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STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
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TIME LAG ANALYSIS OF SELECTED INDIAN COMPANIES

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ABSTRACT

This study aims to examine the time lag analysis of balance sheet date and date of auditor's report, date of auditor's report and annual general meeting date and balance sheet date and annual general meeting date of 50 selected Indian companies related to the period from 2002-03 to 2008-09. The results revealed that the company wise time lag from auditor's report to annual general meeting witnessed ups and downs in Bharti Airtel Ltd., NTPC Ltd., NMTC and Sun Pharmaceuticals Ltd. The company wise time lag from balance sheet to auditor's report witnessed fluctuations in Reliance Industries Ltd., Bharti Airtel Ltd., NMDC, Sun Pharmaceuticals Ltd., GAIL India, Hero Motocorp Ltd., Sterlite Industry Ltd. and Bharat Petroleum corp. Ltd. However, it increased significantly in Infosys Ltd., HDFC Bank Ltd., Ambuja Cement Ltd. and Hindalco Industry Ltd. The time lag from balance sheet to annual general meeting reported no definite trend in Reliance Industries Ltd. and Sun Pharmaceuticals Ltd. The study suggested that the companies with increasing time lag should check this trend and the fluctuations need to be curbed in order to get a definite trend in time lag.

KEYWORDS

INTRODUCTION

Corporate annual reports are prepared to transmit the information to the stakeholders according to their needs. As the informational needs of the stakeholders who have active interest in corporate reporting are on rise, there is a dire need for timely and credible corporate reports. Time lag in corporate disclosure refers to the time gap between the end of the accounting period and the date on which the corporate annual financial reports are issued. According to Section 210 (3) of the Companies Act, 1956, (i) The first annual general meeting of the company to be held within 9 months of its incorporation; (ii) Any subsequent annual general meeting of the company to be held within 6 months after the submission of its annual account. According to Section 219 (1) of the Act, a copy of annual report which is to be laid in annual general meeting by a company must be delivered at least twenty-one days before the date of the meeting to every member of the company. In this backdrop, an attempt has been made to analyse the time lag of the selected Indian companies.

REVIEW OF LITERATURE

Various researchers have studied the different aspects of timeliness in corporate reporting. Givoly and Palmon (1982) discovered that there was an improvement in the timeliness of annual reports of 210 companies listed on New York Stock Exchange (NYSE) over a period of 15 years from 1960 to 1974. To describe timeliness corporate size and complexity of operations were taken into consideration. According to them, delay in reporting appeared to be more closely associated to industry patterns and traditions rather than to the company attributes studied and reporting time lags decreased over time. Sharma (1991) examined financial reporting in Central Public Government Enterprises incorporated under Companies Act 1956. He concluded that size of the firm and age has a significant relationship with its reporting time lag. Ahmad (2003) investigates the timeliness of corporate annual reporting in three South Asian countries, namely, Bangladesh, India and Pakistan from 558 annual reports of different companies for the year 1998. It is found that around 90 % of the companies' balance sheet end date falls in June and December in Bangladesh, March in India, and June and September in Pakistan. A multivariate regression analysis indicates that financial year-end date is a significant determinant in each country.

Ismail and Chandler (2004) examined the timeliness of quarterly financial reports published by companies listed on the Kuala Lumpur Stock Exchange (KLSE). In their study, they also determined the association between timeliness and each of the following company attributes – size, profitability, growth and capital structure. An analysis of 117 quarterly reports ended on 30 September 2001 reveals that all, except one company reported within an allowable reporting lag of two months. According to the study, there is a significant association between timeliness and each of the four companies attributes.

Conover, Miller and Szakmary (2008) study financial reporting lags, the incidence of late filing, and the relationship between reporting lags, firm performance and the degree of capital market scrutiny. They use a large sample of firms spanning 22 countries over an eleven-year period. A focal point of their analysis is whether the incidence of late filing, and the relations between reporting days and other variables differ systematically between common and code law countries. Relative to U.S. firms, they report that the time taken and allowed for filing is usually longer in other countries and that the statutory requirement is more frequently violated. Timely filing is found to be less frequent in code law countries. Poor firm performance and longer reporting lags are more strongly linked in common law countries Therefore, the above analysis describes that plenty of research has been conducted to explore new insights into the field of timeliness in corporate disclosure.

OBJECTIVES

The main aim of the study is to examine the time lag of the selected Indian companies. More specifically, the study is concentrated on the following objectives:

1. To study the company wise time lag between balance sheet date and date of auditor's report.
2. To access the company wise time lag between date of auditor's report and annual general meeting date.
3. To examine the company wise time lag between balance sheet date and annual general meeting date.

RESEARCH METHODOLOGY

For the fulfillment of the objective of the study, data has been obtained from the annual reports of 50 selected Indian companies. The data has been collected from the Annual Reports of the companies from 2002-03 to 2008-09. To achieve the objectives of the study, various statistical tools such as average, coefficient of variation, compound growth rate and t-values has been computed.

RESULTS AND DISCUSSIONS

COMPANY-WISE TIME LAG BETWEEN BALANCE SHEET AND AUDITOR'S REPORT

A perusal of Table 1 indicated that the company wise time lag from balance sheet to auditor's report witnessed ups and downs in Reliance Industries Ltd., Bharti Airtel Ltd., NMDC, Sun Pharmaceuticals Ltd., GAIL India, Hero Motocorp Ltd., Sterlite Industry Ltd. and Bharat Petroleum corp. Ltd. The time lag from balance sheet to auditor's report increased significantly in Infosys Ltd., HDFC Bank Ltd., Ambuja Cement Ltd. and Hindalco Industry Ltd. The time lag from balance sheet to auditor's report declined significantly in NTPC, State Bank of India, Indian Oil Corporation, Mahindra & Mahindra Ltd., etc. In the remaining companies, there was either stagnation or fluctuations in time lag from balance sheet to auditor's report. The declining time lag from balance sheet to auditor's report is an encouraging trend. However, the companies with increasing time lag should check this trend and the fluctuations need to be curbed in order to get a definite trend in time lag from balance sheet to auditor's report.

TABLE 1 : COMPANY-WISE REPORTING TIME LAG BETWEEN BALANCE SHEET TO AUDITOR'S REPORT (Number of days)

S. No.	Company	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Average	C.V.	C.G.R.	t-value
1.	Reliance Ind. Ltd.	23	29	27	27	150	21	190	66.71	107.24	30.27	1.51
2.	ONGC Ltd.	84	83	81	87	86	86	85	84.57	2.45	0.60	1.36
3.	ITC, Ltd.	53	58	57	56	56	53	52	55.00	4.20	-0.91	1.19
4.	Infosys Tech. Ltd.	10	13	14	14	13	15	15	13.43	12.80	5.23	2.82*
5.	Bharti Airtel Ltd.	169	23	117	28	27	25	29	59.71	98.59	-20.96	1.96
6.	NTPC Ltd.	107	84	74	61	60	59	52	71.00	26.97	-10.42	7.23**
7.	State Bank of India	90	58	50	49	42	32	30	50.14	40.32	-15.33	8.87**
8.	HDFC Bank Ltd.	15	16	13	17	24	24	23	18.86	24.77	10.15	3.18*
9.	HDFC Ltd.	37	37	35	32	33	30	34	34.00	7.59	-2.58	2.46
10.	Wipro Tech. Ltd.	17	16	22	36	20	18	22	21.57	31.42	3.32	0.59
11.	ICICI Bank Ltd.	25	27	30	29	28	26	25	27.14	7.19	-0.51	0.35
12.	Hindustan Uni. Ltd.	48	42	45	51	44	45	40	45.00	8.11	-1.53	1.02
13.	NMDC Ltd.	122	65	56	40	60	46	59	64.00	42.17	-9.52	1.82
14.	Indian Oil Corp. Ltd.	84	69	60	56	58	58	59	63.43	15.76	-5.02	2.77*
15.	BHEL Ltd.	74	127	62	61	116	53	53	78.00	39.36	-7.30	1.18
16.	MMTC Ltd.	161	100	95	73	96	91	129	106.43	27.46	-2.97	0.59
17.	Sun Pharma. Ind. Ltd.	33	21	140	68	48	60	60	61.43	62.50	10.61	0.84
18.	Tata Motors Ltd.	57	49	47	49	48	58	59	52.43	10.08	1.66	0.85
19.	Jindal Steel & Power Ltd.	38	48	42	68	51	57	57	51.57	19.67	6.47	2.03
20.	GAIL India Ltd.	81	91	82	28	38	43	73	62.29	40.49	-8.80	1.12
21.	Bajaj Auto Ltd.	44	49	41	49	47	52	51	47.57	8.22	2.53	1.83
22.	Hero Motor Corp. Ltd.	10	12	12	60	41	24	21	25.71	72.01	18.87	1.36
23.	Mahindra & Mahindra Ltd.	61	61	60	59	58	58	58	59.29	2.33	-1.02	6.89**
24.	Nestle India Ltd.	75	73	65	79	64	65	50	67.29	14.22	-5.09	2.59*
25.	Axis Bank Ltd.	36	29	21	17	17	21	20	23.00	30.43	-8.93	2.58*
26.	Tata Steel Ltd.	59	50	49	48	47	87	55	56.43	25.06	3.10	0.71
27.	SAIL	58	58	55	55	51	46	58	54.43	8.28	-1.91	1.24
28.	Sterlite Ind Ltd.	29	75	62	61	33	26	28	44.86	45.46	-9.69	1.32
29.	Kotak Mahindra Bank Ltd.	54	55	68	45	38	51	42	50.43	19.79	-5.17	1.68
30.	UltraTech Cement Ltd.	65	53	98	21	22	21	23	43.29	69.42	-20.61	3.02*
31.	Asian Paints Ltd.	58	41	41	40	40	39	42	43.00	15.54	-3.83	1.76
32.	Bank of Baroda	57	47	50	54	56	55	27	49.43	21.25	-6.27	1.44
33.	PNB	84	45	29	48	53	45	50	50.57	32.87	-3.35	0.55
34.	Maruti Suzuki India Ltd.	36	48	36	26	24	24	24	31.14	29.63	-10.19	3.67*
35.	HCL Tech. Ltd.	74	77	81	50	44	32	56	59.14	31.46	-10.81	2.48
36.	Dr. Reddy's Lab Ltd	60	58	36	61	48	50	48	51.57	17.19	-2.39	0.67
37.	Cipla Ltd.	119	114	116	112	111	109	106	112.43	3.87	-1.70	7.52**
38.	Siemens Ltd.	38	56	55	54	53	56	57	52.71	12.57	4.30	1.81
39.	Ambuja Cement Ltd.	31	28	30	33	32	33	35	31.71	7.22	2.74	2.94*
40.	Hindalco Ind. Ltd.	30	26	30	29	34	81	91	45.86	60.35	22.69	3.15*
41.	Tata Power Co. Ltd.	58	51	60	59	60	61	58	58.14	5.74	1.29	1.15
42.	BOSCH Ltd.	71	59	67	74	66	63	64	66.29	7.58	-0.69	0.46
43.	ACC Ltd.	32	35	24	32	31	36	35	32.14	12.63	2.10	0.76
44.	Grasim Ind. Ltd.	29	28	29	27	25	29	31	28.29	6.68	0.44	0.31
45.	Lupin Ltd.	20	28	50	47	39	44	43	38.71	28.05	11.12	2.01
46.	Ranbaxy Lab. Ltd.	113	119	110	88	88	86	56	94.29	23.00	-10.09	4.74**
47.	Canara Bank	42	42	37	24	32	26	29	33.14	22.20	-7.61	2.72*
48.	Bharat Petroleum Cor. Ltd.	59	50	49	179	54	78	59	75.43	61.89	3.59	0.37
49.	Bank of India	30	52	29	28	23	30	29	31.57	29.54	-4.99	1.13
50.	Dabur India Ltd.	46	35	28	25	38	30	29	33.00	21.85	-4.83	1.37

Source: Annual Reports of Sampled Companies

Note: 1. ** & * means significant at 1% and 5% level of significance respectively.

COMPANY-WISE TIME LAG FROM AUDITOR'S REPORT TO ANNUAL GENERAL MEETING

Table 2 revealed that the company wise time lag from auditor's report to annual general meeting witnessed ups and downs in Bharti Airtel Ltd., NTPC Ltd., NMTC and Sun Pharmaceuticals Ltd. The time lag from auditor's report to annual general meeting increased significantly in NMDC, Jindal Steel & Power Ltd., Mahindra & Mahindra Ltd., Nestle India Ltd., Kotak Mahindra Ltd. and Punjab National Bank. The time lag from auditor's report to annual general meeting declined significantly at in ICICI Bank Ltd. and Hindustan Unilevers Ltd. In the remaining companies, there was either stagnation or fluctuations in time lag from auditor's report to annual general meeting. The declining time lag from auditor's report to annual general meeting in only 2 companies is a matter of serious concern. Majority of the companies witnessed stagnation or fluctuations. This again is a matter to be settled.

TABLE 2: COMPANY-WISE REPORTING TIME LAG BETWEEN AUDITOR'S REPORT TO ANNUAL GENERAL MEETING (number in days)

S. No.	Company	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Average	C.V.	C.G.R.	t-value
1.	Reliance Ind. Ltd.	54	56	98	61	51	52	41	59.00	30.91	-5.64	1.22
2.	ONGC Ltd.	98	99	93	85	86	86	91	91.14	6.38	-2.06	2.27
3.	ITC, Ltd.	63	63	63	56	63	63	63	62.00	4.27	0.00	0.00
4.	Infosys Tech. Ltd.	65	60	58	57	70	60	66	62.29	7.68	0.84	0.55
5.	Bharti Airtel Ltd.	35	119	42	115	83	98	114	86.57	40.57	14.68	1.49
6.	NTPC Ltd.	70	61	102	49	105	111	118	88.00	31.08	10.49	1.72
7.	State Bank of India	25	42	41	42	44	40	41	39.29	16.35	5.34	1.54
8.	HDFC Bank Ltd.	48	40	65	43	53	47	52	49.71	16.41	1.29	0.40
9.	HDFC Ltd.	79	72	75	74	76	88	79	77.57	6.77	1.49	1.24
10.	Wipro Tech. Ltd.	91	56	90	73	89	90	152	91.57	32.38	9.25	1.77
11.	ICICI Bank Ltd.	122	127	112	84	84	91	65	97.86	23.39	-9.66	5.11**
12.	Hindustan Uni. Ltd.	128	133	104	97	51	53	54	88.57	40.47	-16.78	5.90**
13.	NMDC Ltd.	55	75	64	82	93	84	92	77.86	18.22	7.96	3.48*
14.	Indian Oil Corp. Ltd.	98	92	115	119	119	114	108	109.29	9.68	2.73	1.57
15.	BHEL Ltd.	109	54	120	107	54	117	117	96.86	30.60	3.49	0.45
16.	MMTC Ltd.	22	74	70	46	84	92	54	63.14	38.27	12.55	1.29
17.	Sun Pharma. Ind. Ltd.	150	253	43	105	111	99	104	123.57	52.69	-6.98	0.72
18.	Tata Motors Ltd.	55	50	55	53	52	57	98	60.00	28.19	7.17	1.82
19.	Jindal Steel & Power Ltd.	79	60	74	112	130	122	125	100.29	28.41	12.75	3.28*
20.	GAIL India Ltd.	102	92	99	77	118	114	88	98.57	14.63	0.58	0.19
21.	Bajaj Auto Ltd.	102	92	99	77	118	114	88	98.57	14.63	0.58	0.19
22.	Hero Motor Corp. Ltd.	113	127	132	107	74	154	154	123.00	22.94	2.66	0.51
23.	Mahindra & Mahindra Ltd.	58	58	59	60	63	63	63	60.57	3.91	1.73	6.41**
24.	Nestle India Ltd.	46	46	50	44	59	60	61	52.29	14.26	5.67	3.33*
25.	Axis Bank Ltd.	50	50	49	46	45	50	42	47.43	6.65	-2.15	2.15
26.	Tata Steel Ltd.	65	63	60	48	62	63	93	64.86	21.02	4.03	1.07
27.	SAIL	121	123	121	120	122	117	105	118.43	5.25	-1.83	2.40
28.	Sterlite Ind Ltd.	143	106	94	112	135	118	144	121.71	15.91	2.16	0.66
29.	Kotak Mahindra Bank Ltd.	38	62	49	66	58	68	77	59.71	21.63	9.23	2.94*
30.	UltraTech Cement Ltd.	129	96	58	90	87	91	96	92.43	22.46	-2.08	0.44
31.	Asian Paints Ltd.	51	48	47	47	47	46	45	47.29	4.00	-1.63	4.78**
32.	Bank of Baroda	63	72	70	44	39	64	66	59.71	21.63	-2.40	0.51
33.	PNB	42	49	74	74	75	81	70	66.43	22.28	9.54	2.70*
34.	Maruti Suzuki India Ltd.	61	70	126	101	104	100	100	94.57	23.28	7.42	1.68
35.	HCL Tech. Ltd.	99	86	92	117	113	82	105	99.14	13.42	1.03	0.37
36.	Dr. Reddy's Lab Ltd	87	61	82	58	67	63	65	69.00	16.03	-3.55	1.35
37.	Cipla Ltd.	44	46	43	46	35	41	42	42.43	8.91	-2.03	1.21
38.	Siemens Ltd.	75	63	64	56	70	66	64	65.43	9.08	-1.04	0.58
39.	Ambuja Cement Ltd.	67	82	72	52	81	51	60	66.43	19.18	-4.07	1.18
40.	Hindalco Ind. Ltd.	92	96	73	90	88	91	80	87.14	9.09	-1.20	0.65
41.	Tata Power Co. Ltd.	68	39	66	64	70	72	70	64.14	17.79	5.02	1.23
42.	BOSCH Ltd.	97	107	85	84	91	85	90	91.29	9.09	-2.18	1.46
43.	ACC Ltd.	97	107	85	84	91	85	90	91.29	9.09	-2.18	1.46
44.	Grasim Ind. Ltd.	95	80	71	121	74	94	97	90.29	19.01	1.53	0.40
45.	Lupin Ltd.	108	92	69	69	71	69	77	79.29	19.11	-5.43	2.15
46.	Ranbaxy Lab. Ltd.	64	63	70	63	63	63	74	65.71	6.79	1.19	0.94
47.	Canara Bank	64	63	70	63	63	63	74	65.71	6.79	1.19	0.94
48.	Bharat Petroleum Cor. Ltd.	81	102	127	83	118	97	102	101.43	16.62	1.87	0.55
49.	Bank of India	71	53	73	73	78	72	73	70.43	11.35	2.76	1.16
50.	Dabur India Ltd.	81	102	127	83	118	97	102	101.43	16.62	1.87	0.55

Source: Annual Reports of Sampled Companies.

Note: 1. ** & * means significant at 1% and 5% level of significance respectively.

COMPANY-WISE TIME LAG FROM BALANCE SHEET TO ANNUAL GENERAL MEETING

It is evident from Table 3 that the time lag from balance sheet to annual general meeting witnessed ups and downs in Reliance Industries Ltd. and Sun Pharmaceuticals Ltd. The time lag from balance sheet to annual general meeting increased significantly only in Jindal Steel & Power Ltd. and Mahindra & Mahindra Ltd. The time lag from balance sheet to annual general meeting declined significantly in State Bank of India, ICICI Bank Ltd. Hindustan Unilever Ltd., BHEL, Axis Bank Ltd., SAIL, UltraTech Cement Ltd., Dr. Reddy Lab Ltd. etc. In the remaining companies, there was either stagnation or ups and downs in time lag from balance sheet to annual general meeting. The declining trend in time lag from balance sheet to annual general meeting in 12 companies is a good sign of reporting company affairs to the stakeholders. But, the companies with increasing time lag should check this trend and the fluctuations need to be curbed in order to get a definite trend in time lag from balance sheet to annual general meeting.

TABLE 3 : COMPANY-WISE REPORTING TIME LAG BETWEEN BALANCE SHEET AND ANNUAL GENERAL MEETING (number of days)

S. No.	Company	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Average	C.V.	C.G.R.	t-value
1.	Reliance Ind. Ltd.	77	85	125	88	201	73	231	125.71	51.33	13.18	1.45
2.	ONGC Ltd.	182	182	174	172	172	176	176	175.71	2.58	-0.8	2.07
3.	ITC, Ltd.	116	121	120	112	119	116	115	117.00	2.70	-0.42	0.81
4.	Infosys Tech. Ltd.	75	73	72	71	83	75	81	75.71	6.04	1.54	1.48
5.	Bharti Airtel Ltd.	204	142	159	143	110	123	143	146.29	20.49	-5.96	2.14
6.	NTPC Ltd.	177	145	176	110	165	170	170	159	15.16	0.47	0.13
7.	State Bank of India	115	100	91	91	86	72	71	89.43	17.24	-7.43	9.34**
8.	HDFC Bank Ltd.	63	56	78	60	77	71	75	68.57	12.9	3.58	1.54
9.	HDFC Ltd.	116	109	110	106	109	118	113	111.57	3.83	0.25	0.32
10.	Wipro Tech. Ltd.	108	72	112	109	109	108	174	113.14	26.72	8.23	1.94
11.	ICICI Bank Ltd.	147	154	142	113	112	117	90	125	18.52	-7.75	5.19**
12.	Hindustan Uni. Ltd.	176	175	149	148	95	98	94	133.57	27.81	-11.72	6.25**
13.	NMDC Ltd.	177	140	120	122	153	130	151	141.86	14.27	-1.35	0.49
14.	Indian Oil Corp. Ltd.	182	161	175	175	177	172	167	172.71	3.99	-0.41	0.5
15.	BHEL Ltd.	183	181	182	168	170	170	170	174.86	3.86	-1.47	3.40*
16.	MMTC Ltd.	183	174	165	119	180	183	183	169.57	13.72	0.67	0.21
17.	Sun Pharma. Ind. Ltd.	183	274	183	173	159	159	164	185	21.92	-5.41	1.87
18.	Tata Motors Ltd.	112	99	102	102	100	115	157	112.43	18.32	4.73	1.69
19.	Jindal Steel & Power Ltd.	117	108	116	180	181	179	182	151.86	23.61	10.44	3.62*
20.	GAIL India Ltd.	183	183	181	105	156	157	161	160.86	17.11	-2.95	0.80
21.	Bajaj Auto Ltd.	117	122	107	106	103	101	107	109	7.01	-2.41	2.73*
22.	Hero Motor Corp. Ltd.	123	139	144	167	115	178	175	148.71	16.92	4.86	1.61
23.	Mahindra & Mahindra Ltd.	119	119	119	119	121	121	121	119.86	0.89	0.36	3.87*
24.	Nestle India Ltd.	121	119	115	123	123	125	111	119.57	4.18	-0.33	0.39
25.	Axis Bank Ltd.	86	79	70	63	62	71	62	70.43	13.14	-4.59	3.01*
26.	Tata Steel Ltd.	124	113	109	96	109	150	148	121.29	17.02	4.00	1.29
27.	SAIL	179	181	176	175	173	163	163	172.86	4.18	-1.80	5.58**
28.	Sterlite Ind Ltd.	172	181	156	173	168	144	172	166.57	7.48	-1.36	0.93
29.	Kotak Mahindra Bank Ltd.	92	117	117	111	96	119	119	110.14	10.36	2.20	1.06
30.	UltraTech Cement Ltd.	194	149	156	111	109	112	119	135.71	23.59	-8.20	3.52*
31.	Asian Paints Ltd.	109	89	88	87	87	85	87	90.29	9.24	-2.75	2.24
32.	Bank of Baroda	120	119	120	98	95	119	93	109.14	11.92	-3.50	1.86
33.	PNB	126	94	103	122	128	12	120	117	11.26	2.37	1.04
34.	Maruti Suzuki India Ltd.	97	118	162	127	128	124	124	125.71	15.28	2.17	0.72
35.	HCL Tech. Ltd.	173	163	173	167	157	114	161	158.29	12.9	-3.60	1.48
36.	Dr. Reddy's Lab Ltd	147	119	118	119	115	113	113	120.57	9.9	-3.23	2.75*
37.	Cipla Ltd.	163	160	159	158	146	150	148	154.86	4.32	-1.78	4.53**
38.	Siemens Ltd.	113	119	119	110	123	122	121	118.14	4.1	1.03	1.40
39.	Ambuja Cement Ltd.	98	110	102	85	113	84	95	98.14	11.46	-1.88	0.86
40.	Hindalco Ind. Ltd.	122	122	103	119	122	172	171	133	20.42	6.90	2.39
41.	Tata Power Co. Ltd.	126	90	126	123	130	133	128	122.29	11.93	3.12	1.25
42.	BOSCH Ltd.	168	166	152	158	157	148	154	157.57	4.6	-1.62	2.74*
43.	ACC Ltd.	100	100	102	87	115	98	98	100	8.23	0.07	0.04
44.	Grasim Ind. Ltd.	124	108	100	148	99	123	128	118.57	14.78	1.24	0.41
45.	Lupin Ltd.	128	120	119	116	110	113	120	118	4.92	-1.39	1.78
46.	Ranbaxy Lab. Ltd.	177	182	180	151	151	149	130	160	12.38	-5.22	5.38**
47.	Canara Bank	106	105	107	87	95	89	103	96.86	8.51	-2.24	0.66
48.	Bharat Petroleum Cor. Ltd.	140	152	176	262	172	175	161	176.86	22.5	2.45	0.60
49.	Bank of India	101	105	102	101	101	102	102	102	1.39	-0.14	0.49
50.	Dabur India Ltd.	124	97	106	99	104	101	106	105.29	8.49	-1.45	0.96

Source: Annual Reports of Sampled Companies.

