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THE ROLE OF WOMEN ENTREPRENEURS IN SHAPING THE BUSINESS AND SOCIETY**DR. C. S. SHARMA****DIRECTOR****MAHARAJA AGRASEN INSTITUTE OF MANAGEMENT STUDIES****ROHINI****ANJU BHARTI****ASST. PROFESSOR****MAHARAJA AGRASEN INSTITUTE OF MANAGEMENT STUDIES****ROHINI****ABSTRACT**

According to the Vedas, women happen to be inhuman and were subject to no primary and basic civil liberties. Women wanted to have the same opportunities as the men though there may be some limitations to what women can do physically, emotionally and mentally as far as work is concerned, but it may also be the same for the men. Women never wanted to be seen as someone who is not capable of doing anything besides staying at home but always wanted to be treated equally. As women are the inherent and important part of the society and so they should not be neglected due to their lesser power and authority (Packota, 2000). Women have had a very important role to play where men are regarded as the "stronger gender". But, now a days, in the changing scenario and modern way of thinking, the disparity between men and women is gradually reducing and has brought about equality and equity between them, the need of the hour is in women empowerment both through provision of employment and through the creation of an enterprise. They had gone through difficult stages of setting up an enterprise as do the men and faced almost same challenges; women do have a distinct set of factors that first obstruct their entry as an entrepreneur and their survival as a successful business woman. Women entrepreneur are poised to make an even greater impact which has been reflected on the business as well as on the society (Stengel Geri, 2013).

KEYWORDS

Entrepreneur, empowerment, opportunity, challenges, employment.

INTRODUCTION

Globalisation is bringing new opportunities and challenges in entrepreneurship for women in the business world today (Kumari, S, 2012). As women entrepreneurs are becoming an important economic and social force around the world. Knowingly, now-a-days big corporations are continued to be ruled by men in the business world, but women are also entering this new era by conquering the world markets and running their business through small and medium sized firms and being their founders as well as their managers. But still different nations have not relented in their efforts to neither make impressive nor admirable efforts in the domain of women entrepreneurship (Nyoh Dinga, Sarah et al, 2005).

As we know, woman constitutes the family which leads to society and nation (Williams, 1988). For a country to be developed, the social and the economic development of women is necessary of any society or a country. "Entrepreneurship is state of mind which every woman has in her but has not been capitalized in way in which it should be (Bhardwaj, N.G et al, 2013)". People are now comfortable in accepting leading role of women in our society due to change in environment though there are some exceptions.

Many entrepreneurial opportunities has been created due to increasing dependency on service sector especially for women where they can excel their skills with maintaining balance in their life. Self determination, expectation for recognition, self esteem and career goal are the key drivers for taking up entrepreneurship by women (Moore & Buttner, 1997). In order to achieve self satisfaction, sometimes, women chose such career path for discovering their inner potential and caliber.

Women entrepreneurship presently enjoying the support of the authorities to the largest extent in developed economies through different economic mechanism, such as tax allowances and access to micro-credit lines. Women entrepreneurship had also its swing in countries which are changing along with the expansion of small and medium sized firms (Nyoh, 2005). However, it has been found that an increasing number of women in the western world are running firms with considerable financial capital and developed business contacts in the world, but the position of women entrepreneurs is basically different in countries in transition.

Recently, an international study found regarding women from low to middle income countries (like in Russia and the Philippines etc.) were more likely to enter early stage entrepreneurship when compared to those of higher income countries (like in Belgium, Sweden and Australia etc.) (Lemmon, G, 2012). While eastern businesses are mostly following methods based around mutual respect and understanding where as western business expectations are for business leaders to be more ruthless, headstrong and less sensitive or respectful.

STATUS OF WOMEN IN THE ANCIENT INDIA

During the ancient India, there is evidence that women enjoyed equivalent status and rights like their males counterparts. In addition to this, they were educated properly in the Vedic period. These references were available (Basu, A, 2014) from the works of Katyayana and Patanjali, the Grammarians. At that time women also had the freedom to select their husbands. And this system was known as 'Swayamvar'. In fact, during this era women had superior position than the males.

Manu, the great law-giver had said long ago 'where women are honoured, there reside the gods' (Mercy Sowmya, 2007). In ancient India's culture, one of the greatest honour had been ascribed to women. According to ancient Hindu scriptures, it can be noticed that no religious rite can be performed with perfection by a man without the participation of his wife and wife's participation used to be essential in any religious rite. All married men along with their wives were allowed to perform sacred rites on the occasion of various important festivals and societal celebrations. This was the reason that wives were also called as 'Ardhangani' (better half). They were not only given much importance but also provided equal position with men.

There is another incident in which women have been grossly deplored as full of lowly characteristics is the rebuke by Ravan of his wife Mandodari when in the face of repeated revivals during the course of war with Ram, she asks Ravan to return Sita. Ravan brushes aside her suggestion and contemptuously question her innate capability to advice by denouncing entire woman race by describing them as having eight flaws. Tulsidas describes Ravan's denunciation of women's race in these words:

"Naari subhau satya kavi kahahi, ougun aath sada ur rahhi

Sahas anrit chaplata maya, bhay avivek ashauch adaya"

Sahas – courage/recklessness

Anrit – mendacity

Chapla- fickle/frivolous/wanton/restless

Maya- the illusion or appearance of the phenomenal world / allure/

Bhay – fear/frightened/apprehension/timidity

Avivek – unthoughtful/indiscretion

Ashauch – unhygienic/impurity

Adaya – callousness

The above lines has been described in Sriramcharitmanas written by Tulsidas where Ravana describes about a woman that the above characteristics are rightly observed in them and these eight evils abide in her heart.

During the medieval period, with the entrance of the Muslims, the status of women deteriorated in India rapidly. Different evil practices like female infanticide, sati, and child marriage were practiced during this period (Singh,R,2003). A very unusual 'Purdah' system was introduced to the society. But on the other hand, women were also rulers, they excelled in music, literature and arts during this period. Polygamy was also very common in this period. For example, some of great-women rulers were Razia Sultana, the only women-monarch to rule the throne of Delhi, Nur Jahan and Gond queen Durgavati who ruled for fifteen years before she was defeated in a battle by emperor Akbar.

In recent years, a different and a new way of looking at the relationship between women's rights and entrepreneurship has been emerged. This is the rights-based approach to entrepreneurship which is about empowering the women by enabling them participate in the process of development and by enhancing the enabling environment for an equitable distribution (Singh,R,2003). It has been felt that there is the need to apply a gender perspective in the implementation of the rights to the entrepreneurial process. Because their full participation on the basis of equality in entrepreneurship is fundamental for economic growth, development and poverty alleviation.

There are various major hurdles that the women face during starting and running a company generally come from financing and balancing of life. The balancing of life is generally caused due to lack of family support for the women. The other hindering external factors that women face include gender discrimination, inaccessibility to information, training opportunities, infrastructure etc (Kumari,S,2012). There are few internal factors which can also create obstacles for the women entrepreneurship development like risk aversion by women, lack of confidence, lack of vision of strategic leader etc.

However, it has been found that Indian women entrepreneurs faced lower level of work-family conflict and are also found to differ from their counterparts in western countries on the basis of reasons for starting and succeeding in business. These trends are also seen in other Asian countries such as Indonesia and Singapore. The statistics regarding the proportion of business setup and operation by women showed that it is much lower than the figures found in western countries (Robb et al, 2009).

WOMEN IN INDIA

If we want to know the worth of a civilization, it can be judged by the place given to women in that society. It is one of the several factors that justify the greatness of India's ancient culture is that the honourable place is being granted to women (Singh, R,2003). As discussed above, the influence of Muslims in India had caused considerable deterioration in the status of woman owing to 'purdah' system which led to isolation from the society (Desai,R,2013). They were not given equal rights as men. It was Raja Ram Mohan Roy who started a movement against this inequality and subjugation (Majumdar,1965). It is ironical but the interaction of Indian culture with that of the British has brought tremendous improvement in the status of women. Another factor that has influenced the revival of women's position was Mahatma Gandhi who also induced women to participate in the freedom movement. Women in India now, as a result of this retrieval of freedom, have distinguished themselves as teachers, nurses, air-hostesses, booking clerks, receptionists and doctors. They have also participated aggressively in politics as well as in administration. But still, in spite of this improvement in the status of women, there are few evils prevailing in the society like evils of illiteracy, dowry, ignorance and economic slavery would have to be fully removed in order to give them their rightful place in Indian society (Singh,R,2003).

Constructive view of role of women states that role of women undergoes a metamorphosis in terms of socio – cultural dialogic reconstruction. Women are said to be born with the following inherent qualities which contribute towards refining the socio- cultural fabric of the society:

- Shri – radiance or prosperity
- Kirti - fame
- Wak – ability of communication (through Intuitions)
- Smriti – mindfulness, which is remembered
- Dhriti – ability to bear anything, to hold, preserve, be steady, Firmness, constancy, resolution;
- Medha - Intelligence, vigor, vitality; ability connected with the ideas of intellectual activity.
- Kshama – Forgiveness

Due to Raja Ram Mohan Roy's movement against women's subjugation to men and Victorian influence on Indian culture and civilization, the position of women had once again undergone a change (Chandrashekar,2010). However, they re-asserted their equality with men only under the enlightened leadership of Mahatma Gandhi. Under his leadership, they discarded their veil and came out of the four walls of their houses to fight for the battle of freedom. The result of this is being reflected in our Indian Constitution that has given women the equal status with men where there is no discrimination between men and woman. Each and every professions are open to both of them with merit as the only criterion of selection.

Indian woman have now distinguished themselves in various spheres of life as politicians, orators, lawyers, doctors, administrators and diplomats. They not only perform their work and duties with responsibility but also with honesty and sincerely. Indian women have shown their worth in every spheres of life (Gupta,P,2011). Women are contesting for the Parliament and the Assembly, exercising their votes with right, seeking appointment in public office and competing with men in other spheres of life. All these shows that Indian women are enjoying more liberty and equality today than before. They have been shaping their future with men and sharing responsibilities for themselves, their family and their country. There is no doubt regarding the fact that women are intelligent, hard-working and efficient in work, they put heart and soul together in whatever they undertake (Chandrashekar,2010).

GLOBAL STATUS OF WOMEN

The Global Entrepreneurship Monitor, a global study formed of a consortium of National teams, GEM data of 1999 recorded a significant participation rate of women in entrepreneurship (Nyoh, D, Sarah, 2005). The purpose of GEM is to measure individual involvement in venture creation. The study describes that women constitute 51% of the world's population and suffer most from poverty. As human poverty has been viewed as a situation that focuses on the denial of opportunities and choices most basic to human development in order to live a healthy and creative life and to enjoy a decent standard of living, freedom, dignity, self esteem and respect for all. Another study, according to the Kauffman Firm Survey (Robb et al., 2009), says only about 30% of the primary owners were women (Cohoon M, Wadhwa V and Mitchell L, 2010). Poverty is a comprehensive violation of human rights, not only of economic and social rights but also of civil and political rights. The share of women who become entrepreneurs is significantly below across the globe that of men. Women entrepreneurship rates equal or exceed male rates in just seven countries, according to Global Entrepreneurship Monitor (GEM) data, 2012. The highest gaps reflected are in Europe, Middle East and North Africa and Asia, the lowest gaps in sub-Saharan Africa and Latin America and the Caribbean (LAC).

- In advanced market economies women own more than 25% of all business. In Japan, 23% private firms are owned by women (Nyoh, D, Sarah, 2005)..
- In Germany, women have established one third of the new businesses since 1990 representing one million jobs.
- In the United States, women owned more than 38% of all business (9.1 million firms) employing 27.5 million workers (or 1 in 5 workers) with revenues about \$ 3.6 trillion (Center for Women's Business Research, 1999).
- It is also said that women produced 80% of the food for Sub-Saharan Africa, 50-60% for Asia, 26% for the Caribbean, 36% for North Africa and the Middle East, and more than 30% for Latin America (Roy, Tisdell, & Blomqvist, 1996).

EMPOWERING WOMEN IN BUSINESS

The status of women has been greatly improved and they are being encouraged to start small business in order to have their own source of income so that they are able to become independent (Ochani Priyanka, 2012). In this regard, various governmental and non-governmental organisations are offering financial support to women and encouraging them to make their own money by starting various activities and now they are given equal opportunity like their male counterparts by the government.

SOCIAL EMPOWERMENT

Women are becoming successful in several spheres of life like they are educated about the social benefits including awareness about the existing social problems in the society, good recognition and image in the family and the community, role in making important decision in their family, plan and promote better education for their children and other family members, also taking care of health of the aged and the children just to mention a few (Blattman, C. Green, E., 2013). Women are given a chance to serve the community including fighting for the basics amenities and welfare needs of the community. Women are competing with their male peers when it comes to education having higher education degrees which is one of significant characteristics that many successful female entrepreneurs have in common (Schumpeter, 2011).

PRESENT CHALLENGES

As the female entrepreneurship and the formation of women business networks are steadily and gradually rising, there are number of challenges and hurdles that female entrepreneurs face. One of the major challenge many of them face is the traditional gender roles (Roth, C., 2011). Entrepreneurship, as being seen, is still considered as a male dominated field and it may be difficult to surpass these conventional views. Women entrepreneurs are facing following hurdles related to their business:

FINANCIAL POSITION OF WOMEN AND SEX DISCRIMINATION

As it has been seen usually women have lower financial assets with compare to men (Brush, C. G., 1992). So, for a given opportunity and equally capable individual, they must secure additional resources compared to men in order to exploit the opportunity because they control less capital (Carter, S., Rosa, P., 1998). In the women's entrepreneurship literature, a question has developed if women having a harder time getting finance than men for the same business opportunity. A solution was derived for obtaining finances for business which was known as microfinancing, a financial institution, that has become exceptionally popular especially in developing economies (Carter, S., Anderson, S. and Shaw, E., 2001).

FACING OBSTACLES IN MANAGING A SMALL FIRM

Recent studies on women entrepreneurs has shown that women have to cope with stereotypic attitudes towards women on a daily basis. Business relations constantly remind the entrepreneur that she is different being a woman, sometimes in a positive way such as by praising her for being a successful entrepreneur (Loscocco, K. A. and Leicht, K. T., 1993). Though, it is not that easy to combine the workload associated with being a small business manager with taking care of children and a family. Women entrepreneurs feel more in control even if the revenues are somewhat smaller and happier with their situation than if they worked as an employee.

HURDLES/OBSTACLES REGARDING GROWTH OF THE FIRM

Women entrepreneurs are facing specific problem which has come up regarding their inability to achieve growth especially sales growth (Du Rietz, A. and Henrekson, M., 2000). As women often have a difficult time to assemble external resources, they start less ambitious firms that can be financed to a greater degree by their own available resources. As it has been seen that firms with more resources at start-up have a higher probability to grow than firms with fewer resources like societal position, human resources and financial resources. This type of initial endowment in the firm is therefore, of great importance for firm survival and for the growth of the firm (Bruderl, J. and Schussler, R., 1990). Many women entrepreneurs, despite being facing growth barriers, they are still able to achieve substantial firm growth (Cooper, A. C., Woo, C. and Dunkelberg, W., 1989).

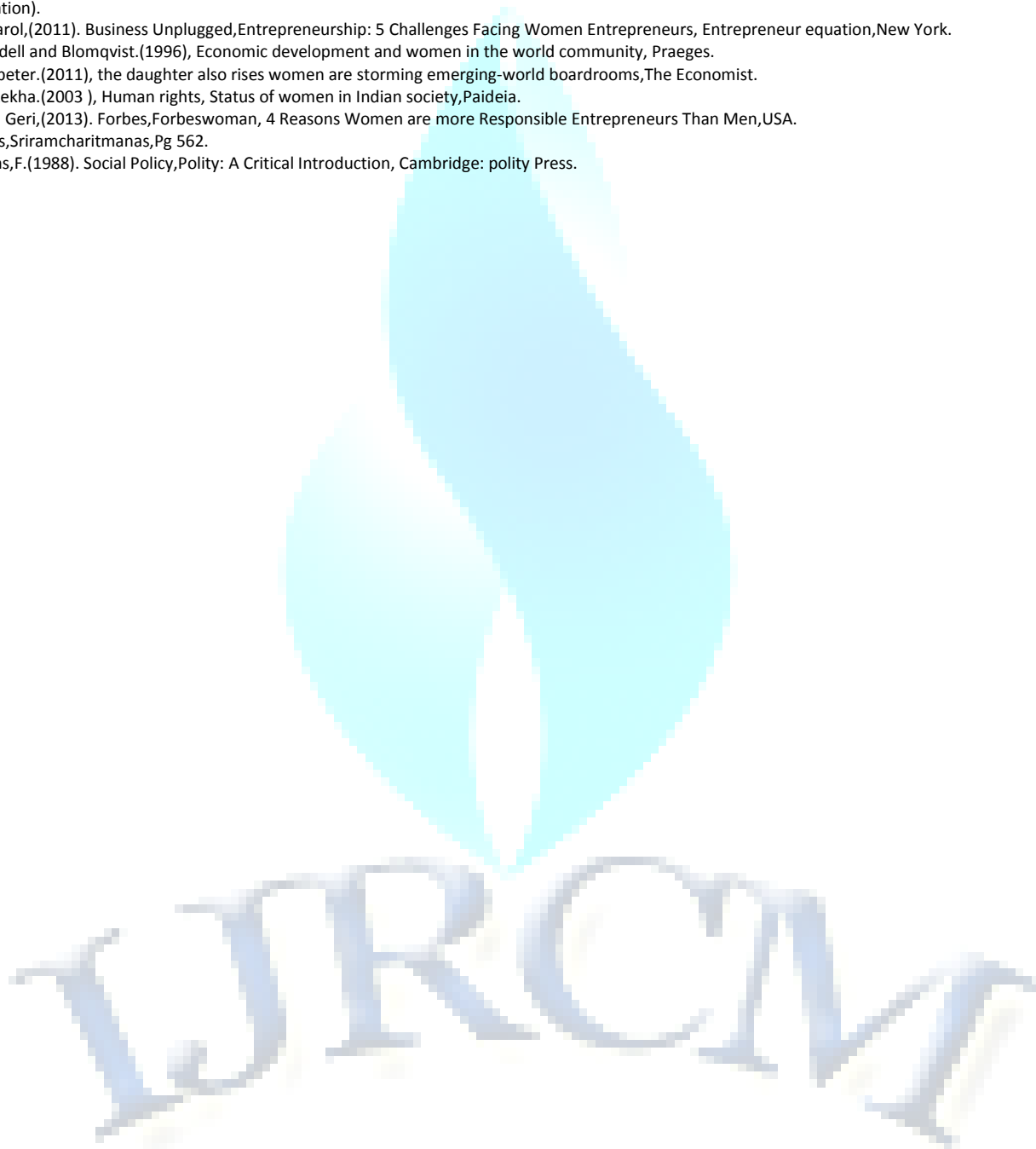
CONCLUSION

Women have been given an unequal status right from the ancient times which is either of an object or a fragile creature that needs protection. They are being expected to follow their fathers and husbands and their decision making ability is being questioned every time for no logical reasons. The proof for this bias has been provided by the holy scriptures such as the Ramayana and Manusmriti (Anand Ashay, 2013). But now we must question our belief and must assess them on the basis of merit. With the passage of time, these rules of society have become obsolete and need to be re-evaluated through continuous evolution. Women leaders are being seen by an increasing number of employers as an unexplored source of talent, experience and management leadership. Women are now starting business at a faster rate than men in many emerging economies making significant contributions to job creation and economy growth. As women are the important part of our society and so cannot be neglected due to their lesser power and authority. In today's scenario, we see women compete in all respects of life and moving ahead along with men sharing equal responsibility and demonstrating equal capacity to deal with various situations and circumstances. As Brigham Young says, "You educate a man, you educate a man. You educate a woman, you educate a generation." There is no doubt that women have been entering the workforce in increasing number all over the world. Women have had to work very hard to make their presence felt as business has typically been considered a male dominated industry (Bertrand, M., 2010). Businesswomen have found great success everywhere they have chosen to work with their natural abilities for conflict resolving and team building. Women are regarded as the magnificent creation of god, a multi faceted personality with the power of benevolence, adjustability, integrity and tolerance (Pujari, M. D., 2011).

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IMPACT OF FII ON S & P NIFTY INDEX

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ABSTRACT

The paper investigates the impact of FII on S & P Nifty Index. This paper employs Unit Root Test to test at which order of integration the variables turn to be stationery. Secondly the Granger Causality Test is employed to test the causation, thirdly the Co integration analyses is done to test the long run relationship between the variables and Vector Error Correction Model is used to check the short run relationship between the variables. Lastly the impact is analysed by employing Regression Analysis. The secondary time series monthly data is collected from RBI hand book of statistics ranging from 1995-04 to 2013-03 being used for the analyses. And finds the macro economic variable fii & nifty turn stationary at order nifty(1) & fdi (0). the nifty granger cause FII at lag 1 month while co integration reveals their exist no long run relationship between nifty & fii, further vecm discloses that their exist short run relationship between nifty & fii. finally regression results reveal that their exist positive impact and the impact of fii on nifty is significant.

KEYWORDS

FII, NIFTY, unit root test, granger causality, johansen cintegration, VECM.

1. INTRODUCTION

India is one of the biggest and fastest growing developing economies and has attracted the most investor attention in recent years. After liberalization of the Indian economy in 1991, it has become one of the hotspots for global investment. Foreign investment helped to boost India's economic growth and transformed several sectors of the Indian Industry into globally competitive entities India is also the world's second fastest growing economy and boasts of highly competitive private companies, a booming stock market, and a modern, well-disciplined financial sector.

Globalization and financial sector reforms in India have ushered in a sea change in the financial architecture of the economy. In the contemporary scenario, the activities in the financial markets and their relationships with the real sector have assumed significant importance. Since the inception of the financial sector reforms in the early 1990's, the implementation of various reform measures including a number of structural and institutional changes in the different segments of the financial markets has brought a dramatic change in the functioning of the financial sector of the economy. Altogether, the whole gamut of Institutional reforms connected to globalization program, introduction of new instruments, change in procedures, widening of network of participants call for a re-examination of the relationship between the stock market and the foreign sector of India. The analysis on stock markets has come to the fore since this is the most sensitive segment of the economy and it is through this segment that the country's exposure to the outer world is most readily felt.

The paper investigates the impact of FII on S & P Nifty Index. This paper employs Unit Root Test to test at which order of integration the variables turn to be stationery. Secondly the Granger Causality Test is employed to test the causation, thirdly the Co integration analyses is done to test the long run relationship between the variables and Vector Error Correction Model is used to check the short run relationship between the variables. Lastly the impact is analysed by employing Regression Analysis. The secondary time series monthly data is collected from RBI hand book of statistics ranging from 1995-04 to 2014-03 being used for the analyses.

The paper as customary is divided into different sections. Section I provides a brief overview of the literature in Section II, Section III highlights on research gap, Section IV need of the study, Section V importance of the study, Section VI scope of the study, Section VII research methodology, Section VIII objectives, Section IX Hypothesis, Section X data analysis and interpretation, Section XI finding, suggestion and conclusion. Section XII bibliography.

2. LITERATURE REVIEW

1. Krishna Reddy Chittedi (2008) analyzed the performance of the Sensex Vs.FIIs in Indian stock market. The study shows that the liquidity as well as volatility was highly influenced by FII flows. FIIs are significant factor determining the liquidity and volatility in the stock market prices.
2. Kumar Sundaram (2009) investigated the relationship between macroeconomic parameters like Exchange rate and foreign institutional investment with stock returns in India, in particular at National Stock Exchange. Found that both stock returns and exchange rate are integrated of order one. The Engle-Granger Cointegration test is then performed, suggesting that there is not a long-run equilibrium relationship between stock returns and exchange rates at 5% significance level. Moreover, there is no evidence suggesting that there is any causality relationship from the nominal exchange rate to the stock returns. Furthermore, FII data is found to be I(0) i.e. It doesn't have a unit root at conventional level. It also gives positive unidirectional Granger causality results i.e. stock returns Granger cause FII.
3. A.Q Khan and Sana Ikram (2010) This paper tests the efficiency of the Indian Capital Market in its semi-strong form of Efficient Market Hypothesis (EMH). The efficiency is tested in relation to the impact of Foreign Institutional Investors (FIIs) largely on the Indian Capital Market (National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) that represent the Indian Capital Market have been taken.). The results suggest that the FIIs do have significant impact on Indian Capital Market, which leads to the conclusion that Indian Capital Market is semi-strong form efficient.
4. Aamir Khan, Rohit, Siddharth Goyal, Gaurav Agrawal (2010) investigated the causal relationship between Nifty and FIIs' net investment for the period January, 1999 to February, 2009 using daily data. Correlation between FII and Nifty was the maximum in the bear phase as compared to all other phases. Further they found the causality between Nifty returns and FIIs net investment.
5. Rajeev K Shukla, Ajit Upadhyaya, Samiksha Jain (2010) The study provide a very clear picture of the impact of foreign institutional investors on Indian stock indices. Results of the study shows the linkages between the FIIs inflows and the performance of Midcap & Smallcap Indices are robust and significant. FIIs have significant impact on the share prices of the Midcap & Smallcap Indices companies and their active trading behaviour. Small and periodic shifts in their behavior leads to market volatility.

6. Renu choudhary and swati gupta (2011) It concludes that the FII do have an impact over the nifty but to be a lesser extent. The correlation between fii & nifty is 0.32 that can be considered positive yet negligible.
7. Vikram K. Joshi & Miss Richa Saxena (2011) attempts to analyze the impact of variation in FII on Sensex and to study the degree of relationship between them in various FII movement scenarios taking into consideration of secondary time series data of 2011 Financial year (i.e., January, February and March month). Only last quarter. it can be concluded that on an overall basis, when the relationship between Sensex vs. Total turnover & Sensex vs. Net investment exists and it is significant, it produces a positive impact in the Sensex as it starts moving up, but when the case is opposite, it tends to remain on a lower side. FII Investment when withdrawn up to a large extent causes the Sensex to fall just as it happened in the case of January & February. But if a proper balance between FII inflow & outflow is there, it prevents the BSE SENSEX from falling as evident from the case of March 2011.
8. P. Karthikeyan and T. Mohanasundaram (2012) focuses on the FII flows in India and its impact on Indian equity market viz. BSE, NSE and S&P CNX 500. The data used for the study is secondary in nature. The study period is 10 years i.e., from 2001 to 2010. The study shows that there is a positive relationship between the FII flows and Indian equity market performance but the impact is not significant. conclude that Indian equity market performance is not only depending upon FIIs but also other unexplained factors like domestic investors, inflation, interest rate, government policy etc.
9. K.MALLIKARJUNA RAO AND H.RANJEETA RANI (2013) the study it is inferred that there has been growing presence of the FII inflows in the Indian stock markets which is evident through the net cumulative investments and at times of recession there has been a decline in the inflows. It is also clear from the study that there is an increase in the number of FII registered with SEBI. Further the study shows the share of FII in different sectors of companies listed on NSE from 2007 to 2012. FII held the five highest stake of banks, followed by finance, Media & Entertainment, Information Technology and service sector. However, the FII share in Petro chemicals showed the least during 2007-2012. From all the discussions of the study, it is also visible that there has been no decline in FII inflows in IT & FMCG sector even during global recession of 2008 whereas as in all the other selected sectors, impact of recessions is quite visible.
10. Pooja Singh (2013) examines the trend and pattern of FII and FDI flow in India. And also examines the relationship between FII and FDI with Sensex and Nifty. it is evident that there is a strong positive correlation between FDI and Sensex and FDI and Nifty. And moderate positive relation between FII and Sensex and FII and NIFTY.

3. RESEARCH GAP

Many researchers have employed many tools and analysed it, but with a different outlook here we have analysed a combined effect using Unit Root Test, granger causality, johansen cointegration, vector error correction model and regression analyses to give an insight of a detailed technical analyses with empirical results.

4. NEED OF THE STUDY

To determine how the impact factor analyses helps in determining the stock index movements and earn speculative returns, impede in formulating policies.

5. SIGNIFICANCE OF THE STUDY

The analyse of the impact of FII on NIFTY helps in determining the stock index movements and earn speculative profits. facilitate in formulating policies and helps in selective macro economic variable in determining nifty index.

6. SCOPE OF THE STUDY

The study takes into consideration the time series secondary monthly data of FII and S & P NIFTY INDEX collected from RBI hand book of statistics and the period of study is from 1995-04 to 2013-03.

7. RESEARCH METHODOLOGY

This paper employs Unit Root Test to test at which order of integration the variables turn to be stationery. Secondly the Granger Causality Test is employed to test the causation, thirdly the Co integration analyses is done to test the long run relationship between the variables and Vector Error Correction Model is used to check the short run relationship between the variables. Lastly the impact is analysed by employing Regression Analysis. The secondary time series data is collected from RBI hand book of statistics ranging from 1995-04 to 2014-03 being used for the analyses.

8. OBJECTIVES OF THE STUDY

1. To investigate the causality between the FII and S & P Nifty Index.
2. To analyse the log run relationship between FII and S & P Nifty Index.
3. To determine the short run relationship between FII and S & P Nifty Index.
4. To study the impact of FII on S & P Nifty Index.

9. HYPOTHESIS OF THE STUDY

- H₁ FII Granger cause S & P Nifty Index.
- H₂ Their exist a long run relationship between FII and S & P Nifty Index.
- H₃ Their exist a short run relationship between FII and S & P Nifty Index.
- H₄ Their is a positive impact of FII on S & P Nifty Index.

10. DATA ANALYSES AND INTERPRETATION

In this section data analyses and interpretation is done using Unit Root test, granger causality, johansen cointegration test, vector error correction model and regression analysis done in the following the proper procedure in this section.

AUGMENTED DICHY FULLER TEST (ADF)							
Description		LEVEL					
		NONE		INTERCEPT		INTERCEPT WITH TREND	
Sl no	Variable	t statistic	p value	t statistic	p value	t statistic	p value
1	NIFTY	0.608867	0.8472	-0.648968	0.8556	-2.823604	0.1905
2	FII	-3.951549	0.0001	-8.638141	0.0000	-9.750271	0.0000
PHILLIP PERRON TEST (PP)							
Description		LEVEL					
		NONE		INTERCEPT		INTERCEPT WITH TREND	
Sl no	Variable	t statistic	p value	t statistic	p value	t statistic	p value
1	NIFTY	0.904861	0.9021	-0.402422	0.9052	-2.509820	0.3232
2	FII	-7.800436	0.0000	-8.912222	0.0000	-9.800899	0.0000
KWIATKOWSKI PHILLIPS SCHMIDT SHIN (KPSS)							
Description		LEVEL					
		INTERCEPT		INTERCEPT WITH TREND			
Sl no	Variable	LM statistic	critical value	LM statistic	critical value		
1	NIFTY	1.680658	0.463000	0.306266	0.146000		
2	FII	1.013112	0.463000	0.092481	0.146000		

AUGMENTED DICHY FULLER TEST (ADF)							
Description		FIRST DIFFERENCE					
		NONE		INTERCEPT		INTERCEPT WITH TREND	
Sl no	Variable	t statistic	p value	t statistic	p value	t statistic	p value
1	NIFTY	-6.526397	0.0000	-6.640143	0.0000	-6.654050	0.0000
PHILLIP PERRON TEST (PP)							
Description		FIRST DIFFERENCE					
		NONE		INTERCEPT		INTERCEPT WITH TREND	
Sl no	Variable	t statistic	p value	t statistic	p value	t statistic	p value
1	NIFTY	-10.70237	0.0000	-10.76177	0.0000	-10.75079	0.0000
KWIATKOWSKI PHILLIPS SCHMIDT SHIN (KPSS)							
Description		FIRST DIFFERENCE					
		INTERCEPT		INTERCEPT WITH TREND			
Sl no	Variable	LM statistic	critical value	LM statistic	critical value		
1	NIFTY	0.100053	0.463000	0.038058	0.146000		

from the above analyses it is clear that the variables are stationary at order nifty (1) and fii (0).

GRANGER CAUSALITY BETWEEN NIFTY & FII

Pairwise Granger Causality Tests			
Sample: 1995M04 2013M03			
Lags: 1			
Null Hypothesis:	Obs	F-Statistic	Prob.
FII does not Granger Cause NIFTY	215	37.5414	4.00E-09
NIFTY does not Granger Cause FII		10.3215	0.0015

GRANGER CAUSALITY BETWEEN NIFTY & FII

The granger causality test has been conducted to identify the causation. It has been found from the test that there is unidirectional causation & NIFTY does cause FII. Therefore the present value of FII has been caused by lag 1 value of NIFTY. i.e, by past one month data.

JOHANSEN CO INTEGRATION TEST

Trend assumption: Linear deterministic trend				
Included observations: 211 after adjustments				
Trend assumption: Linear deterministic trend				
Series: NIFTY FII				
Lags interval (in first differences): 1 to 4				
UNRESTRICTED COINTEGRATION RANK TEST (TRACE)				
Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.094862	21.42096	15.49471	0.0057
At most 1	0.001852	0.391086	3.841466	0.5317
1 Cointegrating Equation(s):		Log likelihood	-2481.9	
NORMALIZED COINTEGRATING COEFFICIENTS (STANDARD ERROR IN PARENTHESES)				
NIFTY	FII			
1.000000	-76.06202			
	(12.5222)			

it is found from the cointegration test that NIFTY & FII do not have long run relationship at five percent significance level. If NIFTY index is increased by one time FII will decrease by 76.06202 times. Therefore there is an inverse relationship between NIFTY & FII.

VECTOR ERROR CORRECTION MODEL

Vector Error Correction Estimates		
Sample (adjusted): 1995M07 2013M03		
Included observations: 213 after adjustments		
Standard errors in () & t-statistics in []		
Cointegrating Eq:	CointEq1	
NIFTY(-1)	1.000000	
FII(-1)	-74.39589	
	(8.31067)	
	[-8.95185]	
C	-449.5904	
Error Correction:	D(NIFTY)	D(FII)
CointEq1	-0.014147	0.006103
	(0.00488)	(0.00158)
	[-2.89713]	[3.87081]
D(NIFTY(-1))	0.203266	-0.029526
	(0.08163)	(0.02636)
	[2.49020]	[-1.12027]

VECTOR ERROR CORRECTION MODEL

it has been found from the results that the short run disturbance in long run relationship between NIFTY & FII have been corrected in short period. The variable nifty identified as adjusting variables since sign of the variable is negative.

REGRESSION: IMPACT OF FII ON NIFTY

$$\text{Nifty} = \beta_0 + \beta_1 \text{FII}_t + U_t$$

Where

Nifty = Standard and Poor Nifty Index

FII = Foreign Institutional Investors

β_0 = Constant

β_1 = Slope parameter

U_t = Error term

Nifty = - 26.947+ 0 .555FII

t = (-2.246) (9.749)

Sig =0.026 0.000

R^2 =0.309

REGRESSION: IMPACT OF FII ON NIFTY

VARIABLES ENTERED/REMOVED			
Model	Variables Entered	Variables Removed	Method
1	FOREIGN INSTITUTIONAL INVESTMENT	.	Enter

a. All requested variables entered.

b. Dependent Variable: DIFF(NIFTY,1)

MODEL SUMMARY				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.555	.309	.305	159.60195

a. Predictors: (Constant), FOREIGN INSTITUTIONAL INVESTMENT

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2420776.583	1	2420776.583	95.034	.000 ^a
	Residual	5425702.723	213	25472.783		
	Total	7846479.305	214			

a. Predictors: (Constant), FOREIGN INSTITUTIONAL INVESTMENT

b. Dependent Variable: DIFF(NIFTY,1)

COEFFICIENTS						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-26.947	11.995		-2.246	.026
	FOREIGN INSTITUTIONAL INVESTMENT	1.643	.169	.555	9.749	.000

a. Dependent Variable: DIFF(NIFTY,1)

it is found from the results that the model is poorly good fitted. the impact of fii is positive, if fii increases by one time the nifty will increased by 0.555 times. since the β_1 is significant, the impact of fii on nifty is significant.

11. FINDINGS, SUGGESTION & CONCLUSION

FINDINGS

1. The Unitroot test states that fii & nifty turn stationary at order nifty(1) & fdi (0).
2. The Granger causality conceal that nifty granger cause fii at lag 1 month.
3. The vecm discloses that their exist short run relationship between nifty & fii.
4. The Regression results reveal that their exist positive impact and the impact of fii on nifty is significant.

SUGGESTION

1. Concentrate on the past one month data so that you can foresee the movement of nifty index
2. If the government seriously targets the selective macro economic variables so that the stock market development will boost.
3. The study findings can be used to help government policy makers to encourage FII and take various steps to provide incentives to attract them to our home country.
4. formulating effective monetary policy
5. Mobilising fii and creating market for Domestic products at national & international level.
6. encouraging FII flow in the country through appropriate and heartening saving policies.
7. Policy makers should devise strategies to increase the FII to quench the thrust of shortage of investment in developing countries.

12. CONCLUSION

the macro economic variable fii & nifty turn stationary at order nifty(1) & fdi (0). the nifty granger cause fii at lag 1 month while their exist no long run relationship between nifty & fii, further vecm discloses that their exist short run relationship between nifty & fii. finally regression results reveal that their exist positive impact and the impact of fii on nifty is significant. Therefore it is recommended to scrutinise the movement of FII so that it helps in determining the movement of nifty index.

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TRAINING AND DEVELOPMENT PROGRAM AND ITS BENEFITS TO EMPLOYEES AND ORGANIZATIONS: A CONCEPTUAL STUDY

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ABSTRACT

The purpose of this paper is to present a conceptual study established on the employee training and development program and its benefits. This paper will inspect the structure and elements of employee training and development program and later the study present what are the positive outcomes for employees and organizations. Organizations find it difficult to stay competitive in recent global economy. Importance of employee development program is growing for the organizations those pursuing to receive an advantage among competitors. Employees are esteemed resource of the organization and success or failure of the organization relay on the performance of employees. Therefore, organizations are financing large amount on employee training and development programs. Furthermore, in training program it is supportive for companies to emphasis on knowledge, expertise and ability of employees. There is substantial discussion among professionals and researchers on the affect that development program has on both employee and organization. The study described here is a vigilant assessment of literature on fundamental of employee development program and its benefits to organizations and employees.

KEYWORDS

Training Design, Training Component, Training Benefits.

INTRODUCTION

In every sector the accomplishment of any organization is tremendously relay on its employees. However, there are different other aspects that perform a major part; an organization need to ensure efficient employees in line with financially dominant and competitive in the market. Therefore, to sustain this valuable human resource, organizations required to be conscious about the job satisfaction and retention of employees. Some of the organizations think that employees are looking for only financial profits from their works. This statement neglects high significance that most of the employees placed there selves on the inherent benefits of their professions. Consequently, it is not just employee job satisfaction and retention but it has undesirable effects on the organizations. Every organization should have the employees, who are capable to swiftly adjust in continuously fluctuating business environment. Today most of the companies are investing a lot of money on the training and development of employees in order to remain competitive and successful part of the organization. The importance of training for employees is rapidly growing and organizations are using this tool to compete with their competitors in the market. There is momentous discussion between scholars and professionals that training and development program has effective impact on objectives of employee and organizations. Some of the scholars suggest that training opportunities increase in high employee turnover whereas the other claimed that training is an instrument which is beneficial for employee retention (Colarelli and Monte, 1996; Becker, 1993). Irrespective of all discussion, most of writers agree that employee training is a complicated human resource practice that can expressively influence on the accomplishment of the organizations. Furthermore, organizations are struggling to get success in the worldwide economy, trying to differentiate on the basis of abilities, information, and enthusiasm of their workforce. Reference to a current report prepared by American Society for Training and Development, organizations are spending more than \$126 billion yearly on employee training and development (Paradise, 2007). Training is an organized method of learning and development which expand the efficiency of individual, group, and the organization (Goldstein and Ford, 2002). Development mentions the accomplishments leading to gaining of new abilities and skills for personal growth of employees. Furthermore, it is usually challenging to determine whether a precise exploration study reports to training, development, or both. In the rest of all this assessment, we used the term "training" to mention training and development.

LITERATURE REVIEW

TRAINING AND DEVELOPMENT PROGRAM

Internationally different companies provide straining and development program to their employees for the improvement of their skills and abilities. In the start of 90s Sears Credit initiated a key rearrangement and retorted with a career-development programs. This program was developed for employee in order to line up their skills with changing jobs and also ensured that program was adding value for the growth of their organization. Companies also think that they were not allocating career opportunities to their employees with acquaintances and abilities to get benefit from these opportunities (O'Herron and Simonsen, 1995). JC Penny, countrywide wholesale departmental store, developed a virtual university to support the employees to get abilities and skills as required by their jobs (Garger, 1999). Tires Plus, tire retailer based on Minnesota, established Tires Plus University to its employees to increase recruitment, retain employees of the store, and fill up the key positions and augments whole improvement of the employees. U.S. Tsubaki, Illinois, established UST University to provide and calculate training and organizational development programs that fulfill the organizational and individual needs of the organizations (Callahan, 2000). All over the world different companies are providing different programs for the betterment and skill improvement of their employees which are based on same logic.

Mel Kleiman (2000) described that the essentials parts of a worthy employee training program are constructed on orientation, management skills, and operational skills of employees. These theories are the groundwork of any employee development program. Janet Kottke (1999) described that employee development programs must be comprises with core proficiencies, appropriate structure through which organizations develop their businesses at corporate level. The basic function of the theory is to gain knowledge, cooperation, inventive thinking and resolving problem (Kottke, 1999). Fundamental goals of several employee development programs are to deliver the mission of the organization and support workers to learn the culture of the organization (Gerbman, 2000). These objectives provide help to the strategic goals of business by facilitating learning chances and support organizational culture (Kottke, 1999). The requirements for technical training program for employees raised their job satisfaction and help to understand the culture of organization, which lead to the success of the organization. We must take care about these elements that employee should be updated with the present knowledge of the job. Employee will be more productive, if companies provide them training as per the requirement of the job.

Today most of the organizations have built up different programs for the training and development of their employees. Usually companies offered tuition reimbursement package to their employees so that they can improve their knowledge and education. It has been found by the Corporate University that almost 10 percent of employees are entitled for this benefit (Rosenwald, 2000). Furthermore, only senior management and those employees who are at top level are entitled for tuition reimbursement (Rosenwald, 2000).

As a result there of, many organizations conduct in-house training programs for their employees that are more beneficial and cheap. Training section of the organizations attempts to concentrate on particular job proficiency whereas the corporate department is proactive with an additional strategic approach. Training and development program is a planned education component and with exceptional method for sharing the culture of the organization, which moves from one job skills to understand the workplace skill, developing leadership, innovative thinking and problem resolving (Meister, 1998). Employee development

programs includes a variety of teaching technique, schedule, and helping learning environment that ensure employee to improve their skills and later apply on their jobs (Gerbamn, 2000).

COMPONENTS OF TRAINING AND DEVELOPMENT

There is no particular method for developing the employee training, however particular significant methods that would be measured. A perfect employee training and development program must be the mixture of knowledge, career development and goal setting. These approaches will benefit the program to be more useful for the employees and organization. Today organizations are extensively using the Information Technology systems for their learning programs. Knowledge and information systems are rapidly moving ahead and those companies cannot survive that provide up to date knowledge of I.T. to their employees. For a new task training must be given to employees so that they can easily cope with new task. It should be the responsibility of the organization to assured that employees have knowledge, skills and abilities, and these skills must be according to the required level of the job. Furthermore, when employees need required skills and knowledge it should be provide them on the right time without any delay. In the result thereof, companies required to make sure that employee can learn whenever they required (Garger, 1999). To complete this purpose organizations required the internet and computer based learning segments.

The basic reason for career planning as quantity of employee training program is not merely to support employees to think that their employers are financing in their career, furthermore keep in mind that they help employees to manage various characteristics of their lives and a clear promotion track. Employers cannot make promise with employees for their job security, but they provide them opportunities to improve their knowledge and skills, so that they can remain sustain in job market (Moses, 1999). Career development of the employees should be established on bright career path which employee can easily recognize and gave it worth (Nunn, 2000). To achieve this purpose, employee must classify their work, work priorities and current skills they have to do their job. Therefore, employees can start identify the jobs that would require in future and set of skills to manage those jobs (Moses, 2000). As result thereof, employee should improve understanding to work, better accountability for career and strategy for action to attain upcoming goals.

The main problem suffer by organizations is to commit this practice, which may take some employees to leave the organization and look around for certain job vacancies outside the organization (O'Herron and Simonsen, 1995). Furthermore, sometimes employees feel the risk of right sized of employee in the organization. The key element of career planning and employee development is goal setting. Therefore it has been described that learning programs support employees to enhance their performance instead of just increasing their work competencies (Gerbman, 2000). It is better to give the opportunity to employees to perform their jobs in a better way and if they need help, organizations must provide them proper tools to perform the job. Development program help the employees to learn and facilitating them to become a critical philosopher (Garger, 1999). Sears Roebuck & Co. remains careful on this idea as organization doesn't want that all employees think similar but the organizations need to give those employees conceptual skills to think in a different way (Gerbman, 2000).

An employee from Tires Plus described that he educated additional about the organization instead of just doing his work and this assist him to think in what way he can positively influence on the goals of the organizational (Dobbs, 2000). Individual should improve their knowledge so that organizations get them hand to hand and pay them good salary. It is the main responsibility of the organizations to provide opportunities to their employees but individual should take initiative to use those opportunities for the betterment of their future career (Garger, 1999). Employee training and development programs should create in a way that it not only accomplish its goals but have optimistic consequences on employee and organization. The organizations which are using employee development programs are getting positive results from the individuals by using this program.

INDIVIDUAL BENEFITS FROM TRAINING AND DEVELOPMENT

CAREER COMPETENCIES

Employees get a lot of benefits from the employee training and development program. They learn the soft and technical skills as required by their jobs. In last 30 years unemployment is at its lowest rates which is not beneficial for the workers to start new job, if opportunities for growth are fewer (Dobbs, 2000). Fresh university graduates mostly considering for a firm which provides intensively training programs to their employees, but this idea is risky for organizations to lose fresh trained employees with couple of years (Feldman, 2000).

Professional which are placed in the industry of information technology, identify that knowledge is authority and they required to retain their abilities and talent according to current requirement of the market. Most of the employees recognize the importance of training program and would like to increase their salary (Dillich, 2000). It is also expected from the fresh graduate not appropriately equipped for the continually changing business environment (Gerbman, 2000). Young professionals with entrepreneurial ambitions know that they have shortage of experience and money; hence they attempt to join companies which provide training programs to prepare their employees for the betterment of future (Feldman, 2000). Employee development program help employees to survive in the future and develop their abilities to cope with new technologies.

From many years the requirements for blue-collar jobs is constant, and numerous companies have prepared a modification for demanding learning software and programmed systems (Cunniff, 2000). This requirement is compelling workers to appraise their profession capabilities to sustain their employment. Due to this situation numerous employees have rehabilitated their attitude to acquire promoted inside their organizations to work and develop out of the organization (Feldman, 2000). Therefore workers used to prepare 10 year plan for their future and constantly change their plans after two years as per the change of technology and information (Wilson, 2000).

Tires Plus delivers training to promote a diverse career through the organization which comprises 80 hours training for supervisor to promote them to the manager (Dobbs, 2000). I-Cube, Information technology consulting firm in Massachusetts, provide employee development program for their employees which is named by I-Altitude and offer to fresh employees so that they can easily adjust themselves in the organization (Fenn, 1999). Employees understand that training program can directed to superior duties and higher remuneration (Fenn, 1999). Furthermore, helping workers to improve their skills and knowledge to cope with the future requirements, lead to job satisfaction.

EMPLOYEE SATISFACTION

Employees have no feeling about their organizations, if they think that their organizations are not caring about them (Garger, 1999). Companies which are willing to spend money on their employees, give value to work with those companies, even though that investment eventually benefits the organization (Wilson, 2000). Companies which are providing the training and development programs for their employees are achieving high level of employee satisfaction and low employee turnover (Wagner, 2000). Training increase organization's reliability for the reason that employees recognize their organization is spending in their future career (Rosenwald, 2000).

Loyalty with the organization cannot be calculated but it is substantial to intrinsic reward that employee feel. Employee feels comfortable and wants to stay with their organization, when they feel they are putting their efforts and skills in the bottom line for their organization (Logan, 2000). Employees who are satisfied with their jobs, believe that their work has a purpose and important for their organization (Moses, 2000). Usually the best performers do not leave a job for the purpose of financial benefits. Though salary and benefits plays an important part in selecting and retention of the employees, employees are always observing the opportunities to acquire novel skills, to get the encounter of different duties, and looking for personal and professional development (Wagner, 2000). Therefore, nourishing these requirements facilitates in figure up confidence, self-esteem and job gratification in employees (Nunn, 2000).

EMPLOYEE PERFORMANCE

Training effects on behavior of employees and their working skills which resulted in enhanced employee performance and further constructive changes (Satterfield and Hughes 2007) that serves as increase employee performance (Kraiger, 2002). Arthur et al. (2003) developed an analysis of 1152 sample size from 165 resources and revealed that in distinction with no-training or pre-training conditions; training had commonly positive result on job-related performance. However, dissimilarities in positions of effect sizes were not big, the efficiency of training vary regarding the training transfer technique and the skill being trained. Benefits of training program are also related to technical skills of the employees. For instance, Davis and Yi (2004) developed two researches with approximately 300 contributors with the help of behavior-model training and remained capable to increase significantly computer skills. Psychologically practicing tasks permitted trainees to grow learned knowledge, abilities and task.

Training is positively effects on the employee performance of the employees. During a qualitative study concerning mechanics in India, Barber (2004) originates that on-the-job training headed to superior novelty and implicit skills. Technical and professional skills are very important for the employees to perform a job in

an effective way. Providing training opportunities to employees can enhance the performance of the employees. Reference to invention, training increased the educated mechanics to figure up two Jeep bodies using only a homemade hammer, chisel, and oxyacetylene welder. Concerning to implicit skills, Barber described in his study that profession of a mechanic needs "feel" to remain successful. Barber (2004) described in the result of an effective training that a mechanic had worthy emotion of how to hit the metal at the particular spot so that work must be performed in a systematic and proper way.

ORGANIZATIONAL BENEFITS FROM TRAINING AND DEVELOPMENT

MARKET GROWTH

Employee development programs are important for any organization to stay solvent and competitive in the market. Though it is expensive for the organization to spend the money on their employees but this investment is positive for the organizations to hold the place in the market. American Society for Training and Development mentioned two motives that are significant for employee's knowledge, first employees identify the worth of training and marketable by organization and second CEOs of the companies understand that how fast information is transferring in current business environment (Fenn, 2000).

Greengard (2000) described that organizations are required to develop and maintain such learning environment for the employees that expand the knowledge of organization and competitive ability. However, employee training programs derived through a high price, but have a positive impact on return-on-investment. Microsoft, and General Electric Company are entirely large effective organizations, and these organizations realize training opportunities as an investment (Kleiman, 2000).

Wanger (2000) described in his study that American Society for Training and Development found an association between financing in employee development program and higher revenues from stock market. American Society for Training and Development more over originate that companies who apply average of \$1,575 each employee on learning got 24 percent growth in gross profit and 218 percentage increase in revenue each employee instead of those who spend fewer on employee training and development, investing in employee development is a condition that is suitable for individual and organizations (Rosenwald, 2000).

Furthermore, employee training and development programs not only increase the profit of organizations but also provide difference within their native market. Organizations can practice training and development opportunities to support them available to the current employees, perspective employees, plus clients of the company. GSD&M's Idea U, assists employees to recognize their characters and established that it has prepared people as superior contributors to business (Petrecca, 2000). Lastly, organizations can utilize employee training and development programs to improve their appearance as best employer in the job market.

ORGANIZATIONAL PERFORMANCE

Training has been defined as mainly contributing factor to the organizational effectiveness (Schuler and MacMillan, 1984). Exploration on this topic recommends that investment in training and development program can be justified by the impact it creates to developed individual and organizational effectiveness (Bartel, 2000). Furthermore, the earlier researches have mentioned causation between training and effectiveness of the organization (Blundell, Dearden, Meghir and Sianesi, 1999).

Bartlett (2001) recommends that one of the glitches that is usually problematic to identify, is proposing an effective calculation of performance of the organization. Blundell et al. (1999) supported this by describing that lack of suitable data and methodological difficulties prevents the adequate assessment of impact of human capital appreciation and performance of organization. However, there is an increasing factor that Human resource management practices impacts on attitudes and work-related manners (Allen et al., 2003). To evaluate the effectiveness of training and development program it has been advised that check directly the relationship of training and organizational commitment. Further, it has been revealed as certainly correlated to the efficiency of the organization (Bartlett, 2001).

The study proposes that constructive work-related performance and attitudes mainly depend on the perception of the employees as the employees think that their organizations are taking care of them (Allen et al., 2003). However, the same factor is reliable with the social exchange model; Blau (1964) suggested that the emotional agreement between employer and employee are the central element of organizational performance.

Gould-Williams (2007) proposed that social exchange theory was originated by the organizations when they decided to care the interest of their employees. Employees respond with optimistic attitudinal and behavioral replies which are supportive to their organization (Settoon, Bennett and Liden, 1996). However, training can be used to provoke the preferred results that may contain with enhanced organizational commitment (Bartlett, 2001). The current research proposed that the facility of training and development program is likely taken consent by employee that their organizations need to enter a social exchange with them. This social exchange agreement produces a durable psychological bond between employee and organization (Garrow, 2004).

EMPLOYEE RETENTION

The research described that employee retention is a challenging notion and there is no particular method to retain employees with the organization. Several organizations have revealed that one of the characteristic that help to retain employee is to offer them opportunities for improving their learning (Logan, 2000). Therefore, it has confirmed that there is strong relationship between employee training and development, and employee retention (Rosenwald, 2000).

Companies should realize that experienced employees are important assets and companies have to suffer the challenge for retaining them (Garger, 1999). Therefore, companies which are providing training and development programs to their employees are getting success in retaining them. Sears has established that in localities where manager provide help to their employees to develop professionally, turnover is almost 40-50 percentage fewer than those stores where association with the managers does not available (Logan, 2000).

On other side, numerous employees participate in employee training programs are not assured of a conventional association between programs and employee retention (Rosenwald, 2000); several managers found that positive learning atmosphere directed to higher retention rates (Dillich, 2000). Organizations that are offering employee development programs are getting success with retaining employees. An effective design of training program can also increase retention among employees. Employee retention is a volunteer move by organizations to create an environment which involves employees for long term (Chaminade, 2007).

For the description of more effective retention, researchers have recommended that organizations may contain with training and development program that classifies volunteer assignments, requirements, and expectations (Seigel and DeLizi, 1994). "To retain employees, organizations need to think seriously about their investment in training and development" (Leonard, 1998). Fenn (1999) presented in his study that the normal monthly turnover at Unitel has decreased from 12 percent to 6 percent since they inaugurated Unitel University in 1998. Though numerous persons involved with employee training and development programs are not assured of a direct association between the programs and employee retention (Rosenwald, 2000). However, specific numbers of managers discover that a constructive learning environment pointed to higher retention rates (Dillich, 2000).

RESULTS

The facts in current research can be utilized in numerous diverse ways by a diversity of organizations. The significant opinion is that companies essentially put the highest worth on their employees, and develop beliefs and practices that show the highest commitment of the employees. Employees required feeling like they are producing a noteworthy modification to corporate success and providing positive results and intentions to do their jobs well. Furthermore, it is difficult for most of the companies to develop corporate level institutions and provide extensive opportunities for internal promotions, but it is easy for organizations to help their employees in making career goals and action plans for the development of their career. Certain organizations may discover that they develop employees who apply their abilities and skills for further organizations; however, the organizations also find that they are increasing a sense of loyalty from other employees.

In this study there is a substantial support for individuals and organization to get the several benefits from training program. Such benefits contain efficiency and factors that related directly or indirectly to the employee performance. This study has collected support for the positive outcomes of training program for the organizations. These benefits comprises better organizational performance (e.g., profitability, efficiency, and output) and further benefits that directly or indirectly related to employee performance.

SUGGESTION FOR FUTURE RESEARCH

In this study we furthermore identify particular instructions for future research. First, we propose that the benefits of training might have a positive effect like as individual employee benefits, which later affect organizational results. However, research is required to recognize the features that enable a smooth transfer of employee development benefits on different level. Furthermore, some special questions of vertical transfer that how training and development directly influence on individual and organizational level. A conceptual model of this process is available and there has been little empirical research on this topic (Kozlowski et al., 2000).

Secondly, there is a gap existing between the applied and academic literature concerning the usage of cycle time as a factor to measure usefulness of training and development program (Holton, 2003). The size of effect on the quality of performance may not be similar as individuals and organizations recognize and apply solutions to new problems.

Organizations are realizing the benefits of employee training and development programs as they are receiving pressure from the competitor market. Research is required concerning the factors that can raise the awareness of the benefits of training and development at numerous stages of exploration. This research may get help from primary studies on the effects of training and development on novelty and performance adaptability of employees and organizations.

Third, while the character of affect has been recognized in the amount of reactions to training and development, affect could perform extra central part in the training and development process in general. Previous research has concentrated on the affiliation between liking a training program and performance of employee (Alliger et al., 1997), however research has given fewer considerations to relationships between affective situations throughout training and learning program.

Aguinis (2009) defined that providing employees training and development opportunities can be perceived a meaning that the organization cares for their employees. This perception in employees may produce benefits even though training and development structure and transfer might be not optimum. In short, future research on this topic might be extent that which training opportunities are observed as a message that the organization cares for employees and create important message in current corporate world afflicted by downsizing and employee layoffs.

IMPLICATION FOR PRACTICE

The organizations those are capable to recognize the benefits of training that are acknowledged in this study are able to move away from observing the training purpose as an operational function (Fox, 2003). For instance, a consulting organization PricewaterhouseCoopers has decrease costs in several areas; however, the organization increased its investment in employee training to around \$120 million each year. One more top consulting company, Booz Allen Hamilton, have faith in developing employees as a continuing competitive benefit, and manages their learning functions as a revenue centers (Fox, 2003).

Managers of these organizations select knowledge and information regarding to business concerned outcomes to make conclusions about how to assign resources including training events resources (Mattson, 2005). Training is a method that emphasizes on ideals and helpful organizational culture, including career advancement, monetary cuts and limitations, extremely competitive environments, and market driven philosophies (McGuire et al., 2005). Evidently keep a record of the benefits of training program and its planning, delivering, and evaluating by utilizing the information involved in this study will permit the human resource management department to be a strategic organizational and move away from the undesirable suggestions related to this function (Hammonds, 2005).

CONCLUSION

In this study we take the fact of observation that training leads to important benefits for individuals and organizations. The existing analysis of literature proposes that these benefits vary from individual and organizational performance. To understand the benefits of training and development program, we implemented different level and different disciplinary perspective of employee development program. In our study we also involved the discussion, how to increase the benefits of training. These features include giving attention to the training design, delivery, and transfer of training. After completing the study on this topic, we strongly believe that it is very beneficial for the organizations to develop the employee development programs. If there is a systematic training and development program for the employees the companies will harvest its profit from the market and remain competitive in the job market. An organized and efficient development program with supportive apparatuses will significantly assist the organizations to retain the most valued human resource, especially those who have a lot of experience with the organization. If organizations are capable to support all employees in meeting their requirements then both, employees and organizations will get the long term benefits. It is also very important for the organizations to timely evaluate the success of employee training and development program.

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DETERMINANTS OF THE PERFORMANCE OF NON-FINANCIAL FIRMS IN INDIA DURING THE PERIOD OF PRE AND POST GLOBAL FINANCIAL CRISIS

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ABSTRACT

Prior studies on firm performance offer various factors determining the firm performance. However, relationships among the variables might change with changes in economic environment. Also, the impact of these factors can be sensitive to the kind of firm performance measure used as dependent variable for the analysis. We study the determinants of the performance of non financial firms in India for the period covering pre and post recession periods. Using panel data regression, we find that the impact of independent variables on dependent variable is sensitive to the time period under analysis. Further, we find that the determinants of firm performance not only gain or lose their significance while switching from accounting based measure of firm performance to market based measure of firm performance but also they change their direction to impact the firm performance.

JEL CLASSIFICATION

G30, G32, G34, M10, M21.

KEYWORDS

Firm Performance, Business Groups, Emerging Markets, Global Recession.

1. INTRODUCTION

Analysis of the determinants of firm performance is utmost important to all stakeholders of a firm, especially to its common equity investors (Kakani et. al. (2001)). Earlier studies on determinants of firm performance examined industry wide factors and firm specific variables. Important industry wide factors studied for their impact on the firm performance are concentration and capital requirement (e.g. Bain (1951) and Comanor and Wilson (1967)). Firm level variables studied for their impact on firm profitability are size, leverage and age etc. (e.g. Amato (1985), Mazumdar (1997), Kakani et. al. (2001), Lee (2009) etc.). Further, researchers tried to analyze the relative importance of industry wide factors and firm specific variables jointly on the firm profitability (Beard and Dess (1979) and Beard and Dess (1981). Khanna and Palepu (2000a), Bertrand et al. (2002) and Lensink and Remco (2010) studied the impact of business group affiliation on the firm performance in India.

However, changes in the economic environment may alter the relationship between variables. Hence, the impact of firm specific variables and industry wide factors might have changed during the recent global financial crisis. Further, the impact of these factors may be sensitive to whether accounting based or market based measure of performance has been chosen as dependent variable. This can be because accounting based measure of firm performance derives itself from ex-post business information relating to the firm. However, market based measure of firm performance may also consider ex-ante information relating to the firm. We find no study which addresses these disparities of the determinants of the firm performance.

