



In the year 2011-12, a new category called "Very senior citizen" has been added for people above 80 years. Now we have two types of senior citizens "Senior citizen" up to 60 years of age and 'Very senior citizen in the age of 80 year or above. The threshold limit of income exempted from tax for newly created category of assesses is ` 500,000, thereafter they have to pay tax according to prevailing tax rates. Interesting point here is that higher the amount of income exempted from tax, lower the number of individual who will fall in the last category

2. COMPOSITION OF TOTAL TAX LIABILITY OF GENERAL TAX PAYER FOR PERIOD UNDER REVIEW

TABLE 2: TREND OFTAX RATES AND TAX LIABILITY FOR GENERAL TAX PAYERS

Assessment year	Income	Rate	liability	Income	Rate	Liability	Income	Rate	Liability
2000-01	50,001 to 60,000	10%	1,000	60,001 to 1,50,000	20%	18,000	1,50,001 to 11,00,000	30%	285000
2001-02	50,001 to 60,000	10%	1,000	60,001 to 1,50,000	20%	18,000	1,50,001 to 11,00,000	30%	285000
2002-03	50,001 to 60,000	10%	1,000	60,001 to 1,50,000	20%	18,000	1,50,001 to 11,00,000	30%	285000
2003-04	50,001 to 60,000	10%	1,000	60,001 to 1,50,000	20%	18,000	1,50,001 to 11,00,000	30%	285000
2004-05	50,001 to 60,000	10%	1,000	60,001 to 1,50,000	20%	18,000	1,50,001 to 11,00,000	30%	285000
2005-06	100,001 to 1,50,000	10%	5,000	1,50,001 to 2,50,000	20%	20,000	2,50,001 to 11,00,000	30%	255000
2006-07	100,001 to 1,50,000	10%	5,000	1,50,001 to 2,50,000	20%	20,000	2,50,001 to 11,00,000	30%	255000
2007-08	100,001 to 1,50,000	10%	4,000	3,00,000 to 5,00,000	20%	20,000	2,50,001 to 11,00,000	30%	255000
2008-09	1,50,001 to 3,00,000	10%	15,000	3,00,000 to 5,00,000	20%	40,000	5,00,001 to 11,00,000	30%	180000
2009-10	1,60,001 to 5,00,000	10%	14,000	5,00,001 to 8,00,000	20%	40,000	5,00,001 to 11,00,000	30%	180000
2010-11	1,60,001 to 5,00,000	10%	34,000	5,00,001 to 8,00,000	20%	60,000	8,00,001 to 11,00,000	30%	90000
2011-12	1,80,000 to 5,00,000	10%	32,000	5,00,001 to 8,00,000	20%	60,000	8,00,001 to 11,00,000	30%	90000
2012-13	1,80,000 to 5,00,000	10%	32,000	5,00,001 to 8,00,000	20%	60,000	8,00,001 to 11,00,000	30%	90000
2013-14	2,00,001 to 5,00,000	10%	30,000	5,00,001 to 10,00,000	20%	80,000	10,00,001 to 11,00,000	30%	30000
2014-15	2,00,001 to 5,00,000	10%	30,000	5,00,001 to 10,00,000	20%	80,000	10,00,001 to 11,00,000	30%	30000

Composition of total personal income tax liability (tax on all the three slabs in each financial year) of individual tax payer from FY 2000-01 to 2014-15 is shown in table 2. Here taxable income up to 1100000 is taken into consideration and tax load on each slab is calculated accordingly. Tax liability on first income bracket varies between `1000 to ` 30000 for entire period under review. In case of second income bracket, it is 18,000 in 2000-2001 and 80000 in 2014-15. Surprisingly, in case of third income bracket, liability is maximum in the beginning (285000) and minimum in the end 30000). However, total tax load is showing decreasing trend but this is one side of the coin because those who fall in the third income bracket are people with high income level. Increasing trend of tax load in case of first and second income slabs during the period under review indicates that those who fall in the low and medium income group are highly taxed than their counterparts who are in the third income bracket. Furthermore, the growth rate of total tax load, which is given in table 3, varies between 27.64% to 12.73% between 2000-01 to 2014-115. Keeping in view the growth rate of taxes on first and second income groups there is ample justification to say that there is need to bring reform in prevailing personal income tax structure in the form of lower tax rates. Due to inflationary tendency in the country, those who fall in tax bracket feel double snag, which can affect adversely their sustainability on the one hand, and willingness to contribute for tax payments on the other.

COMPOSITION OF GROWTH RATE OF TAX BURDEN FROM 2000-2014

TABLE 3: GROWTH RATE OF TAX LIABILITY (2000-01 TO 2014-15)

Financial year	Tax Load on First slab	Tax load in Second slab	Tax load in Third slab	Total tax load	Total Taxable income	Tax liability (in %)
2000-01	1,000	18,000	285,000	304,000	1,100,000	27.64
2001-02	1,000	18,000	285,000	304,000	1,100,000	27.64
2002-03	1,000	18,000	285,000	304,000	1,100,000	27.64
2003-04	1,000	18,000	285,000	304,000	1,100,000	27.64
2004-05	1,000	18,000	285,000	304,000	1,100,000	27.64
2005-06	5,000	20,000	255,000	280,000	1,100,000	25.45
2006-07	5,000	20,000	255,000	280,000	1,100,000	25.45
2007-08	4,000	20,000	255,000	279,000	1,100,000	25.36
2008-09	15,000	40,000	180,000	235,000	1,100,000	21.36
2009-10	14,000	40,000	180,000	234,000	1,100,000	21.27
2010-11	34,000	60,000	90,000	184,000	1,100,000	16.73
2011-12	32,000	60,000	90,000	182,000	1,100,000	16.55
2012-13	32,000	60,000	90,000	182,000	1,100,000	16.55
2013-14	30,000	80,000	30,000	140,000	1,100,000	12.73
2014-15	30,000	80,000	30,000	140,000	1,100,000	12.73

Source: Data compiled from information given in table 2

Composition of tax liability on different slabs for the period under review In this section, the researcher has calculated tax load on different slabs, which is shown in table 4, and their growth rates in corresponding tables. Though time to time composition of sum covered, in different tax, slabs have been changed but by and large in our country people fall in first two slabs according to their income labels and they are known as Aam Adami. Tax burden on different slabs gives us a different picture and this is virtually a clear position because those assesses whose incomes cover all the three slabs are people with high income level and those who fall in first and second tax brackets are middle income group people.

TABLE 4: TAX WEIGHT ON GENERAL TAX PAYER OF DIFFERENT SLABS

Assessment year	Tax Burden on First Slab	Tax burden on second Slab	Tax burden on Third Slab	Assessment year	Tax Burden on First Slab
2000-05	1000	18000	285000	2000-05	1000
2005-07	5000	20000	255000	2005-07	5000
2007-08	4000	20000	255000	2007-08	4000
2008-09	15000	40000	180000	2008-09	15000
2009-10	14000	40000	180000	2009-10	14000
2010-11	34000	60000	90000	2010-11	34000
2011-13	32000	60000	90000	2011-13	32000
2013-15	30000	80000	30000	2013-15	30000

TABLE 5: TREND OF TAX LOAD ON FIRST SLAB

Assessment year	Growth Rate in %
2000-05	
2005-07	400
2007-08	300
2008-09	1400
2009-10	1300
2010-11	3300
2011-13	3100
2013-15	2900

Source: data in table 4

Tax toll is quite heavy on those who fall in first tax bracket, which is portrayed in the form of corresponding high growth rate in tax burden, in table 5. Continuously higher dose of tax on low income is exposing inverse relationship between incomes earned by assesses and degree of tax imposed on them. Proper care therefore is, needed on the part of tax administration to have low tax liability at lowest level so that people should act in accordance with tax law.

TABLE 6: TREND OF TAX LOAD ON SECOND SLAB

Assessment year	Growth Rate in %
2000-05	
2005-07	66
2007-08	66
2008-09	122
2009-10	122
2010-11	233
2011-13	233
2013-15	344

Source: data in table 4

Situation is not much different for those who get under next tax bracket but the only difference in this case is that tax toll is increasing at slightly lesser speed than their counterparts are. Overall tax liability on lower and middle income groups is higher than high earning people in the country, which is the violation of "Equity Principle" of taxation given by Adam Smith. An important task, therefore, before tax administration is to design the rate schedule that should be equitable and efficient otherwise people will start following unethical practice in the form of tax evasion, which could have negative impact in the growth story of the country.

TABLE 7: TREND OF TAX LOAD ON THIRD SLAB

Assessment year	Growth Rate in %
2000-05	
2005-07	-11
2007-08	-11
2008-09	-37
2009-10	-37
2010-11	-68
2011-13	-68
2013-15	-89

Comparatively, third tax bracket carries less tax toll than first and second slab. Table 7 under reference depicts that growth in tax burden is -11% in 2000-05 and it has been reduced thereafter up to -89%. Another way to bring reform in personal income tax structure is that number of tax slabs should be few and their range fairly large to minimize the distortion arising out of bracket creep. Findings of many researchers have shown that reduction in tax rate has caused positive impact on tax buoyancy.

CONCLUSION

Though the payment of tax is a moral obligation and tax payer is aware about the fact that revenue generated by government through taxes is used for the welfare of the society but due to high personal income tax rates and other irrationalities in prevailing tax constitution, assesses feel bit pinched while contributing toward this noble cause. This situation develops ill feeling toward payment of income tax which results assesses make every attempt to hide their income and avoid tax payments, which is a major setback in economic growth of a country. Need of the hour is to bring reforms in present tax regime by framing tax friendly policies so that those who come under tax trap should willingly come forward and feel pride to pay tax. In order to further bring them into make them feel comfortable Basic exemption limit must be at moderate level. The tax brackets required to be redesigned and tax tariff is needed to be reframed in such a way that high tax should be imposed on high income and lower income should be taxed with lower rates.

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IMPACT OF STOCK SPLIT ANNOUNCEMENT ON MARKET PERFORMANCE OF STOCKS: A STUDY WITH REFERENCE TO MANUFACTURING INDUSTRIES IN INDIA

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ABSTRACT

India's manufacturing sector is vital for its economic progress. Manufacturing industries help in modernizing agriculture and export of manufactured goods to expand trade and commerce. Manufacturing sector's contribution to the GDP is 16 per cent, with the potential to grow more. A stock split is a corporate action that increases the number of the corporation's outstanding shares by dividing each share, which in turn diminishes its price. For this study, the authors have chosen six manufacturing industries. They are Oil and Gas Industry, FMCG Industry, Cement Industry, Steel Industry, Pharmaceutical Industry and Automobile Industry. The study aimed at comparing the market performance of stocks of their industries, before the split and after the split. The entire study is based on the secondary data extracted from various sources like BSE, NSE websites, RBI bulletin, books and journals. The study period is twelve years covering from 1st April, 2002-03 to 2012-13. The study is limited to only six manufacturing industries.

KEYWORDS

Capital, Manufacturing Market Industry, Return, Risk, Splits.

INTRODUCTION

Capital Market typically involves issuing instruments such as stocks and bonds for the medium term and long term. Suppliers of capital generally expect the maximum possible return at the lowest possible risk, while users of capital expect to raise capital at the lowest possible cost. Stock split is a strategy which is being used by the corporate to make their shares more attractive in the share market. Stock splits are mainly carried out with the intention of increasing liquidity. Once liquidity increases, more buyers and sellers trade in the stock, which, in turn, helps to discover its true value. The day of the stock split provides more investor awareness of the already well publicized stock split. Many investors who watched the stock rise at the announcement and again during the pre-split run will now buy shares at the lower split prices. These final buyers can push prices even higher. The present study deals with the impact of Stock Splits on Market Performance of Stocks. The manufacturing industry is taken as the sample for study. The stock prices of the companies of Automobile industry, Pharmaceuticals industry, Cement industry, FMCG industry, ONGC industry and Steel industry are taken for the study.

OBJECTIVES

The main objective of the study is to identify the impact of stock splits on stock return. To fulfil this objective, the following specific objectives have been framed by the researcher.

- To test the stock market reaction to announcement of stock split.
- To compare the impact of split on stock return between the industries.

SCOPE OF THE STUDY

The current study is an attempt to identify the impact of stock splits on their return. In the study 15days before and 15after the split are taken and accordingly a comparison is made between the average return before the split and after the split. The study covers a period of twelve years and the various industries taken for the study are Automobile, Pharmaceuticals, Cement, FMCG, ONGC and Steel industry.

METHODOLOGY

The entire study is based on secondary data extracted from various sources like BSE website and other e-sources, books and journals etc. The sample size is 70 companies selected from six different industries.

TECHNIQUES OF ANALYSIS

Daily returns for each sample company has been computed for the estimation period and also for the event period as

$$R_{it} = \frac{MP_{it} - MP_{i(1-t)}}{MP_{i(1-t)}}$$

Where, MP_{it} = Market price (closing) of security 'i' on day t and $MP_{i(1-t)}$ = Market price of security on day (t-1). Comparatively, the actual returns for the market are also computed as :

$$R_{mt} = \frac{I_{it} - I_{i(1-t)}}{I_{i(1-t)}}$$

Where I_{it} an $I_{i(1-t)}$ are daily BSE index values at time t and t-1 respectively

In the next step the market model has been utilized to calculate the expected returns on the stock.

DAILY EXPECTED RETURN

$$\mathbf{E (R_{it}) = \alpha + \beta \times R_m + \varepsilon_t}$$

In the Equation **E(R)** is the expected return of a particular company on day t,

α and **β** are calculated as follows

$$\beta = \frac{n\sum xy - \sum x \times \sum y}{n\sum x^2 - (\sum X)2}$$

$$\alpha = \overline{y} - \beta\overline{x}$$

R (m) = Return on the market

Then the abnormal return on day t is calculated as

ABNORMAL RETURNS

Daily abnormal return on a particular day *t* is the excess of the actual return on the day t over the expected return on that day.

AR= R_{it} – E(R_{it})

Where, **R_{it}** is the actual daily return for the share of a company i at time t, & **E(R_{it})** is the expected return on the same day in the absence of an acquisition.

The study period used in this analysis is a 31working days. In this, the day on which a split announcement appears in the press is designated as 0. Trading days prior to the split announcement are numbered event days -1, -2 and so on. The event days following the splits are numbered +1, +2 and so on. The maximum time involved in this study is -15 days to +15 days. First, the average excess returns (AAR) for each relative day t are calculated across the securities. Daily average cumulative abnormal returns (CAAR) are the sum of the average excess returns over event time. In other words, CAAR is defined as the sum of previous daily average residuals for each trading day.

Average abnormal return (AAR's) for each relative day is calculated by

$AAR_t = \sum_{t=1}^{n\Sigma} \frac{AR_{it}}{N}$

Where, i = the number of securities in the study

N = Total number of securities

t = the days surrounding the event study.

Cumulative Average Abnormal Returns (CAARs) are derived by summing the AARs over various time intervals. For Example, CAARs for a time interval t_n to t_t , are derived as follows

CAARs = $\sum_{t=1}^{n} AAR_t$

Where t = -15,…. 0,….. +15

The data which is collected after the calculations which are explained above is a representation of the period 1/4/2002 to 31/3/2013.This data is then further segregated into sectors, namely Automobile, Pharmaceuticals, Cement, FMCG, ONGC and Steel industry. In addition to the above techniques other statistical tools such as averages and CAPM have been used to make the analysis more effective.

LIMITATIONS

Every research has its own limitations. The following are the limitations of this study.

- The study covers only few sectors such as Cement, FMCG, ONGC and Steel industry which are taken for studying the impact of splits.
- This study is restricted only to Indian companies.

ANALYSIS AND INTERPRETATION

This part of the study deals with the analysis of the study. For the purpose of analysis the companies taken for the study are categorized into sectors. The sectors taken for the study are FMCG, Automobile, ONGC and Steel, Cement, Pharmaceuticals. The returns of each company under each sector are shown in the annexure. Sector wise analysis is being made before the split Average Abnormal Return (AAR) and after the split AAR is calculated for each company and then for each sector. For the above purpose, statistical tools, like, mean, and Beta have been used.

TABLE 1: AVERAGE RETURNS, AVERAGE ABNORMAL RETURN, AVERAGE EXCESS RETURN AND CUMULATIVE AVERAGE RETURNS, AVERAGE ABNORMAL RETURN, AVERAGE EXCESS RETURN FOR AUTOMOBILE INDUSTRY

Days	AR	CAR	AAR	CAAR	AER	CAER	Days	AR	CAR	AAR	CAAR	AER	CAER
-15	0.583	0.583	-0.856	-0.856	-1.350	-1.350	1	1.038	1.038	-1.835	-1.835	-0.881	-0.881
-14	1.607	2.190	-0.943	-1.799	-0.324	-1.674	2	-0.993	0.045	0.430	-1.404	-2.924	-3.805
-13	0.856	2.463	-1.079	-2.022	-1.064	-1.388	3	-0.638	-1.631	1.126	1.556	-2.580	-5.504
-12	0.260	1.116	-0.101	-1.181	-1.657	-2.722	4	-1.503	-2.141	1.206	2.332	-3.450	-6.030
-11	-0.515	-0.255	0.900	0.799	-2.448	-4.106	5	0.680	-0.823	-1.271	-0.065	-1.277	-4.727
-10	1.071	0.556	-0.189	0.711	-0.861	-3.309	6	-0.454	0.226	0.243	-1.028	-2.412	-3.689
-9	1.353	2.424	-1.110	-1.299	-0.577	-1.438	7	-1.114	-1.569	1.249	1.492	-3.074	-5.486
-8	-0.834	0.519	0.737	-0.373	-2.761	-3.338	8	-0.732	-1.847	0.704	1.953	-2.688	-5.762
-7	0.214	-0.620	-0.374	0.364	-1.728	-4.489	9	0.103	-0.629	-0.379	0.325	-1.862	-4.550
-6	0.438	0.653	-1.470	-1.844	-1.501	-3.229	10	0.365	0.468	-0.384	-0.763	-1.599	-3.461
-5	1.117	1.555	-0.473	-1.944	-0.820	-2.321	11	0.813	1.177	-0.731	-1.115	-1.128	-2.727
-4	-0.052	1.064	-0.108	-0.581	-1.974	-2.794	12	0.228	1.040	-0.627	-1.359	-1.696	-2.824
-3	-1.383	-1.435	1.042	0.934	-3.306	-5.279	13	0.955	1.182	-1.260	-1.888	-0.969	-2.664
-2	1.015	-0.368	-0.887	0.154	-0.916	-4.222	14	0.090	1.044	0.138	-1.122	-1.780	-2.748
-1	0.088	1.104	-0.565	-1.452	-1.843	-2.760	15	-0.877	-0.787	0.607	0.745	-2.758	-4.538
0	1.373	1.462	-0.742	-1.307	-0.560	-2.403							
Average	0.449		-0.389		-1.481			-0.136		-0.052		-2.072	

It is clear from the Table 1 that the average actual return and average excess return are higher before the split announcement and average abnormal return higher after the split announcement in automobile industry.

TABLE 2: AVERAGE RETURNS, AVERAGE ABNORMAL RETURN, AVERAGE EXCESS RETURN AND CUMULATIVE AVERAGE RETURNS, AVERAGE ABNORMAL RETURN, AVERAGE EXCESS RETURN FOR CEMENT INDUSTRY

Days	AR	CAR	AAR	CAAR	AER	CAER	Days	AR	CAR	AAR	CAAR	AER	CAER
-15	-0.651	-0.651	0.595	0.595	-1.313	-1.313	1	1.038	1.038	-0.929	-0.929	0.407	0.407
-14	-1.114	-1.765	0.729	1.324	-1.768	-3.081	2	-0.993	0.045	2.292	1.363	-2.814	-2.407
-13	0.657	-0.457	1.085	1.814	-0.001	-1.769	3	-0.638	-1.631	3.739	6.031	-4.261	-7.075
-12	-0.412	0.245	-2.875	-1.790	-1.066	-1.067	4	-1.503	-2.141	2.187	5.926	-2.703	-6.964
-11	-0.530	-0.943	-0.510	-3.385	-1.188	-2.255	5	0.680	-0.823	2.360	4.546	-2.868	-5.570
-10	0.417	-0.113	0.228	-0.282	-0.237	-1.425	6	-0.454	0.226	1.582	3.942	-2.084	-4.952
-9	0.927	1.345	1.071	1.300	0.271	0.035	7	-1.114	-1.569	0.969	2.552	-1.475	-3.560
-8	-0.744	0.183	0.892	1.964	-1.400	-1.129	8	-0.732	-1.847	-0.854	0.116	0.340	-1.136
-7	-0.923	-1.668	-0.779	0.113	-1.575	-2.976	9	0.103	-0.629	-0.746	-1.600	0.240	0.580
-6	-0.080	-1.004	-0.269	-1.049	-0.734	-2.310	10	0.365	0.468	-1.456	-2.202	0.952	1.192
-5	0.658	0.578	0.678	0.409	0.002	-0.732	11	0.813	1.177	-0.146	-1.602	-0.346	0.606
-4	3.023	3.681	0.560	1.239	2.369	2.371	12	0.228	1.040	-0.555	-0.701	0.053	-0.293
-3	-0.937	2.086	-0.509	0.051	-1.591	0.778	13	0.955	1.182	1.339	0.784	-1.861	-1.808
-2	-0.581	-1.518	1.262	0.753	-1.267	-2.858	14	0.090	1.044	0.581	1.920	-1.099	-2.960
-1	-0.447	-1.028	0.799	2.061	-1.129	-2.396	15	-0.877	-0.787	-0.106	0.474	-0.404	-1.502
0	-2.543	-2.990	2.691	3.490	-3.213	-4.342							
Average	-0.205		0.353		-0.865			-0.136		0.684		-1.195	

It is clear from the Table 2 that the average excess returns are higher before the split announcement and average actual return and average abnormal returns are higher after the split announcement in cement industry.