Note: 1. ** & * means significant at 1% and 5% level of significance respectively.

CONCLUSION

From the above observations it has been concluded that no definite trend has been found in case of time lag between balance sheet date and auditor's report date, auditor's report date and annual general meeting and balance sheet date and annual general meeting. In case of balance sheet and auditor's report a significant increasing trend has been observed only in seven companies and declining trend in four companies. In the remaining companies, there was either stagnation or fluctuations in time lag from balance sheet and auditor's report. Moreover, in case of time lag in auditor's report and annual general meeting majority of the companies witnessed stagnation or fluctuations. This is a matter of serious concern. The time lag from balance sheet and annual meeting increased significantly only in two companies and shows a declining trend in seven companies. In the remaining companies, there was either stagnation or ups and downs.

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A STUDY ON WOMEN EMPLOYEE ATTRITION IN IT INDUSTRY WITH SPECIAL REFERENCE TO TECHNOPARK, THIRUVANANTHAPURAM

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ABSTRACT

Women employee attrition in IT industry is high nowadays. This article is to find the level of job satisfaction, safety measures, retaining the employees, working conditions & work life balance and the reason for women Employees attrition in IT Industries. The women employee attrition springs up as a vital issue in IT businesses. The researcher had taken 523 respondents as their sample size from universe and descriptive research design was adopted. This research study uses various methods to analyze the reasons and causes for women employee attrition in Technopark, Thiruvananthapuram. The samples were collected through questionnaire with open ended questions. The tools used for analysing the data are Factor analysis. Based on the analysis and interpretation, it is inferred that the IT companies in Technopark has to implement the Retention strategies by compensation Policies, Changes in work Requirements & improvement in working conditions to sustain in the organisation.

KEYWORDS

level of job satisfaction, safety measures, driving forces, retaining the employees.

1. INTRODUCTION

Attrition can be defined as "A reduction in the number of employees through retirement, resignation or death" and also we can say it as" The rate of shrinkage in size or number". The problem taken for this study is Attrition in IT Industry among the women employees of Technopark, Thiruvananthapuram. In India the software and Information Technology are the fastest growing industries. Today, attrition is one of the major problems faced by the HR managers of the IT industry across the globe; the impact of attrition has received considerable attention by management and HR professionals. The IT industry witnessed an average attrition of 17-25 per cent in FY12 while the average attrition across sectors-manufacturing, banking and others-was at about eight per cent. The software industry clocked one of its highest attrition rates in FY11 (Rajesh Kurup, May 2012).Women Employee Attrition is one of the most critical problems which Indian IT industry faces today. Since IT industries are the economic backbone on providing much needed foreign currency inflow to our country, it is the need of the time to improve the level of satisfaction among the women IT employees Married women employees who are working in the night shift face many problems from family, society and even health problem and there is no safety for women an employee working in night shift. The women's has to get more support from the society and family members to work and to become more dynamic in the society (Dr. Lakshmipathi. C.G 2014).Time to time, employee surveys are done to figure out what makes employees to love or hate their employer. Based on these surveys, IT companies those who want to retain their women employees take appropriate steps with hope of reducing the attrition. Career development' is a key retention driver, 'culture' in addition to compensation keeps people engaged at the lower levels (Rajeswari Sharma, 2012). Providing salary hikes in accordance with industrial standards and recruiting the women those who has long-term orientation towards the organization will reduce the level of attrition (Pooja Wadhwa Saroj Koul, 2012)

This is an interesting fact that some companies are inherently immune to attrition, whereas some companies fail to control attrition despite desperate efforts. It is the most costly and seemingly intractable human resource challenges confronting organizations. Women attrition (or turnover) represents significant costs to most organizations. It is odd, therefore, that many organizations neither measure such costs nor have targets or plans to reduce them. With focus on recruitment, compensation, training & development, supervision and motivation, the research will point out the extent of women employee attrition and its causes in an organization, especially in Technopark, Thiruvananthapuram. The response from the employees will give a true picture of Attrition. Analyzing the respondents' answers will help in understanding problems from the employees' view thus will help to develop the current system and making it more effective.

2. STATEMENT OF THE PROBLEM

The quality of work life provides a boost to women employees' job satisfaction. The basic nature of the work, the freedom at work and could help the employees in being closely associated with the work. The physical environment of work life, enough safety, healthy and working conditions place a true picture in workers instigation of work. A safe and health working condition and better welfare measures are undoubtedly necessary for a fireless and satisfied work performance. Supervisors are the nearer boss to the workers and a good relationship between them is imperative.

3. OBJECTIVES OF THE STUDY

- To find out the driving forces of women attrition in the IT companies in Technopark, Thiruvananthapuram
- To identify the organizational push and pull factors which causes women attrition in Technopark
- To study the various effective retention strategies formulated for retaining women employees in IT companies

4. SIGNIFICANCE OF THE STUDY

The quality of work life denotes all the organizational inputs, which aim at the women employee's safety, healthy and working conditions and enhancing organizational effectiveness. This gives more importance on advance technology and high productivity surpassing the needs and mental states of its employees. This created a negative impact on the working environment among the employees. Thus it was realized that communal support goes hand in hand with technical improvements.

5. METHODS AND MATERIALS

Research methodology is a way to systematically solve the research problems. It includes the overall research design, the sampling procedure, data collection method and analysis procedure. In this study Empirical Research Design is used to identify the Employee Attrition among the women employees working in Technopark, The structured questionnaire for finding women employees attrition were open ended, multiple choice, ranking questions are the types of questions used. The nature of the data is both Primary and Secondary data. The data's are collected from internet, books and discussion with the women employees. The primary data are collected through questionnaire and direct personal interviews. The secondary data has been collected through oral communication with the employees, Books and company website. Since the population is hypothetical, the researcher applied simple random sampling method to collect the data. The sample size is 523.

The tool used for analysing the data is Cluster analysis & ANOVA. This procedure attempts to identify relatively homogeneous groups of cases based on selected characteristics, using an algorithm that can handle large numbers of cases. However, the algorithm requires specifying the number of clusters. In this study this technique is carried out based on the socio-economic factors and study factors of the respondents on the various aspects relating to Level of safety/healthy/and working conditions

A pilot study was conducted by collecting data from 50 women employees working at Technopark using a well structured questionnaire. Reliability analysis was used to determine the extent to which the items in the questionnaire are related to each other, to get an overall index of the repeatability or internal consistency of the scale as a whole, and to identify problem items that should be excluded from the scale. To check the reliability of the questionnaire alpha analysis was used. In this the number items are 78 and the alpha value is 0.907(i.e. 90.7%).Since the reliability is 90.7%, it is concluded that the data's are more reliable for the study.

Tools used for analysing data are Cluster analysis & ANOVA. The fixed hypothesis states that Socio-economic factors associated on the level of perception on safety / healthy / and working conditions related variables don't influence the clusters.

6. LIMITATIONS OF THE STUDY

- Respondents in equal importance from all companies in Technopark with respect to the number of workers in each department cannot be taken due to the non availability, willingness and free time of the skilled workers
- Only few determinants of safety, healthy working conditions are taken for the research analysis

7. STATISTICAL ANALYSIS OF THE STUDY

7.1 CLUSTER ANALYSIS

1.1 SOCIO-ECONOMIC FACTORS ASSOCIATED TO THE LEVEL OF PERCEPTION ON SAFETY/HEALTHY/AND WORKING CONDITIONS RELATED VARIABLES

The Table 1.1 describes the results of iteration history for each classification of socio-economic factors associated on the level of perception on safety, healthy and working conditions related variables considered.

TABLE 1.1.1: ITERATION HISTORY FOR SOCIO-ECONOMIC FACTORS ON PERCEPTION ON SAFETY/HEALTHY/AND WORKING CONDITIONS

Iteration	Change in Cluster Centers		
	1	2	3
1	4.62	5.07	6.00
2	0.51	0.11	0.43
3	0.80	0.10	0.41
4	1.19	0.16	0.09
5	1.25	0.38	0.15
6	0.35	0.08	0.51
7	0.25	0.09	0.10
8	0.28	0.11	0.00
9	0.18	0.04	0.29
10	0.06	0.00	0.14

Iterations stopped because the maximum number of iterations was performed. Iterations failed to converge. The maximum absolute coordinate change for any center is 0.059. The current iteration is 10. The minimum distance between initial centers is 10.724.

The Table 1.1.2 describes the results of ANOVA for each socio-economic factors classification on the level of perception on safety/healthy/and working conditions variables considered.

Here the variables are Work environment was safe & comfortable (A1), Job orientation is effective (A2), Continuous pressure to achieve targets (A3), The infrastructure facilities are good (A4), Well organized duties and responsibilities (A5), Workload is reasonable (A6) The work atmosphere is favourable (A7), The management was available to discuss job related issues (A8),Sufficient resources were available (A9), Encourages open communication at workplace (A10), Proper utilization of employees skill & knowledge (A11), Fair & equal treatment of employees (A12), Welcomed suggestions & encouraged feedback (A13), Maintain consistent policies & procedures (A14), Encourage cooperation / collegiality (A15).

TABLE 1.1.2: DETAILS OF ANALYSIS OF VARIANCE (ANOVA)

Socio-economic factors connecting to the level of perception on safety/healthy/and working conditions	F	p-value	Significant / Not Significant
Age	4.053	0.018	S
Marital status	1.157	0.315	NS
Experience in present job	1.655	0.192	NS
Total years of experience	3.836	0.022	S
Educational Qualification	4.304	0.014	S
Monthly Income	4.667	0.010	S
Nature of organization	1.610	0.201	NS
Total Number of members in family	0.016	0.984	NS
Household composition	6.724	0.001	S
A1	502.258	0.000	S
A2	513.747	0.000	S
A3	111.561	0.000	S
A4	827.456	0.000	S
A5	6.853	0.001	S
A6	356.613	0.000	S
A7	387.292	0.000	S
A8	137.592	0.000	S
A9	362.299	0.000	S
A10	321.679	0.000	S
A11	285.839	0.000	S
A12	193.645	0.000	S
A13	246.234	0.000	S
A14	33.480	0.000	S
A15	42.591	0.000	S

From the above Table 1.1.2, we conclude that the all variables are influence the clusters except few cases in the perception on safety/healthy/and working conditions related variables.

The Table 1.1.3 describes the results of final clusters for each socio-economic factor of respondents on the level of perception on safety/healthy/and working conditions variables considered.

TABLE 1.1.3: FINAL CLUSTER CENTERS

Socio-economic factors variables relating to level of perception on safety/healthy/and working conditions	Cluster		
	1	2	3
Age	1.80	2.02	1.75
Marital status	1.45	1.51	1.55
Experience in present job	1.98	2.07	1.98
Total years of experience	1.22	1.35	1.16
Educational Qualification	2.40	2.44	2.73
Monthly Income	1.98	2.22	2.21
Nature of organization	1.16	1.13	1.21
Total Number of members in family	2.52	2.50	2.50
Household composition	2.20	2.02	1.96
A1	2.86	1.44	3.95
A2	2.98	1.88	4.75
A3	3.04	2.86	4.75
A4	2.85	2.00	4.75
A5	2.47	2.14	2.21
A6	2.77	2.04	4.59
A7	2.66	1.79	4.46
A8	2.82	1.99	4.00
A9	2.67	2.06	4.48
A10	2.78	1.93	4.54
A11	3.21	2.13	4.54
A12	3.20	2.13	4.30
A13	2.93	2.07	4.41
A14	2.58	2.06	2.70
A15	2.63	1.95	2.29

CLUSTER 1

26- 30, married, 1 – 5 yrs , 4 years & below, PG degree, 15001 – 30000, Domestic, 4 and above, Joint

NEUTRAL

CLUSTER 2

26- 30, Unmarried, 1 – 5 yrs , 4 years & below, PG degree, 15001 – 30000, Domestic, 4 and above, nuclear

AGREE

CLUSTER 3

26- 30, Unmarried, less than 1year , 4 years & below, Professional, 15001 – 30000, Domestic, 4 and above, nuclear

DISAGREE

From the above analysis we can understand that, the married women employees in the age group of 26-30 are having less than 4 years experience. Most of them completed their PG degree but getting less than 30000 as salary. These employees are working in domestic company in Technopark those who belongs to nuclear family says that the level of perception on safety healthy working conditions provided by the organizations are neutral, that means they are not up to the expected level.

And in another cluster the women in the age of 26-30 years are unmarried and having the experience less than 4 years. But they are professionals earning less than 30000 per month by working in domestic organizations and they belongs to nuclear family says that the level of perception on safety healthy working conditions provided by the organizations are agreeable.

In the final cluster the women in the age of 26-30 years are unmarried and having the experience of less than 1 year are professional qualified earning less than 30000 per month and they are working in domestic organizations belongs to nuclear family says that the level of perception on safety healthy working conditions provided by the organizations are disagreeable.

8. CONCLUSION

It is concluded that the married women working in Technopark are expecting more in regard with safety / healthy/working conditions provided by the organization. In this regards they are not able to give exact opinions due to fear factors or any other personal reasons. At the same time unmarried newly joined women also not at all satisfied with the safety/healthy/working conditions provided by the organization. So from this we can understand, there are lot of organizational factors in relation with safety/healthy/working conditions are need to be improved to retain the women employees in the organization which decrease the rate of attrition of women employees.

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CUSTOMERS PERCEPTION TOWARDS ELECTRIC TWO WHEELER VEHICLES IN BANGALORE CITY: A STUDY ON GO GREEN BATTERY OPERATED VEHICLES

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ABSTRACT

The study is based on Customers perception towards Electric vehicles (2-wheelers) in Bangalore City with respect to GO Green BOV. The basic objectives of the study are to analyze consumer perception towards Electric two wheelers and develop strategies for improving B2B sales of Electric Two wheelers and to identify the means to enhance the consumer awareness level towards electric vehicles. An Exploratory research was conducted with a sample of 100 respondents conveniently selected from Bangalore City. A structured questionnaire was administered to capture the primary data from the selected respondents. The data was further analyzed using the SPSS package using the Factor analysis, Co-relation, Regression and Cross-tabulation statistical tools. The study revealed that, there is complete lack of awareness about the Electric Bikes even in a city like Bangalore. Most of the respondents are not convinced about the product benefit as they perceive the product to be of Inferior quality and majority of the existing customers are facing problem with after sales servicing and support. The study suggests the company to educate the people about the product and potential benefits. Improve the product quality as well the battery life. The study concludes that that people's perception about the product is negative but with the support coming forward from the Central govt. and ever increasing prices of petrol, sooner or later the electric bike industry is going to grow drastically

KEYWORDS

awareness, consumer perception, electric vehicles, strategies.

INTRODUCTION

Go GreenBOV is the leading manufacturer of Electric two wheeler and three wheeler based out at Bangalore with headquarters in J P Nagar.Go GreenBOV was started in 2007, with an aim to reduce carbon emission and give an eco-friendly environment to the world. Customer base of the company is in entire south at present, but looking for Pan India presence in near future. The parent company of Go GreenBOV ACTD .ACTD was born with a vision to revolutionize policies and create innovative products for the improvement of the sector and the country. Go Green BOV electric two-wheelers are highly advanced with cruise control technology, Theft braking system, Lock braking, International styling, Keyless entry, No number plate, No licensee and a lot of other feature. Go GreenBOV operates throughout Karnataka with a very strong Dealership network. Go Green BOV has the highest number of variants in its product portfolio than any other electric vehicle company in India. Apart from being light on pocket and light on conscience GO Green BOV bikes are easy to use, lightweight and maintenance free providing a stress free experience.

REVIEW OF LITERATURE

Ashish Aggarwal (2014) says that from the research it can concluded that there is strong potential for growth in the electric vehicle industry but it will take some time in India in kickoff because Customers in India are not ready to pay the high price. Also they are very much concerned about the security and quality aspect.

Bhupendra Kumar Verma (2011) in his paper sates that on the basis of this study, the following suggestions can be made to help in sales of electric bike more effective. There is need to bring more awareness of various others feature of electric bike brings to a consumer mind by providing them vouchers and literatures in different regional languages. There should be free, fair, justified and honest competition amongst the various electric bike companies. Manufacturer/dealer should be given timely information of the governments Changed policies regarding two wheeler sectors.

Deekshu (2008) found that most of the customers were satisfied with the mileage of the Electric bikes and are convinced about the electric bike benefits and were willing to refer it to their friends. It was found that most of the customers are not satisfied with after sales service. It shows that customers are dissatisfied about after sale service. It was found that maximum number of the customers feel the speed of the Electric bikes to be very low and were not satisfied with the current speed of the bikes. It was found that non-availability of Electric bikes is also a reason for lower market share and consumers not purchasing it.

NEED FOR THE STUDY

The Electric Vehicle (EV) industry is still is nascent stage in India. There is a lot of need to create awareness among the general public to make this alternative model success. While it is for sure that sooner or later the electric vehicle will emerge as a strong component, for the time being there is the need for educating the customers to arouse a need for the product. The objective behind this project is to have a better understanding of the EV market, a SWOT analysis of the EV industry, challenges and opportunities faced by the Industry.

STATEMENT OF THE PROBLEM

A study on Customers perception towards Electric vehicles (2-wheelers) in Bangalore City with respect to GO Green BOV and developing strategies to improve B2B sales of Electric Vehicles.

OBJECTIVES OF THE STUDY

1. To analyze consumer perception towards Electric two wheelers
2. To develop strategies for improving B2B sales of Electric Two wheelers
3. To identify the means to enhance the consumer awareness level towards electric vehicles

HYPOTHESES

H1: There exists a high degree of co-relation between suggesting an e- bike and convinced with Electric bike
H2: There exist a high degree of co-relation between currently used bikes and how convinced is the person about e-bikes

RESEARCH METHODOLOGY

The success of any event heavily depends upon the way chosen for its execution. This includes ensures of some basic question to the specific focus on constraints as well. In other words they can call the methodology as the backbone of any research. It also includes research or study method. Thus when they talk of methodology they not only talk of methodology they not talk of methods but also consider the logic behind the methods they use in the context of their study objective and explain way use are using them so that Study results are capable of being evaluated logically**.**

RESEARCH TYPE
Exploratory research
SAMPLE SIZE
100
SAMPLING AREA
Bangalore city
SAMPLING TECHNIQUE
Convenient sampling
DATA COLLECTION TOOLS
Structured questionnaire
STATISTICAL TOOLS USED

- Chi-square Test
- Co-Relation
- Factor Analysis

STATISTICAL PACKAGE
SPSS Package 17.0

RESULTS AND DISCUSSIONS

1. Demographic attributes

TABLE 1

Sl no.	Attributes		No. Of respondents	Percentage of respondents
1.	Gender	Male	35	35
		Female	65	65
2.	Age	13- 18	32	32
		19-25	12	12
		26-40	24	24
		41-60	16	16
		Above 60	16	16
3.	Monthly income	10000 – 20000	29	29
		20000 – 34999	42	42
		Above 35000	13	13
		Below 100000	4	4
		Not applicable	12	12
4.	Occupation	Student	23	23
		Salaried	23	23
		House wife	21	21
		Business	21	21
		others	12	12

2. How did you come to know about Electric Bikes?

TABLE 2

	Frequency	Percentage
Friends	20	20
Internet	20	20
News paper/Magazines	28	28
TV	21	21
Others	11	11

3. How will you rate your level of awareness towards Electric Vehicles?

TABLE 3

	Frequency	Percentage
Poor	19	19
Average	7	7
No option	32	32
Good	18	18
Excellent	24	24

4. Which bike are you using presently?

TABLE 4

	Frequency	Percentage
Conventional Bike	73	73
Electric Bike	27	27

5. Which of the factors do you think that prevents you from making the decision of purchasing the electric bikes?

TABLE 5

	Frequency	Percentage
Expensive	27	27
Lack of awareness	12	12
less km/hour	14	14
Non availability	22	22
Benefit	25	25

6. How is after sales service availability affecting your purchasing decision of electric bikes?

TABLE 6

	Frequency	Percentage
least Important	3	3
Less	30	30
Neutral	12	12
Important	16	16
Very Much Important	39	39

7. How much are you convinced about the benefits of Electric bikes?

TABLE 7

	Frequency	Percentage
Very low	20	20
Low	15	15
Moderate	25	25
High	13	13
Very High	27	27

8. How likely that you would suggest an electric bike to your friend?

TABLE 8

	Frequency	Percentage
Very low	14	14
Low	20	20
Moderate	38	38
High	10	10
Very High	18	18

9. Did advertisement influence your buying decision?

TABLE 9

	Frequency	Percentage
Very low	14	14
Low	20	20
Moderate	38	38
High	10	10
Very High	18	18

10. To identify the factors that is affecting the sales of Electric Bikes.

TABLE 10

COMPONENT MATRIX[a]		
	Component	
	1	2
Appearance	.806	.079
Price	-.478	.619
Durability	.825	.231
Uncertainty of Technology	.269	-.547
Battery Life	.241	.783
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

Since KMO value is equal to .549, the Factor Analysis is accepted.
Since KMO value is equal to .549, the Factor Analysis is accepted.
From the above factor analysis following 2 factors is being extracted:
DURABILITY & BATTERY LIFE
Inference: Therefore Durability of the bike in the long run, and the small battery life are the two major concern expressed by our respondents.

11. Rate the Following Parameters of an Electric Vehicle on a scale of 1 to 5 in comparison with a Petrol Vehicle.

TABLE 11

KMO AND BARTLETT'S TEST		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.585
Bartlett's Test of Sphericity	Approx. Chi-Square	104.535
	Df	21
	Sig.	.000

Since KMO value is equal to .585, the Factor Analysis is accepted.

TABLE 12

COMPONENT MATRIX[a]		
	Component	
	1	2
Performance	.564	-.356
Mileage / cost per km	-.581	.003
Safety	-.305	.705
Design	.701	.287
Price of the vehicle	.606	.218
After sales Service	.645	.453
Extraction Method: Principal Component Analysis		
a. 2 components extracted		

From the above factor analysis following 2 factors is being extracted:

DESIGN & SAFETY

Inference: Therefore Design of the bike and how safe is it while riding, is the two important factors considered by the respondents while comparing with petrol bike.

12. H1: There exist a high degree of co-relation between suggesting an ebike and convinced with ebike

TABLE 13

CORRELATIONS			
		How likely that you Would suggest an electric bike to your friend?	How much are you convinced about the benefits of Electric bikes?
How likely that you would suggest an electric bike to your friend?	Pearson Correlation	1	.110
	Sig. (2-tailed)		.276
	N	100	100
How much are you convinced about the benefits of Electric bikes?	Pearson Correlation	.110	1
	Sig. (2-tailed)	.276	
	N	100	100

Since sig 2 Value 0.276 is greater that .05 (5% level of significance) hence **H1 is accepted.**

From the above data it is evident that, Highly positive Pearson correlation exist between two variables, when two variables post sales service and responsiveness towards the enquiry in the same direction, the correlation between the two variables is high, if one variable increases by 100, the other variable also increase by 110 according to the results in the table.

13. H2: There exist a high degree of co-relation between currently used bike and how Convinced is the person about e-bikes.

TABLE 14

CORRELATIONS			
		Which bike are you using presently?	How convinced are you about the Electric Bike benefits?
Which bike are you using presently?	Pearson Correlation	1	.027
	Sig. (2-tailed)		.792
	N	100	100
How convinced are you about the Electric Bike benefits?	Pearson Correlation	.027	1
	Sig. (2-tailed)	.792	
	N	100	100

Since sig 2 Value .792 is greater that .05 (5% level of significance) hence **H2 is accepted.**

From the above data it is evident that, Highly positive Pearson correlation exist between two variables, when two variables post sales service and responsiveness towards the enquiry in the same direction, the correlation between the two variables is high, if one variable increases by 100, the other variable also increases by 127 according to the results in the table.