Using panel data regression model on Indian non financial firms, we analyze the determinants of firm performance for the period from March 2005 to March 2011. This period coincides with first period of high economic growth from 2005 to 2008 and second period of global recession from 2009 to 2011. We find that the impact of independent variables on dependent variable is sensitive to the time period under analysis. Further, we find that the impact of the factors is sensitive to the kind of firm performance measure used as dependent variable for the analysis. Accounting based measure of firm performance, return on assets (ROA) and market based measure of firm performance, log of price to book ratio (LPBR) are considered as dependent variables for the analysis. Not only these determinants of firm performance gain or lose their significance but they also change their direction to impact the firm performance while switching from accounting based measure of performance to market based measure of performance.

Rest of the paper is organized as follows. Sections 2 and 3 detail existing literature and gaps in the literature respectively. Sections 4 and 5 formulate objectives and hypotheses of the proposed study respectively. Variable construction and study period are provided in section 6. Section 7 provides methodology. Results are discussed in section 8 and section 9 concludes.

2. LITERATURE REVIEW

Comanor and Wilson (1967) study the impact of various industry specific variables like industry advertisement expenses, concentration, rate of growth in demand, economies of scale and capital requirements on industry profitability. Using the data for 41 industries for the period from 1954 to 1957, they find that advertisement expenses and capital requirements have positive impact on industry profitability. However, Sherman and Tollison (1971) find that advertising expenses do not impact the industry profitability.

Baumol (1959) has proposed that the profits will increase with the increase in size of the firms due to economies of scale enjoyed by larger firms. Following this, Hall and Weiss (1967) empirically examine the size – profitability hypothesis. They use the data from 1956 to 1962 for the firms which are listed in the top four hundred in at least one of the seven years in 'Directories of 500 Largest Industrial Corporations'. There are 467 such firms out of which 134 firms are removed either due to unavailability of data or because the firms are regulated. Thus the sample size reduces to 334 firms. The pooled cross sectional regression results show that size has positive and significant relationship with return on equity (ROE) and ROA. However, Shepherd (1972) and Amato and Wilder (1985) found negative relationship of size with firm profitability.

Beard and Dess (1981) study the relative importance of industry wide factors and firm specific variables for determining the financial performance of the firms. Industry profitability is used as a proxy for industry wide factors. Firm specific variables have been represented by firm leverage relative to average industry leverage, firm capital intensity relative to average industry capital intensity and firm size relative to the average industry size in which the firm competes. The results show that industry profitability has positive and significant coefficient. Relative leverage and relative capital intensity have negative and significant

coefficients. Thus the authors find that industry wide factors and firm specific factors both help to explain the variation in firm profitability. Majumdar (1997) studies the impact of firm size and firm age on the performance of Indian non-financial firms after controlling for other variables. The results show that the coefficient for size is positive and significant. The coefficient for age is negative and significant.

Khanna and Palepu (1999) find that group affiliation has positive impact on the profitability for Indian firms during the economic transition due to slow development of market intermediaries and higher transaction cost in the market even after deregulation. Khanna and Palepu (2000a) also study the impact of group affiliation on profitability of firms. Their results show that group affiliation is beneficial after a certain level of diversification. Khanna and Rivkin (2001) find that not only group affiliation has positive impact on the profitability for Indian firms but also profitability among group members is highly correlated as compared with the profitability of firms outside the group. Kali and Sarkar (2005) find that business group affiliation continues to generate higher market valuation vis-a-vis standalone firms for many years into the transition in India. Mishra and Akbar (2007) have confirmed that group affiliation is beneficial in emerging markets. However, they find that the benefits of group affiliation are not equally available to related-diversified and unrelated diversified groups. Unrelated-diversification has no impact on Tobin's q .

Another stream of research has opposite view on group affiliation and firm performance. Bertrand et al. (2002) find evidence of tunneling in India among group affiliates. They show negative relationship between group affiliation and firm profitability. Singh et al. (2007) find that diversified firms perform significantly worse than focused firms. Singh and Gaur (2009) find that the performance of group affiliated firms in terms of return on sales (ROS), ROA and ROE is worse than the performance of unaffiliated firms. Lensink and Molen (2010) have tested the robustness of the study of Khanna and Palepu (2000a) for the period 1996–2001. Using 1993 data, Khanna and Palepu show that the relationship between diversification and performance of group affiliated firms is U-shaped. Accordingly, Lensink and Molen tested whether this relationship holds for the 1996–2001 period. After controlling for the firm age, size and leverage the analyses reveal that the results offered by Khanna and Palepu are not robust. Increase of diversification does not increase the performance of group affiliates. Rather group affiliation is profitable due to working of internal capital market within the business group. The authors also argue that group affiliation is particularly beneficial for firms that suffer financial constraints.

Kakani et al. (2001) examine the determinants of financial performance of Indian listed firms in the post liberalization period. The results show that size, marketing expenses, international diversification and net exports have positive impact on the financial performance of the firm. Leverage, age, Domestic institutional holding and public shareholding have a significant negative impact on financial performance of the firm. Lee (2009) studies the determinants of firm performance and particularly the impact of firm size on firm profitability. The results show that size has inverted U shape relationship with profitability. Further, coefficients of previous year's ROA, market share, R & D, market concentration, interaction of advertising expenses and market share, interaction of advertising expenses and capital intensity; and interaction of market concentration and capital intensity are positive and significant.

3. GAPS IN LITERATURE

The changes in economic environment may alter the relationship between variables. Hence, the impact of firm specific variables and industry wide factors might have changed during the recent global financial crisis. Thus based on the prior study we identify the following research gaps:

No study has been done to compare the determinants of firm performance during pre and post periods of global financial crisis.

The riddle of business group affiliated firms being paragons or parasites remains unresolved.

4. OBJECTIVES OF THE STUDY

Based upon the literature review and the research gaps, we formulate the following objectives of our study.

- To examine the factors impacting firm performance during the period of pre and post global financial crisis.
- To examine the impact of business group affiliation on firm performance.

5. FORMULATION OF HYPOTHESES

Following hypotheses have been developed based upon the research objectives.

PROMOTERS' HOLDING

Anderson and Reeb (2003) study firms forming S & P 500 index. The authors find that family firms perform better than non-family firms. Phani et al. (2004) find that higher insider ownership is associated with higher employee productivity and lower human resource expenses. Thus higher promoter's holding can lead to higher efficiency in business operations. This leads us to formulate the following hypothesis.

H₁: Promoters' holding and firm performance are positively related.

LEVERAGE

Modigliani and Miller (1958) argue that the financial structure is irrelevant for firm performance in a perfectly competitive world. However, leverage imposes covenants on the use of the funds such that firms are not allowed to invest in risky and profitable projects. The capital structure of a firm also affects its governance. Much of the positive effects of leverage on the corporate governance depend on the ability of debt-holders to perform a better monitoring role (Kakani et al., (1996 and 2001)). However, it is argued by Phani et al. (2004) that most public banks and financial institutions who are debt holders are ineffective monitors in India. Beard and Dess (1981) and Kakani et al., (2001) find negative impact of leverage on firm performance. Thus we hypothesize as follows.

H₂: Leverage and the firm performance are negatively related.

SIZE

Size can have a positive effect on firm performance, since larger firms can leverage their size to obtain better deals in product and factor markets. Hall and Weiss (1967), Majumdar (1997), Kakani et al. (2001); and Lensink and Molen (2010) find positive relationship of size with the firm performance among Indian firms. However, it can be difficult for any business to increase profits indefinitely with the increase in its size. The total profits decrease after a certain level of size as there operates the law of diminishing marginal productivity. Lee (2009) finds inverted U shape relationship between size and firm performance. We can account for this nonlinear relationship between size and firms' financial performance by including the squared term of size as an independent variable. Thus the following hypothesis is formulated.

H₃: The relationship between the firm size and the firm performance is of inverted U shape.

FIRM EFFICIENCY

A firm having higher asset turnover ratio has better utilization of assets. This will generate higher sales which will lead to higher profitability. DuPont analysis shows that ROA is driven by profit margin and asset turnover ratio. Thus, firm efficiency, measured in terms of asset turnover ratio has positive relationship with firm performance. Thus we formulate the following hypothesis.

H₄: Asset turnover ratio and firm performance are positively related.

AGE

Older firms are inflexible and unable to appreciate changes in the economic environment. Kakani et al. (2001) and Lensink and Molen (2010) find negative relationship of age with the firm performance. However, older firms can leverage their reputation and contacts in labor, product and capital markets for their benefit.

H₅: Age of the firm and the firm performance are positively related.

EXPORT INTENSITY

Exporting firms in India have access to EXIM (Export and Import) credit facilities with EXIM Bank of India. Further, exporting firms can benefit if the price for their products in the international market is higher than the domestic market price. Kakani et al., (2001) and Mazumdar (1997) find positive impact of export intensity with the firm performance. However, India being a developing country, domestic market price is expected to be more than the price in the international markets

due to inefficiency prevalent in Indian industries. In spite of getting higher profit margin due to higher prices in domestic market, firm may export to have goodwill in domestic market. Further, exporting firms are better hedged against the domestic business cycles. Hence we expect negative relationship between export intensity and firm performance. Thus we hypothesize as follows.

H₆: Export intensity and the firm performance are negatively related.

SELLING AND DISTRIBUTION EXPENSES

Comanor and Wilson (1967) and Kakani et al., (2001) find positive impact of advertising expenses and marketing expenses on the profitability. However, Sherman and Tollison (1971) find that advertising expenses is not a significant variable. We have considered selling and distribution expenses instead of advertising expenses as it is a more comprehensive measure of marketing efforts. It includes advertising expenses, marketing expenses and distribution expenses. Advertising expenses create entry barriers for firms' competitors by building assets such as brands (Comanor and Wilson (1967)). This can result into higher profitability for the firm. These expenses in building brands can also help firms get over difficult years and protect their market share and sales volume, and defy industry trends. From the above discussion, the following hypothesis is formulated.

H₇: Selling and distribution expenses and the firm performance are positively related.

GROUP AFFILIATION

Business groups are expected to fill up the institutional voids existing in the economy for their member firms (Khanna and Palepu, (1997)). Many business costs are shared and opportunities are well captured by the member firms of the business groups. Khanna and Palepu (1999, 2000a and 2000b), Khanna and Rivkin (2001) and Mishra and Akbar (2007) find that group affiliated firms perform better than stand-alone firms. Kali and Sarkar (2005) show that group affiliated firms perform better due to propping through profit transfers and better monitoring through group level directorial interlocks. Further, Gopalan et al (2007) study the working of internal capital markets among Indian business groups and find the evidence of propping among Indian business groups. Thus we hypothesize that group affiliation has impact on the firm performance.

However, Bertrand et al. (2002) show evidence of tunneling in India. Johnson et al (2000) have defined tunneling as transfer of resources from any other company to a company where its controlling shareholders have comparatively higher cash flow rights. Singh et al. (2007) and Singh and Gaur (2009) find that group affiliated firms perform worse than unaffiliated firms. Based on the above discussion, we formulate the following hypothesis.

H₈: Performance of standalone firms is higher than the performance of group affiliated firms.

CONCENTRATION

Industries having high concentration will have less number of significant sellers. One will find on an average more effective collusion among the sellers in such industries. On the other hand there will be higher profit destructive competition among sellers operating in industries having less concentration (Bain (1951)). Thus we expect positive impact of industry concentration on the profitability of firms operating in that industry. Bain (1951) and Lee (2009) find positive relationship of industry concentration with the firm performance. Based on the above discussion, we formulate the following hypothesis.

H₉: Industry concentration and the firm performance are positively related.

6. VARIABLE CONSTRUCTION AND STUDY PERIOD

6.1 VARIABLE CONSTRUCTION

Notation and measures used for all variables are defined in table 1 given below.

TABLE 1: NOTATIONS AND MEASURES OF THE VARIABLES

Dependent Variables		
Variable	Notation	Measure
Return on Assets	ROA _{it}	PBITDA / Total Assets
Ln (Price to Book Value Ratio)	LPBR _{it}	Ln(Market Price per Share / Book Value per Share)
Independent Variables		
Promoters' Holding	PH _{it}	Promoters' Holding / Total Shares
Leverage	LEV _{it}	One year lagged values of long term debt to total assets ratio
Size	Size _{it}	(Ln(Net Sales) - Mean of Ln(Net Sales))
Squared Term of Size	Sizesq _{it}	(Ln(Net Sales) - Mean of Ln(Net Sales))^2
Firm Efficiency	FIRMEFF _{it}	$\frac{NetSales_i / NetSales_j}{TotalAssets_i / TotalAssets_j}$ Where the firm "i" is excluded from the industry j.
Age of the firm	AGE _{it}	Respective year - Year of Incorporation
Export Intensity	EXP _{it}	(Net Exports / Gross Profit)
S&D Expenses	SDE _{it}	$\frac{SD_i}{SD_j}$ Where SD _i and $\overline{SD_j}$ = Sum of current and last four years of selling and distribution expenses for the firm i, and mean of the sum of current and last four years of selling and distribution expenses for the industry j respectively, where the firm "i" is excluded from the industry j.
Business group dummy	BGD _{it}	It takes value '1' if a firm is business group affiliate and '0' otherwise
Concentration	HHI _{ijt}	$\sum_{i=1}^n S_i^2$ Where, S _i = Market share of the firm i and Market share = Net Sales of the firm i operating in the industry j / Net sales of all the firms operating in the industry j other than the firm itself.

6.2 STUDY PERIOD

We use the relevant data from Prowess maintained by CMIE. The period under study is from March 2005 to March 2011. Data is not reliable for the years March 2012, March 2013 and March 2014 in prowess. So we limit our analysis till March 2011. The period from March 2005 to March 2008 has witnessed high growth period as suggested by GDP growth rate. During March 2005 to March 2008 GDP growth rate ranged from 7.05 percent to 9.57 percent. Indian economy was negatively impacted by the global financial crisis. As a result we find the GDP growth rate ranging from 6.72 percent to 8.91 percent during March 2009 to March 2011 (Planning Commission of India Website). Thus we divide our period of regression analysis into two panels. First panel is from 2005 to 2008 reflecting high growth period and second panel is from March 2009 to March 2011 representing subdued growth of Indian economy due to global recession.

7. RESEARCH METHODOLOGY

In order to examine the impact of independent variables on dependent variable we estimate panel data regression including year and industry effects. Firm performance has been measured using an accounting based measure, ROA, as well as a market based measure LPBR. The variable PBR is bound by zero on the lower side because the market price of a share cannot fall below zero. Therefore we have taken log values of PBR (LPBR).

Differing from the previous studies we use lagged value of leverage as current value of leverage is impacted by current performance and vice versa resulting in endogeneity of variables (Rajan and Zingales (1998)). Similarly as non linear relationship might exist between firm size and the firm performance, we include squared term of size as an independent variable in the regression. To identify the multi-co-linearity among independent variables, we calculate variance inflation factors.

The regression of the following form is estimated to capture the impact of independent variables on firm performance.

$$ROA_{it} = \beta_0 + \beta_1 PH_{it} + \beta_2 LEV_{it-1} + \beta_3 SIZE_{it} + \beta_4 SIZESQ_{it} + \beta_5 FIRMEFF_{it} + \beta_6 AGE_{it} + \beta_7 EXP_{it} + \beta_8 SDE_{it} + \beta_9 BGD_{it} + \beta_{10} HHI_{ijt} + \varepsilon_{it} \dots\dots\dots (1)$$

Similar regression has been estimated taking LPBR as dependent variable.

8. RESULTS

8.1 DESCRIPTIVE STATISTICS

Table 2 indicates the nature of the firms under study. Descriptive statistics are calculated for both the panels.

TABLE 2: DESCRIPTIVE STATISTICS FOR PANEL 1 (P1) AND PANEL 2 (P2)

	Mean - P1	Mean - P2	Median - P1	Median - P2	STD - P1	STD - P2
ROA	0.12	0.11	0.12	0.11	0.10	0.09
PBR	2.78	2.01	1.31	0.86	13.86	8.14
LPBR	0.32	-0.05	0.27	-0.15	1.02	1.02
PH%	47.15	49.68	48.67	51.33	19.80	18.41
Lev %	28.35	28.44	27.79	27.71	0.20	0.27
Age	27.59	29.32	22.00	24.00	18.33	18.11
TA (Rs. in crores)	612.41	1163.15	92.70	153.59	3402.80	7132.29
NS (Rs. in crores)	467.84	767.44	83.33	122.98	2743.34	4957.28
EXPINT	1.41	1.07	0.06	0.01	15.22	19.10
SDE	2.89	3.39	0.36	0.27	12.51	69.63
FIRMEFF	1.28	1.33	1.01	1.07	2.98	1.39

Note: P1 consists of the period from the year March 2005 to March 2008 and P2 consists of the years from March 2009 to March 2011.

Total numbers of observations for panel 1 are 7234 and for panel 2 are 6343. Mean and median of ROA in first period are the same and it is 0.12. During second period mean and median of ROA decrease to 0.11. Mean of PBR is 2.78 in the first period. Mean of PBR decreases to 2.01 in the second period. Median of PBR is 1.31 in the first period. It decreases to 0.86 in the second period. The decrease in the average values of ROA and PBR are possibly because of the recession and hence as per our expectation. Similarly, mean and median of LPBR are 0.32 and 0.27 respectively in the first period. Mean and median of LPBR decrease to -0.05 and -0.15 respectively in the second period. Means of PH are 47.15% and 49.68% in the first and second periods respectively and medians are 48.67% and 51.33% in the corresponding periods respectively. Mean leverage in first period is 28.35% whereas it is 28.44% in the second period. Similarly, Median leverage is 27.79% and 27.71% in the corresponding periods respectively. Means and medians of leverage during pre and post recession periods are approximately the same for the firms under the study. On an average, firms are 27.59 years old in the first period, whereas they are 29.32 years old in second period. Median age of firms is 22 years and 24 years in the first and second periods respectively. On an average, firms have Rs. 612.41crores of total assets in the first period which increase to Rs.1163.15crores in the second period. Median total assets for the firms are Rs. 92.70crores in the first period which increases to Rs. 153.59crores during the second period. Average net sales of firms during the first period are Rs 467.84crores and it increases to Rs 767.44crores during the second period. Median net sales are Rs. 83.33crores which increases to Rs. 122.98crores during the second period. Mean export intensity is 1.41 and 1.07 during these two periods and median export intensity is 0.06 and 0.01 during these two periods. Thus export intensity decreases during the period of global recession for firms under the study. The decrease is in line with our expectation. Mean SDE is 2.89 during the first period. It increases to 3.39 during the second period. Median SDE is 0.36 which decreases to 0.27 during the second period. Mean firm efficiency is 1.28 and 1.33 during the first and second periods respectively and median is 1.01 and 1.07 during the corresponding periods. Thus firm efficiency increases during the period of global recession in line with our expectation. HHI is used as a proxy to capture industry concentration. Its mean during first and second periods respectively are 0.08 and 0.09. Median HHI during the corresponding periods is 0.05 and 0.06. HHI increases during the period of global recession.

8.2 RESULTS OF PANEL DATA REGRESSION

The result of panel data regressions for study variables ROA and LBPR are given in table 3.

TABLE 3: PANEL DATA REGRESSION HAVING ROA AND LPBR AS DEPENDENT VARIABLE FOR PANEL ONE

Variable	ROA - 2005 to 2008		LPBR - 2005 to 2008		VIF
	Coeff	t-Stat	Coeff	t-Stat	
C	0.12	13.24**	0.77	2.87**	0.00
PH	0.01	5.95**	0.01	10.98**	1.14
Lev	-0.03	-2.44*	0.48	6.19**	1.33
Size	0.02	22.61**	0.06	4.15**	2.00
Sizesq	-0.01	-5.42**	0.02	6.03**	1.78
FirmEff	0.01	1.41	0.01	2.52*	1.05
Age	-0.01	-0.50	0.01	4.02**	1.22
Explnt	-0.01	-2.19*	-0.01	-0.98	1.06
SDE	0.01	1.77a	0.01	1.83a	1.31
BGD	-0.02	-7.23**	0.11	4.04**	1.44
HHI	-0.01	-0.23	0.22	1.32	2.00
N	7234		7234		
F	21.63		30.99		
Adj R Square	0.1833		0.2437		

Note: **, * and a represent significance levels of 1%, 5% and 10% level respectively.

The table 3 shows that the VIFs are smaller and it suggests that multi-co-linearity does not exist among independent variables.

DETERMINANTS OF ROA FOR THE PERIOD 2005-08

The results for regression having ROA as dependent variable show that promoter's holding and selling and distribution expenses have positive and significant coefficients as per the hypothesized relationship. Phani et al. (2004) find positive relationship of insider ownership with the firm performance. The coefficients of leverage, export intensity and BGD are negative and significant in line with our hypotheses. Beard and Dess (1981) and Kakani et al., (2001) find negative impact of leverage on firm performance. Bertrand et al. and Lensink and Molen (2010) find negative relationship of group affiliation with firm performance. The impact of size on firm performance is positive and significant and the coefficient of squared term of size is negative and significant. This suggests that there is inverted U shape relationship between size and firm profitability. This is as per our hypothesized relationship and confirms the operation of the law of diminishing marginal productivity. Lee (2009) finds inverted U shape relationship between size and firm performance.

DETERMINANTS OF LPBR FOR THE PERIOD 2005-08

The table 3 shows that the impact of these independent variables on LPBR is different from that of ROA. The notable differences are as follows. Unlike in ROA, the impact of leverage is positive and significant on LPBR. Higher leverage will directly benefit shareholders, as with the increase in leverage earning per share (EPS) increases. As a result, the share price will have positive relationship with leverage. Size shows positive and exponential relationship with LPBR possibly because investors value larger firms higher than smaller firms. The coefficients of firm efficiency and age are positive and significant in line with our hypotheses. Unlike in ROA analysis, the coefficient of BGD is positive and significant for LPBR analysis. This suggests that shares of group affiliated firms are more valuable as investors are more confident to invest in group affiliated firms rather than in standalone firms.

Table 4 shows the results of panel data regression for the second period 2009 to 2011.

TABLE 4: PANEL DATA REGRESSION HAVING ROA AND LPBR AS DEPENDENT VARIABLES FOR PANEL TWO

Variable	ROA - 2009 to 2011		LPBR - 2009 to 2011		VIF
	Coeff	t-Stat	Coeff	t-Stat	
C	-0.01	-1.48	-0.58	-4.18**	0.00
PH	0.01	9.74**	0.01	13.26**	1.16
Lev	-0.01	-1.36	0.09	1.07	1.16
Size	0.01	19.75**	-0.04	-3.47**	1.89
Sizesq	-0.01	-0.61	0.03	10.91**	1.54
FirmEff	0.01	7.02**	0.07	6.31**	1.27
Age	0.01	1.82a	0.01	3.80**	1.19
Expltnt	0.01	0.62	-0.01	-2.28*	1.02
SDE	0.01	2.13*	0.01	1.00	1.50
BGD	-0.01	-3.65**	0.11	3.99**	1.40
HHI	0.01	1.25	0.16	0.96	1.95
N	6343		6343		
F	25.89		27.45		
Adj R Square	0.2325		0.2431		

Note: **, * and a represent significance levels of 1%, 5% and 10% level respectively.

Table 4 shows the results of estimated panel data regressions for the period containing global financial crisis.

DETERMINANTS OF ROA VIS-À-VIS LPBR

As the table 4 indicates, the impact of independent variables on ROA differs from that of LPBR. Impact of selling and distribution expenses is positive and significant only on ROA. Impact of export intensity is negative and significant only on LPBR. The coefficient of size is positive and significant for ROA analysis, but it is negative and significant for LPBR analysis. The coefficient of squared term of size is not significant for ROA, but it is positive significant for LPBR analysis. This suggests U shape relationship between size and LPBR. These determinants of firm performance is bound to impact ROA and LPBR differently because the variable ROA is derived from ex-post business data, whereas the variable LPBR is also driven by ex-ante expectations of investors about the firm value.

COMPARISON OF DETERMINANTS OF ROA DURING FIRST AND SECOND PERIODS

Further, the results show that as compared to high growth period, determinants of firm performance not only gain or lose significance but also they change in direction to impact the dependent variable during the period of global recession. Considering ROA analysis, the coefficients of leverage, squared term of size and export intensity are not significant. The coefficients of these variables are negative and significant during the first period. This can be because the debt covenants may restrict profits during high growth period, but it will lose significance during recession. No inverse U shape relationship is found between size and ROA. This suggests that during the recession, firms may try to innovate their production, financing or marketing capabilities leading to cost reduction and / or revenue enhancement. Further, the profitability may suffer if firms choose to export ignoring the high domestic demand and high prices during the high growth period. But export intensity should lose significance during global recession. Coefficient of age is positive and significant. However, it is not significant during the first period. This suggests that older firms are able to outperform newer firms during the recession.

COMPARISON OF DETERMINANTS OF LPBR DURING FIRST AND SECOND PERIODS

The results of LPBR analysis show that leverage and selling and distribution expenses lose their significance. The coefficients of these variables are positive and significant. Leverage and selling and distribution expenses will have positive impact on profits and eventually on EPS only when sufficient demand and sales can be predicted. During the period of uncertainty, like that of recession, the positive impact of these variables on profits vanishes. The coefficient of export intensity is negative and significant. However, it is not significant during the high growth period. It seems that the investors are penalizing the firms for their exports. The coefficients of size and squared term of size show U shape relationship between size and LPBR. This suggests that during the period of global recession and high volatility of stock prices, investors may ignore to invest in very small firms and very large firms.

9. SALIENT FINDINGS AND CONCLUSIONS

- Few factors gain or lose significance while switching from accounting based measure of firm performance to market based measure of firm performance as a dependent variable. Also, the independent variables change their direction to impact the dependent variable.
- During the first period, the impact of leverage and export intensity is negative and significant on ROA. Whereas leverage has positive impact on LPBR. The coefficient of export intensity is not significant for LPBR analysis. Impact of firm efficiency and age is positive and significant on LPBR. These variables are not significant for ROA analysis. As per ROA analysis, performance of standalone firms is higher than performance of business group affiliated firms. However, as per LPBR analysis, performance of business group affiliated firms is higher than the performance of standalone firms. The impact of size differs while considering accounting based and market based measures of firm performance. Size and ROA has inverted U shape relationship and size and LPBR has positive and exponential relationship. The law of diminishing marginal productivity does not apply to market based measure of firm performance, LPBR.
- During the second period, the coefficient of selling and distribution expenses is positive and significant only on ROA. The coefficient of export intensity is negative and significant only on LPBR. The coefficient of squared term of size is negative and significant for LPBR analysis. This suggests U shape relationship between size and LPBR.
- Further, these determinants of firm performance change their significance and direction while switching from one period to another period.

- Comparing ROA analysis between first and second period we get the following notable differences. The coefficients of leverage, squared term of size and export intensity are negative and significant during the first period. However, these variables are not significant during the second period of global recession. The impact of age is positive and significant in the global recession period. However, it is not significant during the first period.
- The results of LPBR analysis show that leverage and selling and distribution expenses lose their positive significance during the second period. The coefficient of export intensity is negative and significant during the period of global recession. However, it is not significant during the high growth period. The coefficients of size and squared term of size show U shape relationship between size and LPBR during second period. Size shows positive and exponential relationship with LPBR during first period.

This study focuses on the performance of listed non financial firms in India during the period from 2005 to 2011. This period coincides with first period of high economic growth from 2005 to 2008 and second period of global recession from 2009 to 2011. We find that the impact of the factors is sensitive to the kind of firm performance measure used as dependent variable for the analysis. Not only these determinants of firm performance gain or lose their significance but they also change their direction to impact the firm performance while switching from accounting based measure of performance to market based measure of performance. Further, the impact of these determinants is sensitive to the time period under analysis. The study can be further substantiated by analyzing firms at industry level.

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IMPACT OF E-CRM ON LIFE INSURANCE COMPANIES OF INDORE REGION: AN EMPIRICAL STUDY

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ABSTRACT

Electronic Customer relationship management in the insurance industry has become key to access huge market. Firms are framing new strategies to fight stiff competition and maintain customer retention ratio. Public and private insurance companies are implementing electronic customer relationship programs to attract more customers and retain existing customers. This has become a good marketing strategy that analyzes about consumer's needs and behavior in order to create an effective relationship between an organization and its customer. The paper focused on positive and negative impacts of E-Crm on organization's strategy. This study is primarily based on Four companies namely LIC(Life Insurance corporation), ICICI Prudential, Max New York, HDFC Life Insurance. The study also focuses on other benefits of E-CRM program in insurance sector of Indore. The research objectives were studied through the informal interview session between researcher and the employees of the various companies and chi-square method were used to test hypothesis of researcher.

JEL CODES

G -2, G-22.

KEYWORDS

Customer Relationship Management, E-CRM, Employees' perspective, Information Technology, Insurance Company.

INTRODUCTION

Insurance industry in India is on a growth path since 2000 and as it being a commercial sector it is also facing competitive edges such as globalization of business, cut throat competition, customer's expectation, maintaining loyalty among customers, to earn more profit, customer retention and strategic customer care. These competitions have derived the recognition and importance of customer relationship management (CRM) and relationship marketing in the business organization. Relationship marketing has appeared as the core marketing activity for businesses operating in forcibly competitive environments. Therefore, firms have started paying more attention to their relationships with existing customers to retain them.

Today the companies have shifted from managing a market, to managing specific customers. But managing the customers and retaining them for long time is not easy task in a competitive market. To cope up with changing psychology, preferences, and needs of the customers, now a day's organizations are taking the help of data base management system for customer retention and ECRM is the outcome of such system. Keeping the importance of e-CRM and its service quality in view, this study is an attempt to analyze the effect of information Technology on customer relationship in insurance sectors of Indore.

Information technology proved as great means to fulfill all these acceptance. It is the processing and distribution of data using computer hardware and software, telecommunications, and digital electronics. A study on Indian banking industry shows that information technology enhances efficiency and strengthens service quality. Researchers found out that information technology (IT) practices could help enhance customer service by increasing convenience, collecting service performance information for management use, and offering extra services.

CONCEPT AND IMPORTANCE OF E-CRM

E-CRM is a concept that enables an organization to tailor specific products or services to each individual customer. In the most advanced scenario, ECRM may be used to create a personalized, one-to-one experience that will give the individual customer a sense of being cared for, thus opening up new marketing opportunities based on the preferences and history of the customer. CRM is also a customer focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized service to each customer. ECRM technology initiatives are most commonly implemented in functional areas such as customer support, service, sales and marketing to optimize profitability and revenue.

IMPORTANCE OF E-CRM

E -CRM supports to develop customer focused business strategies, the objective of this step is not to turn the customers to the company's goals but to listen them and try to create / catch opportunities beneficial to both the firm as well as customer. It is important to offer customers what they are currently demanding and anticipating, what they are likely to demand in the future. This can be achieved by providing a variety of existing access channels for customers, such as e-mail, telephone and fax and by preparing future access channels such as wireless communication. Offering solutions rather than obstacles is possible when a company empowers its customer service agents, with customer focused approach there are few benefits like provides greater efficiency and cost reduction, improved customer service and support, increase customer loyalty and satisfaction, dynamic marketing strategy, increased possibilities of customer approach without geographic limits.

LITERATURE REVIEW

The concept of customer relationship management (CRM) was derived from the term 'contact management in the 1980s and it essentially relates to collecting all the information when customers come in contact with companies (Knox et al., 2003). It may be described as a process companies utilize to understand and react to customers' evolving desires, utilizing detailed customer behavior and transaction information, to drive customer acquisition, loyalty, satisfaction and profitability. Parvatiyar and Sheth, in 2002 defined CRM as an enterprise approach to developing full knowledge about customer behavior and their preferences and to developing programs and strategies that encourage customers to continually enhance their business relationship with the company. (Christopher 1991) focuses on the relationship marketing theory which is aimed at improving long term profitability by shifting from transaction based marketing, with its emphasis on winning new customers, to customer retention through effective management of customer relationships.

Recihheld and Teal (2005) found out those customers who have been around long enough to get familiar with the company's procedures, will create more valuable business relationships, will acquire more products and will be less price sensitive on individual offers.

The involvement of Information technology has transform the industry, it is been a new aspect of study. One very earlier study made by Goldenberg, 2000 stated that, Information technology on the other hand is the processing and distribution of data using computer hardware and software, telecommunications and digital electronics. ECRM is not only a technology application for marketing purposes, it is a cross functional, customer driven, technology integrated into business process and a management strategy that maximizes relationships which encompasses the entire organization. Abolghassem Asheri; [2006] from IRAN analyze "The impacts of IT applications in customer satisfaction and costs decrease: case study, Asia Insurance Company in India" The analysis shows that the IT application has a positive effect on insurance customer satisfaction and they are highly satisfied with automated system. On the other hand IT application bears some expenses which will lead to increase in costs in the company. Paromita Goswami 1998 found in his research "Customer Satisfaction with Service Quality in the Life Insurance Industry in India" analyzed the that the responsiveness of service quality provides maximum customer satisfaction to the life insurance industry in India. With the increase of overall market size of the industry different players should invest to improve the customer relationship. Chiara Francalanci and Hossam Galal has focused toward the organizational imperative, which views returns on IT investments as a result of the alignment between technology and other critical management choices.

RESEARCH OBJECTIVES

The current research was aimed at determining the basic CRM approach being adopted by businesses in Indore (M.P.) for relationship marketing. The research focused on the following major issues –

1. To find whether companies have customer centric processes or not.
2. To study the effects of IT on maintaining their customer database.
3. To study the Impact of IT on CRM.

RESEARCH METHODOLOGY

The data used in this study was collected through a survey in various insurance companies in INDORE .The study is done through personal interview session with employees.

The Sample Unit: All existing employees of various Life Insurance Companies in INDORE

Sampling: Sampling technique selected for this research is random sampling.

Sample Size: For this research researcher took 100 employees (meant for IT manager, marketing manager, Field Officers and front desk officer) of various life insurance companies of *Indore region*.

Sampling Tools: To test the hypothesis and find the objectives researcher has used observation method as non statistical tool and chi square as statistical tool.

RESEARCH QUESTIONS (HYPOTHESIS)

1. Do they select technology based on an understanding of customer needs?
2. With the aid of IT, do the insurance firms in Indore have a comprehensive database of their customers?
3. Is there any positive impact of E-crm on customer retention and loyalty?

Null Hypothesis state for the research is:

H₀₁ : Companies' select their technologies based on customer's need.

H₀₂ : IT helps insurance companies' to maintain comprehensive database of their customers.

H₀₃ : There is positive impact of I.T on CRM.

These research objectives were studied through the informal interview session between researcher and the employees of the various companies.

RESULT AND DISCUSSION

From 100 interviews, 95 were correctly completed and these are analyzed for this research. Researcher received this high ratio because personal interview method was attempted.

Question 1 : Do they select technology based on an understanding of customer needs?

TABLE 1

Category of Respondents	Yes	No	Can't Say	Total Response
I.T Manager	17	0	3	20
Functional Manager	17	8	5	30
Front Executive	32	6	7	45
Total Respondents	66	14	15	95
Total responses in %	69	15	16	100

Source: Field Survey

As presented in Table 1 about 69 % of the respondents agreed that companies provide easy and fast technology, to fulfill customer's need; these technologies are easy to understand and give safest way to make transaction experience better. This also supports to study our research objective that companies provide more customer centric approach and their processes are based on customer basic needs.

Question 2 : With the aid of IT, do the insurance firms in Indore have a comprehensive database of their customers?

TABLE 2

Category of Respondents	Yes	No	Can't Say	Total Response
I.T Manager	20	0	0	20
Functional Manage	21	4	5	30
Front Executive	31	7	7	45
Total Respondents	72	11	12	95
Total responses in %	78	12	10	100

Source: Field Survey

As presented in Table 2, 77.96 % of the respondents agreed that they have a comprehensive database of their customers due to Information Technology. This also matched with the earlier study done by Reichsheld and Teal (2005) which proved that Information technology helps to maintain a strong and comprehensive database of their customer to maintain customer relationship marketing. This study also reflects that companies moving to-wards the new technology which helps them to maintain a good database and to find a potential customers.

Question 3 : Is E-CRM helps to increase the customer retention ratio?

TABLE 3

Category of Respondents	Yes	No	Can't Say	Total Response
I.T Manager	14	0	6	20
Functional Manage	12	8	10	30
Front Executive	20	13	12	45
Total Respondents	46	21	28	95
Total responses in %	50	22	28	100

Source: Field Survey

As presented in Table 3, only 50% agreed that a combination of IT and CRM has a positive impact on customer retention. 22 disagreed with this, according to their view customer also affected by other aspects such as services employee behavior and their past experience while 28% were undecided on this. This result shows that companies still have to make proper utilization of IT resources available within the country and promote their customer base to utilize these services by some means. Consumer Behavior also plays an important role in this particular research.

HYPOTHESIS TESTING

The test of hypothesis seeks to further analyze research questions which relate to the effect of information technology on customer relationship in insurance industry. Three hypotheses were formulated to provide a clear direction to the conduct of this research. Hypothesis was tested, using the chi square test. The Chi square test is appropriate because it is a non parametric tool used to test the goodness of fit of an ordinal data (Cooper and Schindler, 2000).

HYPOTHESIS 1

H_{01} : Companies' select their technologies based on customer's need.

H_{11} : Companies' do not select their technologies based on customer's need.

The chi square analysis tables (observed values and expected values) for Hypothesis 1 shows that there is significant difference between observed values and expected values. In this case χ^2 (cal) (0.119) is less than χ^2 (tab) (9.488) . Thus, in accordance with the decision rule, the null hypothesis (H_0), stating that "Companies' select their technologies based on customer's need" is accepted (Table H1.A and Table H1.+B).

TABLE H1. A: OBSERVED VALUES FOR HYPOTHESIS 1

Category of Respondents	Yes	No	Can't Say	Total Response
IT Manager	17	0	3	20
Functional Manager	17	8	5	30
Front Executive	32	6	7	45
Total Respondents	66	14	15	95

TABLE H1. B: EXPECTED VALUES FOR HYPOTHESIS 1

Category of Respondents	Yes	NO	Can't Say	Total Response
IT Manager	14	3	3	20
Functional Manager	21	4	5	30
Front Executive	31	7	7	45
Total Respondents	66	14	15	95

Chi square values is calculated on 5% significance level for d.f. 4

Here the χ^2 (cal) (0.119) is less than χ^2 (tab) (9.488). Hence null hypothesis accepted.

HYPOTHESIS 2

H_{02} : IT helps insurance companies' to maintain comprehensive database of their customers.

H_{12} : IT plays no role in maintaining comprehensive database of their customers.

The chi square analysis tables (observed values and expected values) for Hypothesis 2 shows that there is significant difference between observed values and expected values. In this case χ^2 (cal) (0.035) is less than χ^2 (tab) (9.488) . Thus, in accordance with the decision rule, the null hypothesis (H_0), stating that "IT helps insurance companies' to maintain comprehensive database of their customers" is accepted (Table 5 A and Table 5 B).

TABLE H2. A: EXPECTED VALUES FOR HYPOTHESIS 2

Category of Respondents	Yes	NO	Can't Say	Total Response
IT Manager	20	0		20
Functional Manage	21	4	5	30
Front Executive	24	7	14	45
Total Respondents	65	11	19	95

TABLE H2. B: OBSERVED VALUES FOR HYPOTHESIS 2

Category of Respondents	Yes	NO	Can't Say	Total Response
I.T Manager	14	2		20
Functional Manage	21	3	6	30
Front Executive	31	5	9	45
Total Respondents	65	11	19	95

Chi square values is calculated on 5% significance level for d.f. 4

Here the χ^2 (cal) (0.035) is less than χ^2 (tab) (9.488). Hence null hypothesis accepted.

HYPOTHESIS 3

H_{03} : There is positive impact of IT on CRM.

H_{13} : There is negative impact of IT on CRM

The chi square analysis tables (observed values and expected values) for Hypothesis 3 shows that there is significant difference between observed values and expected values. In this case χ^2 (cal) (0.077) is less than χ^2 (tab) (9.488) . Thus, in accordance with the decision rule, the null hypothesis (H_0), stating "There is positive impact of IT on CRM" is accepted (Table 6 A and Table 6 B).

TABLE H3. A: OBSERVED VALUES FOR HYPOTHESIS 3

Category of Respondents	Yes	No	Can't Say	Total Response
I.T Manager	14	0	6	20
Functional Manage	12	8	10	30
Front Executive	20	13	12	45
Total Respondents	46	21	28	95

TABLE H3. B: EXPECTED VALUES FOR HYPOTHESIS 3

Category of Respondents	Yes	No	Can't Say	Total Response
I.T Manager	10	4	6	20
Functional Manage	15	7	9	30
Front Executive	22	10	13	45
Total Respondents	46	21	28	95

Chi square values is calculated on 5% significance level for d.f. 4

Here $\chi^2_{(cal)} (0.077)$ is less than $\chi^2_{(tab)} (9.488)$. Hence null hypothesis accepted.

FINDINGS

This research paper attempts to find the impact and effectiveness of E-CRM in insurance industries of Indore M.P. Based on the objectives and result of hypothesis tested on selected insurance companies, following are the major findings of this research.

- We found that majority of companies provide IT services based on customer's need, their interfaces are easy to understand and provide the quick access to the services.
- Companies found E-CRM as a good tool to store the data of their valuable customer and found easy to access it at any point of service.
- The E-CRM is one such tool which helps in meeting the customer's expectations according to their changing needs, with the help of I.T. companies found good data base of their existing and potential customer to increase their business.
- Employee of various companies found IT as a great tool to increase the level of service quality, but companies need to make proper strategies to improve their working pattern and handling of customers.
- We discover that the combination of IT and CRM does not have much positive impact on the ratio of customer retention, but this can improved using information system at its fullest form.

CONCLUSION

Information technology and communication network playing vital role in money market, capital, and foreign exchange markets have manifold for the conduct of monetary policy. Insurance service sector is also witnessing a overabundance of changes. The financial services industries are now looking at customer focus as a mean to achieve profit. An acute focus on customer relationship management is being given to increase market ratio and profit ratio. Now a day's company's orientation is customer focus, it tries to retain old customer and at a same time want new customer to increase their business majority of companies provide IT services based on customer's need, their interfaces are easy to understand and provide the quick access to the services.

The crises that most financial institutions faced were to store their valuable customer data in data source and to easily access them. In an attempt to be more competitive companies have to be more customers oriented. This new orientation has compelled them to maintain comprehensive database of their customer's. The E-CRM is one such tool which helps in meeting the customer's expectations according to their changing needs, with the help of I.T. companies found good data base of their existing and potential customer to increase their business.

Further it has been observed by analyzing the service quality all financial services are poor in the dimension of trust and empathy, although employee of various companies found IT as a great tool to increase the level of service quality, but through the analysis, we can say that the companies need to make proper strategies to improve their working pattern and handling of customers. If companies are able to use Information Technology at fullest form, they will get more efficiency in serving the customer and maintaining the long-term relation. The analysis of result received on customer retention suggest that insurance companies are equally facing a tremendous pressure to retain the older customer, in this aspect we discover that the combination of IT and CRM has not much positive impact on the ratio of customer retention, but this can improved using information system.

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COMBATING UNEMPLOYMENT: AN INDIAN PERSPECTIVE**PALAASH KUMAR****STUDENT****SCHOOL OF PHARMACY & TECHNOLOGY MANAGEMENT****NMIMS UNIVERSITY****SHIRPUR****DR. ASHOK KUMAR PANIGRAHI****ASSOCIATE PROFESSOR****SCHOOL OF PHARMACY & TECHNOLOGY MANAGEMENT****NMIMS UNIVERSITY****SHIRPUR****ABSTRACT**

Inequalities in income and wealth can witness a sea change only in a longer term perspective. A change in inequality (i.e. an increase or a decrease in the inequality) can be brought about by the employment structure of an economy. The functionality of the governments is bound by administrative and fiscal constraints; therefore, the income distribution is, in a normal manner, marginally impacted by the target group programs. What India faces as the major challenge is youth unemployment and that too for the labour market policy even against the backdrop of the country's increased levels of literacy and demographic dividend. 49 percent is the share of the unemployed people in India that is made up by young job seekers. The informal sector provides for 93 percent of the available work as a result of which a large number of well-educated youth face unemployment, underemployment or are seeking employment or are between jobs or adjusting with insecure work arrangements. What is required in India is cooperation, both national as well as international, among different trade unions, vocational training organizations, and committees at the national level in order to provide an environment full of opportunities for economic growth. Indian youth, in the absence of any formal social security, is faced with the challenge of survival and limited growth prospects. To check unemployment among the youth in India, various measures have been initiated. India has introduced a number of employment generating schemes, including those under MGNREGA. Similar policy initiatives have been taken for skilled workers. However, these initiatives have had limited impact. There is a need to learn about other's experiences, their employment guarantee programs and also their social security programs. In this study we will investigate the various causes of unemployment in India and the possible measures to eradicate it.

JEL CODE

J21, J23, J10, J11.

KEYWORDS

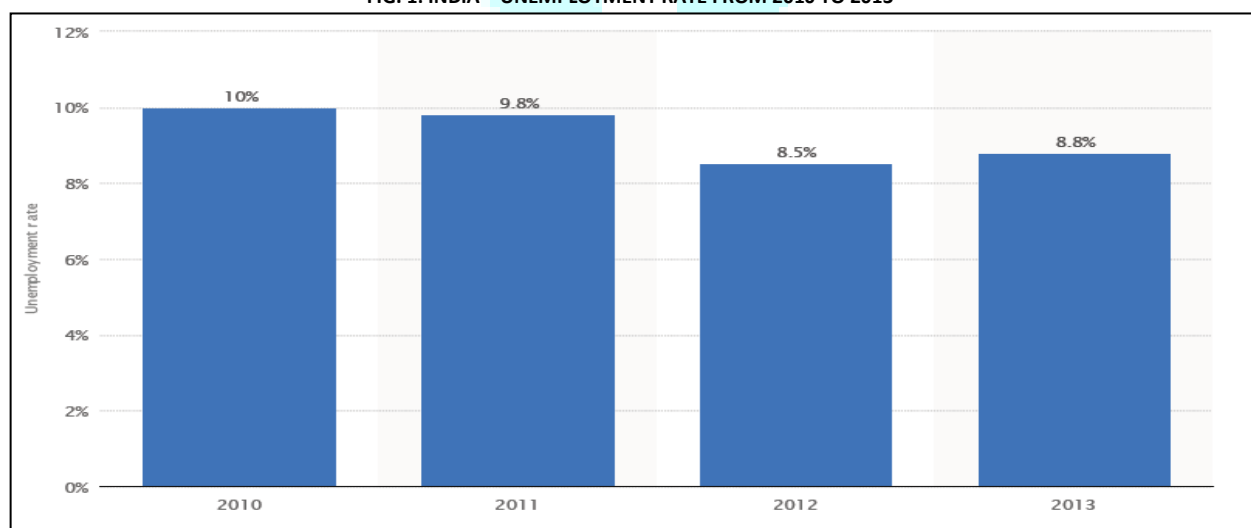
Employment, unemployment, skill development, joblessness, literacy, vocational education, training.

INTRODUCTION

In the year 1999-2000, 7.32 % of the labour force was unemployed. In numbers, the total number of unemployed stood at 26.58 million. The underemployed in terms of underutilization of labour time are included in the above number. Underemployed working at very low levels of income and productivity are excluded from the above number.

The organized sector provides only 8 percent of the total employment. Informal sector activities engage more than 90% which is largely outside the reach of any social security benefits and also suffers from handicaps in the form of limited access to institutional facilities and other support facilities.

39 percent of the total population is made up by India's labour force.

FIG. 1: INDIA – UNEMPLOYMENT RATE FROM 2010 TO 2013**EMPLOYMENT AND UNEMPLOYMENT**

Almost 33 percent of the people employed in 1993 were poor, while only 18 to 19 percent of the unemployed people were poor. The percentage of self-employed Indian workers was 51; 54.2 percent in rural areas and 41.1 percent in urban areas. This is what was revealed by the NSS's 66th round data.

The share of casual workers among the employed was as high as 33.5 percent as compared to 15.6 percent of the regular wage/salaried people.

TABLE 1: AGE-SPECIFIC LABOUR PARTICIPATION RATE ON UPSS BASIS

RURAL MALE					
(years)	1993-94	1999-00	2004-05	2009-10	2011-12
15-19	598	532	529	390	333
20-24	902	889	891	813	788
25-29	980	975	982	975	963
All ages	561	540	555	556	553
RURAL FEMALE					
(years)	1993-94	1999-00	2004-05	2009-10	2011-12
15-19	371	314	331.00	195	164
20-24	469	425	435.00	314	297
25-29	530	498	530.00	404	369
all	330	302	333.00	265	253
URBAN MALE					
(years)	1993-94	1999-00	2004-05	2009-10	2011-12
15-19	404	366	381	263	256
20-24	772	755	769	682	664
25-29	958	951	957	947	951
all	542	542	570	559	563
URBAN FEMALE					
(years)	1993-94	1999-00	2004-05	2009-10	2011-12
15-19	142	121	144	85	89
20-24	230	191	250	197	197
25-29	248	214	261	222	253
all	164	147	178	146	155

TABLE 2: AGE-SPECIFIC WPR AMONG 15-29 AND ALL POPULATION

group	1999-2000	2004-2005	2009-2010	2011-2012	1999-2000	2004-2005	2009-2010	2011-2012
RURAL								
	Male				Female			
15-19	503	497	358	303	304	319	186	156
20-24	844	849	768	742	409	410	295	278
25-29	950	966	957	942	491	513	391	357
15-29	741	742	648	616	400	410	288	258
all (0 +)	531	546	547	543	299	327	261	248
URBAN								
	Male				Female			
15-19	314	335	231	223	105	128	76	78
20-24	658	684	617	594	155	201	160	160
25-29	883	909	906	906	194	229	196	231
15-29	593	623	564	558	149	184	144	157
all (0 +)	518	549	543	546	139	166	138	147

TABLE 3: UNEMPLOYMENT RATE AMONG YOUTH ACCORDING TO USUAL STATUS

Age Group	1999-2000	2004-05	2009-10	2011-12
RURAL MALE				
15-19	6.5	7.9	10.0	11.4
20-24	6.2	6.2	6.4	6.9
25-29	3.2	2.3	2.2	2.8
15-29	5.1	5.2	5.5	6.1
RURAL FEMALE				
15-19	3.1	6.7	7.4	8.0
20-24	4.9	9.3	8.6	9.9
25-29	2.4	5.2	4.5	5.8
15-29	3.7	7.0	6.5	7.8
URBAN MALE				
15-19	15.4	14.0	13.2	14.4
20-24	13.9	12.5	10.1	11.6
25-29	7.5	5.8	4.4	5.3
15-29	11.5	10.0	7.9	8.9
URBAN FEMALE				
15-19	15.5	15.6	14.3	15.3
20-24	22.6	25.8	21.7	21.9
25-29	11.5	15.8	14.6	10.8
15-29	16.6	19.9	17.2	15.6

TABLE 4: EMPLOYMENT & UNEMPLOYMENT INDICATORS (2011-12) (PER THOUSAND)

	Rural			Urban			Rural+ Urban		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
USUAL PRINCIPAL STATUS									
Labour Force Participation rate	547	181	368	560	134	356	550	168	364
Worker Population Ratio	535	176	359	542	125	342	537	161	354
Proportion Unemployed	12	5	8	18	9	14	13	6	10
Unemployment Rate	21	29	23	32	66	38	24	37	27
USUAL STATUS (PS +SS)									
Labour Force Participation Rate	553	253	406	563	155	367	556	225	395
Worker Population Ratio	543	248	399	546	147	355	544	219	386
Proportion Unemployed	10	4	7	17	8	13	12	5	9
Unemployment Rate	17	17	17	30	52	34	21	24	22
CURRENT WEEKLY STATUS									
Labour Force Participation Rate	545	215	383	561	148	363	549	196	377
Worker Population Ratio	526	207	370	539	138	347	530	188	364
Proportion Unemployed	18	8	13	22	10	16	19	8	14
Unemployment Rate	33	35	34	38	67	44	35	42	37
CURRENT DAILY STATUS									
Labour Force Participation rate	534	180	361	555	136	354	540	168	359
Worker Population Ratio	504	169	340	528	125	335	511	156	339
Proportion Unemployed	29	11	20	27	11	19	29	11	20
Unemployment Rate	55	62	57	49	80	55	53	66	56

Source: NSSO report (68th round) Employment and Unemployment Situation in India, 2011-12.

Due to their lack of marketable education and skills, the unemployment of young people in the labor market is high.

The Government of India (GOI) says that for every non-youth who remains unemployed, there are nearly six young people who suffer the same fate in rural areas and seven in urban areas.

TABLE 5: ALL INDIA RURAL & URBAN UNEMPLOYMENT RATES (2011-12) (%)

Estimates	Rural			Urban			Rural+ Urban		
	Male	Female	M+F	Male	Female	M+F	Male	Female	M+F
Usual Principal Status	2.1	3.0	2.3	3.2	6.4	3.8	2.5	3.8	2.8
Usual Status (ADJ)	1.8	1.6	1.7	3.0	5.2	3.5	2.2	2.4	2.2
Current Weekly Status	3.3	3.5	3.4	3.8	6.9	4.4	3.5	4.3	3.7
Current Daily Status	5.5	6.2	5.7	4.9	7.9	5.4	5.3	6.7	5.6

Source: NSSO Report (68th Round) Employment and Unemployment Situation in India, 2011-12.

Unemployment declined by 14.6 per cent in the case of youth compared with non-youth (65.5 per cent) (Government of India 1998). Youth unemployment is the paramount unemployment problem in India.

The following was the trend in the youth labor market during 1980-2010:

1. The youth size of the population (15 to 24 age group) increased threefold.
2. The literacy rate of the youth population went up from 56.4 per cent in 1983 to 80.3 per cent in 2007-2008.
3. The self-employed form the majority of youth workers (50 per cent).
4. Casual laborers form the next biggest category (35 per cent). The share of youth in regular salaried/wage employment has increased over time.
5. However, the proportion of youth employment in agriculture has declined faster than among adults.

The indicators and also the other important statistics relating to distribution of workers according to employment status and industry and also on wage rates of regular wage/salaried employees and casual laborers from the survey are summarized as below:

1. LABOR FORCE PARTICIPATION RATE (LFPR) IN USUAL STATUS (PS+SS)

About 40 per cent of population belonged to the labor force - 41 per cent in rural areas and 37 per cent in urban areas.

LFPR for males was nearly 56 per cent and it was 23 per cent for females.

LFPR was about 55 per cent for rural males and about 56 per cent for urban males. It was about 25 per cent for rural females and about 16 per cent for urban females.

2. WORKER POPULATION RATIO (WPR) IN USUAL STATUS (PS+SS)

WPR was 39 per cent at the all-India level- 40 per cent in rural areas and 36 per cent in urban areas.

WPR for males was nearly 54 per cent and it was 22 per cent for females.

WPR was nearly 54 per cent for rural males and 25 per cent for rural females. It was nearly 55 per cent for urban males and 15 per cent urban females.

3. UNEMPLOYMENT RATE (UR) IN USUAL STATUS (ADJUSTED)

UR in the usual status (ps+ss) termed as UR in usual status (adjusted) was nearly 2 per cent at the all-India level. It was about 2 per cent in rural areas and about 3 per cent in urban.

In the rural areas, UR for both males and females were almost at the same level (nearly 2 per cent) while in urban areas, UR for females was about 5 per cent as compared to 3 per cent for males.

4. GROWTH IN EMPLOYMENT BETWEEN 66TH ROUND AND 68TH ROUND

According to the usual status (ps+ss), the workforce at the all-India level, was about 459.0 million (rural male: 231.9, rural female:104.5, urban male: 99.8 and urban female: 22.8) as on 1st January 2010 (NSS 66th round) which increased to 472.9 million (rural male: 234.6, rural female:101.8, urban male:109.2 and urban female: 27.3) as on 1st January 2012 (NSS 68th round), indicating a growth of about 13.9 million of the workforce at the all-India level between 66th round and 68th round.

TABLE 6

Estimated persons/person-days (in million) in different broad activity statuses all-India age: all ages				
estimated persons/ person-days on a day *		rural	urban	
(1)	male (2)	female (3)	male (4)	female (5)
NSS 68 th round (July 2011 – June 2012)				
usual principal status				
in the labour force	236.0	74.2	111.8	25.0
in the workforce	231.0	72.1	108.2	23.3
unemployed	5.0	2.2	3.6	1.6
usual status (ps + ss)				
in the labour force	238.8	103.6	112.5	28.8
in the workforce	234.6	101.8	109.2	27.3
unemployed	4.2	1.7	3.4	1.5
current weekly status				
in the labour force	235.1	88.0	112.0	27.6
in the workforce	227.3	84.9	107.7	25.7
unemployed	7.8	3.1	4.3	1.9

CURRENT DAILY STATUS (PERSON-DAYS ON A DAY)

in the labour force	230.4	73.8	110.9	25.3
in the workforce	217.7	69.2	105.5	23.3
unemployed	12.7	4.6	5.4	2.0
projected population	431.7	409.8	199.8	186.1
NSS 66 th round (July 2009 – June 2010)				
usual principal status				
in the labour force	232.2	83.2	102.2	21.3
in the workforce	227.8	81.2	99.1	19.8
unemployed	4.5	2.0	3.1	1.5
usual status (ps + ss)				
in the labour force	235.7	106.2	102.7	24.2
in the workforce	231.9	104.5	99.8	22.8
unemployed	3.8	1.7	2.9	1.4
current weekly status				
in the labour force	232.3	92.6	102.2	23.3
in the workforce	224.9	89.2	98.5	21.6
unemployed	7.4	3.4	3.6	1.7

CURRENT DAILY STATUS (PERSON-DAYS ON A DAY)

in the labour force	227.2	79.1	101.2	21.4
in the workforce	212.6	72.8	96.0	19.4
unemployed	14.6	6.3	5.2	1.9
projected population	423.9	400.9	183.8	165.5

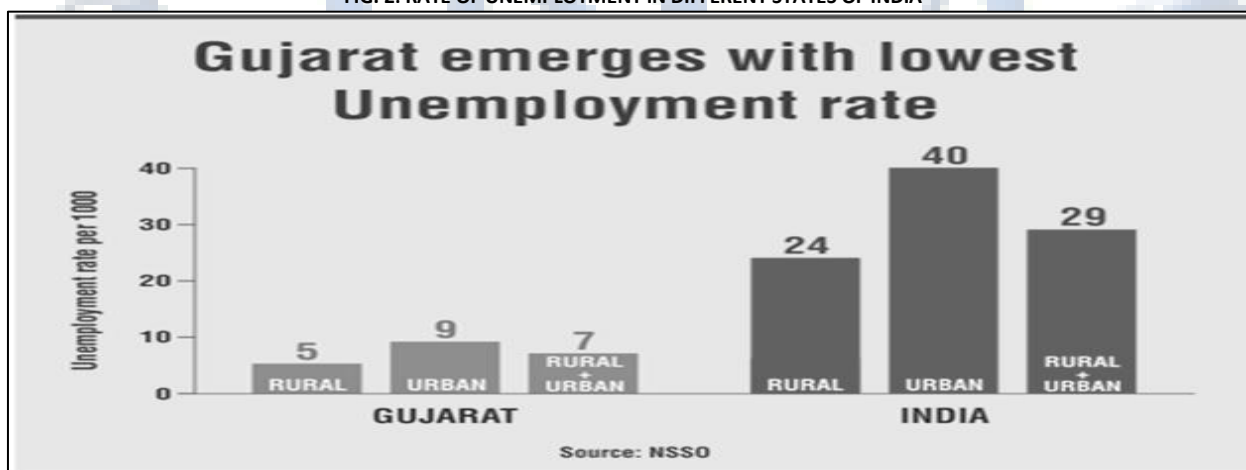
Note: To get the estimated persons/person-days corresponding to 68th round, projected populations as on 1st January 2012 has been applied to the key indicators of 68th round and projected populations as on 1st January 2010 has been applied to the key indicators of 66th round to get estimated persons/person-days corresponding to 66th round.

*: Total person-days available to the specific segments of the population on a day is distributed in three broad activity statuses viz., labour force, workforce and unemployed.

INDIA'S UNEMPLOYMENT RATE

Unemployment rate in India decreased to 3.80 percent in 2011 from 9.40 percent in 2010. The Indian Ministry of Labor keeps track of and reports the unemployment rate in India. From 1983 until 2011, Indian Unemployment Rate averaged 7.6 Percent reaching an all-time high of 9.4 Percent in December of 2010 and a record low of 3.8 Percent in December of 2011. In India, the unemployment rate measures the number of people actively looking for a job as a percentage of the labor force.

FIG. 2: RATE OF UNEMPLOYMENT IN DIFFERENT STATES OF INDIA



THE DIFFERENT TYPES OF UNEMPLOYMENT

CYCLICAL UNEMPLOYMENT

It is attributable to the business cycle and can be exemplified by the rise in unemployment due to the economic recessions. Periodic economic booms and recessions are a natural and regular part of economies. Recessions cause less demand which results in businesses laying off workers leading to cyclical unemployment.