TABLE 3:AVERAGE RETURNS, AVERAGE ABNORMAL RETURN, AVERAGE EXCESS RETURN AND CUMULATIVE AVERAGE RETURNS, AVERAGE ABNORMAL RETURN, AVERAGE EXCESS RETURN FOR FMCG INDUSTRY

Days	AR	CAR	AAR	CAAR	AER	CAER	Days	AR	CAR	AAR	CAAR	AER	CAER
-15	0.813	0.813	-0.758	-0.758	-2.367	-2.367	1	-0.879	-0.879	0.935	0.935	-4.024	-4.024
-14	2.684	3.497	-2.629	-3.386	-0.486	-2.853	2	-1.437	-2.316	1.492	2.427	-4.562	-8.586
-13	1.601	4.284	-1.545	-4.174	-1.577	-2.063	3	1.102	-0.335	-1.046	0.446	-2.056	-6.618
-12	-0.663	0.938	0.718	-0.827	-3.843	-5.420	4	0.602	1.704	-0.547	-1.593	-2.548	-4.604
-11	0.037	-0.626	0.018	0.736	-3.145	-6.988	5	0.168	0.770	-0.112	-0.659	-3.020	-5.567
-10	-0.983	-0.946	1.038	1.057	-4.153	-7.298	6	0.581	0.749	-0.526	-0.638	-2.604	-5.624
-9	-0.573	-1.556	0.629	1.667	-3.721	-7.874	7	-0.347	0.234	0.402	-0.124	-3.562	-6.166
-8	-0.776	-1.349	0.831	1.460	-3.943	-7.664	8	0.299	-0.047	-0.244	0.158	-2.953	-6.515
-7	0.488	-0.288	-0.432	0.399	-2.690	-6.633	9	0.730	1.029	-0.674	-0.919	-2.520	-5.473
-6	-0.815	-0.328	0.871	0.438	-4.003	-6.693	10	0.994	1.724	-0.939	-1.614	-2.241	-4.761
-5	1.518	0.702	-1.462	-0.591	-1.652	-5.655	11	1.019	2.014	-0.964	-1.903	-2.211	-4.451
-4	0.695	2.212	-0.639	-2.102	-2.478	-4.130	12	-0.201	0.819	0.256	-0.708	-3.461	-5.671
-3	-0.291	0.404	0.346	-0.293	-3.469	-5.946	13	-0.023	-0.223	0.078	0.334	-3.315	-6.776
-2	-0.373	-0.664	0.429	0.775	-3.538	-7.007	14	1.819	1.796	-1.763	-1.685	-1.456	-4.772
-1	-0.488	-0.861	0.543	0.972	-3.658	-7.196	15	-0.171	1.648	0.226	-1.537	-3.451	-4.907
0	0.405	-0.083	-0.350	0.193	-2.740	-6.398							
Average	0.205		-0.149		-2.966			0.284		-0.228		-2.932	

It is clear from the Table 3 that the average abnormal returns are higher before the split announcement and average actual return and average excess returns are higher after the split announcement in FMCG industry.

TABLE 4:AVERAGE RETURNS, AVERAGE ABNORMAL RETURN, AVERAGE EXCESS RETURN AND CUMULATIVE AVERAGE RETURNS, AVERAGE ABNORMAL RETURN, AVERAGE EXCESS RETURN FOR ONGC & STEEL INDUSTRY

Days	AR	CAR	AAR	CAAR	AER	CAER	Days	AR	CAR	AAR	CAAR	AER	CAER
-15	2.957	2.957	-2.926	0.846	0.846	0.846	1	-0.493	-0.493	0.409	0.409	-2.305	-2.305
-14	1.014	3.971	-0.984	-1.130	-0.285	0.561	2	3.057	2.565	-2.948	-2.539	0.852	-1.453
-13	1.533	2.547	-1.502	-0.630	-1.760	-2.045	3	1.446	4.503	-1.470	-4.418	-0.480	0.372
-12	0.841	2.374	-0.810	-1.321	-1.951	-3.711	4	-0.452	0.994	0.376	-1.094	-2.293	-2.773
-11	-0.171	0.670	0.201	-2.342	-3.663	-5.614	5	-0.025	-0.477	-0.109	0.267	-1.737	-4.031
-10	0.205	0.034	-0.174	-1.992	-4.334	-7.996	6	0.371	0.346	-0.196	-0.305	-1.933	-3.670
-9	0.626	0.831	-0.596	-1.570	-3.562	-7.896	7	0.628	0.999	-0.683	-0.879	-1.184	-3.117
-8	1.191	1.817	-1.160	-0.954	-2.524	-6.086	8	0.116	0.744	0.001	-0.682	-2.038	-3.222
-7	0.763	1.954	-0.733	-1.364	-2.318	-4.842	9	1.463	1.579	-1.196	-1.195	-0.982	-3.020
-6	0.133	0.897	-0.103	-1.994	-3.358	-5.676	10	0.465	1.928	-0.448	-1.644	-1.413	-2.395
-5	0.643	0.776	-0.612	-1.523	-3.517	-6.875	11	-0.571	-0.106	0.551	0.103	-2.309	-3.722
-4	0.700	1.343	-0.669	-1.449	-2.971	-6.488	12	-0.136	-0.707	-0.060	0.491	-1.512	-3.821
-3	0.264	0.964	-0.234	-1.862	-3.311	-6.283	13	0.524	0.388	-0.422	-0.481	-1.374	-2.886
-2	-0.347	-0.082	0.377	-2.479	-4.341	-7.652	14	0.278	0.802	-0.309	-0.730	-1.413	-2.787
-1	0.763	0.416	-0.732	-1.363	-3.842	-8.183	15	0.407	0.685	-0.458	-0.767	-1.257	-2.670
0	0.695	1.458	-0.665	-1.363	-1.415	-5.256							
Average	0.738		-0.708		-2.644			0.472		-0.464		-1.425	

It is clear from the Table 4 that the average actual returns are higher before the split announcement and average abnormal return and average excess returns are higher after the split announcement in ONGC and Steel industry.

TABLE 5: AVERAGE RETURNS, AVERAGE ABNORMAL RETURN, AVERAGE EXCESS RETURN AND CUMULATIVE AVERAGE RETURNS, AVERAGE ABNORMAL RETURN, AVERAGE EXCESS RETURN FOR PHARMACEUTICAL INDUSTRY

Days	AR	CAR	AAR	CAAR	AER	CAER	Days	AR	CAR	AAR	CAAR	AER	CAER
-15	-0.031	-0.031	0.028	0.028	-2.024	-2.024	1	-0.080	-0.080	0.076	0.076	-1.990	-1.990
-14	0.065	0.034	-0.068	-0.040	-2.005	-4.028	2	-0.485	-0.564	0.481	0.558	-2.478	-4.468
-13	0.084	0.148	-0.087	-0.155	-1.917	-3.921	3	-0.302	-0.787	0.299	0.780	-2.239	-4.717
-12	0.286	0.369	-0.289	-0.376	-1.735	-3.652	4	-0.732	-1.034	0.729	1.028	-2.547	-4.786
-11	0.917	1.203	-0.920	-1.210	-1.081	-2.817	5	-0.302	-1.034	0.298	1.027	-2.276	-4.823
-10	0.434	1.351	-0.437	-1.358	-1.513	-2.594	6	-0.015	-0.317	0.012	0.310	-1.952	-4.228
-9	0.097	0.531	-0.100	-0.537	-2.032	-3.545	7	0.719	0.704	-0.722	-0.710	-1.213	-3.165
-8	-0.719	-0.622	0.716	0.616	-2.526	-4.559	8	-0.046	0.673	0.043	-0.679	-2.074	-3.288
-7	0.230	-0.489	-0.233	0.483	-1.726	-4.252	9	-0.309	-0.355	0.306	0.348	-2.374	-4.449
-6	1.444	1.674	-1.447	-1.680	-0.414	-2.140	10	0.355	0.046	-0.358	-0.053	-2.010	-4.385
-5	1.199	2.643	-1.203	-2.650	-0.607	-1.021	11	-0.289	0.065	0.286	-0.072	-2.254	-4.265
-4	1.412	2.611	-1.415	-2.617	-1.071	-1.678	12	-0.165	-0.454	0.162	0.448	-2.111	-4.365
-3	1.169	2.580	-1.172	-2.587	-2.082	-3.152	13	-0.057	-0.222	0.054	0.215	-1.650	-3.761
-2	0.369	1.537	-0.372	-1.544	-1.797	-3.878	14	-0.202	-0.259	0.199	0.253	-2.196	-3.846
-1	0.334	0.703	-0.337	-0.709	-1.724	-3.520	15	-0.077	-0.279	0.073	0.272	-1.891	-4.087
0	0.418	0.752	-0.422	-0.759	-1.515	-3.238							
Average	0.482		-0.485		-1.610			-0.132		0.129		-2.084	

It is clear from the Table 5 that the average actual return and average excess returns are higher before the split announcement and average abnormal returns are higher after the split announcement in pharmaceutical industry.

TABLE 6: ACTUAL RETURNS, ABNORMAL RETURN, EXCESS RETURN AND CUMULATIVE ACTUAL RETURNS, ABNORMAL RETURN, EXCESS RETURN OF THE INDUSTRIES UNDER STUDY

Days	AR	CAR	AAR	CAAR	AER	CAER	Days	AR	CAR	AAR	CAAR	AER	CAER
-15	0.734	0.734	-0.784	-0.784	-1.241	-1.241	1	0.125	0.125	-0.269	-0.269	-1.759	-1.759
-14	0.851	1.585	-0.779	-1.562	-1.487	-2.729	2	-0.170	-0.045	0.350	0.081	-2.385	-4.144
-13	0.946	1.797	-0.626	-1.404	-1.324	-2.812	3	0.194	0.024	0.529	0.879	-2.323	-4.708
-12	0.062	1.008	-0.672	-1.297	-2.744	-4.069	4	-0.718	-0.524	0.790	1.320	-2.708	-5.031
-11	-0.052	0.010	-0.062	-0.734	-2.970	-5.715	5	0.240	-0.477	0.233	1.023	-2.236	-4.944
-10	0.229	0.176	0.093	0.031	-2.812	-5.783	6	0.006	0.246	0.223	0.456	-2.197	-4.433
-9	0.486	0.715	-0.021	0.072	-2.787	-5.599	7	-0.246	-0.240	0.243	0.466	-2.102	-4.299
-8	-0.377	0.109	0.403	0.382	-3.659	-6.446	8	-0.219	-0.465	-0.070	0.173	-1.883	-3.984
-7	0.154	-0.222	-0.510	-0.107	-2.870	-6.529	9	0.418	0.199	-0.538	-0.608	-1.500	-3.382
-6	0.224	0.378	-0.484	-0.994	-2.669	-5.539	10	0.509	0.927	-0.717	-1.255	-1.262	-2.762
-5	1.027	1.251	-0.614	-1.098	-1.747	-4.415	11	0.357	0.865	-0.201	-0.918	-1.650	-2.912
-4	1.155	2.182	-0.454	-1.069	-1.457	-3.203	12	-0.009	0.348	-0.165	-0.366	-1.745	-3.395
-3	-0.236	0.920	-0.105	-0.560	-3.279	-4.735	13	0.471	0.461	-0.042	-0.207	-1.834	-3.579
-2	0.017	-0.219	0.162	0.056	-2.905	-6.184	14	0.415	0.885	-0.231	-0.273	-1.589	-3.423
-1	0.050	0.067	-0.058	0.103	-3.110	-6.015	15	-0.319	0.096	0.069	-0.162	-1.952	-3.541
0	0.070	0.120	0.103	0.044	-1.889	-4.998							
Average	0.334		-0.276		-2.434			0.070		0.014		-1.942	

It is understood from Table 6 that the actual return are higher before the split announcement, but the abnormal return and excess returns are higher after the split announcement. It clearly indicates that the investor expectation are less after the split and therefore of given more abnormal return after the split. It is also clear that the risk perception of the investor is less after the splits than before the split there or the reason for more excess return before the split.

FINDINGS AND CONCLUSION

Investor prefer a stock which is very popular in the market not which is available at a very cheaper price. Stock split is one of the most popular strategies used by the corporate to make the stocks more attractive. In this study attempts and made to compare the performance of stocks of five different industries for before the split and after the split. The study comes to a conclusion that the stocks will perform before in the market before the split than after the split. The reason would be the opinion of the investor that to get more number of shares after the split for a limited number of shares purchased before the split announcement. One of the most important findings of the study is that the investors risk perception before the split announcement are higher than after the split announcement and therefore the excess return and abnormal returns before the split is lower than after the split.

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DETERMINANTS OF CAPITAL STRUCTURE IN TRANSPORT AND TEXTILE SECTORS IN INDIA: A COMPARATIVE STUDY

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ABSTRACT

A multiple regression method has been applied to find out determinants of capital structure in manufacturing sector which consisted two subsectors Textile and Transport. Data from136 companies of 2 sub-sectors listed in Bombay Stock Exchange (BSE) for fourteen years (1999 – 2012) has been collected from. Total number of observations was 1904. Multiple regressions for panel data of two sub sectors have been applied. Long term debt to book value of the company was used as the leverage ratio as dependent variable. The results show that assets composition and firm age have positive significant impact on debt equity, whereas liquidity has significant negative impact on debt equity in transport sector in India. In textile sector profitability has significant negative impact and tobin q has significant positive effect on debt equity at book value.

KEYWORDS
capital structure, textile sector.

1. INTRODUCTION

Decisions on capital structure or the plan of long term financing are not always based on a consideration of intent factors. Unfortunately, there is no clear enchantment percentage of debt that a company can take on. The critical trouble facing companies while raising funds is whether to raise debt or equity. However, strong balance sheets always attract lenders to put their money into companies. Generally speaking, lower debt and higher equity levels is one of this reason but we also know that using more debt provides tax shield to company which ultimately increase the EPS to the Shareholders. Capital structure is the mixture of sources of funds a firm uses (debt, preference shares, Equity shares) and the debt portion that a firm uses to finance its assets is called leverage. A firm with a lot of debt in its capital structure is said to be highly levered and with no debt is said to be unlevered. Equity consists of a company's Equty and Preference shares including retained earnings, which are summed up in the shareholders' funds.

As it is well known that Expected earnings stream and the rate used to discount earnings (cost of capital) are the two important factors that determine the value of firm. So that capital structure decision can affect the value of the firm either by changing the expected earnings or the cost of capital or both. We know that leverage cannot change the total expected earnings of the firm, but it can affect the residual earnings of the shareholders. The term company's capitalization is an amount of capital and debt, which is long-term variety. Deciding capital structure or capitalization is an important function of the financial manager, and the management of company use different combinations of debt and equity. Debt capital is cheaper than equity because of providing tax shield, but such deductions is not allowed for dividends, consequently effective rate of interest, which the company has to bear, would be less than the normal rate at which debt securities are issued. So cost principle suggests to minimize cost of capital and maximize earnings per share debt source is an ideal pattern of financing. On the other hand debt also involves financial risk, so adhering risk principle suggest minimizing the level of debt in the capital structure. Deciding capital structure is also affected by control principle, because we know that issue of new equity dilute control to new sh. holders, but debt is flexible source of finance because of its time limiting factor.However more primary questions to be answered are: Does use of debts in the capital structure enhance value of firm? And do firms able to achieve the target of an optimum mix of debt and equity. The theoretical principle to answer these questions involves trade-off theory, pecking order theory.

THEORIES OF CAPITAL STRUCTURE

a. Trade-off Theory: The marginal benefit (the tax shield) of further increases in debt declines and the marginal cost increases (the bankruptcy costs) of using more debt level in the capital structure. So that a firm that is optimizing its overall value will focus on this trade-off when choosing how much debt and equity to use for financing, (Modigliani and Miller, 1963), (Mazur, 2007), (Jensen and Meckling ,1976)
b. Pecking Order Theory: This theory states that companies prioritize their sources of financing (from internal financing to equity) according to the law of least effort. The pecking order theory is popularized by Myers cking (1984). Businesses adhere to a hierarchy of financing and always prefer retained earning first then debt and in last equity as external financing.

The above said theories clearly indicate that, debt is a good example of the well-known two-edged sword. Greater leverage maximizes EPS but also increases risk. Thus, the highest stock price is not reached by maximizing EPS. The optimal capital structure usually involves some debt, but not 100 per cent debt. The optimal level of leverage is not easy to identify but companies always try to find an optimal range for the capital structure.

Capital structure, sectors and sub sectors: There are many researchers who conducted study on various sectors and sub-sectors and tried to find out industry and firm specific factors to determine the capital structure. Jordan et al. (1998) tried to find out whether industry's determination and capital structure are interrelated. Service businesses for instance are less likely to be aspirant for bank loans because they often lack assets which can be used as collateral, Hisrich(1989). Twenty Five percent of the variations affected by industry classification only and capital intensive firms were more levered Bradley et al. (1984). Industry factors were not nearly as important as firm specific ones, Balakrishnan and Fox (1993). Financial structures of small and large firms in the manufacturing industry were different as SMEs have no access to capital market to raise external equity finance but simply rely on retained earnings, debt and additional investment by the owner-manager, Holmes and Kent (1991). Firms operating in different industries displayed different levels of debt in their capital structure, Prasad et al. (2001). Harris and Raviv (1990) found in their study that firms within an industry have more in common with each other than with firms in different industries in context of capital structure. Drug, instrument, electronic, and food industry sectors have consistently low leverage and textile, mill products, steel, airline, and cement industries have consistently high leverage, Bradley et al. (1984). Industry classification to be significant although not in every case examined by Remmers et al.(1974),Errunza(1979) and Aggarwal(1981). Textiles, building and construction, mining and exploration have more debt in their capital structure compared to automobile, agriculture, food and transport , Boateng (2004). Johsen and McMahon (2005) found in their study that industry has an effect on long-term debt, particularly for manufacturing, retail trade, and transport.

DETERMINANTS OF CAPITAL STRUCTURE

There are many researchers who used different forms of leverage ratio to represent the capital structure of a firm. The main differences exist in the numerator as well as in the denominator of the leverage ratio. Some researchers have used only long term debt (Chkir and Cosset, 2001) while others opted for total debt as the numerator (Bevan and Danbolt, 2002). As the denominator, some researchers have used market value of firm (Chkir and Cosset, 2001) while book value of the firm was used by others (Graham and Harvey, 2001, Mazur, 2007). Here dependent and independent variables are defined as

DESCRIPTION OF VARIABLES

a. Dependent Variables
Debt equity at book value = Long term Debt (book value)/ Equity(book value)

b. Independent Variables

I. Assets Composition: It has been asserted that companies tend to match the maturities of their assets and liabilities. In general the best financing strategies is to match the debt maturities with assets maturities. We would, therefore, expect to find sh. holder funds positive associated with fixed assets as the fixed assets involve large quantum of funds for long term period (Ezeoha,2008) and (Abor,2006). This study has taken the ratio of net fixed assets to total assets

Assets composition = Net Fixed Assets/Total Assets

II. Liquidity: Liquidity is the ability of a company to meet the external obligations. A more liquid company is able to convert its assets into cash. In case of company incapability to pay its creditors on time and not able to honor its obligations leads to bankruptcy. Lack of liquidity can cause the company to miss the incentives of cheaper debt that may also affect the profitability position of the company. So that every stakeholder has interest in the liquidity position of a company. So liquidity position is a matter of concern for debt holders for providing finance to company, (Eriotis,2007). This study has taken the ratio of liquid assets to current liability.

Liquidity= $\frac{\text{CA-Inventory}}{\text{CL}}$

III. Earning Volatility: Earning Volatility indicates bankruptcy cost. The companies reduce the debt level in their capital structure when earning volatility is high, (Akhtar, 2005), (Chen, 1998). This study has taken the ratio of EBIT to total assets (5 yr. Avg).