FINDINGS

- There is more no. of petrol vehicles in the market than the Electric ones.
- Media awareness towards electric bikes is very low.
- There is a lack of awareness amongst respondents about the benefits of electric bikes.
- Female customers are now the biggest target segment of EV Industry.
- Purchasing decisions of an electric bike is not much influenced by the advertisements.
- Durability of the bike in the long run, and the small battery life are the two major concern expressed by our respondents.
- Design of the bike and how safe is it while riding, is the two most important factors considered by the respondents while purchasing an electric bike.
- Majority of respondents believe that Electric bikes are expensive.
- Existing customers are highly unsatisfied with the after sales servicing as spares are not readily available.
- There are no well established players in the market, with a good brand name.
- Lack of regulatory authority and safety Standards are a major concern for the industry in the long run.
- High Charging time, Lower Mileage, low Speed, Less battery life, Durability are the major technical issues faced by the electric bike industry.
- Lack of government support in the form of subsidy and infrastructure development, is affecting the industry.

SUGGESTIONS

- The first major concern for the company is to take concrete steps to improve the level of awareness among the people. Therefore company has to first educate the people about the product by following methods:
  - Visit the school and colleges to teach the students on the need to go for a greener Technology.
  - Educate the parents and children about the benefits of having a bike with slow speed, as it makes them a balanced rider.
  - Organize Road Shows and Exhibitions to educate the people.
  - Team Up with Environment Protection Groups, NGOs to promote the concept of Go Green.
  - Highlight the economic viability of the product against the rising fuel price.
- To fully charge an Electric Bike it takes around 6-8 hours, which is very long and it is practically impossible to charge on the go.

- To eliminate such problems the Company has to start investing on R&D more focus must be on developing Indigenous technology rather than going for Technology Transfer from foreign countries.
- Improve the Mileage of the Bikes by using batteries that is having higher capacity.
- Use ultra Capacitors to reduce the wastage of energy in the process of Motor on & off.
- Development of market strategy to improve the sales:
- To ride a Petrol bike it is necessary to have a Driving License, hence it is more suited for the age-group of 18-60.
- In order to tap the Market Company shall not only compete with this segment but also focus on the 13-17 age group and above 60 people, who might otherwise do not have a DL.
- Focus on the Home-Delivery segment of Hotels, restaurants and pharmacies to educate about the cost –viability.
- Provide finance option, EMI by collaborating with any Private sector bank or financial Institution.
- Use Buy-Back Feature; organize Exchange Melas, where people can exchange their petrol bikes for the electrical ones.
- Installation of charging station in strategic locations across the city.
- Providing Discounts on Bulk Purchases and providing free pick and drop services.

CONCLUSIONS
Electric Bike industry is in nascent stage still in India, with lots of apprehension about its durability and quality being offered. While doing this study it became more and more clear that lack of awareness, regulatory authority, quality issues are some of the biggest challenges in front of the industry. But with ever increasing Petrol prices and high pollution, sooner Electric Bikes are going to put a serious challenge to the Petrol Bikes. At this stage the primary focus of the company shall lie on R&D, improving quality and educating people. So with Government support in the form of developing the necessary infrastructure and subsidy to the end customer, there is possibility of Electric Bike Industry is getting ready for a golden feature.

LIMITATIONS
Some of the limitations of the study may be summarized as follows
- An underlying assumption for entire project is that the details and feedback received from population are true.
- It was difficult to find respondents as they were busy in their schedules and collection of data was very difficult. Therefore study had to be carried out based on availability of respondents.
- Some of the respondents were not ready to fill the questionnaire and some of them not ready to come out openly.
- Also the sample size of 100 may not truly represent whole population.

SCOPE FOR FURTHER RESEARCH
The current study focused only on the perception and the behavioural aspect of the customers towards the electric two wheelers in Bangalore city. The study can be extended throughout the state and further the entire country in order to have clear picture about the market potential for the electric two wheelers in the country. The study can also be done to assess the customers' expectations towards the performance and productivity of electric two wheelers.

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ANNEXURE
QUESTIONNAIRE

Dear sir/madam,

We are conducting a survey on "Consumer Perception towards Electric Bikes". We request your free and genuine response to the following questionnaire. Information provided by you will be kept confidential and used for academic purpose only.

PART A

Personal Details:
Name:
Gender:
a. Male b. Female
Age Group:
a. Below 25 b. 25 – 40 c. 40 – 60 d. Above 60
Monthly Income:
a. Below 10,000 b. 10000-20000 c. 20000-35000 d. Above 35000

PART B

1. Are you aware of Electric Bikes?
a. Yes b. No
2. How did you come to know about Electric Bikes?
a. News paper/magazine
b. Television
c. Internet

d. Friends
e. Others (specify)
3. Which bike are you using presently?
a. Electric bike
b. Conventional bike
4. Which of the following factors encouraged you to buy Electric bikes?
a. Environment friendly
b. Less running cost
c. Safety
d. No registration
e. Others (specify)
5. Did advertisement influence your buying decision?
a. Strongly agree
b. Agree
c. Neutral
d. Disagree
e. Strongly disagree
6. What do you feel about price of the Electric Bikes?
a. Very high
b. High
c. Moderate
d. Low
e. Very low
7. What is your opinion towards mileage of Electric Bikes as compared to conventional bikes?
a. Very good
b. Good
c. Average
d. Bad
e. Very bad
8. What is your opinion towards speed of Electric Bikes as compared to conventional bikes?
a. Very high
b. High
c. Moderate
d. Low
e. Very low
9. Are you convinced about Electric Bike benefits?
a. Yes b. No
10. Would you like to suggest electric bike to your friends?
a. Yes b. No

11. Is the present promotional activity about Electric bike sufficient enough for you to make the purchasing decision?
a. Yes b. No
12. Which of the following factors do you think are responsible for lower market share of Electric Bike as compared to Conventional bike?
a. Appearance
b. Speed
c. Battery life
d. Uncertainty of electric bike technology
13. Which of the factors do you think that prevents you from making the decision of purchasing the electric bikes?
a. Expensive
b. Unaware
c. Not convinced
d. Non availability
e. Others (specify)
14. Is after sales service availability affecting your purchasing decision of electric bikes?
a. Yes b. No
15. Are you aware of electric bike benefits?
a. Yes b. No
16. How did you came to know about this brand–
a. Through friends
b. Advertisement
c. Publicity
d. Family members
17. Are you satisfied with its overall performance?
a. Fully satisfied
b. Moderate
c. Average
d. Less satisfied
e. Poor
18. After knowing benefits of electric bike are you willing to purchase it in future?
a. Yes b. No
19. If no why

STATUS OF SCHEDULE TRIBES IN TELANGANA REGION

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ABSTRACT
Schedule Tribes (ST's) are Indian population groups that are explicitly recognized by the constitution of India order 1950. The order lists 744 tribes across 29 states in its first schedule. In telangana 33 types of Schedule Tribes are living in 6 districts. ST's are 4.1% are in total population of Telangana. They have rich heritage along with their innocent life style. As they are living in hill areas and forests they have some peculiar characters like indications of primitive traits, distinctive culture, and shyness of contact with other communities, geographical isolation, backwardness etc. So, for their development central and state governments are implementing different programmes and schemes since 1951. After the Ministry of Tribal affairs were constituted in 1999, there is more focus on development of Schedule Tribes in Indian society especially in Telangana. The persisting problems like low literacy and high drop-outs, inadequate health services, lack of nutrition food, extreme poverty, and ineffective implementation of schemes etc are putting them away from economic development. Hence, there should be more commitment by both central and state government and local bodies to develop Schedule Tribes in the society. As literacy is 37% NGO's and other voluntary organizations have to play key role to bring awareness among schedule tribes regarding programs and scheme for their development. Awareness and participation of Schedule Tribes in the implementation of policies leads to prosperity of ST community in the state as well as country.

KEYWORDS
sachedule tribes, primitive traits, economic development.

INTRODUCTION
The Constitution of India does not define Scheduled Tribes as such, Article 366(25) refers to scheduled tribes as those communities who are scheduled in accordance with Article 342 of the Constitution. According to Article 342 of the Constitution, the Scheduled Tribes are the tribes or tribal communities or part of or groups within these tribes and tribal communities which have been declared as such by the President through a public notification. The Constitution of India incorporates several special provisions for the promotion of educational and economic interest of Scheduled Tribes and their protection from social injustice and all forms of exploitation. These objectives are sought to be achieved through a strategy known as the Tribal Sub-Plan strategy, which was adopted at the beginning of the Fifth Five Year Plan. The strategy seeks to ensure adequate flow of funds for tribal development form the State Plan allocations, schemes/programmes of Central Ministries/Departments, financial and Developmental Institutions. Schedule Tribes (ST's) are Indian population groups that are explicitly recognized by the constitution of India order 1950. The order lists 744 tribes across 29 states in its first schedule. In Telangana 33 types of Schedule Tribes are living in 6 districts and total population in telangana region is 36.22 lakhs. ST's are 4.1% are in total population of Telangana.

HISTORICAL FACTS
From the 1850 ST community is referred to as the depressed class. During British period the Minto-Marley report, Montang -Chelmsford reforms report, Simon Commission etc. proposed the issue of reservation of seats for depressed class (SC & ST's) in provincial and central legislations. In 1935 British passed the government of India Act 1935 in which reservation of seats for depressed class was incorporated in to the act. After independence the constitution assembly continued the prevailing definition of Schedule Tribes and gave the president of India and governance of states responsibility to compile a full listing of tribes and also the power to edit it later as required. The actual complete listing of tribes was made with the Constitution (Schedule Tribes) Order 1950. Article 366(25) of the constitution of India refer the Schedule Tribes as those communities, who are scheduled in accordance with Article 342 of the constitution. The essential characteristics of Schedule Tribes are identified by the Locur committee. Indications of primitive tribes, distinctive culture, shyness of contact with the community at large, geographical isolation and backwardness are most identified features of ST's community.
There is 7.5 % percent reservation facility for employment opportunities and they are experiencing political reservations also at present based on their population.

TRIBES IN TELANGANA
As per 2011 in India the population of tribes is 8.2%. In Telangana 6.6% tribes populations exists. In the telangana region Tribes are of two groups. One group is at presently across the hilly tract of the Deccan Plateau and by the rivers Godavari and Krishna. The second group is present along the extended areas between the forest and hilly stations of Godavari river .According to ST order Act 1976there are 33 types of Tribes in 6 districts i.e Khammam,Adilabad, Warangal, Nalgonda,mahboobnagar,Hyderabad and other 50lakh nomads are surviving. The prominent tribes are Khonds, Kholamis, Nayakpods, Koyas, Kondadoras, Valmikis, Bhagats, savaras, Jatayus, Godabas, Yanadis and Chenchus. 76% of Tribes are covered by Sugali (4.4%), Koya (11.3%), Yanadi (9.2%), Yerukula (8.7%), gonda (5%) and remaining 24% of population belongs to small tribes. Nomadic tribal are pichukaguntulu, Balasanta, Saradakandru, Veeramustivaru, Bhavaneelu, Birannalavaru, Golla Suddulu, Pasaralu, Gangamulu, Kommuvaru etc. are other tribes surviving in Telangana. They don't have scripts for their language. They follow their customs and traditions strictly. 92.5% population is living in rural areas. Their livelihood based on the occupations like making of toys, baskets, mates, cosmetics and collection of leaves, honey etc. The life style of tribes has been changing gradually after initiation by the government contribution. Reservation in education, employment and in legislative assemblies and local bodies are changing the life style of the tribal's.

CONSTITUTIONAL SAFE GUARDS
The constitution of India mentioned development of schedule tribe in Directive principles. The Constitution (Schedule Tribes) Order 1950 identified schedule tribes' population based some peculiar characteristics. Those communities are in accordance with Article 342 of the constitution. Some other safe guards are there in the constitution of India. Article 23 and 24 mentioned social safe guards. Articles 244 and 275(1) referred special Economic safe guards. Education and cultural safeguards are referred by Articles 15(4), 29(1) and 350(a). Political safe guards are mentioned in accordance with 164 (1), 330, 332, 334, 243(D), 371(A), 371 B, 371 C, 371 F etc. Service safe guards are mentioned by articles 16(4), 16(4A), 16 (4B), 335, 320(4) etc. Article 335 puts limitations for reservations, Article 338 emphasis appointment of Special officer whenever necessary regarding Tribe matters. Article 339(1) refers establishment of commission on Tribal issues by President of India. But it is the responsibility of state to look after the benefits which are available from these articles.

EDUCATIONAL STATUS
In Telangana literacy rate is 60.4%. But, the literacy of schedule Tribe is 37.04. Before 30 years illiteracy rate was 63%. In rural areas the illiteracy rate of ST's is 70%. For the improvement of literacy the Telangana Government has started Hostels for boys and girls. Residential schools, vocational training centers etc.
National Policy of Education (1986 and revised Policy in 1992) suggested the following programmes for education of tribal people.

1) Opening primary schools in Tribal Areas
2) Need to develop curricula of their language
3) Promoting schedule tribes youth to work as teachers
4) Ashram schools, Residential schools should be established in large scale in Tribal areas.
5) Incentives to encourage their life style through education.

PROBLEMS

To promote education in schedule tribes two types of problems are there. Internal problems like school system, content, curricula, medium, pedagogy, academic supervision etc., and external problems like education policy, planning, implementation and administration etc are influencing education in tribal areas.

ECONOMIC STATUS

In telangana state, agriculture labor of ST's is 10.3%. In the telangana state 115.31 lakh land holdings are there. Among them ST's have only 7.5% of holdings. In total land of Telangana ST's have only 8.2% of land. So there is need for distribute of land for tribes. In total employees, STs are representing 4.9%. As literacy rate is 37% the work participation rate (WPR) is 53.9. Male work participation is 55.7% and female work participation is 52%. A report in 2000 said that 45% of Rural ST population is below poverty line and in urban areas 35.6% is under below poverty line. According to National Sample Survey Organization 61st round estimates, in India Monthly per capita expenditure of Tribes is Rs.426.19. In Telangana monthly per capita expenditure is Rs.420.01. Less population is able to use schemes of government for their opportunities. Majority population survival is used on their Traditional occupations like making of toys, baskets, mats, cosmetics and collection of leaves, honey, shifting, agriculture etc.

The main obstacles to Economic Development of Schedule Tribes are destruction of forests, illiteracy, indebtedness lack of awareness about the schemes for them, strict follow of traditions and customs, in effective implementation of schemes etc. Though there is an improvement of conditions of Schedule Tribes, it is not at desired level. So, much more measures to be taken by the governments.

SOCIAL AND POLITICAL STATUS

The article 338A relates the population ST's. Before and After Independence ST's as vulnerable section were given reservation to enter into parliament and legislative assemblies, but this facility is not applicable to Rajya Sabha at present. After 2002 separate National commission for schedule Tribes was started and priority is to effect from 19th February 2004 due to 89th amendment. Priority will be given to protect their culture and traditions and customs by the constitutions. To protect their rights and to avoid suppression from other communities' Prevention of Atrocities Act was formed in 1989. The ministry of tribal affairs was constituted in October 1999 with the objective of development of Schedule Tribes in a coordinated and planned manner. This is also significant step to lift the tribal communities. In Telangana region 7MLA's belongs to ST communities. The implantation of political reservations should be reviewed and revision as per their population. The health policy 1983 emphasis improving tribal health especially through detection and treatment of endemic and other diseases specific to tribes.

SCHEMES FOR THE PROSPERITY OF THE SCHEDULE TRIBES

For the development of Schedule Tribes Special Central Assistance grant has been released under 275(11) article of Indian constitution. Investment share, price support, village train Bank scheme etc. are introduced. Besides this National Schedule Tribe Financial and Development Corporation was established with 500 crore authorized capital. Integrated area development and modified area development were introduced.

The following are important land marks in Tribal development:

1. Programmes were designed with as special fusion ST's (1951)
2. Adoption of Panchsheel principles for process of Tribal development (1956)
3. Opinions of multi-purpose Tribal development blocks for intensified development of ST's 1961
4. Introduction to strategies of TSP and SCA for Tribal development (1974)
5. Expansion of infrastructure facilities for poverty alleviation in 1985.
6. Setting up of Tribal cooperative marketing development federation 1987 and finance Devel-opment Corporation in 1989.
7. 73 and 74 amendments and Panchayath extension to scheduled areas Act.
8. Sections up on separate ministry of Tribals 1999 and National Schedule Tribes finance and Development Corporation 2001.

The following are recent measures taken by the governments:

1. Recognition of forest Act 2006 will be administered by the Ministry of Tribal affair to protect interest of the Tribal's in forests.
2. The scheme of vocational Training Centers has been revised as vocational training in Tribal areas with effect from 01-04-09.
3. During 2012-13 the ministry has founded 14 education complexes under the scheme of strengthening education among schedule tribe girls in low literacy districts.
4. Under the scheme of grant – in- aid to voluntary organization during 2011-12. The ministry funded about 237 projects covering schools, hostels, libraries etc.
5. Under the scheme of development of particularly vulnerable Tribal groups, the ministry re-leased Rs.40.43 crore for 6 states.
6. Under the scheme of Market development of Tribal products/produce ministry released Rs.9.68 crores. But states have to take responsibility to give fruits of the schemes.

MEASURE TO BE TAKEN FOR PROSPERITY OF SCHEDULE TRIBES

Many programmes helped tribal to improve their conditions. The following are important for further improvement.

1. Strict implementation of reservation of seats in public sector employment
2. Proper looking into reservation of seats in institutions of higher learnings.
3. Formulation of proper welfare schemes for prosperity of Tribals based on fact data.
4. In private sector also these should be reservations for schedule tribes.
5. The present 7.5% of reservation for government services should be increased whenever necessary.
6. Destroy of their habitations should be reduced because, major projects, SEZs and other pro-jects are causing for migration of ST's
7. Their habilitation (Thandas) should be converted into gram panchayaths.
8. Development of forest villages is needed for Tribal prosperity
9. Empowering Tribals in governance is the most needed one.
10. During every plan review and revision is must to alter policies.
11. Stopping of corruption and ineffective work progress in the implementation of schemes be-longing to schedule Tribes.

CONCLUSION

The directive principles of Indian constitution referred the development of Schedule Tribes in the society. Though policies are vast implementation is not proper so both state and central gout have to take proper steps. Since 1951 governments are implementing number of programmes and schemes for the development of Schedule Tribes. But the implementation is not effective. Besides this, lack of awareness about the programmes is also strong factor due to illiteracy among tribes. Therefore, there is need for extension of contribution from government side and other voluntary organizations and likeminded NGOs for effective implementation of programmes and bringing awareness among Tribes. Then only the future of the Schedule Tribes will be in good prosperity.

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COMPANIES ACT 2013: A NEW INITIATIVE TOWARDS CORPORATE GOVERNANCE

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ABSTRACT

In 1991 amidst severe financial crisis, the government initiated economic reforms aimed at deregulation, liberalization and globalization. A number of policy changes were made to stimulate economic growth, and for sustaining the economic growth and enabling Indian companies to access funds abroad required a well defined corporate governance framework. A historic step in this direction was setting up of India's security market regulator – Securities & Exchange Board of India in 1992. Lobbying by industry groups & increased presence of foreign investors led to a number of corporate governance reforms aimed at addressing the lacuna in the governance framework which at that time was in its infancy. The Companies Act, 2013 has replaced the existing 56 year old company law, i.e. Companies Act, 1956. The Act has become fully operational since 1st April, 2014. The new Indian Companies Act, 2013 is a positive and welcoming step towards modernizing India's company law and places India on par with corporate legislation elsewhere in the globe. The Act is a progressive and forward looking which promises improved corporate governance norms, enhanced disclosures and transparency, facilitation of responsible entrepreneurship, increased accountability of company managements and auditors and stricter enforcement processes. The introduction of Corporate Social Responsibility as an integral function of corporate operations is the most significant step and also the levy of heavier penalties for transgressions from fulfillment of its obligations. Overall, the Act promises to significantly raise the bar on Corporate Governance and will radically alter the framework in a positive sense.

KEYWORDS

Corporate Governance, Corporate Social Responsibility (CSR), e-governance initiatives.

INTRODUCTION

The long awaited Companies Bill, 2012 was passed by the Lok Sabha on 18th December, 2012 and by the Rajya Sabha on 8th August, 2013. On receiving the assent of the Honourble President of India on August 29, 2013, it was notified on August 30, 2013 as the Companies Act, 2013. The Companies Act, 2013 has replaced the existing 56 year old company law, i.e. Companies Act, 1956. The Act has become fully operational since 1st April, 2014. It provides for good corporate governance, business friendly corporate regulation, e-governance initiatives, Corporate Social Responsibility, enhanced disclosure norms, enhanced accountability of management, audit accountability, protection for minority shareholders, investor protection and activism and better framework for insolvency regulation and institutional structure. The term 'Corporate Governance' gained prominence in the recent times when the corporate sector across the globe was hit by scandals and big companies like Enron, WorldCom bridled with questionable corporate policies collapsed. India too had its share of scam with Satyam being an incident thought to be the first of its kind. Though reforms in the area of corporate governance have been underway since 1990s, it was not until the Satyam scandal that exposed glaring gaps in the governance structure and auditing practices in the country that acted as a catalyst for a modern legislation. The Companies Act, 2013 is a move by the government to strengthen the corporate governance framework in a country where most of the businesses are characterized by concentrated shareholding and channeling of funds. The Act encourages good governance practices by placing the onus on independent directors to bring oversight in the functioning of the Board and protect the interest of minority shareholders. Corporate Social Responsibility has achieved business prominence due to the activities of pressure groups and also the emergence of the "market for virtues" such as Socially Responsible Investment that create further pressures to adopt CSR initiatives. This paper focuses on Companies Act, 2013 & its provision on mandatory spending and disclosure of Corporate Social Responsibility activities.

OBJECTIVES OF THE STUDY

The study has been geared towards achieving the following objectives:

1. To examine key provisions under Companies Act, 2013;
2. To understand the implications of Companies Act, 2013;
3. To propagate information about the latest happenings in the Company Law field to people engaged in policymaking, policy analysis, policy research and other Stakeholders;

RESEARCH METHODOLOGY

The research paper is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles and media reports. Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Keeping in view of the set objectives, this research design was adopted to have greater accuracy and in depth analysis of the research study. Available secondary data was extensively used for the study. The investigator procures the required data through secondary survey method. Different news articles, Books and Web were used which were enumerated and recorded.

EVOLUTION OF CORPORATE GOVERNANCE INITIATIVES IN INDIA

In 1991 amidst grave financial crisis, the government initiated economic reforms aimed at deregulation, liberalization and globalization. A number of policy changes were made to stimulate economic growth, domestic competitiveness and industrial efficiency. Sustaining the economic growth and enabling Indian companies to access funds abroad required a well defined corporate governance framework. A historic step in this direction was setting up of India's security market regulator – Securities & Exchange Board of India in 1992. Lobbying by industry groups & increased presence of foreign investors led to a number of corporate governance reforms aimed at addressing the lacuna in the governance framework which at that time was in its infancy.

a) SEBI Kumar Mangalam Birla Committee (1999)

The second major initiative was taken by SEBI in 1999 when it set up a committee under the chairmanship of Kumar Mangalam Birla to review the corporate governance standards. The committee submitted its report in 2000 containing 25 recommendations which primarily focused on board representation and independence. The committee laid specific emphasis on constitution and function of Audit Committees. The recommendations comprised of mandatory and non mandatory provisions. SEBI implemented the Birla Committee proposal in the form of insertion of historic code of corporate governance – Clause 49 in the Listing Agreement (2000) with immediate effect.

b) SEBI Narayan Murthy Committee (2003)

In late 2002, SEBI constituted another committee on corporate governance chaired by Shri N.R. Narayana Murthy. SEBI formed the Murthy Committee in the wake of the scandals like Enron and WorldCom in the United States in order to review the adequacy of the existing Clause 49. The recommendations primarily related to expanding the responsibilities of Audit Committee, revised the independent director definition, position of nominee directors, enhanced disclosure of risk management strategies. These recommendations were reinforced through revising Clause 49 which came into effect from Jan 1, 2006.

THE COMPANIES ACT, 2013: KEY PROVISIONS

The Companies Act, 2013 introduces significant change in the provisions related to governance, management, compliance and enforcement, disclosure norms, auditors and mergers and acquisitions.

BOARD FRAMEWORK: The Companies Act, 2013 states that:

NUMBER OF DIRECTORS: The following key changes have been introduced regarding composition of the board:

A one person company shall have a minimum of 1 director; Companies Act 1956 permitted a company to determine the maximum number of directors on its board by way of its articles of association. Companies Act 2013, however, specifically provides that a company may have a maximum of 15 directors. Companies Act 1956 required public companies to obtain Central Government's approval for increasing the number of its directors above the limit prescribed in its articles or if such increase would lead to the total number of directors on the board exceeding 12 directors. Companies Act 2013 however, permits every company to appoint directors above the prescribed limit of 15 by authorizing such increase through a special resolution.

Key Removals: Allowing companies to increase the number of directors on their boards by way of a special resolution would ensure greater flexibility to companies.