FRICTIONAL UNEMPLOYMENT

It is characteristic of a persistent low unemployment level caused by the presence of natural frictions in the labor market. In other words, workers and businesses are on the constant lookout for each other. Frictional unemployment, a natural and normal part of an efficient labor market, is there even during economic booms when overall unemployment is very low.

STRUCTURAL UNEMPLOYMENT

A fair deal of attention has been received by structural unemployment due to it being the most challenging to address and because it can slow economic recovery out of recessions. Structural unemployment results from a mismatch of worker skills and available job vacancies resulting from the economy not being the same before and after the recession.

REASONS FOR UNEMPLOYMENT

1. SHORTAGE OF JOBS

According to various estimates, productivity during the period from 2004 to 2010 grew 34 per cent. Thus productivity accounted for the growth of the Indian economy more than employment. Due to the limited creation of additional jobs, workers found themselves without jobs. This situation compelled them to either go for unskilled or casual work in the informal sector or to go for further studies. Self-employment and that too with extremely low returns was chosen by those who could not go for further education. The large number of self-employed or casual workers is an example of self-exploitation since such workers are without any effective protection.

2. EMPLOYABILITY

It is absolutely necessary for India to convert its labor force into an asset to be able to take full advantage of the demographic dividend. Only 5 per cent of the workforce has undergone some kind of vocational training, but even many of those are not employable, since the skills acquired have limited market application. Furthermore, the generalist nature of India's education system is not connected to the labor market. NASSCOM says that almost 40 per cent of the skilled workforce is not employable because the acquired education and training are of substandard quality.

3. SKILLS MISMATCH

India is generally seen as a labor surplus economy with a majority of workers having limited or negligible marketable skills. Furthermore, India has a lopsided skills stock. On one side, a large section of the workforce is not able to get even minimum wages, which is mandatory as per the government; on the other side, there are a few people with marketable skills who are able to demand higher rewards. Recently, the acquisition of skills has increased. While an imbalance in the Indian labor market has created a surplus in some skills and it has also created shortages in others.

4. WOMEN – SECURITY AND SOCIAL RESTRICTIONS

The expansion of the Indian economy has created increased employment opportunities for female workers, particularly in IT, retail, travel and tourism. Their full engagement still remains restricted due to problems of personal security, biased attitudes of co-workers and social customs. Due to ineffective protection, young female workers either select jobs for security considerations or prolong their education. Marriage is a major factor as to why women workers withdraw from the labor market. Security system also gets in the way of securing effective enforcement of labor laws and rights, including trade unions.

CONSEQUENCES OF UNEMPLOYMENT

Long-term unemployment indirectly influences outcomes. A worker's family income falls because of the lack of earnings while he is unemployed. The loss of income becomes larger as unemployment is longer and can influence the worker and the worker's household. Reduction in the quantity and quality of goods and services is a consequence of the loss of income and what the worker's family can purchase is also compromised upon. Exacerbation of stress is also led to as a result of dealing with the income loss.

Long-term unemployment undoubtedly has an effect on individuals, families and communities directly. Loss of skills or skill erosion is caused due to lack of use when individuals are out of work. This skill erosion or "depreciation of human capital" increases with the passage of time. What it means is that the potential wages the unemployed could earn upon finding a new job and even the chances of getting a new job diminish the longer they are out of work. A worker's "social capital" may also be reduced by being out of work. Social capital is the network of business contacts that facilitate finding new and good jobs. Social capital may decline with prolonged duration of unemployment because social circles defined by work contact can fade away when work contact ceases. Social capital erosion has a direct correlation with the diluted chances of finding a new job the longer a worker is unemployed. An individual's physical and mental health is also affected by the stress of being out of work. Family dynamics and the well-being of his or her children also bear the toll of the same. Involuntary loss of job is a stressful event which creates a number of problems immediately and long periods of unemployment can aggravate those problems.

Lower well-being among the long-term unemployed, their families and their communities results by being out of work for more than six months. Each week out of work is associated with more lost income. Even after finding new jobs, the long-term unemployed earn less. Unemployed people tend to be in poorer health and their children show worse academic performance than similar workers who avoided unemployment. Higher rates of crime and violence are also found in communities with a higher share of long-term unemployed workers.

The long-term unemployed may have issues that contribute to their unemployment status and also to their poor future outcomes. In this case, long-term unemployment can have an association with poor future outcomes of which it may not necessarily be an underlying cause. This phenomenon is referred to as a "selection" effect. Another factor which makes things complicated is the extent to which the association between poor outcomes and long-term unemployment is connected to the fact of an involuntary job loss itself.

Unemployment has profound financial, budgetary and economic effects. A number of those who leave the workforce not of their will do not have the resources for a comfortable and long retirement. The society pays the price in the form of increased income support, reduction in human capital and productivity and health and community support costs. A divided nation is the result of deep-rooted unemployment where those with jobs benefit from economic growth while those missing out may be relegated to secondary status.

HOW TO REDUCE UNEMPLOYMENT

1. RIGHT TO WORK

In Article 41 of the Indian constitution, it is provided that the State shall within the purview of its economic capacity and development; formulate effective provisions for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement and in other cases of undeserved want. As per Article 38 the state shall strive to promote the welfare of the people; Article 43 states it shall endeavor to secure a living wage and a decent standard of living to all workers. The Directive Principles of state policy of the Constitution of India include these promises.

2. EMPLOYMENT EXCHANGE

The Federal Ministry of Labor which operates the Employment Exchange organization; runs more than 900 individual employment exchanges in order to match demand and supply with regard to work opportunities. Registration of the job seekers with employment exchanges helps them get notified as soon as any vacancy in the government sector matching their profile comes up. Employment exchanges play a vital role in assisting young people in finding employment.

Self-employment ventures are also assisted with. Registering the applications of job seekers and notifying them about vacancies, collection and distribution of employment market information, vocational guidance for students and young people are the major functions of employment exchanges.

3. VOCATIONAL TRAINING

70 million people need to be trained in vocational skills over the next five years. Another 360 million workers need to be retrained. The government targets to train 500 million people by 2022 by encouraging the participation of entrepreneurs and private organizations. The huge gap between skills demand and supply is the cause of an initiative that has been taken by India to develop a system of vocational training. Under this system, young people are to be provided with training related to skills.

Youth employability has to be increased through skill development and vocational training. The GOI has realized the importance of skills.

A three-tier institutional system consisting of:

- (i) The Prime Minister's National Council on Skill Development,
 - (ii) The National Skill Development Coordination Board and
 - (iii) The National Skill Development Corporation,
- has been charged with the responsibility to take forward the Skill Development Mission (GOI 2010: 205). This is an important initiative.

4. EMPLOYMENT GENERATION PROGRAMS

The Employment Generation Programs (EGP) has emerged as an important employment policy tool, particularly in developing countries such as India in recent years.

This policy package includes:

1. a wide range of activities intended to increase labor demand (Eg: direct job creation);
2. to increase the quality of labor supply (training and retraining);
3. to improve the matching of workers and jobs (job search assistance).

The major programs currently in force in India are:

1. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA),
2. Swarnajayanti Gram Swarozgar Yojana (SGSY),
3. Swarna Jayanti Shahari Rozgar Yojana (SJSRY) and
4. the Prime Minister's Employment Generation Programme (PMEGP).

SUGGESTIONS

We should promote the use of labor intensive and capital saving technologies. And secondly, the way the "organized sector" is defined at present needs to be changed. The organized sector is defined in terms of its capital intensity, i.e., the technology used and employment – the terms of contract between the employer and employee. At present the employment terms are viewed to be rigid by the organized sector, with the result that though the organized sector needs and uses a lot of labor input, it does not show up in jobs created.

Similar tendencies have forced the capital intensity to increase even in the small-scale sector. One of the suggestions is that, if employment is the social purpose of a small-scale policy or small and medium enterprise policy then the policy should be designed in terms of jobs created rather than investments made.

CONCLUSION

There is growing awareness of the fact that we live in an increasingly interdependent world following the global financial crisis from 2008 on. The ever-increasing size of the youth workforce, both skilled and unskilled, in an environment of job scarcity has resulted in more and more young people being faced with limited employment opportunities, causing them to be either underemployed or unemployed. Indian youth, in the absence of any formal social security, is thus faced with the challenge of survival and limited growth prospects. To check unemployment among the youth in India, various measures have been initiated. India has introduced a number of employment-generating schemes.

Others' experiences, their employment guarantee programs and also their social security programs are something that need to be learnt about. Global understanding of youth unemployment is need. Special emphasis on the problem of youth unemployment needs to be placed by global organizations to enhance employability and employment opportunities.

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A RESEARCH PAPER ON MEASURING PERCEPTIONS AND IDENTIFYING PREFERENCES TOWARDS MOBILE ADVERTISING AMONG ADVANCED MOBILE USERS

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ABSTRACT

Mobile advertising is a rapidly growing sector providing brands, agencies and marketers the opportunity to connect with consumers beyond traditional and digital media directly on their mobile phones. Mobile phones as a communication tool provide a unique opportunity for advertising to a marketer. The study describes perceptions, attitudes and preferences of advanced mobile users towards mobile advertising. The study covers advanced mobile users as target respondents as they are among high-end users of mobile. They are significantly aware of mobile browsing techniques and avenues regarding mobile advertising. The study aims to measure perception towards mobile advertising and identify preference towards different types of mobile advertising by advanced mobile users. The study measures attitude towards mobile advertising by measuring three attitude components viz. affective, cognitive and behavioral. With the help of 7 structured questions and online survey responded by 120 advanced mobile users the study describes which types of mobile advertisements are preferred by advanced mobile users. It also shows findings on whether advertisement composition and customized advertising has impact on response of advertising or not. Based on findings, implications are discussed along with future research directions.

KEYWORDS

Attitude, Mobile Advertisement, Online behavioral advertisement, Perceptions, Preferences.

INTRODUCTION

Mobile advertising is a form of advertising via mobile (wireless) phones or other mobile devices. It is a subset of mobile marketing. Mobile advertising refers to advertisements sent to and received by mobile devices. The mobile phone is one of the few devices, which people carry all day long. In the never-ending quest for a captive audience, advertisers are beginning to funnel money into mobile advertising. Mobile advertising is creating a new marketing and advertising channel and has the potential to reach millions of wireless devices at the right time, the right place and to the right consumer. Mobile advertising is perceived by many marketers to be more effective because it allows for a one to-one targeted interaction.

Mobile phones are being referred to as the "third screen" Hosseini M, Ghazizadeh M, Noroozi A & Goharpad M., (2010) because of the enormous potential to send targeted and personalized advertisements to consumers' on the move. The high penetration rate of mobile phones has resulted in the increasing use of handheld devices to deliver advertisements of products and services. One may expect mobile advertising to be even more appealing to consumers who use location-sensitive and time-critical m-commerce applications Xu D, Liao S & Li Q., (2008).

There are different types of mobile advertisements viz. Display ads, SMS ads, MMS ads, Application ads, location based ads, Rich Media ads.

CHARACTERISTICS OF MOBILE ADVERTISEMENT MEDIUM

REACH: As the penetration is expanding rapidly, this medium provides instant reach. In 2013, there are almost as many mobile-cellular subscriptions as people in the world, with more than half in the Asia-Pacific region (3.5 billion out of 6.8 billion total subscriptions). Mobile-cellular penetration rates stand at 96% globally; 128% in developed countries; and 89% in developing countries.

IMMEDIACY: With the possibility of building interactive features in mobile advertising, it may prompt a mobile user to act immediately/urgently. As a result it provides a chance to convert the message into transactions very fast.

MOBILITY AND UBIQUITY: Mobile is carried everywhere hence it provides unmatched mobility and access.

INTERACTIVITY: New generation of mobile phones have interactive capabilities which enable mobile advertising to build in such features for mobile user involvement.

INTIMATE AND PERSONAL: It is possible for a marketer to send personal, relevant and useful messages. It is very effective for promotional activities like sending m-coupons or special discounts.

MULTIPLE TOUCH POINTS: As newer generation of mobile phones and such similar devices offer multiple mobile delivery channels like web browsing, audio/video streaming, live audio/video and download, messaging, voice etc. multiple touch points can be used to reinforce message and lead user from awareness to action stage relatively quicker than traditional medium like advertising.

TARGETING: A marketer can undertake precision marketing or precise targeting by analyzing mobile user profiles through timely managed database Vyas Preeta H. (2011).

ATTITUDE TOWARDS MOBILE ADVERTISING

It is of extreme significance to determine consumers' attitudes towards mobile advertising. Attitude is the psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor. Attitude towards the ad can be defined as a "predisposition to respond in a favorable or unfavorable manner to a particular advertising stimulus during a particular exposure occasion". It is believed that negative attitude towards mobile advertising may have been due to annoying advertisements, given the personal, intimate nature of a mobile device.

The content (informativeness) and form (entertainment) of ads are important predictors of their value and are crucial to the effectiveness of mobile advertising. Along with entertainment and informativeness, irritation caused by advertisements also influences people's attitude toward them. This is consistent with earlier research findings that interesting and pleasing ads have a positive impact on consumers' attitudes toward a brand. Schlosser and colleagues reported that attitudes toward Internet advertising are affected by enjoyment, informativeness, and the ad's utility for making behavioral (purchasing) decisions Tsang Melody M., Ho Shu-Chun and Liang Ting-Peng, (2004). **Permission-based advertising** differs from traditional irritative advertising in that messages are sent only to individuals who have explicitly indicated their willingness to receive the message. Consumers often impatiently ignore the message when interrupted by an advertisement. By relying on the permission of the target audience, permission-based advertising focuses on **reducing the irritation**.

REVIEW OF LITERATURE

Perception and attitude are important concepts in research on marketing and information systems. Fishbein defined an attitude as "a learned predisposition of human beings". Based on this predisposition, "an individual would respond to an object (or an idea) or a number of things (or opinions)." Kotler stated that "an attitude is a person's enduring favorable or unfavorable evaluations, emotional feelings, and action tendencies toward some object or idea". Since researchers have been studying the subject for a very long time, there is a large body of literature dealing with consumer attitudes toward advertising in general and toward advertising on the Internet. Attitude is also an important construct for information systems research. For example, the technology acceptance model that predicts the use of information systems consists of five major constructs: perceived usefulness, perceived ease of use, attitude, intention, and use. The

relationships between attitude, intention, and behavior have been studied and confirmed in numerous studies Tsang Melody M., Ho Shu-Chun and Liang Ting-Peng, (2004).

Even though opportunity exists to advertise on mobile phones, it is essential for a marketer to understand the perceptions of mobile advertising and preferences thereof. The study carried out in New Zealand Carol Amy, Barnes Stuart, Scornavacca Eusebio, Fletcher Keith (2007) have adapted Barnes and Scornavacca model of mobile advertising acceptance. The study identified factors such as relevance of the content (whether the message is short, concise, funny, interactive, entertaining, relevant or not), context of the ad message, whether it is permission based, nature of control by wireless service provider, control of personalization and time and frequency of the message. Based on the above factors, mobile users formed perceptions leading to acceptance or rejection of mobile advertising. A study in Greece Dimitris Drossos, George M. Giaglis, George Lekakos, Flora Kokkinaki, Maria G. Stavradi, (2007) conducted experiment and attempted to seek relationship between attitudes towards mobile advertising leading to attitudes towards brand and its purchase intention. It identified factors such as location and time of an ad., interactivity, incentive, ad. Source, appeal used, product involvement and the impact of these factors on attitude towards mobile advertising. The study also looked at impact of mobile ads on brand recall, brand associations and purchase intent.

A mobile advertising study with 1000 mobile phone users, initiated by Barwise and Strong showed mobile advertising generated high levels of readership and advertising awareness, stronger brand attitudes, direct behavioral responses, and some unintended positive effects Xu D, Liao S & Li Q., (2007). In addition, 81% of those in the trial did not delete any of the text messages before reading them. Enpocket, the Intelligent Mobile Marketing Company, conducted an advertising study with more than 1200 mobile Internet users across the United States, Europe, and India, which revealed that consumers were far more accepting of mobile advertising when it was made relevant. The research showed that targeted mobile advertising was 50% more acceptable to mobile Internet users than were untargeted advertising. Moreover, 78% said they would be happy to receive mobile advertising that was tailored to their interests.

Mobile advertising provides a good platform for personalization since mobile devices usually carry the user's assigned identity. If marketers employ mobile devices for their advertising activities, they can use consumer feedback to customize their messages and collect information about consumers' preferences to improve future offerings of products and services.

Credibility in mobile advertisement is the important factor to increase the value of advertising. Credibility of advertisement refers to the customer acuity about the honesty and believability of advertisement (Mackenzie & Lutz, 1989). Perceived credibility is influenced by various factors but most prominently influenced by corporation own credibility (Goldsmith. et.al, 2000). Credibility also prejudiced by the medium through which the message is sent. Such as, the message on the internet has not as much of credibility unless the message is sent in printed form by a powerful brand. Perceived Credibility distinct cited as, "The believability of consumer about the advertisement that offerings of a company will satisfy their needs & wants and also has direct positive effect on respondents attitude towards any ad or brand" (Choi & Rifon., 2002).

Consumer experience of embarrassment being addressed by advertiser has an enormous impact on consumer attitude towards mobile advertisement (Haefner & Shavitt, 1998). Irritation can be distinct cited as the tactics used by marketers in advertisement that are annoying or against the consumer attitude or may insult consumer dignity. It is perceived negatively by customer or irritates consumer (Ducoffee., 1996 page.23).

Over the years, it has been suggested that attitudes toward advertising have become more and more unfavorable (Cheung, 2008). In a pioneering study concerning the development of perceptions over time, it was found that consumers tend to hold both positive and negative attitudes toward advertising (Bauer & Greyser, 1966). However, the study notes that while consumers criticize certain aspects of advertising, they do accept it as a part of life and on the whole they are favorable toward advertisements. Moreover, the study concluded that attitudes toward advertising on average have not changed considerably over time.

The survey of Bauer and Greyser (1968) conducted on American consumer concluded that consumer shows negative response to advertisement that or annoyance or cause the irritation. The effect of irritation can be decreased by taking permission from consumer for advertisement (Permission Marketing). This permission based strategy can overcome irritation and solve privacy issues because of control that consumer want in advertisement. We can differentiate the traditional irritation with the permission based on factor that only sends messages to those consumers that are keen to accept information about the product and services of a specific company (Tsang et al., 2004). Advertising is valuable only when it is permission based (De Reyck, 2003). Mobile ad should be brief to overcome the irritation effect (Scharl et al, 2005).

NEED OF THE STUDY

A descriptive study is one in which information is collected without changing the environment. Descriptive research answers "what is". There is less research done on psychological aspects of mobile advertising. This study explains preferences, attitudes and perceptions of advanced mobile users towards mobile advertising. It explains which type of mobile advertisement, under which situations are preferred by advanced mobile users.

STATEMENT OF THE PROBLEM

To measure Perceptions and Preferences towards Mobile Advertising among Advanced mobile users.

OBJECTIVES

1. To measure perception towards mobile advertising by advanced mobile users
2. To measure preference towards different types of advertisements by advanced mobile users

RESEARCH QUESTIONS

1. How is the attitude of advanced mobile users towards mobile advertisements?
2. Whether advertisement composition and customized advertising has impact on response of advertising or not?
3. Which types of mobile advertisements are preferred by advanced mobile users?

In order to fulfill 1st objective, research question 1 and 2 are taken into account. For 2nd objective, 3rd research question is taken into account.

HYPOTHESES

H₀¹: Advanced mobile users generally dislike mobile advertisement when it pops up suddenly during their normal mobile usage with population mean equals 2 on Likert scale for likability.

H₀²: mobile advertisement is extraneous information for advanced mobile users with population mean of 2 on Likert scale for perception

H₀³: When I receive a mobile advertisement I read it sooner possible, with population mean of 2 on Likert scale for behavioral measurement

H₀⁴: I respond to mobile advertisements which are displayed as per my needs with population mean of 3 on Likert scale for responsiveness

H₀⁵: For advanced mobile users size, design, color and placement of mobile advertisement are neutral to respond to it with population mean of 3 on Likert scale

H₀⁶: Consumers respond more to internet mobile advertising compared to SMS/MMS advertising

H₀⁷: low involvement product mobile advertising is more effective than high involvement product mobile advertising

H₀⁸: There is not significant relationship between advertising response range (out of 10) and size of mobile display

H₀⁹: Means of effectiveness of different types of Mobile advertisements are equal

RESEARCH METHODOLOGY

TYPE OF RESEARCH: Descriptive research

- **Explanation and justification:** A descriptive study is one in which information is collected without changing the environment. Descriptive research answers "what is". This study explains preferences, attitudes and perceptions of advanced mobile users towards mobile advertising. It explains which type of mobile advertisement, under which situations are preferred by advanced mobile users.

SAMPLING

- **Type of sampling:** Two stage sampling. Convenience sampling followed by simple random sampling.
- **Explanation and justification:** This study considers high-end mobile users who spend many hours weekly on mobile and are aware about know-how of browsing, messaging, using applications. As convenience I have used advanced mobile users working in my organization as target respondents because they fulfill all these requirements. Among advanced mobile users randomly 156 of them were selected and asked for response. Hence latter stage is simple random sampling
- **Number of respondents:** A structured online questionnaire link was sent to 156 advanced mobile users. Out of them 120 completed questionnaire and gave their response.

Data collection type of descriptive research method: Survey method

RESULTS AND DISCUSSION**HYPOTHESES TESTING AND DATA ANALYSIS**

In order to answer 1st research question, hypotheses H_0^1 , H_0^2 and H_0^3 are tested. To answer 2nd research question, hypotheses H_0^4 and H_0^5 are tested. To answer 3rd research question, hypotheses H_0^6 and H_0^7 are tested.

Hypothesis H_0^8 is tested to know whether there is significant relationship between mobile display size and advertisement response. In order to know whether effectiveness of different types of mobile advertisements are equal or not, hypothesis H_0^9 is tested.

TO MEASURE AFFECTIVE COMPONENT: HYPOTHESIS H_0^1

H_0 : Advanced mobile users generally dislike mobile advertisement when it pops up suddenly during their normal mobile usage with population mean equals 2 on Likert scale for likability

H_a : population mean is less than 2

Question asked to respondents for this hypothesis testing: Do you like sms/mms/internet/app advertisement when you are normally using your phone and it pops up suddenly?

- I never like it
- I mostly dislike it
- I like it only when I consented to receive it
- I like it sometimes
- I always like it

Z test is used to test this hypothesis. Black Ken, (2007)

Response: Responses are given in table no.1

Test calculations are given in table no.2

TEST RESULT

Null hypothesis is accepted

IMPLICATIONS

Since advanced mobile users mostly dislike the pop up advertisement, it should be avoided as marketing campaign unless demanded by users themselves. There are more chances that sudden pop up advertisement will not be liked by user and it may create negative image towards brand for which advertisement is being displayed.

TO MEASURE COGNITIVE COMPONENT: HYPOTHESIS H_0^2

H_0 : mobile advertisement is extraneous information for advanced mobile users with population mean of 2 on Likert scale for perception

H_a : population mean is less than 2

Question asked to respondents for this hypothesis testing: mobile advertisement be it sms, mms, internet or an application, for me it is

- Source of information about product/service to which I usually respond
- I am indifferent (unconcerned) about it
- An extraneous information
- Disturbance to my normal phone usage

Z test is used to test this hypothesis.

Response: Responses are given in table no. 3

Test calculations are given in table no. 4

TEST RESULT

Null hypothesis is accepted

IMPLICATIONS

Advanced mobile users perceive mobile advertisement as extraneous information and disturbance to their normal mobile usage. To make mobile advertisement more effective under this perception, advertisement should be displayed as per usage pattern. Since 15% of respondents perceive mobile advertisement as source of information to which they would like to respond and 15% respondents are indifferent to mobile advertisement, usage pattern based advertisement can be a better solution.

TO MEASURE BEHAVIORAL COMPONENT: HYPOTHESIS 3

H_0 : When I receive a mobile advertisement I read it when I get time, with population mean of 2 on Likert scale for behavioral measurement

H_a : population mean is less than 2

Question asked to respondents for this hypothesis testing: When I receive a mobile advertisement

- I read it right away
- Read it after accumulating too many of them
- Read it when I get time
- Delete without reading

Z test is used to test this hypothesis.

Responses: Responses are given in table no. 5

Test calculations are given in table no. 6

TEST RESULT

Null hypothesis is rejected

IMPLICATIONS

90% of respondents either delete the mobile advertisement as it is displayed or read it later. This shows negative behavior towards mobile advertisement by advanced mobile users.

HYPOTHESIS 4

H_0^4 : I respond to mobile advertisements which are displayed as per my needs with population mean of 3 on Likert scale

H_a : population mean is less than 3

Question asked to respondents for this hypothesis testing: I respond to mobile advertisements which are displayed as per my needs

- Customized advertisement based on my need is one I look for
- I respond to them as they are likely to provide me solution
- I sometimes respond to them
- I ignore them

Z-test is used to test this hypothesis.

Response: Responses are given in table no. 7

Test calculations are given in table no. 8

TEST RESULT

Null hypothesis is rejected as in one tail test, calculated value of Z statistic is less than critical value of Z statistic.

IMPLICATIONS

Since population mean is less than 3 and it covers 87.88% of respondents, advanced mobile users do not respond to mobile advertisements which are displayed as per their needs. This shows ignorance towards mobile advertisement even if it happens to be need based or general type of advertisement.

HYPOTHESIS 5

H_0^5 : For me size, design, color and placement of mobile advertisement are neutral to respond to it with population mean of 3 on Likert scale

H_a : population mean is not equal to 3

Question asked to respondents for this hypothesis testing: For me size, design, color and placement of mobile advertisement are critical to respond to it.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

Z test is used to test this hypothesis.

Response: Responses are given in table no. 9

Test calculations are given in table no. 10

TEST RESULT

Null hypothesis is accepted

IMPLICATIONS

Aesthetics and placements of mobile advertisement do not urge advanced mobile users to respond to it. Advanced mobile users perceive most of the advertisements similar irrespective of how much "catchy" they are.

HYPOTHESIS 6

H_0^6 : I respond more to internet (mobile browser)/ application based advertising compared to SMS/MMS advertising

Question asked to respondents for this hypothesis testing: I respond more to internet (mobile browser)/ application based advertising compared to SMS/MMS advertising

- I agree
- I disagree

Findings about preference between sms and browser based advertising are given in table no. 11

HYPOTHESIS 7

H_0^7 : I respond more to low involvement products/services (apps, stuffs etc that do not require high decision making) mobile advertising than high involvement products/services (durable goods, financial services) mobile advertising

- I agree
- I disagree

Findings about whether low involvement product mobile advertising is more effective than high involvement product mobile advertising are given in table no. 12.

HYPOTHESIS 8

H_0^8 : There is not significant relationship between advertising response range (out of 10) and size of mobile display

Mobile sizes of different respondents are shown in table no.13.

In order to define advertising response range, following question was asked to respondents.

When I see the advertisements on 10 different occasions, how often do I click on it?

Low: 1-2 (times out of 10)

Moderate: 3-4 (times out of 10)

High: >4 (times out of 10)

Responses of different respondents with reference to advertising response range and mobile sizes are shown in table no. 14.

Chi square statistic calculation based on table no. 14 is shown in table no. 15.

TEST RESULT

Chi-square statistic with degree of freedom at 6 and confidence interval of 0.05 from chi-square distribution table is 12.53. Since, calculated value of Chi-square statistic is more than table value, null hypothesis is rejected.

IMPLICATION

Based on Chi-square test, it can be said that there is significant relationship between advertising response range (out of 10) and size of mobile display.

HYPOTHESIS 9

H_0^9 : Means of effectiveness of different types of Mobile advertisements are equal

H_a : At least one of the mean is different

Analysis of variance (ANOVA) method is used to test this hypothesis.

The responses of respondents are given in annexure no.1.

In annexure no. 1, magnitude of 1 corresponds to very low preference. Similarly magnitude of 5 corresponds to very high preference.

Test calculations for ANOVA single factor are shown in table no. 16

TEST RESULT

Since observed value of F is greater than critical value, null hypothesis is rejected.

IMPLICATIONS

There is significant difference between effectiveness of all 3 types of mobile advertisements. As per response sought, search advertisement has highest effectiveness of 4.29. Based on this, need based advertisement has highest effectiveness. Usage pattern based advertisement which is followed in app display advertisement has mean effectiveness of 3.58. Marketers can give emphasis on search advertisement and usage pattern based advertisement.

FACTOR ANALYSIS**NEED TO USE FACTOR ANALYSIS**

To reduce five variables which represent mobile users type to two main variables. Beri, G.C., (2011)

The table given in annexure 2 shows the data pertaining to five variables depicting mobile users' usage type. The researcher wants to reduce these five variables to two variables so that mobile users' type can be properly identified based on their mobile usage.

Initial variables before factor analysis application based on mobile usage type:

- no_of_websites_visited_for_different_purposes (per week)
- No_of_mobile_internet_advertisement_visits_per_week
- No_of_media_downloads_per_week
- No_of_times_social_media_websites_accessed_per_week
- No_of_times_mobile_apps_used_per_week

Communalities, Total variance explained, Component Matrix^a and Rotated Component Matrix^a tables are shown in tables 17, 18, 19 and 20 respectively.

^a Rotation converged in 4 iterations.

INTERPRETATION**COMMUNALITIES**

The Communalities tell us what proportion of each variable's variance is shared with the factors which have been created. In the Initial column these are based on all five factors (one per variable). Accordingly, the values in this column tell us how much variance each variable shared with all the other variables.

The researcher asked SPSS to create only two factors. The communalities in the Extracted column tell us how much variance each variable has in common with the two factors that the researcher has kept. Item 3 has a low value. If a variable does not share much variance with the other variables or with the retained factors, it is unlikely to be useful in defining a factor.

TOTAL VARIANCE EXPLAINED

The Total Variable Explained table shows us the Eigenvalues for our factor analysis. SPSS started out by creating 5 factors, each a weighted linear combination of the 5 items. The initial eigenvalues tell us, for each of those 5 factors, how much of the variance in the 5 items was captured by that factor. A factor with an eigenvalue of 1 has captured as much variance as there is in one variable. The Extraction Sums of Squared Loadings are interpreted in the same way that eigenvalues are. Component 1 and 2 together represent 87.43% of variance.

COMPONENT MATRIX^A

This table contains component loadings, which are the correlations between the variable and the component. Because these are correlations, possible values range from -1 to +1. From table 19 it can be observed that first four variables have magnitude wise low correlation with component 2 compared to fifth variable. Same way, first four variables have magnitude wise high correlation with component 1 compared to fifth variable.

ROTATED COMPONENT MATRIX^A

The Rotated Component Matrix gives the loadings after the rotation. From table no. 20 it can be observed that component 1 is heavily loaded on first four variables. So, high end mobile users having specific purpose to surf online is one of the two final factors. Component 2 is heavily loaded on fifth variable. So, mobile users with no specific purpose to surf online is second factor.

RESULT

After factor analysis application the final two variables are:

- high end mobile users having specific purpose to surf online
- mobile users with no specific purpose to surf online

KEY FINDINGS

- Mobile as an advertising channel has many appealing elements with immediacy i.e. increased engagement and reach as top priority benefits to respondents.
- The findings of this study show that if mobile advertisers can present mobile ads pleasingly, with appropriate information, consumers will not be annoyed and there is a fair possibility that they will gradually like the ads.
- According to the results, an advertisement's being entertaining, informative, reliable, personalized, and it's being sent with permission has a positive effect on creating attitudes towards mobile advertisements.
- Practical implications - Marketers should be cautious around factors that may determine consumer acceptance; focus on the relevance of the content, timeliness and frequency of the delivery of marketing messages.
- There remains a significant opportunity for marketers to improve how they use mobile technology to connect meaningfully with consumers. And because attitudes are mixed, having one monolithic mobile strategy will not work - marketers need a deep understanding of what different audiences are thinking, and tailor their approach accordingly.

RECOMMENDATIONS

From this study it can be recommended that consumers, as regards mobile advertisement is concerned look for following characteristics to respond to it.

- **Relevance:** Mobile content needs to be tailored well to target audience and the context in which they will most likely experience it.
- **Engagement:** Mobile can provide opportunities for deeper engagement when consumers have the time and advertisements are behavior based.
- **Surprise and delight:** Mobile advertisements should give pleasant experience to consumers for better response.
- **Exchange:** Consumers are looking for information as per their requirements. Mobile advertisements should be able to provide this exchange of information to consumers who respond to them.
- **Time and place:** Mobile content should be tailored to when and where it is most likely to be consumed.

CONCLUSION

From this study it can be concluded that advanced mobile users mostly have negative attitude towards mobile advertising. They consider mobile advertising as disturbance to their normal mobile usage. In this scenario, marketers can display usage pattern based advertisements or customized advertisements to get better response. Further, mobile advertisements' composition, situation in which it is viewed also affects its response. Overall, it would be better idea to campaign advertising when advanced mobile users demand them. In this scenario, there would be better response to mobile advertising.

SCOPE FOR FURTHER RESEARCH

This study does not fully cover the scope of online behavioral mobile advertising (customized advertisements based on user's mobile usage). Further research can be undertaken to know the behavioral aspects of users with respect to online customized advertising.

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ANNEXURE

ANNEXURE1: ANOVA: RESPONSES IN SCALE OF 1 TO 5

Sr. No.	Web Display advertisement	Search advertisement	App Display advertisement
1	3	4	4
2	4	4	3
3	3	4	3
4	4	4	5
5	4	4	3
6	4	4	4
7	3	4	4
8	4	4	3
9	4	4	4
10	4	5	4
11	3	5	5
12	3	5	3
13	4	5	3
14	4	4	4
15	4	4	2
16	4	5	3
17	4	5	4
18	3	5	5
19	3	4	3
20	4	3	3
21	3	3	4
22	4	4	3
23	4	4	3
24	2	5	2
25	4	4	4
26	3	4	4
27	3	5	5
28	3	4	3
29	3	5	4
30	4	5	3
31	3	4	4
32	4	4	5
33	4	5	2
34	3	4	4
35	4	4	3
36	3	4	3
37	4	4	5
38	4	4	3
39	4	4	4
40	3	4	4
41	4	4	3
42	4	4	4
43	4	5	4
44	3	5	5
45	3	5	3
46	4	5	3
47	4	4	4
48	4	4	2
49	4	5	3

50	4	5	4
51	3	5	5
52	3	4	3
53	4	3	3
54	3	3	4
55	4	4	3
56	4	4	3
57	2	5	2
58	4	4	4
59	3	4	4
60	3	5	5
61	3	4	3
62	3	5	4
63	4	5	3
64	3	4	4
65	4	4	5
66	4	5	2
67	3	4	4
68	4	4	3
69	3	4	3
70	4	4	5
71	4	4	3
72	4	4	4
73	3	4	4
74	4	4	3
75	4	4	4
76	4	5	4
77	3	5	5
78	3	5	3
79	4	5	3
80	4	4	4
81	4	4	2
82	4	5	3
83	4	5	4
84	3	5	5
85	3	4	3
86	4	3	3
87	3	3	4
88	4	4	3
89	4	4	3
90	2	5	2
91	4	4	4
92	3	4	4
93	3	5	5
94	3	4	3
95	3	5	4
96	4	5	3
97	3	4	4
98	4	4	5
99	4	5	2
100	3	4	4
101	4	4	3
102	3	4	3
103	4	4	5
104	4	4	3
105	4	4	4
106	3	4	4
107	4	4	3
108	4	4	4
109	4	5	4
110	3	5	5
111	3	5	3
112	4	5	3
113	4	4	4
114	4	4	2
115	4	5	3
116	4	5	4
117	3	5	5
118	3	4	3
119	4	3	3
120	3	3	4

ANNEXURE 2: FACTOR ANALYSIS RESPONSES TO 5 INITIAL VARIABLES

Respo ndent	No_of_websites_visited_f or_different_purposes	No_of_mobile_internet_adver tisement_visits_per_week	No_of_media_dow nloads_per_week	No_of_times_social_media_we bsites_accessed_per_week	No_of_times_mobile_a pps_used_per_week
1	14	5	5	7	15
2	10	1	4	2	13
3	7	0	7	7	10
4	2	1	1	6	0
5	9	0	3	5	9
6	20	4	8	12	11
7	10	2	8	8	9
8	5	3	7	7	5
9	4	2	1	1	5
10	15	4	5	12	15
11	2	1	1	3	1
12	6	1	8	8	8
13	10	3	8	4	11
14	6	3	1	9	5
15	3	2	0	3	2
16	8	3	1	2	9
17	16	8	7	9	18
18	14	7	8	14	12
19	11	9	3	3	10
20	1	0	4	4	1
21	12	5	11	15	16
22	14	4	12	13	12
23	3	2	2	2	5
24	13	1	15	15	16
25	1	1	5	5	4
26	5	0	0	1	8
27	16	4	9	19	14
28	2	2	6	6	0
29	22	6	13	23	20
30	8	1	0	0	6
31	5	1	2	7	3
32	14	9	10	10	17
33	3	3	2	1	3
34	10	0	6	7	12
35	7	2	5	8	7
36	2	0	4	4	4
37	8	1	6	6	8
38	21	7	6	17	25
39	7	1	4	4	6
40	11	9	12	12	13
41	4	0	4	4	8
42	15	2	13	12	15
43	8	0	0	1	8
44	6	1	2	1	8
45	20	9	13	12	18
46	11	1	7	12	9
47	3	3	6	6	6
48	5	3	1	1	5
49	14	6	6	6	18
50	2	2	2	0	6
51	5	0	6	6	8
52	6	3	2	2	4
53	14	8	17	17	17
54	1	2	3	3	1
55	10	3	12	12	9
56	2	2	1	6	3
57	9	0	3	11	9
58	16	4	9	15	15
59	20	5	10	13	18
60	14	2	15	15	18
61	22	8	17	20	25
62	1	0	0	4	5
63	7	0	3	1	9
64	8	2	2	5	11
65	21	11	14	19	21
66	3	2	0	0	3
67	14	3	5	10	18
68	10	3	9	9	14
69	11	7	10	10	15

70	8	0	6	9	11
71	6	1	5	1	5
72	14	12	12	15	12
73	3	0	2	3	1
74	7	3	7	7	9
75	12	8	7	7	10
76	3	1	5	5	1
77	4	1	3	3	7
78	1	3	0	4	1
79	5	1	3	5	5
80	9	0	5	6	7
81	8	2	1	10	8
82	13	5	8	8	11
83	2	3	2	2	1
84	12	6	14	14	14
85	3	3	0	2	6
86	6	2	3	4	9
87	7	3	2	2	8
88	18	9	6	19	16
89	14	2	17	17	17
90	9	2	5	1	13
91	6	1	2	0	8
92	20	7	7	20	21
93	14	7	5	12	17
94	17	2	4	15	21
95	3	2	0	0	5
96	5	2	3	2	3
97	9	1	7	10	9
98	3	2	2	1	4
99	21	5	13	21	20
100	10	0	10	4	8
101	4	1	2	2	7
102	11	10	9	12	12
103	20	5	7	19	20
104	5	1	0	1	4
105	9	1	5	3	8
106	3	2	2	3	2
107	12	6	11	14	11
108	17	5	14	15	20
109	5	1	2	0	8
110	4	3	2	1	3
111	6	2	1	6	5
112	2	1	0	0	5
113	9	1	3	9	12
114	8	1	2	1	7
115	6	3	5	2	8
116	10	3	6	12	12
117	12	8	13	13	15
118	15	4	9	18	14
119	11	10	12	12	15
120	8	0	5	6	9

TABLES

TABLE NO. 1: RESPONSES TO TEST HYPOTHESIS H_0^1

Do you like sms/mms/internet/app advertisement when you are normally using your phone and it pops up suddenly ?		
Answer choice	No. of respondents	Percentage
I never like it	51	42.50%
I mostly dislike it	36	30.00%
I like it only when I consented to receive it	7	5.83%
I like it sometimes	22	18.33%
I always like it	4	3.33%
Total	120	100%

TABLE NO. 2: TEST CALCULATIONS OF HYPOTHESIS H_0^1

Parameter	Value
x-bar	2.1
Standard Deviation	1.232610129
n	120
sqrt-n	10.95445115
s/sqrt-n	0.112521395
population mean	2
numerator	0.10
Denominator	0.112521395
Z_observed	0.888719871
Z_table	-1.645
Result	Null hypothesis is accepted

TABLE NO. 3: RESPONSES TO TEST HYPOTHESIS H_0^2

mobile advertisement be it sms, mms, internet or an application, for me it is		
Answer choice	No. of respondents	Percentage
Source of information about product/service to which I usually respond	18	15.00%
I am indifferent (unconcerned) about it	18	15.00%
an extraneous information	15	12.50%
disturbance to my normal phone usage	69	57.50%
Total	120	100.00%

TABLE NO. 4: TEST CALCULATIONS OF HYPOTHESIS H_0^2

Parameter	Value
Population mean	2
X-bar	1.875
Standard Deviation	1.149077087
n	120
sqrt-n	10.95445115
s/sqrt-n	0.104895907
numerator	-0.125
Denominator	0.104895907
Z_observed	-1.191657557
Z_table	-1.645
Conclusion	Null hypothesis is accepted

TABLE NO. 5: RESPONSES TO TEST HYPOTHESIS H_0^3

When I receive a mobile advertisement		
Answer choice	No. of respondents	Percentage
I read it right away	7	5.83%
Read it after accumulating too many of them	4	3.33%
Read it when I get time	54	45.00%
Delete without reading	55	45.83%
Total	120	100.00%

TABLE NO. 6: TEST CALCULATIONS OF HYPOTHESIS H_0^3

Parameter	Value
population mean	2
X-bar	1.691666667
Standard Deviation	0.797009466
n	120
sqrt-n	10.95445115
s/sqrt-n	0.072756677
numerator	-0.308333333
Denominator	0.072756677
Z_observed	-4.237869913
Z_table	-1.645
Conclusion	Null hypothesis is rejected

TABLE NO. 7: RESPONSES TO TEST HYPOTHESIS H_0^4

I respond to mobile advertisements which are displayed as per my needs		
Answer choice	No. of respondents	Percentage
customized advertisement based on my need is one I look for	15	12.50%
I respond to them as they are likely to provide me solution	7	5.83%
I sometimes respond to them	29	24.17%
I ignore them	69	57.50%
Total	120	100.00%

TABLE NO. 8: TEST CALCULATIONS OF HYPOTHESIS H_0^4

Parameter	Value
x-BAR	1.733333333
STDEV	1.034963023
population mean	3
Standard Deviation	1.034963023
n	120
sqrt-n	10.95445115
s/sqrt-n	0.094478766
numerator	-1.266666667
Denominator	0.094478766
Z_observed	-13.40689263
Z_table @ .05, one tail test	-1.645
Result	Null hypothesis is rejected

TABLE NO. 9: RESPONSES TO TEST HYPOTHESIS H_0^5

For me size, design, color and placement of mobile advertisement are critical to respond to it		
Answer choice	No. of respondents	Percentage
Strongly agree	7	5.83%
Agree	41	34.17%
Neutral	47	39.17%
Disagree	7	5.83%
Strongly disagree	18	15.00%
Total	120	100.00%

TABLE NO. 10: TEST CALCULATIONS OF HYPOTHESIS H_0^5

Parameter	Value
X-bar	3.10
Standard Deviation	1.110681523
n	120
sqrt-n	10.95445115
s/sqrt-n	0.101390887
numerator	0.10
Denominator	0.101390887
Z_observed	0.986281929
Z_table : a .05, two tail test	1.96
population mean	3
Conclusion	Null hypothesis is accepted

TABLE NO. 11: RESPONSES TO TEST HYPOTHESIS H_0^6

I respond more to internet (mobile browser)/ application based advertising compared to SMS/MMS advertising		
Answer choice	No. of respondents	Percentage
I agree	69	57.50%
I disagree	51	42.50%
Total	120	100.00%

TABLE NO. 12: RESPONSES TO TEST HYPOTHESIS H_0^7

I respond more to low involvement products/services (apps, stuffs etc that do not require high decision making) mobile advertising than high involvement products/services (durable goods, financial services) mobile advertising		
Answer choice	No. of respondents	Percentage
I agree	73	60.83%
I disagree	47	39.17%
Total	120	100.00%

TABLE NO. 13: MOBILE SIZES OF DIFFERENT RESPONDENTS

Size of the phone	Size range in inches	No. of respondents
Small	<3.2	36
Medium	3.3-4	30
Large	4.1-5.5	40
Phablet	> 5.5	14

TABLE NO. 14: RESPONSES WITH REFERENCE TO ADVERTISING RESPONSE RANGE AND MOBILE SIZES

Range\Group	Small	Medium	Large	Phablet
Low	32	20	5	2
Moderate	4	7	25	5
High	0	3	10	7

TABLE NO. 15: CHI SQUARE STATISTIC CALCULATION

Observed	Expected	O - E	(O - E) ²	(O - E) ² / E
32	17.7	14.3	204.49	11.5531073
20	14.75	5.25	27.5625	1.86864407
5	19.67	14.67	215.209	10.940971
2	6.88	4.88	23.8144	3.46139535
4	12.3	8.3	68.89	5.60081301
7	10.25	3.25	10.5625	1.0304878
25	13.67	11.33	128.369	9.39055596
5	4.78	0.22	0.0484	0.01012552
0	6	6	36	6
3	5	2	4	0.8
10	6.67	3.33	11.0889	1.66250375
7	2.33	4.67	21.8089	9.36004292
Chi-square statistic				61.678647

TABLE NO. 16: TEST CALCULATIONS OF ANOVA SINGLE FACTOR

SUMMARY				
Groups	Count	Sum	Average	Variance
Web Display advertisement	120	427	3.558333333	0.299089636
Search advertisement	120	515	4.291666667	0.342787115
App Display advertisement	120	430	3.583333333	0.715686275

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	41.60555556	2	20.80277778	45.97085526	1.71937E-18	3.021011905
Within Groups	161.55	357	0.452521008			
Total	203.1555556	359				

TABLE NO. 17: COMMUNALITIES

	Initial	Extraction
No_of_websites_visited_for_different_purposes	1.000	.893
No_of_mobile_internet_advertisement_visits_per_week	1.000	.997
No_of_media_downloads_per_week	1.000	.761
No_of_times_social_media_websites_accessed_per_week	1.000	.859
No_of_times_mobile_apps_used_per_week	1.000	.861

TABLE NO. 18: TOTAL VARIANCE EXPLAINED

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.858	77.164	77.164	3.858	77.164	77.164	3.075	61.498	61.498
2	.513	10.267	87.431	.513	10.267	87.431	1.297	25.933	87.431
3	.368	7.359	94.789						
4	.193	3.850	98.639						
5	.068	1.361	100.000						
Extraction Method: Principal Component Analysis									

TABLE NO. 19: COMPONENT MATRIX

	Component	
	1	2
no_of_websites_visited_for_different_purposes	.941	-.089
No_of_times_mobile_apps_used_per_week	.920	-.123
No_of_times_social_media_websites_accessed_per_week	.912	-.165
No_of_media_downloads_per_week	.855	-.172
No_of_mobile_internet_advertisement_visits_per_week	.751	.658

TABLE NO. 20: ROTATED COMPONENT MATRIX

	Component	
	1	2
No_of_times_social_media_websites_accessed_per_week	.878	.297
no_of_websites_visited_for_different_purposes	.866	.378
No_of_times_mobile_apps_used_per_week	.865	.337
No_of_media_downloads_per_week	.831	.263
No_of_mobile_internet_advertisement_visits_per_week	.338	.939

Extraction method: Principal Component Analysis

Rotation method: Equimax Rotation

FOREIGN DIRECT INVESTMENT IN INDIA'S RETAIL SECTOR: AN OVERVIEW

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ABSTRACT

Foreign direct investment (FDI) plays an important role in India's economic development. It is the most important channel through which the foreign capital flows into the country. In retailing, presently 51% FDI is allowed in Multibrand retail and 100% (revised) in Single Brand retail sector through government route in addition to some more regulations. With FDI now being permitted, the entry by global retailers such as Wal-Mart, Carrefour and Metro AG, Tesco into the Indian retail segment may help tackle inflation especially in food prices. Moreover, technical know-how from foreign firms, such as efficient warehousing technologies and distribution systems can improve supply chain efficiency in India. In the Indian context, this paper brings forth an overview of the Indian retail sector along with the opportunities of expansion of FDI in retail and also addresses the major challenges that the sector faces. The present paper also touches upon the advantages & disadvantage of 100% FDI in retail.

KEYWORDS

Foreign Direct Investment, Retail Sector, Single Brand and Multi-Brand Retail Sectors, Economic Growth, Advantages and disadvantages of FDI in Retail sector in India.

INTRODUCTION

DEFINITION: RETAIL



avid Gilbert has defined retail has "Any business that directs its marketing efforts towards satisfying the final consumer based upon the organization of selling goods and services as a means of distribution". In simple terms, it signifies a first-hand transaction with customer and essentially mean sales to the consumer for direct consumption.

MEANING

The actual term 'retailing' is thought to be derived from the French word 'retailer' that means 'a pieces of' or 'to cut up' (Brown, 1992). It involves a direct interface with the customer and the coordination of business activities from end to end- right from the design stage of a product or offering, to its delivery and post-delivery service to the customer. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. It is the last link that connects the individual consumer with the manufacturing and the distribution chain. The retailer is involved in the act of selling goods to the individual consumer at a margin of profit.

DIVISION OF RETAIL INDUSTRY

The Indian retail industry is divided into organized retail sector and unorganized retail sector.

Organized retailing-Trading activities which are carried out by licensed retailers who are registered for sales tax, income tax, etc. These include the corporate-backed hyper markets and retail chains, and also the privately owned large retail businesses.

Unorganized retailing -Traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan or beedi shops, convenience stores, hand cart (street sellers) and pavement vendors etc. is known as unorganized retailing.

DEFINITION: FDI

¹Foreign Direct Investment is an investment made by a foreign company or entity into a company or entity based in our country. The capital inflow from foreign country is invested in order to enhance the production capacity of our economy. Organization for Economic Co-operation and Development has defined FDI as investment by a foreign investor in at least 10% or more of the voting stock or ordinary shares of the investee company.²

FDI RETAIL

FDI in retail industry means that foreign companies in certain categories can sell products through their own retail shop in the country. At present, foreign direct investment (FDI) in pure retailing is not permitted under Indian law. Government of India has allowed FDI in retail of specific brand of products. Following this, foreign companies in certain categories can sell products through their own retail shops in the country.

FDI RETAIL IN INDIA

The retail sector in India is split into owner-run "Mom and Pop" outlets. The entire sector is dominated by small retailers consisting of local Kirana shops, general stores, footwear and apparel shops, hand-cart hawkers and pavement vendors. These collectively form the "unorganized retail" or "traditional retail". According to the Investment Commission of India (ICI) findings, there are over 15million "Mom and Pop" retail outlets in the country.

The retail market in India is primarily unorganized and the vision of modern retail is very minimal. The demand side characteristics like moderate high economic growth, expansion of middle and upper class consumer base, high urbanization rate, increasing share of women in workforce and greater availability of personal credit will definitely be favourable for a greater vision of modern retail in the economy.

Traditional formats of retailing such as local kirana stores are now making way for new set ups. This has paved the way for foreign retailers to open retail stores in major cities to sell a large variety of products under one roof.

According to A.T. Kearney Global Retail Development Index (GRDI) 2012, India ranks fifth among the top 30 emerging markets for retail. Indian retail industry is one of the fastest growing industries in India. Retailing currently contributes 15% of India's GDP with an expected growth at 6 to 7% over the next 10 years. This may increase the disposable income and lead to rapid urbanization. This changing FDI environment has provided a dynamic international retailers' entry and expansion plans in India (Kearney Report, 2012).

Study conducted by Chari and Raghavan (2011) reveals that allowing entry to giant retailers to the Indian market may help tackle inflation especially in food prices. Moreover, it may help to improve the technologies and distribution systems and supply chain efficiency in India. The below mentioned case shows how WAL-MART helps to improve the distribution systems and supply chain efficiency in India.

THE CASE OF WAL-MART

³Let us see the case of Wal-Mart's model of retailing as the way of allowing entry of large foreign retail players into India and its advantages.

⁴Wal-Mart in India is one of the largest retail corporation in the world with \$ 400 million annual turnover and with two million employees. It was first established in a small town Rogers in Arkansas by Sam Walton in 1962. It has entered India as joint venture with the Indian firm Bharati as per the India's FDI rules.

Bharati is Wal-Mart's franchisee and it enters into retailing business by setting up multiple stores across India. It may acquire Wal-Mart's know-how in warehousing and supply chain. By this way Wal-Mart may benefit from the Indian economy through the venture to be able to adapt its American model of retailing to India at the time of future break-up of the venture.

It creates linkages with large number of Indian manufacturers and farmers spread across the country which poses difficulties in inventory management, high transaction costs of contracts, delivery time, and quality control. It has to invest huge amount in establishing long term relationship with the suppliers and helping them in quality and delivery control mechanism.

Assuming, Wal-Mart is allowed to enter India without policy restrictions, the first issue would be Wal-Mart's ability to adapt its low cost and price model to India's institutional and infrastructure conditions and through its operations it may change the landscape of the retail industry in India. Secondly, consumer preferences and consumption patterns are more diverse across different regions than in countries such as the U.S, the European countries and even China. One of the advantages of supply chain investment would be reduction in transaction costs of business- business to business, and business to consumers such as information costs, distributional costs and fall in the costs of transport and communication. This will help to expand markets and serve the market more efficiently than large number of small players.

Study (McKinsey Report, 2012) states that the India's retail productivity is very less compared to other International counterparts as the recent financial meltdown however seems to have badly affected the growth of retail in India. Retail is a huge sector for employment in India, including organized and unorganized sector and would create more jobs. It may engage a huge section of Indian population who cannot seek employment elsewhere in the economy. This implies that training and development for labour in the retail sector for a better productivity is considered to be a challenge.

CHALLENGES AND OPPORTUNITIES OF FDI RETAIL IN INDIA

There is a link and relation between important parameters like GDP growth, rise in per capita income, growing consumerism, increase of branded products, and retail modernization. With high economic growth, there is rise in per capita income which in turn changes the consumption pattern. With the presence of globalization and liberalization various international brands have entered the domestic market. There is an increase of awareness level of consumers as they tend to purchase various international brands. Thus, FDI retail in India is important for its development process. Despite the present FDI restrictions, a number of studies mentioned above predict that FDI retail will continue to witness double-digit growth in India. The Indian market is unsaturated and A.T. Kearney 2012 has pointed out that it is the right time for global retailers to enter the Indian market. In the Indian perspective, retail trade is traditionally been categorized into SBRT and MBRT. These two models facilitate growth in the retail sector. There are three different forms through which retail trade is carried out in India. They are given in the Table 1.

TABLE 1: DIFFERENT FORMS OF RETAIL TRADE IN INDIA

Single Brand Retail Shops	Multi-branded Retail Shops	Retail Outlets
A complete range of all the products manufactured by the manufacturer under one brand name will be available.	All brands will be available for a single product type where consumer will have wide choice for the kind of product he is willing to buy.	These kinds of outlets have almost all kinds of products, required by a consumer, in them.
The focus is on the brand name.	The focus is on the diverse nature of product.	The focus is on the diverse nature of consumer needs.
Samsung, Nokia	Shoppers Stop, Croma	Big Bazaar

POLICY FRAMEWORK OF FDI RETAIL IN INDIA

India being a signatory to World Trade Organization's General Agreement on Trade in Services which includes wholesale and retailing services, had to open up there tail trade sector to foreign investment. For integrating the Indian economy into the world market and for encouraging FDI retail in India, government of India has announced retail reforms for both multi brand retail and single brand retail. On September 2012, the Government of India formally notified the FDI reforms for single and multi-brand retail, thereby making it effective under Indian law. On December 2012, the GoI has allowed 51% FDI in MBRT in India. On the other side, SBRT regulations have been constantly liberalized. (<http://dipp.nic.in>) Accordingly, the following amendment made in 'Circular 1 of 2013-Consolidated FDI Policy', dated 5.04.2013, and issued by Department of Industrial Policy & Promotion (DIPP) are as follows:

SINGLE BRAND PRODUCT RETAIL TRADING

- 100% FDI in single brand retail trading is permitted.
- Products to be sold should be of a particular Single Brand only.
- 30% sourcing is to be done from micro and small industries (investment in Plant and Machinery not exceeding US \$ 1million). This will ensure that SME sector is benefited to a larger extent.

India's regulatory improvements in April 2013 and a rise in GDP, higher disposable income and rapid urbanization, gives way to several international retail companies who wish to enter and expand into India.

MULTI BRAND PRODUCT RETAIL TRADING

- Individual state governments to take decision of allowing foreign supermarket chains.
- Foreign retailers to source almost a third of their processed goods and manufactured from industries with a total plant and machinery investment of less than \$1 million.
- Minimum investment of \$100 million, and at least 50% of investment into 'back-end' infrastructure, such as warehousing and cold storage facilities.
- Foreign retailers allowed only in cities having population > 1 million as per the 2011 census. Individual state governments can choose where to allow foreign chains to open in states where there are no cities with such a big population.

The FDI relaxation in MBRT provides foreign players with the opportunity to invest in India and cater to the world's fifth largest consumer market. Therefore the foreign companies looking at investments in India have to conduct an opportunity assessment and tailor their business models and strategies as per the Indian environment. The top retailers in India are given in the Table 2.

TABLE 2: TOP RETAILERS IN INDIA

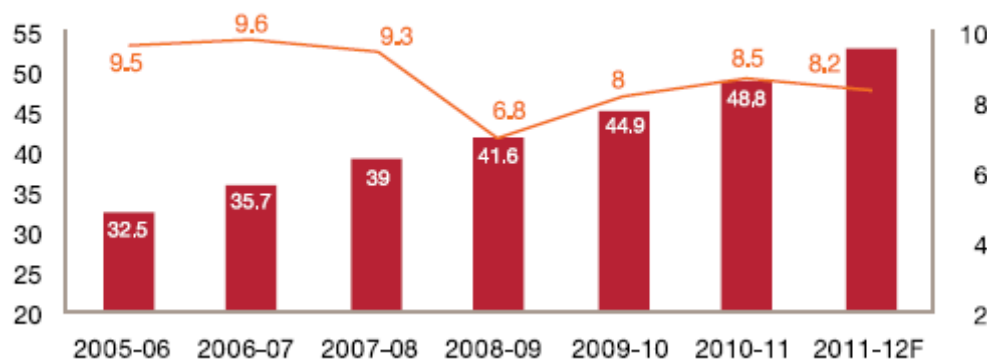
Retailer	Stores
Pantaloon Retail	Big bazaar, e-zone, shoe factory
Tata Group	Westside, Titan, Tanishq.
Reliance	Reliance Hyper-mart, Reliance Trends, Reliance Fresh
Aditya Birla Group	Louis Phillipe, Van Heusen, Allen Solly, Peter England

Source: Dart consulting, July 2012

THE GROWTH DRIVERS FOR FDI RETAIL IN INDIA

India's economic growth GDP projected to surpass 8% annually and the fast growing well-educated, cost-competitive labour force has increased and as a result increased the consumer preferences where the disposable income of the booming middle class and domestic demand is expected to grow exponentially. These factors put India in a good position to attract an increasing proportion of global FDI. The Figure 1 below shows strong and stable economic growth.

FIG. 1: STRONG AND STABLE ECONOMIC GROWTH

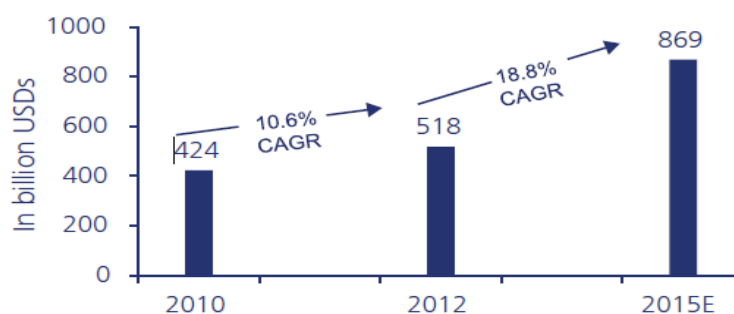


GDP Growth rate in percentage

GDP at current and market prices(USD billion)

Source: Prime Minister's Economic Advisory Council, Government of India.

FIG. 2: GROWTH RATE AND SIZE OF INDIAN RETAIL MARKET



Source: India Retail Report 2013, Images Group.

Note: For the purpose of above graph, currency value for \$ 1 is taken as INR 50 in 2010 and INR 55 in 2012 and 2015.

The Figure 2 shows that the Indian retail market is estimated to exceed US\$ 750 billion by 2015. The Indian retail industry has experienced growth of 10.6% between 2010 and 2012 and is expected to increase to USD 750-850 billion at CAGR of 18.8% by 2015. The size of retail industry is \$424 billion in the year 2010 had increased to \$518 in 2012 and is expected to move to \$869 billion in 2015.