Earning Volatility = $\frac{\text{EBIT}}{\text{Total Assets (5 yrs. Avg.)}}$

IV. Growth rate: Securities are sold when growth is expected at a more rapid rate than can be financed by retained earnings. In general, fast growing companies with great need for funds are more likely to use debt (Eriotis,2007). On the other hand the companies which are already on growth path may use its internal source as financing source. Management hopes to profit from trading on equity and to be able to retire such financial obligation from the project of expansion. If such expectations are realized, the existing equity sh. holders gain from the expended earning power. But if earnings do not materialize, the company risk a cash drain from paying heavy interest and principal of debt securities. High cost of floating new equity and grater desire for capital structure flexibility, the financial manager likely to use more debt, which can be acquired and liquidated more easily. This study has taken annual change of earnings as growth rate parameter.

Growth rate =Annual change of earnings

V. Log of Sales (Firm Size): It has been seen that sales level direct affect earning position of companies. In general the better earning position attracts more debt in capital structure. But the problem arises in case of credit sales. As we know the liquidity position also affects the capital structure decisions. In case of more credit sales, the internal funds position of company may not be good,(Chen,1998). This study has taken natural log of sales considering base 10.

Log of Sales= Natural log of sales (base 10)

VI. Profitability: More profitable companies rely more on internal funds, as we know that internal funds are not having any kind of explicit cost. Profitability was measured by net profit to sales ratio (Akhtar, 2005) and(Mazur, 2007) whereas (Mira ,2005) used EBIT to total asset ratio. In our study we have taken the ratio of EBIT to total assets.

Profitability= $\frac{\text{EBIT}}{\text{Total Assets}}$

VII. Log of Shares (Ownership): There is a common perception of debt holders that if the no. of shares in the market is high then there will not be having any kind of securities on their lending. So that in such case the debt holders do not show their interest in such companies. In such situations these companies have to depend on their internal funds than external borrowings (Pandy, 2008). This study has taken natural log of shares considering base ten.

Log of Shares= Natural log of shares (base 10).

VIII. Tobin Q: With the help of Tobin Q one can estimate the valuation of company, either it s undervalued or overvalued. When Tobin's Q ratio is less than one, it means that the market value of the company is less than the total asset value, indicating that it is undervalued and if it is more than one, it indicates the overvaluation of company (Pandy,2001) , (Chen,1998). This ratio is also called simply a Q ratio. This study has taken the ratio of sum of market value of equity , book value of long term debt and net current assets to book value of equity, book value of long term debt and net current assets.

Tobin Q= (Sum of market value of equity + book value of long term debt + Net CA)/ (Book value of equity + book value of long term debt + Net CA)

IX. Agency Cost: In Asset substitution effect, increasing debt level motivate the management to undertake risky (even negative NPV) projects. This is because if the project is successful, shareholders get all the upside, whereas if it is unsuccessful, debt holders get all the downside. In such case there is a chance of wealth transfer from debt holders to shareholders and decrease the value of the firm (Akhtar, 2005). On the other hand, if debt is risky the gain from the project will accrue to debt holders rather than shareholders. In such case management have an incentive to reject positive NPV projects, even though they have the potential to increase firm value. So increasing leverage in capital structure imposes financial discipline on management. This study has taken the ratio of change into total assets to total assets for a given period.

Agency Cost (jm)= Total Assets / $\triangle$Total assets

$\triangle$ Total Assets= Total Assets $_t$-Total Assets $_{t-1}$

X. Firm Age: Firm age means the number of years since listing. In many companies case we have seen that multiple growth opportunities and capital structure is affected by firm age (Shumway ,2001) ,(Loderer and Waelchli,2009). This study has taken no. of years of firm life since listing as firm age factor.

Firm Age= No. of years of firm life.

XI. Debt Service Capacity: The measure of debt service capacity is the interest coverage ratio. This ratio shows the relationship between a committed payment and the source for that payment. A high interest coverage ratio means that the firm can meet its interest burden even if earnings before interest and taxes suffer a considerable turn down. A low interest coverage ratio may result in financial mortification when EBIT decline, (Eriotis, 2007). A higher ratio is desirable, but too high ratio indicates that the firm is very conservative in using debt, and that is not using credit to the best advantage of sh. holder. A lower ratio indicates excessive use of debt, or inefficient operations. Thus, the higher the capacity of firm to serve the debt, the debt ratio of the firm is likely to be higher. This study has taken the ratio of EBIT to interest payment (long term).

Debt Service Capacity= $\frac{\text{EBIT}}{\text{Interest Payment}}$

RESEARCH METHODOLOGY

SAMPLING OF THE STUDY

A sample is a miniature of the entire group of aggregates from which it has been taken up. In studies which involve large populations, sampling provides an economical, more efficient and fast method of data collections. In fact it is not practically possible to collect the data from all the members of the population and thus the investigator restored to sampling techniques. The systematic sampling techniques as employed in the present study.

DATA COLLECTION TECHNIQUES

The proposed research was collected from secondary sources.

SAMPLE SIZE

This study conducted to find the determinants of capital structure in manufacturing sector which consisted two subsectors Textile and Transport. Multiple regressions have been applied on yearly data ranging from year 1999 to 2012 collected from136 companies of 2 sub-sectors, listed in Bombay Stock Exchange (BSE). The total no. of observations studied is 1904.

DESCRIPTION OF THE SECTOR WITH NO. OF COMPANIES AND TOTAL NUMBER OF OBSERVATIONS

N=14 Yrs.

TABLE-1

Sectors	No. Of Companies	Total no. of observation
Textile	85	1190
Transport	51	714

DESCRIPTION OF THE VARIABLES

Dependent Variable

At book value

TABLE-2

1.	Total Debt/Equity ratio	(V1)	Long term Debt(book value)/ Equity(book value)

Independent Variables

TABLE-3

1.	Assets Composition	(V2)	Net Fixed Assets/Total Assets
2.	Liquidity	(V3)	$\frac{\text{CA-Inventory}}{\text{CL}}$
3.	Earning Volatility	(V4)	$\frac{\text{EBIT}}{\text{Total Assets (5 yrs. Avg.)}}$
4.	Growth Rate	(V5)	Annual change of earnings
5.	Log of Sales	(V6)	Natural log of sales (base 10)
6.	Profitability	(V7)	$\frac{\text{EBIT}}{\text{Total Assets}}$
7.	Log of Share	(V8)	Natural log of shares (base 10).
8.	Tobin Q	(V9)	(Sum of market value of equity + book value of long term debt + Net CA)/ (Book value of equity + book value of long term debt + Net CA)
9.	Agency Cost	(V10)	Total Assets / Δ Total assets
10.	Firm Age	(V11)	No. of years of firm's life
11.	Debt Service Capacity	(V12)	$\frac{\text{EBIT}}{\text{Interest Payment}}$

Analytical Software: SPSS and E-View

Statistical Tools: The present study has used of multiple correlation and regression as statistical tools.

1. Descriptive statistical techniques namely mean, standard deviation,

SKEWNESS AND KURTOSIS

2. Pearson correlation coefficient of correlation 'r' was calculated.
3. Regression analysis

OBJECTIVES OF THE STUDY

The main objective of proposed study is to find out the determinants of capital structure in manufacturing Sector in India. To achieve this objective, the following sub-objectives have been formulated:

- To find out the determinants of the Capital Structure as subsector wise which consisted Textile and Transport sectors.
- To study the relationship between capital structure at book value and various company characteristics including Assets Composition, Liquidity, Earning Volatility, Growth Rate, Log of Sales, Profitability, Log of Shares, Tobin Q, Agency Cost, Firm Age, Debt Service Capacity.

HYPOTHESIS OF THE STUDY

H1: There is no relationship between assets composition and debt equity ratio on the basis of book value in the transport sector as well as in the textile sector in India.

H2: There is no association between company's liquidity and debt equity ratio on the basis of book value in the transport sector as well as in the textile sector in India.

H3: There is no association between earnings volatility and debt equity ratio on the basis of book value in the transport sector as well as in the textile sector in India.

H4: There is no relationship between company's growth and debt equity ratio on the basis of book value in the transport sector as well as in the textile sector in India.

H5: There is no relationship between sales level and debt equity ratio on the basis of book value in the transport sector as well as in the textile sector in India.

H6: There is no relationship between profitability and debt equity ratio on the basis of book value in the transport sector as well as in the textile sector in India.

H7: There is no association between the nos. of outstanding shares and debt equity ratio on the basis of book value in the transport sector as well as in the textile sector in India.

H8: There is no association between the Tobin Q and debt equity ratio on the basis of book value in the transport sector as well as in the textile sector in India.

H9: There is no relationship between agency cost and debt equity ratio on the basis of book value in the transport sector as well as in the textile sector in India.

H10: There is no relationship between firm age and debt equity ratio on the basis of book value in the transport sector as well as in the textile sector in India.

H11: There is no association between the company's debt service capacity and debt equity ratio on the basis of book in the transport sector as well as in the textile sector in India.

ANALYSIS AND INTERPRETATION

Descriptive analysis of transport sector

N=714

TABLE-4

	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
Debt Equity (book value)	0	20.1	1.047	1.3464	6.964	76.443
Assets Composition	0.04	0.78	0.3882	0.14606	0.061	-0.419
Liquidity	0.12	4.68	0.7335	0.37685	3.291	24.933
Earning Volatility	-0.28	2.98	0.1715	0.18078	6.542	85.071
Growth Rate	-1906.06	133.31	-2.1296	71.59244	-26.443	704.464
Log of Sales	0.63	4.77	2.3687	0.74107	0.417	0.181
Profitability	-0.23	0.9	0.1291	0.11102	2.369	9.828
Log of Shares	5.51	9.43	7.0295	0.68716	0.774	1.001
Tobin Q	0.4	8.1	1.358	0.9346	3.196	13.945
Agency Cost	-0.47	7.84	0.1587	0.34287	16.162	354.832
Firm Age	7	81	31.91	15.062	0.807	-0.041
Debt Service Capacity	-13.88	2143.5	26.9336	126.13485	11.016	149.083

The mean value for debt equity (V1) is 1.047 and standard deviation is 1.346. Kurtosis value is 76.443 which mean peak of the data is very high. The standard deviation for Assets Composition (V2) is 0.146 and Skewness value of Assets Composition is .061 which shows that data is negatively skewed and skewness value is $\underline{+}1$ which is within the acceptable limits of normality and may be accepted as having skewness of moderate degree. The maximum score for Liquidity(V3) can be 4.68. Skewness value of Liquidity is 3.291 which shows that data is positively skewed. Kurtosis value is 24.933 which shows that distribution of scores for Liquidity is leptokurtic. The mean value for Earning Volatility (V4) is 0.171 and standard deviation is 0.180. The mean value for Growth Rate (V5) is -2.1296 and standard deviation is 71.592. The maximum score for Growth Rate can be 133.31. Skewness value of Growth Rate is -26.443 which shows that data is negatively skewed. Kurtosis value is 704.464 which shows that the peak of the data is very high and distribution of scores for Growth Rate is leptokurtic. The mean value for Log of Sales (V6) is 2.368 and standard deviation is 0.741. The maximum score for Log of Sales can be 4.77.The maximum score for Profitability (V7) can be 0.90. Skewness value of Profitability (V7) is 2.369 which shows that data is positively skewed. The mean value for debt Service Capacity (V12) is 26.933 and standard deviation is 126.134.

PEARSON CORRELATION VALUES OF TRANSPORT SECTOR (BOOK VALUE) (N= 714)

TABLE-5

	Debt Equity(book value)	Assets Composition	Liquidity	Earning Volatility	Growth Rate	Log of Sales	Profitability	Log of Shares	Tobin Q	Agency Cost	Firm Age	Debt Service Capacity
Debt Equity(book value)	1	.295(**)	-.212(**)	-.138(**)	0.002	-0.062	-.155(**)	-0.049	-0.022	-0.028	-0.032	-.127(**)
Assets Composition		1	-.224(**)	-.118(**)	-0.017	0.055	-.098(**)	.107(**)	-.087(*)	-0.036	-.505(**)	-.211(**)
Liquidity			1	.077(*)	0.044	-.207(**)	.128(**)	-.218(**)	-.108(**)	-0.06	-0.006	.116(**)
Earning Volatility				1	.083(*)	.108(**)	.903(**)	0.033	.139(**)	.628(**)	0.054	.132(**)
Growth Rate					1	-.077(*)	0.062	-.075(*)	0.011	.087(*)	-0.058	0.013
Log of Sales						1	.118(**)	.813(**)	.392(**)	.075(*)	.330(**)	0.063
Profitability							1	0.032	.150(**)	.313(**)	0.045	.111(**)
Log of Shares								1	.344(**)	0.042	.253(**)	0.02
Tobin Q									1	.130(**)	.147(**)	.080(*)
Agency Cost										1	0.002	.098(**)
Firm Age											1	-0.011
Debt Service Capacity												1

The coefficient of correlation between debt equity and asset composition is 0.295 which is both positive and highly significant at 0.01 level of significance, which means debt equity an asset composition are significantly correlated to each other. According to this Asset composition highly effect the debt equity. The coefficient of correlation between debt equity and liquidity is -0.212 which is negatively significant at 0.01 level of significance, which means debt equity and liquidity are significantly correlated to each other. According to this, liquidity is negatively effect to the debt equity. The coefficient of correlation between debt equity and earning volatility is -0.138 which is negatively significant at 0.01 level of significance,which means debt equity and volatility are significantly correlated to each other. According to this, volatility negatively effect to the debt equity. Profitability is significantly correlated with Tobin Q, Agency cost and debt service capacity at 0.01 level of significant. The coefficient of correlation between log of shares and Tobin Q is 0.344 which is both positive and significant at 0.01 level of significance, which means log of shares and Tobin Q are significantly correlated to each other and same is found in the relationship with firm age and debt service capacity. With Agency Cost, debt Service Capacity is highly correlated as their Pearson correlation value is .098 which also shows that with Firm Age, Agency cost is positively correlated.

REGRESSION ANALYSIS (TRANSPORT SECTOR)

Equation of Prediction	R	Std. Error of the Estimate	F	Sig.		95% Confidence Interval for B		T	Sig.
					Variable	Lower Bound	Upper Bound		
Debt Equity(book value)=1.366+3.543(Assets Composition)-0.531 (Liquidity)+0.058(Earning Volatility)+0(Growth Rate)-0.205(Log of Sales)-1.345(Profitabiltiy)-0.199(Log of Shares)+0.082(TobinQ)+0.044(Agency Cost)+0.02(Firm Age)+0(Debt Service Capacity)	0.407	1.23926	12.691	0	Assets Composition	2.73	4.356	8.557	0
					Liquidity	-0.791	-0.272	-4.019	0
					Earning Volatility	-2.197	2.312	0.05	0.96
					Growth rate	-0.001	0.002	0.468	0.64
					Log of Sales	-0.431	0.021	-1.78	0.076
					Profitability	-4.372	1.682	-0.872	0.383
					log of Shares	-0.431	0.032	-1.692	0.091
					Tobin Q	-0.027	0.192	1.479	0.14
					Agency Cost	-0.494	0.582	0.16	0.873
					Firm Age	0.012	0.028	4.918	0
					Debt Service Capacity	-0.001	0.001	-0.333	0.739

TABLE 6: RESULTS OF REGRESSION ANALYSIS (TRANSPORT SECTOR) AT BOOK VALUE

Regression Model was designed to find how much variance towards the prediction of dependent variable of debt equity was accounted for by the independent variable of book value. A value of R was found to be .407 which implied that 40.70 of variance in predicting the dependent variable of debt Equity were accounted for by the independent variables. Since the F-value (F=12.691) was significant at .01 level. The intercept value of debt equity is 1.366 and regression coefficient values for asset composition, liquidity and firm age are 3.543, -0.531 and 0.02 and t score values are 8.557, -4.019 and 4.918 which are highly significant.

Regression coefficient value for earning volatility is 0.058; t-score is 0.05 which is not significant. Regression coefficient value for growth rate is 0, t-score is 0.468 which is not significant. Regression coefficient value for log of sales is -0.205, t score is -1.78 which is not significant. Regression coefficient value for profitability is -1.345, t score is -0.872 which is not significant. Regression coefficient value for Tobin Q is 0.082, t score is 1.479 which is not significant. Regression coefficient value for agency cost is 0.044, t score is 0.16 which is not significant. Regression coefficient value for debt service capacity is 0 and t-score is -0.33 which is not significant. t-score for all the dependent variables except the Asset composition and liquidity is found less than 0.05 which means they are the good predictors of transport manufacturing sector.

DISCUSSION BASED ON HYPOTHESIS

The coefficient of correlation between debt equity and asset composition is 0.298 which is positive and significant, which means debt equity and asset composition are significantly correlated to each other. So Hypothesis-1: There is no relationship between assets composition and debt equity ratio on the basis of book value in the transport sector in India is not accepted. The coefficient of correlation between debt equity and liquidity is -0.212 which is negative and significant, which means debt equity and asset composition are significantly correlated to each other and liquidity ratio has negative but significant effect on debt equity. So Hypothesis-2: There is no association between company's liquidity and debt equity ratio on the basis of book value in the transport sector in India is not accepted.

The coefficient of correlation between debt equity and earning volatility is -0.138 which is negative and significant, which means debt equity and earning volatility are significantly correlated to each other and earning volatility has negative and significant effect on debt equity. So Hypothesis-3: There is no association between earnings volatility and debt equity ratio on the basis of book value in the transport sector in India is not accepted. The coefficient of correlation between debt equity and growth rate is 0.002 which is positive but not significant, which means debt equity and growth rate are insignificantly correlated to each other. According to this, growth rate has not much effective relationship with debt equity. So Hypothesis-4: There is no significant relationship between company's growth and debt equity ratio on the basis of book value in the transport sector in India is accepted. The coefficient of correlation between debt equity and log of sales is -0.062 which is negative but not significant, which means debt equity and log of sales are insignificantly correlated to each other. According to this, log of sales is negatively effect to the debt equity. So Hypothesis-5: There is no significant relationship between sales level and debt equity ratio on the basis of book value in the transport sector in India is accepted. The coefficient of correlation between debt equity and profitability is -0.155 which is negatively significant at 0.01 level of significance, which means debt equity and profitability, are significantly negatively correlated to each other. So Hypothesis-6: There is no relationship between profitability and debt equity ratio on the basis of book value in the transport sector in India is not accepted.

The coefficient of correlation between debt equity and Log of Share is -0.049 which is negative and non significant, which means debt equity and log of shares are insignificantly correlated to each other. So Hypothesis-7: There is no association between the nos. of outstanding shares and debt equity ratio on the basis of book value in the transport sector in India is accepted. The coefficient of correlation between debt equity and Tobin Q is -0.022 which is negative and insignificant, which means debt equity and Tobin Q are negatively and not significantly correlated to each other. So Hypothesis-8: There is no significant association between the Tobin Q and debt equity ratio on the basis of book value in the transport sector in India is accepted. The coefficient of correlation between debt equity and Agency Cost is -0.028 which is negative but not significant, which means debt equity and Agency cost are negatively correlated to each other. So Hypothesis-9: There is no relationship between agency cost and debt equity ratio on the basis of book value in the transport sector in India is accepted. The coefficient of correlation between debt equity and Firm Age is -0.032 which is negative but not significant, which means debt equity and Firm Age are insignificantly correlated to each other. So Hypothesis-10: There is no relationship between firm age and debt equity ratio on the basis of book value in the transport sector in India is accepted. The coefficient of correlation between debt equity and debt service capacity is -0.127 which is negative but significant which means debt equity and Debt service capacity are significantly correlated to each other but in negative manner. So Hypothesis-11: There is no association between the company's debt service capacity and debt equity ratio on the basis of book in the transport sector in India is not accepted.