Companies Act 2013 requires companies to have the following classes of directors:

INDEPENDENT DIRECTORS

Companies Act, 1956 did not require companies to appoint an independent director on its board. Provisions related to independent directors were set out in Clause 49 of the Listing Agreement.

a) Number of independent directors: As per the Listing Agreement, only listed companies were required to appoint independent directors. The number of independent directors on the board of a listed company was required to be equal to (i) one third of the board, where the chairman of the board is a non-executive director; or (ii) one half of the board, where the chairman is an executive director. However, under Companies Act, 2013, the following companies are required to appoint independent directors:

(i) Public listed company: Atleast 1/3 of board to be comprised of independent directors; and

(ii) Certain specified companies that meet the criteria listed below are required to have atleast 2 independent directors:

- Public companies which have paid up share capital of INR 100,000,000 (Rupees one hundred million only);
- Public companies which have turnover of 1,000,000,000 (Rs. one billion only); and
- Public companies which have, in the aggregate, outstanding loans, debentures and deposits exceeding INR 500,000,000 (Rupees five hundred million only)

b) Qualification criteria:

(i) Companies Act, 2013 prescribes detailed qualifications for the appointment of an independent director on the board of a company. Some important qualifications include:

- he / she should be a person of integrity, relevant expertise and experience;
- he / she is not or was not a promoter of, or related to the promoter or director of the company or its holding, subsidiary or associate company;
- he / she has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors during the 2 immediately preceding financial years or during the current financial year;
- a person, none of whose relatives have or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors amounting to 2 percent or more of its gross turnover or total income or INR 5,000,000 (Rupees five million only), whichever is lower, during the 2 immediately preceding financial years or during the current financial year.

(ii) Companies Act, 2013 also sets forth stringent provisions with respect to the relatives of the independent director.

Key Removals: It is evident from provisions of Companies Act, 2013 that much emphasis has been placed on ensuring greater independence of independent directors. The overall intent behind these provisions is to ensure that an independent director has no pecuniary relationship with, nor is he provided any incentives other than the sitting fee for board meetings by it in any manner, which may compromise his/her independence. In view of the additional criteria prescribed in Companies Act, 2013, many listed companies may need to revisit the criteria used in appointing their independent directors.

c) Liability of independent directors

Under Companies Act, 1956, independent directors were not considered to be "officers in default" and consequently were not liable for the actions of the board. Companies Act, 2013 however, provides that the liability of independent directors would be limited to acts of omission or commission by a company which occurred with their knowledge, attributable through board processes, and with their consent and connivance or where they have not acted diligently.

Key Removals: Companies Act, 2013 proposes to empower independent directors with a view to increase accountability and transparency. Further, it seeks to hold independent directors liable for acts or omissions or commission by a company that occurred with their knowledge and attributable through board processes. While Companies Act, 2013 introduces these provisions with a view of increasing accountability in the board this may discourage a lot of persons who could potentially have been appointed as independent directors from accepting such a position as they would be exposed to greater liabilities while having very limited control over the board.

COMMITTEES OF THE BOARD:

Companies Act, 2013 envisages 3 types of committees to be constituted by the board:

a) AUDIT COMMITTEE: Under Companies Act, 1956, public companies with a paid up capital in excess of INR 50,000,000 (Rupees fifty million only) were required to set up an audit committee comprising of not less than 3 directors. Atleast 1/3rd had to be comprised of directors other than Managing Directors or Whole Time Directors. Companies Act, 2013 however, requires the board of every listed company and certain other public companies to constitute the audit committee consisting of a minimum of 3 directors, with the independent directors forming a majority. It prescribes that a majority of members, including its Chairman, have to be persons with the ability to read and understand financial statements. The audit committee has been entrusted with the task of providing recommendations for appointment and remuneration of auditors, review of independence of auditors, providing approval of related party transactions and scrutiny over other financial mechanisms of the company.

b) STAKEHOLDERS RELATIONSHIP COMMITTEE: Companies Act, 1956 did not require a company to set up a stakeholder's relationship committee. The Listing Agreement required listed companies to set up a shareholders/investors grievance committee to examine complaints and issues of shareholders. Companies Act, 2013 requires every company having more than 1,000 shareholders, debenture holders, deposit holders and any other security holders at any time during a financial year to constitute a stakeholders relationship committee to resolve the grievances of security holders of the company.

c) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE: Companies Act, 1956 did not impose any requirement on companies relating to corporate social responsibility. Companies Act, 2013 however, requires certain companies to constitute a Corporate Social Responsibility Committee, which would be responsible to devise, recommend and monitor Corporate Social Responsibility initiatives of the company. The committee is also required to prepare a report detailing the Corporate Social Responsibility activities undertaken and if not, the reasons for failure to comply.

Key Removals: Companies Act, 2013 sets out an advanced framework for board functioning by division of core board functions and their delegation to committees of the board. While the audit committee and the nomination and remuneration committee provide the back end infrastructure for boards, the stakeholder's relationship committee and Corporate Social Responsibility Committee have been entrusted with the task of interaction with key stakeholders. Irrespective of their function, each of the committees would act as a 'check and balance' on the powers of the board, by ensuring greater transparency and accountability in its functioning.

BOARD MEETINGS AND PROCESSES

The key changes introduced by Companies Act, 2013 with respect to board meetings and processes are as under:

- First board meeting of a company to be held within 30 days of incorporation;

- Notice of minimum 7 days must be given for each board meeting. Notice for board meetings may be given by electronic means. However, board meetings may be called at shorter notice to transact "urgent business" provided such meetings are either attended by at least 1 independent director or decisions taken at such meetings on subsequent circulation are ratified by at least 1 independent director.
- Requirement for holding board meeting every quarter has been discontinued. Now at least 4 meetings have to be held each year, with a gap of not more than 120 days between 2 board meetings.
- Certain new actions have been identified, that require approval by directors in a board meeting. These include issuance of securities, grant of loans, guarantee or security, approval of financial statement and board's report, diversification of business etc.
- Approval of circular resolution will be by a majority of directors or members who are entitled to vote on the resolution, irrespective of whether they are present in India or otherwise.

REGULATORS

I. NATIONAL COMPANY LAW TRIBUNAL AND APPELLATE TRIBUNAL

The 2013 Act replaces the High Court with a Tribunal to be known as National Company Law Tribunal (NCLT), which will consists of Judicial and Technical members, as Central Government may deem necessary, to exercise and discharge the powers and functions conferred by the 2013 Act. Appeals from the Tribunal shall lie with the National Company law Appellate Tribunal and an appeal arising out of order of NCLAT on any question of law shall lie to Supreme Court.

II. SERIOUS FRAUD INVESTIGATION OFFICE (SFIO)

The Companies Act, 2013 provides legal status to Serious Fraud Investigation Office under Ministry of Corporate Affairs. SFIO will consist of experts from various relevant disciplines including law, banking, corporate affairs, taxation, capital market, information technology and forensic audit. The central government may assign investigation into the affairs of a company to SFIO:

- on receipt of a report of the registrar or inspector,
- on intimation of a special resolution passed by a company that its affairs are required to be investigated,
- in public interest, or
- on request from any department of the central government or state government.
- Investigation report of SFIO filed with the Court for framing of charges shall be treated as a report filed by a Police Officer.
- SFIO will have the power to arrest in respect of certain offences, which attract the punishment for fraud.
- If any case has been assigned by the Central government to SFIO for investigation, no other investigating agency will proceed with investigation in such cases.
- Stringent penalties are prescribed for fraud-related offences.

Key Removals: In the backdrop of global corporate transactions, the changes relating to participation of directors by audio visual and electronic means are a welcome step, aimed at keeping pace with technological advancements.

CONCLUSION

Companies Act, 2013 has introduced noteworthy changes regarding the board composition and has a renewed focus on board processes. Whilst certain of these changes may seem overly prescriptive, a closer analysis leads to a compelling conclusion that the emphasis is on board processes, which over a period of time would institutionalize good corporate governance and not make governance over-dependent on the presence of certain individuals on the board. The Act is a progressive and forward looking which promises improved corporate governance norms, enhanced disclosures and transparency, facilitation of responsible entrepreneurship, increased accountability of company managements and auditors and stricter enforcement processes. It goes a long way in protecting the interests of shareholders and removes administrative burden in several areas. The introduction of Corporate Social Responsibility as an integral function of corporate operations is the most significant step and also the levy of heavier penalties for transgressions from fulfillment of its obligations. Overall, the Act promises to significantly raise the bar on Corporate Governance and will radically alter the framework in a positive sense.

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CATALOGUING OF ISSUES BIRTHING LIFE INSURANCE POLICIES LAPSATION: A CASE STUDY OF HARYANA

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ABSTRACT

This paper has focused mainly to study variables affecting on purchase decision of households and accordingly responsible for lapsation of life insurance policies. Factor analysis is employed on data of 29 items those have impinge on lapsation of term, whole life, endowment, money back policy and unit linked plans. The findings indicate that factor 7 is at the top, which encourages the household to get their policy lapse, for saving and investment (Mean= 4.85) followed by cover the needs of family (Mean= 4.56) protection, saving and investment, as well, they consider instalment payment time period (Mean=4.76). Overall, analyses of policies' lapsation provide an understanding by characteristics-wise households differ significantly on some items. The results are important for insurance actuaries, companies, regulators, agents and development officers and also help in increasing the retention of customers, life insurance density and penetration.

KEYWORDS

Household, Lapsation, Factors, Retention, Insurance Density and Penetration.

1. INTRODUCTION

The family is influenced by policies features, company, agent and media at the time of purchase of life insurance products. Before purchasing they generally acquire relevant knowledge about the products, companies and agents, and then after provide information to agent about socio-economic structure of his family. Henceforth, both parties create simultaneously the relation of faith for purchasing and selling. If, demographic information provided to agent and acquired knowledge about policy purchased by household are not properly matches overtime, it may be lapsed. Such problem is increasing throughout and adversely effects on financial health of life insurance companies. Life Insurance Corporation of India reported that 17 to 18 percent lapsation of life insurance policies were in the year 2000. After the opening of this sector, it has been increased to 39.91% (lapsation by number) in the year 2005, 24.61 per cent in the year 2006. As per record of Insurance Regulatory and Development Authority (IRDA) around 9.1 million policies were lapsed in 2009 and some private players have shown a lapse ratio as high as 50 per cent or even more. In terms of lapsation in premium amount, there is an increasing trend from 4.40 to 6.95 per cent (total lapse premium Rs. 20521.50 Crores) for the period of 2004-05 to 2006-07. Moreover, the data available with Insurance Regulatory and Development Authority and Life Insurance Council reveals that the retention ratio which was 95per cent in 2002-03 has been declined to about 83 per cent in the year ended March 2009. Therefore, study has taken up some important variables which affects on purchase decision of households and consequently responsible for lapsation of life insurance policies.

2. REVIEW OF LITERATURE

Anderson and Nevin (1975), found a negative association among family size, education and the amount of life insurance purchased. The authors explained that higher educated people may believe that inflation often decreases the cash value of life insurance from a savings standpoint and hence declines their need for life insurance. Whereas the study assumes that financial literacy increases with age so it became possibility of surrender or lapse of the policy. In case of family size study reveals that if the size of the family member is large simultaneously expenditure increases and it becomes impossible to hold cash value insurance policy for long time. Renshaw and Haberman (1986) focus their analysis on age at entry, duration of policy, type of policy, and company (having data from seven different life insurers). The case study of Cerchiara et al. (2008) shows the importance of policy duration, calendar year, product class, and policyholder age on lapse rates. Milhaud et al. (2010) find the biggest surrender risks for policies including a facility constraint, i.e., surrender charges only apply for a certain part of the contract duration. Once the contract has reached that point of time that the policyholder can surrender without penalty, the lapse risk increases significantly. Other relevant risk factors include policyholder age or method of payment (i.e., regular or single premiums where regular premiums are further divided into monthly, bi-monthly, quarterly, half-yearly and annual instalments). Akerlof (1970) showed that if all insurers have imperfect information on individual risks, an insurance market may not exist, or if it exists, it may not be efficient. To account these studies it is found that to make a efficient life insurance market firstly the reasons of lapsation may be identified and categories. In view of, present study has carried out.

3. RESEARCH METHODOLOGY

Hypothesis: there is no significant effect on lapsation by factors influencing purchase of policy among the households' demographic variables i.e. family size, age, income, education occupation and gender.

Reliability and Validity: The interactive Cronbach's Alpha value for reliability of 29 items was found 0.730. The CVR above .80 is significant (.60 ≤ significant). It means items in questions contains in questionnaires cover the content of the research significantly as by Kapoor D.R. and Saigal P. (2013).

Scale of measurement: The responses of 800 households were collected on these 29 items from households on 5-point Likert scale-summated rating, from 5 for strongly agreement to 1 for strogly disagrees.

Data collection method and tool: Non-Probabilistic Convenience-cum-Judgement sampling was used and responses were taken through well structured questionnaire.

Determination of sample size:

a. *General framework*: To confirm the sample size of 800 was adequate, calculations for sample size determination by proportion were made as follows, using the maximum possible population variation (Π=.18 or 18%) as per study of the Insurance Regulatory and Development Authority on Lapsation of all life insurance companies in India by Kannan R. et. al (2008). The precision of the D in the present study was $\pm$ 0.05 for a 95 percent confidence level (z=1.96).

n= $\Pi(1-\Pi)z^2/D^2$, n= $(.18)(1\text{-}0.18)(1.96)^2/(0.05)^2$ = 226.71 or 227 rounded to the next higher integer.

b. *Framework of technique:* Keiser-Meyer-Olkin (KMO) measure of sample adequacy is also used and its value is 0.665, which is large than 0.500. Thus, factor analysis may be considered as appropriate techniques.

DATA ANALYSIS STRATEGY: To analysis and interpret mean, standard deviation, factor analysis has applied. For conformation of descriptive statistics *F*-test, within-subject, is used. The correlation matrix of 29 reaction items which were developed to know the reasons of life insurance policies lapsation and the present study has found that there are 24 loading variables have correlation greater than 0.300 ; it is reliable regardless of the sample size, (F. Andy and M. Jeremy, 2010). To test the appropriateness of factor analysis technique the correlation between the variables are checked and Keiser-Meyer-Olkin (KMO) measure of sample adequacy is also used for the same. The population correlation matrix is an identity matrix, is rejected by Bartlett's Test of Sphericity. The approximate Chi-square value is 15051.977 with 406 degree of freedom, which is significant at 0.05 levels. The value of KMO statistic, 0.665, is also large than 0.6. Further, PCA method is used for extraction of variable for the component (factor) concerned. The extraction communalities, averagely for each variable has been found 0.749 which is the amount of variance a variable share with all the other variables being considered. The reproduced correlation matrix of overall items in opinion making of agent towards selling of policies has shown that (26%) non-redundant residuals with absolute values greater than 0.05, indicating an acceptable model fit. The component have Eigenvalue more than or equal 1.000 loaded to find the pattern of factors.

4. ANALYSIS, INTERPRETATION, RESULTS AND SUGGESTIONS

TABLE 1: CONFIRMATORY STATISTICS OF FACTORS INFLUENCING OVERALL INFLUENCE ON HOUSEHOLDS FOR PURCHASE OF POLICY

Factor		Mean of the variable	Confirmatory Statistics											
			Family size (df=4, 795)		Age (df=5, 794)		Income (df=3, 796)		Education (df=5, 794)		Occupation (df=5, 794)		Gender (df=1, 798)	
			F	Sig	F	Sig	F	Sig	F	Sig	F	Sig	F	Sig
Knowledge of Terms And Conditions of Policy Factors(F_1)		**2.60(7)**	**6.369**	**.000***	**30.356**	**.000***	**10.039**	**.000***	**28.552**	**.000***	**23.306**	**.000***	**11.651**	**.001***
25	Grace Period of Policy	2.94	7.093	.000*	15.927	.000*	4.168	.006*	19.734	.000*	17.374	.000*	.719	.397
29	Loan Facility on Policy	2.70	6.785	.000*	19.651	.000*	4.729	.003*	21.254	.000*	27.319	.000*	.400	.527
14	Possesses Surrender Value	2.39	11.503	.000*	30.823	.000*	7.351	.000*	34.041	.000*	20.686	.000*	31.338	.000*
26	Policy Can Be Surrender After A Specific Period	2.22	8.615	.000*	12.339	.000*	8.942	.000*	10.926	.000*	21.112	.000*	42.164	.000*
24	Free Lock Period of Policy	2.82	10.576	.000*	48.601	.000*	8.322	.000*	27.834	.000*	19.776	.000*	4.164	.042
27	Terms And Conditions of The Policy For Maturity	2.20	3.176	.013	15.818	.000*	18.760	.000*	14.808	.000*	18.100	.000*	55.444	.000*
19	Made Comparison Between Rate of Premium On The Policies of Companies	2.29	7.491	.000*	11.134	.000*	8.885	.000*	29.524	.000*	23.472	.000*	.319	.572
15	Children Education	3.20	7.966	.000*	22.649	.000*	10.077	.000*	20.131	.000*	13.637	.000*	4.0147	.042
Agent influence (F_2)		**2.14(8)**	**6.394**	**.000***	**15.498**	**.000***	**6.314**	**.000***	**3.971**	**.001***	**17.920**	**.000***	**2.199**	**.138**
4	Agent Assured Better After Sales Services	3.29	3.665	.006*	6.866	.000*	17.084	.000*	2.757	.018	16.792	.000*	2.627	.105
6	Agent Reputation For After Sale Services	2.03	14.352	.000*	12.890	.000*	2.937	.033	21.589	.000*	7.264	.000*	.795	.373
3	Agent Was Known To My Friend	4.06	6.031	.000*	24.834	.000*	8.002	.000*	9.032	.000*	18.468	.000*	3.327	.069
5	Agent Stress On This Policy	3.17	11.172	.000*	14.302	.000*	4.817	.002*	6.822	.000*	46.156	.000*	.322	.571
Benefits on policy (F_3)		**1.78(9)**	**6.493**	**.000***	**8.311**	**.000***	**12.556**	**.000***	**34.973**	**.000***	**20.597**	**.000***	**22.295**	**.000***
17	Survival Benefit	1.48	13.035	.000*	13.035	.000*	16.430	.000*	24.640	.000*	8.364	.000*	24.573	.000*
12	Tax Benefit	2.02	4.930	.001*	4.930	.001*	24.934	.002*	37.485	.000*	15.726	.000*	3.481	.062
16	Rebate On Basic Premium	1.80	4.006	.003*	4.006	.003*	5.158	.000*	34.428	.000*	22.979	.000*	70.482	.000*
9	Provides Extra Riders	1.80	8.359	.000*	8.359	.000*	8.026	.000*	33.503	.000*	18.155	.000*	.032	.857
Liquidity and Protection against life Risk (F_4)		**4.15(2)**	**2.644**	**.033**	**24.827**	**.000***	**21.551**	**.000***	**9.019**	**.000***	**3.942**	**.002***	**6.411**	**.012**
10	(Provides Financial Protection for Family Against Life Risk	4.34	5.248	.000*	5.248	.000*	57.673	.000*	6.639	.000*	5.136	.000*	4.378	.037*
13	Liquidity And Financial Protection	3.95	2.244	.063	2.244	.063	2.539	.055	10.268	.000*	2.749	.018	6.574	.011*
Factors of Company (F_5)		**3.60(6)**	**13.510**	**.000***	**22.080**	**.000***	**2.937**	**.033**	**6.045**	**.000***	**18.447**	**.000***	**.333**	**.564**
21	Advertisement Of The Company Seen On The Newspaper	3.46	6.862	.000*	16.429	.000*	8.363	.000*	7.147	.000*	4.065	.001*	12.929	.000*
20	Better Sale And After Sale Services	3.23	10.947	.000*	23.948	.000*	5.442	.001*	13.067	.000*	23.278	.000*	2.136	.144
18	Goodwill Of The Company In Society	4.10	9.542	.015	2.830	.015	3.271	.021	2.040	.071	12.480	.000*	1.964	.162
Knowledge on Financial Matters on the Basis of Terms and Conditions of policy (F_6)		**3.90(3)**	**14.602**	**.000***	**11.864**	**.000***	**7.653**	**.000***	**17.602**	**.000***	**57.839**	**.000***	**.124**	**.724**
7	Affordable Instalment of the premium	4.15	9.228	.000*	9.615	.000*	13.032	.000*	19.092	.000*	65.737	.000*	65.737	.000*
23	Policy Can Be Lapse, if Premium Payment Is not Made Continuously	3.64	16.093	.000*	9.255	.000*	6.543	.000*	10.128	.000*	34.382	.000*	34.382	.000*
Combination Of Protection, Saving And Investment (F_7)		**4.71 (1)**	**3.639**	**.006***	**11.485**	**.000***	**3.159**	**.024**	**10.999**	**.000***	**9.183**	**.000***	**2.260**	**.133**
11	Saving and Investment	4.85	6.650	.000*	18.495	.000*	3.827	.010	12.630	.000*	7.122	.000*	.847	.358
8	Cover the Needs of My Family	4.56	6.650	.000*	7.653	.000*	1.995	.113	7.766	.000*	9.254	.000*	.847	.358
Specific Agent at Company (F_8)		**3.61(5)**	**6.450**	**.000***	**12.043**	**.000***	**19.581**	**.000***	**2.366**	**.038**	**9.965**	**.000***	**2.928**	**.087**
22	Agent of Company Was Known	4.06	6.031	.000*	24.834	.000*	5.452	.001*	9.032	.000*	18.468	.000*	3.327	.069
2	Agent Was My Friend	3.16	4.954	.001*	2.591	.025*	24.219	.000*	2.700	.020	17.001	.000*	.943	.332
Combination of Agent Influence and Knowledge About Policy F_9)		**3.72(4)**	**6.533**	**.000***	**3.791**	**.002***	**4.960**	**.002***	**10.278**	**.000***	**9.207**	**.000***	**.045**	**.833**
28	Instalment Payment Time Periods	4.76	5.931	.000*	3.720	.002*	8.001	.000*	7.655	.000*	9.735	.000*	2.061	.151
1	Agent Was Known To Family	2.67	4.199	.002*	4.271	.001*	3.691	.012*	10.619	.000*	4.235	.001*	1.203	.273

Source: Primary (Data processed through PASW 18.0)

Note: Value in the parenthesis shows rank, *Significant at 0.01.

Table 1 enlisted the rating of the factors on the basis of their importance and depicts the results by demographic variables (Independent variables). The factor 7 reveals that households have given preference to policy lapsation in compare to saving and investment with (Mean= 4.85) followed by cover the needs of family

(Mean= 4.56). Same as they favoured policies lapsation than financial protection, saving and investment and instalment payment time period (Mean=4.76). Further, they do not consider benefits attached to policy as depicts by mean (1.78) of the variable of factor three.

As far as *F*-statistics (ANOVA) is concerned, Table 1 shows that family size-wise households significantly differ towards influence on households for purchase of policy, except, goodwill of the company in society and liquidity and financial protection.

Age-wise, except, goodwill of the company, liquidity and financial protection and agent was my friend.

Income-wise, except, agent reputation for after sale services, liquidity and financial protection, goodwill of the company in society, saving and investment and cover the needs of my family.

Education-wise, except, agent assured better after sale services, goodwill of the company and agent was my friend.

Occupation-wise liquidity and financial protection; gender-wise, except, grace period of policy, loan facility on policy, free lock period of policy, made comparison between rate of premium on the policies of companies, children education, factor second, tax benefit, provides extra riders, factor fourth, fifth, sixth and seventh at 0.01 significant level with respective degree of freedom of demographic characteristics of the households of lapse policy. As per results, conclusively it is ***suggested*** that companies should work with keep in mind two factors first, knowledge of the terms and conditions, and second, benefits on policy to minimise the lapsation of life insurance policies.

Further area for research: the present study has not covered the factors which are related to financial market, so by considering these factors a new study can be conducted related to policy lapsation.

5. CONCLUSION

This paper has focused mainly to study variables affecting on purchase decision of households and accordingly responsible for lapsation of life insurance policies. Factor analysis is employed on data of 29 items those have impinge on lapsation of term, whole life, endowment, money back policy and unit linked plans. The findings indicate that factor 7 is at the top, which encourages the household to get their policy lapse, for saving and investment (Mean= 4.85) followed by cover the needs of family (Mean= 4.56) protection, saving and investment, as well, they consider instalment payment time period (Mean=4.76). Overall, analyses of policies' lapsation provide an understanding by characteristics-wise households differ significantly on some items. The results are important for insurance actuaries, companies, regulators, agents and development officers and also help in increasing the retention of customers, life insurance density and penetration.