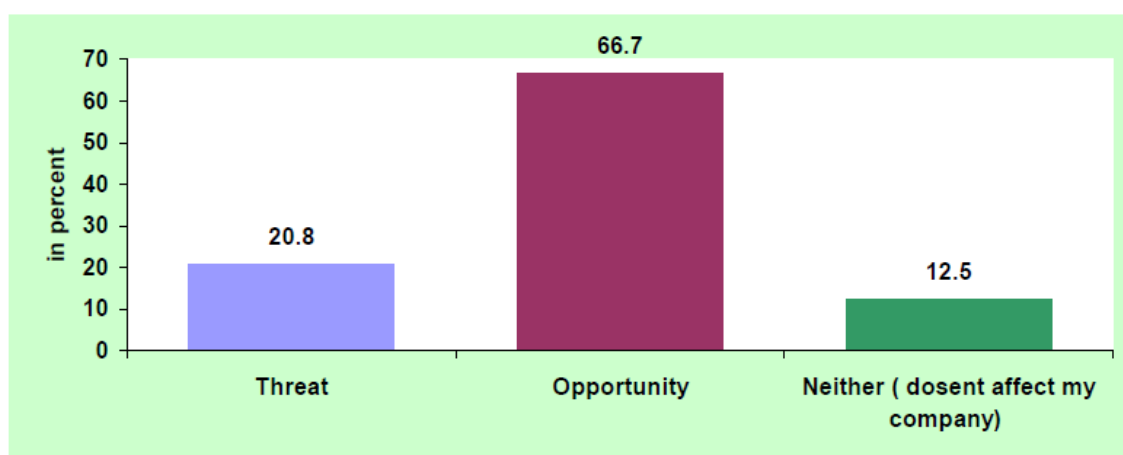
IMPACT OF FDI IN RETAIL ON VARIOUS STAKEHOLDERS

1. EFFECT ON SME's

⁵ According to a survey conducted by confederation of Indian Industry during December 2011 January 2012 on the impact of FDI on small and medium enterprises (SMEs) is based on a large sample size of 250 companies covering different categories of SMEs according to sales turnover such as SMEs with a turnover of Rs.25 lakhs to 1 crores, between Rs. 1 crore to Rs 5 crores, Rs 5 crores to 25 crores and SMEs having turnover between Rs 25 crores and 100 crores and above, from different regions of the country. A majority of the SME companies, surveyed have supported the government's decision and the notification allowing 100% FDI in single brand retail and about 52 percent of respondents hope for early implementation of 51% FDI in multi-brand retail.

On the question how the SME industry consider entry of MNC retailers as a threat or opportunity, majority of respondents (66.7%) see it as an opportunity for their sector while around 21 % of respondents perceive it as a threat. About 12.5 percent of respondents are of the opinion that the decision would have little or no impact on their company.

FIG 3: RESPONDENTS IN FAVOUR OF GOVERNMENT'S DECISION TO ALLOW 51% FDI IN RETAIL

Source: <http://cii.in/WebCMS/Upload/IMPACTOFFDIINRETAILONSMESECTORSurvey.pdf>

In the above figure 3, the vast number of SME's are of the view that by allowing 51% FDI in multi-brand retail and its earlier implementation on the part of the government would give a major boost to the all-round growth of organized retail in the country and will have substantial positive impact on the growth of SMEs with other allied positive developments in many sectors.

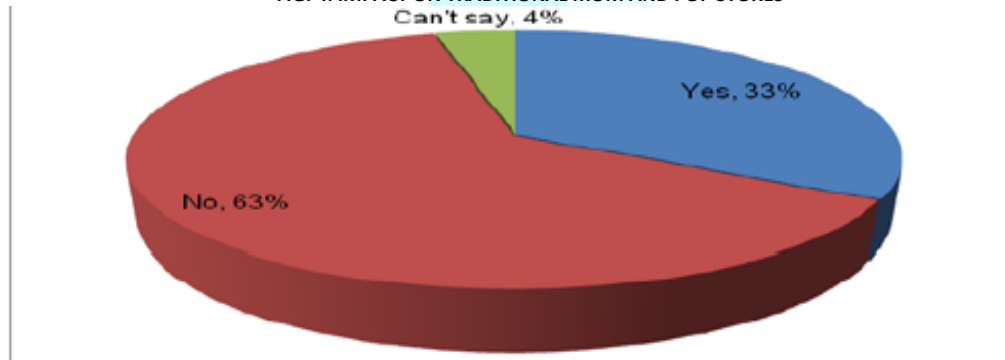
The entry of global retailers in the Indian market will improve sourcing and exports from India, as retailers develop and establish relationship with local suppliers. These retailers can source for their global operations from India. For this purpose foreign players will provide access to export markets through their global distribution networks, market position and brands. Moreover FDI will help SMEs supply in large volumes, increase quality and become a vendor to international players and increase the quality of products and become cost competitive in global arena. It is a win-win situation for SME's and farmers –It offers a diverse set of options for consumers and more business for SME's. It will generate employment and infrastructure in the country. The quality of products is expected to improve with greater transparency and easier monitoring of adulteration of products. It will also improve productivity and realize higher remuneration for farmers by selling directly to large organized players.

2. EFFECT ON TRADITIONAL MOM AND POP STORES

For many centuries, traditional retailing has been established in India, and is characterized by small, family-owned operations. These ownerships are usually at very low-margin, are owner operated, pay low taxes and have very low real estate and labour costs. These businesses also develop a strong linkage with local neighbourhoods. Their attractiveness increase manifold due to informal system of credit. With availability of low labour cost, most of the shops employ delivery boys so that the customers can make an order of their grocery list directly on phone. This is one of the advantages. On the other hand the large Indian retailers should have to price their products low in order to compete with traditional sector and also attracting customers from mom and pop stores to large scale retailers is one of the major challenges. Traditional retail will continue to have its own place and local kirana shops will not be affected. Even in the last 3 years when modern retail has grown 24%, unorganized retail has continued to grow, although at a slower rate of 10%.

FOREIGN BIG RETAILERS WILL REDUCE THE PURCHASE FROM LOCAL STORES

FIG. 4: IMPACT ON TRADITIONAL MOM AND POP STORES



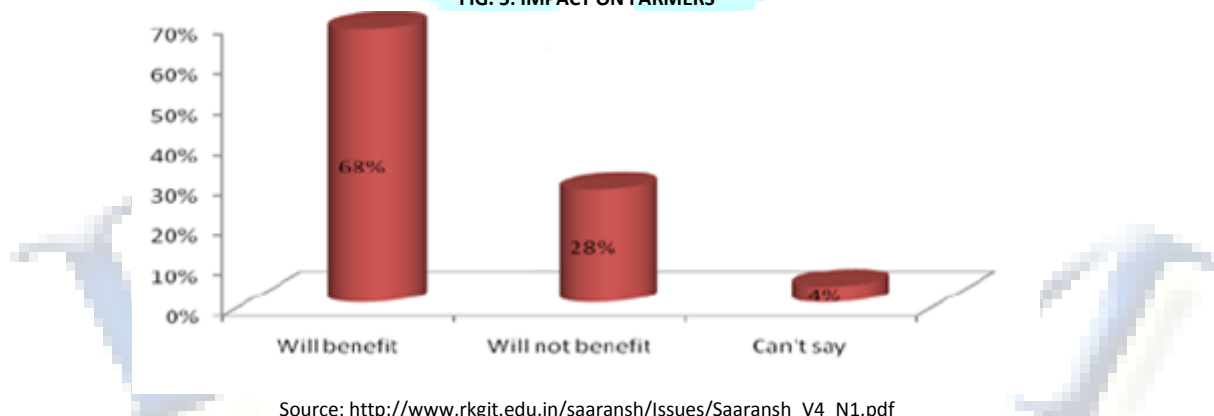
Source: http://www.rkgit.edu.in/saaransh/Issues/Saaransh_V4_N1.pdf

Figure 4 shows that 63% of the people disagree that foreign big retail will reduce the purchase from local stores. This means that people are of the view that foreign big retail will have their own market while local stores will continue with their available market without much change in it. The rest 33% of the people are of the view that foreign big retailers will reduce the purchase from local stores because the market of local stores will make a switch over to foreign big retailers. But the remaining 4% do not have adequate information about the recent issue.

3. EFFECT ON FARMERS

India is an agricultural economy and the top two producers of milk and vegetables in the world. The supply chain involves distribution of most food items, multiple intermediaries, wastage during transportation and storage. A large amount of fresh fruits and vegetables is lost because of inadequate storage, processing facilities and in appropriate marketing channels. Existing intermediaries cause delays and take up a large portion of the earnings that essentially belong to the farmer. The result is a chain complete with inefficiencies. The variation between the price at which the produce is sold by the farmer and the price, at which it was bought by the ultimate consumer, varies widely.

FIG. 5: IMPACT ON FARMERS



Source: http://www.rkgit.edu.in/saaransh/Issues/Saaransh_V4_N1.pdf

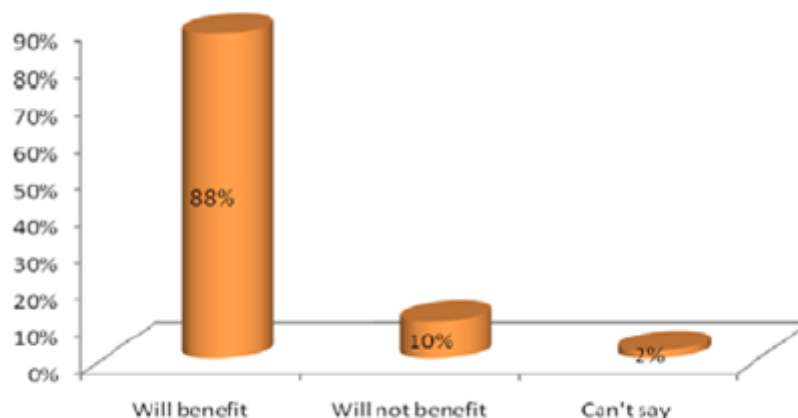
Figure 5 shows that the 68% of the people are of the view that the Indian farmers will be benefitted by the FDI in retail. This means that they are of the view that Indian farmers will get good payment for their produces, without the agent in between the two parties. There will be good storage techniques and transportation techniques. The remaining 28% of the people are of the view that the Indian farmers will not be benefitted by the FDI in retail because they were of the view that Indian farmers will not get much advantage. There will be some irregularities. The left over 4% do not have adequate information about the recent issue.

FDI will bring huge investments in the retail sector without affecting either small retailers or domestic retail chains. It helps to drive efficiencies in this chain by (a) increasing price realization for farmers by 10–30 percent through sourcing directly or closer to the farm (b) reducing handling and wastage by 25–50 percent through consolidation as well as investments in technology, either directly or through aggregators (c) upgrading farmers capabilities by providing know-how and capital. Furthermore, the small players in the Indian market can play better on distribution with the progress of modern retail. The combined efforts from the public and private bodies will help the small farmers make progress gradually through the evolution of alternative marketing channels.

4. EFFECT ON CONSUMERS

India's retailing industry is essentially owner manned small shops. In terms of the shopping behaviour of Indian consumers across different retail outlets, traditional outlets are preferred as consumers enjoy possibility of bargaining, convenient timings, home delivery, etc., which are some of the benefits of traditional outlets. On the other hand modern outlets are preferred because they link entertainment with shopping, experience good product quality, lower prices, choice of more brands and offer products, better shopping experiences with family which are some of the benefits for their choice of outlet. With its ability to drive efficiencies and leverage scale, modern trade is able to increase affordability for consumers and can lower the cost of monthly consumption basket by as much as 5- 10 per cent.

FIG 6: IMPACT ON CONSUMERS OVER FDI IN RETAIL



Source: http://www.rkgit.edu.in/saaransh/Issues/Saaransh_V4_N1.pdf

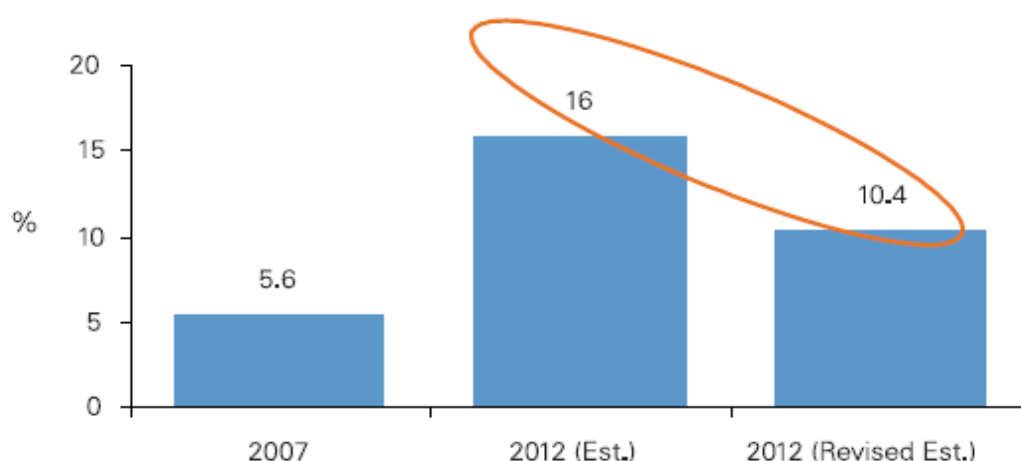
The figure 6 shows that the 88% of the Indian consumers will be benefitted. This means that majority of the Indian consumers have opportunities in terms of purchasing the products. The remaining 10% of Indian consumers will be benefitted because they were highly satisfied with the foreign products in terms of price and product availability. The remaining 2% of Indian consumers do not have adequate information about the recent issue.

For instance, the current onion crisis, the consumer price jumped 2.7 times in a matter of months. The largest portion of this rise went to the profit margins of the intermediaries, which went up to 5.4 times. With reduction of intermediaries and greater ability to provide transparency, a large enough organized retail sector has the potential to help contain the impact on the consumer in such situations. Furthermore, it would lower prices for consumers that can help reduce inflation. This, in turn, will lead to the development of more efficient and lower cost supply chains, resulting in better quality as well as lower-priced products for Indian consumers. This will increase consumer spending, which in turn, will drive growth in all sectors of the economy in a good cycle.

5. EFFECT ON EXISTING INDIAN ORGANIZED RETAIL FIRMS

The Indian retail industry is valued at \$270 billion, with organized retail cornering only 4.5 %. Organized retailing in India is facing competition due to government reforms and from the unorganized retailers and political parties in India. Also the uncertainty in FDI regulations and economic downturn makes it a slow progress in growth. In order to grow, organized retail must account for the characteristic features that drive Indian consumer choices.

FIG. 7: ORGANIZED RETAIL DISTRIBUTION -GAP CREATED BY SLOWDOWN



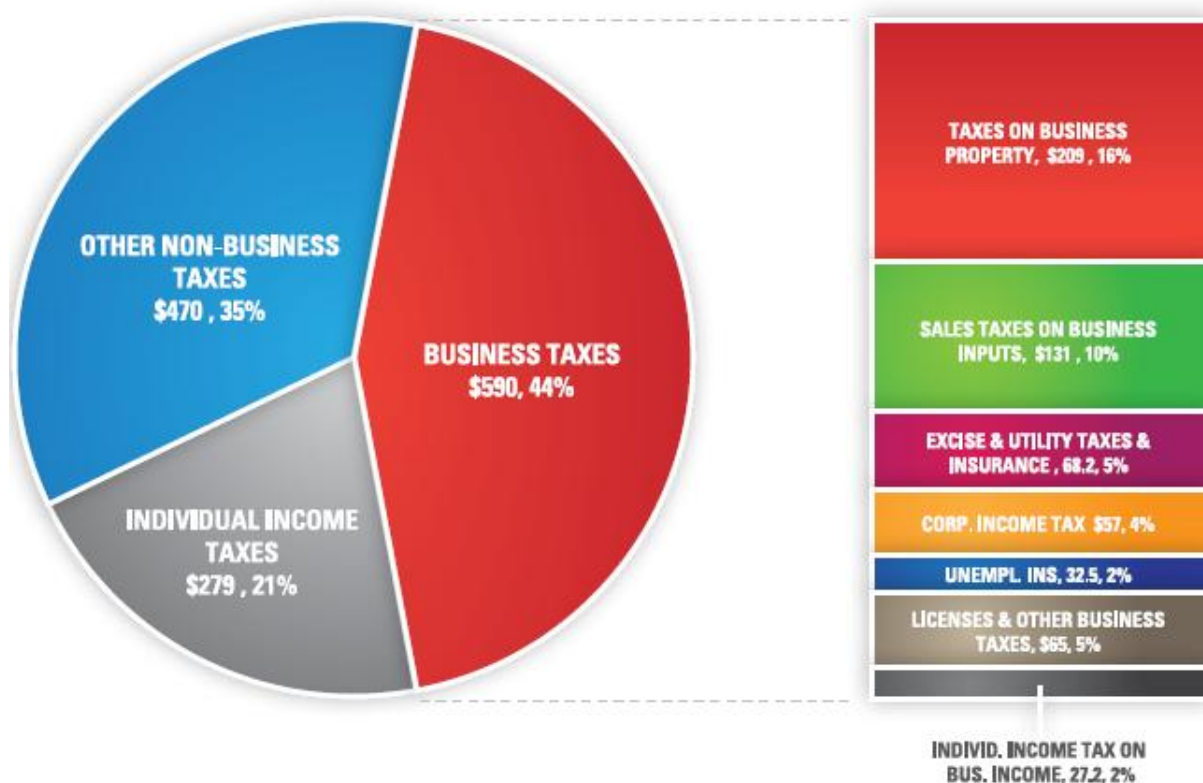
Source: KPMG Analysis and Retailers Association of India.

Organized retail distribution, which was expected to touch 16 percent by 2012 from the current 5 percent, is likely to trace 10.4 percent only.

6. EFFECT ON GOVERNMENT

Modern retail outlets enable generation of significant tax revenues through the supply chain. This will impact the logistics, transportation, warehousing, freight forwarding and other similar service sectors. On the other hand FDI in retail will increase tax revenues (in form of VAT etc.). It is expected that FDI policy would help in revenue generation through various taxes coming from the service sectors. It would also promote non-agricultural employment for the unemployed in the rural areas and would help in increasing the overall standard of living of the rural population.

FIG 8: TOTAL STATE AND LOCAL TAXES FY 2008 (Billions of Dollars)



Source: Ernst & Young at Council of State Taxation.

Businesses pay the bulk of all state and local taxes, and, among major industries, the tax payments of manufacturers rank a close second behind the much larger services sector. Of the more than \$580 billion in business tax revenues collected by local and state governments in Fiscal Year 2008, nearly \$90 billion was derived from manufacturing firms. That is more than the tax revenues collected from the retail trade and communications sector combined. Between Fiscal Year 2005 and Fiscal Year 2008, total state and local taxes paid by manufacturers rose 29 percent. Corporate income tax payments alone rose 52 percent.

7. EFFECT ON SOCIETY

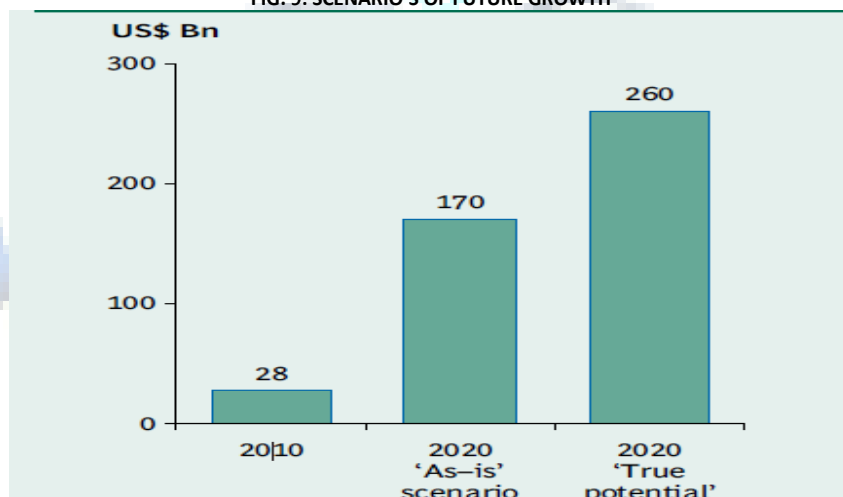
Retail is a huge sector for employment in India, including organized and unorganized sector and would create more jobs. It may engage a huge section of Indian population who cannot seek employment elsewhere in the economy.

According to the McKinsey Report published in the year 2012 the over-all retail employment in India, account for about 6% of current Indian labour force, mostly unorganized, and which is about half when compared to the other emerging economies. A comprehensive expansion of retail sector in India would create more than 50 million jobs. Retail reforms will be a boost to Indian job availability. Over 80 % of employment opportunity will be for people with minimum qualification. These jobs will create better salaries, work environment, social security as compared to unorganized trade.

FUTURE TRENDS-THE ROAD AHEAD

Industry experts predict that the next phase of growth in the Indian retail sector will emerge from the rural markets. By 2015 the rural retail market is projected to have a total of more than 50 per cent market share. The total number of shopping malls is expected to expand at a compound annual growth rate of over 18.9 per cent by 2015.

FIG. 9: SCENARIO'S OF FUTURE GROWTH



Source: Images / IRIS; BCG analysis.

Note: Exchange rate used: US\$ 1 = Rs. 45

In the scenario where organized retail meets its true potential, the size of the sector would reach US\$ 260 billion by 2020, indicating a 21 percent share of total retail.

INTERNATIONAL RETAILERS: A GATEWAY TO INDIA

International retailers may fast expand their business in India to tap the large consumer base. Reebok has set up its largest store in the world in Hyderabad, Tommy Hilfiger and Levis have over 20,000 square feet of retail space and standalone stores across major metros. The fast-food giants like Pizza Hut, McDonalds, Subway etc. are fast expanding at a fast pace, in emerging Tier II and Tier III cities. The table 3 shows the category wise major retailers at a glance.

TABLE 3: CATEGORY WISE MAJOR RETAILERS AT A GLANCE-(INTERNATIONAL RETAILERS)

CATEGORY	INTERNATIONAL RETAILERS
Food & Beverages	MC –Donald, Dominos, Pizza-hut Pizza-Corner, Subway
Apparel & sporting goods	Benetton, Lee Cooper , Nike, Levis, Reebok, Marks& Spencer,
Grocery	Metro Cash&Carry
Durables	Sony, Philips, LG, Samsung, Electrolux, Nokia

CONCLUSION

India is a vibrant economy and since 2005-06, India has been growing at an average gross domestic product (GDP) of 8.6%. The speed of growth in retail in India is very fast as it is expected that it will grow up to US\$ 833 billion by the year 2013 and US\$ 1.3 trillion by 2018 (at a CAGR of 10%). At the same time, the consumer spending has also gone up in the last four years and it is increased to 75%. Also, the organized sector is promising to grow at a CAGR of 40% by the year 2013. In line with India's economic growth, the retail sector in our country is not only expanding but also modernizing. A visible structural change towards an organized format is foreseeable in the retail sector. Comprised of organized and traditional retail format, India's retail market is estimated to be worth USD 350 billion. It has a low organized retail penetration of 5 to 8% and modern retailing is growing between 15 to 20 per cent.

Currently India is undergoing an economic revolution which is generating fast paced changes and development due to large market size, low organized retail penetration, strong GDP growth, increasing personal incomes, large number of aspirational consumers (middle-class, young Indians, rural population, etc.

India's population in 2005 is estimated to be 1095 million. By 2016, India will have the second highest urban population in the world after China. More than 50 per cent of India's population is less than 25 years of age as compared to other developed countries. The consumerist age bracket (ages of between 15 years to 64 years) as a proportion of the Indian population is growing rapidly. This will increase the overall purchasing capacity in the country providing further flexibility to the retail sector. The consumerist age brackets are likely to prefer and adapt to modern retailing assuming that they generate adequate income and reside in urban areas.

FDI in retail will create employment opportunities because the global retailers will need to hire labour. The employees of the unorganized sector do not have the necessary skills or education required by the organized sector. Once individuals become engaged in retailer operations, they can demand reasonable wages and benefits. Modern trade's effect will give opportunities like non-agricultural employment for rural youth and a better quality of living for the existing agricultural society.

Global retailers have been sourcing from India for years and their retail presence in the Indian market will improve exports from India, as they develop relationships with local suppliers. Most global retailers who have entered India have conveyed their idea to source and export a range of products from the country. The amount of sourcing from India will increase when global retailers are allowed to operate in the Indian market.

Finally, it does not matter whether it the domestic or foreign retail players leading this next wave of retail revolution in India. It is as long as how Indian consumer will get benefit in terms of access to new retail formats, best practices and availability of goods and services from all over the world along with great shopping experience.

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MERGERS & ACQUISITIONS: A HUMANITARIAN PERSPECTIVE

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ABSTRACT

In today's world Strategy for corporate sector restructuring is increasing dynamically to overcome the challenges posed by globalization. Rapid strategic change is necessary for most companies in these days of globalization. One of the striking features of the present mergers and acquisitions (M&A's) scenario is the presence of a large number of cross-border deals, which is an easier way of internationalization. Strategic success depends on how effectively an organization adapts to these changes in a competent market. There has been enormous consolidation by M&A's to achieve economies of scale, product synergies and strong brand presence. It has the power to change the economic scenario of the country by boosting its growth and development. But one of the important factors which is mostly ignored or not looked in to deeply is human resource of both the entities. The present paper will discuss the various factors affecting employees during M&A in Indian environment, how the Indian companies outcome this challenge, how it affects the society. Besides this, a step is taken to find the various reasons of stress, positive and negative impact on employee's morale. The present paper will study that why M&A process proved unsuccessful in meeting the expectations of its employees. Finally the paper will suggest various measures for effective management of human resource.

KEYWORDS

Human Resource Management, Restructuring, Strategic alliance.

INTRODUCTION

All over the world the corporate sector is restructuring its operations through Mergers and Acquisitions (M&A's) in order to overcome the challenges posed by globalization. M & A have always been an important strategy of inorganic growth for the corporate world globally. The M&As occurred in large scale in industries like textiles, jute, cotton, aviations, software, telecom, insurance, banking and pharmaceuticals companies etc. Unaccounted benefits of M&A are to generate cost efficiency through economies of scale, enhance the revenue through gain in market share & generate tax benefits. But despite optimistic expectations, M&A frequently fail, in part due to neglecting human resource issues, which are not considered seriously unless and until some serious problem arise. In M&A's Human Capital plays a vital role as it helps organizations globally to optimize their performance by meeting their most critical needs in three related areas: Firstly Managing, rewarding and engaging talent to drive business performance, secondly Ensuring responsible executive remuneration and thirdly Enhancing HR effectiveness.

REVIEW OF LITERATURE

There are number of series of literature review published on merger or acquisition and on employee morale which shows a considerable subject of research. The term merger is defined as , "A merger involves a blend of two companies, rather than mere legal enjoinderment or absorption of one firm into another". Even merger of two is defined as a process in which the merged company loses his identity to be one firm by the acquirer (Kithinji & Waweru, 2007). (Tehrani, 2007) changes from merger have seen negative impact on well-being in context to accept that change and can also add the stress on workplace level. As (Vaananen, 2004) measured "change solely through employees' perceptions of whether or not their standing at work had changed during the period of a merger". The effect of merger and acquisition on employee moral can have significant impact if the reorganization of the merged firm is not handled successfully. Change from the result of merger can be difficult and leads to the stress that has a negative impact on employee morale (Richards, 2009), and the factor which lead to the stress is lack of communication passes from top level to lower level management during merger times (Pophal, 2009). (Pract, 1998) explains the stress and morale getting poor in the context of general practitioners where this concern is positively seen. (Robertson, Haton, & Felce, 2005) also tested the results of stress from workplace change and the level employee morale. This field study also resulted in the context of change of environment. This would entail the fact as the workplace environment change then the stress on well-being affected in any terms.(Deborah, Victor, Callan, & Sartori, 1999) in which they discuss the factor of stress on employee adjustment due to the organizational change.

NEED/IMPORTANCE OF THE STUDY

This study is done for the purpose to find out the relationship of employee morale after the M&A's process of two entities which would benefit to the management of different companies in the context that after being merged or acquired, the employees of their organization are truly motivated with high morale or they are not motivated by low morale due to this merger activity. In this way the organizations would easily make some managerial tools to utilize their human capital employees.

OBJECTIVES OF THE STUDY

This study highlights the importance of management of human resource issues. The paper attempts to provide recommendations on how to deal with organizational human resources. Also, the objective of the research is to find out the reasons for higher fear of attritions, contractualisation or outsourcing, casualisation of workforces, upholding of benefits and incentive, longer working hours and less or poor other welfare measures. Through the paper, the researcher wants to highlight the need for effective and good human resource management control in order to sustain a healthy economy. Finally the paper gives some suggestions for improving and protecting the human resources during corporate restructuring.

RESEARCH METHODOLOGY

The type of study is theoretical in which the variables have been taken from empirical data and other journals and articles. And this study is descriptive in nature which describes the relationship between the variables and their effect on employee morale during the merger activities. Twenty companies from ten different sectors were selected for the research purpose. In all those companies reasons of M&A's were studied in depth. Intention of both acquirer and acquiree were studied to find out why companies are opting for M&A's. These companies are Aviation- Jet airways Ltd. and Air Sahara (2007-08),Steel- Tata steel Ltd. and Corus steel Ltd.(2006-07),Software- Tata consultancy Ltd. and TKS –Teknosoft (2006-07),Pharmaceutical- Dr.Reddy's Laboratories Limited and Betapharm (2005-06),FMCG- Marico Ltd. and Nihar from Hindustan lever Ltd.(2006-07),Petroleum- HPCL Ltd.and Kenya Petroleum Refinery Ltd.(2006-07),Electronics- Videocon industries Ltd. and Thomson SA.(2006-07),Telecom- Idea cellular Ltd. and its seven subsidiaries.(2006-07),Energy- Suzlon Energy Ltd. and Hanson group.(2006-07). This is a qualitative study so reasons which impact employees during M&A's are studied in depth with the help of questionnaire.

DISCUSSIONS

In general humanitarianism is an ethic of kindness, benevolence, and sympathy extended universally and impartially to all human beings. Humanitarianism has been an evolving concept historically but universality is a common element in its evolution. Most of the studies provide mixed evidence and many fail to show a clear relationship between M&A's and performance. The majority of studies comparing pre and post mergers performance found that, these potential efficiency derived from M&A's rarely materialize and found no net gain effect for the employees of the both the firms and resultantly created employment, work, job and income insecurities across the sectors. The technological and innovation benefits derived from the financial investment failed to look at the dimension of employment, decent-job, working conditions while considering gender & skill dimensions and income securities of the existing workforce. There are mixed evidences from the researchers on the relationship between M&A's, financial efficiency, profitability, employment security & welfare measures, optimal utilization of resources and performance across different sectors and contexts as well.

A corporation which only works on the basis of trust between managers and workers. M&A's are seen as one of the modes of corporate restructuring. But it has some adverse impact on the employees as it results in layoffs, retrenchments due to closing down of some of the Industrial units of the company. Along with this is the problem of new work culture, adjustability to the new environment of work etc. Managers of mergers attempt to organize and direct their enterprises in such a manner that, all things considered, the least unit cost of operation is attained. The larger a firm is in relation to the size of the community in which it operates, the greater disruption is likely to have due to such changes.

NEGATIVE IMPACT OF M&A's ON EMPLOYEES

The effects of M&A's on employee morale can be significant if the reorganization of the business is not handled effectively. During any merger or acquisition effort, there are at least two groups of employees involved, often coming from organizations with distinctly different cultures and styles.

Voluntary turnover of key people and losses of expertise: When two or more organizations come together, culture clash is unavoidable. Two organizations rarely have the same culture. Employees may fear losing their jobs or losing opportunities that they earlier had. This fear can negatively impact productivity and may even result in employees leaving the company to seek other job.

Lowered commitment and disloyalty: During M&A's it is important for managers and HR professionals to be alert to signs of negative competition and to ensure that employees are being kept informed about impacts on their jobs and their futures with the company.

Dissatisfaction, frustration, confusion and stress: During M&A's, change can be difficult and can lead to stress which can have a negative impact on morale if not handled effectively at right time. To the extent possible organizations should communicate and share information about what is happening and how the changes will affect individual employees.

Performance drops and lowered productivity: Learning a new culture is difficult especially, when employees are faced with uncertainty about what the future may hold and whose job will be snatched. People refusing assignments, increased absenteeism, Health problems, and Power struggles can be some other negative impacts on employees which ultimately adversely affect Productivity.

Motivational problems & Dysfunctional behaviour and sabotage: It is important for organizations and their managers and HR staff to recognize and provide opportunities for employees to know each other, and to work together towards the creation of a new culture that will merge the best of both different organizations.

Competitiveness: When employees are concerned about their own job security they are more likely to become competitive with others and this competitiveness can result in conflict--sometimes even violence.

Denial: At first employees react to the announced merger with denial. They say it must be 'just a rumour.' And it's difficult to accept.

Fear: When the merger becomes a reality, employees become fearful of the unknown. Workers become preoccupied with job loss.

Anger: Once employees feel that they are unable to prevent the M&A from taking place, they are likely to express, anger towards those who are responsible. In many instances, employees feel like they have been 'sold out' after providing the company with loyal service.

Sadness: Employees begin to grieve the loss of corporate identity and reminisce about the good old days before the merger.

Acceptance: After some time of M&A employees begin to recognize that to fight the situation would be useless, and they begin to become hopeful about their new situation.

POSITIVE IMPACT OF MERGERS AND ACQUISITIONS ON HUMAN RESOURCE

M&A's make a positive impact on the world every day. This is possible by enhancing the financial and retirement security, health, productivity and employment relationships of the global workforce.

Relief: Employees begin to realize that the situation is not as inauspicious as they had envisioned and that the new employees they interact with are not as bad as they had predicted.

Interest: Once people become secure with their new positions or with the organization, they begin to look for positive factors and for the benefits they can achieve through the new entity. They begin to perceive the new situation as a challenge.

Liking: Employees discover new opportunities that they had not envisioned before and begin to like their new situations.

Enjoyment: Employees discover that the new situation is working out well and feel more secure and comfortable.

High employee morale: Building trust and keeping employee morale high will help companies retain employees, keep intellectual capital and client relationships in-house, keep financial cost down and retain loyal customer base.

Employee remain with the company: Retaining the organization's best employees and keeping all employees committed to the organization's goals and mission will help to keep turnover costs low and customer retention high.

Loyal customer base is retained: Retain the intellectual capital of the organization, held by the retained employees, and keep the loyal customer.

Positive impact on bottom line: Keep turnover costs and customer attrition to a minimum, which will in turn have a positive impact on bottom line.

RECOMMENDATION & SUGGESTIONS FOR BETTER MANAGEMENT OF HUMAN RESOURCE

Mergers and acquisitions(M&A's) are a way for companies to acquire technologies or products, improve profits and productivity, while reducing overall expenses. Companies overall organizational plan should include all areas which are bound to impact workforce, including staffing, communication, training, and customer relationships.

Legislation: Trade unions must play their part in national and international level negotiations and re-negotiations of legislation governing the rights of employee representatives to be informed and consulted about merger and take-over decision. This can be done through national and transnational social dialogue channels and lobbying.

Employees and staffing: In M&A cases, redundancy can lead to lay-offs, or may require shifting roles of employees. Those employees that are being laid off should be told immediately and be provided with severance packages and most importantly treated in a respectful manner. Remaining employees should have clear guidelines on their role within the new organization, and a development plan to cope up with changes.

Focus on training: All employees should be made aware of new processes, policies and procedures that results from the merger. This will require a training plan, which may include making employees familiar with everything from processes for submitting purchase orders and new reporting procedures and the new technology platforms.

Cultural assessment & Prepare employees for a culture shift: The culture of the organization is bound to be impacted, and this may negatively affect the morale of employees. The uncertainty can lead good employees to seek employment with competitors, or other employees to take an unmotivated attitude. Communication provides employees with the vision and mission for the new organization.

Motivate employees: While M&A is not the most optimal time for employees, there are ways to increase motivation and productivity. Recognize and reward employees for their roles in managing change. Rewards may be in the form of bonuses, small gifts, or recognition among peers.

Social gathering: All employees in the old organization and the new should be given opportunity to connect with each other in the form of company-wide meetings, smaller social gatherings, or encouraging employees with shared interests.

Role of HR: Involve HR at the earliest possible juncture keeping in view "people perspective." HR helps to know what people actually thinks about the conditions and the company. It can become a good mediator between the company and the people factor.

Develop forums: Develop forums to share institutional history, vocabulary, formal and informal networks, management and work styles. Forums will help in workout the problems and finding out the various alternatives solutions.

Identify expectations and problems: Designing a realistic process for addressing people of both organizations. Develop a new strategic plan and unified goals, objectives, and overriding messages that reflect the newly formed organization.

Communication: Silence erodes trust, and rumors start when there is a lack of information. Communication of newly formed goals and objectives helps in clearing the feeling of distrust and frustration among the employees.

Continue to offer learning and professional development opportunities: During a merger, employers might be tempted to cut learning and development opportunities for employees. It is important to continue giving employees the discretionary resources to continue with their professional development so that they feel valued.

CONCLUSION

M&A process is very difficult to understand and accept by all. People of both organizations accept the new changes easily if they know the reasons for such change in advance customers are treated as God because they are the only survival factors through which any business can exist. So in case of any M&A customer service should not be affected at all or if affected in an improved manner thereby increasing the chances of occupying the market share. There is need to strike a balance between employee security and business requirements. Human resource is the backbone of any organization. It is the need of the hour to give protection to the employees during transfer of an undertaking. Human beings are the agents through which a corporation carries out its business. It is evident from the provisions of the Companies Act in India that the employees concern during merger is neglected by the management. Corporations affect the life of modern society and employees are it's the major stakeholders. The companies Act, in India should include express provisions for the protection of employees during transfer of undertaking.

LIMITATIONS OF THE RESEARCH

The study is on the factors affecting employee morale due to M&A activities is limited by many other factors. Even the size of the sample is also limited in number. This sample size was not enough to find out the impact of M&A on employee morale. The results cannot be truly accurate due to biasness of filling survey questionnaire.

SCOPE FOR FUTURE RESEARCH

There are many areas still undiscovered with the relation of M&A activities and their effect on organization culture and boundaries. In which the effect was only seen with the relation of employees and human capital activities but not with the assets, records, liabilities due, customer feedback, customer acceptance and loyalties. These are still not closely look into during merger activities of organizations. There are many questions still needs answers from the perspective of human resource in M&A activities.

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A STUDY ON CORPORATE SOCIAL RESPONSIBILITY AND ITS APPLICATION TO HIGHER EDUCATION IN INDIA

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ABSTRACT

In the development of corporate ethics, we have reached a stage where the question of the social responsibility of business to the community can no longer be scoffed at or taken lightly. In the environment of modern economic development, the corporate sector no longer functions in isolation. If the plea of the companies that they are performing a social purpose in the development of the country is to be accepted, it can only be judged by the test of social responsiveness shown to the needs of the community by the companies. The company must behave and function as responsible member of the society like any other individual. The company must accept its obligation to be socially responsible and to work for the larger benefit of the community. One of the chief indicators of social progress is education, which plays a key role in questioning the society in achieving self-sustainability and equal development. In view of the Global recognition of the fact that business community can contribute to social objectives, education requires corporate involvement at the highest level. A big step forward in India was the Companies Act 2013. This Act empowers the companies to spend 2% of the average net profits over the previous three years on CSR activities. The Indian system of education being obsolete it warrants urgent reforms. It is the responsibility of Corporates to perform their duties such as: financing of Research and Development, training programs and workshops, investment in infrastructural developments and facilitating qualitative investments, in the midst of the impending challenges.

KEYWORDS

CSR, higher education in India.

INTRODUCTION

CSR can be defined as the continuing commitment by business to behave ethically and contribute to the economic development, while at the same time improving the quality of life of the work force and their families, as well as the local community and society at large.

In other words CSR can be considered as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains and decision making throughout the organization, wherever the organization does business and takes up the responsibility for current and past actions as well as future impacts. It simply implies the involvement in addressing the legal, ethical, commercial and other expectations which the society has for business and take decisions which balance the claims of all stakeholders. Social Responsibility may be taken to mean intelligent and objective concern for the welfare of the society.

Business is not merely a profit making occupation but a social function which involves certain duties and requires that appropriate ethics are followed. Social responsibility indicates personal obligation of people, as they act in their own interests of others is not sacrificed by their own behavior and action.

The phrase Corporate Social Responsibility (CSR) was coined in 1953 with the publication of Bowen's 'Social Responsibility of Businessmen'. In 1984 the renowned Management Consultant Peter Drucker spoke of the need to turn social problems into economic opportunities. CSR has acquired new dimensions in this era of Globalization. In this study an attempt has been made to examine the concept of CSR and its components, analyze the need for CSR, the status of CSR in India and particularly dwell on the relevance of CSR to Higher Education, discuss the various challenges confronting CSR and touch on the current emerging trends with reference to India.

OBJECTIVES OF THE STUDY

1. To analyze the need for CSR in higher education.
2. To analyze the components of CSR
3. To make a study on the status of CSR in India.

RESEARCH METHODOLOGY

The study is entirely based on secondary data collected through journals, magazines, books and related websites.

COMPONENTS OF CORPORATE SOCIAL RESPONSIBILITY

Business enterprises today are not expected to only play their traditional role of profit making but also have to pressurize companies to act in an economically, socially and environmentally sustainable way.

The following key components form Corporate Social Responsibility:

CORPORATE GOVERNANCE

This would take care of corporate objectives, protection of rights of shareholders, meeting of legal requirements and creation of transparency for all the stakeholders.

BUSINESS ETHICS

This is related to value based and ethical business practices. Business ethics refers to integration of core values such as honesty, trust, respect of fairness into its policies and decision making. It also involves a company's compliance with legal standards and adherence to internal rules and regulations.

WORKPLACE AND LABOR RELATIONS

This will not only help in improving the work-place with reference to health and employer relations but also bring about a balance between work and non-work aspects of employer's life.

In the last few years there has been a sea change in the nature of retailing between state and societies. It is being increasingly realized by companies that in order to gain strategic initiatives and ensure continued existence business practices have to be moulded from the objective of only profit making to wider issues such as public goodwill and responsible business etiquettes.

Awareness has been generated in the current global order that if you want to compete efficiently in today's world there is need for clear cut business practices which stress on public interests in the markets. This could be attributed to various factors:

1. An increasing competition among the Multinational Corporations to gain advantage in developing countries through establishment of good will relationship between the government and the society.
2. In most of the developing countries the state has a major role to play and holds the key to business success. This restricts the implementation of tried and tested successful business doctrines which were highly successful in the developed countries.

3. With the rising education levels, emerging markets have been identified as a source of talent. For example India is internationally acclaimed for her software proficiency.
 4. Firms all over the world are now realizing the significance of brand name/ morale of the employer.
- The concept of CSR has essentially arisen from the fact that the enterprise derives several benefits from the society which would require the enterprise to provide returns to the society and it is the responsibility of the enterprise to provide benefits to society as a whole

CORPORATE SOCIAL RESPONSIBILITY AND INDIA

The process of globalization has seen the emergence of business as one of the most powerful institutions today. Indian companies have made their way into business boom with India being one of the fastest growing economies. While on one hand, the process of globalization and liberalization has accelerated the rate of economic growth, on the other hand, the integration of Indian economy with global economy has resulted in opening up the Indian businesses to market competition thereby increasing their operations.

The concept of CSR has acquired new dimensions in recent years. In case of India while the concept of family is a revered one, high values are placed on relationship, social stability and education. The presence of diverse relations and concerns bring out distinct attitudes towards community, social behavior as well as support and philanthropic contribution.

CSR is not a new concept in India. Corporates like Tata Group, Aditya Birla Group and Indian Oil Corporation are a few who are incorporating the same.

CSR AND HIGHER EDUCATION

One of the Certificate Project indicators of social progress is education, which can be said to be playing an important role for helping the society in achieving self-sustainability and equal development. With increasing global recognition of the fact that business community can in a large way contribute to social objectives, education requires a corporate involvement at a higher level.

With increasing privatization and domination of the market economy it becomes clear that one necessary condition for the thriving of business is the existence of stable, fair and supportive environment. This condition is closely linked to institutions and for historic reasons most Asian and African countries lag behind their European and North American counterparts.

Educational issues are indeed essential for human progress, societal development and for the creation of a healthy economic environment. This has resulted in education earning international recognition as a driver of long term development of developing countries. Therefore it automatically follows that business communities especially Multinational Corporations should play a significant role in optimizing education conditions and lifting the poor countries out of illiteracy and absence of education.

A big step was taken by the Government of India in the form of Companies Act 2013. This legislation requires companies to take actions, make investments and report against a number of metrics related to CSR. PWC India has also released a Handbook on CSR providing guidelines to help companies in complying with the regulations. This Act empowers the companies to spend 2% of the average net profits over the previous three years on CSR activities.

India had to restructure the education system at all three levels. This is made easier when the Corporates also perform their duties towards society. In order to reap benefits they have to have universities and colleges who will produce skilled and trained manpower. This can be facilitated by provision of finance for Research and Development, organization of workshops and training programs, infrastructural developments. As our system of education is old and outdated, there is a strong desire to change the structure of education; at the same time it is the responsibility of corporates to perform their duties towards society. In order to reap benefits they have to finance Research and Development, organize workshops and training programs, invest in infrastructural developments, provide facilities for qualitative education to universities and colleges producing skilled and trained manpower.

Businesses in today's modern era are taking a much targeted approach in their CSR Program. They are intending to concentrate on areas which are co-related to their business goals. Education is an important part for many businesses as there exists a need for all kinds of people and education has both the capacity and ability to make a real difference for all the players involved in the education sector, for a number of reasons such as: improved financial performance; building up of a positive good will and reputation among consumers and other stake holders; increased ability to attract employees; development of brand recognition; increased consumer loyalty; improvement in sales; building up of a more educated workforce; enhancing consumer awareness on a particular issue and fulfilling the company's mission or mandate. On the other hand faculty, students and educational institutions can also benefit from the experience and expertise that the Corporations bring.

The Father of our Nation Mahatma Gandhi had a strong vision of education helping in the curbing of social insecurity and social disharmony. Several Indian Corporations have taken the initiative towards higher education and vocational training. These include Tata Institute of Hotel Management at Aurangabad, ITC Welcome Group's Hotel Management Institute, Reliance's DA-IICT providing Graduate and Undergraduate education in Gujarat and Intel's Higher Education Program.

Today CSR has gone beyond mere charity and donations and has become an integral part of corporate strategy. Corporates like the Tata Group, Aditya Birla Group and Indian Oil Corporation have been involved in serving the community ever since its inception.

The ONGC CSR Projects focus on higher education, granting of scholarships and aid to deserving students / youth belonging to the socially/economically backward sections of society. Let us briefly mention here the need for CSR in Indian higher education.

One, Higher education in India like in most countries is a government supported Public good. In the era of Globalization, Liberalization and Privatization marked by rapidly emerging changes the help of the Corporates is desirable in complementing Government efforts in helping, explaining and promoting long term policies with reference to the downtrodden sections of society.

Two, it must be remembered that both the public and private sectors have their own problems. While public supported institutions suffer from paucity of funds, absence of infrastructural facilities, and government intervention, the private sectors ones are characterized by profit making objectives leading to high fee structure and absence of accountability. CSR will while making the institutions more accountable would enhance the quality of education being imparted contributing thereby to social welfare.

Three, CSR is concerned with the motivation and encouragement necessary to take up socially responsible activities that will bring an improvement in the economic and ethical slots. In spite of being one of the fastest growing economies, several problems are plaguing India. They include poverty, illiteracy and absence of adequate health care facilities. Incorporation of CSR while reducing the menace of these problems would only help in strengthening of our economy.

Four, CSR has to give back to society and ensure cordial business environment. CSR has to remember that the society is responsible for their profits. A Corporate with proper vision in CSR is respected and rated well by the masses. Businesses while understanding the potential of these initiatives must invest a part of their profits in socially desirable projects like education. India has an abundant supply of labor and skilled manpower. India boasts of possessing an internationally acclaimed Brain Power. The Corporate sector has to take a keen interest in investment in human capital which is reproductive.

Finally, CSR can be considered as a crucial bridge between organizations and society and also a means which can create awareness among Corporates, NGOs, Civic Bodies and Government about the values and importance of social responsibility so as to reduce the gap between the privileged and disadvantaged sections of society

CHALLENGES FACED

At present when the Corporates are more than ready to join hands with the government, with the objective of promoting social welfare, obstacles are bound to arise, more so in a country like ours thereby hampering the process of economic development. Let us briefly dwell on them.

Firstly, there is general lack of awareness of general public about the concept of CSR. This hampers the incorporation of social responsibility in businesses.

Secondly, there is need for building up the capacity of local non-governmental organizations as there is clear cut shortage of trained and efficient organizations that can contribute to CSR activities.

Thirdly, there is absence of any clear cut CSR guidelines or policy directives which can give direction to CSR projects. This could result in duplication of activities by Corporate Houses.

Fourthly there is absence of a consensus among implementing agencies regarding CSR projects. This results in duplication of activities by Corporate Houses.

The Tata Group of Companies has initiated various measures for higher education of the children. Tata Motors in fact has entered into a Public Private Partnership with the Government for Industrial Training Institutes.

Emerging Trends in Corporate Social Responsibility

The Post- Liberalization period has witnessed a radical transformation in the CSR Practices in India. There has been a fundamental transformation from charity oriented approach to stakeholder oriented one. The target group is seen as a stakeholder in the community and is being forming an integral part of the company's success. However the real breakthrough occurs at the implementation stages where companies have started committing manpower and expertise along with financial resources in order to provide a variety of service programs and skills that are flexible enough to attend to the needs of the community. This has been accompanied by greater participation of people.

One main reason for the increased awareness of CSR has been the United Nations Millennium Development Goals, in which one of the goals is, for business to be more aware of their impact on society.

The world today can be said to be a global village in the Information Technology era. While the big companies are expanding their business opportunities the CSR activities are also expanding speedily. Merely initiating CSR is not enough; the company has to work hard on a formal coherent and transparent policy in the field of CSR to become a potential area for development of the society.

CONCLUSION

The concept of CSR is gaining more and more attention in recent times involving in its scope corporate magnates, educationists and social activists from all over the world. What we are therefore witnessing is greater commitment from business, either for improving the corporate image or for being competitive.

The concept seems to be fully imbibed on the global business agenda. There is need for overcoming the snags and hurdles which will facilitate quick implementation. In terms of higher education universities have to cater to both the traditional and entrepreneurial role without limiting the purpose. The emergence of the new knowledge economy, has led to the transformation of the shape and base of the society. To keep pace in this competitive world it is essential for the evolution of innovative systems. The need is felt for a university system that emphasizes sustainable development and improvement of competencies of the population.

The government must attempt to keep pace with the international developments, particularly with reference to IT and E Commerce. The people have to be made computer savvy and the beginning has to be made at the grass root level.

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SOCIAL SECURITY IN THE U.S.A AND INDIA: A COMPARISON

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ABSTRACT

Social security is an important device for the upliftment of workforce in any country as well as raising the level of productivity of the labour force thereby providing them with mental satisfaction on the other hand. It is of grave need for any country to provide the basic facets of social security measures to its workforce. The study entitled 'Social Security in the U.S.A and India- A comparison' tries to unfold the differences in Social Security System between the two countries, one being a developed nation and the other being its counterpart- a developing nation. The study throws light on the system of social security in the U.S.A- its policies and benefits thereby putting stress on the various policies practiced in India. The study points out the differences between the two countries in policy formulation and implementation.

KEYWORDS

Social security, International social security agreement, Disability, Retirement benefit.

MEANING OF SOCIAL SECURITY

A Social Security System (SSS) is one whereby the state provides various benefits to those who are unable to provide the same for themselves. Such a system is generally meant to serve the socially deprived conditions, such as poverty, old age, disability, and unemployment, etc. The most important forms of social security system are retired-worker benefits, and dependents' benefits. Therefore, SSS is a means of living independently during the old age and supporting the dependents in the family. Individuals while working are expected to set aside a part of their income as long term savings to take care of their needs in post-retirement years. Apart from the increased cost of living, the steeply rising cost of medical treatments in recent times and the need for personalized services in the old age, there are always apprehensions that the savings made during the working life will be inadequate unless some institutional arrangements are in place.

Social security programmes are often described as the most successful programme of the modern welfare states. But its long term future is now in doubt. International Social Security Association finds that, while globalization is likely to erode the pension income of the older persons, it will enhance their wealth and income from capital, leaving their overall spending power slightly improved. The working age population, which earns lower wages as a result of having less capital to work, is an unambiguous loser from the globalization process. The situation is different from country to country. As a result of these dire predictions, there are proposals to reshape the social security system around.

The introduction of social security programmes in developing countries is a difficult task given that capital and insurance markets are typically underdeveloped, budget restrictions are high and developing countries are usually characterised by traditional labour structures and large levels of poverty, which would require social programmes to achieve a magnitude that few governments in developing countries are able or willing to implement. In addition, governments in those countries have, in general, less capacity to collect taxes, implement complex programmes of social protection or correct market failures, due to their low levels of income, education and infrastructure. Furthermore, political pressure against the implementation social security policies is also often high in developing countries as such policies may imply some form of redistribution (Radian, 1980; Newbery and Stern, 1987).

OBJECTIVES OF SOCIAL SECURITY MEASURES

Most social protection policies in developing countries will almost certainly be concerned with reducing vulnerability and unacceptable levels of deprivation. The extent of poverty and destitution in most developing countries would, however, make typical post-shock social security benefits of the type implemented in industrialised countries too costly to put into practice in poor economies. The role of social security policies in developing countries must, consequently, be extended not only to that of a 'safety-net', but, more importantly, to 'prevention' against increases in deprivation and the 'promotion' of better chances of individual development (Guhan, 1994). In this sense, social protection policies would not only address negative outcomes of development but would also promote more equal opportunities amongst all population groups, thereby reducing the likelihood of negative outcomes. The focus of social security policies in developing countries should thus be on the reduction and mitigation of structural forms of vulnerability and on the implementation of ways of coping with all types of risk (Norton, Conway and Foster, 2001; Kabeer, 2002) and be integrated within the overall development strategy of the country rather than implemented as individual programmes (Kabeer, 2002). Social security policies in developing countries should aim thus at the protection and promotion of both human and physical capital. Policies that protect human capital include better access to clinics and hospitals, better nutrition, better health support, health insurance policies, improved access to schools, universal primary education and so forth. Physical capital can be protected by policies aimed at employment creation, promotion of rural development, research and incentives to encourage labour-intensive investments, better access to housing and land, improved infrastructures, reduction of remoteness of some population groups, measures to eliminate biases against women and other vulnerable groups as producers and consumers (minimum wages, measures against discrimination), improved access to capital through financial sector reforms of micro-credit schemes, implementation of employment support schemes, provision of secure ownership of key assets, crop insurance measures, etc.

OBJECTIVES OF THE STUDY

The study is undertaken with the following objectives:

- To make a study of the various social security measures in the U.S.A and India.
- To make a comparative analysis of the social security measures available in both the countries.
- To suggest measures to bridge the gap that has been left.

IMPORTANCE OF THE STUDY

India as a developing giant is in the requirement of adapting certain strategies to get the optimum utilization of its labour force in order to rise to its desired position. The study is conducted with the purview that U.S.A is a developed country providing social security to its workforce in a very efficient manner to curb up optimum utilization of its workforce.

Social security is an important factor in any country to be provided to its workforce. The study shall be pointing out to certain social security measures practiced in the U.S.A whereby there has been no implementation of the same in India.

SOCIAL SECURITY IN UNITED STATES

Social security program in US began in limited sphere as a measure to implement "social insurance" during great depression of 1930s. The idea behind the programme was to offer economic security to Americans. The industrial revolution has changed the family structure and multiple generations of one family were no longer living together. After stock market crash in 1929 and the ensuing depression, Americans needed protection from financial worries. In the beginning the Social Security Act when passed by FDR (Federal Intervention), the retired workers and the unemployed workers were the two groups covered by the programme. Within a few years Congress added benefits for surviving dependants of deceased workers. Later it has become the largest government programme in the world.

The basic nature of social security in US is social insurance programme funded through payroll tax. i.e., a 'pay as you go' system (PAYGO System). It is formally known as Old Age Survivors and Disability Insurance Program (OASDI program). The OASDI Programme is administered by the Social Security Administration (SSA). The SSA is in the process of re-engineering the disability process in order to restore public confidence in its programme and ensure a nurturing environment for its employees. Originally, in US the social security system included unemployment insurance. However the term is now used to mean only three benefits, i.e., benefits for retirement, disability and death.

ELIGIBILITY STATUS

To become eligible for the benefits for family members or survivors, a worker must earn a minimum number of credits based on work in covered employment or self-employment. These credits are described as Quarters of Coverage (QC). Eligibility for most types of benefits requires that the worker is fully insured. A fully insured worker usually has a number of QCs at least equal to the number of calendar years elapsing between the age of 21 and the year in which he/she reaches the age of 62, becomes disabled or dies, whichever occurs first. For workers who become disabled or die before the age of 62, the number of QCs needed for fully insured status depends on their age at the time when worker becomes disabled or dies. A minimum of 6 QCs is required regardless of age for entitlement of benefits.

RETIREMENT BENEFITS

The largest component of OASDI is the payment of retirement benefits. In US throughout a worker's career, the social security administration keeps track of his or her earnings. The amount of the monthly benefit to which the worker is entitled depends on that earning record and upon the age at which the retiree chooses to begin receiving benefits. The earlier stage at which the benefits are payable is 62 years and full retirement benefits are dependent on a retiree's year of birth.

SPOUSE BENEFITS

In US any current spouse is eligible and divorced or former spouses are eligible generally if the marriage lasts for at least 10 years. The spousal benefit is half the Primary Insurance Amount (PIA) of the worker. Only after the worker applies for retirement benefits the non-working spouse can apply for the spousal retirement benefits.

DISABILITY

A worker who has worked long enough and recently enough to be covered can receive benefits upon becoming totally disabled, regardless of his or her age. The eligibility formula requires a certain number of credits based on earnings to have been earned overall, and a certain number within the ten years preceding the disability, but with more lenient provisions for younger workers who become disabled before having had a chance to compile a long earnings history.

The worker must be unable to continue in his or her previous job and unable to adjust to other work, taking into account the worker's age, education and work experience. The disability must be long term lasting 12 months resulting in death, or expected to result in death. As with the retirement benefit, the amount of disability benefit payable depends on the worker's age and record of covered earnings. Supplemental Security Income (SSI) uses the same disability criteria as the insured social security disability program, but SSI is not based up an insurance coverage. But a system of means-testing is used to determine if the claimants' income and net worth fall below certain income and asset thresholds after the claimants establish disability.

Severely disabled children may qualify for SSI. In addition, disabled minor children of disabled or deceased workers may receive survivor's benefits. A programme called Disabled Adult Child.

Insurance Benefits (DACIB) provides benefits for the disabled adult children of disabled or deceased workers. For disability determination at the Social Security Administration has created administrative courts in the US depending on the state of residence. A claimant whose initial application for benefits is denied can request reconsideration or having before Administrative Law Judge. It involves a re-examination of evidence and an opportunity for hearing before disability hearing officer. The hearing officer then issues a decision in writing, with reasons for his findings. If claimant is again denied at the reconsideration stage, he can request hearing before Administrative Law Judge. In some states SSA is implemented as a pilot program that eliminates the reconsideration steps and allows claimants to appeal an initial denial directly to an Administrative Law Judge. Since the number of applications for social security is very high the time for hearing is limited to 90 days of the request of the claimant.

After hearing, the Administrative Law Judge issues decision in writing. The decision can be fully favourable (the claimant is disabled); partially favourable (the claimant is disabled in source point and not in certain others as claimed) or unfavourable (not disabled at all). In case of the last two decisions, the claimant can appeal to Social Security's Appeals Council and it accepts no hearings but written briefs. If the claimant disagrees with the Appeal Council's decision he can appeal the case in the federal district court. As in most federal court cases an unfavourable district court decision can be appealed to the appropriate appellate circuit courts and an unfavourable appellate court decision can be appealed to the United States Supreme Court.

SURVIVOR'S BENEFIT

If a worker covered by social security dies, a surviving spouse or children can receive survivor's benefits. In several instances, survivor's benefits are available even to a divorced spouse. Survivor's benefits to non-disabled children are upto 18 years of age or the child graduation from high school, whichever is later. The earliest age for a non-disabled widow(er) benefit is 60 years. The benefit is equal to the worker's full retirement benefit for spouses who are at or older than survivor's normal retirement age (if the worker dies when the survivor is younger, there is an actuarial reduction).

RESHAPING THE SOCIAL SECURITY LAW

The Social Security Act was passed in the year 1935. It is otherwise known as Old Age Pension Act. This Act provided benefits to the retirees and the unemployed and a lump sum benefit at death. Payments to current retirees are financed by a payroll tax on current worker's wages, half directly as payroll tax and half paid by the employer. Though the constitutionality of the Act was challenged in many cases, the courts affirmed its validity. The original 1935 Act paid retirement benefits only to the primary worker. Many types of people were excluded, like farm workers, the self employed and anyone employed by an employer of less than 10 people. These exclusions intended to exclude those, as it would be difficult to monitor compliance, and covered approximately half of the civilian labour force in the US. The 1935 Act also contained the first national unemployment compensation program aid to the states for various health and welfare programs and the Aid Dependent Children Program. The initial tax rate was 2.0% of the first \$3000 of the employees earning shared equally between the employee and the employer. The tax rates were increased by amending Federal Insurance Contribution Act generally in three important ways. They are-

- (i) The widowed non-working spouse of someone entitled to an old age benefit also entitled to an old age benefit.
- (ii) Survivors (widows and orphans) became eligible for a benefit.

(iii) Retirees who had never paid any FICA taxes became eligible for old age benefits.