Descriptive analysis of textile sector
N=1190

TABLE-7

	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
Debt Equity (book value)	0	442.9	2.478	13.4761	29.828	963.52
Assets Composition	0.04	0.86	0.494	0.14876	-0.352	-0.268
Liquidity	-0.02	6.74	0.7417	0.5701	4.282	30.663
Earning Volatility	-0.24	0.52	0.0868	0.06715	0.407	3.779
Growth Rate	-83.46	20	-0.1768	3.81897	-11.992	223.381
Log of Sales	-0.54	3.97	2.1198	0.61913	-0.299	0.621
Profitability	-0.28	0.32	0.0714	0.05384	-0.516	4.546
Log of Shares	5.72	8.92	7.0064	0.51747	0.812	0.964
Tobin Q	-1.62	3.67	0.8592	0.25163	1.755	25.734
Agency Cost	-0.5	1.8	0.096	0.1986	2.193	10.301
Firm Age	3	115	30.41	21.267	1.941	3.69
Debt Service Capacity	-99.65	334.38	4.3753	18.10876	10.944	160.734

The mean value for debt equity (V1) is 2.478 and standard deviation is 13.476. The maximum score for debt equity can be 442.9. Skewness value of debt equity is 29.828 which shows that data is positively skewed. Kurtosis value is 963.520 which mean peak of the data is high and data is leptokurtic, The Kurtosis value for Assets Composition (V2) is -0.268 which shows that distribution of scores for Assets composition is platokurtic.The mean value for Assets Composition (V2) is 0.494 and standard deviation is 0.148. The maximum score for Liquidity(V3) can be 6.74.The mean value for Earning Volatility (V4) is 0.0868 and standard deviation is 0.067. The maximum score for Earning Volatility can be 0.52. Skewness value of Earning Volatility is 0.407 which shows that data is positively skewed. The maximum score for Growth Rate (V5) can be 20.0. Skewness value of Growth Rate is -11.992 which shows that data is negatively skewed. The mean value for Log of Sales (V6) is 2.119 and standard deviation is 0.619. The maximum score for Log of Sales can be 3.97. Skewness value of Log of Sales is -0.299 which shows that data is negatively skewed. Skewness value is within the acceptable limits of normality and may be accepted as having skewness of moderate degree. Kurtosis value is 0.621which show that distribution of scores for Log of Sales is leptokurtic. The mean value for Profitability (V7) is 0.071 and standard deviation is 0.053. The maximum score for Log of share(V8) can be 0.92. Skewness value of log of shares is 0.812 which shows that data is positively skewed. The mean value for Tobin Q (V9) is 0.859 and standard deviation is 0.251. The Skewness value of Agency Cost (V10) is 2.193 which shows that data is positively skewed. The mean value for Firm Age (V11) is 30.41 and standard deviation is 21.267. The maximum score for debt Service Capacity (V12) is 334.38.

PEARSON CORRELATION VALUES OF TEXTILE SECTOR (BOOK VALUE) (N= 1190)

TABLE-8

	Debt Equity(book value)	Assets Composition	Liquidity	Earning Volatility	Growth Rate	Log of Sales	Profitability	Log of Shares	Tobin Q	Agency Cost	Firm Age	Debt Service Capacity
Debt Equity(book value)	1	0.006	-.065(*)	-.117(**)	-0.036	.066(*)	-.142(**)	.080(**)	.096(**)	-0.037	-0.005	-0.036
Assets Composition		1	-.124(**)	-0.024	0.037	-0.055	-0.018	.091(**)	0.019	0.013	-.237(**)	-.104(**)
Liquidity			1	.176(**)	0.022	-.097(**)	.168(**)	0.021	-.062(*)	.061(*)	-0.028	.294(**)
Earning Volatility				1	.076(**)	.119(**)	.953(**)	-.064(*)	.168(**)	.416(**)	-.088(**)	.274(**)
Growth Rate					1	0.02	.077(**)	-0.019	-0.012	0.013	0.006	-0.027
Log of Sales						1	.083(**)	.603(**)	.344(**)	.097(**)	.273(**)	-0.039
Profitability							1	-.103(**)	.093(**)	.259(**)	-.063(*)	.288(**)
Log of Shares								1	.180(**)	0.042	-.119(**)	-.110(**)
Tobin Q									1	.197(**)	.186(**)	0.012
Agency Cost										1	-.066(*)	.093(**)
Firm Age											1	.157(**)
Debt Service Capacity												1

The coefficient of correlation between debt equity and asset composition is 0.006 which is positive and not significant, which means debt equity an asset composition are insignificantly correlated to each other. The coefficient of correlation between debt equity and earning volatility is -0.117 which is negatively significant at 0.01 level of significance, which means debt equity and earning volatility are significantly correlated to each other.The coefficient of correlation between debt equity and growth rate is -0.036 which is negative but not significant, which means debt equity and growth rate are insignificantly correlated to each other. According to this, growth rate negatively effect to the debt equity. The coefficient of correlation between debt equity and Tobin Q is 0.096 which is both positive and significant at 0.01 level of significance, which means debt equity and Tobin Q are significantly correlated to each other. According to this, growth rate positively effect to the debt equity. Assets composition is significantly correlated with liquidity, log of shares, firm age and debt service capacity as their values are -.124, .091, -.237 and -.104 respectively and from them assets composition is negatively correlated with liquidity, firm age and debt service capacity. Liquidity is significantly correlated with earning volatility, log of sales, profitability, Tobin Q, Agency cost and debt service capacity as their values are 0.176, -.097, 0.168, -.062, 0.061 and .294 respectively and from them liquidity is negatively correlated with log of sales and Tobin Q. Firm age is also found highly correlated with debt Service Capacity as their correlation value is .157 which is positively significant at 0.01 level of significance.

REGRESSION ANALYSIS (TEXTILE SECTOR)

TABLE-9

Results of Regression Analysis (Textile Sector) at book value

Equation of Prediction	R	Std. Error of the Estimate	F	Sig.	Variable Name	95% Confidence Interval for B Lower Bound	Upper Bound	T	
Debt Equity(book value)=-2.344-0.749(Assets Composition)-1.006 (Liquidity)+38.094(Earning Volatility)-0.078(Growth Rate)+0.936(Log of Sales)-80.37(Profitability)+0.466(Log of Shares)+5.002(TobinQ)-4.042(Agency Cost)-0.03(Firm Age)+0.023(Debt Service Capacity)	0.203	13.25676	4.607	0	Assets Composition	-6.07	4.572	-0.276	0.782
					Liquidity	-2.44	0.429	-1.376	0.169
					Earning Volatility	-9.217	85.405	1.58	0.114
					Growth rate	-0.277	0.121	-0.773	0.44
					Log of Sales	-0.897	2.769	1.002	0.317
					Profitability	-135.592	-25.148	-2.855	0.004
					log of Shares	-1.598	2.531	0.443	0.658
					Tobin Q	1.65	8.353	2.928	0.003
					Agency Cost	-8.868	0.784	-1.643	0.101
					Firm Age	-0.073	0.013	-1.384	0.167
					Debt Service Capacity	-0.023	0.069	0.981	0.327

Regression Model was designed to find how much variance towards the prediction of dependent variable of debt equity was accounted for by the independent variable of book value. Value of R was found to be 0.203 which implied that 20.30 of variance in predicting the dependent variable of debt Equity were accounted for by the independent variables. Since the F-value (F=4.607) was significant at .01 level, therefore the independent variables of Assets composition, liquidity and firm age were found to be the good predictor in predicting the debt equity in book value of textile manufacturing sector as the intercept value of debt equity is 2.344 and regression coefficient values for Earning Volatility and Profitability are 38.094 and 80.37 and t score values are 1.58 and -2.855. Regression coefficient value for Assets Composition is -0.749, t-score is -0.276 which is not significant. Regression coefficient value for Liquidity is 1.006, t-score is -1.376 which is not significant. Regression coefficient value growth rate is 0.078, t-score is -0.773 which is not significant. Regression coefficient value for log of sales is 0.936, t score is 1.002 which is not significant. Regression coefficient value for Log of shares is -0.466 and t-score is 0.443 which is not significant. Tobin Q is 5.002, t score is 2.928 which is found significant which means it also can be found as a good predictor. Regression coefficient value for agency cost is -4.042 and t score is -1.643 which is not significant. Regression coefficient value for Firm Age is 0.03 and t score is -1.384 which is not significant. Regression coefficient value for debt service capacity is 0.023 and t-score is 0.981 which is not significant. t-score for all the dependent variables except the Earning Volatility and Profitability which means they are the good predictors of Textile manufacturing sector. Earning volatility and profitability are also dependent variable and according to their multi collinearly value, they also have good relationship with other variables.

DISCUSSION BASED ON HYPOTHESIS

The coefficient of correlation between debt equity and asset composition is 0.006 which is positive and insignificant, which means debt equity and asset composition are insignificantly correlated to each other. So Hypothesis-1: There is no relationship between assets composition and debt equity ratio on the basis of book value in the textile sector in India is accepted. The coefficient of correlation between debt equity and liquidity is -0.065 which is negative and significant at 5 percent level of significance, which means debt equity and asset composition, are significantly correlated to each other and liquidity ratio has negative and significant effect on debt equity. So Hypothesis-2: There is no association between company's liquidity and debt equity ratio on the basis of book value in the textile sector in India is not accepted. The coefficient of correlation between debt equity and earning volatility is -0.117 which is negative and significant, which means debt equity and earning volatility are significantly correlated to each other and earning volatility has negative and significant effect on debt equity. So Hypothesis-3: There is no association between earnings volatility and debt equity ratio on the basis of book value in the textile sector in India is not accepted. The coefficient of correlation between debt equity and growth rate is -0.036 which is negative but not insignificant, which means debt equity and growth rate are insignificantly correlated to each other. According to this, growth rate has not much effective relationship with debt equity. So Hypothesis-4: There is no significant relationship between company's growth and debt equity ratio on the basis of book value in the textile sector in India is accepted. The coefficient of correlation between debt equity and log of sales is 0.066 which is positive but significant, which means debt equity and log of sales are significantly correlated to each other. According to this, log of sales is positively effect to the debt equity. So Hypothesis-5: There is no significant relationship between sales level and debt equity ratio on the basis of book value in the textile sector in India is not accepted. The coefficient of correlation between debt equity and profitability is -0.142 which is negatively significant at 0.01 level of significance, which means debt equity and profitability, are significantly negatively correlated to each other. So Hypothesis-6: There is no relationship between profitability and debt equity ratio on the basis of book value in the textile sector in India is not accepted. The coefficient of correlation between debt equity and Log of Share is 0.080 which is positive and significant at 0.01 level of significance, which means debt equity and log of shares are significantly and positively correlated to each other. So Hypothesis-7: There is no association between the nos. of outstanding shares and debt equity ratio on the basis of book value in the textile sector in India is not accepted.

The coefficient of correlation between debt equity and Tobin Q is 0.096 which is positive and significant, which means debt equity and Tobin Q are positively and significantly correlated to each other. So Hypothesis-8: There is no significant association between the Tobin Q and debt equity ratio on the basis of book value in the textile sector in India is not accepted. The coefficient of correlation between debt equity and Agency Cost is -0.037 which is negative but not significant, which means debt equity and Agency cost are negatively and insignificantly correlated to each other. So Hypothesis-9: There is no relationship between agency cost and debt equity ratio on the basis of book value in the textile sector in India is accepted. The coefficient of correlation between debt equity and Firm Age is -0.005 which is negative but not significant, which means debt equity and Firm Age are insignificantly correlated to each other. So Hypothesis-10: There is no relationship between firm age and debt equity ratio on the basis of book value in the textile sector in India is accepted. The coefficient of correlation between debt equity and debt service capacity is -0.036 which is negative but insignificant which means debt equity and Debt service capacity are insignificantly correlated to each other in negative manner. So Hypothesis-11: There is no association between the company's debt service capacity and debt equity ratio on the basis of book in the textile sector in India is accepted.

5. CONCLUSION

In the present study, only the secondary data have been used. The secondary data have been collected from the PROWESS , the data base of centre for monitoring Indian economy Pvt. Ltd. India. Multiple regressions have been applied on yearly data ranging from year 1999 to 2012 collected from136 companies of 2 sub-sectors transport and textile, listed in Bombay Stock Exchange (BSE). The total no. of observations studied is 1904. The results of transport sector indicated that Assets Composition and Firm Age have highly significant positive impact on debt equity, whereas Liquidity has highly significant negative impact on debt equity at book value. However, the correlation results clearly indicated that Assets Composition, Liquidity, Earning Volatility, Profitability, Debt Service Capacity have significant relation with debt equity at book value. The hypothesis testing clearly shows that there is positive and significant relationship between assets composition and debt equity, while negative and significant relationship liquidity and debt equity.

The regression results of textile sector indicated that profitability has significantly negative impact and Tobin Q has significantly positive impact on debt equity, whereas the correlation results indicated that Liquidity, Earning Volatility, Log of sales, Profitability, Log of Shares and Tobin Q have significant relation with debt equity at book value. The hypothesis regarding relationship between debt equity and earning volatility shows negative and significant relationship, while there is positive and significant relationship between debt equity and Log of Share.

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CUSTOMER'S PERCEPTION TOWARDS VALUE-ADDED SERVICES OF PUBLIC SECTOR BANKS IN NAMAKKAL TOWN STATE OF TAMIL NADU

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ABSTRACT

Banks have adopted several new electronic and telecommunication technologies to deliver a broad line of value-added products and services to their customers. Value-Added services have gained greater importance in modern days. Public Sector Banks offer many different channels to access their banking and other services. The Value Added Services not only helps a bank to reduce costs but also helps it to retain its valuable customers. The purpose of conducting this research is Customer's Perception towards Value- Added Services of Public Sector Banks in Namakkal Town. The main objective of the study is to know the various Value-Added services provided by bank. This research is mainly based on primary data which has been collected through a well-structured questionnaire. The questionnaire has been distributed to 700 respondents were selected using convenient random sampling. The secondary data is collected through various sources like magazines, journals, company records etc. These data are collected and based on the analysis made by using various tools like percentage analysis, Garrett ranking techniques, Weighted average score analysis and the suggestions are given.

KEYWORDS
Customers, Customer perception, Public sector banks, Technology, Value added services.

1. INTRODUCTION

Banking sector is the back bone of any financial system of the economy. Commercial banks play an important role in the development of developing economies by mobilization of resources and their better allocation. Development of any country mainly depends upon the banking system. Banking system remains the major focal point in the financial set up of any developing country. Banking plays vital role in the economy of the country. The face of the banking is changing rapidly. Public sector banks have a larger customer groups. To deal with the customer, a member of innovative products and services are evolved in this age of LPG (Liberalization, Privatization and Globalization). At the present juncture, banking in India is largely dependent on technology. Now, banks are using various other channels like, Automatic Teller Machine (ATM), internet, mobile, etc., to provide banking services. Banking in India is changing from traditional branch banking to technology based banking. At this moment it is evident that there are two distinct customer groups - one is who like to have face-to-face interaction and other who does banking using technology.

Today technology not only facilitates automation of process and data processing but also provides more value addition to the entire banking business. Further, it's directly and visibly linked to 'value to customer'. Banking today has transformed into a technology intensive and customer friendly model with a focus of convenience. Information Technologies also facilitates the introduction of new delivery channels – in the form of Automated Teller Machine, Net Banking, Mobile Banking, card mechanism. All though Information Technologies enhances the banks in achieving higher customer satisfaction by extending value added services. Customer service in banking is one of the most important ways to keep customers coming back. It includes responding to customers' questions and complaints in a thorough and timely manner and interacting with customers through face-to-face meetings, telephone, mail, fax and email.

Public sector banks provide various value added services to the customers. The awareness level of customers is increasing day by day. Their expectations are also increasing for choice of choosing the product and services. The Public sector banks offering Value Added Services like bill payments, transfer of money, Enquiring account balances, buying and selling of financial instruments such as securities, credit cards, mutual funds, ATM cum debit card, insurance policy, demat accounts and so on. Creation of all those facilities involves very huge investment. So it's most important to increase the usage of Value Added Services among the customers to improve the operational efficiency and get maximum benefit from the investment made in these facilities.

2. STATEMENT OF THE PROBLEM

The present world is very fast and everyone is always busy and expects to complete all his engagements from a single window .In the availability of modern technology the customers want banking services at their door steps. Once upon a time, people have to spend 3 to 4 hrs to go and do bank transaction. Some time cost of transaction was more than that of the money deposited or withdrawn. Now a day's banking is not in its traditional way, with new advancement of technology its focusing on more comfort of customer providing services here the focus of problem is to study diverse value added services and its feature to satisfy and retain customer loyal. Now a day's many bank in nationalized offer different value added services to customer but the problem is to know that whether customers are satisfied with these services or not. Another problem is to study customers perceived value, quality, and expectation towards the value added services provided by nationalized banks so as to satisfy them. Here the focus of study is to certain the role of value added services to satisfy and retain customer loyal. Some of these services are explained below.

1. Automated Teller Machines cards (ATM)
2. Credit card
3. Debit card
4. Internet banking
5. Tele banking
6. Corporate cash Management
7. Mobile banking
8. Anywhere Banking
9. Demand Draft
10. Demat Account and so on.

Many value added services are introduced by the banks but some customer's have lack of knowledge they would not use such services. The present study is considered important to identify the problem whether the customer have awareness on the value added services provided by the public sector banks and carried out to examine the problem and offer solutions.

3. SCOPE OF THE STUDY

Banking services are regarded as one of the important services. Banks provide financial services to the customers. Banks need to create and develop the services which can satisfy the consumer needs. Therefore, the present research work has been carried out to analyze the customer perception towards value added services of Public sector banks in Namakkal town. It is limited only to customers of Selected Public sector banks in Namakkal town. The sample respondents are the customers of various selected Public sector banks, namely:

1. Indian Bank
2. Bank of Baroda
3. Bank of India
4. Canara Bank
5. Central Bank of India
6. Indian overseas Bank
7. Punjab National Bank
8. State Bank of India
9. Syndicate Bank
10. Union Bank of India

4. OBJECTIVE OF THE STUDY

The specific objectives of the study are:

- To suggest measures for improving the usage of Value Added Service
- To identify the various services enjoyed by the customers.
- To express the suggestions given by customers to improve the services in Public sector banks
- To study the problems faced by bank customers while using Value added Services

5. RESEARCH METHODOLOGY AND RESEARCH DESIGN

5.1 SOURCES OF DATA

The study is focused on customer perception towards value added services of public sector banks in Namakkal town. In this study two types of data have been used. The study mainly based on primary data. The primary data was collected by the respondents from selected public sector banks in Namakkal town through a well designed questionnaire.

Data has been collected secondary sources such as reports, books, journals, documents, magazines, periodicals, newspapers and website and other reference material available from various sources.

5.2 SAMPLE SIZE AND TECHNIQUE

A Non random sampling technique of "convenient sampling" procedure is applied to collect various respondents from selected Public Sector Banks in Namakkal town. Out of 750 respondents only 700 respondents were selected. Hence, due to unfilled questionnaire, 50 respondents have been rejected and 700 respondents have been finally accepted for analysis and interpretation.

5.3 STATISTICAL TOOLS USED

In this present study the following statistical tools are used.

- Percentage analysis.
- Garrett Ranking Techniques
- Weighted average score analysis

6. ANALYSIS AND INTERPRETATION

6.1 PERCENTAGE ANALYSIS

TABLE 1: PERSONAL FACTORS

S.NO	Source	Factors	No. of respondents	Percentage	Total
1	Gender	Male	380	54	100%
		Female	320	46	
2	Age	Below 21 yrs	70	10	100%
		21 yrs – 30 yrs	290	41	
		31yrs – 40yrs	155	22	
		41yrs - 50yrs	95	14	
		Above 51yrs	90	13	
3	Educational status	Primary	74	10	100%
		Higher secondary	61	09	
		Graduate	89	13	
		Post graduate	334	48	
		Professional	142	20	
4	Occupational status	Government employee	94	14	100%
		Private employee	196	28	
		Business	82	12	
		Professional	52	08	
		Others	276	38	
5	Annual income	Less than Rs.2,00,000	331	47	100%
		Rs.2,00,001 to Rs.3,00,000	116	17	
		Rs.3,00,001 to Rs.4,00,000	70	10	
		Rs.4,00,001 to Rs.5,00,000	83	12	
		Above 5,00,000	100	14	
6	Residential area	Urban	178	26	100%
		Semi – urban	220	31	
		Rural	302	43	

DETAILS OF BANK ACCOUNTS

S.NO	Source	Factors	No. of respondents	Percentage	Total
7	Family members have bank accounts	One	94	13	100%
		Two	222	32	
		Three	166	24	
		Four	136	19	
		Five & Above	82	12	
8	Period of maintaining account	Less than 1 yr	102	15	100%
		1 yr to 3 yrs	200	29	
		3 yrs to 5 yrs	128	18	
		5 yrs to 7 yrs	106	15	
		Above 7yrs	164	23	
9	Average balance	Less than Rs.20,000	434	62	100%
		Rs.20,001 to Rs.30,000	96	14	
		Rs.30,001 to Rs.40,000	50	07	
		Rs.40,001 to Rs.50,000	54	08	
		Above 50,000	66	09	
10	Using bank operation	Daily	70	10	100%
		Weekly once	104	15	
		Weekly twice	76	11	
		Fortnightly	114	16	
		Monthly once	336	48	
11	Type of account	Saving account	450	64	100%
		Current account	76	12	
		Recurring deposit account	52	07	
		Fixed deposit account	56	08	
		Others	66	09	

Source: Primary Data

- The majority of the respondents are belonging to male category. In this area, the female population has just now started taking up dual career for economic independence, so compared to the males, female respondent are less.
- Majority of the sample respondents are in the age group of 21 – 30 years and hence it is concluded that this age group dominates the other age groups in the use of Value-added services.
- Majority of the sample respondents are post graduate which is more than sufficient to using Value-added services in banking more effectively.
- Out of 700 respondents, 276 who account for 38 per cent of the total are others. It is clear that, others are more concerned with value-added services which are useful and time savings in the busy world.
- Majority of the respondents belong to income level less than Rs.2,00,000
- Majority of the respondents are from rural. Now a day rural sector people are more prefer value-added services.
- The above table reveals, 32 per cent of respondents' families have two account, 24 per cent have three accounts. In this era of nuclear family generally two to three members have bank account.
- 29 per cent of the respondents are maintaining their account in 1-3 years. Because the respondents are expect more value-added services.
- Majority of the respondents maintain an average balance of less than Rs.20, 000.
- Majority of the respondents have transactions monthly once at 48 per cent.
- Maximum of the respondents have savings bank account.