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MICROFINANCE AND IT's PROGRESS IN UTTARAKHAND

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ABSTRACT

Uttarakhand became the 27th state in the country of India on 9th Nov. 2000 which is consist of 13 district and 95 development blocks, as per census 2011 state represent .83% in the total population of India. Uttarakhand is backward since it's independence from Uttarpradesh, maximum of the geographical area is in the hilly region. Due to its backwardness microfinance play an important role in the development of the state. The present research is conducted with the objective to know the progress of microfinance in Uttarakhand and also the progress of the sector in the state in comparison with the total progress of the sector in India, Paper also provide the evolution of microfinance in the state and the key players involved in the development of the sector. Paper also analyzes the growth rate of the group formation, membership and savings in Uttarakhand during the study period. The study explores the some glaring issue responsible for underdevelopment of the sector in the state.

KEYWORDS
Micro Finance, Self Help Group, NABARD, FY (Financial Year), SEWA.

1. INTRODUCTION

Development of a any country can not only be defined as the development of infrastructure, innovations and technology however it is actually belongs to the development of each and every person of the country in terms of their quality and independent life. A country will move on the development path if all the citizens are involved in the development process and enjoy good standard of living by having access to basic amenities of life such as food, clothing, housing, health, clean water, education, employment and good natural and social environment. But, if the people of a country are poor they will think about earning their livelihood only and their inclusion in the progress of nation will be miles away.

2. MICROFINANCE

Microfinance is the provision of small loans to poor people for their varied needs such as consumption, shelter, income generation and self-employment, etc. In some cases, micro finance offers a combination of several services to their clients, in addition to credit. These include linkage with savings and insurance avenues, skill development training and marketing network. Micro finance, thus, assumes significance since they facilitate poverty reduction through promotion of sustainable livelihoods and bring about women empowerment through social and collective action at the grassroots. In addition, microfinance interventions lead to increased social interaction for poor women within their household and in the community, besides, greater mobility that increases their self-worth and self-assertion in the social circle. These unique features led to the worldwide acceptance of programme as an important development tool.

Microfinance refers to the entire range of financial services such as savings, money transfers, insurance, production and investment credit as also housing and includes the need for skill up gradation and entrepreneurial development that would enable them to overcome poverty. Microfinance provides credit support in small doses along with training and other related services to people who are resource-poor but who are able to undertake economic activities.

Microfinance rest on the following principles:

- Self-employment/enterprise formation is a viable means for poverty alleviation.
- Lack of access to capital assets/credit is a constraint for existing and potential microenterprises.
- The poor are able to save despite their low-level and sporadic incomes.

3. MICROFINANCE IN INDIA

In India Micro financing by 'non-formal' financial organization had already started. SEWA (Self Employed Women's Association) owned by women of petty trade groups was established on cooperative principle in 1974 in Ahmedabad. Working Women's Forum (WWF) started promoting working women's cooperative societies in Tamil Nadu since 1980. Shreyas in Kerala actively got involved in microfinance operations since 1988 with the objectives of promoting people's cooperatives.[1] Microfinance programmee was formally Initiated in India by National Bank for Agriculture and Rural Development (NABARD) in 1992; The NABARD introduced a pilot project commonly known as SHG linkage project in 1992. With a small beginning in 1992 as a pilot project, the active participation of Government, Banks, development agencies and NGOs (Non Government Organization) has made the SHG movement as the world's largest microfinance programmee. According to NABARD, a Self Help Group (SHG) consist of an 'average size' of 15 people from a homogeneous social or economic class, all of who come together for addressing their common problems[2]. Members of the SHG meet regularly at predefined place and save small sum of money. Financial records maintain at group level shows the financial transaction of the group. After completion of at least of five to six month they approach to bank and leverage their accumulated savings for higher loans, which they can rotate within the SHG.

Up to March 2014 74.3 Lakh groups linked with the bank, out of the total group under SBLP linked with the bank, 84.14% are belongs with women's group and 30.44% are belongs with the group formed under Swarnajayanti Gram Swarojgar Youana (SGSY), National Rural Livelihood Mission (NRLM) and other government sponsored programme. Rs. 9897.42 crore is the amount deposited by the group formed and linked to the bank, share of the 84.14% of the women in total saving deposited is 80.96% and the share of other groups formed under govt. sponsored scheme is 25.03% and deposited Rs. 2477.58 crore. Estimated number of families linked to the bank up to 31st March 2014 is near about 97 million. [3]

4. OBJECTIVES OF THE STUDY

The basic objective of the current study is:

1. To evaluate the progress of Self Help Group Bank Linkage Programme (SBLP) programme in Uttarakhand.
2. To evaluate the progress of SBLP in Uttarakahand in comparison with Progress in India.

5. REVIEW OF LITERATURE

Microfinance through self help group is propagated as the alternative system of credit delivery for the poorest of the poor group. The origin of SHG is from the brainchild of Grameen Bank of Bangladesh, which was founded by Mohammed Yunus. In India this concept is pioneer by the Self-Employed Women's Association (SEWA) which was started as trade union for women in the unorganized sector in 1972. It started first women's bank in India by 2000, it's member has reached to 20,99,250. Majority of the studies observed the positive effect of microfinance through SHG on economic, social, political and psychological empowerment, increase in income and employment opportunities, development of leadership qualities, enhanced participation in community activities and high degree of participation in domestic as well in the society. Manimekalai and Rajeshwari (2001)[4] found that SHGs helped the groups to achieve economic and social empowerment. It has development a sense of leadership, organization skill, management of various activities of business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization. Lalitha and Nagarajan (2004)[5], Revealed that Self Help Groups has laid the seeds for economic and social empowerment of Women. Participation in group activities leads to changed self image, enhanced access to information and skills, broadened their knowledge about resource. The first impact study of NABARD on SHG-Bank linkage programme was carried out by Puhazhendhi and Satyasai (2000)[6] for NABARD, found in his study that the average borrowings rose from Rs. 4,282 during the pre-SHG period to Rs. 8,341 in the post-SHG period, in the same way they found that the average value of the assets per household(including consumer durables and livestock) was Rs. 6,843 during the pre SHG period, which increased by 72.3 per cent to Rs. 11,793 in the post-SHG period, average saving of the household before the group was Rs. 460, which is increased to Rs. 1,444. Another study on impact of SHG linkage programme in India was carried out by Puhazhendi and Badatya (2002)[7], the study assessed the impact on SHG members in three states, i.e Orissa, Jharkhand and Chattisgarh, overall finding of the study suggest that the SHG-Bank linkage programme had made a significant contribution to social and economic improvement of SHG members. A study by Chakrabarti (2004)[8] in his study on poverty eradication and reassessment of microfinance scenario in India suggest that the microfinance sector provides an important way to banking sector to operate in the rural areas. Moyle, Dollard and Biswas (2006)[9] assessed the economic and personal empowerment of 100 women aged between 16 and 65 years, participating in SHGs from two villages (Delwara and Shishvi) in Rajasthan, found that after joining the SHGs, the members achieved both economic and personal empowerment in terms of collective efficiency, pro-active attitudes, self-esteem and self-efficacy.

6. BENEFITS OF THE STUDY

This paper helps in understating the progress of Microfinance in Uttarakhand, and helpful in evaluating the comparative progress of microfinance in Uttarakhand in comparison with India, this would be helpful in identifying the gap of progress between Uttarakhand and India.

7. METHODOLOGY OF THE STUDY

The study is basically based on secondary data. Secondary data is collected from NABARD website, journals and books. Data collected from secondary sources have been tabulated then interpreted by using MS office. The period of data considered for study is from the f.y 2010-11 to the f.y 2013-14.

8. MICROFINANCE IN UTTARAKHAND

Uttrakhand formaly known as Uttaranchal was formed on 9 November 2000 by carved out of the state of Uttarpradesh and became the 27th state in the country of India. The state was created with the inclusion of 13 districts of Undivided Uttarpradesh. It is further divided into 49 sub-divisions and 95 development blocks.
As per Census 2011 total population of Uttarakhand is 10,086,292 out of which male population is 5,137,773 and female population is 4,948,519. Population growth rate in the decade 2001-2011 is 18.81% however in the previous decade it was 19.2 per cent, it means the population growth rate in uttarakhand was decreased by .39% in comparison with the previous decade. As per census 2011 proportion of the population of uttarakhand in India population is 0 .83 per cent. Census 2011 shows that literacy rate of Uttarakhand is in upward trend which is 78.2 per cent which was 71.62 per cent in 2001. Only about ten percent of the total geographical area of the state is in the plain region and rest i.e 90% area are of hilly region.

8.1 EVOLUTION OF SHG IN UTTARAKHAND

In the decade of eighty, a few non-governmental organization start working in the field of natural resource management, formal and informal education, health-hygiene etc. SBMA (Shri Bhuvneshwari Mahila Ashram), Uttarakhand Seva Nidhi, Laxmi Ashram, CHIRAG (Central Himalayan Rural Action Group) etc. were among the pioneers in formation of village level institutions especially women's group to initiate village development program. These organizations made several efforts (trainings, exposure visits, awareness and motivation campaign etc.) for organizing and strengthening Mahila Mangal Dals. The sector received a major boost in the 1990s with the entry of several NGOs in the field of rural development.
The concept of saving and credit groups came into existence in Uttaranchal only when the State government started working in close association with local NGOs, Several International projects such as Doon Watershed development project (1993-2002), Swajal (1996-2000) etc. took initiatives to form users groups/ Self-Help Groups among the poor, mostly women, and started microfinance in the later stages of the project.
The most important of the government programs using the SHG approach is the Swarnajayanti Gram Swarojgar Youana (SGSY) launched in 1999. The SGSY is a holistic program in the sense that it covers all aspects of self-employment such as organization of the poor into self-help groups and then providing them with training, credit, technology, infrastructure and marketing.
The credit of spreading concept of SHG based microfinance and enterprise development goes to Diversified Agriculture Support Project, Uttarakhand that was started in the year 1999 in five districts of Uttarakahnd. DASP, Uttarakhand is the first time in the state initiative a process to interlink technical interventions related to on-farm income generation activities with saving and credit of SHGs. The project has also created an atmosphere to link SHGs with Banks to take up income generation activities on group basis.

8.2 KEY PLAYERS INVOLVE IN PROMOTION OF MICROFINANCE IN UTTARAKHAND

Following are the institution which was involved in the promotion of SHG in Uttarakhand.

- Doon Valley Watershed Development Project.
- Swajal Project.
- Shivalik Watershed Development Project.
- Swarnjayanti Gram Swarojgar Yojna (SGSY)
- Diversified Agriculture Support Project (DASP)
- Swa-Shakti Project.
- Uttarakhand Livelihood Development Project for Himalyas (ULIPH)
- Jalagam vikas Ekai
- Integrated Livelihood Support Programme(ILSP)
- National Rural Livelihood Mision (NRLM)
- CHIRAG (Central Himalayan Rural Action Group)
- CHEA (Central Himalayan Environment Association)
- *Uttarakhand Micro Finance* and Livelihood Promotion Co-operative Institution
- PAHAL Community Micro finance Services

Many other organization are working for the development of microfinance sector in Uttarakhand, these organization are working on either of two mode of microfinance i.e SHG or MFI (Micro Finance Institution)

8.3 PROGRESS OF MICROFINANC IN UTTARAKHAND

Commercial Bank, RRB, Cooperative Bank and Private Bank all are contributing in the progress of microfinance in Uttarakhand the contribution of these agencies are given in the table 1.

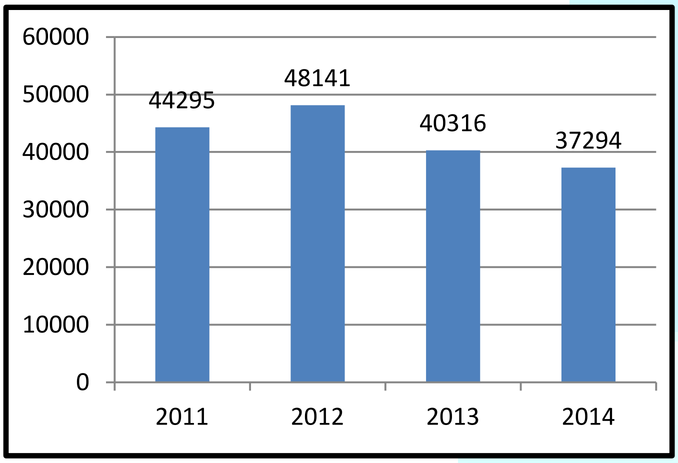
TABLE 1

Particular	F.Y.			
	2011	2012	2013	2014
Number of SHG	44295	48141	40316	37294
Growth	-	8.68	-16.25	-7.49
Number of Member	359897	392863	330109	312858
Growth	-	9.15	-15.97	-5.22
Saving Amount (in lakh)	3965.37	5913.27	4763.57	3903.04
Growth	-	49.12	-19.44	-18.06

Source: NABARD

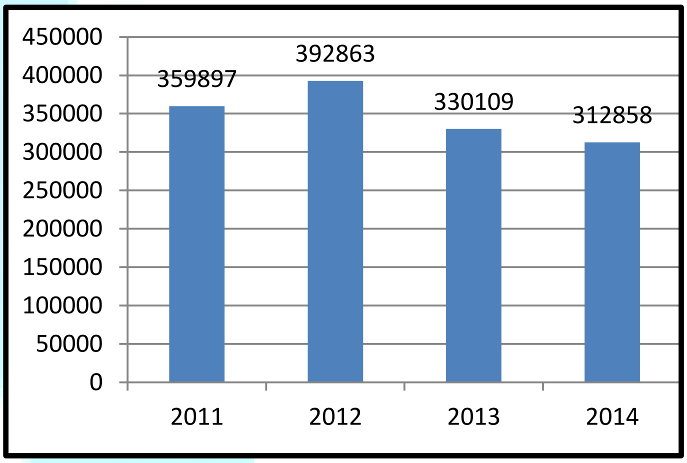
Table 1 shows the progress of SBLP in Uttarakhand since 2011 to 2014, table shows that during the f.y 2010-11 44295 group were formed the figure is increase to 48141 with the growth rate of 8.68%, however in the next year the growth rate is negative i.e 16.25 and total group formed during the year was 40316, however again in the next year with the negative growth rate of 7.50 per cent the total group formed and linked to the bank under SBLP programme in the f.y 2013-14 was 37294. As far as number of members is concerned during the f.y 2010-11 3,59,897 members were belongs to the 44295 groups, the figure was increase by 9.16 per cent growth rate and it goes up to 3,92,863 but in the next year i.e f.y 2012-13 the figure comes down by 15.97 per cent and figure of number of member in the group came down from 392863 to 330109, again in the next f.y 2013-14 number of members linked to the group were decreased by 5.23 per cent and the total members belongs to the total group formed during the year was 312858. Savings of the group formed and linked to the bank in Uttarakhand shows that in the f.y 2010-11 saving was Rs. 3965.37 lakh which is increased drastically by 49.12 per cent but immediately in the next f.y 2012-13 it was reduced by 19.44% but again in the next f.y 2013-14 it decreased by 18.06%.

FIG. 1: SHG IN UTTARAKHAND



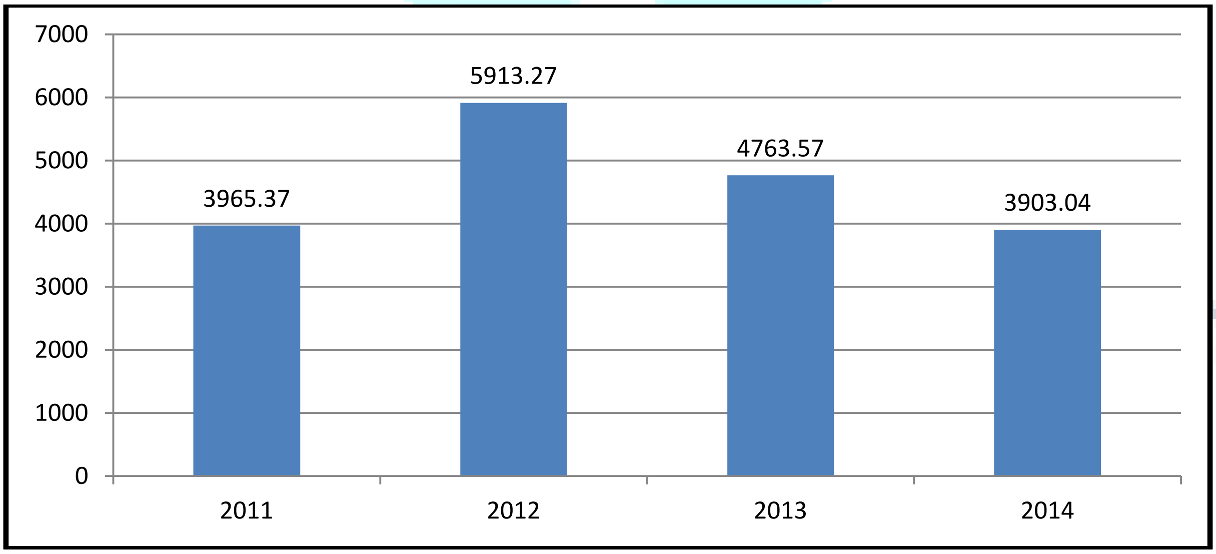
Source: NABARD

FIG. 2: NUMBER OF MEMBER IN UTTARAKHAND



Source: NABARD

FIG. 3: TOTAL SAVINGS OF SHG FORMED IN UTTARAKHAND



Source: NABARD

Table 1 and figure 1,2,3 shows that the f.y 2011-12 was the best year as far as number of groups, number of member and total amount saved is concerned during the year 48141 groups were linked to the different bank which is the highest figure among all the figure of all the financial year in the same year the total amount deposited by the member was Rs. 5913.27 lakh which is again higher than all the financial year, in the same way the number of members linked to the bank was highest which is 392863. Now it can be concluded from the above that the total number of group formed up during these four year was approx 1.70 lakh, 13.95 lakh members were belongs to these 1.70 groups and these 13.95 lakh members save Rs. 18545.25 lakh during these four year.

8.4 COMPARATIVE PROGRESS OF SHG-BLP

TABLE 2: COMPARATIVE PROGRESS OF SHG

Region	F.Y.				
	2014	2013	2012	2011	2010
Total of all region	74.28	73.18	79.61	74.68	69.51
Progress in Uttarakhnad	0.37	0.40	0.48	0.44	0.44
Proportion of Uttarakhand SHG	0.50%	0.55%	0.60%	0.59%	0.63%

FIG. 4: COMPARATIVE PROGRESS OF SHG

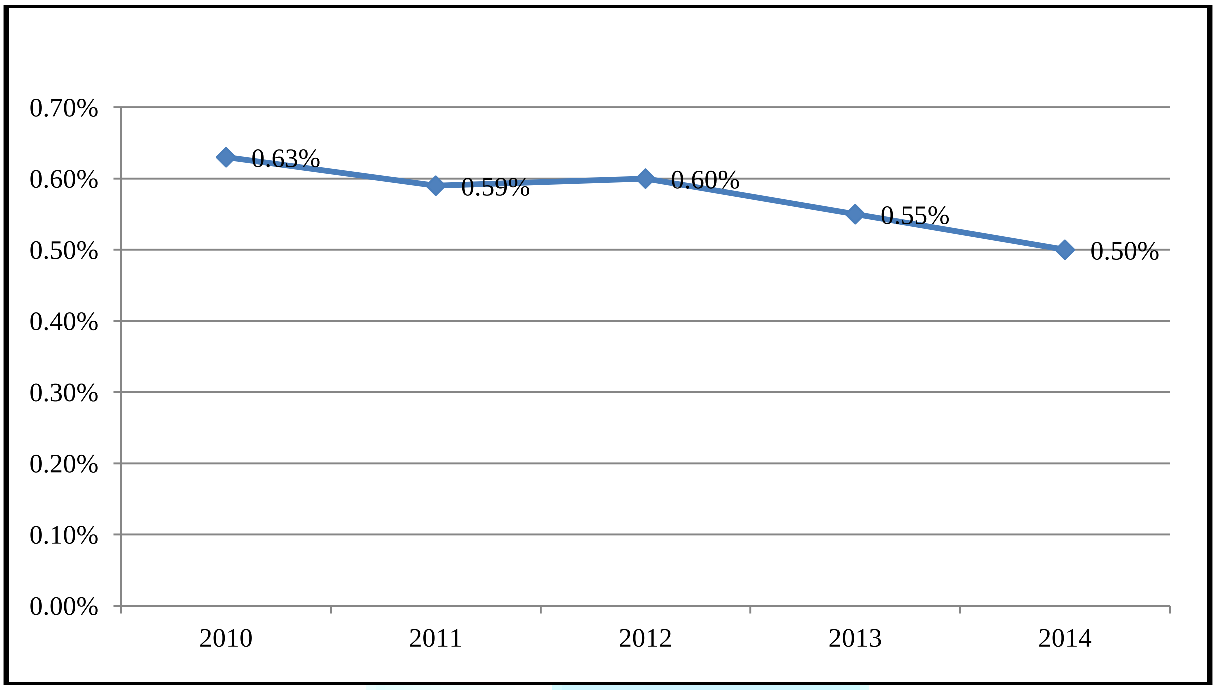


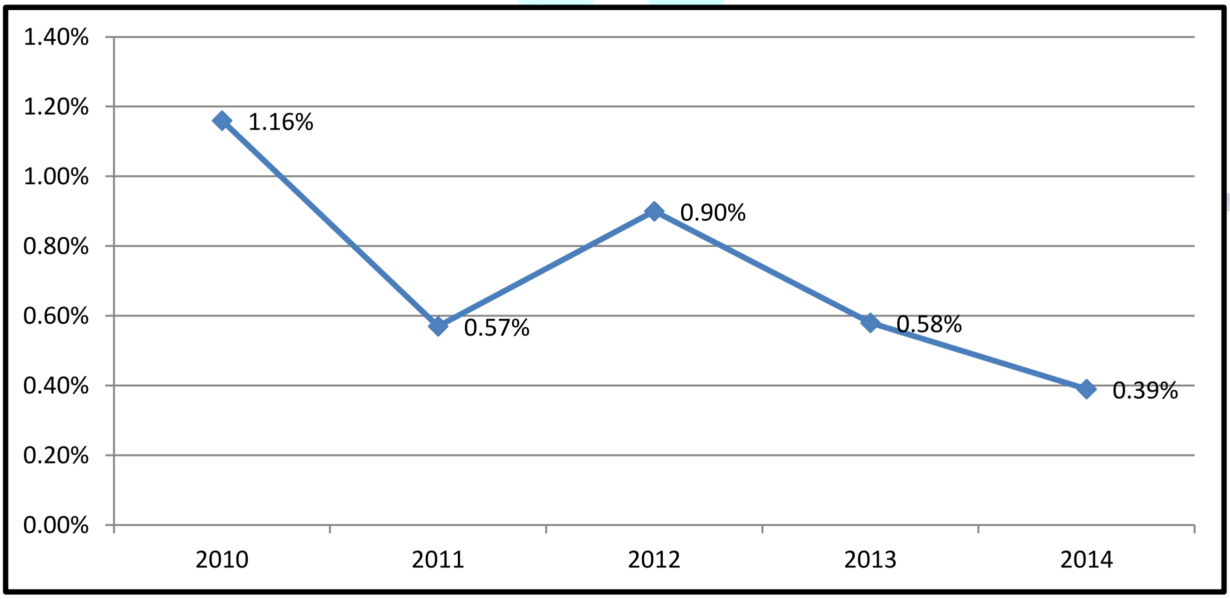
Table 3.44 and figure 3.18 shows that in 2009-10 69.51 lakh groups were formed in India out of these groups .44 lakh were formed and linked in the area of Uttarakhand, the proportion of this figure is .63%. Figure remain the same in the next f.y 2010-11 i.e .44 lakh but the proportion was decreased by .01%. in the f.y 2011-12 number of group formed was increased from previous year .44 lakh to .48 lakh in terms of proportion it was .01% higher than the previous year. In the financial year 2012-13 and 2013-14 the proportion was reduced to .55% and .50% respectively and also the total number of groups of Uttarakhand was also reduced to .40 lakh and .37 lakh.

8.5 COMPARATIVE PROGRESS OF SAVINGS

TABLE 2: PROGRESS OF SAVINGS IN COMPARISON WITH INDIA

Region	F.Y.				
	2014	2013	2012	2011	2010
Total of all region	989741.5	821725.5	655141.4	701630.3	619870.9
Progress in Uttarakhnad	3903.04	4763.57	5913.27	3965.37	7170.41
Proportion of savings of Uttarakhand SHG	.39%	.58%	.90%	.57%	1.16%

FIG. 5: COMPARATIVE PROGRESS OF SAVINGS



Contribution of Uttarakhand in the total saving deposited by the total group formed in the f.y 2009-10 in India is 1.16%, in the next f.y the contribution of the Uttarakhand is reduced to .57% and the total contribution in terms of amount is Rs. 3965.37 lakh, however the situation of Uttarakhand is improved in the f.y

2011-12 and the contribution of Uttrakhan d is .33% is higher than the previous contribution but again in the next two financial year contribution of the state come down to .58% and .39%. It is concluded from the above that the number of groups as well total amount saved by the group is decreasing, hence on the basis of the information provided above it can be said that the contribution of Uttarakhand in SBLP is decreasing.