In 1956, the tax was raised to 4.0% (2% for employer and 2% for employee-equal contribution) and disability benefits were added. In 1961 also the tax rate was increased to 6%. Medicare was added in 1965 by Social Security Act of 1965. Supplementary Security Income benefits, though not exactly social security benefit but welfare benefit prolonged to immigrants who had never paid into the system even when they reached 65 years of age. In the early 1980s there was concern about the long-term prospects for social security because of demographic considerations. A commission chaired by Alan Green Space made several recommendations. Under the 1983 Amendments to social security, the payroll tax rate was increased, additional employees were added to the system, and the full age retirement age was slowly increased and up to half of the value of social security benefit was made potentially taxable income. As a result of these changes, the social security system began to generate a large surplus of funds intended to cover added retirement cost. Congress invested these surpluses into special series, non-marketable US Government bonds which are held by social security trust fund. Under the law, the government bonds held by social security are backed by the full faith and credit of the US government. The special series non-marketable bonds currently held in social security trust fund are off-balance sheet and are excluded from the US National Debt Calculation. These bonds simply represent a promise to pay the trust fund later, whether by increasing taxes, cutting benefits or simply borrowing some money.

SOCIAL SECURITY TAX ON WAGES AND SELF EMPLOYMENT INCOME

Benefits are funded by taxes imposed on wages of employees and self employed persons. In case of employment, the employer and employee are responsible for one half of the social security tax with the employees half being withheld from the employees' pay check. In the case of self employed persons too, independent contractors the person himself is responsible for the entire amount of social security tax. A separate payroll tax of 1.4% of an employees' income paid directly by the employer and an additional 1.45% deducted from the employees' pay check, yielding an effective rate of 2.9%, funds the Medicare program. This program is primarily responsible for providing health benefit to retirees. The combined tax rate of these two federal program is 15.3%. Social Security taxes are paid into the Social Security Trust Fund maintained by US Treasury. Current year expenses are paid from current social security tax revenues. A Social Security Number (SSN) is issued in pursuant to section 205(c) (2) of the Social Security Act14 is provided with. A multitude of US entities use the social security number as a personal identifier.

LEGISLATIVE CHANGES FROM 1996

Contract with America Advancement Act of 1995 made a change in the basic philosophy of the disability programme. By this Act New applicants for the Social Security or SSI disability benefits could no longer eligible for benefits if drug addiction or alcoholism is a material factor to their disability.

The Personal Responsibility and Work opportunity Reconciliation Act of 1996 is called as "welfare reform" legislation. Previously lawfully admitted aliens could receive SSI if they met other factors of eligibility. From the date of enactment no new non-citizens could be added to the benefit rolls and all existing non-citizens beneficiaries, even the children eligible under old law, would be removed from the rolls.

Ticket to work and Work Incentives Improvement Act of 1999 made a most significant change in the disability policy. This law creates a Ticket to Work and Self - Sufficiency Programme which will provide disability beneficiaries with a ticket they may use to obtain vocational rehabilitation services and other support services from an employment network of their choice. The new provisions provide a number of safeguards to the beneficiaries to protect their benefits and health. Law also provides for incentive payments to providers for successful rehabilitation in which the beneficiary returns to work. Altogether the Ticket to Work initiative seeks to shift the emphasis in the disability programme away from mere maintenance of benefits to more toward rehabilitating the disabled and assisting them in returning to productive work. The Senior Citizen's Freedom to Work Act of 2000 eliminated the Retirement Earnings Test which is provided under Social Security Act, with effect from January, 200018.

THREE MODELS OF U.S. SOCIAL SECURITY REFORM

Recently the Government offers three alternative plans (Model I,II &III) for reforms. They are as follows:

Model I allows workers to invest up to 2 % of their taxable income in to a personal account. Traditional benefits if received would then be set off from the personal account contributions.

In Model II the workers could contribute up to 4.5% of their taxable income. Social Security benefits would be set off from the contributions, but the additional interest of 2% of the workers contribution, compound over the worker's career.

Model III involves a 2.5% contribution from payroll taxes, plus a 1% additional contribution by the employee, up to 1000 dollars maximum. Benefits then are set off from the account of the contributions but the additional interest rate reduction under this model would be 2.5 %.

Under all these three models there are changes in the way that benefits are calculated. In the current system benefits are indexed to current wages but here the benefits would be indexed to prices.

COMPARISON WITH PRIVATE PENSIONS

Although social security is sometimes compared to private pensions, the payment of disability benefits distinguishes social security from most private pensions. A private pension fund accumulates the money paid into it, eventually using those reserves to pay pension to the workers who contributed to the fund. Social security on the other hand is fundamentally a wealth transfer system. A private system can refund because it does not try to cover everybody, so they can be net savers and net borrowers; on the other hand, social security system operates as a pipeline through which current tax receipts from worker are used to pay current benefit to retirees, survivors and the disabled. Although there is a social security trust fund that holds the cumulative excess of taxes withheld over benefits paid, unlike a private pension plan, the social security trust fund does not hold any substantial marketable assets to secure worker's paid-in contributions.

Two broad categories of private pension plans are:

- (1) Defined benefit pension plans;
- (2) Defined contribution pension plans.

Out of these, social security is more similar to defined benefit pension plan in which benefits ultimately received are based on some sort of pre-determined formula. Defined pension plans generally do not include separate accounts for each participant. But in a defined contribution pension plan each participant has a specified account in the funds put into that account by employer in the participant or by both. Here the ultimate benefit is based on the amount in that account at the time of retirement. Private pension are governed by *Employee Retirement Income Security Act*, which requires minimum level of funding. The purpose is to protect workers from corporate mismanagement and outright bankruptcy. In terms of financial structure, social security would be analogous to an underfunded pension, i.e., where savings are not enough to pay future benefits without collecting future tax revenues. On February 2, 2005 President George Bush in his Statement of the Address described the social security system as "headed for bankruptcy" and outlined in general terms, a proposal based on partial privatization. Critics responded that privatization would worsen the program's solvency outlook and would require huge new borrowing.

INTERNATIONAL SOCIAL SECURITY AGREEMENTS

In today's global environment, people often relocate from one country to another, either permanently or limited time basis. This poses challenges to business, governments and individuals seeking to ensure future benefits or having to deal with taxation authorities in multiple countries. The President is authorized to enter into international Social Security Agreements to coordinate the U.S. Old Age, Survivors and Disability Insurance (OASDI) with comparable programmes of other countries. To that end the U.S. has signed treaties, often referred to as 'totalization agreements' with other social insurance programs of various foreign countries.

International Social Security agreements have two main purposes for U.S. First they eliminate dual social security coverage and the second is to help in filling gaps in benefit protection for workers who have divided their careers between the U.S. and the other country. They eliminate dual social security taxation when a worker from one country works in another country and is required to pay social security taxes to both countries on the same earnings. Those who divided their careers may fail to qualify their social security benefits from one or both countries because they have not worked long enough to meet the criteria. Under an agreement these workers and their family members may qualify for a partial U.S. benefit based on totalized credits from both countries.

SOCIAL SECURITY IN INDIA

The general frame work of social security legislations in India includes Employees' Provident Fund, Gratuity, Employee's Insurance, Employee's Pension Scheme and National Social Assistance Programme. Social Security to the workers in the organized sector is provided through five Central Acts, namely, the Employees State Insurance Act, the Employees Provident Fund & Miscellaneous Provisions Act, the Workmen's' Compensation Act, the Maternity Benefit Act, and the Payment of Gratuity Act. In addition, there are a large number of welfare

Funds for certain specified segments of workers such as beedi workers, cine workers, construction workers etc. The types of programmes in India include Provident Fund with Survivor (Deposit Linked) Insurance and pension fund, gratuity schemes for industrial workers and social assistance system. In 2004, a voluntary old age, disability and survivors benefits scheme introduced under unorganized sector social security scheme for employees and self employed persons between the age of 36 to 50 having a monthly income Rs. 6500/- or less. This means that India is having a lot of social security benefits under different heads. Moreover, a single benefit is provided under many heads also. For example old age benefits are provided by provident fund, pension scheme, gratuity scheme and old age pension under social assistance also. Likewise permanent disability benefit is provided by provident fund scheme, pension scheme and gratuity scheme. The survivor's benefits are provided through provident fund, survivor (deposit-linked) insurance scheme, pension scheme (widow(er)'s pension, orphan's pension, other eligible survivor's pension), gratuity scheme, funeral grant and survivor grant under social assistance. Generally the coverage comes under social assistance and social insurance. Relevant amendments are proposed in the EPF and MP Act as also in the ESI Act. The consultation process is on with reference to the amendment suggestions received in case of the Maternity Benefit Act and the Workmen's Compensation Act. Innovative measures are proposed in the running of the Social Security Schemes of Employees' Provident Fund Organisation and Employees' State Insurance Corporation. This includes flexible benefit schemes tailored to the specific requirements of different segments of the population.

FINDINGS OF THE STUDY

Social security systems in the U.S.A are linked to wage employment. In India, the situation is entirely different from that existing in U.S.A. The key differences are:

- India does not have an existing universal social security system;
- India does not face the problem of exit rate from the workplace being higher than the replacement rate. Rather on the contrary lack of employment opportunities is the key concern;
- 92% of the workforce is in the informal sector which is largely unrecorded and the system of pay roll deduction is difficult to apply.

SUGGESTION AND CONCLUSION

The new trend in all countries is that the State is trying to withdraw from its responsibility to provide security benefits to their workers. They do it either by privatizing or through converting assistance to contributory insurance. In United States, the government is trying to increase pay roll tax rates and promote rehabilitation programmes which enable workers to return to work. International social security agreements with other countries by U.S. to enable the workers who divide their career between U.S. and other countries is a good initiative to be taken into consideration.

As the social, economic and political situation in India is highly different from other nation states, India has to find out solutions for maximum social security coverage in tune with its own resources and needs. The position in India with regard to social security can be differentiated mainly on three grounds.

- **Lack of effective grievance redressal mechanism:** - In India the social security benefits are under different legislations and under different schemes. Some legislations provide for redressal forum and some do not. Many of the benefits under schemes are not a matter of legal rights to get adjudicated under a court of law.
- **Lack of comprehensive coverage:** - The system prevailed under other countries are providing coverage irrespective of any classification for coverage. All are legally entitled to one benefit scheme or other benefit scheme. But in India majority are outside the legally covered social security programmes.
- **Constitutional Mandate:** - Unlike any counterpart Indian Government is constitutionally bound to provide social security to its citizens.

Apart from this, in the contemporary world, the domestic legal scenario is highly influenced by international agreements and sovereignty of nation is said to be re-defined. This influence has made a sweeping change in India too. Hence it is highly necessary to understand the labour and trade law relationship and how it affects the states' welfare measures for labour force.

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ANALYSIS OF INNOVATIVE TRADING TECHNIQUES IN FOREIGN EXCHANGE TRADING

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ABSTRACT

This research paper is intended to study the innovative trading techniques in foreign exchange market. This study covers various trading technical tools and analysing methods in the foreign exchange trading. Study also covers the various fundamental factors with FOREIGN EXCHANGE. Primary & Secondary data collected from a trading company called Wing World Finconsult Pvt Ltd. EURO vs. US \$ Currency Pair considered for the analysis of trading techniques. Discussed Trading techniques are Relative Strength Index, Stochastic oscillator, Fibonacci Retracement, Bollinger Bands, Moving Average Convergence and Divergence technique. We have a strong opinion that Currency Trading in India is having an immense scope if Awareness increases along with liberal policies. Industry is potential to grow leaps and bounds subjected to support of regulatory bodies.

KEYWORDS

Foreign Exchange Trading, FOREX, Trading Techniques.

INRODUCATION

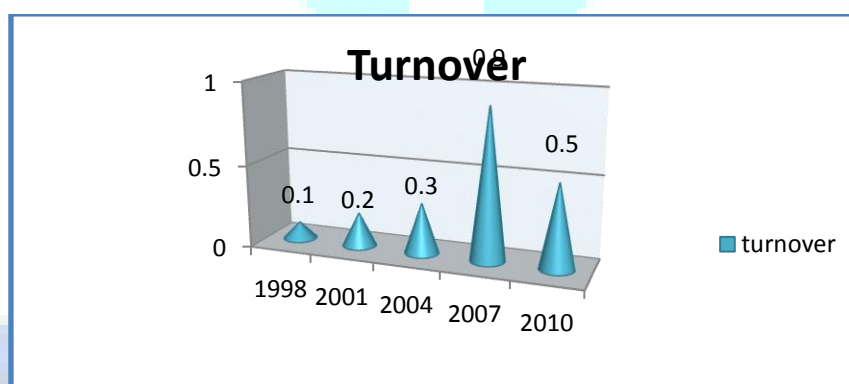
Foreign Exchange market in India is under studied as research data is less found especially with respect to trading techniques hence an attempt made to understand the Foreign Exchange Market and trading techniques. As Indian Fore market is growing year by year, there is more scope for trading business.

OBJECTIVES OF STUDY

- To study the foreign exchange market and various methods of analysing the market
- To study the different types of technical tools used for analysing the FOREX market
- To study the comparison of different currencies using different technical tools

SCOPE OF THE STUDY

- New liberal policies are attracting more participants into foreign currency exchange and trading
- Unlimited opportunities for an individual to invest in FOREX trading.
- As the system is decentralized and open for worldwide buyers and sellers, there is a lot of potential seen in FOREX trading in India.
- involvement of Reserve Bank of India (RBI)

PERCENTAGE OF INDIA'S TURNOVER IN WORLD FOREX**RESEARCH DESIGN AND METHODOLOGY**

Daily currency data collected for May 2014 and analysed day – day currency movement using Candle stick chart, Relative Strength Index, Stochastic oscillator, Fibonacci Retracement, Bollinger Bands & MACD techniques

DATA COLLECTION

Primary data was collected from observation and discussion with the help of company executive & Official closing and opening records are collected by Investment.com. Secondary data was collected from the past records of the company, academic journals, academic Text books and official government websites.

LITERATURE REVIEW

Kaushik Basu (JAN 2009), Examine the 'mechanics' of central bank interventions and, using techniques of industrial organization theory, proposes new kinds of interventions which have the same desired effect on the exchange rate, without causing a build-up of reserves.

Christopher J. Neely, Paul A. Weller (July 24, 2011), introduces the subject of technical analysis in the foreign exchange market, with emphasis on its importance for questions of market efficiency. "Technicians" view their craft, the study of price patterns, as exploiting traders' psychological regularities. Deepti Gulati & Monika Kakhani (November 2012), examined whether any causal relationship exists between foreign exchange rates and stock market. By applying the techniques of Granger Causality test and correlation test, relationships between INR/\$ exchange rate and Indian stock market indices (SENSEX and NIFTY 50) were determined for data between 2004 and 2012.

LIMITATIONS OF THE STUDY

- Study is limited to only 1 month
- Non availability of complete information
- FOREX market is large and vast it is very difficult to satisfy all the areas. Therefore an attempt is made to cover as much as possible

FOREX MARKET IN INDIA

Traditionally Indian FOREX market has been a highly regulated one. Till about 1992-93, government exercised absolute control on the exchange rate, export-import policy, FDI (Foreign Direct Investment) policy. The **Foreign Exchange Regulation Act (FERA)** enacted in 1973, strictly controlled any activities in any remote way related to foreign exchange.

Post liberalization, the Government of India, felt the necessity to liberalize the foreign exchange policy. Hence, **Foreign Exchange Management Act (FEMA) 2000** was introduced. FEMA expanded the list of activities in which a person/company can undertake FOREX transactions. Through FEMA, government liberalized the export-import policy, limits of FDI (Foreign Direct Investment) & FII (Foreign Institutional Investors) investments and repatriations, cross-border M&A and fund raising activities.

Foreign Exchange Dealers association of India (FEDAI), set up in 1958, helped the government of India in framing rules and regulation to conduct FOREX exchange trading and developing FOREX market in India. A major step in development of Indian FOREX market happened in 2008, when currency futures (Indian Rupee and US Dollar) started trading at National Stock Exchange (NSE). Since the introduction, the turnover in futures has increased leaps and bound.

FEMA FEATURES

Activities such as payments made to any person outside India or receipts from them, along with the deals in foreign exchange and foreign security is restricted. It is FEMA that gives the central government the power to impose the restrictions.

- Restrictions are imposed on people living in India who carry out transactions in foreign exchange, foreign security or who own or hold immovable property abroad.
- Without general or specific permission of the MA restricts the transactions involving foreign exchange or foreign security and payments from outside the country to India – the transactions should be made only through an authorised person.
- Deals in foreign exchange under the current account by an authorised person can be restricted by the Central Government, based on public interest.
- People living in India will be permitted to carry out transactions in foreign exchange, foreign security or to own or hold immovable property abroad if the currency, security or property was owned or acquired when he/she was living outside India, or when it was inherited by him/her from someone living outside India.
- Exporters are needed to furnish their export details to RBI. To ensure that the transactions are carried out properly, RBI may ask the exporters to comply with its necessary requirements.

AUTHORISED PERSONS

1. Authorised Dealers-authorized dealer include Commercial Banks, State Co-operative banks and Urban Co-op Banks.
Activities: all permissible capital account transaction
2. Financial institutions – it includes financial institution and Factoring agencies
Activities related to financing of international trade undertaken by these institutions
3. Fully Fledged Money Changers- it includes Department of Post, UCB,FFMC
Activities: sales/purchases of foreign exchange for private and business visits abroad.
4. Others
Activities: specified non trade related current account transaction

FEDAI

- Foreign Exchange Dealers Association of India (FEDAI) was set up in 1958 as an Association of banks dealing in foreign exchange in India (typically called Authorized Dealers - ADs) as a self-regulatory body and is incorporated under Section 25 of The Companies Act, 1956.
- It's major activities include framing of rules governing the conduct of inter-bank foreign exchange business among banks vis-à-vis public and liaison with RBI for reforms and development of FOREX market

CURRENCIES ARE TRADED IN PAIRS

FOREX trading is the simultaneous buying of one currency and selling another. Currencies are traded through a broker or dealer, and are traded in pairs. Major Traded Currency Pairs are as per following:

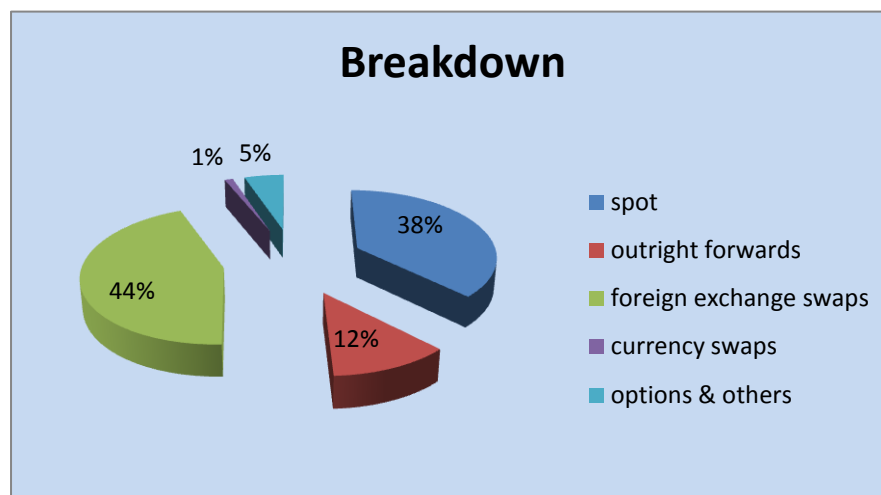
Pairs	Countries	FX Geek Speak
EUR/USD	Euro zone / United States	"euro dollar"
USD/JPY	United States / Japan	"dollar yen"
GBP/USD	United Kingdom / United States	"pound dollar"
USD/CHF	United States/ Switzerland	"dollar swissy"

TYPES OF TRANSACTIONS

Spot Transactions	As the name suggests, a spot transaction literally means spot delivery of the exchanged currency, but practically speaking, spot transactions need to be settled within two days by directly exchanging one currency for another
Outright Forwards	The delivery of the exchanged currency takes place on an agreed future date at an agreed exchanged rate at the time of the contract. The market rate at the time of the exchange dates can be anything and does not matter.
FOREX Swaps	A contract that simultaneously agrees to sell an amount of currency at an agreed rate and to repurchase the same amount of currency for a later value at a later date from the same party, also at an agreed rate. In both cases, the interest is inclusive.
Currency Swaps	A swap of currencies where interest and principal in one currency are exchanged for interest and principal in another.
FOREX Options	An option contract gives the buyer the right (but not the obligation) to exchange one currency for another at a predetermined exchange rate on or before the maturity date.

TRADING**BREAKDOWN BY FINANCIAL INSTRUMENT**

The daily foreign exchange turnover according to April 2010 surveys is estimated to be US\$4 trillion. The approximate (estimated) breakdown of this per financial instrument is as follows:



Average daily turnover in the global foreign exchange market has reached \$5.3 trillion in 2013, up from \$4 trillion in 2010, according to the latest triennial survey from the Bank for International Settlements (BIS), with the UK continuing to comprise the largest slice of the business.

TABLE -2: GEOGRAPHICAL DISTRIBUTION OF GLOBAL FOREIGN EXCHANGE MARKET TURNOVER (%)

Country	1995	1998	2001	2004	2007	2010
united kingdom	29.3	32.6	32	32	34.6	36.7
united states	16.3	18.3	16.1	19.1	17.4	17.9
Japan	10.3	7	9	8	5.8	6.2
Singapore	6.6	6.9	6.1	5.1	5.6	5.3
Switzerland	5.4	4.4	4.5	3.3	5.9	5.2
Hongkong	5.6	3.8	4	4.1	4.2	4.7
Australia	2.5	2.3	3.2	4.1	4.1	3.8
France	3.8	3.7	2.9	2.6	3	3
Denmark	1.9	1.3	1.4	1.6	2.1	2.4
Germany	4.8	4.7	5.4	4.6	2.4	2.1
Canada	1.9	1.8	2.6	2.3	1.5	1.2
Sweden	1.2	0.8	1.5	1.2	1	0.9
Korea		0.2	0.6	0.8	0.8	0.9
Russia		0.3	0.6	1.1	1.2	0.8
Luxembourg	1.2	1.1	0.8	0.6	1	0.7
Belgium	1.7	1.3	0.6	0.8	1.2	0.6
Finland	0.3	0.2	0.1	0.1	0.2	0.6
Spain	1.1	1	0.5	0.5	0.4	0.6
Italy	1.5	1.4	1	0.9	0.9	0.6
India		0.1	0.2	0.3	0.9	0.5

THEORITICAL BACKGROUND OF FOREIGN EXCHANGE TRADING

Foreign exchange market is essentially the trading of the currency from two countries against each other. The pairs are predetermined by brokers, who may or may not offer a match for the currency pair that you want to trade.

For example, a popular pair that is widely traded is the EUR/USD. The EUR/USD is the European Dollar, also known as the EURO, and the USD, which is the US Dollar. When the Euro becomes worth more money in dollars, the pair goes up, when it becomes worth less money in dollars, the pair drops in value.

If you were to speculate that the USD was going to drop in value compared to the Euro, you would buy the EUR/USD and wait for it to start rising. This is called going long. If you thought the Dollar would gain in value compared to the Euro, you would go short on the EUR/USD pair.

All of this trading is done through FOREX brokers. A FOREX brokerage is an intermediary that takes on your trade and puts it on the open market. Foreign exchange trading is not done through any centralized market, so all FOREX broker rates may not be exactly the same at the same time. FOREX brokers deal with networks of banks and the trading is carried out electronically within fractions of a second when orders are placed. The whole purpose of trading FOREX online, for most people, is to make money. Corporations sometimes use it to offset a contract or future purchase that they plan to make. Retail traders trade in the FOREX markets to make money on changes in the values of currencies over time.

One thing that really adds to the fun is that FOREX brokers offer FOREX leverage to help you in your trading. Trading with leverage is basically the FOREX broker allowing you to trade more on the market than what you actually have in your account. This is an advantage for them because they collect fees based on the size of the trades that you make. The larger the trade, the larger the fee. Every time you make a trade with a FOREX broker they collect what they call the spread, i.e. in FOREX trading there are two prices on a currency pair at any given time. There is the ask price and the bid price. The spread is the difference between those two prices.

For example: if you made a long trade, you would pay the bid price on the pair. When you close or "sell" that trade, you would close at the asking price. The spread is the constant difference between the bid price and the ask price.

Using leverage allows traders to trade on the market with more money than what they actually have in their account. Trading with leverage sounds like a really good time, and it's true that it can increase how easily you can make money, but the thing that is less talked about is it also increases your risk for losses. If a trader with \$1000 in their account is trading with 50:1 and trading \$50,000 on the market, each pip is worth around \$5.

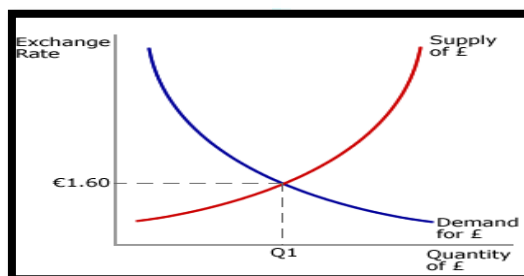
For example, if you were trading 2:1, you could use a \$1000 deposit, to control \$2000 of currency on the market. Many FOREX brokers offer as much as 50:1 leverage. New traders tend to jump in and start trading with that 50:1 leverage immediately without being prepared for the consequences.

DETERMINATION OF EXCHANGE RATES - WHY DO THEY GO UP AND DOWN

All FOREX trading involves the exchange of one currency with another. At any one time, the actual exchange rate is determined by the supply and demand of the corresponding currencies. Keep in mind that the demand of a certain currency is directly linked to the supply of another. Likewise, when you supply a certain currency, it would mean that you have the demand for another currency.

So an exchange rate is the price of one currency in terms of another. In other words it is the price you will pay in one currency to get hold of another. The price can be set in various ways. It may be fixed by the government or it could perhaps be linked to something external - for example, gold.

However, the most likely alternative is that it will be fixed in a market. Since it is a price, it will be determined, like any other price, by demand and supply. This is the supply and demand of pounds traded on the foreign exchange market and is NOT the amount of sterling in circulation! A high level of demand for a currency will force up its price - the exchange rate. Where supply is equal to demand is the equilibrium exchange rate, as shown in the diagram below.¹



The demand for £ comes from people who are investing in the UK from abroad and so need pounds, or from firms who are buying UK exports. They will need pounds to be able to pay for the goods. The supply comes from people in the UK who are selling pounds. This may be because they have bought goods from overseas (imports), or it may simply be that they are investing in another country and so need the local currency. To get this they have to sell pounds in exchange for the other currency.

THE FOLLOWING FACTORS AFFECT THE SUPPLY AND DEMAND OF CURRENCIES AND WOULD THEREFORE INFLUENCE THEIR EXCHANGE RATES.

1. Monetary Policy
2. Political Situation
3. Balance of Payments
4. Interest Rates
5. Inflation

FOREX FORECASTING

BASIC FOREX FORECAST METHODS: TECHNICAL ANALYSIS AND FUNDAMENTAL ANALYSIS

Technical analysis is a method of predicting price movements and future market trends by studying charts of past market action. Technical analysis is concerned with what has actually happened in the market, rather than what should happen and takes into account the price of instruments and the volume of trading, and creates charts from that data to use as the primary tool. One major advantage of technical analysis is that experienced analysts can follow many markets and market instruments simultaneously.

TECHNICAL ANALYSIS IS BUILT ON THREE ESSENTIAL PRINCIPLES

1. **Market action discounts everything!** This means that the actual price is a reflection of everything that is known to the market that could affect it, for example, supply and demand, political factors and market sentiment. However, the pure technical analyst is only concerned with price movements, not with the reasons for any changes.
2. **Prices move in trends** Technical analysis is used to identify patterns of market behaviour that have long been recognized as significant. For many given patterns there is a high probability that they will produce the expected results. Also, there are recognized patterns that repeat themselves on a consistent basis.
3. **History repeats itself** FOREX chart patterns have been recognized and categorized for over 100 years and the manner in which many patterns are repeated leads to the conclusion that human psychology changes little over time.

FUNDAMENTAL ANALYSIS

Fundamental analysis is a method of forecasting the future price movements of a financial instrument based on economic, political, environmental and other relevant factors and statistics that will affect the basic supply and demand of whatever underlies the financial instrument. In practice, many market players use technical analysis in conjunction with fundamental analysis to determine their trading strategy. One major advantage of technical analysis is that experienced analysts can follow many markets and market instruments, whereas the fundamental analyst needs to know a particular market intimately. Fundamental analysis focuses on what ought to happen in a market. Factors involved in price analysis: Supply and demand, seasonal cycles, weather and government policy. The fundamentalist studies the cause of market movement, while the technician studies the effect. Fundamental analysis is a macro or strategic assessment of where a currency should be trading based on any criteria but the movement of the currencies price itself. These criteria often include the economic condition of the country that the currency represents, monetary policy, and other "fundamental" elements.

TECHNIQUES

FIBONACCI RETRACEMENT

Fibonacci retracements are one of the four most commonly-used Fibonacci studies for predicting levels of support and resistance for a given market. Fibonacci retracements are used immediately after a strong price movement either up or down. An imaginary vertical line is drawn across the chart between two extreme price values, one high and one low. Then a number of horizontal lines are drawn perpendicular to the imaginary vertical at significant Fibonacci values. The most common number of lines is five, drawn at 0%, 38.2%, 50%, 61.8%, and 100% of the length of the line (starting from either end), but some traders have been known to use even more retracement lines than this.

RELATIVE STRENGTH INDEX

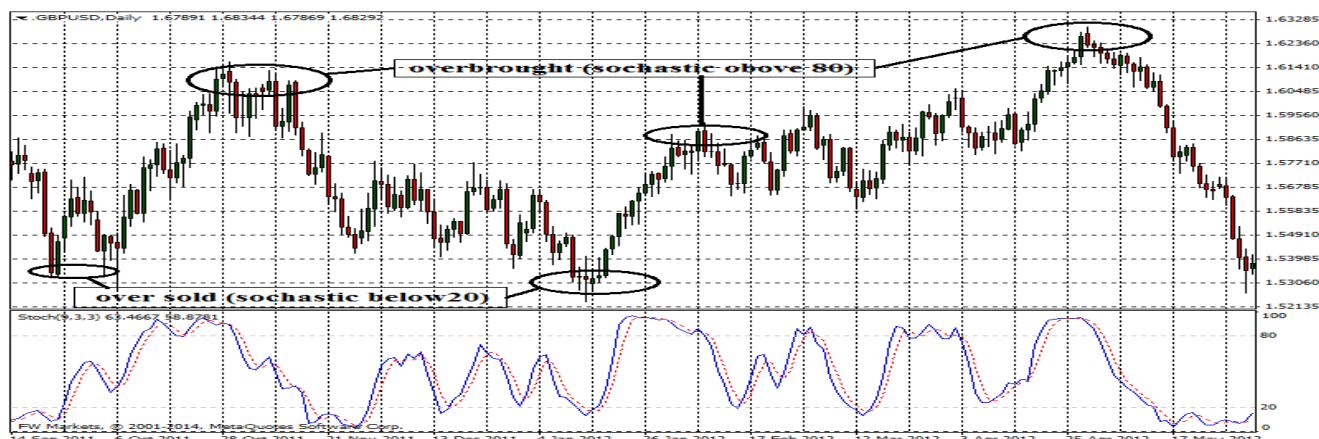
The relative strength index was developed by J. Welles Wilder and published in a 1978 book. The RSI measures the ratio of up-moves to down-moves and normalizes the calculation so that the index is expressed in a range of 0-100. If the RSI is 70 or greater, then the instrument is assumed to be overbought (a

situation in which prices have risen more than market expectations). An RSI of 30 or less is taken as a signal that the instrument may be oversold (a situation in which prices have fallen more than the market expectations).

The standard calculation for RSI uses 14 trading days as basis, which can be adjusted to meet the needs of the user. If the trading period is adjusted to use fewer days, the RSI will be more volatile and will be used for shorter term traders.

STOCHASTIC OSCILLATOR

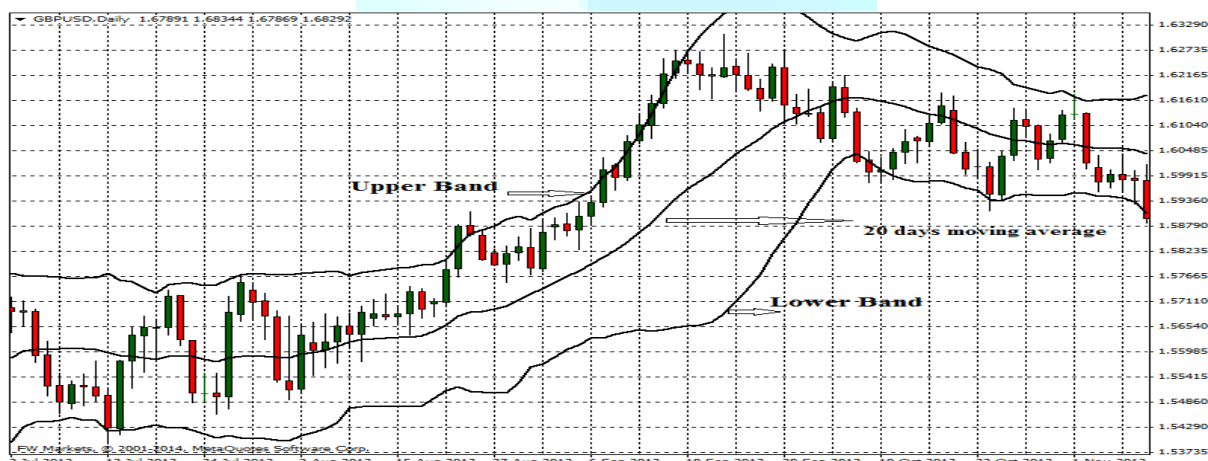
This is used to indicate overbought/oversold conditions on a scale of 0-100%. The indicator is based on the observation that in a strong up trend, period closing prices tend to concentrate in the higher part of the period's range. Conversely, as prices fall in a strong down trend, closing prices tend to be near to the extreme low of the period range. Stochastic calculations produce two lines, %K and %D that are used to indicate overbought/oversold areas of a chart. Divergence between the stochastic lines and the price action of the underlying instrument gives a powerful trading signal.



BOLLINGER BAND

Bollinger Bands consist of three lines. The center line is calculated by taking a simple moving average of the price of an asset. Traders most commonly use a 20 or 21-day moving average when calculating the center line of a Bollinger Band. Once the center line is calculated, the upper and lower bands are drawn two standard deviations above or below the moving average. The standard deviation of a market price varies depending on the difference between high and low prices for a given trading day, which means that when an asset becomes more volatile, the Bollinger Band expands, whereas when an asset becomes less volatile, the Bollinger Band contracts. This gives traders an idea of an asset's volatility.

If prices fall outside of two standard deviations of the median price (meaning that, on a candlestick chart, they fall outside of the Bollinger Band), those prices have reached an extremely high or extremely low level for the asset at that time. This can be a signal that a breakout from the trend is imminent, or a warning that an asset is overbought or oversold. When such indicators occur during a period of low volatility, this can be a very strong indicator of a coming reversal in trend, giving traders a signal to take the appropriate action with respect to that asset.



This is one of the most popular techniques. The closer the prices move to the upper band, the more overbought the market, and the closer the price move to the lower band, the more oversold the market.

MOVING AVERAGE CONVERGENCE DIVERGENCE

This indicator involves plotting two momentum lines. The MACD line is the difference between two exponential moving averages and the signal or trigger line, which is an exponential moving average of the difference. If the MACD and trigger lines cross, then this is taken as a signal that a change in the trend is likely. This tool is used to identify moving averages that are indicating a new trend, whether it's bullish or bearish.



ANALYSIS & INTERPRETATION

The study was conducted using of past 4 weeks/month data and has been analyzed using 5 technical analysis indicators.

1. Relative Strength Index (RSI)
2. Stochastic oscillator
3. Fibonacci Retracement
4. Bollinger Bands
5. Moving Average Convergence & Divergence (MACD)

EUR/USD: EURO vs. US DOLLAR

EUR/USD - This is the most popular currency pair in the world, representing the world's two largest economies. The Euro was created to facilitate cross-border trade of European trading partners. Since its inception in 1999, the pair has faced considerable volatility as the world has faced multiple events of volatility such as the tech boom becoming the tech bust, the real estate bubble, and the European Debt Crisis which still has yet to find long-term resolution.

EUR/USD: Euro vs. US Dollar**TABLE-3**

Date	Opening rate	Closing rate
1-may-2014	1.38660	1.38674
2-may-2014	1.38673	1.38716
5-may-2014	1.38725	1.38743
6-may-2014	1.38753	1.39248
7-may-2014	1.39259	1.39113
8-may-2014	1.39113	1.38389
9-may-2014	1.38392	1.37553
12-may-2014	1.37567	1.37577
13-may-2014	1.37577	1.37028
14-may-2014	1.37032	1.37136
15-may-2014	1.37134	1.37097
16-may-2014	1.37099	1.36922
19-may-2014	1.36973	1.37083
20-may-2014	1.37083	1.36986
21-may-2014	1.36991	1.36857
22-may-2014	1.36856	1.36556
23-may-2014	1.36555	1.36349
26-may-2014	1.36240	1.36438
27-may-2014	1.36442	1.36337
28-may-2014	1.36338	1.35919
29-may-2014	1.35920	1.36018
30-may-2014	1.36017	1.36303

EUR/USD may be set to extend its recent declines following a break below key support near 1.35914, and the absence of a bullish signal on the daily. Traders are likely to step in to support the common currency at 1.3560. **EUR/USD: 1.3598** ↑

Previous Close:	1.3594
Open:	1.3594
Bid:	1.3597
Ask:	1.3598

RELATIVE STRENGTH INDEX (RSI)

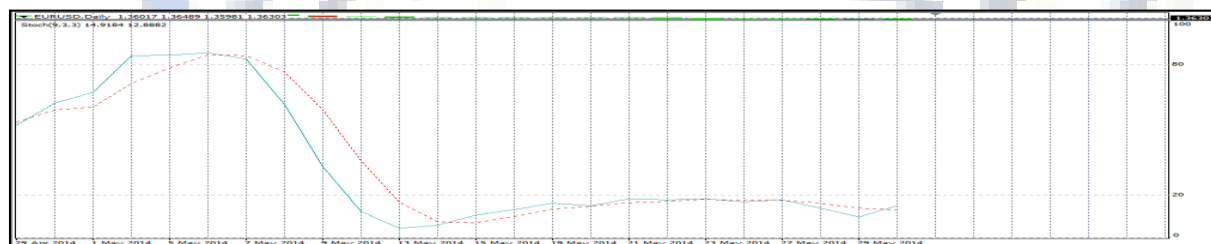
Relative Strength Index chart shows the performance of EUR/USD currency performance in the month of May-2014



EUR/USD as per RSI it's oversold and it indicates euro against dollar may further decline until it breaks 30 points.

STOCHASTIC OSCILLATOR

Stochastic oscillator chart shows the performance of EUR/USD in the month of May 2014.



One method of interpreting the Stochastic Oscillator is looking for overbought areas (above 80) and oversold areas (below 20). The Stochastic Oscillator is below 20 for above chart. This is an oversold reading. However, a signal in the market will change when the Oscillator crosses above 20. That signals reversal.

FIBONACCI RETRACEMENT

Fibonacci Retracement chart of EUR/USD in the month of May, 2014:



Fibonacci tools utilize special ratios that naturally occur in nature to **help predict points of support or resistance**. Fibonacci numbers are 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, etc.

For above EUR/USD chart market took a support at 0.0 levels and bounced back from the lowest point 1.35770 to 1.36303.

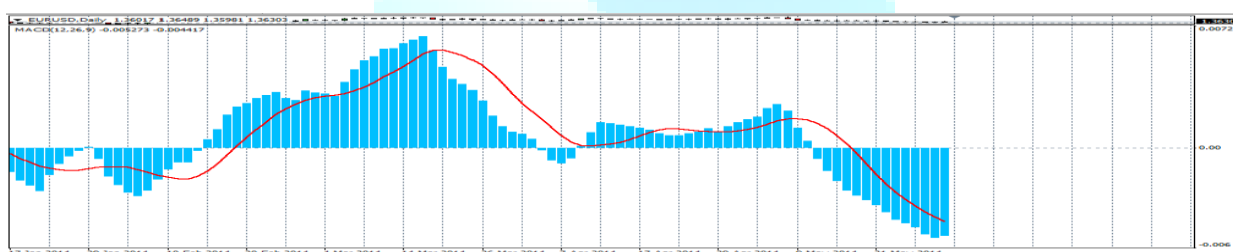
BOLLINGER BANDS

Bollinger Bands is a versatile tool combining moving averages and standard deviations and is one of the most popular technical analysis tools available for traders. There are three components to the Bollinger Band indicator:

- Moving Average: By default, a 20-period simple moving average is used.
- Upper Band: The upper band is usually 2 standard deviations (calculated from 20-periods of closing data) above the moving average.
- Lower Band: The lower band is usually 2 standard deviations below the moving average.

For above EUR/USD Bollinger band market range was 1.39030 to 1.35230 as on 30th May 2014. Where market took as support at 1.35850 and took reversal. Overall market was bearish for past 2 weeks after market took reversal in 1.35850 market is expected to turn in bullish trend.

For above EUR/USD Bollinger band market range was 1.39030 to 1.35230 as on 30th May 2014. Where market took as support at 1.35850 and took reversal. Overall market was bearish for past 2 weeks after market took reversal in 1.35850 market is expected to turn in bullish trend.

MOVING AVERAGE CONVERGENCE DIVERGENCE (MACD)

MACD is a momentum Oscillator and can be used to determine the momentum of the price action. MACD is comprised of two EMAs (Exponential Moving Averages) of two different time periods i.e. one for longer time period and another for shorter period. The most common EMA's used for MACD are of 12 periods and 26 periods.

SUMMARY OF EURO vs. USD TRADING**EUR/USD FORECAST: JUNE 2014**

The EUR/USD pair has been falling slightly over the last several weeks, but we may observe some range bound activity. Clearly marked upon the weekly chart is the fact that the 1.35 level is supportive, and may not go down below that point. I think that sooner or later we will see support come back into this marketplace. Going forward, I would anticipate the 1.40 level to be the absolute "ceiling" in this pair, however depends on European Central Bank meeting decisions in coming month, which could determine the near-term direction of this market.

However, we see the 1.35 level is the excellent support price so one can start buying. On the other hand, we could get back above 1.370 levels, and may see more buyers. If Euro breaks 1.35 level then more downside possible.

FINDINGS

- Indian Stock market has the advantage of early starter in Asia and knowledge about Indian stock market is widely spread however trading of Forex is less understood among the investors as less participation is observed
- The industry is slowly evolving and lacking industry structure. Participants are fragmented.
- As per my observation industry needs large number of skilled man power for further expansion
- As per my observation foreign currencies are traded more frequently than Indian currencies.

SUGGESTION

- Study identifies that few limited techniques are used for FOREX trading and finds that high scope for innovative techniques in coming days
- Experts guide is important while using technical tools in analysing market
- FOREX Trading industry may become more competitive in coming days hence companies need to recruit skilled people to retain and expand market share.
- Our observation identifies lack of awareness among investors hence aggressive Awareness campaign required
- Training can be provided to Investors for self-trading and to reduce dependence on company experts for the routine trading activities
- To encourage Retail trading, Company may keep minimum required trading investment at lesser levels.

CONCLUSION

After in-depth study of Trading Techniques on Foreign currency, we found that Indian Investors are less aware about the foreign exchange market hence participation in currency trading is less than the stock market participation. Industry characterised with high restriction and licensing issues along with shortage of skilled man power. Since Industry is showing high growth in recent years it has potential to become one among top industry in the world. Presently limited Trading are used to trade in the currency market, innovative trading techniques may help to reduce risk and increase returns.

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LEGAL OBLIGATIONS OF OFFICIAL DEEDS' ELECTRONIC REGISTRATION UNDER IRAN & FRENCH LAW

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ABSTRACT

With the inevitable advent of Information and Communications Technology (ICT) and setting of deeds in cyberspace, "Electronic Registration" of deeds is essential. In current status, the terms of the electronic deeds' realization and the position of the notaries in the written laws are both necessary regarding the particular circumstances of the recognition of these deeds in an actual environment. The authors create an appropriate platform and draw legislator's attention to special legislation on electronic registration and examine fundamentally electronic capabilities of deeds. The concepts of deed are discussed and a comparative study is conducted on the position of the electronic registration of deeds under Iran and French law. In conclusion, effective factors of the legal requirements of electronic deed are identified including applying electronic signature by a Notary and saving the electronic deeds in a central electronic archive.

KEYWORDS

Electronic archives, Electronic official deed, Electronic registration of deeds, Saving electronic deeds, Secure electronic signature.

INTRODUCTION

The deeds' establishment and registration are the subjects which required more than ever for social adjustments. Due to the importance of the registration, the official establishment of the deeds considered as the *acta jure empirii* in many countries. Also, there is a process and specific criteria as well as a special reputation towards registration in the legal systems of the world.

The main objective of present study is to investigate whether there are electronic capabilities for deeds. After leading concepts and operational definitions of deeds, current legal status of the electronic registration of deeds are studied in Iran and France.

However, there is a question in this study about the advent of ICT and setting of deeds in cyberspace whether the current legal basis of registration of official deeds is also applied to electronic registration of such deeds. Obviously the answer to this question determines the amount of credit of deeds which are registered in an electronic form.

French legislator understanding the importance of this issue allows the deeds' establishment and registration electronically by officials in terms of its accession to the article 1317 of the Civil Code of this country while Iran law despite existing deeds establishment's process electronically since September 2013; so far they have not taken a position on the electronic official deed. Certainly, "electronic official deed" first must be recognized by law, and then its terms of implementation shall be determined pursuant to rules and regulations. Hence, the authors attempt to facilitate the conditions for the legal recognition of electronic official deed by analogy with the registration system of French and Iran in order to resolve this legal gap. To achieve this aim, it is necessary to develop the culture and create an appropriate infrastructure-both technically and legally (Jahangardmahbob, 2013); that technical aspect is undertaken by computer science experts and is out of the scope of this discussion and naturally the legal experts are responsible for this legal aspect which still needs work and unfortunately there were not efforts adequately in order to understand the basics of implementing electronic registration, both in theoretical and practical terms in this field.

Lack of reliable and academic references on electronic deeds is one of major limitations in this study. Although, there are some books, many papers and various legal rules on electronic commerce and electronic signature under Iran and French law but there is no book or paper on electronic deeds under Iran law and a few under French law.

DISCUSSION

It is necessary to focus on legal definition of deed and its types before studying electronic capabilities of deeds and the place of electronic deeds under Iran and French law.

1- DEFINITION OF DEED

According to Article 1284 of the Civil Code of Iran, deed is any written one which can be reliable as claim or defense; the meaning of the written one is a line or mark which is visible on the screen whether conventional or non-conventional lines- such as codes and marks which are arranged among two or more individuals' relationships- and no matter it is written by the dye or hand either printed or copied by a machine. But what is important in the legal terms, it can be accounted as a proof in a trial. (Imami, 2000)

According to the definition of deed in civil law, three conditions must be considered as follows:

- 1) Be in written: the unwritten documents are not considered as instruments. Hence, Article 1258 of the Civil Code of Iran in the recognition of this meaning stated only the "written instruments" as one of the proof trials.
- 2) Proofable: the written one will be as a deed when it's comprised one of judicial evidences.
- 3) Referable: the deed must be capable of proving the claim or defense in the court. (Azimi, 1993)

Further, according to French Civil Code (Article 1316), the written evidence - whether it is on the paper or on the electronic format- is described: "Regardless the format or the way of transferring, literary or written evidence is from a collection of words, letters, characters, numbers or any other signs or symbols with an intelligible meaning."

According to Mazeaud (2000), this article only does not present a literary definition particularly but also it is generally defined as a written. Moreover, pursuant to the mentioned rule, it is necessary to have a written evidence to prove the contracts which exceed a certain amount (Article 1341 of the Civil Code of France). As the opposite meaning of ex-Articles 1306 and 1310 of the civil code of Iran, it is impossible to prove the contracts and obligations exceeding a certain amount except via written one.

2- DEED TYPES

In terms of degree of validity (Imami, *ibid*) and ability of proving (Katouzian, 2009), the deeds are divided into two categories including official and private deeds (Article 1286 of the Civil Code of Iran). They are discussed as follows:

2-1-OFFICIAL DEED

Under Article 1287 of the Civil Code of Iran, an official deed is the one is established in the Registry of Documents Office or in the Notary Public's Office or near other official authorities according to the law and their jurisdiction.

In addition, according to Article 1317 of the Civil Code of France, "The deed is one that has been received by public officials entitled to deed in the place where the act was written, and the solemnities required...". This Article is not only including the conditions of official recognition of deeds but it also predicts the electronic deed if it is under the fixed condition of state council.

2-2- PRIVATE DEED

Deed under private signature is a written documented by the people without interference of an official agent. (Imami, *ibid*) In fact, what is raised from an ordinary written as a document is the signature of its parties which is considered as an element. (Voinin, 1995)

Civil Code does not provide a definition of the private deed. However, article 1289 of the Civil Code of Iran, pursuant to Article 1287 (definition of official deed) provides:

"All documents except those mentioned deeds in Article 1287 are as deeds under private signature"

3- ELECTRONIC DEEDS

Before the computer era, many laws and international conventions have applied such following concepts: writing, document and signature; presently, they appear in other forms and appearances. (Noori and Nakhjavani, 2011)

In general, regarding the concept of "written" which is topped in the beginning of the discussion, if the establishment of a document is not bound by specific conditions (e.g. official deed) or special devices (e.g. expressing to existence a sheet or paper), writings or documents which are designed by a computer can be used as an electronic document; since, "written" can be on paper, animal skins, stone or a computer screen that can be saved in its memory.

Therefore, the E-Commerce Law of Iran identifies the electronic data message expressly as a written document (Article 6) and evidence (Article 12); also, it recognizes a secure data message as a document which is valid and reliable by judicial or legal authorities (Article 14).

Under Article 412 of the draft bill of the Commerce code amendment of Iran, the bills, notes, checks, official receipt, shares, bonds, and other business documents with compliance of the determined conditions in the law are announced and exchanged electronically, they are called "commercial electronic papers".

Therefore, the authors identify the necessity of codifying a special legislation on the documents are limited to legal formalities by legislators in order to eliminate all doubts to perform their legal effects. According to French Civil Code, in addition to accepting electronic written one like a paper written one as an evidence (Article 1316-1) and carrying the same probative force as the written paper for this type of documents (Article 1316-3), the electronic official deed recognizes explicitly by Article 1317.

4-THE POSITION OF THE ELECTRONIC DEED UNDER IRAN'S LAW

In Iran's law, the relevant provisions to deduction of "electronic deed" can be derived from the basics of Registration Code, Civil Code and Civil Procedure Code. First of all, it is required to investigate whether these deeds have been basically accepted by Iranian legislator because applying the regulations despite related to documents, deeds and their signatures but no mention have been done to e-deed and e-signature with a need of evidence.

One of the important legislations can be inferred from the rules on electronic records and signatures is the E-Commerce Law. (Elsan, 2008)

E-Commerce Law does not provide a definition of "electronic instrument". It is only mentioned in the paragraph (a) of Article 2 in the definition of "data message" as follows: "It is any representation of facts, information, and concepts composed, sent, received, saved, or processed by the use of electronic, optical or other information technology means."

One of the most important legal aspects in E-Commerce law is always the security of information and computer systems because the data messages and electronic signatures are invalid without safety and security. Thus, the acceptance capability of electronic records and signatures require a fundamental element of "security and reliability."

This is why the E-Commerce Law describes the data message in its entirety and without any change as "Integrity" in the process of management system such as sending, receiving, saving or displaying data (Paragraph (e) of Article 2) or it addresses the terms of "Secure Information System" (Paragraph (h) of Article 2) and "Secure Method" (Paragraph (i) of Article 2); such as the following definition of "Electronic Signature" determines the terms of "Secure Electronic Signature" (Paragraphs (j) & (k) of Article 2).

On the base of the findings of present study, it is necessary to recognize the "electronic official deed" officially -by a special rule or amendment the previous rules- thus the amendment bill of Notaries Public's Office Code (approved 16/7/1975) is presented by parliament members. with regard to registering the deeds electronically, is essential;

Article 14 of the member's bill is going to amended article 18 of the Notaries Public's Office Code as follows:

"Article 18 is amended as follows and two notes join it:

Article 18: All deeds in notaries public's office and marriage & divorce registries must be established and registered electronically within one year after the date of enactment of this code. Registration in these offices will be done via an online network in the database of the Registry Office.

Annexed note 1 – The established deeds in these offices must be signed by the notary in addition to the parties' signature.

Annexed note 2 – The regulation of electronic registration, the way of reacting in case of network disturbance and lack of electronic systems, a timing of conversion method, instructions of establishment and maintenance the deeds and access relevant information, will be passed by the Head of the Judiciary."

It is hoped that with the enactment of legislation of the member's bill's amendment of Notaries Public's Office Code, the "electronic registration of official deeds" will be legally recognized and in practice, there is no hindrance to perform the obligations under various laws which are entrusted to State Organization of Deeds and Properties and its instrumentalities such as the notaries public's office in order to register the deeds electronically.

4-1 -THE LEGAL OBLIGATIONS OF THE REGISTRY ORGANIZATION RELATED TO ELECTRONIC PROCESS OF REGISTRATION IN THE NOTARY PUBLIC'S OFFICES

Following the development of communication through electronic means, Five-year General Judicial Policy (2009) is imparted from the leader of the Islamic Republic of Iran, refers to necessity of "developing, completing and updating to apply new technologies especially in the fields of information, communication, legal procedure and registry service" (paragraph 6). In this regard, the Fifth Five-Year Development Plan (2011 - 2015) which is based on the General Judicial Policy, turns also to this serious affair through many of its articles such as the obligations which are predicted for the State Organization of Deeds and Properties toward more efficient electronic devices as follows:

Article 46 of the Fifth Development Plan provides the following the tasks of Registry organization in order to develop e-government services, information technology (IT) industry, information literacy and increasing productivity:

"... State Organization of Deeds and Properties has to electronized all phases of conveyances and deeds and properties' registration by the end of 2nd year of the plan in order to develop an integrated system of deed and property registrations (Paragraph(v- 2)). Further, "State Organization of Deeds and Properties and Ministry of Commerce in collaboration with the Tax Affairs are obliged to develop the secure electronic system of real estate transactions in the country; therefore all executive concerned agencies are bound to cooperate in order to perform this system perfectly. (Paragraph (z))

According to Article 48, the Fifth Development Plan determines the below attempts for developing e-government, e-commerce and e-service supplies and authenticating the electronic documents and reducing paper documents:

A) Ministry of Commerce attempts to develop Electronic Certification Service Providers and apply electronic signature in the way to use the e-business and service systems and these types of devices by the end of third year of the Plan.

B) Electronic document can be considered as paper document when originality and integrity are found.

C) If the regulation of the securities or deeds as well as the issue or grant the authorization, notification and communication, exchange of payment, etc are necessary, they shall be valid and sufficient in compliance with the provisions of the E-Commerce Law.

Another article of the fifth development plan is article 211 for using the electronic devices. According to paragraph (h) of the mentioned Article, the Judiciary has to perform the following actions for developing the information and communication technology in order to increase quickness and efficiency in presenting legal services:

1 – Operational systems and rate of using ICT, particularly the management of judicial case system, establishing a national center of Judiciary's data, performing and completing the management of information security system, offering the e- legal services to people, profiting the information technology in communication among judicial authorities and other affiliated or related entities, such as the State Organization of Deeds and Properties, etc must be expanded.

2- The State Organization of Deeds and Properties required to change the property deeds in order to enhance the security of property deeds, decrease the cases related deeds in courts, digitize the deed's information items and perform the modern registration due to profit the information technology.

3- The judiciary is allowed – according to the provided regulations which by the Minister of Justice in collaboration with Attorney General and National Library and Archives Organization of Iran and approved by the Head of the Judiciary- to convert the Judicial records, papers and documents which keeping their records are essential - via updated information technology- into electronic documents and then efface them but it is a must to pass at least 30 years from their final achieve.

According to paragraph (m) of the mentioned Article, "The State Organization of Deeds and Properties is bound to electronize all phases of transactions registration electronically within the end of the second year of the Plan, in the way that provides immediate and electronically response to register inquiries and immediate registration of transactions, using secure electronic signature in order to develop an Integrated Registration of Deed and Property System and establish a National Center for Registering Data ".

In addition to the impositions of the above mentioned provisions, the State Organization of Deeds and Properties is also responsible for preventing the administrative corruption under the Health of Office Promotion and Anti-Corruption Act(approved 29/10/2011) including establishing a network and shared database between the Notary Public's Offices and this Organization so registering and exchanging all of facts in the Notary Public's Offices and Registry Organization shall be facilitated via the mentioned centralized system.(paragraph(c) of Article 12)

4-2- ESTABLISHMENT'S PROCESS ELECTRONICALLY OF OFFICIAL DEED IN THE NOTARY PUBLIC'S OFFICES OF IRAN

Iranian notaries were bound to establish the deeds via electronic system of the State Organization of Deeds and Properties since 14 September 2013 according to "Instruction for Applying the Notary Offices from Deeds' Electronic Registration System" imparted from the Head of the organization; as follows that notary initially establishes the deed by logging on system of the State Organization, then he prints the deed from the system and its contents are registered literally in the notary's current book after reviewing and making any necessary modifications so as their finalities. Now, Notary obtains a unique identifier for the deed established by him via the token which contains his identity information and electronic signature. Finally, after signing following the deed and notary's current book by the parties of the transaction, the notary also signs and seals the copies of deed so delivers the copies of interested parties up and maintains a copy of the deed in the archives of office. However, when the notary inserts the finalized registration in the system by his electronic signature, the deed established will be qualified the authentication password.

According to what is passed, the deeds established in Notary Public's Offices of Iran, in addition to the unique identifier, have an authentication password which allows to control the authenticity of deeds for Notary Public's Offices and interested parties and thus reduces the possibility of fraud and flaws in official deeds. But, what is certain is that registering the deeds in the notary's current book (Subject matter of Article 18 of Notaries Public's Office Code) is still done traditionally in the establishment's process electronically; however this importance will be also eliminated by implementing the Comprehensive Plan of Iran's Cadaster Act which is approved recently; because under the act, registering in the physical books will be nullified and replaced with electronic books. (Article 7 of Comprehensive Plan of Iran's Cadaster Act approved 24 June 2014)

5- THE POSITION OF THE ELECTRONIC DEED UNDER FRENCH LAW

"Electronic Revolution" in French law is started with "Act No. 2000-230 adapting the law of evidence in information technology and related to electronic signature". (Huet, 2004)

French legislator codifies this Act on 13 March 2000 in order to adapt the Internal Rights of this country with the Directive of the European Parliament(1999/93/EC).

According to the Act (Article 2), the second paragraph of Article 1317 of the Civil Code is annexed to complete the stated article. This article was previously allocated to the definition of an official deed. According to the annexed paragraph, the electronic official deed is recognized officially then "An official deed is the one which has been received by authorized public officers to draw up such these deeds at the place where the deed was written with the required formalities.

(Act no 2000-230 of 13 March 2000) The mentioned deed may be drawn up on an electronic medium where it is established and saved in the fixed conditions by decree in State Council. "

Since the determination of the electronic official document (Article 1317 French Civil Code) is trusted to decree of State Council, French State Council released the "Decree No. 973-2005" which explains the conditions of establishment, storage and the other instances related to an electronic official deed on 10 August 2005 in order to perform the terms of last paragraph of Article 1317 of the Civil Code; thereby, the provisions of this decree are appended to "Decree No.71-941 of 26 November 1971on issued documents by notaries " and the base of the performance of the public offices in official deed establishment in both modes on paper or electronic. (Joly-Passant, 2006)

Since 1st February 2006, the electronic official deed is realized at least theoretically in France because its legal causes are provided under the recent decree. (Charlin, 2012)

5-1- REQUIREMENTS OF ELECTRONIC OFFICIAL DEED IN FRANCE

Some preparations are required to realize the electronic official deed in a country. The first step is to equip the Notary Public's Office with a National Secure Server which provides the flow of information and exchange of data among Notary Public's Offices so that an "Electronic central minute" can be formed as a central archive. The next step is to realize the electronic official deed and save the same in the mentioned Central Archive. Using "secure electronic signature" by the notary is for confirming the instruments. (PRESS the Supreme Council of (French) Notaries, 2008)

Regarding present status of Information and Communications Technology (ICT) in the Notary Public's Offices of Iran and semi-facilitating establishment of deeds (such as typing, archiving the documents, etc.), it is necessary to recognize establishing and recording the deeds in the archives of the Registry Organization. Of

course, it is still traditionally registered in the notary's book (The subject matter of article 18 of Notaries Public's Office Code); whereas, the antecessor countries in establishing the electronic deeds (like France) have derived a benefit ICT in the establishment of authentic deeds for many years.

This paper discusses the process of the electronic official deed establishment and reflects the establishment requirements of this type of deeds in the French Notary Public's Offices in order to clear the path which is ahead of Iran toward the realization of the electronic official deeds.