6.2 GARRETT RANKING TECHNIQUE

To find out the most significant factor which influences the respondent, Garrett's ranking technique was used. As per this method, respondents have been asked to assign the rank for all factors and the outcomes of such ranking have been converted into score value with the help of the following formula:

$$\text{Percent position} = 100 \frac{(R_{ij} - 0.5)}{N_j}$$

Where

Rij = Rank given for the i^{th} variable by j^{th} respondents

Nj = Number of variable ranked by j^{th} respondents

With the help of Garrett's Table, the percent position estimated is converted into scores. Then for each factor, the scores of each individual are added and then total value of scores and mean values of score is calculated. The factors having highest mean value is considered to be the most important factor.

TABLE 2: RANK FOR VALUE ADDED SERVICES PROVIDED BY THE BANK

S.No	Factors	Total Score	Mean Score	Rank
1	ATM	3392	4.85	I
2	Tele Banking	3028	4.33	XIV
3	Demat account	3008	4.30	XVI
4	Electronic clearing systems	3058	4.37	XIII
5	Mobile Banking	2912	4.16	XVIII
6	Financial Advisor	3076	4.39	VIII
7	Anywhere Banking	3072	4.39	VIII
8	International Debit Card	3136	4.48	V
9	Credit card	3154	4.51	II
10	Electronic Fund Transfer	3128	4.47	VI
11	Internet Banking	3158	4.51	II
12	Inter – Bank fund transfer services	3064	4.38	XI
13	Intra – Bank fund transfer services	3022	4.32	XV
14	New pension system	3004	4.29	XVII
15	PAN service Agency	3146	4.49	IV
16	Any Branch Banking	3070	4.39	VIII
17	International ATM cum Shopping Card	3122	4.46	VII
18	Others	3068	4.38	XI

Sources: Primary Data

The above table 2 reveals the ranking of value added service provided by the bank. 'ATM' was ranked first by the selected sample respondents with the total score of 3392 and mean score of 4.85. 'Credit card and Internet Banking' was ranked second with the total score of 3154 and 3158 respectively and mean score of 4.51. 'PAN Service Agency and International Debit Card' occupied fourth and fifth position with the total score of 3146 and 3136 and mean score of 4.49 and 4.48 respectively. 'Electronic Fund Transfer and International ATM cum Shopping Card' occupied sixth and seventh position with the total score of 3128 and 3122 and mean score of 4.47 and 4.46 respectively. 'Financial Advisor, Anywhere Banking and Any Branch Banking' occupied eight position with the total score of 3076, 3072 and 3070 and mean score of 4.39. 'Inter – Bank fund transfer services and Others' was ranked eleventh position with the total score of 3068 and 3064 and mean score of 4.38. 'Electronic clearing systems' and Tele Banking was ranked thirteenth and fourteenth position with the total score of 3058 and 3028 and mean score of 4.37 and 4.33 respectively. 'Intra – Bank fund transfer services and Demat account' was ranked fifteenth and sixteenth position with the total score of 3022 and 3008 and mean score of 4.32 and 4.30 respectively. New pension system was ranked seventeenth position with the total score of 3004 and mean score of 4.29. 'Mobile Banking' occupied last position with the total score of 2912 and mean score of 4.16. It is evident that most of the respondents gave top priority to ATM as the first rank for value added service provided by bank.

6.3 WEIGHTED AVERAGE SCORE ANALYSIS

A weighted average is a more accurate measurement of scores or investments that are of relative importance to each other. A weighted average score takes different scores, or grades, with assigned weights, or percentages.

TABLE 3: PROBLEMS FACED BY THE CUSTOMER WHILE USING THE TRANSACTION WITH THE BANK

S.No	Factors	SA	A	NUT	DA	SDA	WAS	Rank
1	Power failure	106	124	208	168	94	2.97	1
2	Data Corruption	88	114	152	186	160	2.69	8
3	Voice network failure	84	118	154	172	172	2.67	10
4	Theft of Equipments	74	82	116	154	274	2.33	14
5	Shortage of amount in ATM	116	138	158	140	148	2.91	4
6	Non functioning of ATM Machine	110	138	182	128	142	2.92	3
7	Displaying "Invalid" while typing actual PIN number	86	116	122	142	234	2.54	12
8	Poor maintenance	84	128	136	162	190	2.65	11
9	Server problems occurs at the time of transaction	90	100	188	184	138	2.74	7
10	Charges without prior notice	98	140	142	154	166	2.79	6
11	Commission charges are high	90	126	134	172	178	2.68	9
12	Credit card criming	70	108	96	146	280	2.35	13
13	Spend more time physically	118	120	178	160	124	2.93	2
14	Lack of some services	92	124	176	166	142	2.80	5
15	Accidental damage	66	80	118	170	266	2.30	15

Sources: Primary Data

Table 3 reveals the problems faced by the customers while using the transaction with the bank. 'Power failure' was ranked first by the selected sample respondents with the weighted average score 2.97. 'Spend more time physically' was ranked second with the score of 2.93. 'Non functioning of ATM Machine and Shortage of amount in ATM' occupied third and fourth position with the score of 2.92 and 2.91 respectively. 'Lack of some services' was ranked fifth with the score of 2.80. 'Charges without prior notice' occupied sixth position with the total score of 2.79. 'Server problems occur at the time of transaction and Data Corruption' occupied seventh and eight position with the total score of 2.74 and 2.69 respectively. 'Commission charges are high' was ranked ninth with the score of 2.68. 'Voice network failure' was ranked tenth position with the score of 2.67. 'Poor maintenance and Displaying "Invalid" while typing actual PIN number' occupied eleventh and twelfth position with the score of 2.65 and 2.54 respectively. 'Credit card criming' was ranked thirteenth with the total score of 2.35. 'Theft of Equipments' was ranked fourteenth with the total score of 2.33. 'Accidental damage' occupied last position with the total score of 2.30. It is evident that most of the respondents gave the opinion that, 'Power failure' was the main problem faced by the customer while using transaction with the bank, weighted average score 2.97.

7. SUGGESTIONS AND RECOMMENDATIONS

- Banks have to conduct many awareness programs, friendly usage and customer relationship in order to retain the existing customers and to attract new customers.
- Providing better services on exploration and specialty information is more successful to keep and attract long-time usage of banking customer.
- Banks should give proper training to the bank staff about the value-added services provided by the banks then only they can have knowledge to rectify the problems and give better services. Without hesitation customers may use such services.
- The study suggested that the public sector banks want to increase their service quality level it should enhance level of services in the dimensions like 'online purchase of goods and services', reduction in e-payment cost', 'up to date information', 'sophisticated information to well educated customers', 'interaction with the customers', 'more accuracy in billing', 'financial security' and 'privacy in transactions'.
- As the use of Internet is increasing day by day so the internet banking is also rapidly followed by the customers. To make e-payment services more adaptable among the customers banks should provide more services through internet banking.
- Banks must concentrate on the needs and demands of various customers depending on their requirements. Advertising the products and explaining the products elaborately will help in attracting more customers.
- For customizing the relationship among the customer ,bank can send greeting cards via mail or other mode on certain occasions like birthday, anniversary with advertisement of value-added services and various products

8. CONCLUSION

Banks having made steady headway to acquire latest technology have acquired the capacity to serve customers better. The literacy level is going up and more number of youngsters is forming part of customer base. The appetite of customers to use technology is rising. More customers are opting debit cards, internet banking, mobile banking and realizing the benefits of technology. The experience of anywhere, anytime banking is catching up. Facility of bill payments, electronic remittances has changed the expectation levels of customers.

The study reveals that there are vast opportunities as well as challenges for Value added services provided by banks in India. It is found that due to technological innovations and significant change in demographic profile of customers, there is huge market potential lying ahead. The study also reveals that ATMs, Internet banking and Credit Cards are the most common Value added services utilized by the respondents.

9. LIMITATION OF THE STUDY

1) The research study is limited to Namakkal town.
2) Totally 700 samples were taken under convenient sampling method.
3) The results of the study were based upon the information provided by the sample respondents.

4) The study is confined to respondents were selected only from ten public sector banks in Namakkal town.
5) The study is not indicated all value added services provided by the Public sector bank, it take only few services familiar by the respondents.

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SOCIO-ECONOMIC STATUS OF MICRO, SMALL AND MEDIUM ENTERPRISES IN HIMACHAL PRADESH: A CASE STUDY OF DISTRICT HAMIRPUR

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ABSTRACT

Micro, small and medium enterprises play a key role in the development of economies with their effective, efficient, flexible and innovative entrepreneurial spirit. The socio-economic policies adopted by India since the Industries (Development and Regulation) Act, 1951 have laid stress on MSMEs as a means to improve the country's economic conditions. The Micro, Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector. In this paper an aggressive attempt has been made to analyze the social factors of the entrepreneurs and also identify the entrepreneur's problems regarding taking loan and repayments of loan taken by entrepreneurs of manufacturing/service sectors with the use of simple percentage, bar diagrams and pie charts. Study reveals that the most of entrepreneurs dependent upon loan and majority of respondents state that the loans are inadequate. The study also shows that majority of entrepreneurs take loan for the purpose of purchase of plant and machinery and main sources of finance are commercial banks. On the other hands regarding repayment of loan and revealed that the majority of respondents repayments were in well time but those respondents have not repayments of loan in well in time. They gives reasons loss in business, spend on daily needs and high rate of interest.

KEYWORDS

MSMEs, socio-economic factors, entrepreneurship development.

1.1 INTRODUCTION

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs are not only playing crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio economic development of the country.

The Micro, Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector. The Act seeks to facilitate the development of these enterprises as also enhance their competitiveness. It provides the first-ever legal framework for recognition of the concept of "enterprise" which comprises both manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium.

1.2 DEFINITION

Small Scale Industrial Unit: An industrial undertaking in which the investment in fixed assets in plant & machinery, whether held on ownership terms, or on lease, or by hire purchase, does not exceed Rs. 100 lakhs as on 31-03-2001 was to be treated as a Small Scale Industrial Unit.

Micro Small Medium Enterprises (MSMEs): MSMEs Sector consists of any enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership or undertaking or any other legal entity, by whatever name called, engaged in production of goods pertaining to any industry specified in the first schedule of Industries Development and Regulation Act, 1951 & other enterprises engaged in production and rendering services, subject to limiting factor of investment in plant and machinery and equipment.

In accordance with the provision of Micro, Small and Medium Enterprises Development Act 2006 the micro, small and medium enterprises are classified into two classes.

A. MANUFACTURING ENTERPRISES: The Enterprises engaged in the manufacturing or production of goods pertaining to any industry specified in the first schedule to the industries (Development and Regulation Act 1951) the manufacturing enterprises are defined in the terms of investment in plant and machinery.

B. SERVICE ENTERPRISES: The enterprises engaged in providing or rendering of services and are defined in the terms of investment in equipment. The limit of investment in plant and machinery/equipment for manufacturing/ Service Enterprises as notified.

MANUFACTURING SECTOR	
Enterprise	**Investment in plant and machinery**
Micro	Less than Rs 25 lakhs
Small	Over Rs 25 lakhs but not exceeding Rs 5 crores
Medium	Over 5 Crores but less than Rs 10 crores
SERVICE SECTOR	
Enterprise	**Investment in equipment**
Micro	Less than Rs 10 lakhs
Small	Over Rs 10 lakhs but not exceeding Rs 2 crores
Medium	Over Rs 2 crores but not exceeding Rs 5 crores

Source: annual report 2012-13, Department of micro, small and medium enterprises Government of India.

1.3 REVIEW OF LITERATURE

Vaijayanti (2014) have stated that the major problem is socio-economic conditions and socio-psychological setups. Various problems faced by the unit owners of Small Scale industries have different weight age of different points of view Efforts need be made to bring out amiable solutions. Sambasivaiah et. al. (2014) has made study on the impact of socio-economic factors on entrepreneurship development. They found that the growth of entrepreneurship has more or less been influenced by the factors like previous experience, strong desire to do something, independent in life and motivation by the family members. Srivastaw and Sadhukhan (2013) stated that the MSMEs are the engine that not only contributes to high rate of economic growth but also creates demand for goods and services that leads to inclusive and balanced growth of the economy. It also helps to reduce social imbalances and encourage sustainable development. Srinivas (2013) has revealed that the poor infrastructure and insufficient market linkages are among key factors that have embarrassed the growth of the MSMEs sector. Along with lack of sufficient and appropriate access to finance has continued to be the biggest challenge. The support given by the national and the state governments to the MSMEs is not adequate enough to solve their problems. Mehta (2013) suggests that the twin problems of unemployment and poverty constitute a major development challenge in India. If the Government, Bank and Financial Institutions will take proper initiatives in the sector of MSME and they will take pride while servicing the MSMEs, these challenges can be solved and the economic growth rate of India will be 8-10% for the next decades. Shiralashetti (2011) suggests that the MSMEs need to be educated and informed of the latest developments taking place globally and helped to acquire skills necessary to keep pace with the global developments.

1.4 NEED AND SCOPE OF STUDY

Micro, small and medium entrepreneurship development in India is an area of great concern now a days. With an ever increasing population of the state and less scope for getting jobs in public sector, these small scale industries are the only hope of providing a source of livelihood to the local population. MSMEs have given benefits over the years such as it boosts employment, leads to equitable income distribution, promote private entrepreneurship and labor intensive techniques as India has plenty of human resource capital. In these present days of down-sizing and right-sizing in government jobs, a proper study of industrial potential and finding its measures to development. It will be the only means of empowering the people for economic development. Its scope has been restricted to study about the social-economic and financial problems in Himachal Pradesh with special reference to Hamirpur district.

1.5 OBJECTIVES OF STUDY

1. To study the impact of social economic factors on entrepreneurs.
2. To identify the financial problems faced by the entrepreneurs.

1.6 RESEARCH METHODLOGY

This paper has been prepared on the basis of primary data. A sampling survey is conducted among the 100 small scale industrial units in Hamirpur district with the help of structured questionnaire. Convenience sampling has been adopted for selection of these units. For the purpose of analysis simple statistical tools like percentages, averages, pie diagrams and bar diagrams have been used.

1.7 DATA INTERPRETATIONS

TABLE 1: AGE GROUP OF ENTREPRENEURS

AGE GROUP	NO. OF RESPONDENTS	PERCENTAGE
below 30	12	12.0
31-40	40	40.0
41-50	26	26.0
51-60	14	14.0
61 above	8	8.0
Total	**100**	**100.0**

Source: Primary Survey

The analysis reveals that out of 100 respondents, 40 entrepreneurs between the age group of 31-40 years, followed by 26 entrepreneurs in age group between 41-50 years. On the other hand 14 entrepreneurs between the age group of 51-60, 12 entrepreneurs belonged below 30 age group and the remaining 8 entrepreneurs accounted to the age group of above 60 years. It reveals that the majority of entrepreneurs were between the age group of 31-40 years and followed by age group of 51-60 years but the data also found that younger people also interested to start up entrepreneurship and minimizing the unemployment.

TABLE 2: CAST WISE CLASSIFICATION OF ENTREPRENEURS

CATEGORY	NO. OF RESPONDENTS	PERCENTAGE
General Caste	56	56.0
Schedule caste	22	22.0
Other Backward Class	14	14.0
Schedule Tribe	8	8.0
TOTAL	**100**	**100.0**

Source: Primary Survey

The analysis reveals that out of 100 respondents, 56 entrepreneurs belonged to general caste and 22 entrepreneurs belonged to schedule caste category. On the other hand 14 entrepreneurs belonged to other backward class and the remaining 8 entrepreneurs accounted to the category of schedule tribe. It reveals that the entrepreneurship was set up particularly General caste but now the data suggests that people belong to the schedule cast category is also engaging themselves in this activities resulting into minimizing the unemployment.

TABLE 3: EDUCATIONAL STATUSES OF ENTREPRENEURS

EDUCATIONAL STATUS	NO. OF RESPONDENTS	PERCENTAGE
MATRIC	42	42.0
Higher Secondary	18	18.0
Graduate	24	24.0
Technical	14	14.0
Any other	2	2.0
TOTAL	**100**	**100.0**

Source: Primary Survey

Table 3 shows that in that area the people with higher educational background like matriculate and general graduation i,e almost 66% of total respondent have undertaken this venture as means of their livelihood. As far as educational background of the respondents under study is concerned, 42 have education matriculation while 24 respondents were educated up to graduate, 18 respondents had passed higher secondary. On the other hand 14 have technical course and 2 have any other(less than matric). Educational development among the entrepreneurs of this region is not up to the mark and needs to be enhanced significantly to inculcate entrepreneurial qualities and skills among the youth people of the state.

TABLE 4: REGIONAL BACKGROUNDS OF ENTREPRENEURS

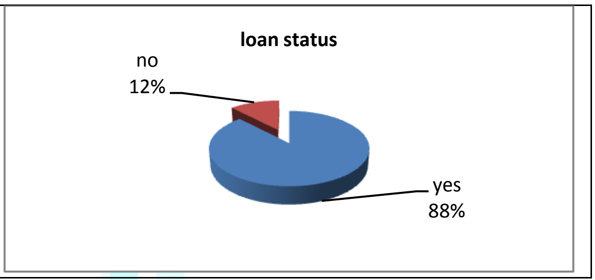
REGIONAL BACKGROUND	NO. OF RESPONDENTS	PERCENTAGE
RURAL	44	44.0
SEMI- RURAL	48	48.0
URBAN	8	8.0
TOTAL	**100**	**100.0**

Source: Primary Survey

The analysis reveals that out of 100 enterprises, 48 enterprises are from the semi-rural area and 44 enterprises are from rural area. Remaining 8 enterprises are from urban area. It can be concluded that the majority of entrepreneurs belongs to the semi-rural areas. Area wise development of entrepreneurship is not in urban area and need to have significantly inspired urban people to set up enterprises in urban area.

TABLE 5: LOAN TAKEN BY SMALL SCALE ENTREPRENEURS & FIG. 1

Opinion	No. Of respondents
YES	88
NO	12
Total	**100**

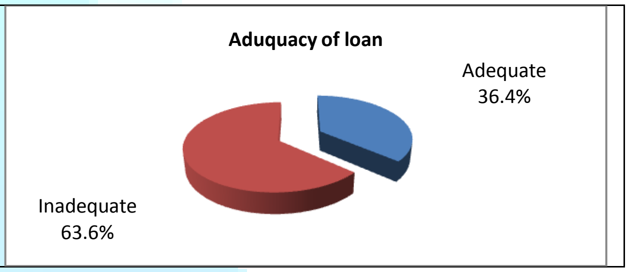


Source: Primary Survey

Table 5 shows that out of 100 respondents 88 entrepreneurs have taken loan and 12 entrepreneurs have not taken any type of loan. It reveals that a huge portion entrepreneur depends upon loan and needs to be financed by financial institutes, banks.

TABLE 6: ADEQUACY OF LOAN TAKEN BY ENTREPRENEURS & FIG. 2

Opinion	No. of respondents	Percentage (%)
Adequate	32	36.4
Inadequate	56	63.6
Total	**88**	**100.0**



Source: Primary Survey

The analysis reveals that out of 100 enterprises, 56 entrepreneurs accounting 63.6 percent found the loan to be inadequate whereas 32 entrepreneurs accounting 36.4 percent considered the same adequate. Accounting to them, the amount of loan is not sufficient to meet their requirement and needs to be provide sufficient finance to set up an enterprise.