CONCLUSION

The present paper attempted to study the status of SHGs Bank linkage programme in Uttarakhand and comparative progress of microfinance in Uttarakhand with the progress in India. It is clear that micro financing programme of NABARD through SHG is working effectively. SHG bank linkage model is one of the successfully operated models of Micro Finance in India. Under this model, the SHGs are financed by bank without any collateral, peer group pressure is considered as collateral by the lenders. Self Help Group bank Linkage model also helps to reduce transaction costs proper monitoring of funds by group members, economic empowerment of SHG members by collective decision making. Period of study consider for this paper shows that more than 1.7 lakh SHGs were formed, however the overall contribution of the Uttarakhand in the development of the sector is meagre and contribution in terms of number of SHG, number of members and total amount saved is showing a decreasing trend. One important reason behind this is that the proportion of population of Uttarakhand in India as per Census 2011 is only .83%, one another reason which may be responsible for such lower contribution in the SBLP programme is that the movement of the members toward other programme of NABARD such JLG and Kissan Club. The overall performance of SHG-Bank Linkage Programme of NABARD is remarkable as it is the largest micro-financing programme in the world and it is moving towards the right direction for empowering women. So, NABARD must continue micro financing through SHGs for poverty alleviation in rural.

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STRATEGIC ISSUES OF MAKE IN INDIA CAMPAIGN

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ABSTRACT
Make in India - A national programme designed to transform India into a global manufacturing hub. In the speech of Independence Day on 15 august 2014, India's prime minister, Mr. Narendra Modi invited the businesses from across the world saying, "come, make in India! Come manufacture in India! Sell in any country of the world but manufacture here". He invited Indian and foreign companies to make everything from "automobiles to agro-value-addition, paper to plastics, and satellite to submarines" in India. During the launch of Make in India campaign on 25 September 2014, PM urged the investors not to look at India only as a market place but to see it as an opportunity too. With these words government aims to focus on growth of manufacturing sector. Manufacturing sector contributes only 15% of India's GDP, which is very less compared to other countries. The Indian government wants to raise that share to 25% by 2022 and with ensuring that goods are manufactured with "zero defect and with zero effect" on the environment. But there are a lot of problems to achieve the vision of Make in India by government. It is not easy to attain the sustainable 10% growth in the manufacturing sector in to reality. There are some key factors on which Indian government should focus to overcome those challenges. This paper aims to analyze those key factors for the success of Make in India campaign and to give some possible suggestions.

KEYWORDS
make in India, success factors, India a manufacturing Hub.

INTRODUCTION
The government of India has taken several initiatives for growth of Indian economy, the most notable being its Make in India programme. **Make in India** is an initiative of the Government of India, to encourage companies to manufacture their products in India. Through this programme India is being presented as one of the most attractive place to start the manufacturing. It was launched by Prime Minister, Narendra Modi on 25 September 2014. The Make in India campaign has its roots in Modi's economic philosophy, which is one of balanced growth. As the chief minister of Gujarat, Mr. Modi focused on manufacturing and agriculture sector to balance the economical growth. At Madison Square Garden in New York, as the prime minister of India, he address to public, "I believe that for a healthy economy, one third agriculture, one third manufacturing, one third service sector- if all these grow simultaneously then even if one of these sectors faces a decline, the country's economy will not be immensely impacted". This campaign focused on 25 sectors such as automobiles, pharmaceuticals and medical equipment, labor intensive industries, capital goods industries, IT hardware, defence equipment, solar energy, textiles, ports, leather, tourism, hospitality, railways, wellness, design manufacturing, renewable energy, mining, bio-technology and electronics etc. It is reported that government has an ambitious plan to manufacture those 181 products in India, which currently India imports. The statistics prove this "Make in India" appeal more important as 2010 onwards, the share of manufacturing in GDP of India has gone below to the point, which is close to the share of manufacturing in GDP during the mid 1960s. On the other hand the neighbor countries like China and Thailand are able to do this share double.

For this campaign, Indian government has created a website to facilitate the investors to seek any information on policy matters within 72 hours. According to Prime Minister Narendra Modi, it is important to increase the purchasing power of Indians. Because increasing purchasing power will further boost demand, and ultimately it will be helpful in the development of Indian economy. It will also be beneficial to foreign and local investors. Then more opportunity will be there for international business. But this requires appropriately equipping the business environment. Therefore it is essential to focus on various factors for the success of Make in India campaign.

OBJECTIVES OF 'MAKE IN INDIA' CAMPAIGN
While a healthy economic balance is main long term objective of MAKE IN INDIA, the prime minister is focusing on the following short term objectives too:

1. **To increase the GDP and tax revenue**: The government's "make in India" initiative aims to increase the share of manufacturing to 25% of GDP by 2022 from the (2015) current 15%.

2. **To attract capital and technological investment**: Currently India is far behind on FDI compares to its peer countries. On a per capita basis, cumulative FDI inflows from April 2000 to April 2014 for India is just USD 183 compared to USD 2017 and USD 1531for Mexico and China respectively. Thus it is an opportunity to attract more FDI with the help of Make in India campaign.
3. **Quality of work and product:** the initiative also focuses on improving quality standards of work and product with the slogan of "Zero defect and Zero effect on the environment". If work is done efficiently and effectively then products will be produced with high quality.
4. **Job creation**: "make in India" has multiplier effect of creating jobs in medium and small scale industries in manufacturing sector and in other areas such as logistics, transportation, customer services and technical support. This is expected to result in the creation of 100 million jobs by 2022.
5. **Cutting down the imports:** India is still dependent on other countries in various sectors to import such as aviation, defence, electronic manufacturing and technology. But with the focus on Make in India our government can do strategic alliance with other countries to substitute the imports. This will help to reduce the fiscal deficit and to maintain the balanced economy.

REVIEW OF LITERATURE

Krunal K. Punjani focused on the need of skills development for the success of Make in India. During his study, he found that according to Planning Commission of India (11^{th} five year plan) only 10% of the Indian workforce has formal training in the form of higher education, technical education or vocational training. India has an annual training capacity of 4.3 million, which is less than 20% of the industry requirement of 22 million skilled workers a year. He highlighted on key skill development plan of the government. He also explained about the implementation of skill development programme of Germany, Singapore, South Korea, China and United Kingdome and gave various suggestions to improve the skill development in India.

Samridhi Goyal, Prabhjot Kaur, Kawalpreet Singh (2015) focused on the role of HR and financial services for the success of Make in India campaign. They stated that India's current ranking in total factory output is 10. In India 17% work force is engaged in factory output. The basis of any manufacturing organization is depending on the money invested in it and the people who are working in it. So we need to focus on the improvement of human resources and financial services. Foreign investors should be attracted to invest in India to make the India a manufacturing hub.

Vibhava Srivastva (2015) raised a question; will "Make in India campaign fuel the spirit of innovation in India"? He further explained that increasing patents are proof of it. Ministry of micro, small and medium enterprises signed a memorandum of understanding with the international labor organization to support the make in India programme. By tapping the opportunities of manufacturing sector, make in India can boost the innovations.

Gunjan Bhagowaty also focused on various challenges of Make in India campaign. She suggested that by improving ease of doing business in India, land acquisition, employability of general and engineering graduate, infrastructure development and capacity addition in power sector, we can make India a global manufacturing hub.

OBJECTIVES OF THE STUDY

1. To describe the concept of Make In India.
2. To explore the effects of Make in India campaign on business environment.
3. To find out the key success factor for Make in India campaign.

SIGNIFICANCE OF THE STUDY

With rapidly changing business environment, increasing globalization and to meet the requirements and living standards, India needs to focus on its infrastructure. In order to maintain the Indian economy we need to make co-ordination among manufacturing sector, agriculture sector and service sector. And for the growth of these sectors we need to improve the infrastructure again. Initiate of Mr. Modi the "Make in India" is related with manufacturing sector. This initiate will not be successful until we improve our infrastructure or in other words the key success factors for the growth of manufacturing sector. So this paper helps to understand the factors that are important for the success of Make in India initiate and to give various suggestions to improve those factors. Through this paper we are also able to focus on strategic alliances between businesses and state and central government of India.

RESEARCH METHODOLOGY

RESEARCH TYPE

Current study is descriptive research in nature.

DATA COLLECTION METHOD

Secondary sources of data are used for this study. Information is derived from various journals, newspaper, and websites.

LIMITATION OF THE STUDY

The research is limited to secondary data only. No primary data was collected. Time constraint remained the major limitation of the study.

EFFECTS OF MAKE IN INDIA CAMPAIGN

Before the campaign started, foreign equity capital in various sectors was relaxed. In august 2014, 49% FDI was allowed in defence sector and 100% in railway infrastructure. The application for license was made available online. The validity of license was increased to 3 years. Other responses are as follows

- In October 2014, Lava mobiles CMD Hari Om Rai announced to start a manufacturing plant in Noida from 2015. In November 2014 Lava was in talk with Nokia to purchase its plant of Chennai.
- In January 2015, a memorandum of understanding was signed between Spice Group and government of Uttar Pradesh to start a mobile manufacturing plant in UP with an investment of 500 crore.
- In January 2015, HyunChil Hong, the president & CEO of Samsung South West Asia, discussed with Kalraj Mishra, Union Minister of micro, small and medium enterprises (MSME) to start a joint initiative under which 10 "MSME-Samsung Technical Schools" will established in India. In February, Samsung said that it will start manufacturing the Samsung Z1mobile in its plant of Noida.
- In February 2015, Hitachi announced that it would increase its employees in India from 10,000 to 13,000 and try to increase its revenue from 100 billion to 210 billion. It also announced that an auto-component plant will set up in Chennai in 2016.
- In February 2015, Huawei opened a new research and development campus in Bengaluru. It had invested USD 170 million to establish this R&D campus.
- In February, Marine Products Export Development Authority said that it was interested in supplying shrimp eggs to shrimp farmers in India under this Make in India campaign.
- In March 2015, Kenichiro Hibi head of Sony India announced to open a factory in India at the Mobile World Congress.

KEY SUCCESS FACTORS FOR MAKE IN INDIA

OPPORTUNITIES MUST BE EXPLORED FAR BEYOND WHAT WAS PREVIOUSLY THOUGHT POSSIBLE

India is a hub of knowledge, skill and labor which are necessary to change the vision in to reality. Various challenges such as administrative machinery, heavy taxation are hurdles in the way of make in India campaign. We should overcome these challenges by focusing on our competencies. Key success factors may be as follows:

1. **Skills development**: for the better quality, industry requires the skilled work force. Government should focus on building the trained graduate. As the trained workforce can optimize the resources and minimize the efforts. As an organization, we should try to create an enabling environment where

employees are encouraged to upgrade and expand their skills throughout their lives. Some of the sustainability efforts in this direction include programme; such as Ready Engineer for college graduates and various learning programme for school going children. Vocational education and training should be made compulsory and should start in every secondary school.

2. **Relax technology import restriction:** integration of technology and infrastructure is necessary for the achievement of goals of Make in India. In order to support this integration we need liberal tax policies; so that technologies can be imported. There are some laws for imports of intellectual property rights which should be relax up to some extent.
3. **Create knowledge cluster:** for the innovation capabilities India needs a convergence of capital, talent, entrepreneurial spirit and knowledge. Government should focus on creating knowledge by developing infrastructure and other required facilities.
4. **Supply chain management:** only manufacturing is not enough, proper supply chain management is also necessary for this vision. Transportation, ports and location played significant role in supply of products. So it should be area of concentration. Most of the highways are two lane highways. With increase in vehicular traffic and for the smooth running of large container trucks it is imperative for Indian government to convert the single or double lane highways in to four or six lane highways with the help of public-private partnership.
5. **Encourage innovation:** unfortunately most of the products manufacture in India are designed and developed outside India. If India wants to become the manufacturing hub and wants to sell its products in India and outside countries, then it has to focus on invention and developing the products within country. Youth should be focused for encouraging innovations. New products, new ideas, new manufacturing techniques should be welcomed by providing necessary financial and non financial aids.
6. **Efficient administrative machinery:** healthy business environment is possible only when administrative machinery is efficient. India is strict in clearance and regulatory procedures. To start a business in India a lots of procedures have to follow such as land acquisition, license, finance etc. A business-friendly environment can be created only when India does easier approval of projects, and easy clearance mechanism. Corruption is the major problem in running of efficient machinery. So necessary steps should be taken to overcome this problem.
7. **Tax concessions:** to make the country a manufacturing hub the unfavorable factors must be avoided. Taxes on necessary and elastic goods and services should be kept very low so that there is not a heavy tax burden on either the consumer or the producer. With the introduction of goods and services tax (GST), India will be able to eliminate the indirect tax, central tax, sales tax, entry tax, stamp duty etc. It is expected to build a transparent and corruption free tax administration. It is estimated that India will gain $15 billion a year by implementing goods and service tax, as it will help in promoting the exports, to raise the employment and to boost the overall growth. India should also be ready to give tax concessions to companies who come and set up their units in our country.
8. **Emphasis on small and medium scale industries:** small and medium scale industries can play an important role in Make in India campaign. So more focus should be given to novelty and innovation of these units. The government should make some plan and give special privileges to small and medium scale industries.
9. **Research and development:** R&D department is the power booster to any industry. Special attention should be given to research and development so that technologies can be updated. Government must ensure that it provides platform for such research and development.
10. **Make In villages:** villages provide the raw material, labor and other resources which are necessary to set up a manufacturing plant. So a start should be done with the make in village concept. Indian government must focus on providing opportunities to villagers. These opportunities can be in form of education, financial aids, employment and technology assistance. When employment, opportunities will be provided to villagers ultimately the India will shine.
11. **Financial services:** in layman language financial services means money management provided by various organizations that are operating in finance industry of a country. These organizations include banks, consumer finance, insurance companies and investment funds etc. Financial Services may be-
    a. Fund/Asset based financial services: it helps in raising the finance against movable and immovable assets, bank deposits, underwriting shares, debentures, bonds etc.
    b. Fee based financial services: it involves higher expertise and less financial risk. It includes merchant banking, credit rating, capital restricting, bank guarantee etc Government should facilitate and encourage these financial institutions in order to make the finance easily available.
12. **Human resource:** the basis of any manufacturing organization is money invested in it and human resource employed in it. In order to make India a most preferred destination for domestic as well as foreign investors, it is must to focus on financial and non financial (HR etc) activities. Indian work force is talented and adaptable. In order to develop make in India and for its sustainable growth, it is very much important to develop the human resources working on it. If work force is skilled then automatically it will help in cost reduction, reduce the defect rate of products, increase the sales, and help in overall growth of manufacturing sector.
13. **Facilitating land acquisition:** very first and important step for starting the manufacturing unit is the acquisition of land. Under the new land acquisition act, developers are required to take consent of up to 80 percent of people whose land is acquired for private projects and in case of public-private partnership projects this consent should be up to 70 percent. Land acquisition for factories, roads and housing projects in Haryana and Uttar Pradesh is the reason of clashes between farmers and state government. It is also responsible for the delay of various necessary projects. According to data available in Wasteland atlas of India as per 2003 figures, out of the total geographical area of **3287263** square kilometers, a total of **552692.26** square kilometers of wasteland exist in India. This huge wasteland can be used in various manufacturing projects after appropriate engineering and geographical assessment of this area. Government should facilitate the land acquisition proper compensatory and easy, so that manufacturing plants can be established. Each and every party should be considered in this process.
14. **Portals for business queries**: a portal is always useful which can help in business queries at any time. For the Make in India initiative, a web portal (http://www.makeinindia.com) has been created. The back up and support team would answer within 72 hours for any specific query. List of frequently asked questions is also available on this portal.
15. **Improve the process and quality:** the key success factors for manufacturing industry are efficiency and productivity. Engineering plays an important role in this, especially it relates to complex machinery and plants across various manufacturing units. That's why high level of efficiency is required at the engineering stage itself for the fast, flexible and intelligent production.
16. **Integration of virtual and real world:** today, before starting the physical action for manufacturing anything, it is possible to stimulate, model and test the design in virtual world. Thus with the real-virtual integration, suppliers and customers can be brought together and more likely to be succeed in real market. If India wants to achieve its Make in India campaign then the manufacturing sector should go for this virtual technology.
17. **Building an export eco-system:** it is not enough to meet the demand of domestic market through Make in India; we have to search the opportunities for export too. If India wants to become a manufacturing hub, the government would need to create an eco-system with the help of policy reforms, infrastructure and various subsidies.
18. **Attracting investment:** there is a high positive correlation between the FDI and industrial growth. More the foreign direct investment, more the growth of industries. Currently India is far behind to its peer countries in case of FDI. In India on a per capita basis, cumulative FDI equity from April 2000 to April 2014 is only USD 183 compared to USD 2017 and USD 1531 for Mexico and China respectively.
19. **Enlarge the capacity of energy sector:** every sector is dependent on the energy sector. Delay in environmental clearance and shortage of fuel supply are some major challenges faced by Indian power sector. To avoid the coal import and to meet the fuel shortage, government must ensure the healthy and transparent allocation of coal blocks. Government should also focus on other renewable resources of power like hydro power. Central and state government should do co-operation with each other so that funds given by central government to state government are properly utilized.
20. **Strengthen the CISF to secure the industries:** major industrial installation in India are on terror attack such as oil refineries, nuclear installation, space installation and other heavy engineering industries. It is also possibility that in future most of the industries are to be set up in remote areas of India; where

terror attack is the biggest danger. So CISF (Central Industrial Security Force) should be well trained to fight with this situation. Earlier CISF only provide security to central government industrial installation, but after the 26/11 Mumbai attack there was an amendment in CISF act that it will provide security to private industrial installation too.

CONCLUSION

For the success of Make in India campaign it is necessary to facilitate India's youth with the right skills to compete in the global world. Sector specific skill councils should be established by the government for such industries, which required skilled labor. Regular evaluation of the courses and necessary modification should be done to meet the requirement of manufacturing sector. Start should be done by exploring the opportunities in the villages of India. The local government should help the local enterprises to encourage the manufacturing. Focus should be given to core competencies. Foreign countries should be attracted to invest in India with attractive proposal. Research and development department should be encouraged with proper incentives. Youth should be encouraged for the technological advancement. This is a time of high expectation for India. If government continues in the current manner, we can definitely hope to see significant and sustainable growth in the manufacturing sector and progress towards India becoming a global manufacturing hub.

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THE STUDY OF IMPACT SIMULTANEOUS OF CAPITAL STRUCTURE AND COMPETITIVE POSITION IN PRODUCT MARKET (MARKET SHARE) OF COMPANY LISTED IN TEHRAN STOCK EXCHANGE

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ABSTRACT
The main subject of this study was to investigate the simultaneous effects of capital structure and market share as an indicator of the competitive position of the firms listed in Tehran Stock Exchange. Sample consists of 48 firms over the period 2007 to 2012 have been selected by systematic elimination. Data have been collected by libraries. Statistical method for testing the hypothesis presented in this study, using panel data. and two-stage least squares method is used. The results show that capital structure has no impact on market share. Tangibility and market growth opportunities on leverage ratio has a positive and significant impact. Bankruptcy risk and profitability of the market due to the leverage ratio hypothesis predicted significant and negative effect, and the coefficient of liquidity, growth opportunities and industry indicators have a significant impact on market share,However, discretionary spending has a significantly positive effect on it.

KEYWORDS
Capital structure, cost of specificity, firm size, growth opportunities, market share.

INTRODUCTION
Market share is used as a variable to show the strategic advantage of debt because it is considered as an important index in a competitive condition. The objective of a company in production market is to improve its competitive position. Capital structure theories were introduced within frameworks of firms without considering the competition existing among firms in production markets. In this research we have posed an experimental theory regarding the effect of market share on leverage ratio of firms. Regarding the effect of limited responsibility of financing through debts, the stockholders in a firm tend to accept risky strategies. But if surplus budget is appropriated, the bonds' holders will adapt this effect by reducing risk appropriate with the increases in the amounts of debts. Of course, market share is increased through financial leverage but the debt costs of agency will increase concurrently. Therefore, firms that have fewer market shares usually try to develop their market share by increasing financial leverage because the strategic benefits of debts are more than agency costs. But, market share has more benefits due to the increases in agency costs in using debts. Therefore, the higher amounts of market share will result in lower leverage ratio.

REVIEW OF LITERATURE
The main objective of capital structure decisions is to create an appropriate combination of long-term cash resources in order to minimize capital cost in a firm and maximize market value of the firm through it. This combination is called optimal capital structure. But, there are different theories about the existence of optimal capital structure. The main focus of these theories is whether a firm can really affect the assessment type and capital costs through cash composition or not? Belkaoui (1999) introduced capital structure as an overall claim on firm's assets. He considered that capital structure includes common bonds published, private investment, band debts, rent contracts, tax debts, and pension debts, deferred rewards for management and staffs, deposits for goodwill, goods guarantee, and other probable debts. Therefore, capital structure supply can be done through the followings:
1) Financial resources resulting from operational activities (net earning)
2) Resources resulting from reinvestment (stocks)
3) Financial resources resulting from debt creation (borrowings)

Regarding the 3 resources mentioned above, stocks and borrowings are investigated in this research and their relationship will be considered within companies, through which the objective of combined capital structure is to incur the least costs.

Setayesh & Jamalianpour (2009) carried out a research on the effect of capital structure and its changes on products' manufacturing and studied on the effects of capital structure and its changes on production. They investigated about the data related to 341 firms within the time period between 1999 and 2008 and found out that there has been a statistically meaningful relationship between all constituents of capital structure except recorded capital and the ability level of firm in achieving the predicted production level.

Setayesh & Kargar fard (2011) did a research to study the effect of competition in product market on capital structure, the effect of Q Tobin indexes and concentration (Herfindal-Hirshman and concentration ratio of 4 entities), on firms' debt ratio. Their research findings showed that competition in product market and capital structure of different industries is varied. Additionally, if Q Tobin and Herfindal-Hirshman indexes are used as competition measurement indexes in product market, there would be a positive and meaningful relationship between competition in product market and firms' capital structure. But is 4 entities' concentration ratio index is used there were not any evidences observed regarding the existence of a meaningful relationship between competition in product market and capital structure.

Shahedani & et al (2012) studied the relationship between market structure and capital structure in Tehran Stock Exchange. Their research investigated about the relationship between market structure (market power) and capital structure (leverage ratio) in firms enlisted in Tehran Stock Exchange in both static and dynamic forms. Results of this research showed that the relationship between market structure and capital structure has been non-linear (cubic) and this can result from the complex relations within the market, agency problems, and bankruptcy costs.

Brander & Lewis (1986) and Msksimovic (1988) prepared a theoretical framework regarding the relationship between market structure and capital structure. They showed that market structure affects capital structure and this effectiveness is created through competitive and strategic behaviors of firms.

Pandy (2004) studied about the relationship between capital structure and profitability and market structure. He administered a generalized torque system and approved his hypothesis that claims the relationship between capital structure and market structure is cubic (third order function) and the relationship between capital structure and profitability is parabolic.
Guney & Fairchild (2010) investigated about the relationship between capital structure and product market competition, market structure, in bourse firms in China. Their research findings showed there has been a parabolic relationship between capital structure and market structure.
Mitani (2013) carried out a research entitled: "capital structure and competitive position in product market", to study the effect of capital structure on competitive position of firms in product market that is measured through market share. he presupposed that firm's capital structure affects its market share and vice versa and the relationship between capital structure and market share was investigated through concurrent equations through which both variables were internal. His theoretical predictions showed that leverage affects market share positively. These evidences support the dominant version of limited responsibility of financing through borrowings.

OBJECTIVES

The ideal objective for this research is to investigate whether the strategic benefit of debt can show itself in manufacturing markets or not. But the main objective is to study the concurrent effect of capital structure and competitive position in product market (market share) in firms enlisted in Tehran Stock Exchange. This research is aimed at achieving the following objectives as well:

1- Studying the effect of capital structure on competitive position in product market (market share)
2- Studying the effect of competitive position in product market (market share) on capital structure

RESEARCH METHODOLOGY

The research method is descriptive type based on pooled data analysis. In this research we have used Eviews7 and Stata12 software for estimating descriptive statistics and model parameters' identification in the research and to do analysis and to transform the data we have used Mini Tab 16 software. Also in order to test the research hypothesis we have used regression analysis and correlation and the meaningfulness of patterns was measured by using identification coefficient, correlation coefficient, t statistic, and the normality of residuals. This research is applied regarding objectives and considering administration type it is descriptive-correlation. To do this research all firms enlisted in Tehran Stock Exchange during the time period between 2007 and 2012 were considered as our statistical population and our statistical sample was chosen by using systematic deletion method among these firms.
In this research our statistical sample included firms that have had the following characteristics:

1) Firm's stocks should have been exchanged from the year 2007 till 2012 (6 years) in Tehran Stock Exchange and it should have been active in bourse permanently.
2) During the years mentioned the firms should not have changed their activities or fiscal year.
3) Firms should not be from among banks or financial entities – investing companies, financial intermediaries, holdings, leasing (deletion is due to the certain nature of their activities and the return of investing companies are applied in other subgroup member firms either), and insurance companies.
4) The fiscal year of all firms should end at the end of Esfand (21st March).
5) During these years they should not have incurred losses and stock earnings should have been distributed in cash.
6) The data related to these firms should be accessible.