5-1-1- STATUS OF THE SECURE ELECTRONIC SIGNATURE IN FRENCH NOTARY PUBLIC'S OFFICES

As it was mentioned earlier, one of the basics of the electronic official deeds' realization is to use secure electronic signature. The French notaries are the first ones in Europe who have been equipped with this technology since 12 September 2007. (Crouzillacq, 2008)

The notary who establishes an act electronically, is required to use a system of processing and transmission of information approved by the "Board of Notaries" and ensured the integrity and confidentiality of the contents of document. (Article 16 of Decree No. 2005-973)

In fact, the process of establishing, archiving and transferring the electronic documents shall provide the identity of the sender and the receiver, as well as the integrity and confidentiality of its content; and this important matter is not possible except through the use of secure electronic signatures. (Kaynia, 2009)

The secure electronic signature is a mechanism to recognize the electronic deed which should be applied— according to the conditions stipulated in Decree No. 2001-272 of 30 March 2001 which is adopted in the application of Article 1316-4 of the Civil Code relating to electronic signatures - by the notary. (ibid, 2008)

Firstly, this signature should be specific to the notary and under his sole control; secondly, it should be detectable somehow attached to the act as any subsequent amendment of the act. (Paragraph 2 of Article 1 of Decree No. 2001-272) Because by virtue of Decree No. 973-2005 (paragraph 6 of Article 28), any extension that may distort the original data, is not permitted. Thus, the reliability of the signature which composed in the secure method and the mentioned process shall be presumed. (Article 1316-4 of civil code) Unlike other types of electronic signature, their reliability must be proven. (Fallah, 2009)

5-1-2- ARCHIVES OF ELECTRONIC OFFICIAL DEEDS IN FRANCE

With the electronic official deeds in France, the archive of these documents becomes also important (Trezequet, 2005); certainly, the deed which establishes today electronically by current means should be also available and visible next decades while there will be surely more advanced devices. (Zarkalam, 2012)

Hence, the electronic official deed should be saved under protective conditions for the integrity and readability. (Art. 28 of D. no 2005-973) On this basis, the electronic official document requires an advanced archive that this important matter realizes via a central archive.

"Central Minute" as a central electronic archive which has been stationed in Venelles - in the south of France - is controlled by the Board of Notaries. (Paragraph (3) of Article 28 of D. no 2005-973)

Thus, archiving the electronic official deeds shall be far more secure than the deeds in paper-based; since the data transferring takes place in a process that guarantees the information security and confidentiality as secures the electronic signature of the Notary from any invasion and only him or the notary who owns, retains the exclusive access. (Paragraph (3) of Article 28 of D. no 2005-973) Also, this saving method allows the multiple copies of an electronic official instrument; furthermore, its accessibility is safe after many years and extensive developments of technology.

As a result, the transmission of electronic deed in the central minute is a part of establishment process that will be immediately after establishing the electronic official deed. (Paragraph (3) of Article 28 of D. no 2005-973) Thus, the successive operations are justified by its conservation including migration which he maybe does not remove the original nature of his act. (Paragraph (5) of Article 28 of D. no 2005-973)

As it was observed, electronic storage in a central server is one of the requirements to establish the electronic official deed in order to achieve the mentioned benefits. Hence, the realization of the electronic official deed in Iran would be needless from such necessity; according to the Health of Office Promotion and Anti-Corruption Act (approved 29/10/2011), the State Organization of Deeds and Properties requires to establish a Network and Shared Database among the Notary Public's Offices and this Organization- within one year of the date of enactment of this Act- so that registering and exchanging, all of facts which occur in the Notary Public's Offices and Registry Organization shall be facilitated. (Paragraph (c) of Article 12) Also, the Registry Organization under the Fifth Five Year Development Plan of the Islamic Republic of Iran (2011 - 2015) is obliged to develop the Integrated Registration of Deed and Property System and establish a National Center for Registering Data. (Paragraph (v- 2) of Article 46 and Paragraph (m) of Article 211)

According to its provisions, the "Network and Shared Database among the Notary Public's Offices and Registry Organization" and "National Center for Registering Data" in Iran means "Central Minute" like a central electronic archive in France. It is obviously necessary to establish such this center in Iran and to realize the electronic official deed; an appropriate legal and technical infrastructure simultaneously is required in advance. Having rules and imposed provision would be useless and futile if there were lack of infrastructure.

5-2-PROCESS OF ESTABLISHING THE ELECTRONIC OFFICIAL DEED IN THE FRENCH NOTARY PUBLIC'S OFFICES

The electronic official deed in the Notary Public's Offices of France is established through the following steps:

Initially, the notary provides the act on the software dedicated to establish the deeds then he scans all appendices and paper-documents in order to attach them to the act electronically.

In the appointment of signing the act, the notary represents it on the monitor to be read by the parties. Thus the document appears on a tablet, the date of deed is fixed and the place of signature is specified. The notary gives a light pen to the parties in order to sign the electronic deed and its appendices.

But what makes this process distinct and significant from traditional method, it happens by signing of the notary. In this way, when all the modifications done, the notary confirms authenticity on the content of the deed and its attachments with his electronic signature by a flash called "REAL" and connected to the USB port of his computer.

In fact, "REAL" is the private key of a notary which is saved in the flash and brings recognition of the notary signature and the act is established by him. The key is exclusive and accessible only for notary which is secured under a pin code. The pin code includes the identification traits of the notary and his signature features (private and public key algorithms).

In short, the electronic deed shall be recognized by reflection of the notary's electronic signature on the act and the parties can receive a print of the act. (The letter of Notaries of France, 2012)

CONCLUSIONS

According to the obtained results in this study, it can be acknowledged that legal requirements of electronic official deed are two factors: the first one is to using the electronic signature by a Notary and the second one is to save the electronic deed in a central electronic archive.

Regarding the current situation of Notary Public's Offices of Iran and semi-facilitating establishment of deeds (having electronic process of deeds establishment, equipping Notary with the secure electronic signature and charging Registry Organization in established a base like "Central Minute" in France), it should be conceded that the recognition of electronic deeds under the law in Iran is truly necessary. It is the necessity which the French legislature found it out many years ago and with an insertion of a paragraph to Article 1317 of the Civil Code, which formerly addressed to official deed definition, expects the electronic official deed too. It seems that the legal lack on the recognition of the electronic official deed in Iran law can be solved by amending the Notaries Public's Office Code and allocating some of its articles to this matter. As the draft of the member's bill's amendment of Notaries Public's Office Code - which is now under consideration in Parliament - an Article is included, by which, all deeds in Notaries Office and Marriage & Divorce Registries, within one year of the date of enactment of this Act, will be established and registered electronically and maintained through an online network in a central database bank of the Registry Office. (Article 14)

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A STUDY ON CAPITAL MARKET AND ITS RECENT TRENDS IN INDIA

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ABSTRACT

In recent times there has been a growing concern on the role of capital markets in India in stimulating economic progress. The argument that Indian economies may be lagging and that the capital markets may not be providing the needed impetus for financial intermediation and economic progress has been put forward by few numbers of researchers. A peculiar experience in most Indian economies is that the challenges with good quality institutions such as democratic accountability could have resulted to the weak capital market development in India because they increase political risk and reduce the viability of external finance. This study evaluates capital market and developing economies, challenges to capital market growth, the capital market in Nigeria, capital market and economic growth in India and policy directions for promoting capital market growth in developing countries.

KEYWORDS

capital market, emerging economies, economic growth.

INTRODUCTION

 econdary marketing is vital to an efficient and modern capital market. Fundamentally, secondary markets mesh the investor's preference for liquidity (i.e. the investor's desire not to tie up his or her money for a long period of time, in case the investor needs it to deal with unforeseen circumstances) with the capital user's preference to be able to use the capital for an extended period of time.

For example, a traditional loan allows the borrower to pay back the loan, with interest, over a certain period. For the length of that period of time, the bulk of the lender's investment is inaccessible to the lender, even in cases of emergencies. Likewise, in an emergency, a partner in a traditional partnership is only able to access his or her original investment if he or she finds another investor willing to buy out his or her interest in the partnership. With a securitized loan or equity interest (such as bonds) or tradable stocks, the investor can sell, relatively easily, his or her interest in the investment, particularly if the loan or ownership equity has been broken into relatively small parts. This selling and buying of small parts of a larger loan or ownership interest in a venture is called secondary market trading.

Under traditional lending and partnership arrangements, investors may be less likely to put their money into long-term investments, and more likely to charge a higher interest rate (or demand a greater share of the profits) if they do. With secondary markets, however, investors know that they can recoup some of their investment quickly, if their own circumstances change.

RECENT TREND IN INDIAN CAPITAL MARKET

The Indian capital market is more than a century old. Its history goes back to 1875, when 22 brokers formed the Bombay Stock Exchange (BSE). Over the period, the Indian securities market has evolved continuously to become one of the most dynamic, modern, and efficient securities markets in Asia. Today, Indian market confirms to best international practices and standards both in terms of structure and in terms of operating efficiency. Indian securities markets are mainly governed by a) The Company's Act 1956, b) the Securities Contracts (Regulation) Act 1956 (SCRA Act), and c) the Securities and Exchange Board of India (SEBI) Act, 1992.

RECENT TRENDS IN INDIAN CAPITAL MARKET

A new era in capital market in India was ushered in July, 1991, with starting of a process of financial and economic deregulation. Beginning with the devaluation of rupee by about 20% in July 1991, industrial policy was totally reshaped to dispense with licensing of all industries except the 18 scheduled industrial groups. Further, removal of MRTP limit on assets of companies, dilution of FERA and foreign trade liberalization etc., were some of the other reforms.

GENESIS OF NEW ORDER

The beginning of liberalized policies dates back to 1985 when the Seventh Five Year Plan was started. The banking companies Amendment Act of 1983 gave new avenues of activities to banks in the form of participation in non-funded activities and financial services such as leasing, hire purchase, merchant banking, etc. The public sector banks have started setting up subsidiaries for merchant banking, lease financing, mutual fund etc., since that time. After 1992 even private sector is allowed to enter into these financial services, including banking, mutual funds, etc. The SEBI was set up in April 1988 to oversee and control the capital market and it has been given legal powers since April 1992 by an act. A number of new institutions like CRISIL for credit rating and SHCIL for clearance and share depository services have been set up.

RAISE IN THE LEVEL OF FOREIGN INVESTMENT, CONTINUED GROWTH OF GLOBAL FINANCIAL ASSETS AND REGULATION OF INTERNATIONAL SECURITIES MARKET IN ASIA HAVE COLLECTIVELY HAD AN IMPACT ON CAPITAL MARKETS AND CROSS BORDER TRADE

Raising capital becomes a real challenge for corporate around the world due to uncertainty in the global economy. To identify the financial instruments which are most conducive in raising the capital and gauging the dynamics of financial markets is imperative. Struggling credit markets, slumping stocks, and a sliding dollar have been generating anxiety among policy makers and since 2008. The global market had many fluctuations such as the 1987 U.S. stock market crash, the fall of British pound in 1992 and the unraveling of Asia's financial markets. A recent research by McKinsey Global Institute (MGI) research has highlighted several trends that look set to continue during the years ahead. The continued growth and deepening of global markets as investors pour money into equities, securities, bank deposits and other assets around the world on one hand and the growth of financial markets, especially in emerging economies and the growing ties between financial markets in developing and developed countries. Also, the shift of financial weight in Asia from Japan to other developing economies across Asia will have an impact on capital markets of these countries.

CONTINUED GROWTH OF GLOBAL FINANCIAL ASSETS

The volume of global financial assets such as government debt securities, corporate debt securities and equity securities will continue to expand. In the last 25 years the financial assets have grown robustly. However bank deposits have reduced drastically. The past few years have seen the bank deposits see a jump of over \$ 5.6 million, with significant contributions from United States.

DEPTH OF FINANCIAL MARKETS

Financial markets have been growing faster than the global GDP over the years. Due to this the ratio of a country's financial assets to GDP has been rising constantly over the past few years. In 1990, only 33 countries had financial assets whose value exceeded the value of their GDP's. By 2006, this figure had more than doubled to 72 countries. Brazil, China, India are some of the few countries whose financial assets have outnumbered the country's Gross National Product (GNP).

RISE IN THE LEVEL OF FOREIGN INVESTMENT

The rise in the level of investment is making the world more financially interdependent than it was a few years ago. By the end of 2006, it was around \$ 74.5 trillion of assets.

REGULATION OF INTERNATIONAL SECURITIES MARKET

The world's capital markets have continued to undergo dynamic changes, both in terms of structure and complexity. The huge achievements in information and telecommunication technologies have virtually eliminated the boundaries between capital markets of different nations. The regulatory structure of the U.S. Financial system, which was created as a response to the Great Depression and the 1929 stock market crash was designed with a national market in mind. The global nature of modern capital markets frequently means that new regulations are imposed in one jurisdiction may have legal and market effects in the other. Cross border fraud poses significant difficulties and challenges to security regulators whose legal powers stop at their own national borders although their jurisdictions stretch globally. Although markets are now global, regulation remains local, cross border co-operation between financial regulators for the purpose of regulation and enforcement has become a necessity. The International Capital Market Association is also promoting the international capital market by maintaining the framework required for cross border issuing, trading and investing through the development internationally accepted market practices and acting as an intermediary between the governments, regulators, central banks and stock exchanges, both at national and international level, to ensure that financial regulation promotes the efficiency and cost effectiveness of the international capital market

CONCLUSION

Investment Trusts play a vital role in helping well-managed businesses to secure finance. At the same time they provide attractive opportunities to many investors - from young adults saving for their future, to parents saving for their child's education or to provide an income for those already in retirement. They also provide a service to large financial institutions that are responsible for providing income and growth for pension funds and other investments.

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A STUDY ON JOB SATISFACTION AND MOTIVATION OF FACULTY OF SELECTED COLLEGES IN HYDERABAD

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ABSTRACT

As we know that every individual in this world wants to satisfy themselves. This satisfaction differs from person to person based on their need, desire and abilities which they hold. A person can satisfy his own self, when he has all the basic resources to achieve or fulfill their need. This satisfaction also plays a major important role among teaching fraternity. The satisfaction among faculty is related to the motivation practices practiced by their organization / Institution. These practices motivate employees to learn and exhibit the talent which they hold. It gives them autonomy or authority to innovate, experiment with new ideas which can benefit both the employee and employer. The major satisfaction is experienced when organization motivate them to take up Research work, enroll in Ph.D or give them time off to attend programs through which they can learn as well enhance their teaching methodology. The other sources of satisfaction come, if they handle subject of their own interest, if timings are convenient and if they handle activities which are of their interest. Faculties become more confident when they are involved in different activities. These sources of motivation mould employees positively and give them job satisfaction. The study is been taken to understand and analyze levels of satisfaction of faculty working in different colleges. A sample of 80 respondents from different colleges was taken. Statistical package for Social Sciences (SPSS) is used to analyze if Gender wise satisfaction differs among faculty.

KEYWORDS

Motivation, Job Satisfaction, Faculty, Responsibility.

INTRODUCTION

A piece of work, especially a specific task done as part of one's occupation or for an agreed price is called a job. Job satisfaction is how content an individual is with his or her job. Scholars and human resource professionals generally make a distinction between affective job satisfaction and cognitive job satisfaction. Affective job satisfaction is the extent of pleasurable emotional feelings individuals have about their jobs overall, and is different to cognitive job satisfaction which is the extent of individuals' satisfaction with particular facets of their jobs, such as pay, pension arrangements, working hours, and numerous other aspects of their jobs.

Job Satisfaction is the favorableness or un-favorableness with which the employee views his work. It expresses the amount of agreement between one's expectation of the job and the rewards that the job provides. Job Satisfaction is a part of life satisfaction. The nature of one's environment of job is an important part of life as Job Satisfaction influences one's general life satisfaction. Job Satisfaction, thus, is the result of various attitudes possessed by an employee. In a narrow sense, these attitudes are related to the job under condition with such specific factors such as wages. Supervisors of employment, conditions of work, social relation on the job, prompt settlement of grievances and fair treatment by employer.

FIG. 1

JOB SATISFACTION WHEEL

Motivation is the answer to the question “**Why we do what we do?**” The motivation theories try to figure out what the “**M**” is in the equation: “**M motivates P**” (Motivator motivates the Person). It is one of most important duty of an entrepreneur to motivate people. (I strongly believe that motivating people with visionary and shared goals are more favorable than motivating through tactics, incentives or manipulation through simple carrot and stick approaches because motivating with vision is natural whereas the former is artificial and ephemeral).

REVIEW OF LITERATURE

Mr. S Antony and P Elangkumaran in their paper “An analysis of intrinsic factors and its impact on job satisfaction special reference to Academic Staff College at Sri Lanka” inferred that recognition, work itself, achievement and responsibility are highly correlated significantly with job satisfaction of academic staff. a significant strong positive relationship was found between intrinsic factors and job satisfaction. Further analyses indicated that there was significant relationship between achievements, responsibility, advancement, recognition and work itself with job satisfaction of academics. They concluded that recognition and work itself are strong significant positive predictors of job satisfaction of academic staff. The regression results indicated that the intrinsic factors are significantly impact on job satisfaction of academic. Further variable analysis confirmed that recognition and work itself have significant impact on job satisfaction. Future study may be carried with widened scope such as the demographic considerations may be taken into account in analysis. Study may be carried out for schools and colleges or universities separately. Findings on this study could enable the organizations to make suitable motivation policy to reach the organizational objectives.

NEED FOR STUDY

The study is been taken up to know the job satisfaction levels of faculty of selected colleges and to study the motivational strategies practiced by the organization. The study is also focused to understand the quality of work life prevailed in the educational institution.

SCOPE FOR STUDY

The scope of this project is that the questionnaire is being collected from faculty who are working in different colleges that are situated in Hyderabad. The study is been confined to analyze the job satisfaction levels of faculty, their motivational factors and work life balance in educational institutions only.

OBJECTIVES

- To understand/know the pattern of functioning of selected colleges.
- To know the rate of job satisfaction of faculty members on the selected/identified parameters.
- To study job satisfaction and related aspects among the faculty.
- To study financial motivation provided by organization for participating / organizing/ seminars / conferences / workshops etc.

HYPOTHESIS TESTING

For the hypothesis testing chi-square tool used to analyze the satisfaction level related to job with respective to the gender

H₀: There is no difference in satisfaction level related to job with respect to the gender.

H₁: There is difference in satisfaction level related to job with respect to the gender.

RESEARCH METHODOLOGY

The process used to collect information and data for the purpose of analyzing job satisfaction levels and motivation factors. The methodology may include the data which is collected through in the form of questionnaires in order to gather the information and views of employees working in different organizations. Secondary data is collected through internet by browsing through websites and with the reference of few earlier records. Descriptive research design is used which provides an accurate and valid representation of the factors or variables that pertain / are relevant to the research question. Simple random sampling technique is used. A sample of 80 respondents were administered for the analysis and survey of data

DATA ANALYSIS

TABLE 1: TABLE SHOWING RESPONDENTS BY AGE

Age	Frequency	Percentage
25-30	31	38.75
31-35	21	26.25
36-40	19	23.75
41-45	7	8.75
46-50	1	1.25
51-55	1	1.25
56-60	0	0
above 60	0	0
	80	100

Findings: The overall statistics shows that 89 percent of chosen sample respondents are in the age group between 25 to 40 years.

TABLE 2: TABLE SHOWING GENDER WISE RESPONDENTS

Gender	Frequency	Percentage
Male	39	48.75
female	41	51.25
	80	100

Findings: The Overall statistics shows that 51% of the faculty are Females.

TABLE 3: TABLE SHOWING QUALIFICATION OF RESPONDENTS

Qualifications	Frequency	Percentage
MBA	19	23.75
M.TECH	37	46.25
M.PHILL	4	5
P.HD	17	21.25
D.LIT	0	0
Others	3	3.75
	80	100

Findings: The overall statistics shows that 46.25

percent of faculty members are M.tech qualified.

TABLE 4: TABLE SHOWING SALARY OF RESPONDENTS

Salary	Frequency	Percentage
<10k	3	3.75
10k-20k	17	21.25
20k-30k	32	40
30k-40k	17	21.25
40k-50k	6	7.5
>50k	5	6.25
	80	100

Findings: The overall statistics shows that 21 percent each has salary from 10k-20k and from 30k-40k

TABLE 5: TABLE SHOWING COLLEGE PROVIDING LCD AT CLASSROOM

College provides LCD at classroom	Frequency	Percentage
Strongly disagree	7	8.75
Disagree	2	2.5
Neutral	8	10
Agree	44	55
Strongly agree	19	23.75
	80	100

Findings: The overall statistics shows that 55 percent of faculty agrees with provision of LCD in classrooms.

TABLE 6: TABLE SHOWING COLLEGE PROVIDING COMPUTERS TO INDIVIDUAL FACULTY

College provides computers to individual faculty	Frequency	Percentage
Strongly disagree	12	15
Disagree	15	18.75
Neutral	13	16.25
Agree	23	28.75
Strongly agree	17	21.25
	80	100

Findings: The overall statistics shows that 28.75 percent of faculty percent agree with provision of computers to individual faculty members.

TABLE 7: TABLE SHOWING COLLEGE PROVIDING INDIVIDUAL CHAIR AND TABLE TO EVERY FACULTY

College provides individual chair and table to every faculty	Frequency	Percentage
Strongly disagree	1	1.25
Disagree	2	2.5
Neutral	2	2.5
Agree	30	37.5
Strongly agree	45	56.25
	80	100

Findings: The overall statistics shows that 56.25 percent of faculty strongly agrees with provision of individual chair and table to every faculty.

TABLE 8: TABLE SHOWING USE OF DIGITAL BOARD FOR TEACHING

You use digital board for teaching	Frequency	Percentage
Strongly disagree	22	27.5
Disagree	21	26.25
Neutral	16	20
Agree	17	21.25
Strongly agree	4	5
	80	100

Findings: The overall statistics shows that only 21.25 percent of faculty agrees using digital boards in their college.

TABLE 9: TABLE SHOWING COLLEGE PROVIDING WHITE BOARD AND MARKER PENS

College provides white board and marker pens	Frequency	Percentage
Strongly disagree	10	12.5
Disagree	6	7.5
Neutral	17	21.25
Agree	28	35
Strongly agree	19	23.75
	80	100

Findings: The overall statistics shows that 23.75 percent of faculty strongly agrees provision of white board and marker pens by their college.

TABLE 10: TABLE SHOWING COLLEGE IS WI-FI ENABLED AND FACILITY IS EXTENDED TO ALL

Your college Wi-Fi enabled and facility extended to all	Frequency	Percentage
Strongly disagree	19	23.75
Disagree	21	26.25
Neutral	4	5
Agree	25	31.25
Strongly agree	11	13.75
	80	100

Findings: The overall statistics shows that 31.25 percent of faculty strongly agrees with providing WI-FI facility by the college.

TABLE 11: TABLE SHOWING COLLEGE PROVIDING FREE TRANSPORTATION

College provides free transportation	Frequency	Percentage
Strongly disagree	23	28.75
Disagree	12	15
Neutral	15	18.75
Agree	19	23.75
Strongly agree	11	13.75
	80	100

Findings: The overall statistics shows that 28.75 percent strongly disagree with giving free transportation to their faculty.

TABLE 12: TABLE SHOWING COLLEGE PROVIDING WELL STOCKED LIBRARY

College provides well stocked library	Frequency	Percentage
Strongly disagree	3	3.75
Disagree	2	2.5
Neutral	17	21.25
Agree	33	41.25
Strongly agree	25	31.25
	80	100

Findings: The overall statistics shows that 41.25 percent of faculty agrees with stock of books available in their library.

TABLE 13: TABLE SHOWING COLLEGE PROVIDING PHOTO COPIES OF TEACHING NOTES AND OTHER MATERIAL FREE OF COST

College provides photo copies of teaching notes and other material free of cost	Frequency	Percentage
Strongly disagree	20	25
Disagree	21	26.25
Neutral	16	20
Agree	15	18.75
Strongly agree	8	10
	80	100

Findings: The overall statistics shows that 26.25 percent of faculty disagrees with college providing photo copies of notes and other materials free of cost.

TABLE 14: TABLE SHOWING NATURE OF JOB BEING VERY STRESSFUL

Nature of job is very stressful	Frequency	Percentage
Strongly disagree	9	11.25
Disagree	20	25
Neutral	33	41.25
Agree	13	16.25
Strongly agree	5	6.25
	80	100

Findings: The overall statistics shows that 41.25 percent of faculties are neutral about their nature of the job.

TABLE 15: TABLE SHOWING AUTONOMY REGARDING SUBJECT PLANNING, EXECUTING AND EVALUATION

There is no autonomy regarding subject planning, executing and evaluation	Frequency	Percentage
Strongly disagree	6	7.5
Disagree	27	33.75
Neutral	29	36.25
Agree	15	18.75
Strongly agree	3	3.75
	80	100

Findings: The overall statistics shows that 36.25 percent of the faculty have neutral autonomy regarding subject planning, executing and evaluation.

TABLE 16: TABLE SHOWING SCOPE FOR EXPERIMENTATION OF NEW TEACHING METHOD IS LESS

The scope for experimentation of new teaching method is less	Frequency	Percentage
Strongly disagree	6	7.5
Disagree	23	28.75
Neutral	33	41.25
Agree	17	21.25
Strongly agree	1	1.25
	80	100

Findings: The overall statistics shows that 41.25 percent of faculties are neutral regarding scope for experimentation of new teaching method.

TABLE 17: TABLE SHOWING AMOUNT OF RESPONSIBILITY YOU CARRY IS VERY HIGH

The amount of responsibility you carry is very high	Frequency	Percentage
Strongly disagree	1	1.25
Disagree	13	16.25
Neutral	35	43.75
Agree	28	35
Strongly agree	3	3.75
	80	100

Findings: The overall statistics shows that 43.75 percent of the faculties are neutral about the amount of responsibility they carry.

TABLE 18: TABLE SHOWING JOB PROVIDES YOU AN OPPORTUNITY TO ADVANCE PROFESSIONALLY

the job provides you an opportunity to advance professionally	Frequency	Percentage
Strongly disagree	1	1.25
Disagree	4	5
Neutral	18	22.5
Agree	47	58.75
Strongly agree	10	12.5
	80	100

Findings: The overall statistics shows that 58.75 percent of faculty agrees with the job which provides them an opportunity to advance professionally.

TABLE 19: TABLE SHOWING TEACHING PROVIDES OPPORTUNITY TO USE VARIETY OF SKILLS

Teaching provides me an opportunity to use a variety of skills	Frequency	Percentage
Strongly disagree	0	0
Disagree	3	3.75
Neutral	11	13.75
Agree	46	57.5
Strongly agree	20	25
	80	100

Findings: The overall statistics shows that 57.5 percent of faculty feels that teaching provides them an opportunity to use variety of skills.

TABLE 20: COLLEGE PROVIDING AMPLE OPPORTUNITY FOR RESEARCH

College provides ample opportunity for research	Frequency	Percentage
Strongly disagree	3	3.75
Disagree	15	18.75
Neutral	31	38.75
Agree	21	26.25
Strongly agree	10	12.5
	80	100

Findings: The overall statistics shows that 38.75 percent of faculties are neutral about college providing ample opportunity for research.

TABLE 21: TABLE SHOWING OPPORTUNITIES FOR PROMOTION ARE VERY BLEAK

opportunities for promotion are very bleak	Frequency	Percentage
Strongly disagree	6	7.5
Disagree	29	36.25
Neutral	18	22.5
Agree	22	27.5
Strongly agree	5	6.25
	80	100

Findings: The overall statistics shows that 36.25 percent of faculty disagrees with the promotion given to them by their college.

TABLE 22: TABLE SHOWING SCOPE FOR INNOVATION IN TEACHING

There is scope for innovation of teaching	Frequency	Percentage
Strongly disagree	1	1.25
Disagree	10	12.5
Neutral	17	21.25
Agree	42	52.5
Strongly agree	10	12.5
	80	100

Findings: The overall statistics shows that 52.5 percent of faculty agrees that there is a scope for innovation of teaching.

TABLE 23: TABLE SHOWING COLLEGE PROVIDES SEVERAL FINANCIAL FRINGE BENEFITS TO THE FACULTY AND STAFF

college provides several financial fringe benefits to the faculty and staff	Frequency	Percentage
Strongly disagree	15	18.75
Disagree	15	18.75
Neutral	25	31.25
Agree	14	17.5
Strongly agree	11	13.75
	80	100

Findings: The overall statistics shows that 31.25 percent of faculties are neutral about college providing financial benefits.

TABLE 24: TABLE SHOWING YEARLY INCREMENT OFFERED BY MANAGEMENT

Every year college management offers basic increment	Frequency	Percentage
Strongly disagree	2	2.5
Disagree	10	12.5
Neutral	15	18.75
Agree	31	38.75
Strongly agree	22	27.5
	80	100

Findings: The overall statistics shows that 38.75 percent of faculty agrees with basic increment provided by their college management every year.

TABLE 25: TABLE SHOWING COLLEGE ENCOURAGEMENT IN APPROACHING DST/UGC/ACITE/ICSSR FOR PROJECTS

College encourages you to approach DST/UGC/ACITE/ICSSR for projects	Frequency	Percentage
Strongly disagree	6	7.5
Disagree	12	15
Neutral	20	25
Agree	27	33.75
Strongly agree	15	18.75
	80	100

Findings: The overall statistics shows that 33.75 percent of faculties are encouraged to approach DST/UGC/ACITE/ICSSR projects by their college

TABLE 26: TABLE SHOWING WORK LOAD IS AS PER UNIVERSITY NORMS

Your work load is as per university norms	Frequency	Percentage
Strongly disagree	3	3.75
Disagree	9	11.25
Neutral	25	31.25
Agree	26	32.5
Strongly agree	17	21.25
	80	100

Findings: The overall statistics shows that 32.5 percent of faculty agrees that work load is as per university norms.

TABLE 27: TABLE SHOWING COLLEGE PROVIDES REPUTED RESEARCH JOURNALS

College provides reputed research journals	Frequency	Percentage
Strongly disagree	3	3.75
Disagree	11	13.75
Neutral	16	20
Agree	37	46.25
Strongly agree	13	16.25
	80	100

Findings: The overall statistics shows that 46.25 percent of faculty agrees that their college provides reputed research journals.

TABLE 28: TABLE SHOWING COLLEGE SPONSORING VARIOUS EVENTS / PROGRAMS FOR FACULTY MEMBERS

College sponsor faculty members to various national seminar conferences workshops	Frequency	Percentage
Strongly disagree	4	5
Disagree	10	12.5
Neutral	22	27.5
Agree	31	38.75
Strongly agree	13	16.25
	80	100

Findings: The overall statistics shows that 38.75 percent of the faculty members are being sponsored by the college to various national seminar conferences workshops.

TABLE 29: TABLE SHOWING GOVT FUNDS FOR THE PROJECT WHICH YOU UNDERTAKE

Govt funds for the project which you undertaken	Frequency	Percentage
Strongly disagree	15	18.75
Disagree	9	11.25
Neutral	37	46.25
Agree	16	20
Strongly agree	3	3.75
	80	100

Findings: The overall statistics shows that 46.25 percent of faculties are neutral about government funds for the project which they undertake.

TABLE 30: TABLE SHOWING COLLEGE SPONSORING AND ENCOURAGING THE FACULTY TO ORGANIZE SEMINARS AND WORKSHOPS

College sponsor and encourages the faculty to organize seminars and workshops	Frequency	Percentage
Strongly disagree	4	5
Disagree	15	18.75
Neutral	22	27.5
Agree	30	37.5
Strongly agree	9	11.25
	80	100

Findings: The overall statistics shows that 37.5 percent of faculty agree that college sponsor and encourages for seminars and workshops.

TABLE 31: TABLE SHOWING COLLEGE PROVIDES FINANCIAL MOTIVATION IF A FACULTY PUBLISH RESEARCH ARTICLE IN INTERNATIONAL OR NATIONAL JOURNALS WITH ISSN AND ISBN NUMBERS

College provide financial motivation if a faculty publish research article in international or national journals with ISSN and ISBN numbers	Frequency	Percentage
Strongly disagree	3	3.75
Disagree	12	15
Neutral	28	35
Agree	27	33.75
Strongly agree	10	12.5
	80	100

Findings: The overall statistics shows that 33.75 percent of faculty agrees that the college motivates them to publish research article in national and international journals.

TABLE 32: TABLE SHOWING TEACHER'S INCOME IS ADEQUATE FOR NORMAL EXPENSES

Teachers income is adequate for normal expenses	Frequency	Percentage
Strongly disagree	15	18.75
Disagree	9	11.25
Neutral	35	43.75
Agree	19	23.75
Strongly agree	2	2.5
	80	100

Findings: The overall statistics shows that 43.75 percent of faculties are neutral about their income for normal expenses.

TABLE 33: TABLE SHOWING TEACHING DISCOURAGES ORIGINALITY

Teaching discourages originality	Frequency	Percentage
Strongly disagree	21	26.25
Disagree	28	35
Neutral	22	27.5
Agree	9	11.25
Strongly agree	0	0
	80	100

Findings: The overall statistics shows that 35 percent of faculty disagrees that teaching discourages originality.

TABLE 34: TABLE SHOWING RECEIVING RECOGNITION FROM MANAGEMENT FOR SUCCESSFUL WORK COMPLETIONS

I receive full recognition from mgt for my successful work completions	Frequency	Percentage
Strongly disagree	8	10
Disagree	14	17.5
Neutral	21	26.25
Agree	28	35
Strongly agree	9	11.25
	80	100

Findings: The overall statistics shows that 35 percent of faculty agrees with receiving full recognition from mgt for successful work completions.

TABLE 35: TABLE SHOWING COLLEGE MGT GIVES MATERNITY LEAVE, SICK LEAVES ETC., AS PER GOVERNMENT NORMS

your mgt gives maternity leave, sick leaves etc., as per govt norms	Frequency	Percentage
Strongly disagree	13	16.25
Disagree	14	17.5
Neutral	18	22.5
Agree	25	31.25
Strongly agree	10	12.5
	80	100

Findings: The overall statistics shows that 31.25 percent of faculty agrees that their college mgt gives maternity leave, sick leaves etc., as per govt norms.

TABLE 36: TABLE SHOWING TOO MANY INSTRUCTIONS FROM THEIR IMMEDIATE SUPERVISOR

I receive too many recognitions from my immediate supervisor	Frequency	Percentage
Strongly disagree	11	13.75
Disagree	22	27.5
Neutral	25	31.25
Agree	20	25
Strongly agree	2	2.5
	80	100

Findings: The overall statistics shows that 31.25 percent of faculties are neutral about receiving too many recognition from their immediate supervisor.

TABLE 37: RECEIVING TOO LITTLE RECOGNITION FOR CONTRIBUTION

I receive too little recognitions	Frequency	Percentage
Strongly disagree	7	8.75
Disagree	24	30
Neutral	20	25
Agree	20	25
Strongly agree	9	11.25
	80	100

Findings: The overall statistics shows that 30 percent of faculty disagrees with receiving too little recognitions.

TABLE 38: TABLE SHOWING LEVELS OF SATISFACTION RELATED TO JOB RESPONSIBILITIES

your rate of satisfaction related to job responsibilities	Frequency	Percentage
Strongly disagree	4	5
Disagree	9	11.25
Neutral	19	23.75
Agree	36	45
Strongly agree	12	15
	80	100

Findings: The overall statistics shows that 45 percent of faculties agree with rate of satisfaction related to their job responsibilities.

TABLE 39: TABLE SHOWING LEVELS OF SATISFACTION RELATED TO WORK LOAD

your rate of satisfaction related to work load	Frequency	Percentage
Strongly disagree	5	6.25
Disagree	5	6.25
Neutral	22	27.5
Agree	44	55
Strongly agree	4	5
	80	100

Findings: The overall statistics shows that 55 percent of faculties are satisfied with their related work load.

TABLE 40: TABLE SHOWING LEVELS OF SATISFACTION RELATED TO RESEARCH ENCOURAGEMENT BY COLLEGE

your rate of satisfaction related to research encouragement by college	Frequency	Percentage
Strongly disagree	4	5
Disagree	11	13.75
Neutral	25	31.25
Agree	35	43.75
Strongly agree	5	6.25
	80	100

Findings: The overall statistics shows that 43.75 percent of faculty are satisfied with their research encouragement by college.

TABLE 41: TABLE SHOWING OVERALL LEVELS OF SATISFACTION ABOUT THE JOB

your overall rate of satisfaction about the job	Frequency	Percentage
Strongly disagree	7	8.75
Disagree	7	8.75
Neutral	14	17.5
Agree	45	56.25
Strongly agree	7	8.75
	80	100

Findings: The overall statistics shows that 56.25 percent of faculty is satisfied with their overall rate of satisfaction

CHI-SQUARE TEST

TABLE 42 TABLE SHOWING THE SATISFACTION LEVEL RELATED TO JOB WITH RESPECTIVE TO THE GENDER

H_0 : There is no difference in satisfaction level related to job with respect to the gender.

H_1 : There is difference in satisfaction level related to job with respect to the gender.

		RATE OF SATISFACTION ABOUT JOB					Total	χ^2 value	P Value
		1	2	3	4	5			
Male	Count	6	6	7	19	1	39	11.761	0.019
	% within gender	15.4	15.4	17.9	48.7	2.6	100		
	% of total	7.5	7.5	8.8	23.8	1.3	48.9		
Female	Count	1	1	7	26	6	41		
	% within gender	2.4	2.4	17.1	63.4	15	100		
	% of total	1.3	1.3	8.8	32.5	51	95.1		
Total	Count	7	7	14	45	7	80		
	% within gender	8.8	8.8	17.5	56.3	8.8	100		
	% of total	8.8	8.8	17.5	56.3	8.8	100		

Inference: The Chi-Square (χ^2) value is 11.761 and P value .019. At 5% level of significance with 4 degree of freedom table value of Chi-square is 9.86. Since the calculated value 11.761 is greater than the table value 9.86 of Chi-square, We reject H_0 and accept H_1 . Hence there is a difference in satisfaction level related to job with respect to gender.

CONCLUSION

Analysis of the results shows that all colleges are aware about the ideal norms laid by the government however, could not establish the ideal environment prescribed by the government. The reasons in general observed are sufficient number of qualified faculty are not available because the fee structure set by the state government is not sufficient to establish ideal environment. To certain extent government schemes have paved way for those students who do not want to study but still opted the course which pulled the morality of the faculty etc. when there is a gap between the ideal pay structure and fee structure, competent and qualified faculty are not opting teaching as a profession. This reflected on working environment of the colleges, whereby it is observed to be one of the factor for either dissatisfaction or moderate satisfaction. Male faculties are not happy but whereas female faculty are either satisfied or happy with working environment or pay in proportion to the service they render for the organization. Only very few colleges are offering incentives or increments for the faculty who are doing and publishing research articles. At higher education teaching and research should go hand in hand which is conspicuously absent in AP Higher education. Only very few colleges are implementing financial motivation to the faculty members and encouraging them to participate in research and reflect them in the classroom teaching.

Hence, it may be concluded that a good pay structure and fee structure have a direct bearing in establishing an ideal working environment to attract qualified and competent faculty members, which ultimately gets reflected through good satisfaction level among the faculty members. A satisfied faculty member certainly will give best output in teaching and research and ultimately students will get benefitted in learning, practicing, applying and retaining the knowledge.

SUGGESTIONS

1. Colleges should provide better facilities to their faculty members so that job satisfaction levels will increase.
2. College should help by funding of projects undertaken by faculty and motivate them to attend various seminars and workshops upgrade themselves.
3. College management should provide a platform to make interactions more effective and fruitful rather than strong.
4. College management should provide free transportation to faculties such that they won't have stress while coming to college and going back home.

LIMITATIONS

1. Time is a major constraint
2. Faculty were hesitant to fill the questionnaire as they thought that the information disclosed by them won't be kept confidential
3. As the sample size is small, the study may not give appropriate results
4. College management was not so flexible to give permission to interact with the employees.

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CHANGING LANDSCAPE OF TEXTILES IN INDIA: A TECHNICAL TEXTILES

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ABSTRACT

The textile industry is usually recognized as an industry satisfying clothing requirements of human beings for protection, grace, and improves aesthetic sense which is known as traditional textile or general textile. On the other hand, the textile that used for specific purposes; use of textile in industry, for human protection from extreme situation etc. are known as technical textile, industrial textile, and functional textile. The present paper attempts to show that how the textile consumption in India has shifted from the Traditional textile to Technical textile. For the purpose, value-wise share, its CAGR and market size for various technical textile segments in India from 2001-02 to 2011-12 have been studied. In addition, researchers try to find out the reasons responsible for slow growth of the industry and trace various initiatives taken by the Government for the Promotion of Technical Textiles Industry in India.

KEYWORDS

Technical Textiles, Smart Fabrics and Interactive Textiles, Compound Annual Growth Rate and Market Size.

INTRODUCTION

The textiles Industry fulfills the physiological needs of mankind and therefore touches the lives in one or the other way. The textile Industry is primarily concerned with the production of yarn and cloth and the subsequent design of clothing and their distribution. India Textile Industry is one of the leading textile industries in the world. Though was predominantly unorganized industry even a few years back, but the scenario started changing after the economic liberalization of Indian economy in 1991. The opening up of economy gave the much-needed thrust to the Indian textile industry, which has now successfully become one of the largest in the world.

India textile industry largely involves the textile manufacturing and export. It plays a major role in the economy of the country. The industry contributes about 14% to Industry production, 4% to country's G.D.P & 17% to country's export earnings. Indian textile industry is also the largest in the country in terms of employment generation. The sector employs nearly 35 million people and after agriculture, is the second-highest employer in the country. India has the largest area under cotton cultivation- a million hectares- constituting 25% of the world's total cultivation area. It has largest producer of raw cotton and jute (1900 Mn kg). It is 2nd largest producer of cotton yarn (2700 Mn kg), cellulose fibre/ yarn and also 2nd largest producer of silk (15 Mn kg)¹. Keeping in view the usages of textile, the textile can be divided into two main sectors; traditional textile and technical textile. Traditional textile deals with the general demands of human being, mainly it covers clothing, made ups, bead wears, etc. whereas, technical textile is a product made to serve a particular and technical requirement; water proof jackets, filters, fire proof seats etc.

TECHNICAL TEXTILES: MEANING AND CONCEPT

"Comprising all those textiles based products which are used principally for their performance or functional characteristics rather than for their aesthetics or are used for non – consumer (i.e. industrial) application": David Rigby Associates (David Rigby Associates is a consultancy specializing in the fiber, textiles and clothing industry, based in Manchester UK.)

"Technical Textiles are materials meeting high technical and quality requirements (mechanical, thermal, electrical, durability...) giving them the ability to offer technical functions": Nemoz²

From the above definitions we may conclude that Technical textiles understood as textile materials and products used for technical performance and functional properties and are not only concerned to traditional or decorative characteristics rather than their aesthetic or decorative characteristics. Some terms which are often used in place of technical textile are industrial textiles, functional textiles, performance textiles, engineering textiles, invisible textiles and hi-tech textiles. They are desired because of their strength, performance and other functional properties. Some often areas are food industry and paper mills where they are more demanded. Technical textiles have great features like functional requirement, health, safety, cost effectiveness, durability, high strength, light weight, versatility which makes it even more popular now a days and this is the reason for their higher growth and demand in the market. Depending on the product characteristics, functional requirement and end use application, the highly diversified range technical textiles products have been divided into 12 sectors:

- i) **Agrotech** (Agriculture, horticulture and forestry)
- ii) **Buildtech** (building and construction)
- iii) **Clothtech** (technical components of shoes and clothing)
- iv) **Geotech** (geotextiles, civil engineering)
- v) **Homotech** (components of furniture, household textiles and floor coverings)
- vi) **Indutech** (filtration, cleaning and other industrial usage)
- vii) **Meditech** (hygiene and medical)
- viii) **Mobiltech** (automobiles, shipping, railways and aerospace)
- ix) **Oekotech** (environmental protection)
- x) **Packtech** (packaging)
- xi) **Protech** (personal and property protection)
- xii) **Sporttech** (sport and leisure)

OBJECTIVES

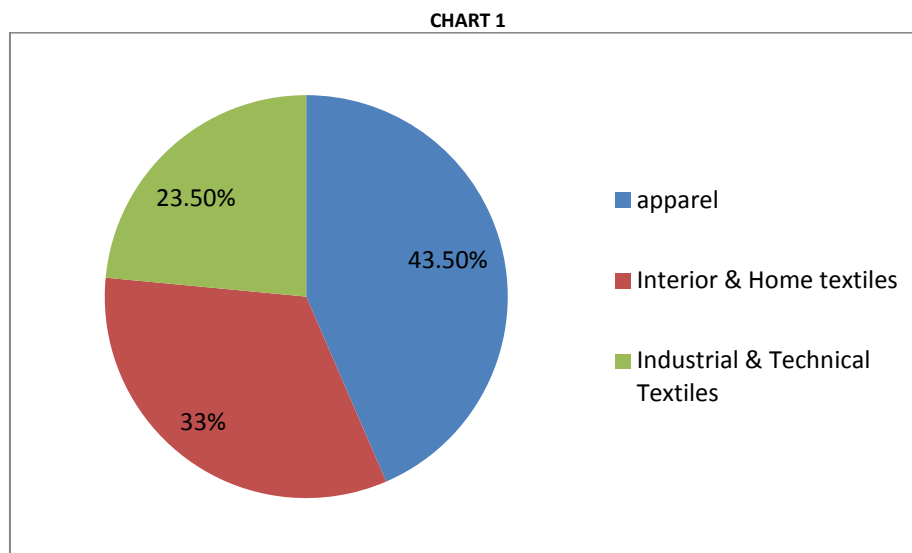
The objectives of the paper are

1. To explore the developments or innovations in Indian Textile sector due to the presence of Technical Textiles in recent years.

2. To investigate the value-wise share, CAGR and assess market size for various technical textile segments in India.
3. To search out the factors responsible for slow growth of the Technical Textile industry in India.
4. To draw various initiatives taken by the Government for the Promotion of Technical Textiles Industry in India.

RATIO OF GLOBAL TEXTILES PRODUCTION

Fabric manufacture is the most important part of textiles industry. The manufacture of Technical textiles can be divided into three segments broadly: **Apparel, Home textiles & Industrial/ technical textiles**. The ratio of global textiles production of these segments have been & shown in the following chart 1:



Source : Textiles exchange

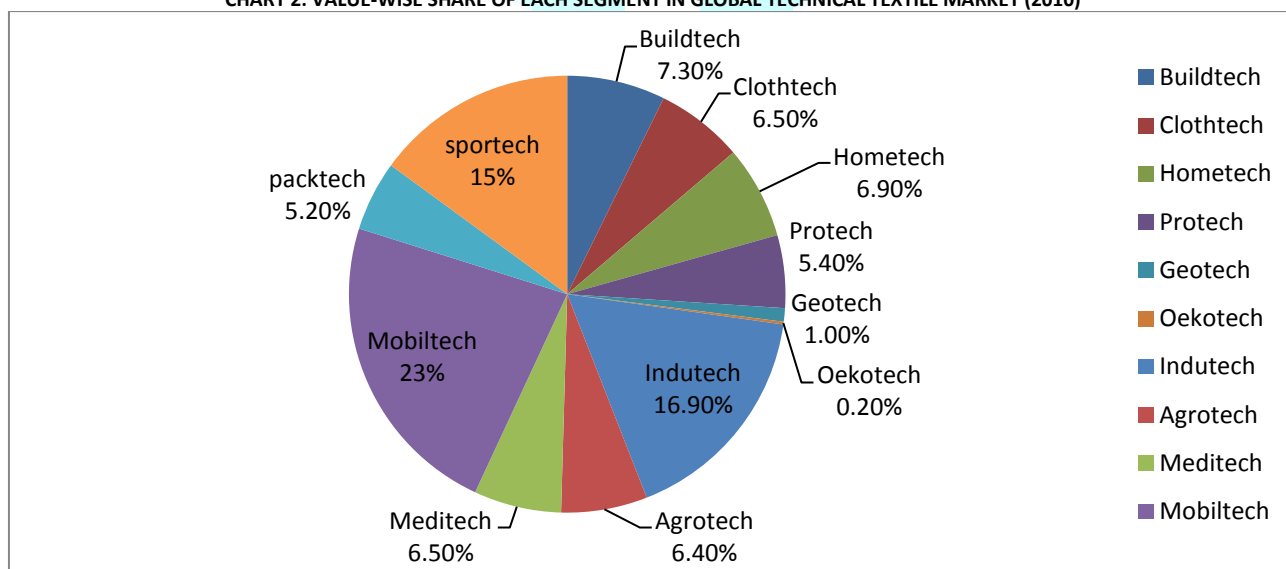
Here we may conclude that Interior and home textiles constitutes a substantial proportion of total global textiles i.e. 33%, meaning almost one third of the total textiles production.

TECHNICAL TEXTILES – GLOBAL SCENARIO

Technical textiles are growing in the global market at a faster rate than expected. In the global markets the US and EU remain major manufacturers and consumers of technical textiles. The Asian countries like China and India are emerging as chief producing centers of technical textiles. On consumption aspects, Russia is developing in to an important growing market for technical textiles. Turkey's technical textiles market has also started to develop in the recent years³. Some of the facts related to world technical textile markets will throw some more light on the issue:

1. The total global sale of technical textiles is expected to touch US\$126 billion by 2010.
 2. Asia is fast emerging as the chief producer and consumer of technical textiles.
 3. The Texas Tech University has predicted the growth of nonwovens and technical textiles markets in India by 13.3% per annum during 2005-50.
 4. The demand for filters in China is forecast to rise by 14.4% a year up to 2011 due to developments in motor vehicle production, manufacturing output, construction activities, and urbanization of the population.
 5. Turkey is developing as an important center for technical textiles production and is exporting technical textile raw material and end products to the world.
- The chart 2 given below presents a value wise share (in terms of percent) of each segment of the technical textiles market in the year 2010. As evident from the graph below, Mobiltech, Indutech and Sportech are the largest segments of global Industry, together accounting for 55% of the world market.

CHART 2: VALUE-WISE SHARE OF EACH SEGMENT IN GLOBAL TECHNICAL TEXTILE MARKET (2010)



Sources: Report of the Expert Committee on Technical Textiles (ECTT) Volume – I, 'World Market Forecasts for 2010 of technical textiles and industrial nonwovens' by David Rigby Associates

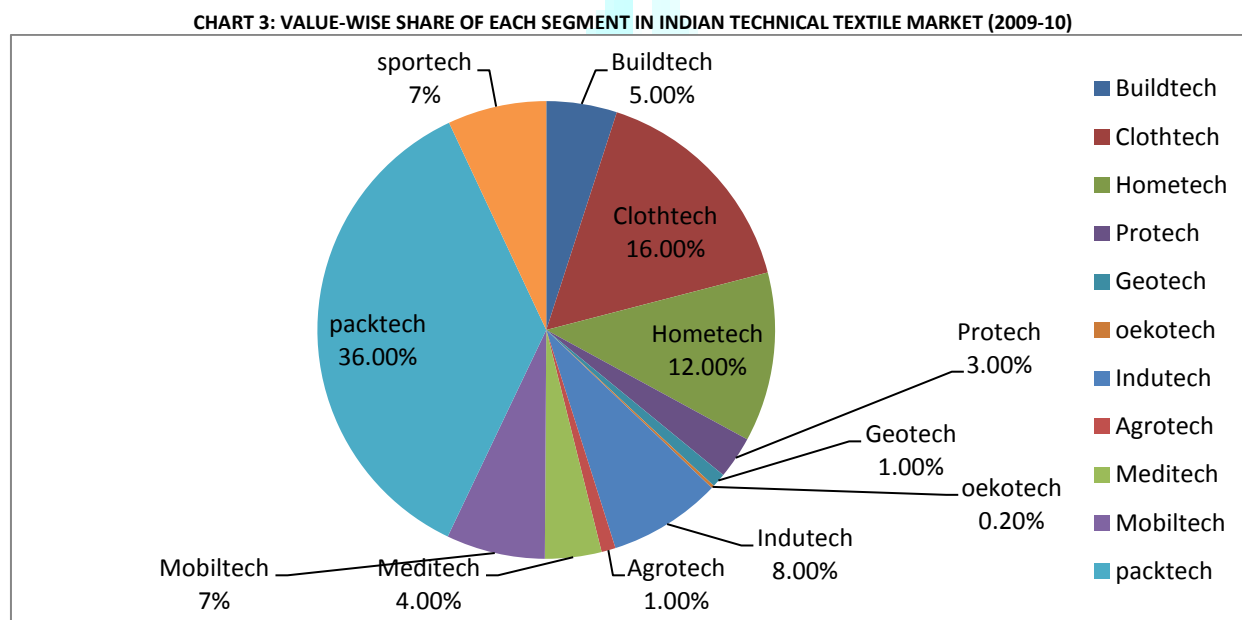
The Industry has witnessed a Compound Annual Growth Rate (CAGR) of over 3% from 2000 to 2010, with Buildtech, Geotech, Oekotech and Indutech being the fastest growing segments. Going forward, the major growth areas for technical textiles in the global context are projected to be medical and personal hygiene, sports and leisure, environmental protection, pollution control and filtration, garment and shoe industry. The US is the largest consumer of technical textiles,

followed by Western Europe and Japan. However, Technical Textile industry in the developed world is maturing in a significant way resulting in moderate growth in these economies. In contrast, China, India and other countries in Asia, America and Eastern Europe are expected to experience healthy growth in the near future. Asia is emerging as a powerhouse of both production as well as consumption of technical textiles. China, Japan, Korea, Taiwan and India have great potential to make an impact in this industry in the coming decade.

TECHNICAL TEXTILES – INDIAN SCENARIO

India is emerging as a significant player in technical textiles. The fast-paced economic growth leading to infrastructure creation as well as higher disposable income has made India a key market for the technical textile products. Moreover, the country has developed a foothold in the production of technical textiles owing to its skilled and technical manpower as well as abundant availability of raw material. More investments are underway in this sector. As per the Ministry of Textiles, as on September 2010, 26,163 applications for technical textile projects with a project cost of US\$ 14.5 billion² were disbursed under Technology Upgradation Fund Scheme (TUFS). Indian Technical Textile industry is estimated at US\$ 11 billion² (2009-10), with domestic consumption of US\$ 10.3 billion. The Industry has witnessed a significant growth of 16% from 2001-02 to 2009-10 and, is expected to grow at a rate of 11% year-on year and reach a market size of US\$ 15.1 billion by the year 2012-13. Domestic consumption is expected to increase to US\$ 14.1 billion by the year 2012-13⁴.

The following chart 3 brings out the share each segment holds in India in 2009-2010:



Source: Baseline survey of the Technical Textile industry in India, IMaCS Analysis

The following table shows the segment wise Technical textiles production in India from 2002-03 to 2011-12.

TABLE 1: SEGMENT WISE MARKET SIZE OF INDIAN TECHNICAL TEXTILE INDUSTRY (Values in Rs. Crore)

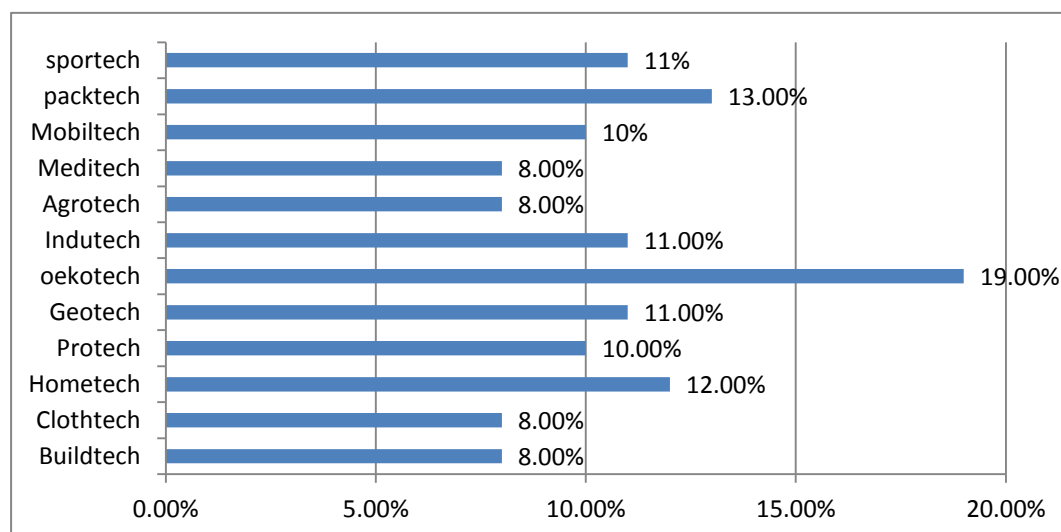
Segments	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Clothtech	6071.7	6833.2	7198.5	7583.3	7988.7	6908	8157.3	8483.1	8808.9	9454
Packtech	3614.6	4086	4588.3	5152.4	5785.9	14630	11537.2	12955.3	14373.4	23710
Sporttech	1417.5	1534.1	1649.3	1773.2	1906.3	2851	2611.6	2820.2	3028.8	4297
Mobiltech	1270.9	1381.5	1454.9	1532.1	1613.5	3183	2640.3	2885.9	3131.5	4689
Buildtech	1114.4	1181.5	1254.8	1332.7	1415.4	2157	1939.6	2085	2230.4	2980
Homotech	883.3	1029.7	1199.7	1397.8	1628.7	5025	3797.5	4321	4844.6	7831
Indutech	887.5	961.9	1050.6	1147.5	1253.3	3206	2486.2	2774.7	3063.2	4892
Meditech	851.8	932.9	1036.7	1152.1	1280.3	1669	1635.7	1769.6	1903.5	2298
Protech	425.1	520.2	652.6	818.7	1027.1	1302	777.03	792.9	808.8	1890
Geotech	196.2	350	591.4	999.4	1688.9	272	1189.8	1336.9	1484.1	410
Agrotech	281.4	303.5	337.6	375.5	417.7	553	535.7	579.3	622.9	751
Oekotech	0	14.7	24.7	41.5	69.9	68	84.1	97.4	110.6	135
Total	17015.7	19129.59	21039.64	23306.8	26076.1	41756	37392.6	40901.9	44411.2	63202

Source: Report of the working group on Textiles & Jute industry for the Tenth Five year plan (2007-12); Eleventh Five year plan (2012-17). In Expert Committee on Technical Textiles Report from 2002-03 to 2006-07 and ICRA baseline survey report for the years 2007-8 and 2011-12.

Notes: i) Data for years 2008-09, 2009-10 and 2010-11 have been calculated by using extrapolation.

The above Table 2 demonstrates the segment wise details of Technical Textiles production in India during 2002-2012. In the year 2002-03, the technical textile production was at Rs. 17015.06 cr., after that it kept on rising and reached to 26076.1cr. during 2006-07. We see an exceptional improvement in the year 2007-08. In the following year 2008-09, it got down due to the financial crisis during this period but thereafter it started rising and reached to 63202 cr. in 2011-12. The following chart 4 reveals the value-wise CAGR for various technical textile segments from 2009-10 to 2012-13

CHART 4: VALUE-WISE CAGR FOR VARIOUS TECHNICAL TEXTILE SEGMENTS FROM 2009-10 TO 2012-13



Source: Baseline survey of the Technical Textile industry in India

Overall CAGR is 11% as shown in above chart 4, out of which Packtech, Clothtech and Homotech are the largest segments of the Indian Industry, comprising around 65% of the Indian technical textile market. Going forward, Sportech, Indutech, Geotech, Oekotech, Packtech and Homotech are expected to achieve high growth rates. Though the country consumes products belonging to all 12 categories of technical textiles, the share of indigenous production varies drastically across products. India is a key producer of technical textile products including flexible intermediate bulk containers (FIBCs), tarpaulins, jute carpet backing, hessian, fishnets, surgical dressings, crop covers, etc., which are typically commoditized. The technology-intensive technical textile products such as incontinence diapers, high altitude clothing, etc., are majorly imported with its imports accounting forever 90% of the domestic consumption. The Industry is characterized by the presence of multi-nationals like Ahlstrom, Johnson & Johnson, Du Pont, Procter & Gamble, 3M, SKAPs, Kimberly-Clark, etc., who have set up their manufacturing plants in India, as well as large domestic players like SRF, Entremonde Polycoaters, Kusumgarh Corporates, Supreme Nonwovens, Garware Wall Ropes, Century Enka, Techfab India, Pacific Non Woven, Vardhman, Unimin, etc. The small scale segment also plays a key role, with production of certain goods like canvas tarpaulin, carpet backing, woven sacks, shoe laces, soft luggage, zip fasteners, stuffed toys, fabrication of awnings, canopies and blinds, etc., being concentrated in the small scale.