TABLE 7: PURPOSE OF LOAN TAKEN BY SMALL SCALE ENTERPRENEURS

Purpose of loan	No. of Respondents	Percentage
Construction/ purchase of land & building	16	18.2
Purchase of plant & machinery	32	36.4
Purchasing of raw material for SSI/ MSI	12	13.6
Purchasing of goods for business	6	6.8
Purchasing of tools for SSI/MSI	6	6.8
Working capital	12	13.6
Any other	4	4.5
Total	**88**	**100.0**

Source: Primary Survey

FIG. 3

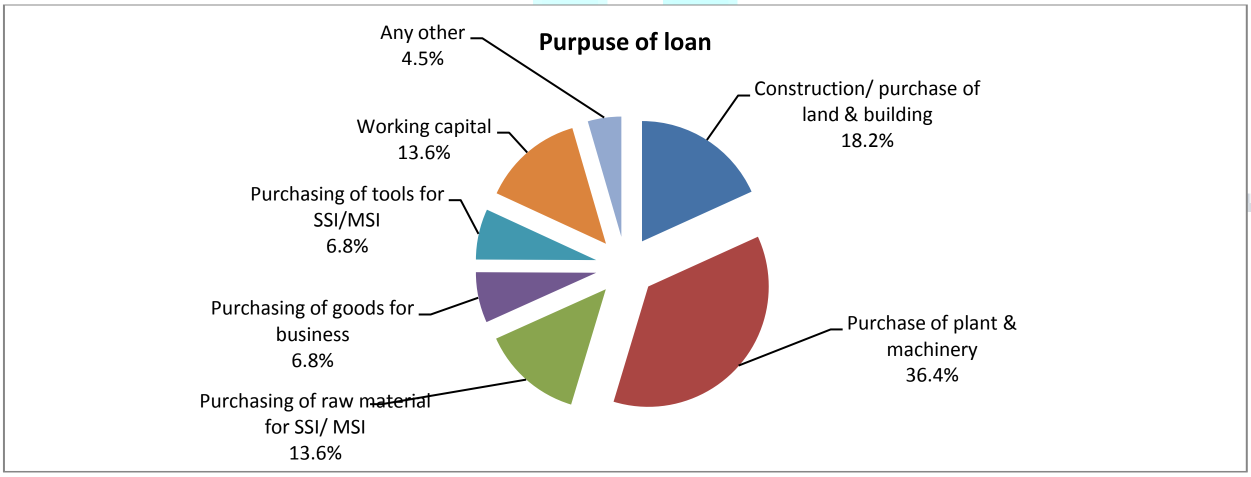


Table 7 shows that the financial assistance has been taken mainly 36.4 percent for purchase of plant and machinery, 18.2 percent for construction/purchase of land and building. 13.6 percent entrepreneurs have taken loan for the purpose of purchases of raw material for small scale industry and 13.6 percent beneficiaries have taken loan for working capital. 6.8 percent entrepreneurs taken loan for the purpose of purchasing goods for business.6.8 percent entrepreneurs have taken loan for the purpose of purchasing tools for small scale industry and 4.5 percent beneficiaries have taken loan for other purposes.

TABLE 8: FINANCE SOURCES OF ENTREPRENEURS

Finance sources	No. Of respondents	Percentage
Cooperative bank	18	20.5
Commercial bank	52	59.1
Cooperative societies	8	9.1
Pvt. bank, ICICI, IDBI etc	4	4.5
Money lender	4	4.5
Friends and Relative	2	2.3
Total	**88**	**100**

Source: Primary Survey

FIG. 4

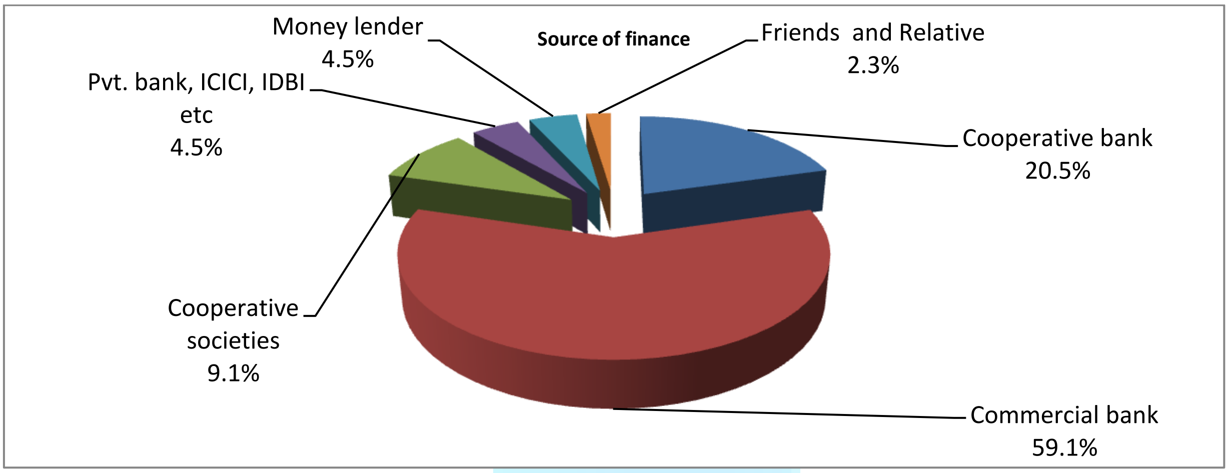
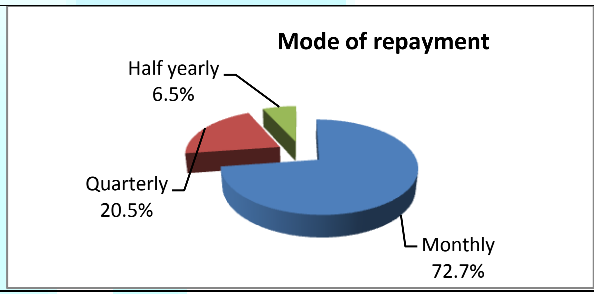


Table 8 shows that the sources providing loan to the entrepreneurs, which include co-operate bank, commercial bank, co-operate societies, relatives, private bank etc. It is inferred from table that 59.1 percent entrepreneurs have procured loan from commercial bank and 20.5 percent have taken loan from co-operative banks. About 9.1 percent entrepreneurs have taken loan from co-operative societies and 4.5 percent respondents have taken loan from Pvt. Bank, ICICI, IDBI etc., 4.5 percent also taken loan from money lender and 2.3 percent respondents have taken loan from friends and relatives. Hence it is concluded that the loan from commercial banks and cooperative societies are the major source of finance to fulfil the requirement of the entrepreneurs and need to be development of other financial imitations to provide lone in states.

TABLE 9: MODE OF REPAYMENT OF LOAN & FIG. 5

Period	No. Of respondents	Percentage
Monthly	64	72.7
Quarterly	18	20.5
Half yearly	6	6.8
Total	**88**	**100.0**

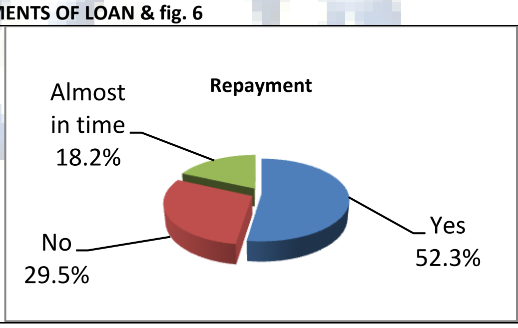


Source: Primary Survey

As per table 9 and figure 5, out of 88 respondents, a majority of the respondents have monthly repayment of bank loan 72.7 percent. Whereas 20.5 percent respondent have quarterly and 6.8 percent beneficiaries stated that the procedure of repayment of loan half yearly.

TABLE 10: REPAYMENTS OF LOAN & fig. 6

Opinion	No. of respondents	percentage
Yes	46	52.3
No	26	29.5
Almost in time	16	18.2
Total	**88**	**100.0**



Source: Primary Survey

Table 10 and figure 6 clearly depicts that out of 88 respondents who have taken loan. 52.3 percent returned the loan on due date while 29.5 percent have not returned the loan on time. 18.2 percent respondents have returned the loan almost in time. The overdue problem is very serious problem as it affects the flow of money and credit impediments in the smooth functioning of the bank.

TABLE 11: REASON FOR THE NON REPAYMENT OF LOAN

Reason	No. Of respondents	Percentage
Governments scheme of loan	4	9.52
Poor financial condition	7	16.67
Loss in business	12	28.57
Spent on daily need	10	23.81
High rate of interest	9	21.43
Total	**42**	**100.0**

Source: Primary Survey

FIG. 7

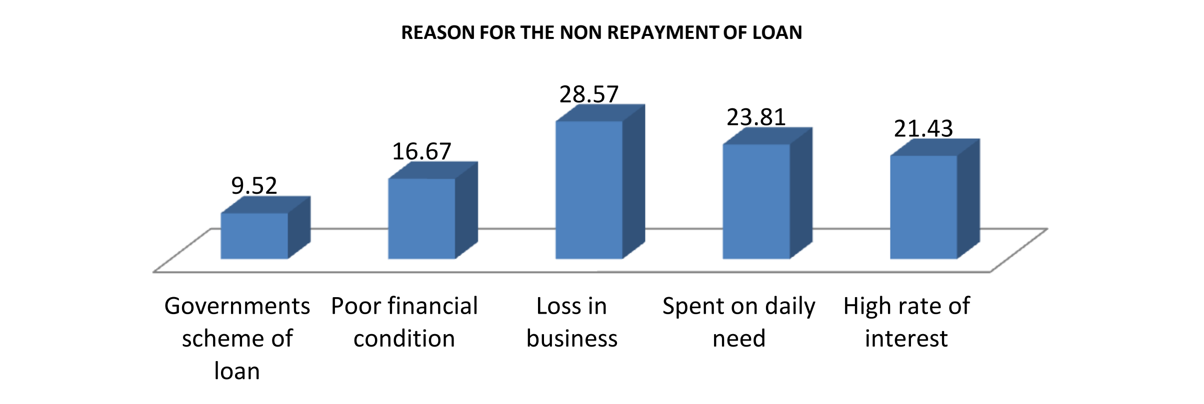


Table 11 reveals that 12 respondents accounting 28.57 percent of total have point stated loss in business as the reason for delay payment and 10 respondent accounting 23.81 percent have pointed failure to pay loan due to spend on daily needs and 9 respondent accounting 21.43 percent of total stated the cause of non repayment of loan due to high rate of interest. On the other hands 7 entrepreneurs accounting 16.67 percent have failure to pay loan due to poor financial condition and 4 entrepreneurs accounting 9.52 percent have failure to pay loan due to government scheme of loan. Hence, it can be concluded that the main reason for delay of payment is the loss in business and spend on daily needs, which are given in percents.

1.8 CONCLUSIONS

It is well known that the socio-economic factors like age, education starting before the enterprise and the regional background are important aspect of influencing the entrepreneur's development everywhere. The analysis of the financial problems found that an 88 percent entrepreneur depends upon loan. In this contest filed survey reveals that 63.6 percent entrepreneurs opinion are loan provide by banks is inadequate. It is noted from the study that the loan from the commercial bank and co-operatives banks is the major source of the finance to fulfil their requirement of the entrepreneurs and 36.4 percent entrepreneurs take loan for purchasing of plant and machinery. On the other hands regarding repayments of loan 72.7 percent loanees have mode of repayment of loan monthly and who have taken loan, 52.3 percent have return the loan due date while 29.5 percent have not return the loan on time. So far as reasons for the delay of repayment of loan is concerned, majority of respondents admitted that there are mainly three reasons for this, First loss in business second is spend on daily needs and third high rate of interest.

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AN OVERVIEW OF CHILLIES MARKETING

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ABSTRACT
Chile has a market-oriented economy characterized by a high level of foreign trade and a reputation for strong financial institutions and sound policy that have given it the strongest sovereign bond rating in South America. Exports account for approximately one-third of GDP, with commodities making up some three-quarters of total exports. Copper alone provides 19% of government revenue. From 2003 through 2012, real growth averaged almost 5% per year, despite the slight contraction in 2009 that resulted from the global financial crisis. Chilean standard guidelines follow those of the World Trade Organization (WTO), Committee on Technical Barriers to Trade.

KEYWORDS
Indian Chilli Market, Method of Trade, Marketing Channels.

INTRODUCTION
Chilli belongs to the family 'solanaceae' to which some other important vegetables such as potato, tomato, brinjal, etc. belong. It is a very popular vegetable, not only in India but all over the world. The chilli includes a large number of horticultural varieties. The fruit varies in size from 1-20 cm in length from thin, long to conical and thick fleshed blocky shapes. It includes both pungent and non-pungent varieties. The native place of chilli is considered to be tropical America, especially Brazil where it is still found growing in wild state. There are more than 400 varieties of chillies found all over the world. Its botanical name is "Capsicum annuum". Some varieties of chillies are famous for red colour because of the pigment 'capsanthin;' others are known for biting pungency attributed to 'capsaicin.' It is commonly called chilli pepper, red or green pepper, or sweet pepper in Britain, and typically just capsicum in Australian and Indian English. The large mild form is called bell pepper in the US and Canada. It is called paprika in some other countries. The original Mexican term, chilli came from the Nahuatl word chilli, referring to a larger capsicum variety cultivated since 3000 B.C, as evidenced by remains found in pottery from Puebla. The crop can be grown over a wide range of altitudes from sea level upto nearly 2100 meter.

The origin of chillies is believed to be as old as 7000 B.C used in Mexico. Chillies were grown and cultivated from 3500 B.C. Chilli was brought to the rest of the world by Christopher Columbus who discovered America in 1493. Christopher had set from Spain to reach India to bring spices such as pepper back to his country. Christopher not only mistook America for India, but also mistook chilli as the black pepper. Christopher Columbus, the founder of America, was one of the first Europeans who consumed chilli, and called it pepper due to the similarity in taste. He took chilli pepper back to Spain where it became a very famous spice. Chilli became popular in Portuguese. In 1498, the Portuguese explorer Vasco-da-Gama reached Indian shores bringing with him the pungent spice. Chilli seeds were brought to North America for cultivation. In 1888, experiments began for cross breeding of chilli plants. It became popular in the whole of Asia rapidly and native Asians started cultivating this crop as well. Today, the most sharp and valued varieties of chillies are grown in Asia only. India, Mexico, Japan, Ethiopia, Uganda, Nigeria, Thailand, Turkey, Indonesia, China and Pakistan are the major chilli growing countries. It is also grown in Italy, Spain, Hungary and the United States. In India, its introduction is believed to be through the Portuguese in 17th century. The Portuguese brought capsicum from Brazil to India during the year 1584. The most popular for chilli production because of India has immense potential to grow and export different best suited climate, soil, irrigation facilities, skill and types of chillies required to various markets around the intensive cultivation practices adopted by the farmers of world

INDIAN CHILLI MARKET
Currently, chillies are produced throughout India, making our country the most dominating player in the world market. The market for chillies is affected by seasonal price fluctuations, overall production in the country, world demand, stocks available in cold storages and hedging among the various varieties of chillies. The major trading centres of chilli and chilli powder in India are Guntur (Andhra Pradesh), Warangal (Andhra Pradesh), Khammam (Andhra Pradesh), Hindpur (Andhra Pradesh), Raichur (Karnataka), Bellary (Karnataka), Unjha (Gujarat), Chennai, Kolkata, Mumbai, Delhi, Ahmedabad and Nagpur. Guntur is the largest chilli market in the world. The following are the major assembling markets for chilli producing states in the country.

TABLE 1: MAJOR MARKETS OF CHILLI PRODUCING STATES IN INDIA

States	Important Markets
Andhra Pradesh	Guntur, Warangal, Khammam, Krishna, Prakasham, Hyderabad, Pundur Nizamabad, Cuddpah, Rajamundry, Nellore, Srikakulam, Vijaynagaram, Paddapallim, Eluru, Tadepalligudem, Pittapuram, Jagital and Prakasam.
Assam	Silchar, Kamarup, Guwahati, Barapeta and Karbi.
Goa	Maragoan, Ponda, Mapua, Sattri and Bicholim.
Karnataka	Dharwad, Mysore, Hasan, Bangalore, Bellary, Ranibennur, Hubli, Gadag and Byadgi
Madhya Pradesh	Indore, Khargone, Jabalpur, Katni, chindwara, Khandwa, Gwalior, Morena, Bhind and Bhopal.
Maharashtra	Nagpur, Nasik, Ahmednagar, Sholapur, Aurangabad Nanded, Lasalgaon Amravati, Dhulia, Chandrapur, Jalgaon, Anjangaon, Morshi, Dandaichi, Chimur, Amainer, Achalpur and Sangli.
Punjab	Amristar, Nabha, Patiala and Sunam.
Rajasthan	Jodhpur, Ajmer, Bhilwara, Pali, Sikar, Bharatpur and Swaimadhopur.
Tamil Nadu	Coimbatore, Ramanathapuram, Tuticorin, Tirunelveli, Virudunagar, Kanayakumari, Salem, Trichi, Villupuram, Cuddalore Pollachi, Ariyalur, Madurai, Theni, Podukottai, Pattukottai, Tanjaur, Pollachi, Thindivaram, and Virudhachalam.
Uttar Pradesh	Orai, Jhansi, Ramnagar, Ujhani, Lucknow Bareily and Khurja.
West Bengal	Coochbehar, Haldibari, Dinhata, Mathabhanga, Gonheta, Amalgora, Salboni, Sat Bankura, Maynaguri, Falakata Dhupguri Dinajpur and Jhargram.
Orissa	Bhubaneswar, Jagat Singhapur, Cuttack, Jaleswar and Baripada.
Gujarat	Dahod, Jhalod, Gonded, Banankanta and Rajkot.

INDIA'S EXPORTS OF CHILLIES
In India, chilli is an important ingredient in day to day curries, pickles and chutneys. About 97% of the production is consumed within the country leaving a small portion for exports. Another reason for low export is that the prices of Indian chillies are too high for international markets on account of strong domestic

demand. India faces competition from China, Pakistan and Bangladesh which offer lower prices. The following table shows the exports of chillies from India from 2001-02 to 2009-10.

TABLE 2: EXPORT OF CHILLIES FROM 2001-02 TO 2009-10

Year	Quantity (in Tonnes)	Value (in '000 US$)
2001-02	3792	2298
2002-03	4404	2334
2003-04	7903	2088
2004-05	9831	3964
2005-06	19830	5985
2006-07	27757	11108
2007-08	30743	11471
2008-09	30959	13185
2009-10	30696	13260
Average	16592	6569

Source: Vegetable Statistics, Technical Bulletin No. 51, Indian Institute of Vegetable Research, Varanasi

The average exports of chillies from India and its values is 16592 tonnes and 6569 thousand USD for the period from 2001-02 to 2009-10. The export of chillies was 19830 tonnes with the value of 5985 thousand USD during the year 2005-06. The export of chillies was 30696 tonnes with the value of 13260 thousand USD during the year 2009-10.

METHOD OF TRADE

Method of trade refers to the sale of chillies, the storage of chillies and the preference of various intermediaries for marketing the chillies in Ramanathapuram district. Both green chillies and dry chillies are marketable, but in Ramanathapuram district the farmers market mostly dry chillies. The farmers who want to sell green chillies also sell them in the markets in Ramanathapuram district.

TIME OF SALE

The chillies get fully ripped in the plant itself. At that stage the chillies are plucked from the plant and allowed to dry for a period of seven days in open sunshine. After that it is packed in gunny bags and stored for a period of four to five months. If stored for more than five months, it will affect the shining, colour of the chillies and such stocks may not fetch the maximum price. Those who are in immediate need of money will sell the chillies without storing them. Others who can afford to wait will store and sell them at the maximum possible price.

GRADING

The chillies are graded mostly by farmers on the basis of colour and size, before they are brought in the market. The damaged discolored and immature pods are removed depending on market demand. However, at traders level the other important quality parameters are moisture and stalks. Excess moisture adds weight to the pods, but gives room to various fungi to grow. Similarly, if the stalk of the pods is broken, exposing the seeds entirely, the seeds may fall out. On the other hand in absence of optimum moisture the pods may break and let off the seeds. Thus the seed and pod ratio in a lot is also a valuable parameter of grade. Apart from the apparent characters of colour, size, moisture and stalk of the pods, the following features also have weightage in grading chillies: seed and fruit ratio; seed size and hardness; thickness of the skin of the pod; and pungency.

PACKAGING

Packaging is an important function for every produce and so is in marketing of chilli. Good packaging of chilli not only facilitates convenience in transportation and storage, but also attracts consumer to pay more. The packaging reduces the marketing cost and protects the quality. In the study area, chillies are packed mostly in gunny bags. There is no uniformity in the packing size of chillies in the study area. The pack size is more than 40 kg in Tamil Nadu. Chillies are also packed in polythene bags.

STORING

The dried chilli is packed into sacks of the ordinary market size, mini or maxi bag, and stored on bamboo platform or on the floor in the house. Chilli can be stored for about 12 months in this manner without any change in quality if it has been dried well and has a moisture content of less than 10%. The pods lose 65 to 75% weight during drying. Commercially, chillies are dried artificially in 2-3 days in thin layers in stacked wire bottom trays, while for local purposes they are dried according to the season in 10-15 days. Dry chillies with thin pericarp, few seeds and firm stalk, of medium size, bright red colour, glossy appearance and high pungency fetch a high price in the market. Chillies are sometimes smeared with mahua oil to impart glossiness. The farm level storage capacity among the chilli farmers is not adequate in the study area. Proper storage facilities for chillies are available with co-operative marketing society and commission agents. Most of the farmers store the produce in their own ways.