Finally and after applying the features mentioned above, 48 firms and 288 firms-years were selected for the time period between 2007 and 2012 to do the present research.

HYPOTHESIS

1- Capital structure affects competitive position in product market (market share).
2- Competitive position in product market (market share) affects capital structure.

RESEARCH MODELS

To test the suggested hypothesis, we have used the following models:

$ML_{it}= \beta_0+\beta_1Tang_{it-1}+\beta_2Size_{it-1}+\beta_3BR_{it-1}+\beta 4GO_{it-1}+\beta_5Prof_{it-1}+\beta_6MS_{it-1}+\varepsilon_{it}$

$BL_{it}= \beta_0+\beta_1Tang_{it-1}+\beta_2Size_{it-1}+\beta_3BR_{it-1}+\beta 4GO_{it-1}+\beta_5Prof_{it-1}+\beta_6MS_{it-1}+\varepsilon_{it}$

$MS_{it}= \beta_0+ \beta_1Liq_{it-1}+ \beta_2Sp_{it-1}+\beta_2Di_{it-1}+ \beta_4GO_{it-1}+\beta_5HHI_{it-1}+\beta_6ML_{it-1}+\varepsilon_{it}$

$MS_{it}= \beta_0+ \beta_1Liq_{it-1}+ \beta_2Sp_{it-1}+\beta_3Di_{it-1}+ \beta_4GO_{it-1}+\beta_5HHI_{it-1}+\beta_6BL_{it-1}+\varepsilon_{it}$

VARIABELES

First we defined market share as a dependent variable in models and then financial leverage was utilized as an alternative criterion for the dependent variable.

CAPITAL STRUCTURE

Financial leverage ratio: leverage is the fixed cashes in the inventory of firm's costs. Financial leverage is gained by dividing total liabilities into total assets. The bigger financial leverage would result in higher financial risk. Therefore, the expected return would be higher and the difference between suggested price for stocks' purchase and sales would become more and finally it results in reducing stock liquidation. This ratio identifies and assesses the relationship between financial resources used in a business unit regarding liabilities or owners' equity and in fact investigates about their composition type.
Based on the previous studies we can use two criteria for leverage as book leverage and market leverage. Book value of capital is the total assets minus outstanding stocks and debts and transferred tax. In Iran since we do not see outstanding stocks and there is not transferred tax, it would equal the total assets minus liabilities. In other words, it can be claimed that the book value of debts equals book value of total assets minus book value of capital.
Market value of capital is equal to the multiplication of the number of stocks issued into market price of stocks. Market value of firm's assets equals total assets minus book value of capital plus market value of capital. Market leverage equals the value of book debts divided by market value of assets and book leverage equals the book value of debts divided by book value of assets. Leverage is used as an index for the dependent variable and capital structure, here.
Therefore, in this research we have used this ratio in two ways:

1- Book leverage: the division of total debts into assets' book value at the end of fiscal year
2- Market leverage: the division of total debts into assets' market value at the end of fiscal year

MARKET SHARE

We have considered market share of firms as the annual sales of firm divided by total sales of the industry that represents market share.

$$s_i = \frac{x_j}{\sum_{i=1}^{n} x_j}$$

X: firm sales
I: industry type

TESTING THE NORMALITY OF VARIABLS' DISTRIBUTION

The features related to variables utilized in this research are represented in table (1). The reported statistics include average, mean, maximum, minimum, skewness coefficient, and standard deviation. Also the test of normality of the research variables, data independence, has been carried out based on Jarque-Bera test and the results have been shown in the table below.

TABLE (1): VARIABLES' NORMALITY TEST

	BL	ML	MS	BR	DI	GO	HHI	LIQ	PROF	SIZE	SP	TANG
Average	0.03	0.43	0.08	1.66	-0.01	0.75	0.14	0.06	0.06	0.24	0.01	-0.01
Mean	0.03	0.42	0.08	1.65	0.01	0.76	0.14	0.05	0.09	0.31	0.03	-0.04
Maximum	3.16	0.91	0.36	4.1	3.07	1.18	0.41	0.31	2.94	1.56	2.6	1.92
Minimum	-2.22	0	-0.19	-0.03	-2.94	0.27	-0.12	-0.18	-2.94	-1.19	-2.65	-1.95
Standard deviation	0.96	0.19	0.09	0.82	0.95	0.17	0.1	0.08	1.01	0.62	0.99	0.94
Skewness	0.09	0.1	-0.11	0.13	0.04	-0.11	-0.05	0.02	0.12	-0.33	-0.11	0.03
Pulling	3.03	2.46	3.13	2.38	3.34	3.45	2.75	3.22	3.06	2.72	2.73	2.3
Jarque-Bera test	0.44	3.99	0.82	5.47	1.47	2.99	0.84	0.58	0.76	6.11	1.5	5.89
Importance level	0.8	0.14	0.66	0.06	0.48	0.22	0.66	0.75	0.68	0.05	0.47	0.05
Total observations	288	288	288	288	288	288	288	288	288	288	288	288

First we should make sure about the normality of the distribution of dependent variables. This test is as follows:

H_0: The variables have normal distribution.

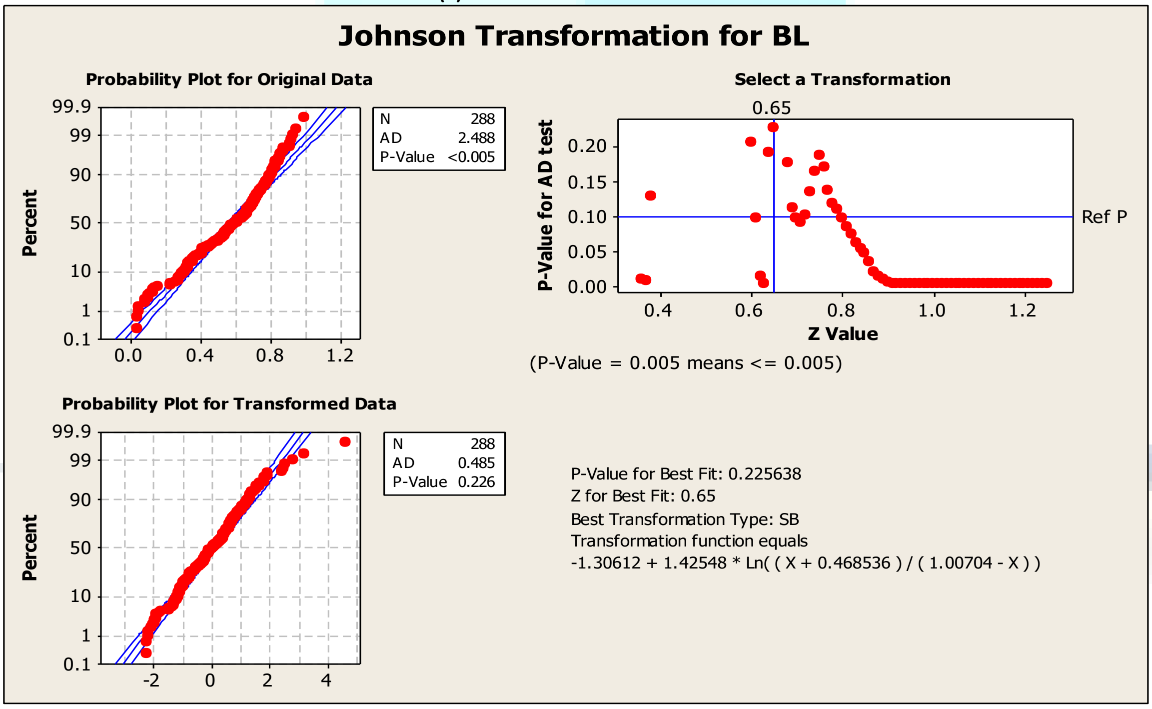
H_1: The variables do not have normal distribution.

The results of tests have been represented in tables (1) and (2). As it can be observed, since the importance level for the variables is higher than %5, the variables above have had a normal distribution. Regarding that some variables were not normal, we have used Johnson's transformation by using Mini Tab software to normalize them (figure 1).

TABLE (2): VARIABLES' NORMALITY TEST

Variable	Market share	Book leverage	Market leverage
Sample	2007-2012	2007-2012	2007-2012
Total observations	288	288	288
Average	0.08	0.03	0.43
Mean	0.08	0.03	0.42
Maximum	0.36	3.16	0.91
Minimum	-0.19	-2.22	0
Standard deviation	0.09	0.96	0.19
Skewness	-0.11	0.09	0.1
Pulling	3.13	3.13	2.46
Jarque-Bera test	0.82	0.44	3.99
Importance level	0.66	0.8	0.14

FIGURE (1): JOHNSON TRANSFORMATION TEST



TESTING HYPOTHESIS

Based on hypothesis above, the calculations of correlation coefficients for research variables have been carried out in binary form and represented in table (3). As it can be observed the highest correlation was between financial leverage and bankruptcy risk that were %31 and %61. Also the amounts have been %30 and %50 considering profitability and this relationship has been very low and about %28 and negative regarding market value of stocks.

TABLE (3): CORRELATION TEST

	BL	ML	MS	BR	DI	GO	HHI	LIQ	PROF	SIZE	SP	TANG
BL	1	0.55	0	-0.31	-0.01	0.5	0.06	0.07	-0.3	0.02	0.01	0
ML	0.55	1	-0.28	-0.61	-0.04	0.49	-0.01	0	-0.5	0.09	-0.09	0.14
MS	0	-0.28	1	0.04	0.13	0.02	0.03	0.01	0.02	-0.02	0.04	-0.02
BR	-0.31	-0.61	0.04	1	0.01	-0.24	0.06	0.03	0.3	-0.32	0.07	-0.16
DI	-0.01	-0.04	0.13	0.01	1	0.02	-0.04	-0.04	-0.03	0.03	-0.02	-0.07
GO	0.5	0.49	0.02	-0.24	0.02	1	0.07	0.05	-0.52	-0.2	-0.02	-0.11
HHI	0.06	-0.01	0.03	0.06	-0.04	0.07	1	0.04	0.01	-0.06	-0.09	-0.03
LIQ	0.07	0	0.01	0.03	-0.04	0.05	0.04	1	0.01	-0.07	-0.03	-0.08
PROF	-0.3	-0.5	0.02	0.3	-0.03	-0.52	0.01	0.01	1	-0.12	-0.01	0.11
SIZE	0.02	-0.09	-0.02	-0.32	0.03	-0.2	-0.06	-0.07	-0.12	1	-0.04	0.16
SP	0.01	-0.09	0.04	0.07	-0.02	-0.02	-0.09	-0.03	-0.01	-0.04	1	0.06
TANG	0	0.14	-0.02	-0.16	-0.07	-0.11	-0.03	-0.08	0.11	0.16	0.06	1

DATA STABILITY

In this research we have used Im, Pesaran, & Shin test to test the stability of the data. Thus, in order to approve the data are stable, the absolute amount of Dikki-Fuller statistic should be higher than the critical amounts. If they are not stable we will use the first difference of the data. The results of the test have been represented in table (4). The results show that the data have the required stability. This test has been as follows:

H_0: There has been dependence.

H_1: There has not been dependence.

Regarding table (4), Dikki-Fuller test for the variable book leverage (BL) showed an absolute amount of t statistic equal to 8.96 that has been more than all critical amounts (1.87, 1.98, 2.25) and it can be concluded that the data have the required stability. Also the results of other variables were similar and stable and it means that the average and variance of variables have been fixed during the pass of time and the variables' covariance has been fixed between the different years. t statistic for GO and SIZE has been represented as a multiple of 10 powered by 13 due to its great amount.

H_0: All series are stable.

H_1: Some panels are fixed.

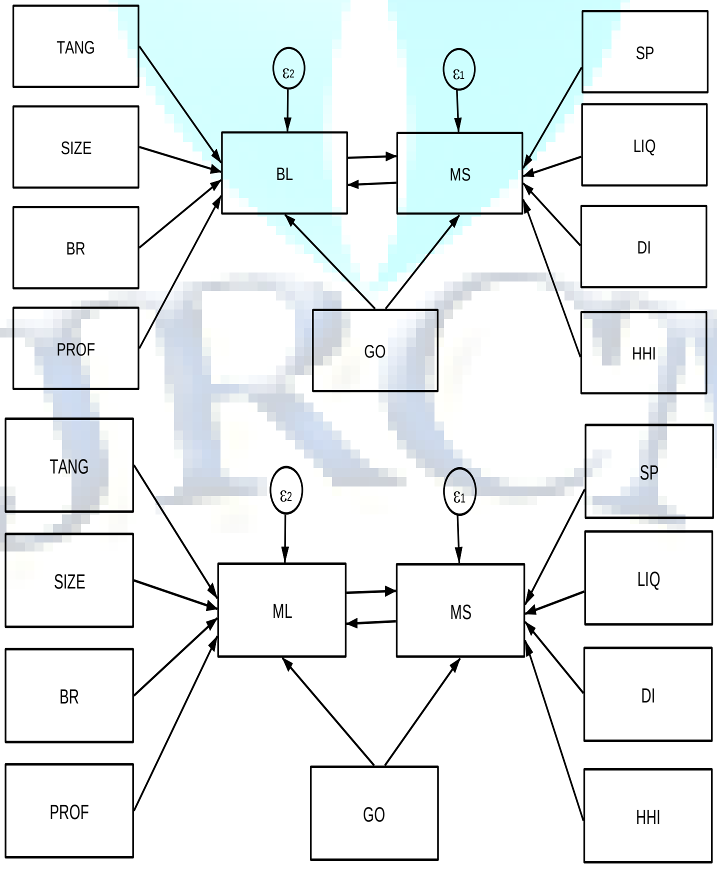
TABLE (4): DIKKI-FULLER TEST (VARIABLES' STABILITY)

ADF test statistic	Variable		BL	ML	MS	BR	DI	GO	HHI	LIQ	PROF	SIZE	SP	TANG
	Critical amounts	%1	-2.25	-2.24	-2.22	7.41	-2.22	7.41	-2.22	-2.22	7.63	7.63	-2.22	7.63
		%5	-1.98	-1.97	-1.96	7.71	-1.96	7.72	-1.96	-1.96	7.92	7.92	-1.96	7.92
		%10	-1.87	-1.86	-1.86	7.9	-1.86	7.9	-1.86	-1.86	8.11	8.11	-1.86	8.1
	t statistic	ADF	-8.96	-4.91	-4.88	-11.24	-2.48	170	-5.88	-5.94	-13.78	-770	-3.63	-31.82
	Result		accept	accept	accept	accept	accept	accept	accept	accept	accept	accept	accept	accept

TEST RESULTS FOR SUGGESTED MODELS

We presuppose that capital structure in firms affects market share and the intensity of competition among firms affects capital structure. We used concurrent equations through which both variables are endogenous and investigated about the relationship between capital structure and market share. The regressions studied within models and the relationships between variables have been represented in figure (2) by using Strata software.

FIGURE (2): THE REGRESSIONS STUDIED WITHIN MODELS AND THE RELATIONSHIPS BETWEEN VARIABLES



Regarding the results of regression test in first model shown in table (5) for the variable market leverage (ML), the coefficients for all variables except market share and firm size have been meaningful in a level of %1 and accordingly in second model, book leverage (BL) shows that the coefficients for bankruptcy risk and growth opportunity have been statistically meaningful in a level of %1 and other variables are not meaningful. Also the adjusted identification coefficient (R^2) for the model above has been %47 and it shows that %47 of changes in dependent variable could be explained by the descriptive variables. Also based on Wu-Hausman F tests and Durbin-Wu-Hausman F tests and regarding that the amount of probability (Prob.) has been less than %5, the null hypothesis is not accepted and the patterns show the endogenous feature of the variables (table 5).

Results of testing hypothesis based on table (5) show the overall approval of regression model in an assurance level of %95.

TABLE (5): RESULTS OF HYPOTHESIS TESTS FOR MODELS 1 & 2

First model			Coefficient	Statistic	Meaningfulness			Meaningfulness
	Dependent variable (market leverage)	Fixed coefficient	0.46	7.36	0	identification power	R^2	0.471
	Independent variable	Market share	-0.69	-1.18	0.23	Variance analysis	P Prob>Chi^2	0
	Other variables	Evidence ratio	0.025	2.9	0.04		Wald $Chi^2(6)$	300.29
		Firm size	-0.019	-1.29	0.19	Durbin-Wu-Hausman Chi^2test	$Chi^2(1)$	8.11292
		Bankruptcy risk	-0.1	-9.28	0		P Prob>Chi^2	0
		Growth opportunity	0.27	4.51	0	Wu-Hausman F test	F(1280)	9.0862
		Profitability	-0.045	-4.59	0		P Prob>F	0
Second model	Dependent variable (book leverage)	Fixed coefficient	-1.62	-4.2	0	identification power	R^2	0.2842
	Independent variable	Market share	-0.61	0.17	0.86	Variance analysis	Wald $Chi^2(6)$	115.79
	Other variables	Evidence ratio	0.018	0.24	0.73		P Prob>Chi^2	0
		Firm size	0.08	0.92	0.35	Durbin-Wu-Hausman Chi^2test	$Chi^2(1)$	10.03
		Bankruptcy risk	-0.2	-2.04	0		P Prob>Chi^2	0
		Growth opportunity	2.6	4.51	0	Wu-Hausman F test	F(1280)	12.0295
		Profitability	0.006	0.10	0.91		P Prob>F	0
$P < 0.10$; $P < 0.05$; $P < 0.01$								

In regressions related to third and fourth models as it has been shown in table (6) for the market share (MS), the coefficients for all variables are not meaningful except discretionary cost that is meaningful in a level of %5. Also the identification coefficient for the above model is %2. And regarding the results of testing the hypothesis based on table (6), it can be concluded that the regression model is not accepted.

TABLE (6): RESULTS OF HYPOTHESIS TESTS FOR MODELS 3 & 4

Third model			Coefficient	Statistic	Meaningfulness			Meaningfulness
	Dependent variable (market share)	Fixed coefficient	0.07	2.89	0	identification power	R^2	0.02
	Independent variable	Market leverage	-0.26	-0.68	0.49	Variance analysis	P Prob>Chi^2	0.22
	Other variables	liquidity	0.017	0.26	0.79		Wald $Chi^2(6)$	6.82
		specific costs	0.002	0.62	0.52	Durbin-Wu-Hausman Chi^2test	$Chi^2(1)$	0.17
		discretionary costs	0.012	2.29	0.02		P Prob>Chi^2	0.67
		Growth opportunity	0.24	0.58	0.56	Wu-Hausman F test	F(1280)	0.16
		industry index	0.02	0.52	0.59		P Prob>F	0.68
Fourth model	Dependent variable (market share)	Fixed coefficient	0.04	-0.62	0.526	identification power	R^2	0.0062
	Independent variable	book leverage	-0.014	0.54	0.59	Variance analysis	P Prob>Chi^2	0.26
	Other variables	liquidity	0.028	0.04	0.69		Wald $Chi^2(6)$	6.5
		specific costs	0.004	0.08	0.42	Durbin-Wu-Hausman Chi^2test	$Chi^2(1)$	0.27
		discretionary costs	0.012	2.29	0.02		P Prob>Chi^2	0.6
		Growth opportunity	0.046	0.56	0.57	Wu-Hausman F test	F(1280)	0.26
		industry index	0.028	0.65	0.51		P Prob>F	0.6
$P < 0.10$; $P < 0.05$; $P < 0.01$								

Based on results of table (7) and after studying the statistical measures of the specific least statistical amounts of Crago-Donald (1993) it was found that these indexes are higher than Stoke & Yugo (2005) critical values. Therefore, it can be concluded that our tool variables are not weak. As it can be observed the least amount of first model has been 1.46 more than the critical amount and thus the tool variables utilized in the model above are not weak.

TABLE (7): TESTING WEAK TOOLS

Testing weak tools	First model	Second model	Third model	Fourth model
Least specific amounts	1.46816	1.46816	47.75	4.18
H_0: Tool variables are weak.	4	4	4	4
Critical values	1	1	1	1
Two stage least square criterion	16.85	16.85	16.85	16.85
Wald test of two stage least squares in %5 level	24.58	24.58	24.58	24.58
Wald test of LIML in %5 level	5.44	5.44	5.44	5.44

RESEARCH FINDING

The findings of the present research based on research hypothesis are as follows:

FIRST HYPOTHESIS

In table (5), the estimation results represented show that market share did not have a meaningful effect on leverage ratios and capital structure. This result differs from the researches carried out by Mitani through which it has been shown that firms benefit from high market share through financing by borrowings. In Tehran Stock Exchange and in different industries, if agency costs are higher than strategic benefits resulting from debt increases, market share is not lost. Also the results of this research contradict with results in researches by Pourheidari & Ghaffarlou (2012).

Also other determinant financial leverage factors showed a great deal of coefficients. Most variables are consistent with capital structure hypothesis. Evidence and growth opportunity affect market leverage ratio meaningfully and positively. Also bankruptcy risk and profitability ratio have had a meaningful and negative effect on market financial leverage regarding the predicted hypothesis. In other words, it can be concluded that if the firm is profitable, management would not try to finance through debts. In fact the reverse relationship between profitability and leverage shows this incident. This result accords with hierarchical theory and accords with results in researches by Mitani, Guney & et al (2010).

SECOND HYPOTHESIS

Also based on table (6), determinant factors of market share showed that liquidity coefficient and growth opportunity and industry index did not have a considerable effect on market share. But discretionary costs have had a positive and meaningful effect on it.

TABLE (8): SUMMARY OF HYPOTHESIS TEST

Hypothesis No.	Hypothesis	P-Value	Result (accept/reject)
First	Capital structure affects competitive position in product market (market share).	0.23	Reject
Second	Competitive position in product market (market share) affects capital structure.	0.86	Reject

RESEARCH LIMITATIONS

In addition to limitations such as population, statistical sample and time period applied, the other limitations were as follows:

a) Stock Exchanges in Iran are only a trivial part of Iranian firms and the generalization of this research to all firms should be done conservatively.
b) The inefficiency of Tehran Stock Exchange is the intrinsic limitation of all researches carried out that extract their data from it.
c) The extracted data were historical and regarding the existence of inflation in economy in Iran, the adjustments should be considered in research results.

SUGGESTIONS FOR FUTURE RESEARCH

Since the research results showed lack of approval of the relationship between capital structure and market share, the models represented in this research can be investigated more and new variables can be added or due to the existence of different calculation criteria for financial leverage we can propose the investigation of new models.

Regarding that financial leverage was calculated by using two methods that led to different results; it can be suggested to investigate about the causes in future researches.

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SEGMENTATION STUDIES FOR GREEN MARKETING AND THEIR LIMITATIONS

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ABSTRACT

Sustainable business practices emerge as a definitive market differentiator given the large market gains accruing to such companies. There is steady increase in the public's interest in, and willingness to act on sustainability, both as citizens and as consumers. Green products and campaigns can be an effective marketing tool when attracting customers; however, different segments of green consumers may react differently to these products and messages. The present article explores the results of various researches done on different variables of segmentation and their implications for green marketing. Segmentation approaches on the basis of demographic, socioeconomic as well geographic variables have proved to be futile. Psychographic segmentation seems to be more appropriate and has been recommended by many in academics, but, it only delivers part of the truth.

KEYWORDS
demographic, green-marketing, psychographic, segmentation, socioeconomic.

INTRODUCTION

Market segmentation is grouping of potential customers with similar needs or characteristics who are likely to exhibit similar purchase behaviour. Market segmentation is a marketing strategy which involves dividing a broad target market into subsets of consumers, businesses, or countries who are perceived to have, common needs, interests, and priorities, and then designing and implementing strategies to target them. Market Segmentation is the key to making better marketing decisions, building better marketing strategy and competitive advantage.

Market segmentation strategies are generally used to identify and further define the target customers, and provide supporting data for marketing plan elements such as positioning to achieve certain marketing plan objectives. Businesses may develop product differentiation strategies, or an undifferentiated approach, involving specific products or product lines depending on the specific demand and attributes of the target segment. Market segmentation is the most powerful tool available for generating strategic marketing advantage.

As green markets continue to exist in a somewhat infantile state of development further research is needed to see if there is an existence of clearly defined green consumer segments. Green products and campaigns can be an effective marketing tool when attracting customers; however, different segments of green consumers may react differently to these products and messages. Improving the understanding of green consumer segments and developing their profiles becomes increasingly important in effective targeting. For many companies the segmentation process has even become a vital part in creating a sound marketing strategy when positioning their products (Peter and Olson, 2004).