Technical Textiles industry is growing at a pace faster than expected. India has emerged as key player of this Industry on both production and consumption frontier. But still overall participation of India in global technical textiles Industry is confined up to a limited area. Growth pace of Indian technical textiles Industry is slower in comparison to its competitors. Out of 12 major elements of technical textiles, only Homotech, packtech, clothtech have made a dominant position in the domestic industry comprising 65% and others are yet either unexplored or explored to a very little. There are various factors responsible for this slower growth rate which is discussed below:

FACTORS RESPONSIBLE FOR SLOW GROWTH RATE OF TECHNICAL TEXTILE INDUSTRY

There are various factors responsible for the slow growth rate of technical textile industry in India. In order to promote the production of technical textiles, the first and foremost need would be to attract entrepreneurs in the field of technical textiles. Entrepreneurs have so far kept away from the technical textiles in view of the following deterrents:

1. Technical textile and marketing aspects thereof are highly complex. Indian entrepreneurs in textiles have so far not faced this complex situation and therefore, may have genuine doubts and apprehensions about success in such ventures.
2. Specific technical textiles demand specific raw materials, machinery and equipment, mostly to be imported and therefore, requiring huge capital towards the project cost.
3. Technical textiles being at an evolving stage in India, generation of technology for product development and establishing specific markets with adequate volumes require huge working capital for a minimum period of 5 years before the entrepreneur could expect fruits of high value addition usually associated with technical textiles. Besides, market development will require sustained promotional efforts which need substantial investments as well as lead time.
4. Developed countries have reached a point of saturation or maturity in bulk of the technical textiles and they are gearing up to enter developing countries including India in a competitive manner in globalized markets. They have the backing of overall experience in various facets of technical textiles and financial muscle, while Indian entrepreneurs have little or no experience in this direction.
5. India being a developing country, the existing norms and mandatory requirements of technical textiles for specific end applications are either outdated or non-existing. As a result, entrepreneurs have an uphill task of introducing technical textiles to end users in the Indian market.
6. Raw material in India is costly, as most of the raw material is needed to be imported from the foreign countries. Attempts should be made to use indigenously available fibers - both natural and manmade, for the technical textile products. However, it is not a deterrent to import high performance fibers for specific products where volume is less development of polymer technology will be prohibitively costly. To exploit the traditional eco-friendly natural fibers like cotton, jute, coir, hemp, etc. by product diversification with value addition for medical textiles, agro textiles etc. The growth in industry will provide raw material at cheaper rate as the competitive market would be created.
7. Research & development, consultancy, quality management, testing and evaluation hold the key to the success of capturing a substantial share of the competitive global market of technical textiles. Accordingly substantial investment in R & D is unavoidable. Strong world class testing facilities for accurate and relevant evaluation of technical textile must be made available in India to satisfy the stringent and critical requirements of performance related products parameters in the global market. Since most of the technical textiles lose almost their total market value if any of the parameters fails to conform to the specifications, the quality control and quality culture should be of a high order to ensure "Right the First Time and Right Every Time".
8. The manpower available in India is not too skilled in their technical and managerial skills. But, India having a large population labor is cheaper so the companies are attracted. Thus the people are needed to be made trained and educated.
9. So far, no attempt has been made by the Government to boost the market development of technical textiles. For example, there is no legislation for mandatory use of the fire retardant fabrics in high-rise buildings, in public places like exhibitions, cinema halls etc. There is no environmental legislation for the use of Geotextiles and geo-membranes in waste containment for disposal of hazardous wastes as well as for industrial and municipal effluent treatment facilities. Technical developments need support from a regulatory framework based on scientific rationale. For example, airbag technology in automobile is identified as a future prospect in western countries because there is a regulation that new car on road must incorporate airbag technology for the safety of the driver and passengers.

10. Technical textiles sector in India is at a nascent stage in terms of market development.
11. There is lack of awareness amongst the entrepreneurs as well as consumers about the usage, benefits and high growth potential. At present, the major deterrent for expansion of the sector is low demand.
12. There exist duty anomalies in the technical textiles industry wherein an excise duty is levied on the raw material while the finished product has been exempt from the duty. Some of the products exhibiting such anomaly are – Baby diapers, Incontinence diapers and Sanitary napkins. Anomaly also exists with respect to customs duties. One of the customs duty related anomaly has been observed in case of aramid yarn. At present aramid yarns can be imported without attracting any import duty only if conditions specified in Sr. no. 16 under general exemption 9 of provisions for Government imports including for defence and police are met. Customs duty on aramid yarn is waived off only if it is used in the manufacture of bullet-proof jackets. However, independent manufacturer of aramid fabric (which is used in manufacture of bullet-proof jackets) is not entitled to this exemption and has to pay customs duty. Further, currently, the VAT rate in some states (like Tamil Nadu, Karnataka) is different for the same products based on the base fibre used. There also exists a discrepancy in fiscal treatment of nonwovens and other textile products. Also, DEPB for nonwoven and converted products do not find a mention and needs to be notified.
13. One of the reasons for low penetration of technical textiles, especially in the Meditech segment is the existence of regulations that discourage use of modern technical textile products. For instance, the Indian Drugs & Cosmetics Act 1940 and Indian Pharmacopoeia recognize only woven medical products, due to which the consumption of nonwoven fabrics in medical area is very low. Similarly, in other segments like Geotech, absence of Indian standards has led to a low consumption of geo-textiles over conventional methods. Further, the usage of fire retardant textiles in public places is currently suggested in the National Building Code (NBC) but is not mandatory.
14. Textile industry is concerned over the applicability of GST as the industry involves a lot of inter-state transfers especially at the fabric stage. As GST would be applicable on inter-state depot transfers, it could lead to blockage of funds/cash flow issues as no credit would be available on the finished goods stock at such depots, unless they are sold. The same concern holds for imported goods as well. Another area of concern is the treatment of stock transfers and job work under GST. It is also not clear whether optional cenvat would be available for textile industries under GST.⁵

GOVERNMENT'S INITIATIVE IN PROMOTION OF THE TECHNICAL TEXTILES INDUSTRY

Technical textiles are textile materials and products used for their technical performance and functional properties. Technical textiles are critical for the thrust areas of Government of India in terms of Infrastructure development, social responsibility, security of nation and food security. Government has taken many initiatives like implementing scheme for Growth and Development of Technical Textiles (SGDT) inclusion of major machinery for technical textiles under modified TUFs for 10% capital subsidy etc. In spite of government taking such initiative the Technical textile industry still suffers from a number of problems like lack of basic infrastructure in terms of testing facilities, lack of market development support, skilled manpower, lack of R&D, absence of regulatory measures, absence of specifications and standards for technical textiles etc. To address these issues Government has launched Technology mission on Technical textiles (TMTT) with two mission for a period of Five years (from 2010-11 to 2014-15) with a fund outlay of Rs. 200 crore.

The main objective of Mini Mission- I are standardization, creating common testing facilities with National/ International accreditation, indigenous development of prototypes and resource centre. To serve the purpose four centre of excellence (COEs) were established which aimed to provide infrastructure support at one place for the convenience of manufacturers of Technical textiles. In addition to four COEs already established, four additional COEs will be set up for Non woven, Composites, Indutech and Sportech to support the manufacturers of Technical textiles of respective segments.

The essential facilities to be created in the COEs are as follows

1. Facilities for testing and evaluation of products of identified segment of technical textile with National/ International accreditation and collaboration with foreign institute/ laboratories.
2. Resource centre with Technical textile infrastructure.
3. Facilities for indigenous development of prototypes.
4. Facilities for training of core personnel and regular training of personnel from the Technical textile industry.
5. Knowledge sharing with stakeholders.
6. Incubation centre.
7. Setting up of standard at par with global level.

To extend Support for domestic & export market and development of Technical Textiles Mini Mission II was introduced which aimed to provide Support for Business start-up and market development to the domestic manufacturers and exporters. Adequate fund support was ensured to organize workshops, seminars, conferences to impart technical know-how of the industry and thus create awareness. Mini Mission II gave ample space to research and development to ensure overall development of technical textiles industry.⁶

CONCLUSION

Reasons for the gaining popularity of technical textiles are that they are preferred for their highly specific performance quality. The products are on more scientific lines, technically suitable in producing more durable and convenient end products. They enhance the life and add to the functions of the end products in which they are used. As already discussed above various segments and functions, technical textiles convert the traditional textiles into more commercial and glorious products. Another reason that contributes to gaining importance of technical textiles is that industrialized countries being rich in technologies can compete well in terms of innovations and modern productions in comparison to the traditional textiles rich nations which are instead rich in labor and raw material. Technical Textiles survive on innovations. Thus, technical textile manufacturers must be ready to invest in research and development and newer equipments too, of which industrialized countries must be capable of. India in order to compete in the global market particularly needs to invest further in general awareness and training of the industrialist and technology development.⁷

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EFFECTS OF FINANCIAL PLANNING ON BUSINESS PERFORMANCE: A CASE STUDY OF SMALL BUSINESSES IN MALINDI, KENYA

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ABSTRACT

The importance of recording business transactions and keeping of business documents has become an important component in evaluation of business performance. Small businesses must do financial planning in order for their business operations to achieve the desired goals. Evaluation of business operations before implementation is a crucial process that has to be done with a lot of care. The study sought to determine the effects of financial planning on business performance among small businesses in Kenya. The target population included all small businesses traders in Malindi, Kenya. Cluster sampling technique was employed to ensure fair distribution of the different kinds of enterprises from different trading zones in the area. Primary and secondary data were collected and processed and analyzed using descriptive and inferential statistics. The study made the following findings: sole proprietors preferred engaging in business ventures that served immediate consumers, required less capital to initiate and have high immediate returns; sales turnover is important in determining the performance of a business and thus require efficient financial planning; small businesses that had financial plans are more likely to experience growth and profitability. The study recommended the need for policy makers and all the small businesses to embrace the concept of financial planning for effective business management, maximum rate of returns and overall business monitoring; there is also a need for owners/managers of small businesses to evaluate and consider other factors such as financial literacy, access to finances etc., in formulating their financial plans so as to improve performance (profits).

KEYWORDS

Financial Planning, Small and Medium Enterprises, Business Performance.

1. INTRODUCTION

A small business is a business which is privately owned and operated, with a small number of employees and relatively low volume of sales. Small businesses are common in many countries, depending on the economic system in operation (Saleem, 2012). Typical examples include: convenience stores, bakery shops, hairdressers, tradesmen, lawyers, accountants, restaurants, photographers, etc. The small and medium enterprises are being considered as engines of economic growth world-wide. The developed as well as developing countries are taking extreme benefits from SMEs and that are capable to accelerate the economy of any country. It plays considerable responsibility in providing further employment and conversion of economy. It is also implicit that sectors conquered by SMEs are better able to develop dynamic economies of scale. The roles of SMEs in the creation of productive employment are concerned with its position in the center of the range of sizes and resource intensities in a rising economy. Developing economies have started to focus on the crucial role that SMEs can play in their development (Jasra et al., 2011, Selamat et al., 2011). According to Oseghale & Nwachukwu (2010), small enterprises play a vital role in economic development as they can provide the economy with efficiency, innovation, competition and employment.

Small businesses comprise the largest proportion of businesses in Kenya and in most economies, and frequently offer the greatest potential for job creation. Kenya, like many developing countries, suffers from the problem of high population growth, unemployment, low investments and levels of industrialization that lead to low levels of economic growth (Government of Kenya, 2011). As Kenya hopes to industrialize by the year 2030 – Vision 2030, it might not achieve this objective due to slow growth and massive failures of small businesses (Neshamba, 2001). The reason for slow growth and massive failures may not be attributed to lack of capital or environment because the government has tried to alleviate this (World Bank, 1999). This leaves other factors as principal explanation for the slow growth, poor performance and massive failures of small businesses.

Like any other developing country, Kenya is beset by acute shortage of employment opportunities, especially among the youth who have attained higher educational qualifications. Apart from the very lucky ones who land jobs upon graduation, thousands of university graduates, let alone the high school graduates, have no jobs in Kenya. This is why the government has continually laid emphasis on the development of small businesses with a view to make the owners self-employed and self-sustaining. Small businesses generate employment; improve the distribution and income per capita, provide a source of livelihood for a large number of Kenyan population and contribution to a healthy competitive environment within the economy hence a remarkable economic development in Kenya (Wanyungu, 2000).

It is evident that pressure on land due to increased population, increase in labour force and lack of employment opportunities in the industrial sector has forced people into commercial activities. This has brought about formal and informal sector activities. Formal sector include business enterprises licensed and comprise catering, retail, motor vehicle repairs, bakeries, photo studios, and hardware shops, among others. Informal sector is widespread and contributes considerably to the growth of the district as a whole. Activities include selling used clothes, barbers, cycle repairs, retail kiosks, et cetera (Government of Kenya, 2001). Starting of small business enterprises is a source of alternative jobs incase of lay-offs; employers' frustrations and inability to find a steady job in the formal sector. Small business enterprises contribute products, services and jobs to a country's economy. Stanley further contends that since small business enterprises must compete for customers, prices are kept down via competitive forces. All these aspects are vital ingredient in a country's economic growth (Armen 1992, & Stanley 1985).

Small business enterprises generally suffer from a range of problems in their establishment and development. Early researchers argue that among these problems, finance is perhaps most central. The argument is given credence by results of a World Bank study which found out that about 90 per cent of small business enterprises surveyed stated that credit was a major constraint to new investment. Other causes of small business failure include incompetence, lack of proper planning, competition, fraud and lack of adequate credit, among others (Parker et al, 1995, Green et al, 2002).

The role of finance has been viewed as a critical element for the development of small businesses. Previous studies have highlighted the limited access to financial resources available to smaller enterprises compared to larger organizations, and the consequences for their growth and development (Parker et al, 1995). Poor management and accounting practices have hampered the ability of smaller enterprises to raise finance and subsequently manage these financial resources through improper management practices. Information asymmetries associated with lending to small scale borrowers have restricted the flow of finance to smaller enterprises. In spite of these claims, however, some studies show a large number of small businesses fail because of non-financial reasons (Liedholm et al, 1994). It is with such proposition in mind that a study focusing on effects of financial planning practices on business performance becomes compelling.

1.1 RESEARCH PROBLEM

Small businesses in themselves have problems that if financial planning, as a management tool, is not considered in the right manner then business performance will suffer. Small business operations in Kenya have been given low priority, not only by policy makers, but also by researchers. Despite recent attempts to rectify this situation, the knowledge of small business operations is still under-developed. Studies of failure and success in small businesses repeatedly show that

sound financial management, in which financial planning is a component, is crucial for the survival and well being of smaller enterprises. Wangai (1982) points out that the existence of poor financial management in the Kenyan small scale businesses is something that cannot be disputed. However, no empirical evidence has been advanced to prove this. McMahon and Holmes (1991), suggests that the state of knowledge about financial management and the exercise of financial planning and control remain inadequate in small businesses. For their survival and well being, small businesses must do financial planning. However, there are no empirical studies on whether or not these small businesses practice financial planning in their business operations. Therefore, this study was initiated to determine the effects of financial planning and provide an insight into whether small businesses are actually using financial planning, and also if it had any effect on these small firm's performance.

1.2 OBJECTIVES OF THE STUDY

The general objective sought to determine the effects of financial planning as a management tool among small businesses in Malindi, Kenya.

In order to achieve the purpose of this study, the specific objectives were:

- (i) To characterize types of small businesses and identify specific operations performed in relation to financial planning that affect business performance
- (ii) To compare small businesses that prepare financial plan (budgets) with those businesses that do not in terms of profits and rates of turnover (sales), and their effect on business performance
- (iii) To identify factors such as entrepreneurial educational level, number of employees, household expenditure and age of the business that influence financial planning of small businesses and affect business performance
- (iv) To measure the effect of the factors (identified in objective (iii) above) on the performance of the small businesses.

1.3 HYPOTHESES OF THE STUDY

To achieve the above specific objectives of this study, the following three null hypotheses were tested for their validity:

- (i) There is no difference in business performance between small businesses that prepare financial plan and those that do not in terms of income and rates of turnover (sales)
- (ii) There is no significant difference on business performance between small businesses that prepare financial plans and those that do not in terms of factors such as entrepreneurial educational level, number of employees, age of the business and household expenditure.
- (iii) Factors such as entrepreneurial educational level, number of employees, age of the business and household expenditure do not lead to financial planning hence no significant effect on performance of small businesses.

1.4 SIGNIFICANCE OF THE STUDY

It was with concern that the findings of the study established the cause of failure or stagnation of small businesses that is on the rise. The study also highlighted the effects of financial planning practices on business performance. Findings of the study are meant to enlighten those entrepreneurs that show laxity in financial planning and take it as a bother in order for them realize the essence of the whole process and its ultimate effect on their business performance. Recommendations of this study remind the governments to realize their role and their place in the economic development. Along side the entrepreneur starting and running the enterprise, government interventions is of necessity in terms of facilitating seminars and training session on proper management techniques and the general business performance in the sub sector. This would also facilitate reformulation of policies and guidelines that govern the sub sector to the betterment of stakeholders. Those in academics would find it useful in furthering the study or revising it to suit the various situations at different times. The study may not provide comprehensive solutions to the problems that manifest in small business enterprises concerning financial management but is an eye opener to an array of problems instead.

2. LITERATURE REVIEW

2.1 FACTORS INFLUENCING SMALL BUSINESS PERFORMANCE

Financial planning is a continuous process of directing and allocating financial resources of the business to meet strategic goals and objectives. Undertaking a regular review of the potential future financial position of the business will provide clarity on the ability of the business to meet its strategic direction. Budgets and forecasts are critical tools that can be used to predict the future financial position of any business. The difference between a budget and a forecast is that the budget sets out the financial goals of the business in line with the strategic plan and a forecast tracks the financial outcomes in line with budget predictions, providing a valuable tool to assess the likelihood of the achievement of the budget (CPA Australia Ltd, 2011).

A lot has been done to identify the problems facing the small scale enterprises both in Kenya and the outside world. Recently, a lot of interest has been shown in the improvement and performance of small businesses due to the various advantages accruing from them. Some of the advantages of small businesses over large businesses are as follows (Wandungi, 1994):

- (i) To set up a small business less capital is required compared to the amount required to set up a large business.
- (ii) Small firms cut out most of the red-tape prevalent in most large formal organizations. Customers and clients have direct access to the ultimate decision maker.
- (iii) The employees of a well managed small business derive social satisfaction. They have direct access to the top manager and can develop informal relationship. This contrast sharply with the situation of large organization's in which an individual is an anonymous non-entity.
- (iv) Small business people have no problem adapting and interacting with the society around it. The owner is part of the community. There exists mutual appreciation of the needs and contrasts between customers and the firm. The customer develops loyalty which would be of benefit to small business itself.
- (v) The fact that small business's output and clientele is usually small provides an opportunity to provide quality of products and services.
- (vi) Small firms are usually more flexible than large firms not only in size but output, location, market and product.

Business firms are ordinarily established to make profits. There are multiple of factors which determine a company's profitability and its chance for survival. Such factors may include clear objectives of the firm's macro-economic policies, size of the firm, type of the product, age of the firm, type of ownership, technology and the effectiveness of management decision making, among others. Information from a firms' financial accounting records can be used to show how one or more of the above factors has affected performance (Thomas and Everson, 1987).

Financial resources are of vital importance for a business to run operations profitably. SMEs have comparatively limited resources and greater difficulty in accessing to funding sources, are more dependant on a single product, have less adequate budget control system, and lack economies of scale. Some SMEs operate on traditional lines in marketing. However it is believed that well-planned business activities as manifested in a business plan will yield a better business performance (Jasra et al., 2007).

A sound and strong financial management is essential for small business survival (McMahon and Holmes, 1991). Studies of failures and success in small business show that strong financial management is the key to its success/survival all round. Mundu (1997) states that generally older businesses practice financial planning more than younger ones. The results therefore seen to be leading to a conclusion that the older the business, the more likely it is to practice financial planning which implies that to survive, small businesses have to practice financial planning. According to Ogeto (1994), firms which carry out feasibility study before coming up with a commercial venture end up performing better because this will help them identify opportunities, threats, strengths and weaknesses before setting off. This is where forecasting is done through research to find out whether the intended business is viable economically and financially.

The performance of many enterprises of all sizes suggests that the scarcity of competent managers is a more serious constraint on economic development than the shortage of finance. Most small traders in Kenya are illiterate and thus cannot successfully manage a large enterprise and therefore this hinders their

performance. The fundamental importance of good management cannot be exaggerated. Poor, untrained or inexperienced management can ruin the best business. Conversely, determination, skill, experience and good judgment can make a success of many an unlikely prospect (Ngugi, 1994).

A study done by Mwangi (1975) on the role and performance of shopkeepers in Central province of Kenya found that amongst the traders, specifically shopkeepers, 52% of them did not keep adequate books of accounts of business records, leave alone preparation of any financial plan for the business. Mwangi found out that inefficient utilization of the capital that existed was the bigger problem than the lack of capital. The shopkeepers did not keep adequate business records that would provide useful information for running the business affairs from day to day. The few shopkeepers who kept them only used them to show to financial institutions to secure loans. The study recommended that the traders need to be shown that proper records are an aid to proper running of the business rather than an aid to securing a loan. This conclusion and recommendation is in line with the remarks of Ross et al, (1970) that "business success and good records go hand in hand. Proper record keeping may not cause a business to fail, but many failures results from causes that good records could have prevented".

2.2 FACTORS LEADING TO FAILURE OF SMALL BUSINESSES

Sharma and Manfred (1998), see poor management as main cause of business failure. They view poor management as a process that leads to mistakes in strategic planning and implementation, hence the cause of deterioration in performance indicators such as profitability, liquidity, Market share, and without any corrective action of the mistakes in these areas the business ends up failing. Dun and Brandstreet (1991) hold that poor management and neglect causes business failure and incompetent management is responsible for about 90 per cent of business failure. Poor management as a cause of failure encompass inability to make decision, incompetence and wrong experience in managing people, inadequate sales, poor business planning and control, poor or inappropriate location, inventory problems, being lazy and absence of confidence.

Scarborough and Zimmerer (1996) assert that one of the most important steps in launching new business venture is fashioning a well designed, logical financial plan. Potential lenders and investors demand such a plan before putting their money into a start up company. More importantly, this financial plan can be vital in helping entrepreneurs manage their business more effectively; steering their way around pitfalls that cause failures. Entrepreneurs who ignore the financial aspects of their businesses run the risk of becoming just another failure statistics. "Those that do not establish sound controls at the start are setting themselves up to fail". Earlier researchers, for example, Anderson and Drunkelberge (1993), hold that some of the causes of business failure are inadequate planning, inappropriate accounting records, inadequate management skills and a weak economy. Parker and Torres (1993) on the other hand, point out that small business failure is due to few customers, many competitors, and shortage of working capital, among others.

According to Bunce (2007), planning is about the future and uses forecasts as its basis. Many businesses have introduced forecasts in addition to their budget process. However, the mistake most managers make is assuming that forecasts are about "predicting and controlling" future outcomes. Forecasting is only necessary because organizations cannot react instantly to changing events. That's why fast reaction is more important than (even accurate) prediction. But accuracy is rarely achieved; the only certainty about a forecast is that it will be wrong. The only question is by how much. Bunce concludes that narrowing that variation comes from learning, experience and decent information systems. Acting on a forecast renders it obsolete as it has changed the subsequent events and therefore a new forecast is required taking into account the new changes.

According to Mbuvi (1983), there are a number of salient points explaining the cause of their poor performance in business and their eventual collapse. One big problem with small business owners has been the size of their families, contrary to the traditional society where the number one had in the society, the wealthier he was and the higher the status he had in the society. It will be rewarding to investigate this aspect of size of family and find out if there is any truth in the allegations of some of the failed businessmen. A study by Gichira and Dickson, as quoted by Maalu (1990) on problems facing entrepreneurs in Kenya revealed that major contributing factors to the lack of success in small enterprises is the failure to manage their business effectively. This inefficiency they observed is caused by lack of proper records of their business activities. The study found out that most of the businesses exhibited lack of proper accounting records and financial planning even after they had received training on the same. The study also found out the main record keeping problems to be:

- (i) Little or no control over stocks,
- (ii) Incomplete or non-existence of records,
- (iii) Poor understanding of the significance of cash flows and working capital analysis,
- (iv) Failure in the use of accounting statements to plan for the future,
- (v) Failure to control cash receipts and disbursements,
- (vi) Failure to understand simple accounting language.

These conclusions again were based on the notion that these enterprises should keep their business records in the standard accounting format. Maalu (1990) also found out that most small scale business holders do not keep records, that is, 72 per cent. He however points out that his findings should not be generalized beyond the samples studied. Wangai (1982) studied the relationship existing between the practicing accountant and his small business client. He found that 81 per cent of small businesses he studied prepare financial records only for tax returns. He recommended that the accountants should be prepared to scrutinize their services they offer their small business clients with a view of making them appreciate the importance of records as a means of planning and control.

As economic conditions ease, companies are working to map their path to growth amid specific industry- and company-level circumstances. Factors such as increasing buying power in emerging markets, burgeoning regulation, and more intense investor scrutiny are shaping industry dynamics, creating new opportunities for growth—and introducing new risks to performance. Improving processes and systems for financial planning can help companies make the most of these opportunities, while minimizing their accompanying risks. Although the time it takes to finalize a budget or prepare a forecast naturally varies from industry to industry and company to company, most businesses are spending a great deal of time and effort on consolidating, summarizing, communicating, explaining, and reviewing information for financial planning. One unfortunate consequence of these lengthy planning cycles is that final budgets often fall out of step with quickly evolving business conditions (PWC, 2011)

2.3 FACTORS INFLUENCING RECORD KEEPING

A sound financial plan is the vehicle which clearly states strategic business objective in financial terms. A well-prepared budget forms the foundation for decision-making throughout the fiscal year. However, it is the forecasts which allow the business to adjust future expectations based on recent actual performance, Castellina & Hatch (2011).

In their study on the use of accounting information by the Australian small businesses, Holmes and Nicholls (1987) found that the following variables have a significant influence on the preparation of business or financial plan. These factors are:

- (i) The business size,
- (ii) The number of years the business has been operating,
- (iii) The industrial sector in which the business is engaged in,
- (iv) The education level of the owner/manager of the business.

Chuta and Okpechi (1988), from their study in West Africa, concluded that record keeping or rather successful record keeping in the small enterprises is to a great degree be determined by two factors: the level of education of the owner/manager, and the size of the business operations. They also concluded that although empirical evidence from their study showed that record keeping was one of the most important variables in explaining small business success, the record keeping undertaken by them need not be in the traditional accounting format. Some of the records could be kept in the language with which the entrepreneurs are familiar. Consequently, they concluded that over emphasis on traditional accounting methods of record keeping may be unwarranted. They argued that the relevant record keeping format will be determined by the factors (mentioned) above.

Burn and Dewhurst (1994) point out that it is possible to use sophisticated, sometimes highly quantitative techniques in the control of small business without impairing those special characteristics of a small business. They argued that the small business is beneficial, flexible, can adapt to new situations more easily than large corporations, is innovative, it probably makes a large contribution pro-rata than a large business, and with efficient control and management techniques, the benefit it gives can be much greater. This scenario probably led to the birth of small businesses as an important sector in the development of the

economy. However, research evidence shows a high failure rate of small businesses. Kuriloff and Hemphill (Jr.) (1988) argue that most new businesses fail because their owners don't have balanced business experience. Three strengths are required to achieve balanced experience. One of them is financial competence which means that one has to know how to plan, source for capital to start your business and keep it running without getting into cash problems.

2.4 CONCLUSIONS FROM THE LITERATURE REVIEW

Financial planning is at the heart of every successful business. A financial plan, which includes a detailed financial statements and projections, forms the core of the overall business plan. Financial planning therefore should be completed at least once a year and revised monthly to incorporate actual results. It has two main purposes: first, it enables to make sound business decisions about what financial resources your business actually needs, and about what financial moves the business needs to make to be successful, and secondly, it helps plan for and obtain the necessary financing to establish the business, continue operations and grow.

Financial management has various components (Brigham, (1982) & Pandey, 2008):

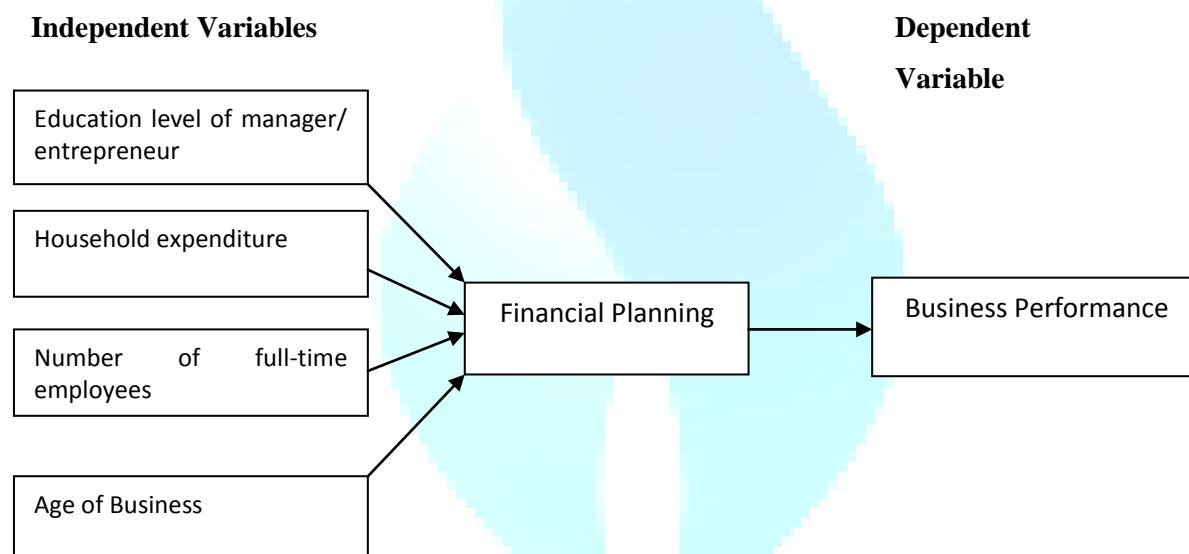
- (i) Financial analysis, planning and control. This includes ratio analysis, financial forecasting and financial planning and control.
- (ii) Working capital management. Includes current assets management, i.e. management of cash, accounts receivables, inventory, et cetera.
- (iii) Investment decision, i.e. capital budgeting techniques.
- (iv) Cost of capital and valuation.
- (v) Long term financing decision.

Although these aspects have been in use in larger firms, the small firm is faced with the same problems. It is because of this that the small firm has to apply some of them, if not all of them, in order to succeed. Therefore, for businesses to succeed, they need to undertake financial planning that will allow their businesses to quickly evaluate the following:

1. The short term and long term prospects for the business
2. The business's profit potential
3. The business's strengths and weaknesses
4. Future opportunities and challenges
5. The amount and type of financing the business will need to be successful

The available literature suggests that financial planning in small business enterprises is deficient but little attempts have been made to document the existing trend other than just the conclusion without proper basis that small business enterprises do not practice financial planning. The relationship between financial planning (as a component of financial management) and business performance is an area that attempts to investigate and bring out the clear picture.

2.6 CONCEPTUAL FRAMEWORK



3. METHODOLOGY

3.1 DATA TYPE/COLLECTION

Both primary and secondary data was collected. In collecting primary data, a questionnaire was administered by the researcher to the entrepreneurs/managers of the enterprises, which consisted of both semi-structured and open-ended questions that enabled the researcher to capture most of the information required. Secondary data were also used to supplement the primary data. These data included economic/business trends from the National and Malindi Development Plans, documented information on financial planning and business performance, among others. These data were obtained from business journals, business reports, government publications, Professional bodies, Malindi Municipality Office, offices of Micro Finance Institutions (MFIs), and small businesses themselves.

3.2 DATA ANALYSIS AND PRESENTATION

Data collected was processed, coded and analyzed using Statistical Package for Social Sciences (SPSS) to facilitate answering the research objectives and hypotheses. This was done using both descriptive and inferential statistics. Descriptive statistics (percentages, frequencies, and means) presented in tables and charts (pie charts and bar graph) were used to address objective one which sought to characterize the different business types in relation to their operations. Inferential statistics were used in making deductions and generalizations about the whole population. Independent sample t-test and Analysis of Variance (ANOVA) were utilized to address objective two which sought to establish comparisons of business income and rates of turnover between those enterprises that practiced financial planning, and those that did not; and objective three which aimed at identifying factors such as entrepreneurial educational level, number of employees, age of the business and household expenditure that affect financial planning of small businesses in Malindi. Independent sample t-test is used to determine if the means of two unrelated samples significantly differ, while, ANOVA, which is closely related to t-test, is used to determine the differences in means between one or more samples by examining the amount of variance within each of the samples, relative to the amount of variance between the samples. Multiple regression analysis was used to address objective four which sought to establish factors such as entrepreneurial educational level, number of employees, age of the business and household expenditure that affect performance of small businesses. Regression analysis is used in determining, estimating and predicting the values of one variable (dependent), given the values of another variable (independent), when the two variables are linearly related to each other. Multiple regression analysis describes the extent of linear relationships between dependent variable and a number of independent variables. It establishes the relative importance of the independent variables to the dependent variable. It was used in this objective to establish the contribution of the independent variables (entrepreneurial educational level, number of employees, age of the business and household expenditure) on the dependent variable (business performance in terms of the annual profit). The standardized regression coefficients – beta weights (β) – were used to assess the independent effect of each variable in the regression equation on the dependent variable. This allowed a comparison of the independent variables to determine which one is more

important in relation to the dependent variable. The coefficient (β) measures the amount of change in the dependent variable associated with one unit change in the independent variable while controlling all other variables in the equation. The standardized regression equation translates the variables to a uniform scale that allows regression results to be more comparable in relative strength of the independent variables in their effect on dependent variable.

To examine the combined effect of all the independent variables, the coefficient of determination (R^2) was computed. This measure, R^2 , designates the percentage of the variations in the dependent variable explained by all the independent variables in the multiple regression equation. The greater the value of R^2 , the stronger the association of the independent variables in predicting the dependent variable. In this study, the significance of the multiple regression analysis was tested at $\alpha = 0.05$ significance level. From the signs of the regression coefficients (β), the nature of association between the independent variables and dependent variable can be inferred.

The regression model below was used to measure the effect of such factors as entrepreneurial educational level, number of full-time employees, age of the business and household expenditure (variables X_1 to X_4) on business performance (Y):

$$Y = B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4$$

Where,

Y- Performance in terms of profitability (deviations between budgets and actual results of gross revenues generated by small business enterprises),

And,

X_1 - Education level of manager/entrepreneur,

X_2 - Household expenditure,

X_3 - Number of full time employees,

X_4 - Age of business,

TABLE 1: VARIABLES AND THEIR HYPOTHESIZED EFFECTS

	VARIABLE	DESCRIPTION	HYPOTHESIZED EFFECT
Y-	Profitability	Deviation between budgets and actual results	+
X_1 -	Education level of manager/entrepreneur	Years	+
X_2 -	Household expenditure	Kenya Shillings.	-
X_3 -	Number of full time employees	Number	+
X_4 -	Age of business	Years	+

4. FINDINGS AND DISCUSSION

4.1 TYPES OF SMALL BUSINESSES AND THEIR SPECIFIC OPERATIONS

Small businesses are characterized in different types and perform different specific operations. Each type of business and the specific operation it performs will to a great extent influence its financial planning mechanism. 86.7 per cent of the 60 sampled small businesses in the study area were sole proprietorship while 13.3 per cent were partnership. This suggests that majority of the small business entrepreneurs in the area favoured sole proprietorship to other forms of business ownership. This could be attributed to the advantages that accompany sole proprietorship including flexibility, adaptability and personal control of the business. Given these forms of business ownership, the study established the specific nature of business that they performed.

FIG. 1: NATURE OF BUSINESS BY FORM OF OWNERSHIP

Nature of Business	Sole Proprietorship		Partnership	
	Frequency	Percent	Frequency	Percent
Retail trading	27	51.9	3	37.5
Motor vehicle repairs and services	10	19.2	3	37.5
Hotel and restaurants	7	13.5	1	12.5
Tailoring and clothing	2	3.8	1	12.5
Barber shop/salon	2	3.8	0	0.0
Internet service provider	1	1.9	0	0.0
Security services	1	1.9	0	0.0
Grocery	1	1.9	0	0.0
Travel agency	1	1.9	0	0.0
Total	52	100.0	8	100.0

Majority of the sole proprietorship and partnership entrepreneurs in the study area were involved in retail trading and motor vehicle repairs and services. This may be attributed to the nature of customers that they served and targeted, the amount of capital required in setting up the business and the speed of returns. For example, retail trading involved selling of consumable goods and services to the resident households in the area. Motor vehicle repairs and services targeted the thriving tourism industry in the area which heavily relies on vehicles as a means of transport. The respondents also noted that the market was readily available and these businesses required small amount of capital to start up. Therefore, small businesses in the study area tailored their operations to the kind of market demand and their financial ability to initiate the business. However, minority of the businesses were also involved in hotel and restaurants, tailoring and clothing, barber shop/salon, internet services, security services, and travel agency.

The success of any business also depends on the main purpose for which it was established. All the activities of the business will therefore be influenced by the purpose it serves. The sampled respondents reported their businesses served specific purposes. 75 per cent of the businesses were established with the sole purpose of being commercial and making of profit. The remaining 25 per cent were established for commercial and subsistence purpose. This suggests that the sampled respondents had specific targets in establishing their businesses. The study also indicated that 76.7 percent of the sampled businesses aimed making profits and increasing their sales, while 23.3 per cent making profits and meeting family daily needs. The results suggest that all the businesses were established for specific objectives. The ability to meet the specific objective of the business determines the level of performance of the business.

The form of the ownership, nature and the purpose of business will to a great extent depend on the source of initial capital used in starting the business. The source and amount of capital determines the level of operation and expansion of the business. Some sources of capital have conditions and require repayment within a particular period of time, while others do not. Owners who use capital that require repayment to establish their business are supposed to ensure that their business make sufficient profits from high rates of turnover (sales) that can cushion the cost of operation, the principal amount and interest rate of the loan, and still retain some profit margins. However, those who access capital that do not require repayment are only worried of making sufficient sales that can meet the cost of operation and retain some profits. The study indicated 41.7 per cent of the businesses used their personal savings, 38.3 per cent relied on donations/assistance from family members and friends and 20.0 per cent secured loans from lending institutions to raise their initial capital for starting their businesses. A closer examination revealed that majority of the businesses raised their capital using methods that did not require repayment of the resources (personal savings and donations). This may be attributed to the small size of the business that they operated and the fact that majority had no access to the needed collateral to access credit from financial institutions.

4.2 FINANCIAL PLANNING AND BUSINESS PERFORMANCE

The study was based on the premise that any entrepreneur is engaged in business with an objective of earning profits. The level of profit is reflected in the difference between the amount of sales (rate of turnover) and operational cost of the business. All these depend on the financial planning and management of

the individual business. McMahan and Holmes (1991) support this by arguing that a sound and strong financial management is essential for small business survival.

4.2.1 RATE OF TURNOVER (SALES) AND OPERATIONAL COSTS

The study assessed the level of annual sales (rate of turnover), operational costs and profits of the businesses where the rate of turnover was depicted by the amount of sales in the previous year. The mean amount sales in the previous year among the sampled businesses were Kshs 1,972,500.00 with a minimum of Kshs 420,000.00 and a maximum of Kshs 10,800,000.00. This amount of sales for small businesses reflects a high rate of turnover. Given the above amount of sales made by the business in the last one month, the study also revealed that 60 per cent indicated they had experienced growth in their sales while 40 per cent of them had never experienced growth in sales. This implies that majority of the business were expanding while minority had stagnated. It was also observed that the mean amount of operational costs among the sampled business in the study area was Kshs 702,916.67 with a minimum of Kshs 75,000.00 and a maximum of Kshs 8,000,000.00. The mean amount of operational cost for the previous one year seemed to be lower compared to the mean annual sales (rate of turnover). Holding other factors constant, this was an indication that, on the overall, the businesses performed well. However, in order to determine the actual amount of profit that the businesses made, the annual amount of operational cost was subtracted from the amount of annual sales for each sampled business. Thus, the study indicated the mean amount of profits was Kshs 1,267,583.33 with a minimum of Kshs -2,480,000.00 (losses) and a maximum of Kshs 5,800,000.00. The study observed that only one business registered a loss (-2,480,000.00) after its operational costs surpassed the amount of sales. Excluding the business that registered a loss in the calculation of the average level of profit, the study revealed that there was a mean of Kshs 1,333,135.59 with a minimum of Kshs 320,000.00 and a maximum of Kshs 5,800,000.00. These results indicated that, generally, small businesses were capable of making profits on the investments in the various businesses.

4.2.2 FINANCIAL PLANNING

The study revealed that 61.7 per cent of the businesses recorded all their business transactions while 38.3 percent did not. This suggests that majority of the business were aware of the importance of keeping records of their business transactions. Thomas et al. (1987) and Ogeto (1994) observed that recording of business transactions helps in identifying opportunities, threats, strength and weaknesses of the business. This assists in showing how various factors affect the performance of the business. Scarborough and Zimmerer (1996) add that one of the most important steps in launching new business venture is fashioning a well designed, logical financial plan. A financial plan helps entrepreneurs manage their business more effectively; steering their way around pitfalls that cause failures. Entrepreneurs who ignore the financial aspects of their businesses run the risk of becoming just another failure statistics. These findings contradict a study by Mwangi (1975), which observed that 52 per cent of traders in central province of Kenya did not keep adequate books of accounts of business records, leave alone preparation of any financial plan for the business. The study added that lack of such records denies the businessmen useful information for running the business affairs from day to day. A study by Gichira and Dickson, as cited by Maalu (1990) on problems facing entrepreneurs in Kenya, adds that major contributing factor to the lack of success in small enterprises is the failure to manage their business effectively caused by lack of proper records of their business activities.

The study also observed that the respondents who recorded their business transactions kept sales and purchases, and cash records but in addition, only 75.7 per cent of them had credit and debtors records. This suggests that the respondents were keen on keeping records of their cash flows. This implies that they knew the importance of the above records in their day to day running of the businesses. This could also be one of the reasons as to why majority of the businesses made profits. From the findings, 32.4 per cent of the businesses that kept records were able to establish forecasts for budgeting or planning purposes while 67.6 per cent were not. This therefore denies the businesses an opportunity to make viable future investment decisions. According to Ogeto (1994), forecasting helps in establishing whether a business is viable economically and financially or not.

The study also established that out of the businesses that were able to forecast for budgeting or financial planning, 41.7 per cent made their budgets or financial planning monthly, 16.7 per cent quarterly while another 41.7 per cent did so semi-annually. This indicates that at least 20 per cent of businesses were able to make their budgeting regularly and realize profits in the last one year. This suggests that businesses which made forecasts/budgets were more likely to make profits.

4.3 TESTING HYPOTHESIS ONE

Null hypothesis one stated that *"there is no difference between small businesses that prepare financial plan and those that do not in terms of income (profits) and rates of turnover (sales)"*. The Independent sample t-test and Analysis of Variance (ANOVA) were used to test whether this hypothesis was significant or not. Independent sample t-test was used to determine if the income (profits) and rates of turnover (sales) means differed between those businesses that prepared financial plans and those that did not.

FIG. 2: T-TEST COMPARING BUSINESS PERFORMANCE AND FINANCIAL PLANS

Performance	Financial Plans	N	Mean	Standard dev.	t-value	df	Sig. (2 tailed)
Annual profits (income)	Yes	37	1,471,216.22	1,506,689.438	1.503	58	.138
	No	23	945,217.39	928,673.881			
Annual sales (rate of turn over)	Yes	37	2,409,729.73	2,128,027.890	2.418	58	.019
	No	23	1,269,130.43	95,2703.870			

The study indicated that those businesses that had prepared financial plans recorded higher mean scores in both their annual profits (income) and annual sales (rates of turnover) compared to those without financial plans. For the annual profits (income), the difference in the means between those who had prepared financial plans and those who did not was not significant ($p > 0.05$ sig. level). This suggests that financial plans alone do not guarantee profit making in a business. However, for the annual sales, the difference in the means between those who had prepared financial plans and those who did not was significant ($p < 0.05$ sig. level). This suggests that financial plans are crucial in increasing the annual sales of a business as they assist the entrepreneur in knowing the quantity of demand and supply of the commodity. However, profits will depend on the operational costs incurred by the business.

The results using independent sample t-test were also corroborated and proved using ANOVA

FIG. 3: ANOVA COMPARING BUSINESS PERFORMANCE AND FINANCIAL PLANS

		Sum of Squares	Df	Mean Square	F	Sig.
Annual profits	Between Groups	3924170400019.6	1	3924170400019.6	2.260	.138
	Within Groups	100697644183313.7	58	1736166279022.7		
	Total	104621814583333.3	59			
Annual sales	Between Groups	18452045094007.1	1	18452045094007.1	5.848	.019
	Within Groups	182994279905992.9	58	3155073791482.6		
	Total	201446325000000.	59			

From the ANOVA results, the F statistic and its p value indicates that there was no significant difference in the annual profits between businesses with financial plans and those without. However, for the annual sales, $p < 0.05$ sig. level indicating that there was a significant difference in the annual sales between those who had prepared financial plans and those who did not. From the results of the t-test and ANOVA, it can be concluded that financial plans do not significantly influence the level of profits but significantly influences the level of sales. This is, for the simple reason that, profits depend on the operational costs incurred by the business as they are deducted from the sales to obtain net profit.

4.3.1 FACTORS AFFECTING BUSINESS FINANCIAL PLANNING

4.3.2 ENTREPRENEURIAL EDUCATIONAL LEVEL

The education level of an entrepreneur enhances his/her ability not only to make rational and independent business decisions but also understand the dynamics involved in any business investment. Such a person is more likely to intelligently and rationally assess the business and economic environment before making

any decision that affects the investment. In this study, the education level of the sampled owner/manager of the businesses was assessed in terms of the level of formal education that one had completed.

FIG. 4: EDUCATIONAL LEVEL OF THE BUSINESS OWNERS/MANAGERS

<i>Level of education</i>	<i>Frequency</i>	<i>Percent</i>
None	1	1.7
Primary	19	31.7
Secondary	34	56.7
Middle-level college	3	5.0
University	3	5.0
Total	60	100.0

Fig. 4 indicates that 34 (56.7 per cent) of the respondents had completed secondary school level of education, 19 (31.7 per cent) completed primary level of education, 3 (5.0 per cent) each had completed middle-level college and university education, respectively, and 1 (1.7 per cent) never attended formal level of education. This suggests that majority of the sampled business owners/managers were fairly educated and could therefore be relied upon in making independent and rational decisions concerning their business. These findings concur with the National Baseline Survey (CBS/ICEG/K-REP, 1999) which revealed that over two-thirds of Kenyan entrepreneurs had attained secondary school education while the second largest was primary school education level attained. Level of education is expected to have a positive impact on enterprise performance since more educated people are likely to venture into new markets, formal business networks, and institute better management in the enterprises, among others.

In connection with the level of education of the owner/manager of the business is the issue of their previous working experience/occupation. Owners with relevant working experience are more likely to perform better in business compared to those without such experience. Working experience provides one with adequate prior knowledge on how to handle responsibilities, resources and other people. 81.7 per cent of the respondents had previous working experience/occupation while 18.3 per cent did not. Such experience is expected to be very crucial in running the business and influencing its performance. The respondents with working experience had worked for a period of between 2 and 16 years with a mean of 4.16 years. Such a wide working experience is expected to assist the respondents in running their businesses.

4.3.3 NUMBER OF FULL-TIME EMPLOYEES

The level of efficiency in a business depends on the quality, number and nature of employment of its employees. Employees employed on a permanent and full-time basis are more likely to be motivated in improving their performance as they regard themselves as part and parcel of the investment. Such employees gain more experience in the day to day running and operation of the business as compared to temporally employed counterparts.

From the study, it was observed that 93.3 per cent of the respondents had employees between 1 and 4 full-time employees. Approximately 6.7 per cent of them employed more than 4 full-time employees. In total there were 166 full-time employees employed in the 60 sampled businesses. The results allude to the fact that even though they were able to employ employees on full-time basis, the numbers was still very low. This suggests that either the respondents used other forms of employment in sourcing for their employees or their operations could only manage such a limited capacity. The study also established that even though all the respondents had employed full-time employees, albeit in varying numbers, the number of people who helped in running the businesses were drawn from different sources and mixed to include external full-time employees, family members and part-timers/casuals. It is important note that a single business could use more than one source in securing its employees.

The level of efficiency and performance of the employees in a business is influenced by a number of factors. However, the most important factor is the level of motivation of the employees to work hard and improve their performance. Employees who are well motivated derive a lot of satisfaction from their work and feel adequately compensated for their services. Such employees are more likely to perform better and the business register high levels of performance. The study established that 51.7 per cent of the respondents motivated their employees to perform better while 48.3 per cent never motivated their employees in anyway. The majority of the respondents motivated their employees by giving tips and overtime rewards and other remuneration.

4.3.4 HOUSEHOLD EXPENDITURE

People invest and work for the sake of improving their level of welfare and that of their households. Therefore the income earned from various sources and investments is usually shared between savings (and investment) and consumption. Any entrepreneur is supposed to strike a balance between the level of savings and investment, and direct consumption. Any imbalance in either of the two expenditures affects the other. The level of household expenditure depends on the household size and demand. The study established that the household size among the sampled respondents ranged between 2 and 9 with a mean of 4.12 persons per household. Such household sizes are moderate compared to the national average of 6 and therefore easily managed. 91.7 per cent of the respondents reported that part of the income they generated from their businesses contributed to their household expenditure. The respondents spent between 10 and 60 per cent of their income from the business on household expenditure with a mean of 35.0 per cent. 94.6 per cent of them spent between 20 and 50 per cent of their income on household expenditure. These proportions of income used on household expenditure are very high. This suggests that majority of the respondents either established their businesses with the main objective of meeting their household expenditure or have no other sources of income for household expenditure a part from the business.

4.3.5 AGE OF THE BUSINESS

The age of the business (period since inception) signifies the level of experience that the entrepreneur has gathered in that particular nature of business. The higher the number of years that the business has been in operation suggests that one has been able to muster and develop strategies, including efficient financial planning, to survive negative and positive business climate, and vice versa. In the study, the age of the business was measured by the difference between the year when the business was established and the year that the study was carried out.

It was observed that sampled businesses had been in operation for a period of between 1 and 12 years with a mean of 4.28 years. 83.3 per cent of them were aged between 2 and 5 years. Such a period of time is expected to have been adequate to enable the respondents to be competent and master the operation. Mundu (1997) observed that generally older businesses practiced financial planning more than younger ones. The results therefore seem to be leading to a conclusion that the older the business, the more likely it is to practice financial planning which implies that to survive, small businesses have to practice financial planning.

The age of the business is closely related to the age of the owner/manager. Older business owners are more likely to have established their enterprises relatively earlier compared to their younger counterparts. Such owners are expected to benefit from their vast ages and experience in business and therefore practice efficient business management including financial planning. Therefore a mixture of an older business owner and an older business should guarantee better business performance and management. However, younger business owners can also be relied upon to perform better as a result of their youthfulness, energy and receptiveness to new ideas in business management. Therefore the age of the owners will influence business performance different depending on how one utilizes it.

The study revealed 50 per cent of the owners were aged between 31-45 years. This is a middle age bracket in which a person is still young, energetic, receptive to new ideas and ready to work. Such people are still in the child-bearing ages and therefore expected to have younger household members and high household expenditure, with its associated implication on business income. 35 per cent of them were aged below 30 years. Such people are young and possibly fresh from schooling. They may lack adequate experience in life and business cycles, but could be willing to work and face the challenges. The remaining 15 per cent were aged 46 years and above. These groups of people have life and probably business experience which might be very handy in running their investment. They are also expected to have relatively older household members who might be less dependent on them.

The effects of the above factors (entrepreneurial educational level, number of employees, age of the business and household expenditure) on financial planning of small businesses are captured in testing hypothesis two.

4.4.5 TESTING HYPOTHESIS TWO

Null hypothesis two stated that “there is no significant difference between small businesses that prepare financial plan and those that do not in terms of factors such as entrepreneurial educational level, number of employees, age of the business and household expenditure”. The Independent sample t-test and Analysis of Variance (ANOVA) were used to test whether the hypothesis was significant or not. Fig. 5 depicts the output for the independent-samples t-test.

FIG. 5: T-TEST COMPARING FINANCIAL PLANNING AND ITS DETERMINANTS

Factors	Financial Plans	N	Mean	Std. Deviation	t-value	Df	Sig. (2 tailed)
Number of years in formal education	Yes	37	11.30	2.493	.684	57	.497
	No	22	10.86	2.100			
Total number of employees	Yes	37	4.95	2.934	2.336	58	.023
	No	23	3.35	1.849			
Age of the business	Yes	37	4.27	2.207	-.057	58	.955
	No	23	4.30	2.344			
Daily household expenditure	Yes	34	32.35	9.065	-2.797	53	.007
	No	21	39.29	8.701			

Fig. 5 indicates that those businesses that had prepared financial plans recorded higher mean scores in the number of years in formal education and total number of employees compared to those without financial plans. This suggests that business with financial plans had owners/managers with more formal level of education and high number of employees compared to those without. However, those businesses that had not prepared financial plans recorded higher mean scores in the age of the business and daily household expenditure. This suggests that businesses with no financial plans were started earlier and their owners/managers spent more of their income on household expenditure compared to those with financial plans. But since $p < 0.05$ sig. level for the total number of employees and household expenditure, we reject the null hypothesis and conclude that there is a significant difference between small businesses that prepare financial plan and those that do not in terms number of employees and household expenditure. This suggests that businesses with higher number of employees and low household expenditure were more likely to make financial plans compared to those without financial plans. However, $p > 0.05$ sig. level for the number of years in formal education and age of the business, we fail to reject the null hypothesis and conclude that there is no significant difference between small businesses that prepare financial plan and those that do not in terms number of years in formal education and age of the business. This suggests that number of years in formal education and age of the business do not significantly influence financial planning in a business.

The above results using independent sample t-test were also corroborated and proved using ANOVA.

FIG. 5: ANOVA COMPARING FINANCIAL PLANNING AND ITS DETERMINANTS

		Sum of Squares	df	Mean Square	F	Sig.
Number of years in formal education	Between Groups	2.595	1	2.595	.468	.497
	Within Groups	316.321	57	5.549		
	Total	318.915	58			
Total number of employees	Between Groups	36.224	1	36.224	5.456	.023
	Within Groups	385.109	58	6.640		
	Total	421.333	59			
Age of the business	Between Groups	.016	1	.016	.003	.955
	Within Groups	296.167	58	5.106		
	Total	296.183	59			
Daily household expenditure	Between Groups	623.950	1	623.950	7.825	.007
	Within Groups	4226.050	53	79.737		
	Total	4850.000	54			

From the ANOVA results, the F statistic and its p value indicates that there was no significant difference between small businesses that prepare financial plan and those that do not in terms of number of years in formal education and age of the business. However, since $p < 0.05$ sig. level for the total number of employees and household expenditure, we reject the null hypothesis and conclude that there is a significant difference between small businesses that prepare financial plan and those that do not in terms number of employees and household expenditure.

4.5 FACTORS AFFECTING BUSINESS PERFORMANCE

The fourth objective of this study sought to measure the effect of the factors such as entrepreneurial educational level, number of employees, age of the business and household expenditure on performance of the small businesses in Malindi. Accompanying this objective was the third null hypothesis which stated that “factors such as entrepreneurial educational level, number of employees, age of the business and household expenditure do not significantly affect performance of small businesses”. This null hypothesis was tested using multiple regression analysis. Table 24 summarizes the regression coefficients of business performance and its determinants.

FIG. 6 REGRESSION COEFFICIENTS OF BUSINESS PERFORMANCE AND ITS DETERMINANTS

Variables	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
	B	Beta		
(Constant)	824709.674		.565	.575
Number of years in formal education	182664.674	.312	1.931	.059
Total number of employees	14091.932	.028	.198	.844
Daily household expenditure	-24575.792	-.169	-1.142	.259
Age of the business	-172387.207	-.291	-1.863	.068

Dependent Variable: Annual profit

Multiple R = 0.403

$R^2 = 0.163$

$F = 2.378$ $p = 0.065$

Beta is not significant at 0.05 sig. level (2-tailed)

From Table 24, since the p values for both the individual independent variables (considering the t values) and for all of them collectively (F value) were greater than 0.05 significance level, reject the null hypothesis three. This suggests that there is no significant relationship between the independent variables and dependent variable (annual profit – business performance). However, from the regression coefficients (β), the direction of the relationship can be inferred. For example, there was a positive relationship between annual profits and education and number of full time employees but negative with the household expenditure and age of the business. Substituting these regression coefficients (β) in the regression model gives:

$$Y = a + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4$$

$$\text{Annual profit} = 824709.674 + 182662.674X_1 + 14091.932X_2 - 24575.992X_3 - 172387.207X_4$$

$R^2 = 0.163$

Where:

Y- Performance in terms of profitability (deviations between budgets and actual results of gross revenues generated by small business enterprises),

And,

X_1 - Education level of manager/entrepreneur,

X_2 - Household expenditure,

X_3 - Number of full time employees,

X_4 - Age of business,

From the R^2 , the four independent variables only accounted for 16.3 percent of the variation in the business performance (annual profits) in the study area. The remaining 83.7 percent of the variations in annual profits is accounted for by other factors, such as business location, distance between the business and the road, competition among businesses, other than the four independent variables examined in this study.

4.6 CHALLENGES FACING SMALL BUSINESSES

Managing a business enterprise is a very demanding and challenging task that requires a lot of devotion and sacrifice from the owners. This is especially so in the initial stages of the business establishment when it is yet to gain momentum and maintain itself. The study enquired from the sampled owners about the problems that they encountered during the initial stages of their businesses. The major problem encountered by the sampled businesses during the initial stages of establishment was inadequate customers. This was attributed to the fact that the businesses were still new and faced stiff competition from already established businesses in the same line. Other problems included inadequate manpower, insufficient funds and inadequate stock. These problems were attributed to limited financial resources in the initial stages of the businesses. Given the above problems, the respondents reported that they devised a number of strategies to manage them.

The study indicated that the sampled businesses managed the problem of inadequate customers by offering customers attractive discounts on items bought, promotions and good customer care so as to retain the available customer and attract more new ones. Inadequate stock and funds was managed through making more orders, merchandizing on credit and ploughing back the interest into the business. Inadequate manpower was overcome through hiring more labour from the market. The sampled respondents attribute that the above problems and others that their businesses faced to a number of constraining factors. Some of these factors were reported to have limited the expansion, management and operation of small businesses in the study area and beyond. 71.7 per cent of the respondents reported competition as a major constraining factor to their business. The competition came from other small businesses trading in the same commodity and large businesses capable of giving attractive incentives to the customers. This had led to competition over the limited number of customers in the area. 18.3 per cent reported high cost of operation including rental cost, salaries of the workers and inadequate resources. These costs at times surpass the rate of turnover and therefore affected the level of profit of the business. They also limited the ability of the business to expand. 5 per cent of the respondents talked about dishonest employees. They reported that some of the employees were involved in underhand dealings within the business that at times undermined their operations. Some of the employees were not honest in either serving the customers or being accountable to the employer. Another 5 per cent cited bad debts by customers who transacted on credit with a view to repay later. Some of them never pay back their credit and therefore leading to bad debts. Bad debts were also attributed to the stiff competition among the businesses. In order to increase their competitiveness, some of the businesses were offering goods on credit as away of attracting more customers. However, some of the customers took advantage of this not to pay the debts.

The respondents reported that some of the above constraining factors to their businesses could be ameliorated through the intervention of the government in controlling and regulating the business and economic environment. However, 82.1 per cent reported that the only role played by the government in their business is imposing and collecting taxes, which were normally very high, from them. They noted that the high taxes and the zeal with which the government collects from them had been a major hindrance to their business. 10.7 per cent reported that the government provides infrastructural facilities that enabled their businesses to operate. However, they were quick to add that the state of most of the infrastructural facilities in the area, especially roads, had contributed to increased cost of production and inaccessibility to their businesses. 7.1 per cent had noted routine inspection, supervision and regulation of their business. Regulation was reported to involve licensing and registration of their businesses. But some of the respondents reported that unscrupulous government official take advantage of inspection and supervision to extort money from them.

5. CONCLUSIONS

The study assessed the effects of financial planning as a management tool in small business in Malindi district of Coast Province. Such an assessment was considered useful in analyzing the extent to which financial planning had been used in improving business performance, and factors influencing the financial planning in the study area. The concerned agencies including Ministry of Finance (KRA), Ministry of Trade and Industry, Chamber of Commerce, Local Authority, Commercial Banks, traders and the consumers could use such information in analyzing the economic viability of small businesses. This will also enable the businesses to be professional in their management, accrue the benefits associated with financial planning and business profitability and expand their operations. Viable businesses will ensure greater benefit to the government through taxes, consumer through better prices and the business owners through increased incomes (profits).

The study makes the following conclusions:

- (i) Sole proprietors preferred engaging in business ventures that serves the immediate consumers, required less capital to initiate and have high immediate returns.
- (ii) Rate of turnover (sales) is crucial in determining the performance of a business and therefore require efficient financial planning for forecasting the future sales and profitability.
- (iii) Small businesses with financial plans are more likely to increase their number of employees and be able to take advantage of economies of scale as well as reduce their proportion of income used for household expenditure.
- (iv) There are other factors, a part from entrepreneurial educational level, number of employees, age of the business and household expenditure that influence the level of business performance.

RECOMMENDATIONS

In the view of the above conclusions, this study makes the following two key recommendations on financial planning and business performance in the study area and beyond:

- (i) There is a need for all the small businesses to embrace financial planning for effective business management, maximum rate of turnover (sales) and overall business monitoring.
- (ii) There is a need for owners/managers of small businesses to evaluate and consider a variety of other factors such as debtors' management, working capital requirements, allocation of income, in formulating their financial plans so as to improve their performance (profits).

SUGGESTIONS FOR FURTHER RESEARCH

The subject of financial planning in business investments has attracted substantive amount research attention in the country and elsewhere due to the close link between the plans and business performance. However, as noted in the Literature Review, there has been limited research attention known to this author that has concentrated directly on the relationship between business performance in terms of profitability and financial planning. Therefore, the study suggests the following areas for further research:

- (i) Financial Literacy and Performance of Small Businesses.