MARKETING CHANNELS

Marketing channels have great influence on marketing costs which includes transport, commission charges, etc. and market margins received by the intermediaries such as trader, commission agent, wholesaler and retailer. Thus the price to be paid by the consumer and share of it received by the farmer producer is decided by the market channel involved. Channel is considered as good or efficient which makes the produce available to the consumer at the cheapest price and also ensures the highest share to the producer. Following are the marketing channels through which Chillies are marketed in India:

Channel I :- Producer - Village Merchant - Middle Men - Commission agent - Whole seller -Retailer - Consumer
Channel II :- Producer - Retailer - Consumer
Channel III :- Producer - Pre harvest contractor -Wholesaler - Retailer - Consumer
Channel IV :- Producer - Commission agent/Wholesaler -Retailer - Consumer
Channel V :- Producer - Commission agent - Retailer -Consumer

CONCLUSION

Chilli is a very popular vegetable, not only in India but all over the world. The native place of chilli is considered to be tropical America, especially Brazil where it is still found growing in wild state. There are more than 400 varieties of chillies found all over the world. The most popular for chilli production because of India has immense potential to grow and export different best suited climate, soil, irrigation facilities, skill and types of chillies required to various markets around the intensive cultivation practices adopted by the farmers of world. Ramanathapuram is second to the Guntur district in Andhra Pradesh in chilli production where farmers are very disadvantaged due to high degree of saline groundwater and uneven rainfall. Ramanathapuram is a dry place and has a high degree of heat that suits growth of chilli crops. The chapter discusses the production and marketing practices of the chillies in Ramanathapuram district.

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IMPACT OF INFORMATION AND COMMUNICATION TECHNOLOGY ON AGRICULTURAL SECTOR IN KARNATAKA

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ABSTRACT

Agriculture today is looming in backwardness of application of modern technology. Though, it provides employment for nearly 60% of country's population but there is not sufficient output. In this direction, information and communication technology is an important component of knowledge based agricultural productivity in India. Disseminating the adequate information to the farmers can improve the production capacity in the country. Indian agricultural sector which is tormented with many problems like insufficient infrastructural and technological rudiments form the component on farmers' side and inefficient price for agro-products on part of market are few of many problems that exist because of lack of information. The boom of ICT came as a link to the existing problem and provided a solution. In this study focused at the ICT programmes undertaken by Centre and State Governments with special reference to Karnataka state in improving the access to information to farmers with use of technology cutting down the barriers in reaping total benefit of the system. Thus, the present study aims to explore the real economic impacts of ICT application in agriculture by using different dimensions. This study has projected the use and awareness of the ICT in building a sustainable model for agriculture.

KEYWORDS

Agriculture, Information and Communication Technology, Programmes. Farmers.

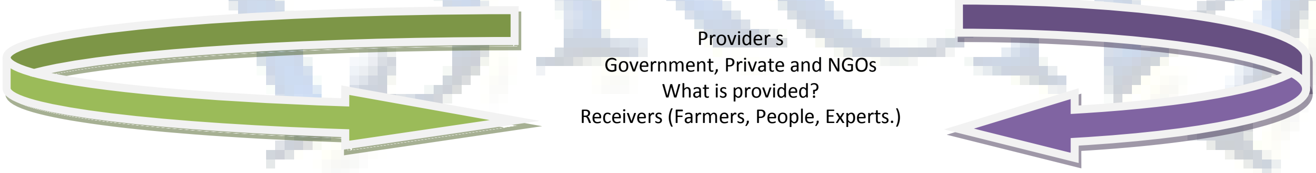
INTRODUCTION

Information and communication technology is an important component of knowledge based agricultural productivity in India. Disseminating the adequate information to the farmers can improve the production capacity in the country. Many developing Asian countries have promoted ICT development over the past five decades to achieve broad objectives of Economic growth, Agricultural development, employment, wages, education to enhance overall Socio-economic welfare. ICT farming contributes significantly at the household level in terms of income in rural areas. Earlier, Indian agricultural sector was tormented with many problems like insufficient infrastructural and technological rudiments form the component on farmers' side and inefficient price for agro-products on part of market were few of many that existed because of lack of information. The boom of ICT came as a link to the existing problem and provided a solution. ICTs offer crucial services to the rural farmers by applying advanced and modern technology to their hands like mobile phones, computers, internet, farmers information centers, radio-television programmes etc. to disseminate information. New technology supported by appropriate services and public policies have led to agricultural revolution, improvement in production and have enhanced the productivity of agricultural commodities like rice, maize, potato, fruits etc. A hunger free country can be possible, if we pay adequate attention to improve food availability and higher agricultural productivity through the use of better ecologically sustainable methods of production.

The theoretical conceptualization of technology in economics can be traced back to neoclassical era, who considered technology to be an exogenous variable to the economic system and this is formally modeled by *Solow* in the year 1956. However, latter economists like *Kenneth Arrow, Paul Romar* considered technology as an endogenous factor into the growth process and formulated a new set theories called as new growth theories. From 1984 onwards lot of research has been done on this topic and the noble prize for the year 2001 was awarded to the research on 'asymmetric information '. Many of the central theories and principles of economics have been based on assumptions about perfect information. Starting from Adam Smith many economists have laid emphasis on the subject either directly or indirectly. Economist like *Schumpeter, Kenneth J Arrow, Fredrick Von Hayek, George A Akerlof, Michael A Spence, Josesph E Stigtliz* have made notable contribution to this subject. Since then technology has gone on to play a pivotal role in explaining the process of growth and the evolution of economic thought, which has led to a universal acceptance of the role of technology and knowledge as an engine of growth. But both schools differ in the duration of economic impact of technology. The neoclassical believes that the impact of technology on the rate of growth is transitory but a durable effect on the level of per capita income, which will move to higher steady level. The endogenous growth theory implies a permanent effect on the long term rate of growth.

Agriculture development is central to India's economic development. The socio economic dimensions of development are basically gained through agriculture. Due to rapid population growth we are not able to produce sufficient food for nutritional security for each and every one. Malnutrition incidents have had occurrence in Maharashtra and Orissa recently. Agriculture is the backbone of many developing countries like India. The livelihood of more than 55percent of Indian population is dependent on agriculture and allied sector. 13.7percent of National Gross Domestic Product (GDP) and 12.28percent of the country's export income comes from agriculture sector. Understanding the role of agriculture in the country's economy, our first prime minister, Jawahar Lal Nehru opined, "Everything else can wait but not agriculture". Hence "everything can wait but not ICT" (Samwel Kakuko lopoyetum et.al, 2011). ICT application in enhancing agricultural productivity in this twenty first century is therefore imperative.

Dimensions of ICT in Agriculture



Above picture shows the relationship between providers, receivers and what is actually available to receivers. Online services provides needful and useful information's to the farmers or to receivers at grass root level, which are based on agriculture and train them to get high quantum of production through the help of ICT tools. This process also covers monitoring, consultation, and diagnosis of the problem and solve that immediately. Another splendor of ICTs is it would build a bridge between local producers, traders, retailers and suppliers in a one roof. It also conducts an interaction between farmers and researchers with field experts under the circle. This dimensions also have block wise and district level officers to give clear and perfect solutions with in the available time frame. Particularly, in this system, receivers get the information on farm business, tele- education, market status, weather forecasting, credit availabilities. This includes creation of databases with details of the resources of local villages and villagers, site-specific Information systems, expert systems, etc.

DIMENSIONS OF ICT IN AGRICULTURE

In the Agriculture sector we can see the 3 dimensions, which are

1. WHAT IS PROVIDED:-Some agricultural development services that can be provided in the developing world, using ICT, are:

- Online services for information, education and training, monitoring and consultation, diagnosis and monitoring, and transaction and processing;
- E-commerce for direct linkages between local producers, traders, retailers and suppliers;
- The facilitation of interaction among researchers, extension (knowledge) workers, and farmers
- Question-and-answer services where experts respond to queries on specialized subjects ICT services to block- and district-level developmental officials for greater efficiency in delivering services for overall agricultural development
- Up-to-date information, supplied to farmers as early as possible, about subjects such as packages of practices, market information, weather forecasting, input supplies, credit availability, etc.;
- Provision of early warning systems about disease/ pest problems, information regarding rural development programmes and crop insurances, postharvest technology, etc.;
- Facilitation of land records and online registration services;
- improved marketing of milk and milk products;
- Services providing information to farmers regarding farm business and management;
- Increased efficiency and productivity of cooperative societies through the computer communication network and the latest database technology;
- Tele-education for farmers;
- Websites established by agricultural research institutes, making the latest information available to extension (knowledge) workers and obtaining their feedback.
- Creation of databases with details of the resources of local villages and villagers, site-specific Information systems, expert systems, etc.

2. PROVIDERS:-The services providers are mainly Government, along with private sector and NGOs.

3. RECEIVERS: - Large farmers, small farmers, marginalized farmers, people, experts.

IMPORTANCE OF ICTS APPLICATION IN AGRICULTURE

Improving Information Access and Delivery of Services for sustainable agricultural growth and livelihood is the main objectives of providing ICTs services to the farming community. The well accessed information through the ICTs results in increasing productivity thereby, increasing sustainability of agriculture. The importance of ICTs application is summarized on the following accounts;

- Improved information access and delivery of services to the farming community.
- Improved transparency and accountability.
- Direct feedback from farming community to the decision makers in the state.
- Better monitoring of government schemes, which directly impact the farmers.
- Efficient management (Development, Conservation, allocation and utilization) of Resources
- Improved productivity and profitability of farmers through better advisory systems.
- Efficient and Increased utilization of information by stakeholders for their decision making.
- Faster and efficient Redressal of farmers' grievances.

The dissemination of information through both new and old ICT's happen in different form and context reaching the framers with varied effect. It is interesting to see how the farming communities have adopted the means of communication for a holistic development not only with regards to agriculture but in life as a whole as better agriculture will lead to a better standard of living. The respective state governments and central government have taken initiative to provide certain essential services using ICTs.

The following are the Common Services providing through ICTs

1. Agricultural Resources Improvement
2. Inputs Supply
3. Agricultural Production Monitoring
4. Agricultural Produce Management
5. Agricultural Marketing and Sales Management
6. Knowledge Management
7. Risk Management
8. Agro-Advisory and Extension Services
9. Farmers Help Desk
10. Scheme Monitoring
11. Enterprise Resource Management

NATIONAL POLICY ON ICT IN AGRICULTURAL EXTENSION

National policy framework for agricultural extension (2000) stated that information technology revolution is unfolding and has very high visibility. Harnessing information technology for agricultural extension will receive high point in the policy agenda. Extensive use of modern information technology will be promoted for communication between researchers, extension workers and their farmer clients to transfer technologies and information more cost effectively. Further, it emphasised IT application in marketing, wider use of electronic mass media for agricultural extension, farmer participation in IT programmes and support to the state government for using IT in agricultural extension, promoting IT based information kiosks and capacity building for use of IT (DoA&C, 2000).

National policy for farmers (2007) indicated that the potential of ICT would be harnessed by establishing gyan chaupels (Knowledge centers) in villages. Further, the Common Service Centers (CSCs) of the Department of Information Technology, Ministry of Communications and Information Technology, Government of India and those set up by the state governments and private initiative programmes will be evolved for inclusive broad-based development. Last mile and last person connectivity would be facilitated with the help of technologies such as broadband internet, community radio or internet-mobile phone synergies (NPFF, 2007).

Document of ICAR Framework for Technology Development and Delivery System in Agriculture (2008) outlined the need for the construction of Agri – India knowledge portal – A single electronic gateway to be developed through a peer review process with the help of 15 content accreditation centres from 15 agro – climatic regions of the country. Each accreditation centres will be coordinate with other Agricultural Universities and agricultural institutions in their region for development of content in regional language as well as in English and also do its validation, which will be collected in the central data warehouse integrated in the knowledge portal. The portal will also serve as a platform for facilitation of interaction among researchers and extension personnel in the KVKs through high speed server intranet (ICAR-FFTDDSA, 2008).

National e-Governance Plan indicated that the typical services envisaged in Agriculture as a Mission Mode Projects (MMP) to provide information to the farmers on seeds, fertilizers, pesticides, Govt. Schemes, Soil recommendations, Crop management, Weather and marketing of agriculture produce. Several projects such as ASHA in Assam, KISSAN and e-Krishi in Kerala and Krishi Maratha Vahini in Karnataka have been initiated by the Department of Agriculture and Cooperation (DoA&C), Government of India. To spearhead implementation of MMP in Agriculture, DoA&C has adopted twin strategy through AGRISNET & two portals AGMARKNET & DACNET (Mathur et al., 2009).

ICTS INITIATIVES FOR AGRICULTURAL DEVELOPMENT IN INDIA

The Central Ministry of Agriculture and National Informatics Centre (NIC) Emphasized Informatics for Agricultural Development through their National Conference on "Informatics for Sustainable Agricultural Development. As a follow-up action, the following major informatics network services were initiated to provide information access and services. The major initiatives are

- **AGRISNET** - an Infrastructure network up to block level agricultural offices facilitating agricultural extension services and agribusiness activities to usher in rural prosperity
- **AGMARKNET** - with a road map to network 7000 Agricultural produce wholesale markets and 32000 rural markets
- **ARISNET** - Agricultural Research Information System Network
- **SEEDNET** - Seed Informatics Network;
- **COOPNET** - To network 1:40000 Agricultural Primary Credit Societies (PACS) and Agricultural Cooperative Marketing Societies to usher in ICT enabled services and rural transformation
- **HORTNET** - Horticultural Informatics Network;
- **FERTNET** - Fertilizers (Chemical; Bio and Organic Manure) Informatics Network facilitating "Integrating Nutrient Management" at farm level
- **VISTARNET** - Agricultural Extension Information System Network
- **PPIN** - Plant Protection Informatics Network
- **APHNET** -Animal Production and Health Informatics Network
- **FISHNET** – Fisheries Informatics Network
- **LISNET** - Land Information System Network linking all institutions involved in land and water management for agricultural productivity and production systems; which has now evolved as "Agricultural Resources Information System" project during the Tenth Plan
- **AFPINET** - Agricultural & Food Processing Industries Informatics Network
- **ARINET** - Agricultural and Rural Industries Information System Network to strengthen Small & Micro Enterprises (SMEs)
- **NDMNET** - Natural Disaster Management Knowledge Network

The aove mentioned are some of the popular networking's under the central government. The state government of Karnataka also provides some of the quintessential services which have changed the way farmers look at the technology and its uses. Some of the popular services by Karnataka government are;

BHOOMI: Bhoomi (meaning land) is the project of on-line delivery and management of land records in Karnataka. It provides transparency in land records management with better citizen services and takes discretion away from civil servants at operating levels. For the same, a farmer can now walk into any of taluk offices and ask land record for a mere RS.15 from the booth. The Revenue Department in Karnataka, with the technical assistance from National Informatics Centre (NIC), Bangalore, has built and operationalised the BHOOMI system throughout the state. The BHOOMI has computerized 20 million records of land ownership. The project has seen 100% accomplishment in Karnataka.

BHOOMI has reduced the discretion of public officials by introducing provisions for recording a mutation request online. Farmers can now access the database and are empowered to follow up. In the BHOOMI project, a printed copy of the Rights, Tenancy and Cultivation (RTCs) Certificates can be obtained online by providing the name of the owner or plot number at computerized land record kiosks in 177 taluk offices, across Karnataka. A second computer screen faces the clients to enable them to see the transaction being performed. A farmer can check the status of a mutation application on Touch Screen Kiosks. If the revenue inspector does not complete the mutation within 45 days, a farmer can approach a senior officer person with his grievance.

In the next phase of BHOOMI, the 'LAND RECORDS ON WEB' has be established wherein, all the taluk databases are getting uploaded to a web-enabled central database so as to allow the private agencies to set up the village – level kiosk to download the land records documents at the village and issue it to the farmers. In this Private Public Participation (PPP) model, all the stakeholders will be benefited in land records delivery. This is one staking example as to how ICT can bring change in the way farmers perceive and apply technology.

KISSAN CALL CENTER: The Department of Agriculture & Cooperation (DAC), Ministry of Agriculture, Govt. of India launched Kissan Call Centers on January 21, 2004 across the country to deliver extension services to the farming community. The purpose of these call centers is to respond to issues raised by farmers, instantly, in the local language. There are call centers for every state which are expected to handle traffic from any part of the country. Queries related to agriculture and allied sectors are being addressed through these call center. In Karnataka, Kissan call center took prominent role to disseminate the information to farmers, farmers obtaining information at free of cost through Toll free number, that is 1800-180-1551 by landline or mobile phones. This service comes under the Private Public Participation (PPP) model, government of India and IFFCO have jointly initiated this program. This is slowly picking up in Karnataka and many farmers are getting involved in process of better livelihood through technology.

FARMERS HELP LINE (Raitha Sahaya vani): This help line was started in 2001, Karnataka. It is one of the Karnataka state government programme to promote, awareness among the farmers regarding farm cultivation. It would work 24/7 to provide information the contact toll free number is: 1800 425 3553. Currently, most of the farmers have benefited from this programme as per the help line records they have been getting more than 100 calls per day. It shows the significance of ICT in agriculture.

KISSAN SMS PORTAL : During celebrations 85th ICAR (Indian Council of Agricultural Research) Foundation Day, Hon'ble President of India launched on 16.07.2013 a SMS Portal for Farmers created by the Department of Agriculture & Cooperation, Government of India Officers, Scientists and Experts of Department of Agriculture & Cooperation, Indian Council of Agriculture Research, Department of Animal Husbandry, Dairying & Fisheries, India Meteorological Department and Food grain Procurement Agencies will use this portal for disseminating relevant information, giving topical & seasonal advisories and providing services through SMSs to farmers in language of the State.

The State Governments and their field formations down to the Block level (including State Agriculture Universities and KVKs) also have come forward in a big way to use this integrated Portal. Considering availability of more than 33 crore mobile connections in the rural area, Kissan SMS Portal is likely to be very useful to farmers and all other stake-holders as timely and relevant information will be provided to farmers in their own language. The SMSs will get transmitted only to the farmers within the territorial jurisdiction of an officer, scientist or experts for the crops or agricultural practice that such a farmer might have opted for. Search facility (by text and by topic) for going through previous advisories has also been created to avoid duplication and contradiction in advisories.

RAITHA SAMPARKA KENDRA (RSK) ("Farmer's Interaction center".): In Karnataka Raitha Samparka Kendra took a prominent role to disseminate the information to the farmers at grass root level, which means Hobli level. Farmers can visit these RSK's personally & get the required information or they can contact the RSK's over phone to obtain the information. An 'Interaction' register is maintained in the RSK. Farmer's name, address and the purpose of visit are entered in the register.

Raitha samparka kenndra has covered entire state in Karnataka, the scheme is implemented in all 30 Districts, 177 Taluks and 747 Hoblis of the State. The scheme is funded by Government of Karnataka & India. In Karnataka 747 Raitha Samparka Kendra's are working.

RAITHA MITHRA: (Raitha Snehi) Department of Agriculture has redesigned the existing "Raita Mitra" website (bilingual) in order to strengthen the Extension System by greater use of modern Information and Communication Technology (ICT) applications for bringing administration to the door steps of farmers by strengthening the system of provision of information for various initiatives pertaining to Service delivery, Extension Services, Information-Communication, Grievance handling, providing latest up-to-date information on various Government initiatives, Tender Notifications and most important of them all involving the farmers by providing a platform to share knowledge, wisdom and better practices with others. Raith mitra website with Raitha Shehi –Interaction platform was launched on 03-03-2014.

For the first time in the State, the Department has developed and provided a platform, "Raita Snehi – Interaction"- in order to address the queries of the farmers / public. The farmers / public can send queries related to agriculture either in Kannada or English to the Department through this platform and receive solutions to their mobiles and e-mails. Once the reply is given, the answer remains on the e-platform for further accessing the information at any moment of time by any interested person.

KRUSHI MARATA VAHINI: It is one of the online marketing information systems; this service helps farmers or public to easily get the national, state and local market information on agricultural commodities. Govt. launched Toll Free No: 1800-425-1552 to disseminate the Market Information to farmers and public in general. Prominently, maximum and minimum price for all agricultural commodities in the market are displayed on the website. The whole idea of this site is bringing in all commodities prices under one roof so as to get easy access whenever and wherever on fingertips.

Though, there are several measures taken and implemented by both national and state governments from time to time there have been a gap in implementation of the same. It is very disappointing to know that the effectiveness of these services is not coming across with same rigour as it should have been due to certain lacunae in the system.

BARRIERS IN ICT IMPLEMENTATION

Educating and catering to the information needs of farmers across nearly seven lakh villages in India indeed sounds unrealistic as this would require immense financial investment. A one-time major investment in establishing communication technologies in the required places restricts the government's objective of covering more people regularly because of insufficient power availability in rural areas, poor ICT infrastructure, ICT illiteracy, non availability of timely relevant content, non-integration of services, poor advisory services and lack of localization, and in particular non availability of agricultural information kiosks/ knowledge centers at the grass root level.

Moreover, farmers sometimes become averse to adopting technology as they think that it might result in their losing their traditional methods of cropping practices. They simply do not want to use such systems, even if the cost incurred is negligible. Therefore, the attitude and mindset of farmers needs to be changed first. There is a need to win their confidence and create awareness about the benefits of ICT in agriculture.

CONCLUSION

By this study, the authors concludes that the Indian Govt as well as state Govt of Karnataka were being made a remarkable achievements especially in the area of agriculture by giving various facilities to the farmers in which the ICT services is one among which is helping the farmers to understand the modern cultivation methods, availability of agriculture inputs, irrigational sources, availability of pesticide and fertilizers for increasing the production and productivity of crops. India is a developing economic country where agriculture forms the backbone of Indian economy. For a long period of time, Indian rural communities especially farmers have been facing number of socio-economic problems. So various policies and programmes on ICT of the agriculture dept. of the government must consider the threats faced by farmers to protect their interest as well as the interest of the nation. By reducing the level of problems faced by the farmers on lack of information of agro activities etc.

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EFFECTIVE STRATEGY FOR AGRICULTURAL DEVELOPMENT: WITH REFERENCE TO KAUTILYA'S ARTHASHASTRA

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ABSTRACT
Based on the famous Indian treatise on political economy, Kautilya's Arthashastra, the paper attempts to describe and explain the aspects of agriculture in ancient India. In this paper we shall examine the policies of the agricultural development as accomplished by kautilya. And how these policies could be helpful in the agricultural development during modern times, it will also be checked.

KEYWORDS
Agriculture, Arthashastra, Kautilya.

INTRODUCTION
Agriculture plays an important role in the process of economic development of a country. Industrialization and agricultural development are complementary to each other. As a result, it was realized that the neglect of agriculture could limit economic growth. Agriculture depends on many factors, but the availability of cultivable land is the primary requisite. There are alternative uses of land. Land is also necessary for other purposes, e.g., habitation, forests, pasture grounds etc. Total available land in a country being limited, proper utilization of land, proper distribution of land among different uses, preservation of ecology of land etc. are essential for the sustainable development of agriculture and all other sectors of the economy of a country. In ancient times also, proper care was taken as regards the above matters. It may be argued that in ancient days agriculture was the main occupation of the people and so it acquired the utmost importance. By seeing our ancient texts it seems that in ancient India, agricultural techniques were the most modern. References have been made in these books to crops, intensive and extensive cultivation, small and large scale farming, the use of fertilizers, crop diseases and their eradication, irrigation, cattle farming, use of good quality seeds, evils of fragmentation of holdings etc. The ancient sages held that land revenue should form the biggest source of state income. It was the responsibility of state and community to convert the waste land into cultivable land. On the basis of ancient Indian text, Kautilya's *Arthashastra*, it will be examined in this paper how the matters related to agriculture were handled in the ancient India. In *Arthashastra* we get detailed guidelines regarding agriculture and proper utilization of land. This paper has been divided into five sections. First section is related to the introduction of the theme. The second section explains about Kautilya and his famous treatise *Arthashastra*. The third section analyses the agricultural views of Kautilya. The modern relevance of Kautilya's agricultural aspects is checked in the fourth section. The last section concludes the paper.

KAUTILYA AND HIS *ARTHASHASTRA*
Many oriental thinkers had contributed in the theoretical and practical field of agriculture prior to modern thinkers. The existence of earlier sources is clearly indicated in the Kautilya's *Arthashastra*. Kautilya's *Arthashastra* has a memorabilia place in the melting pot. It is a famous treatise of ancient India which was composed around 300 B.C. The author, Kautilya was also known as Chanakya and Vishnugupta. He was a great Brahmin scholar and a teacher of statecraft, which, in those days included economics, politics, war science, espionage and various aspects of religious and social life. The basic purpose of the book is to specify guidelines for unifying the innumerable states in the Indian subcontinent into a strong and large monarchic state capable of repulsing foreign invasion and ensuring free flow of goods and services throughout the subcontinent.

The treatise deals exhaustively with statecraft, economics, espionage, administration, war science, ecology and various other aspects pertaining to human living. It consists of 150 chapters, which are distributed among fifteen books. The books of *Arthashastra* are as follows:

1. Concerning Discipline
2. The Duties of Government Superintendents
3. Concerning Law
4. The Removal of Thorns
5. The Conduct of Countries
6. The Source of Sovereign States
7. The End of the Six-fold Policy
8. Concerning Vices and Calamities
9. The Work of an Invader
10. Relating to War
11. The Conduct of Corporations
12. Concerning a Powerful Enemy
13. Strategic Means to Capture a Fortress
14. Secret Means
15. The Plan of a Treatise

Although there are occasional insertions of prose, the treatise is written mainly in slokas. The "*Arthashastra*" consists of detailed analysis of different aspects of ancient Indian economy.

Kautilya was a great statesman as well as a great scholar. He played a dominating role in the formation and functioning of the Maurya Empire. Subsequently under his guidance, growth with stability was attained in the empire with the help of strong administration and efficient fiscal management.

Another book attributed to Kautilya is *Nitishastra* (also known as Chanakya Niti). It is a treatise on the ideal way of life, and shows Kautilya's deep study of the Indian way of life. He also developed Neeti-Sutras that tell people how they should behave. Of these well-known 455 sutras, about 216 refer to rajneeti. In fact, Kautilya used these sutras to groom Chandragupta and other selected disciplines in the art of ruling a kingdom.

AGRICULTURE ASPECTS IN KAUTILYA'S ARTHASHASTRA
The core subject of kautilya' *Arthashastra* is Varta- Economics which is comprised by the three components-

1. Agriculture
2. Animal husbandry
3. Trade

To quote-

"Agriculture, breeding of cattle and trade comprise Varta". (1, 4, 1)
Among these three components Kautilya has given highest priority to agriculture. He says that agricultural development is the prerequisite for the overall development of an economy. There are various necessities which are accomplished by the agriculture which in turn promotes the development of other related sectors.
To quote-
"As such it is most useful that it brings grains, cattle, gold, other metals and forest produce in addition to free labour. With this one could gain control over one's own people as well as other people since they could support treasury and army." (1, 4, 1)
It is also cleared here that in ancient times major part of national income came from the agriculture sector. Agriculture sector was under the control of state. The decisions related to agriculture were taken by the Superintendent of Agriculture. He was named as *Sitadhayksha.* Kautilya prescribed various qualities which were essential to be the Superintendent of Agriculture:-

- He should be qualified in farm technology.
- He should have better understanding of soil characteristics and qualities, plants and tree, flower and fruits, and different crops.
- He should also have a good knowledge of *Krisitantra*- the Science of Agriculture, and *Sulvasastra*- Geology and Botany.

He was allowed to take the assistance of experts if he did not have the knowledge of all these fields. To quote-
"The Director of Agriculture, himself conversant with the practice of agriculture, water- dividing and the science of rearing plants, or assisted by experts in these, should collect in the proper seasons, seeds of all kinds of grains, flowers, fruits, vegetables, bulbous roots, creeper fruits, flax and cotton". (2, 24, 1)
This description clears that state used the services of experts in various sectors of production. All varieties of seeds were to be collected at proper time and preserved properly. *Sitadhayksha* was not only responsible for farming but at the same time he was also responsible for having good connection with carpenters, blacksmiths, rope makers and mechanics etc., who were helpful in cultivation by manufacturing farm equipments. It shows the interdependence among different sectors of the economy.
To quote-
"And he should cause no delay in (the work of) these on account of ploughing machines, implements and bullocks, and on account of (the work of) artisans, such as smiths, carpenters, basket- makers, rope- makers, snack- catchers and others". (2, 24, 3)
There was the active participation of the state in agricultural pursuits. How the land was distributed for different purposes like agriculture, pastures, factories, forests, water reservoirs and irrigation networks, habitants etc., was also the duty of state. There were the provisions of assistance and punishment according to the actions. Royal assistance was given to the persons who carried out proper methods of cultivation, taking care of sustaining the quality of the land. And there were the punitive measures for those who violate the rules in this regard. These are enumerated in various sutras as follows:-
He should grant (lands) to priests, preceptors, chaplains and Brahmins learned in Vedas (as) gifts to Brahmins, exempt from fines, with inheritance passing on to corresponding heirs". (2, 1, 7)
"He should grant lands to the heads of departments and others, and to gopas, sthanikas, elephant trainers, physicians, horse trainers and couriers, (lands) without the right of sale or mortgage".
It seems that they did not have the full ownership of land. They had the right of only use of land. They were not free to sale or mortgage it.
Kautilya prescribed state sponsored schemes for developing land for cultivation in the uncultivable areas i.e. tax concessions were provided to those persons who were willing to cultivate the uncultivated land. To quote-
"He should allot to tax payers arable fields for life". (2, 1, 8)
"Unarable fields should not be taken away from those who are making them arable". (2, 1, 9)
If any person leaves land given to him uncultivated, the state should promptly seize it gives it to some diligent cultivator.
"He should take away fields from those who do not till them and give them to others". (2, 1, 10)
"Or village servants and traders should till them". (2, 1, 12)
"And he should favour them with grains, cattle and money". (2, 1, 13)
"And he should grant to them favours and exemptions which would cause an increase in the treasury, (but) avoid such as would cause loss to the treasury". (2, 1, 15)
"On land unsuitable for agriculture, he should allot pastures for cattle". (2, 2, 1)
This shows the awareness of the state for making the proper land utilization which makes the country financially sound. It is also cleared that state favors the diligent cultivators which are a prerequisite for the development of agriculture.
According to him, the farming should be eco friendly and sustainable; and there should be a proper balance among different uses of scarce land. How various crops are to be cultivated is also described by Kautilya in detail. While planting crops appropriateness of soil, climatic conditions, availability of water and workers, seasons etc. should be kept in mind. It is mentioned in the following sutras:
"He should cause them to be shown in land, suitable for each, which has been ploughed many times, through serfs, labourers and persons paying of their fines by personal labour". (2, 24, 2)
It also shows the supply of workforce from additional sources if there is lack of agricultural labour.
"According to the amount of water (available) for the work, he should decide on wet crops, winter crops or summer crops". (2, 24, 19)
"In conformity with that (rain, sunshine and proper time), he should cause crops to be sown, requiring plenty of water or little water". (2, 24, 11)
Any delay in the timely sowing of seeds was punishable if there was loss of the harvest. To quote-
"And he should cause no delay in (the work of) these on account of ploughing machines, implements and bollocks, and on account of (the work of) artisans, such as smiths, carpenters, basket makers, snack catchers and others". (2, 24, 3)
Kautilya has given some valuable suggestions for the treatment of seeds to keep away them from crop diseases. He suggests that for getting good harvest sugarcane should be smeared at the cut with honey, ghee and pig's fat, and mixed with cow dung in the stalks before sowing. Thus, how seeds are to be prepared before sowing, and how crop saplings are to be properly maintained is described very clearly by him. To quote-
"soaking in dew (by night) and drying in the heat (by day) for seven days and nights (is the treatment) in the case of seeds of grains, for three days and nights or five in the case of seeds of pulses, smearing at the cut with honey, ghee and pig's fat, mixed with cow dung in the case of stalks that serve as seeds, (smearing) with honey and ghee in the case of bulbous roots, smearing with cow dung in the case of stone- like seeds, (and) in the case of trees, burning in the pit and fulfillment of the longing with cow bones and cow dung at the proper time". (2, 24, 24)
Kautilya says that all the harvested produce should be taken away carefully from the field and nothing should be left there, not even the outer covering of the grains.
On the basis of return and expenditure Kautilya divides the crops into three parts-
Best crops
Middling crops
Worst crops
He says that wheat and rise are the best crops, vegetables are middling and sugarcane is the worst because it requires more expenditure. To quote-
"*Sali* and others are the best crops, vegetables middling, sugarcane worst". (2, 24, 20)
"For sugarcane are fraught with many dangers and require much expenditure". (2, 24, 21)
Kautilya also prescribes measures for irrigation which are essential for the development of agriculture as like today. In ancient days also, rainfall was not regular and equally distributed over all reasons of the country. Agricultural pursuits in the dry and drought prone areas were dependent solely on irrigation water. In other areas too, irrigation was required during dry seasons. Because of this, Kautilya emphasized on the construction of –

- Water reservoirs
- Wells
- Tanks
- Fountains

And trees should be planted for soil and water conservation, esp. in dry areas. People undertaking these activities should be encouraged in various ways by the state. The state helped those, who voluntarily constructed reservoirs, by providing them with sites, roads, timber implements and other facilities. The state also encouraged cooperative adventures of villagers in constructing reservoirs for common benefit. If owners neglected maintenance of their reservoirs for five years or made no use of it, their ownership ceased.

MODERN RELEVANC OF KAUTILYA'S AGRICULTURAL ASPECTS

Kautilya suggested many important aspects in agriculture which are highly relevant today. Much emphasize is given on timely sowing which is very important for high yield for which, all the implements and other means have to be kept ready. Any delay in these arrangements received punitive action. The Superintendent of Agriculture should be an expert person who has the knowledge of agriculture. There was a provision to appoint a person who was not an expert but he was assisted by other knowledgeable person. There should be expectancy of labourers by land owners before sowing. The crops should be sown according to the season. Some of bio- control practices suggested by Kautilya have got relevance such as practice of exposing seeds to mist and heat for seven nights. These practices are followed even now in wheat to prevent smut diseases. Cut ends of sugarcane are plastered with the mixture of honey, ghee and cow dung. He also suggested that harvesting should be done at proper time. Nothing should be left in the field. The harvested produce should be properly processed and safely stored. The crop residues were also removed from fields and fed to cattle. Kautilya emphasized on organic farming which is done, in present days also, by the rural people of India.

CONCLUSION

In brief, it can be said that agriculture acquired utmost importance in kautilya's *Arthashastra*. It was the main pre- occupation of the people of a country. But during modern times, industry gains much importance and is considered the motivating force of an economy because it is free from the natural limitations of the agriculture. Still the importance of agriculture cannot be ignored altogether in a modern economy. Even today agriculture is the basic source of food for the people. It also supplies raw materials to many industries. Without a strong agricultural base, it is very difficult to develop industries of a country like India. So along with industry due importance should be given to agriculture and allied activities as suggested by Kautilya in his *Arthashastra*.

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IMPACT OF INVESTORS' ATTRIBUTES ON INVESTMENT DECISIONS

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ABSTRACT
Present study aims at exploring the factors which motivate the people towards making the investment decisions. Being the study in descriptive in nature it went through primary data collection through questionnaire & discussions with 50 people and analyzing it with proportionate basis and lastly testing the validity of the results using x^2 test. Results of the present study show that investors' personal attributes i.e. level of awareness, age, income and educational level, affect the investment decisions significantly. So study recommends that all these four personal attributes of the investors should be considered in designing of various financial schemes to be offered by the marketers.

KEYWORDS
investor's attributes, investment decisions.

INTRODUCTION
Every person's investment decisions depend on the various attributes. There are so many factors that affect his investment decisions based on their own requirements. Personal investment is affected by the level of knowledge an individual investor possesses about different investment instruments. The knowledge of the relationship between risk and return along with the knowledge of industrial sectors, economic indicators, companies performance analysis techniques, portfolio management techniques, etc., affect the investment decisions of individuals. The sources of information regarding investment avenues also guide the investment decisions. Tax liabilities of an individual and the effect of taxation on the income generated from investment along with its understanding influences an individual's investment decisions. Security or safety is also very important in investing. Because, if someone is going to invest their scarce money then definitely he will expect good income. The safety of the funds invested should be the first priority of any investment and then the returns should be in proportion to the level of risk taken. One of the most important factors affecting personal investments is the availability of disposable fund that depends upon his income. If the difference between net income and expenditure is either zero or negative, there will be limited amount available for investment.

OBJECTIVES
Present study aims at exploring the factors motivating to investors for investment. Furthermore objectives of the study are to know the relationship between investors' level of awareness, education, age & income and investment decisions.

RESEARCH METHODOLOGY
A descriptive approach has been adopted in the study. The data has been generated through extensive survey method. Sufficient time was given to given to each client for extracting the desired information**.** The data has been collected from the business class. The primary data involve personal interview through Personal visit and secondary data from World Wide Web and executive directories etc. Sample size was taken as 50 of Non-probabilistic sampling. A business man of any field in business is considered as sampling unit in this project study. X^2 test has been used to check the validity of results of the study.

HYPOTHESES
H_1: There is a positive relationship between investor's level of awareness and investment.
H2:. There is a positive relationship between investor's education and investment
H3: There is a positive relationship between investor's age and investment.
H4: There is a positive relationship between investor's level of income and investment**.**

RESULTS & DISCUSSIONS
1. ANALYSIS ON INVESTOR'S LEVEL OF AWARENESS

TABLE 1

Investment Alternatives	Awareness			
	High	Medium	Low	Total
Insurance Policies	11	4	0	15
Fixed deposits incomes	12	3	1	16
Mutual Funds	04	3	3	10
Sec Market	01	3	5	09
Total	28	13	9	50

The table shows that there is very high percentage of awareness regarding insurance/ fixed income/ government. The level of awareness regarding the share market & secondary market is very low among the businessman. In the survey it was found that people don't invest in share market/ mutual funds because of their risky nature. This shows the low level of penetration of mutual fund and share market among their customers and the potential market for the company

2. ANALYSIS ON INVESTOR'S QUALIFICATIONS

Qualifications of Investors have been are being categorized into different headings:
High - professionals, post graduate
Average - graduate
Low - under graduate

TABLE 2

Investment Alternatives	Qualifications			
	High	Average	Low	Total
Insurance Policies	2	4	11	17
Fixed deposits incomes	2	4	8	14
Mutual Funds	6	3	1	10
Securities Market	5	3	1	09
	15	14	21	50

Table 2 indicates that highly qualified people prefer either mutual funds or other securities like shares, derivatives or other instruments wherever less qualified people's priorities are either insurance policies or fixed deposits.

3. ANALYSIS ON INVESTOR'S LEVEL OF AGE

TABLE 3

Investment Alternatives	AGE			
	Low	Average	High	Total
Insurance Policies	1	4	1	6
Fixed deposits incomes	1	5	2	8
Mutual Funds	6	8	10	24
Sec Market	2	8	2	12
Total	10	25	15	50

Table3 shows that middle aged people prefer Insurance Policies and same result has been occurred in case of Fixed Deposits. There is more or less symmetry between mutual funds and age. Furthermore other securities are being purchased by middle aged persons.

4. ANALYSIS ON INVESTOR'S LEVEL OF INCOME

TABLE 4

Investment Alternatives	Income			
	High	Average	Low	Total
Insurance Policies	0	5	2	7
Fixed Deposits	1	5	2	8
Mutual Funds	8	9	8	23
Sec Market	7	4	1	12
Total	16	23	13	50

Table4 clearly states that people with average and low income invest their money in safe instruments i.e. insurance policies and Fixed deposits whereas investments in mutual funds are made by all income groups. But other securities are preferred by high income group.

HYPOTHESES TESTING

TABLE 5: X^2

Investment Alternatives	Investors Personal Attributes				
	Awareness	Qualification	Age	Income	Total
Insurance Policies	2	2	3	2	9
Fixed Deposits	2	1	4	2	9
Mutual Funds	4	6	1	4	15
Sec Market	5	7	1	4	17
Total	13	16	9	12	50

Chi-square:9.62
Degrees of freedom: 9
P-value: .38211
Yates' chi-square: 5.226
Yates' *p*-value: .81417897
Critical Value: 16.91
Expected frequencies less than 5 are usually considered acceptable if Yates' correction is employed. Yates chi square value is less than the critical value that confirms the strong association between investors personal attributes i.e. awareness, qualification, age and incomes and investment decisions. So hypotheses have been proved true.

CONCLUSION

Selection of optimal investment decision is very difficult job as different financial offerings have different characteristics where fixed income bearing securities give security of fixed income but return is low, insurance policies cover the risk but with low return as securities market where return is high but risk is also high. Every investor considers various factors like risk, return, liquidity of investment etc. but as present study aimed at finding whether personal attributes of the investors i.e. their awareness, qualifications, age and income affect their investment decisions. Study finds that all stated personal attributes play an important role in selection of various investment alternatives/ tools. Chi square value 16.91 is significant at 9 degree of freedom that validates the results of the study and proves the all set hypotheses true.

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