- (ii) The effect of Government Regulations on the Implementation of Financial Planning in Small Businesses.
- (iii) Evaluation of Determinants of Business Profitability.
- (iv) Determinants of Business Performance of Family-Owned Businesses

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XBRL AROUND THE WORLD: A NEW GLOBAL FINANCIAL REPORTING LANGUAGE

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ABSTRACT

In this global era, as business world looking at international level there is a need of common financial reporting language to interact financial information at a global level. Different countries follows different reporting format in order to remove diversity in reporting, XBRL is the best solution as it is transparent, reliable, cost saving, time saving, greater efficiency, improved accuracy etc., which will be great revolution in the accounting area in building common global reporting language. Charles Hoffman is Known as the founder of XBRL in the 1997. XBRL is an Web-based business reporting language that is rapidly becoming an International standards for financial reporting. It holds the promise of improving the efficiency of producing, disseminating and using a company's financial and non-financial information. It provides cost savings, great efficiency, transparency, comparability, improved accuracy and reliability to both suppliers and users of financial data. This paper aims to study the XBRL implementation around the world i.e., USA, Canada, China, Australia and India and also their implementation process using Secondary data method.

KEYWORDS

XBRL, Taxonomy, C&I.

INTRODUCTION

In this global era, the Internet has significantly extended its wings enormously by providing information in digital format, therefore making information more accessible and usable within a span of time with less cost and energy. Sharing and exchanging of information via Internet is changing the world we live in. These changes has not only improved global economy but also created new opportunities and new challenges for business world. Businesses are using digital technology, both hardware and software, to improve the efficiency and effectiveness of their operating processes.

The extensible Business Reporting Language is a language for capturing financial information throughout the business world in which information processes will eventually be reported to shareholders, banks, regulators and other parties. The main goal of XBRL is to make the analysis and exchange of corporate information with more reliably and easier to facilitate through internet. Hill describes XML as: "enabling data on the Web or any large network to be readily swapped between any kind of device, any kind of application, regardless of what programming language the application was originally written in." To accomplish this, XML tags enclose each fact or item of data generated. The data item and tag together constitute a string of plain text that can be digitally transmitted. XML tags provide enabled software with context information to aid interpretation of the data, with multiple-nested tags providing additional context. XML tags allow a firm to gather financial reporting data across its subunits; regardless what types of hardware or software they are using, through the consistent use of like tags for comparable data.

Regulatory agencies related to XBRL spread rapidly from the U.S. to worldwide in just a few years. America SEC already established a voluntary program for registrants to furnish XBRL data in specific EDGAR filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940. Many American public firms have already begun reporting in the XBRL format and there is a steep increasing trend in the number of firm that will filing their financial statements in the XBRL format in next few years. Specifically, the FDIC's XBRL filing program has also started in October 2005. Globally, UK Inland Revenues Authority, EDGAR Online, KOSDAQ, the Tokyo Stock Exchange, and the National Tax Agency of Japan etc. are all taking pilot projects in XBRL. To date, members of the XBRL international: Australia, Germany, Korea, London, New Zealand and Tokyo. 18 countries have established their own XBRL organizations, including most recently. The taxonomy of XBRL now includes: Canada, China, Germany, IASB, International, Ireland, Korea, New Zealand, and the United States. China has started its application experiments in XBRL since 2004 and from January 2005 all annual financial report that submitted to Shanghai Futures Exchange have been required to be in XBRL format. The Banco de Espana has stated its desire to use XBRL as a monitoring vehicle to stop tax avoiding activities of local Spanish firms. In addition, all the big four global accounting firms are also members of XBRL international.

REVIEW OF LITERATURE

Srivastava, Miklos Vasarhelyi (July 2001), The study is conducted with three major goals in perspective one to determine how well the '07/31/2000' version of the XBRL taxonomy for financial reporting by commercial and industrial (C&I) firms under U.S. GAAP accommodates current financial reporting practices of public companies, second to classify differences between the '07/31/2000' XBRL taxonomy and observed reporting practices, third to discuss the potential effect of the taxonomy on accounting information quality, as described in Statement of Financial Accounting Concepts. To achieve the objectives a representative sample of 67 companies from 10 industries public firms and industries were selected from the fortune website. Descriptive statistics is used for the study. The findings of the study is that C&I taxonomy has a good fit overall, and a better fit for some industries than for others, suggesting the need for current and expected efforts to develop industry-specific taxonomies.

Virendra K. Vasal & Rajendra P. Srivastava (2002), The paper is theoretical in nature. It speaks out about how XBRL can be useful for India. The primary objective of the study is to investigate some of the major issues in delivery of business information through the Web using the 'digital' language of business called the eXtensible Business Reporting Language (XBRL). The findings of the study are as a technology, XBRL is attempting to provide a language (digital) to the (electronic) accounting statements so that they are able to talk. XBRL shall enable financial reports to converse across all software and technologies.

Rashmi Malhotra and Francis Garritt 2004), The study is descriptive in nature. The study points out that XBRL is a frame work based on XML that would be freely licensed and facilitate the automatic exchange and reliable financial information among various software applications in the world. The purpose of the study is conducted to explore the use of XBRL as a new common language for financial reporting electronically compared to other formats such as HTML, Web based sites, the SEC's Edgar system and Email. The authors also investigated the applications of XBRL for banking reporting analysis, financial services and accounting firms. The paper also points out that how long or difficult will it be to get XBRL in place and why the financial community should care about XBRL. The study also tells that 66% of companies surveyed by Association for investment management and research have a website and that 76% of those companies provide financial information on their website. The findings of the study is that by using XBRL a company will find it less costly to prepare and distribute its financial statements while improving access to its information. The paper also tells that in future XBRL will incorporate all accounting literature and research materials to make information easier to use and available to various users of information

Rajendra. P. Srivastava(2009), The paper talks from research point of view. The main objective of the paper is to provide an overview of the current status of the research in the XBRL arena. Further it explores the opportunities for future research with special attention to the value of XBRL formatted financial statements, transparency and corporate governance and assurance on XBRL instance documents furnished with SEC along with the traditional filings. The scope for further research are immense firstly development of intelligent footnote taxonomy secondly Mapping of taxonomy in one jurisdiction to the taxonomy in

another jurisdiction thirdly Mapping of taxonomy elements from one language to another language fourthly robustness of various taxonomies fifthly development of taxonomy for risk assessment and lastly behavioral research, use of XBRL in auditing.

Jap Effendi, Murphy Smith and Jeffrey Dong(2010), In this paper the authors have made an empirical analysis with two objectives in purview that is one provide an overview of the benefits and global development of XBRL and the other to evaluate the extent of XBRL adoption following the implementation of the voluntary filing program. SEC established voluntary filing program for XBRL reporting in March 2005. 82 companies which have filed by the voluntary filing program through EDGAR were selected it is found that number of voluntary adopters is increasing. The voluntary adoption rate is slightly above 2% of approximately 4500 companies listed in NYSE and NASDAQ. The findings of the study is that the unexpected decrease in reporting lines may be explained by companies increasing familiarity with XBRL and related efficiencies in XBRL reporting. The study also reflects the gap for further research XBRL is expected to have a positive effect on accounting and financial reporting worldwide. Particularly used in conjunction with IFRS.

NEED FOR THE STUDY

In this globalized era, where the information is required to the various stake holders very rapidly, XBRL provides the solution. XBRL data is more robust, accurate and transparent than data in financial statement that appears in filings and paper reports. XBRL improves data sharing across preparers because it easily segregates data through the benefits of tagging and taxonomies. It eliminates the laborious process of preparing different reports manually. With XBRL, a company can instantly create various reports and documents. It reduces errors, time and costs and helps to improve control over financial reporting process. XBRL improves the usefulness of financial information by making information more relevant. XBRL reduces costs to access and analyse financial information and thus makes information more useful to investors. Financial information becomes more relevant to investors as the flexibility of XBRL improves timeliness of reports, comparability and predictive value. XBRL can enhance the information usefulness by increasing verifiability and reliability, reducing errors and improving control

OBJECTIVES OF THE STUDY

1. To know the concept of XBRL (eXtensible Business Reporting Language).
2. To know the XBRL implementation around the world and to discuss the implementation process.
3. To give some suggestion with regard to XBRL implementation.

RESULTS AND DISCUSSION

XBRL IMPLEMENTATION AROUND THE WORLD

It is the international organization which is looking after the adoption, progress and development of XBRL around the world. Presently there are 27 full Jurisdictions and one Provisional Jurisdiction. The Jurisdiction will oversee the progress and implementation in their respective countries. In this study we are taking only five countries that are USA, Canada, China, Australia and India.

1. XBRL IN USA

The XBRL technology standard for business information reporting was initiated in 1998 when a handful of forward-looking accounting and technology experts came up with the idea of structured data for business information. They took their idea to the American Institute of Certified Public Accountants (AICPA) which established a committee to explore the concept and provided funding to begin research and development.

XBRL is a royalty-free, open specification for software that uses XML data tags to describe financial information for public and private companies and other organizations. XBRL benefits all members of the financial information supply chain by utilizing a standards-based method with which users can prepare, publish in a variety of formats, exchange and analyze financial statements and the information they contain. Some of the world's leading accounting, financial, government and software organizations is involved in the adoption and use of XBRL in the U.S.

Since its start in 1998, XBRL International has grown into an international consortium which is now a separate nonprofit entity, comprised of 27 country-specific jurisdictions. XBRL US, Inc. (XBRL US), the US jurisdiction of the international organization, was also a committee of the AICPA until September, 2006, when it became a separate, nonprofit. At the same time, with the spin-off from the AICPA, XBRL US hired its first-ever President & CEO, initiating the creation of a professionally staffed, resource-rich organization.

In April 2008, XBRL US completed the first release of the XBRL US GAAP Taxonomy and subsequently published the 2009 Release. The FASB has since taken on maintenance of the XBRL US GAAP Financial Reporting Taxonomy and XBRL US continues to work closely with them to support them in their efforts.

Since 2009, XBRL US has focused its efforts on maximizing the quality of XBRL data, particularly in the US GAAP reporting domain by providing education, training and tools to support preparers and to encourage usage. The data quality focus centers on the 2010 launch of the XBRL Consistency Suite, the establishment of the Best Practice Committee and the expansion of the educational programs conducted by XBRL US.

As of Now 9,008 public companies filed 52,225 XBRL submissions. There are sector wise taxonomies like Commercial and Industrial Taxonomy, Banking and Savings Institutions Taxonomy, Brokers and Dealers Taxonomy, Document and Entity Information Taxonomy, Insurance Taxonomy, Investment Taxonomy, Real Estate Taxonomy.

2. XBRL IN CANADA

XBRL Canada is a not-for-profit consortium of leading Canadian companies and organizations, whose role is to create and maintain XBRL taxonomies based on Canadian reporting standards, to increase the awareness, knowledge and understanding of XBRL and its uses in Canada and to stimulate and promote the adoption of XBRL in Canada. XBRL Canada is a jurisdiction of XBRL International.

Initially, XBRL Canada created two taxonomies designed to enable preparation of XBRL based financial statements that conformed to Canadian Generally Accepted Accounting Principles (GAAP) prior to the adoption of IFRS. The first is referred to as the Primary Financial Statements (PFS) taxonomy, and covers the Balance Sheet, Income Statement and Statement of Cash Flow. The second, the Notes taxonomy, is for the preparation of the Notes to the Financial Statements. Both taxonomies have been "acknowledged" by XBRL International.

Subsequently, XBRL Canada created a single Canadian GAAP taxonomy, for preparation of the primary financial statements and the notes. This taxonomy is a combination of the previous two taxonomies, with some updates to reflect new standards. While Canadian publically accountable companies will be using IFRS beginning in 2011, non-publically accountable companies will largely be using the Canadian GAAP accounting standards reflected in Part 11 of the CICA Accounting Handbook. The new combined taxonomy can be used to prepare XBRL financial statements in accordance with the standards for non-publically accountable companies.

XBRL Canada also conducts seminars and webinars for companies and individuals wishing to learn more about XBRL. Currently, XBRL Canada is also working on projects to assist companies with convergence to IFRS.

3. XBRL IN CHINA

China is the first country in the world to mandate XBRL reporting. It started in 2003 with 50 companies on voluntary basis. In February 2006, "XBRL China Jurisdiction Promotion Organization" was jointly established by the China Securities Regulatory Commission Information Center, the China Insurance Regulatory Commission Information Center, the Credit Information System Bureau of the People's Bank of China, the Research Center of Finance Sciences & Technology of Graduate University of the Chinese Academy of Sciences and the Shanghai Stock Exchange. Meanwhile the preparation for "XBRL China Jurisdiction" was well under way thanks to the guidance and support of officials from the Ministry of Finance. Moreover, the organization invited experts of XBRL International for field survey in China in October 2006 and April 2007 respectively. The organization, which spared no effort in applying to the XBRL International in the name of the China Accounting Standards Committee in September 2007, was finally granted approval in November. XBRL International announced to the whole world on December 3, 2007 at the XBRL International Conference in Canada the official establishment of the XBRL China.

The Founding Meeting of China Accounting Informatization Committee and XBRL (eXtensible Business Reporting Language) China Jurisdiction was held on November 12, 2008 in Beijing. According to Vice Finance Minister Wang Jun, the Ministry of Finance, together with relevant departments of the State Council, will consolidate the construction of China's accounting informatization for the standard accounting information language, the automatic and integrated accounting information utility, the marketized and socialized accounting information service as well as the intelligent and modern accounting industry. All this contributes to implementing the Scientific Outlook on Development, enhancing the capital market's transparency and improving the socialist market economy system.

4. XBRL IN AUSTRALIA

While the history of XBRL development started in the US, the earliest XBRL implementation place in Australia. The Australian Prudential Regulatory Authority (APRA) is the first banking regulator in the world to use XBRL to monitor the financial well being of 12,000 banks, credit unions, insurance companies, and superannuation funds in Australia. APRA adopted XBRL in February 2002 and developed taxonomy for their own needs. Standard Business Reporting (SBR) is an Australian Government initiative to reduce the business-to-government reporting burden by 25% or more by:

- Removing unnecessary duplicated information from government forms
- Adopting a common reporting language based on international standards and best practice providing business with a single secure online sign-on to the agencies involved
- Utilizing business software to automatically pre-fill government forms
- Providing an electronic interface to enable business to report to government agencies directly from their accounting software, this will provide validation and confirm receipt of reports making financial reporting to government a by-product of natural business processes.

XBRL Australia is a member of XBRL International Inc. and is supported by leading Australian companies and government agencies. The objectives are

- To raise the awareness of, and demand for, XBRL as the preferred standard for electronic business reporting in Australia by consumers and preparers of business reports.
- To facilitate the adoption of XBRL in the preparation and consumption of Australian financial reporting by domestic and international users of business reports.

5. XBRL IN INDIA

XBRL India is the Indian Jurisdiction of XBRL international. Its main objective is to promote and encourage the adoption of XBRL in India as the standard for electronic business reporting. Members of XBRL India include regulators, Stock Exchanges, Software

In India RBI introduced the On-line Returns Filing System (ORFS) in the year 2004 for commercial banks to upload data in XML format. With the objective of adopting XBRL for return submission by commercial banks, the RBI formed a High Level Steering Committee in the year 2007 that chartered a pilot survey for studying the feasibility of adopting an XBRL-based data submission system. Reserve Bank of India capital adequacy reporting by banks as per Basel II norms in XBRL. The SEBI has introduced Clause 52 in the equity listing agreement, requiring listed companies to file information with the exchange only through Corporate Filing and Dissemination System (CFDS). CFDS is the portal put in place jointly by BSE and NSE and offers a XBRL-enabled common platform for listed companies to file such information, statements and reports as may be specified by BSE and NSE. Listed companies are required, in a phased manner, to file information with the stock exchange only through CFDS. The Ministry of Corporate affairs has taken a big leap forward by making mandatory for certain class of companies in XBRL format.

Next Generation MCA 21 was introduced where the information of a number of companies can be collated, analyzed and retrieved at the same time. The government has the largest database of more than 3,00,000 companies, including the private companies, and XBRL is expected to provide significant benefit to the various users of business data, including governments, regulators, economic agencies, stock exchanges, financial information companies and also those who produce or use it, including accountants, auditors, company managers, financial analysts, investors and creditors. The MCA is working with sectoral regulators such as the RBI, the SEBI, the Insurance Regulatory & Development Authority (IRDA), to put in place a Centralized data pool that would help banks and lending institutions assess risk factors associated with a particular sector or company.

From 1st April 2011 Ministry of corporate affairs has mandated e-filing of annual reports for certain specified class of companies in XBRL format.

The following are the companies which need to file in XBRL format

- Companies listed in India and their Indian subsidiaries
- Companies having a paid up capital of ₹ 5 crores and above
- Companies having a turnover of ₹ 100 crores and above

From 1st April 2012, Companies such as Banking, NBFC, Insurance and Power sector companies are required to file their annual reports in XBRL format. But this has been delayed. The regulators of XBRL in India are Ministry of Corporate Affairs (MCA), Reserve Bank of India (RBI), Securities Board of India (SEBI) and Stock Exchanges in implementing XBRL in India.

DISCUSSION

A. IMPLEMENTATION OF XBRL AROUND THE WORLD

The data has been analyzed taking only five countries comparing on different parameters. The data has been collected from the websites of respective countries.

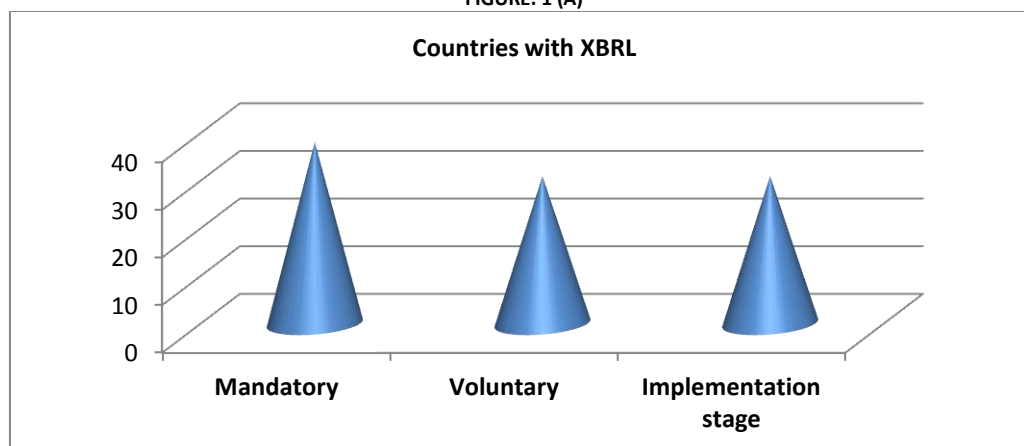
TABLE 1 (A): SHOWING THAT IMPLEMENTATION OF XBRL IN FIVE COUNTRIES

Items	USA	Canada	China	Australia	India
Implementation of XBRL	2005	2003	2004	2002	2011
Jurisdiction	Full	Full	Full	Full	Full
IFRS Adoption for Public companies	Not permitted	Not permitted	Not permitted	Required for all domestic listed companies	Not permitted
Regulatory bodies	Securities Exchange Commission	Canada Securities Administrators	China Securities Regulatory Commission, Shanghai Stock Exchange	Australian Prudential Regulatory Authority	Ministry of corporate affairs, SEBI
Member of IASB	Yes	Yes	Yes	Yes	Yes
Name of the sector specific Taxonomies	Commercial and Industrial, Banking and Savings Institutions, Brokers and Dealers Document and Entity Information Insurance, Investment, Real Estate	Canadian GAAP Primary Financial Statements, Canadian GAAP Notes to the financial statements, Canadian GAAP-05-10-Document ation	CN Listed Company Information Disclosure Taxonomy Framework, Financial Taxonomy, CN fund company Information Disclosure Taxonomy Framework	Australian Annual Report Extension Taxonomy	Commercial and Industrial taxonomy

TABLE 1 (B): SHOWING COUNTRIES REGULATORY FRAMEWORK IN IMPLEMENTING XBRL AROUND THE WORLD

Regulatory Frame work	Number of Countries	Percentage
Mandatory	16	38.09
Voluntary	13	30.95
Implementation stage	13	30.96
Total	42	100.00

FIGURE. 1 (A)



XBRL since it was conceived in 1998 was implemented by many countries. Till today around 16 countries have made it mandatory. Infact the regulatory authority will oversee the implementation of XBRL in their respective countries.

TABLE. 1(C): SHOWING IMPLEMENTATION OF XBRL IN 5 COUNTRIES

Name of the country	USA	Canada	China	Australia	India
Implementation date	2005	2003	2004	2002	2011
As on 2013	8 years	10 years	9 years	11 years	2 year

Even though XBRL was introduced in the year 1998 by Charles Hoffman in USA. USA went for voluntary adoption in 2005 and made it mandatory in the year 2009. Whereas India went for XBRL by making mandatory for certain specific class of companies. Recently Banking Taxonomy has been released and in the process of implementing to the other sectors like Insurance, Power etc.,

MAJOR SUGGESTIONS

1. As Extensible Business Reporting Language (XBRL) is a new and emerging issue in Financial Reporting where only few people aware of it, awareness has to be created among all the users of financial information like conducted Conference, Seminars, Workshops etc.,
2. Accounting Bodies of different Countries have to provide Training Program with regard to XBRL usage and its implementation to all the Preparers' of Financial Statement as there is a Lack of Expertise and Preparers' using XBRL which has been came to know through the Survey conducted.
3. As still XBRL itself is in progress with regard to Taxonomy, firstly it has to be improved effectively to meet the requirements of all the countries by bringing unique global reporting language
4. As XBRL is a global reporting language, every country has to adopt XBRL in order to remove diversity in reporting their Financial Statement. So, that they can have high quality single set of reporting format which will be accepted at global level
5. Accounting Bodies of different Countries have to conduct Regular Meetings with interested parties i.e., Preparers, creditors, Chartered Accountants, Managers, Government etc., in order to provide guidance in implementing XBRL and to assess the challenges and risk involved in implementing XBRL.
6. As XBRL facilitates paperless financial reporting and standard method which offers cost saving, improved accuracy, reliability, understandability, transparent and provides comparability its need for all the companies and users to implement XBRL to have high quality financial reporting and to take better financial decisions.
7. The implementation of XBRL will meet the requirements of regulators, lenders and all consumers of financial information it helps to take better financial decisions confidently with less span of time.
8. Regulators Bodies and Government has to take strong step in making Mandatory application of XBRL language to its Financial Reporting to all the Companies.
9. Professional Institutes and Centre's have to come up in order to bring awareness and to educate the people to understand Role, Important, Usage and Practical implementation of XBRL.
10. As XBRL gaining importance in the field of financial reporting, the concept of XBRL has to be included in Academic Syllabus of Under Graduation and Post Graduation in order to bring awareness about XBRL and to bring practical exposure of it.
11. As XBRL is Internet Based financial information reporting language, Security aspects has to be maintained and considered at a great extent in order to minimize and control so called hackers and Virus which can cause financial database system failure
12. As XBRL is a global reporting language, there is a need for further technical advances in XBRL i.e., Version controlling in order to meet the requirement of all the countries and also all the users of financial information
13. In addition, More and more research work has to be conducted for further more improvement and development of XBRL.

CONCLUSION

XBRL is a language for the electronic communication of business and financial data which is revolutionizing business reporting around the world. It provides major benefits in the preparation, analysis and communication of business information. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data.

XBRL is unique global financial reporting language which removes the diversity in reporting financial information among different countries. It is a secured and standard way of presenting our financial statement which is globally accepted.

XBRL is a new revolution in the financial reporting language which doesn't change the Indian GAAP, it changes only the way of reporting our financial statement. It is method of transmitting the financial statement information over the internet.

As less stress is given to XBRL, more and more training programs, conferences, seminars, workshops has to be conducted all over the world in order to gain awareness and practical implementation of XBRL all over the world which helps in taking the decisions more quickly and confidently.

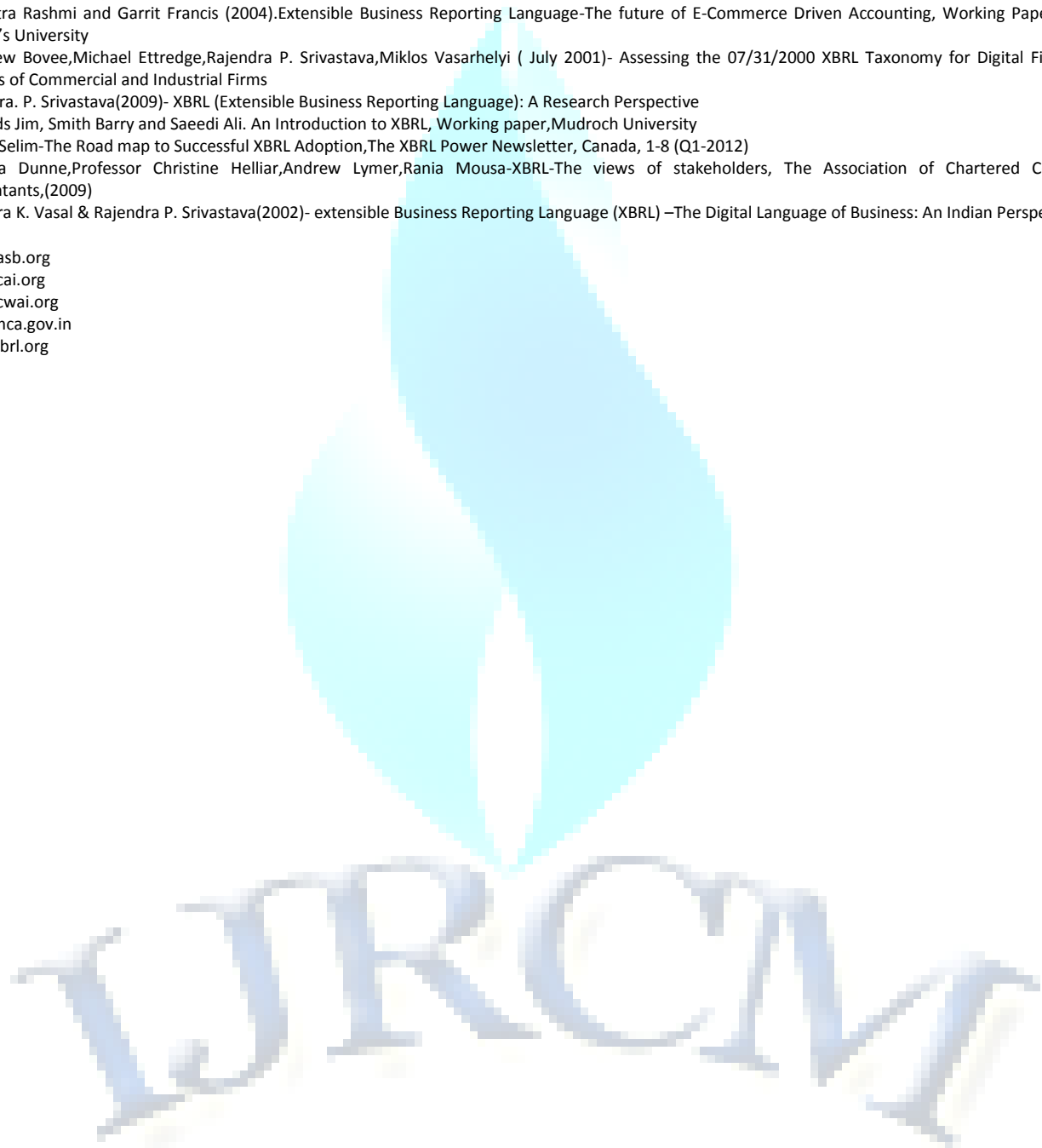
Therefore, more and more research work has to be conducted in order bring improvement and up-gradation of XBRL in order to meet the requirement of all the countries and also all the users' of financial information data.

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DYNAMICS OF COTTON CULTIVATION IN PUNJAB AGRICULTURE**DR. JASPAL SINGH****SR. RESEARCH FELLOW****NATIONAL CENTRE FOR AGRICULTURAL ECONOMICS & POLICY RESEARCH
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NEW DELHI****ABSTRACT**

The study has revealed that the productivity and returns of cotton cultivation has increased substantially in Punjab during the last decade, producing cotton at the highest yield per hectare in India. The study employed the plot level data of Cost of Cultivation Scheme by the Directorate of Economics and Statistics and analyse the input-wise cost of cultivation of cotton in Punjab. During 2000-01 to 2010-11 the cost of production has increased at a trend growth rate of 10.9 percent whereas the value of production has accelerated at a much higher growth rate of 17 percent, leading to the boost in net returns of the cultivators and prove to be a profitable commercial crop of Punjab.

KEYWORDS

Cotton, productivity, net returns, Punjab.

INTRODUCTION

Cotton, the king of fibers, is a significant agricultural commodity, traded all over the world. Cotton, popularly known as 'White Gold', plays a dominant role in the agrarian and industrial activities of the nation both as a crop and a commodity and has a unique place in the Indian economy. Cotton is produced in more than seventy countries. However, only four countries namely-China, India, the US and Pakistan produce about two-thirds of the world's cotton. According to the estimates of Cotton Corporation of India Ltd., China is the largest cotton producer with a share of 27.3 percent followed by India (21.6 percent), US (12.7 percent) and Pakistan (8.6 percent) in the year 2012-13.

India has progressed substantially in improving both production and productivity of cotton over the last decade. The average cotton yields increased steadily over time in India, almost in a linear fashion until 2002, but after the adoption of Bt cotton average yields increased dramatically. In 2011-12 about 90 percent area of cotton in India is under Bt cotton seeds. Cotton is produced in three zones of India i.e. the *Northern zone*, comprising the states of Punjab, Haryana and Rajasthan, the *Central zone*, comprising Maharashtra, Madhya Pradesh and Gujarat and the *Southern zone*, comprising Andhra Pradesh, Karnataka and Tamil Nadu.

Punjab has the highest cotton yield per hectare among the major cotton producing states of India. It is an important commercial cash crop of semi-arid region of Indian Punjab. The state has covered 0.48 million hectare area under cotton cropping (about 4.72 percent area of country area under cotton) and produced 2.10 million bales (each 170 kg.) i.e. about 6.36 percent production of the country during 2012-13 (Cotton Corporation of India Ltd.). In 2004-05 use of Bt cotton seed was certified in Punjab and sharply covered area under Bt cotton seeds. In this context, it becomes imperative to make a situation assessment on the trends of cotton production and productivity in Punjab agriculture during the last decade.

OBJECTIVES OF THE STUDY

In this study an attempt has been made to estimate

- (a) trend of productivity and return of cotton in Punjab over the period of time;
- (b) changing composition of cost of production of cotton in Punjab during last decade;
- (c) the responsiveness of cost of inputs to value of output of cotton in Punjab.

DATA AND METHODOLOGY

Data for this study were taken from the "Cost of Cultivation Scheme" run by the Directorate of Economics and Statistics, Ministry of Agriculture. Under this scheme, data were collected from a sample of 300 farm households in 30 tehsils spread across three agro-climatic zones of the Punjab state. From each zone, farmers were selected using three-stage stratified sampling technique, with tehsil as stage one, a village or cluster of villages as stage two and operational holdings within the cluster as stage three. From each cluster, a sample of 10 operational holdings, two each from the five size-classes, viz. marginal (< 1 ha), small (1-2 ha), semi-medium (2-4 ha), medium (4-10 ha) and large (≥ 10 ha), were selected randomly. In this study the data related to cotton cropping were collected from 2000-01 to 2010-11 at Plot level, while the data of two years viz., 2006-07 and 2008-09 was missing. Hence, the given study presents the analysis of returns and cost of production of cotton over the period of ten years i.e. from 2000-01 and 2010-11 and to determine the responsiveness in time series form. Tools of analysis used in the study include firstly the descriptive techniques that include tabular and graphical technique of analysis along with compound annual growth rate and secondly deal with relationship analysis using multiple regression.

Compound Annual Growth Rate (CAGR) has been computed as:

$$CAGR = ((EV / BV)^{1/n} - 1) * 100 \quad \dots (1)$$

Where EV is the ending value, BV is the beginning value, and n is the number of years.

While the multiple regression procedures will estimate a linear equation of the form:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + e \quad \dots (2)$$

Where Y = value of output, β_0 - intercept, β_{1-7} - regression coefficients, X_1 - Total labour cost;

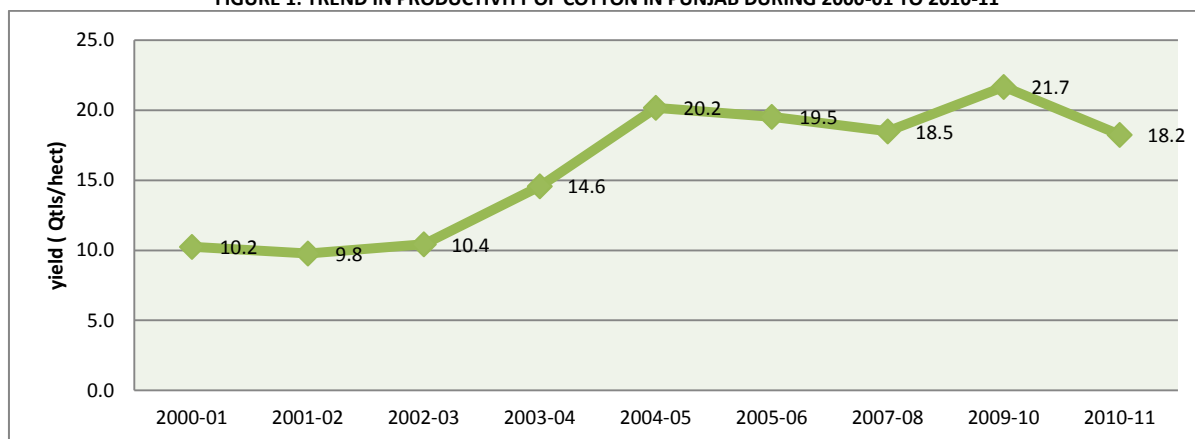
X_2 - Total animal cost; X_3 - Machine cost, X_4 - Irrigation machine cost, X_5 - Seed Cost; X_6 - Fertiliser cost; X_7 - Insecticides cost; e - error/residual term.

TRENDS IN PRODUCTIVITY, RETURN AND COST OF CULTIVATION OF COTTON IN PUNJAB

Cotton is a major cash crop in the south western districts of the state, known as cotton belt of Punjab. In the last decade the production and yield of cotton has shown a remarkable progress despite of the marginal increase in the area under cotton (Cotton Corporation of India Ltd.). The figure 1 illustrates the trend in the productivity of cotton in Punjab during the period under study i.e. from 2000-01 to 2010-11. As indicated by the figure productivity of cotton in Punjab has shown an increasing trend specifically after the year 2002-03, during this year Bt cotton was introduced in India but it has witnessed a significant increase in the cotton yield in the year 2004-05 when the use of Bt cotton seed was certified in Punjab. As it has jumped from 10.4 quintal per hectare in 2002-03 to 20.2

quintal per hectare in 2004-05 and further moved to 21.7 quintal per hectare in 2009-10. The cotton yield has registered a slight decline in few years viz. 2007-08 and 2010-11 due to bad weather conditions, but overall the productivity of cotton in Punjab has an increasing trend during the last decade.

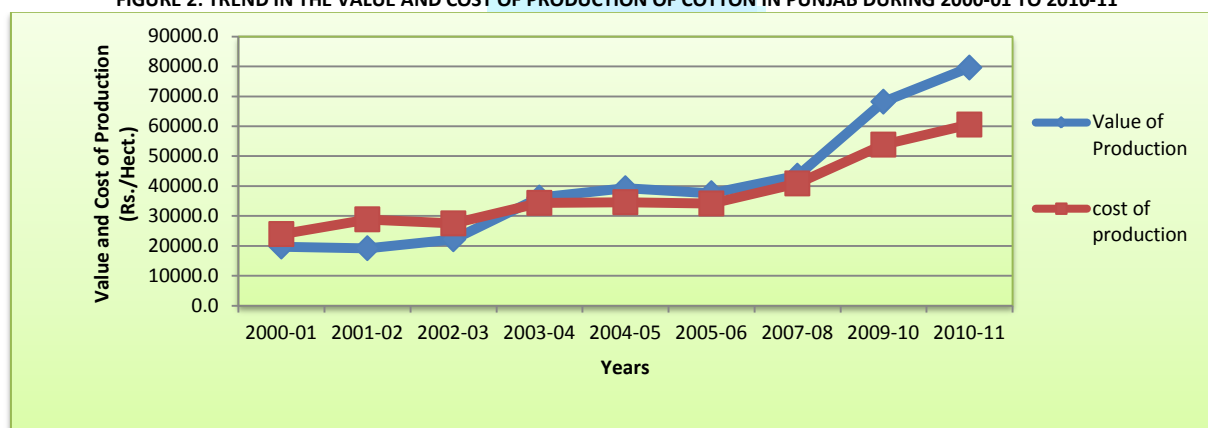
FIGURE 1: TREND IN PRODUCTIVITY OF COTTON IN PUNJAB DURING 2000-01 TO 2010-11



Source: Calculated by authors using Plot-level CCS data, DES

Figure 2 presented the value and cost of production of cotton in the state during the period under study. As indicated from the figure that both cost as well as the value of production of the cash crop cotton has an increasing trend but it has been observed from the figure that prior to 2003-04 the cost of production was relatively higher than the value of production resulting in negative returns (Figure 3) but after the year 2003-04 value of production has improved drastically due to the increase in the productivity of cotton in Punjab. As clear from the figure 3 the net return became positive in the year 2003-04 and has accelerated sharply since 2007-08, resulted to be profitable crop in Punjab.

FIGURE 2: TREND IN THE VALUE AND COST OF PRODUCTION OF COTTON IN PUNJAB DURING 2000-01 TO 2010-11



Source: Calculated by authors using Plot-level CCS data, DES

FIGURE 3: NET RETURN OF COTTON IN PUNJAB DURING 2000-01 TO 2010-11



Source: Calculated by authors using Plot-level CCS data, DES

CHANGING COMPOSITION OF COST OF PRODUCTION OF COTTON IN PUNJAB

To estimate the changing composition of cost of production of cotton in Punjab during last decade the compound annual growth rate (CAGR) of various components of cost of cultivation has been calculated and analysed (Table 1). As depicted from the table the productivity of cotton has increased at a trend growth rate of 6.6 percent per annum over the last decade. During 2000-01 to 2010-11 the cost of production has increased at a growth rate of 10.9 percent while the value of production has accelerated at a higher compound annual growth rate of 17 percent, thereby increasing the net return of the cultivators. By

analysing the growth of various components of cost of cultivation for cotton in Punjab, it has been pointed out that the cost of seeds has grown rapidly at a trend growth rate of 25.4 percent per annum mainly due to the practice of genetically modified seeds, (in comparison to cost of seeds the quantity used has declined significantly) and also the insecticides cost has shown no growth over the period under study.

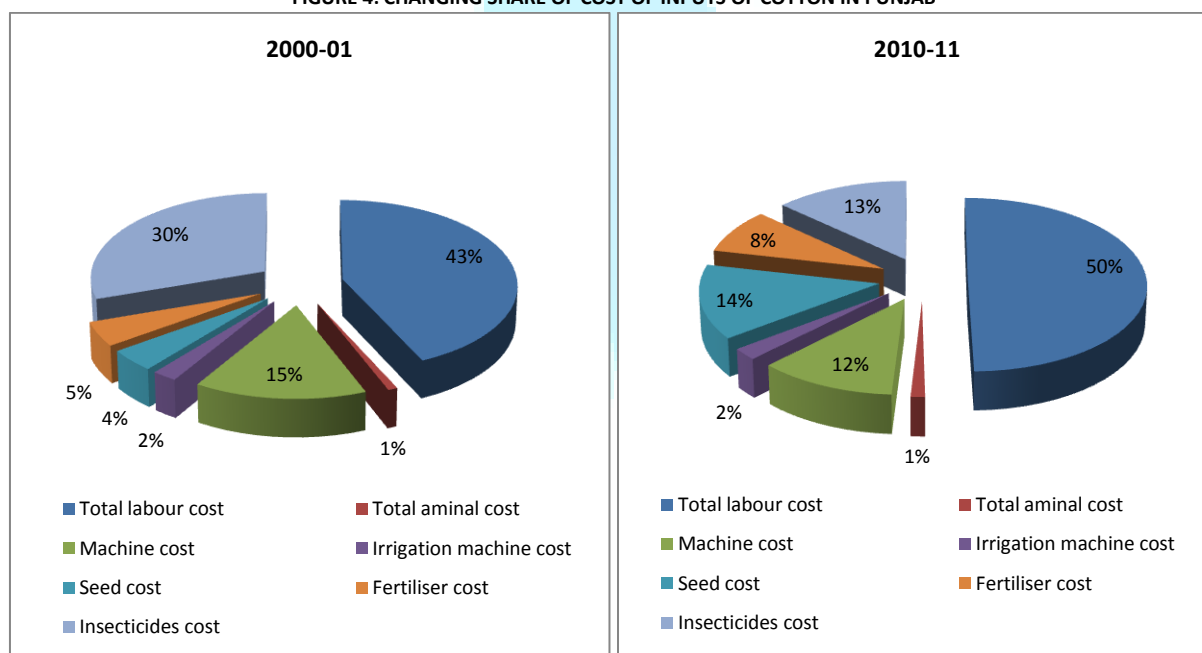
TABLE 1: GROWTH OF COMPONENTS OF CULTIVATION AND PRODUCTION DATA OF COTTON IN PUNJAB DURING 2000-01 TO 2010-11

Indicators	CAGR (2000-01 to 2010-11) (In percentage)
Productivity (Qtls/hect.)	6.6
Value of Production (Rs./Hect.)	16.9
Cost of production (Rs./Hect.)	10.9
Labour cost (Rs./Hect.)	11.5
Animal cost (Rs./Hect.)	14.4
Machine cost (Rs./Hect.)	6.8
Irrigation machine cost (Rs./Hect.)	9.9
Cost of seeds (Rs./Hect.)	25.4
Fertilizer cost (Rs./Hect.)	17.1
Insecticides cost (Rs./Hect.)	0.0

Source: Calculated by authors using Plot-level CCS data, DES

Figure 4 examined the changing composition of cost of cultivation for the cotton crop in Punjab at a two point of time i.e. during the year 2000-01 and 2010-11. It can be noticed from the figure that the share of total labour cost has risen from 43 percent to 50 percent, seed cost share has increased significantly from 4 percent to 14 percent and the insecticide cost share has declined from 30 percent to 13 percent over the period of time. These components of cost has shown the major change over the period of time while there was slight change in the shares of machine cost and fertilizer cost i.e. from 15 to 12 percent and 5 to 8 percent respectively during the years 2001-02 and 2010-11. But the shares of animal and irrigation machine cost remained unaltered.

FIGURE 4: CHANGING SHARE OF COST OF INPUTS OF COTTON IN PUNJAB



Source: Calculated by authors using Plot-level CCS data, DES

DETERMINANTS OF VALUE OF PRODUCTION OF COTTON IN PUNJAB

To examine the responsiveness of cost of inputs to value of output of cotton in Punjab the multiple regression has been applied. From the table 2 it has been observed that all the cost components have statistically significant impact on the value of output. The various input cost viz. labour cost, machine cost, irrigation machine cost, seed cost and fertilizer cost has positively significantly affected the value of production of cotton whereas the animal cost and insecticide cost have a negative significant affect on the value of cotton production at 1 percent level of significance. The Adjusted R^2 value has recorded at 43 percent while F test has a significant value (F value - 1233.14), thus it has reasonably explained the variability and model has a good fit.

TABLE 2: MULTIPLE REGRESSION RESULTS

Variable	Parameter Estimate	Standard Error	t Value
Intercept	8983.40*	411.89	21.81
Total labour cost	2.22*	0.03	62.34
Total animal cost	-3.29*	0.24	-13.61
Machine cost	1.25*	0.05	23.21
Irrigation machine cost	0.17**	0.07	2.33
Seed Cost	1.64*	0.09	17.21
Fertiliser cost	4.93*	0.15	33.38
Insecticides cost	-0.49*	0.06	-7.81
Adj. R^2	0.43		
F Value	1233.14*		

Source: Calculated by authors using Plot-level CCS data, DES

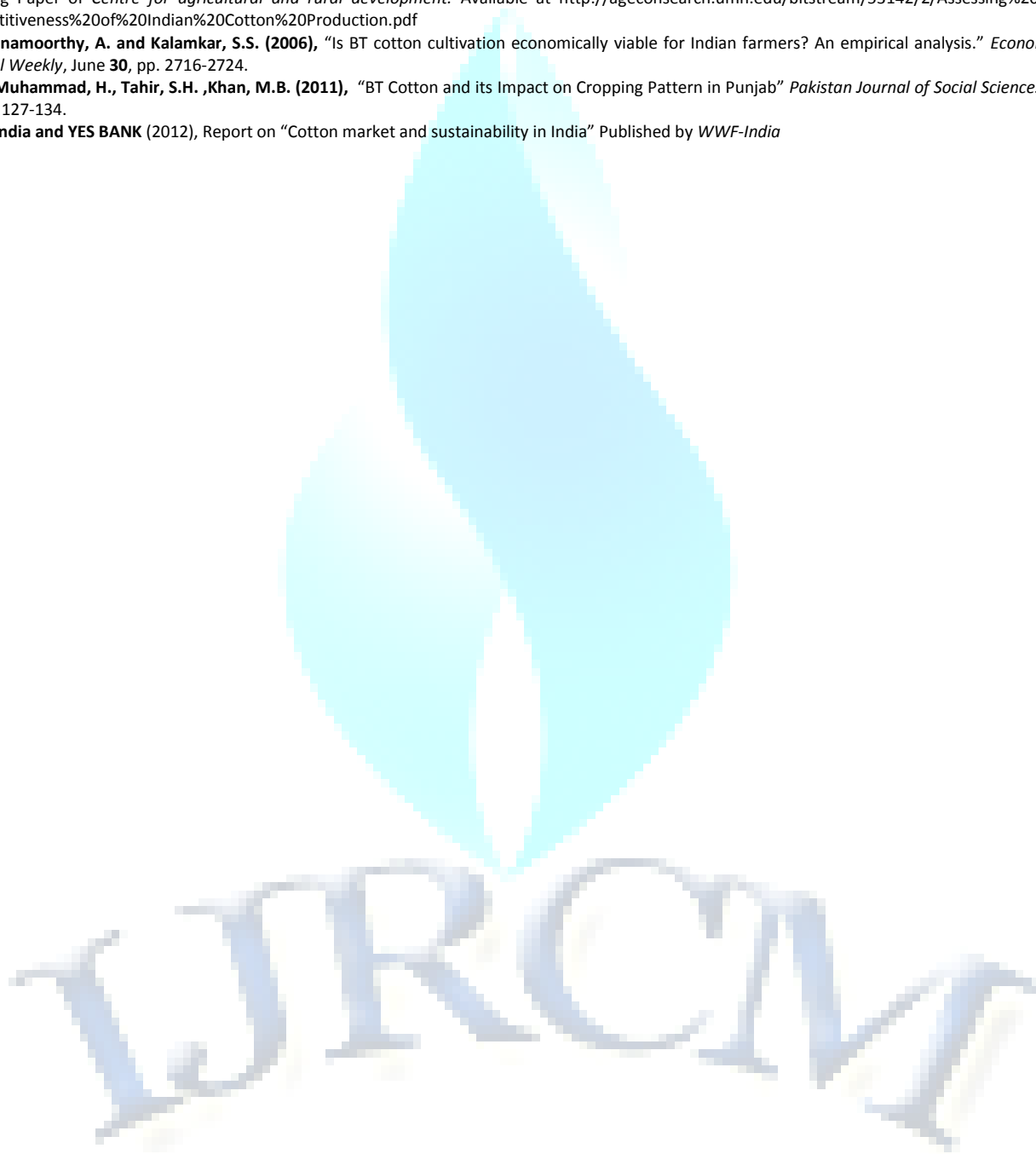
Notes: * = 1% level of significance and ** = 5% level of significance

CONCLUSION

Based on the empirical data and its analysis, thus it can be concluded that in Punjab cotton production and yield has improved steadily over the last decade i.e. 2000-01- to 2010-11 despite of the marginal increase in acreage. While both value of output and cost of production has an increasing trend but the rate of increase in value of output was observed to be much higher than the cost of production. As such the net returns has accelerated from negative to positive side specifically after 2003-04 resulting into a profitable cash crop of Punjab. During the last decade, it has been evident that in the composition of cost of cultivation there was a major increase in labour and seed cost while there was a remarkable decline in the insecticide cost.

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STANDING AND NOTWITHSTANDING: INDIA'S POSTURES AT GATT/WTO

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ABSTRACT

Since independence India's political, economic and foreign policy had been changing which implicitly steered her role in GATT(1947) and later in WTO(1995). The main objective of the article is to identify co- laterality and co-linearity in various variables those influenced our stand at various occasions. Through a time tagged analysis several clusters (of variables) have been identified. Soon after independence Indian regime was desperate to get rid of colonial practices, and therefore, adopted socialistic model. Thus India initially adopted cautious approach. Later, a decisive distance from cold war, acquiring a significant identity on global structure, efforts in establishing Non Alignment Movement, and reemphasis on agriculture were some factors during sixties made India to adopt a different posture globally. More dependence on PSUs, green revolution and nationalization of banks contributed toward India's consolidated stand. India's response in respect to easing trade barriers was by default as 'no'. To face economic crisis 1991 and debt trap, we were forced to ease trade barriers(LPG) , which proved to be turning point in India's stand. After Uruguay Round being considered as lop-sided, Doha Round was launched in protecting the interests of developing countries which automatically implies our intensive role. This paper attempts to give special attention on India's role in Doha negotiations. An attempt has been made to identify various variables which made India's positions so different at WTO. The analysis suggested the forces at domestic and international front with greater contribution of political aspirations moderated our trade and even its politics.

KEYWORDS

GATT, WTO, LPG, PSU, Non Alignment Movement.

INTRODUCTION

In order to ensure smooth trading relations internationally and maximize global trade after Second World War, an international institution in the form of General Agreement on Tariffs and Trade (GATT) was setup. Its objective was to work for reducing tariff on international trade in goods and provide a forum for negotiation on trade disputes and trade related issues among nations. The GATT aims at expansion of international trade, increase of world production by ensuring full employment in the participating nations, development and full utilization of world resources; and raising standard of living of the world community as a whole. GATT was formed in 1947 and we also became independent in the same year. However it was merely a coincidence, thus India became the founder member of GATT who played a very cautious role there. India's voice in international trade negotiations has often been a loud one, often louder than one would expect given its limited participation in world trade over the years. But the small scale of India's international trade prior to its economic reforms of 1991 is partly what makes its current role at the WTO so important. This is because India adopted the socialist pattern and essentially chose to shut off its economy from the rest of the world by enacting extremely restrictive policies toward trade and foreign investment. As one might expect, India's pursuit of an inward looking development strategy was reflected in the nature of its involvement in multilateral trade negotiations. During GATT years, India was largely perceived as a player that invariably took negative positions by default as **just no**. India's colonial hangover can hardly justify its prolonged pursuit of protectionist policies, not least because these policies significantly slowed down its economic progress relative to those countries that adopted a more outward looking approach. By adopting new economic reforms 1991 – LPG Policy, India had started to liberalizing the restrictions, supporting the public sector through privatization & globalizing its markets, it gradually **turned yes**.

India's voice in the international arena has often been seen as being representative of the developing nations at large. In fact, it seems fair to say that India appears to have been rather willing to play this leadership role which was perhaps most clearly at display during the negotiation of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) under the Uruguay Round (1986-1993), the successful completion of which led to the establishment of the World Trade Organization (WTO). However, it was seemed to be less significant for developing nations but was still acceptable for other benefits in trade barriers to developing nations. So, to focus on developing nations Doha round was started whose agenda was development. The main objective of the article is to identify co- laterality and co- linearity in various variables those influenced our stand at various occasions. This paper attempts to portray the changing role of India at various occasions. The special focus is given on India's stand at Doha round.

DOHA DEVELOPMENT AGENDA

The Uruguay Round negotiations, launched in 1995, resulted in a major overhaul of the multilateral trading system and produced a multilateral bargain that is considered by many developing countries to be lop-sided. The Doha Round was launched in 2001; it was hailed as the Round that would put the interests of developing countries at the forefront – a corrective action of sorts to restore the perceived imbalance that resulted from the Uruguay Round. The WTO's work is to help trade flow more smoothly and predictably for the benefit of all and Doha Round continues tradition with a new approach to international trade in a pro development manner and sought to work around the issues that address the concerns of the developing countries in three areas (the "three pillars") of domestic support, export subsidies and market access, and their related issues. The Doha Round is the latest round of trade negotiations of WTO whose aim is to achieve major reform of the international trading system with the introduction of lower trade barriers and revised trade rules. Doha work programme covers about 20 areas of trade and is also known semi-officially as the Doha Development Agenda because of its objective.

The lofty declaration above notwithstanding, advancements during the Doha Round has been rather slow. In reality, some doubt that there has been any progress at all. It is, somewhat ironical that the so called 'Development' Round has so far been a Round without any significant 'developments' at all! (Saggi, 2010)

In November 2001, following up on the Doha Ministerial Declaration, member nations launched an ambitious Work Programme covering negotiations on agriculture, Non-Agriculture Market Access (NAMA), services, dispute settlement, antidumping duties, subsidies, etc. Here, WTO members expressed their resolve to find appropriate solutions to the implementation-related concerns raised by developing countries. The Doha Round of trade negotiations was scheduled to be completed by January 1, 2005. But, like the preceding Uruguay Round, the Doha Round has also encountered many roadblocks, and thus progress has been slow. It seemed unable to bridge the gap between differing positions on various issues in the Cancun Ministerial Meeting, held in 2003 which ended without any results on the negotiating table. A number of meetings went into vain one after another in a row. Even after nine years of talks, the Doha Round still had no framework (modalities) deal in March 2010.

A recidivistic pattern of collapses and resurrections in the negotiation process has fostered a sense of defeatism and learned helplessness among delegates. This nearly decade-long negotiation stalemate is attributable to the diametrically opposed perceptions of the Round between developed and developing countries. In sum, WTO members are split between two diametrically opposed worlds. This philosophical divergence on the nature of the Doha Round is the main culprit for the negotiation deadlock (Cho, 2010).

Technik and Master, (2010) diagnosed the following reasons for the failure of Doha:

Widened participation of developing nations because of marginalization in past rounds and power asymmetries; Shortfall of specified rules for decision-making procedures; "Club meetings" characterized by lack of transparency; Developing countries have not been able to use the majority rule – decisions have been made by consensus and with all present member countries⁷; Broadness of the agenda and no clear definition of "development"; No clear principles regarding the path towards development.

Following more than a dozen years of negotiations in the Doha round trade talks – and a final push over the past four days during a high-level meeting in Bali – it seems the World Trade Organization (WTO) has finally achieved something: the organization's 160 members appear to have reached an agreement.

INDIA'S STAND AT DOHA

At the Doha Ministerial conference of November 2001, India's then Minister of Commerce and Industry Murasoli Maran appealed "WTO has to recognize the existing *development deficit* in various WTO agreements and take necessary remedial action.", he drew attention to the "the asymmetries and imbalances in the Uruguay Round agreements" and noted that "TRIPS has invited strong reactions from stakeholders (developing countries)". Alike criticism of TRIPS by India and other developing world, particularly with respect to its potential adverse impact on access to medicines in developing nations, was not entirely ineffectual.

The August 2003 joint proposal of the US and the EC on agriculture and NAMA was a watershed because developing countries realized the necessity to unite for supporting a more development-friendly agenda. To actualize this, India played a role in creating the G-20 group of developing countries with a common position on agriculture negotiations to thwart the US-EC proposal. Along with the EU, the US and Brazil, India became a part of the high profile G4 which was considered as inner circle at WTO to take forward the round and break the stalemate.

In Doha round of negotiations of World Trade Organization, India has sought to maintain its policy space with respect to agriculture along with the issues regarding non agricultural market access (NAMA) and services. Particularly, it has sought provisions in the Doha round to treat some agricultural commodities as "special products" that would be subjected to lesser or no tariff cuts based on considerations such as livelihood security. India along with G33, G30 has focused its efforts on the ability to protect special products reflecting food-security concerns. (Mancheri, 2011).

For India, it appears that OTDS (Overall Reduction of Trade-Distorting Domestic Support), quota expansion and tariff capping were not deal-breaking issues, and with some intelligent negotiations, issues relating to sensitive products and special products of interest to India. The issue of SSM (Special Safeguard Mechanism), however, became the deal breaker. The SSM is a tool that would allow developing countries to raise tariffs temporarily beyond current legal limits when import volumes increase or prices fall suddenly. India argues that the proposed SSM would enable developing countries (like India) to take remedial action through higher tariffs in case of import surges or import induced price declines (Kaushik, 2009).

In NAMA (industrial goods but including fisheries), discussions focused on three issues – "coefficients" for tariff reduction by developed and developing countries, the anti-concentration clause and "sectors." On coefficients, the depth of India's autonomous liberalization provided it with an adequate cushion based on which it appeared to accept the proposals in the NAMA text albeit developing countries were being asked to cut tariffs more than those of developed countries. After the July 2008 meeting, India's Commerce Minister, Kamal Nath stated that India and other developing countries strongly opposed these negotiations and that there was an attempt by developed countries to make these negotiations mandatory despite the Hong Kong Ministerial Declaration having reaffirmed them to be non-mandatory. In December 2008, India's Minister of State for Commerce, Jairam Ramesh reiterated India's negotiating position that participation must be on a non-mandatory and good faith basis without prejudging the outcome.

Services liberalization is another important issue for India due to its interest in the movement of natural persons in the category of experts and skilled persons. There was a Signaling Conference on Services during the July 2008 meeting with the idea that Members with an important interest in services could provide clear signals to each other regarding their intentions to open their markets. The chances of India of using G-20 to further its interest in service sector seems remote, as positions with regard to trade in services differ significantly within the group. Thus in search of new allies, India have submitted several proposals along with Asian and Latin American developing nations. India signaled a liberal offer in important areas of interest to developed countries including telecommunications, distribution, financial services, energy and environment services, and courier services. (Kaushik, 2009).

Bali outcome as essentially a victory for developing countries fashioned by India's almost single-handed crusade for safeguarding their rights to subsidize agriculture. With the political mileage having been achieved – both at home and among low-income developing-country members of the WTO – India could have afforded to be flexible and allow the trade facilitation deal to go ahead. By doing so, it can further claim to have acted as a responsible stakeholder in global trade with unflinching commitment to the cause of the WTO and multilateral trade.

DISCUSSION

India's original inclusion into GATT in 1947 notwithstanding, the economic policies pursued by India during its five decades or so as an independent country effectively shut off its economy from the rest of the world. Reflected its inward looking development strategy, India's negotiating positions at the GATT during these years were essentially negative in nature: reluctant to open its borders to trade and investment, India was really not in a position to be an effective participant in the multilateral trading system. Despite being socialistic economy, Indian policy makers aimed signaling the rest of the world that India could do whatever the advanced nations can. Accordingly, a diversified industrial production base was meticulously planned out for India, ranging from simple consumer items to sophisticated capital goods and heavy machinery. India believed in promoting greater understanding and trust among nations and pro-actively took forward the Non-Aligned Movement to help reduce the prevailing tension and distrust among nations in the aftermath of the Second World War.

Fortunately, starting in 1991, India began a process of economic liberalization that has already paid significant dividends in terms of higher economic growth and increased integration with the world economy. This was indeed a radical departure from India's past policy framework prevalent since independence. The reforms initiated in 1991 and pursued through the decades to follow, were much wider and deeper than earlier piecemeal attempts of economic liberalization. This ushered in a paradigmatic shift in policymaking and India's stand which was perceived to be 'just no' gradually changed to 'yes'.

Post-WTO (1994), India witnessed a phenomenal transformation of its economy, rapidly growing economy and size of markets play a major role in attracting economic powers of the world. India's voice in international trade negotiations has often been a loud one, often louder than one would expect given its limited participation in world trade over the years. India's emergence as a major economic player in the world has, therefore, definitely contributed to its heightened profile at the WTO. The parameters of India's WTO policy have been by and large determined by its domestic imperatives fulfilling the country's *best interest* as perceived by the policy makers from time to time. There is clearly a large overlap between India's domestic interests and the larger interests of the developing world. India's developmental concerns at the WTO, especially with respect to food security, livelihood and public health have been adopted for its own domestic priorities. India's postures at WTO were merely not driven by economic reasons rather; it is due to political and strategic aspirations. India is pursuing varied strategies in different fields corresponding to heterogeneous structure of domestic economy. Thus it is quite difficult to find an overall characterization of India's positions at the WTO. At Bali conference, India played an eminent role in making it the very first success since the formation of WTO. Bali was clearly a happy hunting ground for India. It now remains to be seen whether the 'trade-off' it agreed to at Bali is an indication of more such trade-offs in future underlining a shifting approach in its external trade negotiations.

CONCLUSION

The above temporal line suggests that there has always been a cluster of factors including domestic and international political changes, overall macro and micro economic processes, and emergence of multilateral politico- economic groups vis-à-vis our participation etc, however, with a change in cardinal factor.

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