LITERATURE REVIEW

But some researchers argue that we are wasting our time even discussing green consumers because being green is not a fixed characteristic of a consumer. The same consumer may choose a green product in one situation but not another. Further it has been found that language can be a very effective means to reach people already persuaded of a subject's importance, but can actually decrease compliance among those people for whom the importance is not clear. This makes targeting these consumers an often frightful task as green buying behavior hinges on more than the characteristics of the consumer (Rex & Baumann, 2006).

The language we use in messaging is frequently assertive, reflecting that assumption. But that may not be the most effective way to get our target audience to take action. In the January 2012 edition of the Journal of Marketing, Ann Kronrod, Amir Grinstein, and Luc Wathieu say that it depends entirely on the target audience. Their research- "Go Green! Should Environmental Messages Be So Assertive", shows that imperative language can be a very effective means to reach people already persuaded of a subject's importance, but can actually decrease compliance among those people for whom the importance is not clear.

This is particularly interesting given that this same team reports that in an examination of real slogans from http://www.ThinkSlogans.com, environmental slogans were nearly three times more often assertive than a random mix of slogans for consumer goods (57% vs. 19%). Examples used of such imperative messaging included Greenpeace's "Stop the catastrophe" and Denver Water's "Use only what you need."

According to Kronrod et al, "The drawbacks in assertive phrasing have been extensively documented by researchers in communications, consumer behavior, and psycholinguistics. The overwhelming evidence accumulated thus far is that assertiveness interacts with consumers' drive for freedom in a counter persuasive manner." Nobody wants to be told what to do unless they already intend to do it. This brings us to the flip side of these findings. For an audience that is already committed to the importance of an issue, softer language can be irritating, as the message is perceived to be out of line with the urgency felt.

STATEMENT OF PROBLEM

In other words, communication in environmental and social justice messaging can do more harm than good, depending on who is on the receiving end. It is critical to align language to the perception of the particular segment in order to be effective. Thus, in order to have effective messages or otherwise we need to have a deeper understanding of green-market segments.

OBJECTIVES

In past decades, attempts of learning more about green consumers were done via various methods of market segmentation. The following are the main objectives of the study:

a. To investigate the different green market segments available.

b. To understand how effective the previous attempts at segmenting the green consumers have been

FINDINGS AND DISCUSSIONS

DEMOGRAPHIC SEGMENTATION

There are number of studies made in the past to research on the demographic characteristic toward buying green energy. Fuches & Arentsen (2002) have made a good client analysis based on demographic of the general customers segments which may have potential to buy green electricity. They have divided these target groups in to four main groups. The study of consumers' demographic helps the investors to understand the market trend and consumer behavior based on age, gender, income and education which could affect the consumer decision to buy green electricity (Robert, 1999). Jain & Kaur (2006) studied behaviour of the demographic attributes of 206 Indian green customers, based on age, gender, education, type of school studied, occupation and income. Parker et al. (2003) studied demographic characteristics of Canadian green consumers based on age, gender, income and education, in the scenario of restructured electricity market. Diamantopoulos et al. (2003) studied the demographic of British consumers to study their green behaviour. The demographic characteristics they used for the study were gender, marital status, age, number of children, educational level and social class. Mainieri et al. (1997) studied the influence of environmental concerns on the behaviour of American consumers' by studying their demographic characteristics. The above mentioned researchers studied the impacts of demographic characteristics in awareness and knowledge of environment protection, that how this knowledge can influence the purchasing decisions of green consumers.

AGE: The variable 'age' has especially been discussed extensively (e.g. D'Souza et al., 2006; Jain and Kaur, 2006; Roberts, 1996; Samdahl and Robertson, 1989). Yet it remains questionable how relevant this variable is when trying to distinguish regular consumers from green consumers (do Paco et al., 2009).

There are number of theories that support the argument that younger are more concern towards green energy, especially those who are grown up in environment where green energy was a salient feature are more conscious to this issue (Robert, 1999). Younger people are more interested to pay more for green electricity as compare to older. Older age 55-65 years, are willing to pay less amount $3.33 (per month) for green energy, similarly older than 65 years can pay less amount $6.79 for green energy Zarnikau (2003). Jain & Kaur (2006) found that the audiences belonging to age group of 18-35 years are more aware of environment protection and friendliness. Similarly Parker et al. (2003) reveals that the consumers of young ages play a vital role in choice of green products while purchasing and the people of young age are enthusiastic and willing to change their existing electricity supplier with a supplier who provides green energy.

On the other hand Diamantopoulos et al. (2003) and Mainieri et al. (2010) states that age plays no significant role in awareness of environmental issues and in consumers' choice of green products.

While some academics such as Kinnear et al. (1974) and McEvoy (1972) argue that there is no significant association between age and environmental behavior, others have found a significant negative correlation (Van Liere and Dunlap, 1981; Zimmer et al., 1994) as well as a confirmed positive relationship between the two items (Diamantopoulos et al., 2003; Roberts, 1996; Samdahl and Robertson, 1989). Despite these mixed results, the overall tendency according to Straughan and Roberts (1999, p.559) has been that "younger individuals are likely to be more sensitive to environmental issues".

GENDER: The variable 'sex' has also been thoroughly investigated. Theoretically, it has been argued that women are supposed to be more environmentally concerned than men, as they consider the effect of their actions on others more cautiously (Eagly, 1987). In practice, the findings have been equivocal once again. A number of studies found no significant association between gender and participation in environmental action or consciousness (e.g. Arbuthnot, 1977; Samdahl and Robertson, 1989). However, other researchers such as Diamantopoulos et al. (2003), Roberts (1996) and Van Liere and Dunlap (1981) could confirm the theoretical contemplations by Eagly. In turn, Mainieri et al. (1997) found that on the one hand women are more ecologically conscious with regard to purchasing environmentally friendly products and being active in recycling. On the other hand there was no significant difference between the two sexes with respect to participation in environmental activism. While in general results tend to favor women as the more environmentally conscious gender, findings are not completely conclusive.

SOCIOECONOMIC SEGMENTATION

Two additional variables that have also been carefully explored are 'education' and 'income', which fall under the category of socioeconomics.

EDUCATION: It is normally thought to be positively linked to environmental awareness and concern. This means the higher the educational level of an individual, the more likely he/she is to display a sense of responsibility for the environment. Granzin and Olson (1991) found e.g. that education was positively associated with environmental action (walking instead of driving) but these results could not be confirmed by Mainieri et al. (1997). Taking a holistic view, most of the studies that examined the relationship between level of education and environmental action or concern found a positive link between the pair (Roberts, 1996; Van Liere and Dunlap, 1981; Zimmer et al.). Yet, Samdhal and Robertson (1989) discovered a negative association between education and environmental attitudes, while Kinnear et al. (1974) found no considerable correlation. Although the study results of the link between education and environmental aspects have been more consistent than those of the aforementioned demographic variables, "a definitive relationship between the two variables has not been established" (Straughan and Roberts, 1999, p.561).

INCOME: The other socioeconomic variable 'income' was also heavily inspected. In most cases, researchers believe that income is positively related to environmental sensitivity, as people with higher incomes are able to afford the higher costs that are usually associated with ecologically friendly products and services. Several studies have confirmed this hypothesis (Kinnear et al., 1974; McEvoy, 1972; Zimmer et al., 1994). Though, other researchers found a negative relationship between income and environmental behavior or concern (Roberts, 1996; Samdahl and Robertson, 1989) and e.g. Van Liere and Dunlap (1981) have found no significant effect at all. In addition to that, Roberts (1996) also theorizes that earlier research results which have shown a positive link between income and environmental concern may not be up-to-date anymore, as there has been enormous growth in environmental awareness across all income levels, which is also in line with the aforesaid argument by the author of this paper that 'green' has become mainstream.

GEOGRAPHIC SEGMENTATION

Another type of segmentation approach that academics have also considered in the past is geographic segmentation. Several studies investigated if the variable 'place of residence' was connected to environmental attitudes and behavior. For these studies, results have been fairly consistent as most researchers found that there was a positive correlation between the two items (McEvoy, 1972; Samdahl and Robertson, 1989; Van Liere and Dunlap, 1981; Zimmer et al., 1994). The findings suggested that consumers living in urban areas were more likely to hold positive attitudes towards environmental matters. Only a study by Hounshell and Liggett (1973) found no connection between place of residence and ecological concern. Theoretically though, it could be argued that people living in rural areas might feel a closer connection with the environment and hence might also be likely to be more concerned with environmental issues. Another alternative, which would be in line with the reasoning in this study, might be that no considerable differences concerning place of residence among green and non-green consumers will be found anymore, as ecological awareness and concern have affected the wide masses regardless of geographical habitation. Hitherto it can be noted that demographic as well as socioeconomic and geographic segmentation have not delivered conclusive results. Neither of the approaches provided a convincing characteristical summary of the green consumer. Especially the effectiveness of demographic and socioeconomic variables has been questioned by many researchers (e.g. Ottman, 2009; Shrum et al., 1995; Straughan and Roberts, 1999). So the aforementioned profile of the 'typical green consumer' cannot be verified.

PSYCHOGRAPHIC SEGMENTATION

The inconclusive results of the preceding segmentation approaches have led several academics to believe that psychographic segmentation is a more appropriate tool to define the green consumer market (e.g. Ottman, 2009; Straughan and Roberts, 1999). Ottman (2009, p.3) maintains for instance that "the green consumer is really a psychographic rather than a demographic". This means that consumers are segmented according to their lifestyle, values and personality (Belch and Belch, 2003).

POLITICAL ORIENTATION: One factor that has been examined is 'political orientation'. It was generally assumed that consumers with liberal political beliefs are more likely to exhibit environmental attitudes and behaviors than conservative consumers (e.g. Van Liere and Dunlap, 1980). This assumption was confirmed by Roberts (1996, p.226), who found that "liberals are more prone to act in an ecologically conscious manner". While this assumption probably still holds today, as is evident in such liberal political parties like Bündnis 90/Die Grünen, also more conservative parties like e.g. the CDU in Germany, nowadays promote the protection of the environment as essential elements in their political programs (CDU, 2009). This again constitutes another substantiation of the widespread green development among consumers.

ALTRUISM: Another variable that is supposed to influence ecologically conscious consumer behavior (ECCB) is 'altruism'. Stern et al. (1993) introduced the concept of social- and biospheric altruism versus egoism. Social-altruism constitutes the need to ensure the well-being of others, while biospheric altruism is the regard for all non-human aspects of the environment. Although all three constructs had a significant influence on the 'willingness to take political action', they showed no predictive power concerning 'willingness to pay higher gasoline taxes'. The factor altruism has also been further explored by Straughan and Roberts (1999, p.568) who discovered that altruism was one of the strongest predictor variables in their model. Hence, they conclude that companies must not fail to communicate the "link between their environmental strategies and beneficial outcomes", while at the same time sufficiently displaying how others benefit as a consequence.

PERCIEVED CONSUMER EFFECTIVENESS

In addition, 'perceived consumer effectiveness' (PCE) has also been examined by a number of researchers (Berger and Corbin, 1992; Kinnear et al., 1974; Roberts, 1996; Straughan and Roberts, 1999; Weiner and Doescher, 1991). According to Straughan and Roberts (1999, p.562) PCE is "the premise that consumers' attitudes and responses to environmental appeals are a function of their belief that individuals can positively influence the outcome to such problems". The construct of PCE is also closely related to the concept of the 'locus of control'. According to do Paco et al. (2009, p.20), the locus of control "describes the extent to which the individual perceives that a reward or improvement depends on his behavior". Generally, it has been established that PCE does have a significant positive influence on ECCB. Especially, Roberts (1996) and Straughan and Roberts (1999) have observed that PCE was in both their studies the strongest predictor variable. They also note that this has important implications for marketers who must ensure that consumers will be informed on how they are contributing in preserving the environment by buying green. PCE as well as the locus of control, illustrate a situation in which the consumer is motivated by the conviction that he/she can make a difference by engaging in environmentally friendly behavior.

THE NATURAL MARKETING INSTITUTE'S SEGMENTATION

NMI, a leading business consultant and marketing research firm, has also been segmenting green consumers since the 1990s. NMI tracks more than 100 different driving forces of consumer behavior and divides them into five categories.

The **"LOHAS"** (Lifestyles of Health and Sustainability) group (16%) is very progressive on environment and society issues. This group constantly looks for ways to do more and is not affected by premium pricing.

The **"Naturalites"** (25%) use many natural products for personal health and well-being. They are interested in doing more to protect the environment but concentrate on their health first.

The **"Conventionals"** (23%) are interested in supporting environmental issues to the extent that results can be measured. They want a cost effective way to take care of the issues that will sustain.

The **"Drifters"** (23%) are not overly concerned about the environment. The "Drifters" admit there are issues but feel there is plenty of time to handle the problems. Although they do not make many green purchases, they do like to maintain a socially acceptable image. Therefore, if this group happens to be involved in green purchasing it may be for social acceptance.

The **"Unconcerned"** (14%) are the least involved in environmental issues. They are not interested in knowing about green products and make purchases primarily based on price, value, quality, and convenience.

THE ROPER ORGANISATION'S GREEN GAUGE STUDY

This study conducted for 1993 described five categories of green consumers. Three of these categories describe environmentally active consumer segments and the other two describe inactive segments. All of these segments defined differ in terms of behaviors, attitudes and demographics.

The **"true-blue greens"** are the most environmentally aware and show high levels of behavioral change in their purchase, consumption and disposal patterns.

The **"green-back greens"** are also inherently committed to making green decisions, but are not quite as far along as the true-blue greens.

The **"sprout"** segments have acknowledged the need for change and are just beginning to adjust their behaviors.

The **"grousers"** believe it is the companies' responsibility to make environmentally responsible decisions.

And finally, the **"basic browns"** don't think that they can make a difference or they just do not care (Iyer 1993).

The Roper report examines the stewardship potential of aiming environmental education programs more effectively at sizable and highly influential target segments of U.S. community leaders. The largest of these segments ((20%) of adults) are Roper Environmental Information Seekers. Some 35% of this segment is likely to perform pro-environmental behaviors, compared to 23% of the general public. Another, smaller segment (10%) called the Roper True Blue Greens is a significant segment that "walks" the environmental "talk." As would be expected, this segment shows high levels of pro-environmental behaviors. Importantly, this segment has a nearly one-half overlap with the Influential Americans segment (also 10%). But they may have even more in common when it comes to environmental education and stewardship. This indicates that Influential Americans (i.e., those with the financial prowess to make a difference) could possibly be associated with those same segments that are environmentally active (Coyle, 2004).

HARTMAN GROUP'S STUDY

There are also other green consumer segmentations published by the Hartman Group, which is a Seattle-based market research firm who has been tracking green consumer behavior since the 1980s. The Hartman Report on Sustainability categorizes five different green consumer groups.

The "Radical Engagement" group (36%) feels that our future will fall apart if we do not band together and radically change our behaviors.

The "Sustained Optimism" (27%) believes rationale intelligence can be used to sustain a promising future.

The "Divine Faith" (20%) feels God will take care of all of our needs.

The "Cynical Pessimism" (9%) thinks we cannot save ourselves, much less the planet.

And **the "Pragmatic Acceptance"** (8%) feel they have no control over environmental issues therefore they are not inclined to be concerned about environmental problems (The Hartman Group, 2007).

OTTMAN J. SUBSEGMENTS (2009)

According to Jacquelyn Ottman *president,* J. Ottman Consulting, *a green marketing consultancy* there are four green sub segments "Resource Conservers", "Health Fanatics", "Animal Lovers" and "Outdoor Enthusiasts" Ottman, J. (2009).

Resource Conservers hate waste. Spot them wearing classically styled clothing, toting cloth shopping bags and sipping from reusable water bottles. Avid recyclers of milk jugs and Tide bottles, they drop off old electronics at Best Buy. Ever watchful of saving their "drops" and "watts," they install low-flow showerheads and compact fluorescent bulbs branded with EPA's Energy Star labels. Shunning over-packaged products, they only turn on the lights when they have to, and they plug their appliances into power strips for easy shut-off when they leave for work.

Health Fanatics worry about overexposure to the sun, fear pesticide residues on produce, and fret over contaminants in children's toys. They apply sunscreen, scout out natural-food stores for the latest in organic foods, buy only natural cosmetics and pet care, and have switched out the toxic cleaning products for the non-toxic ones under the sink. They look for products marked with the "USDA Organic" seal of approval or EPA's Design for Environment logo.

Animal Lovers are likely to be vegetarian or vegan, belong to People for the Ethical Treatment of Animals (PETA), and boycott tuna and products with real fur. They seek out synthetic handbags and faux fur jackets, and favor the faux-meat options at restaurants. They perk up to news stories featuring animals in need, from manatees and polar bears to strays in their neighborhood, and are likely to volunteer at the local animal shelter. Out of concern for marine life, they eschew plastic bags.

Outdoor Enthusiasts spend their free time camping, rock climbing, skiing, and hiking. They vacation in national parks and plan their next adventure using tips from Outdoors Magazine. they seek to minimize the impact of their recreational activities. When shopping, they look for FSC (sustainably harvested) labels on their products, are also likely to purchase outdoor gear made from recycled materials

RECOMMENDATIONS AND SUGGESTIONS

We find that, traditional segmentation approaches such as demographic, socioeconomic as well geographic segmentation are not ideal in characterizing the green consumer market. Some research finds little to no connection between demographic characteristics and environmental behaviors and attitudes. Although income, age, education etc., work well to target consumers in some markets, green consumer targeting seems to be quite different (Shrum, McCarty, & Lowrey, 1995). So, profiling according to variables such as 'age' or 'income', despite their popularity among marketers, should not be first choice when trying to understand and learn more about the green consumer market.

However, some studies find psychographic variables to have more differentiating power (Levin, 1990). Though going green is resonating with many consumers the intensity level of these reactions is driven by differing variables, in particular, lifestyle. According to the findings of Natural Marketing Research Institute, the Roper Organization's Green Gauge Study and the studies by Hartman Group, psychographic segmentation seems to be more appropriate given that these studies have delivered results with a higher explanatory power. Consequently, it has been recommended by academics such as Straughan and Roberts (1999) that future research should preferably focus on extending results in the psychographic segmentation field. However, defining the green consumer in terms of psychographic segmentation also appears to be naïve and seems to deliver only part of the truth.

CONCLUSIONS
Thus, it can be summarized that the above segmentation attempts have delivered very mixed and inconclusive results. Other insights into the green consumer nature must also be included, when analyzing and trying to find an appeal to the ecological conscious consumer. Green products and campaigns can be an effective marketing tool when attracting customers; however, different segments of green consumers may react differently to these products and messages. Untapped theories must be investigated when it comes to learning more about the ecological consumer.

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TRANSFORMING THE NIGERIAN ECONOMY THROUGH FOREIGN DIRECT INVESTMENT: THE ROLE OF FINANCIAL DEVELOPMENT

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ABSTRACT

The paper examines the causal relationship between foreign direct investment, the significance of the country's financial system development and economic growth over the period 1981-2013. The study moved away from the standard approach of estimating the effect of FDI on economic growth, by incorporating financial development to examine its role in attracting FDI for the promotion of growth process. Using time series data published in the 2014 statistical bulletin by central bank of Nigeria, the study investigated the time series properties of the variables employing the Augmented Dickey Fuller test approach, and adopted the multivariate autoregressive test to confirm the existence of causal relationship among the variables of study. The result confirmed the existence of bi-directional causality among the variables, except the ratio of money supply to economic growth which showed a unidirectional causality from GDP to MSS. The paper suggests the need for a comprehensive and sequential reform of the financial system and sound articulation of economic policy for continued attraction of more FDI to boost economic growth.

KEYWORDS

FDI, Financial Development, Economic Transformation, Cointegration.

1.0 INTRODUCTION

The analysis of the role of foreign direct investment (FDI) in the transformation process of the economies of the developing nations, especially that of Nigeria, has attracted wide research interest. However, the results of these studies lack unanimity and the area remains increasingly foggy. Nevertheless, it is clear that inward bound FDI is important to the transformation process of developing economies by fulfilling three cardinal developmental objectives which includes: the provision of the much needed capital for domestic investment, hence bridging the saving-investment gap; providing foreign currency through initial investment and subsequent export earnings thus closing foreign exchange gap; and bridging tax-revenue gap by generating revenues through additional economic activities (Pradhan, 2008; Smith, 1997).

One of the features of Nigerian economy in the globalized world has been the continued dependence on increased inflow of foreign capital, for example foreign direct investment from the developed economies to solve the problem of insufficiency of capital from domestic sources for long term investment expansion. On the other hand, increased inflows of FDI have not been accompanied by significant improvement in macroeconomic performance. Notwithstanding this impressive trend of FDI inflows the Nigerian economy still faces severe challenges, such as aggravated poverty, low capacity utilization, declining output, burgeoning unemployment rates, epileptic power supply as well as infrastructural decay. The level of sophistication of the financial system is an important determinant both of the ability of the country to attract international capital and the ability of the country's financial system to withstand shocks to global capital flows (Ndikumana, 2003). Therefore, it is important to emphasize that the pre-condition necessary for FDI to generate positive macroeconomic performance in the host economy is the existence of a developed financial system. A developed financial system promotes efficient allocation of financial resources and helps to boost the absorptive capacity of the host country with respect to FDI inflows, which further contributes to the process of technological diffusion associated with FDI (Levine, 1997; 1991; Greenwood and Jovanovic, 1990).

Relatively, the Nigerian financial system is still shallow with limited range of financial products and services. For example, bank credit to the private sector is predominantly short term, government securities are principally of short term maturity, while inter-bank lending is still underdeveloped (Gelbard and Leite, 1999). Further to the above, the Nigerian capital market does not have a vibrant bond segment, thus rendering the market still small and illiquid. The Nigerian banking sector is continually embroiled in inefficient credit allocation and weak loan repayment enforcement mechanisms which exacerbate high proportion of non-performing loans.

The above debilitating financial ailments typically results in deficient financial intermediation, partly associated with low income and poor saving culture. These unimpressive characteristics inhibit efforts and policies (albeit inconsistent) initiated by successive governments to transform the Nigerian economy, generate employment, and improve the standard of living of the people. FDI is considered as a substitute for stock market investment in order to circumvent the difficulties of investing through the domestic capital market. This infers that FDI is attracted to economies with improved institutional and legal framework thus enhancing development of stock market working through various channels, and thus generating growth and transformation. Therefore, it could be inferred that FDI and financial market development may be complimentary and a substitute. This is based on the assumption that FDI can positively influence the activities of capital market, and vice-versa.

The objective of this study therefore, is to empirically examine the cointegrating and the causal relationship between foreign direct investment, financial development and economic performance in Nigeria. After this introductory section, the rest of the paper is structured as follows: section two reviews related literature, while section three describes the methodology employed in the study. Section four analyses empirical results, and section five concludes the study.

2.0 REVIEW OF RELATED LITERATURE AND THEORETICAL PERSPECTIVE

There are plethora of studies on the relationship between foreign direct investment and economic growth on one hand, and financial system and economic growth on the other hand. The results of these research studies usually lack unanimity.

2.1 THEORETICAL UNDERPINNING

Foreign Direct Investment and Securities Market imperfection theory developed by Hymer (1960) is the first macroeconomic theory of FDI which investigates imperfection in the securities markets and its relationship with foreign direct investment. The theory postulates that where there is no developed, liquid and deepened financial markets for transactions in equities, bonds and other securities (both foreign and domestic), as common to Nigeria and other Sub-Saharan countries, FDI may be a substitute for portfolio investment and long term investment in capital stock. The basic argument also holds for other countries with impediments to investing in the country's domestic markets, such as legal restrictions, capital controls, prohibitive tax regulations, or even information processing difficulties. FDI therefore, reaps the benefits of higher returns that simply cannot be achieved through portfolio investment (Ragazzi, 1973).

Furthermore, the development of the securities market imperfection theories adds the benefits of diversification. Thus, in countries where portfolio and intermediated investment are difficult or unavailable FDI serves to diversify investors' portfolio to an extent that may not have been possible without FDI. Even if real returns are equal, there will be benefits of diversifying risk internationally (Click and Coval, 2002). It must be noted that the development of diversification motives for FDI is associated with Rugman (1976, 1977). However, Jacquillat and Solnik (1978) suggest that international investors are poor tools for diversification. This diversification motive is supported by the hypothesis of Hymer (1960). Hymer (1960) hypothesized that for FDI to thrive there must be market imperfections that create conflicts. Thus, firms only invest overseas if they can take advantage of those capabilities that the domestic competitors do not possess. Therefore, the motivation is to have control of more markets, maximize profits and create oligopolies. By investing directly and by reducing competition, the firm aims to reduce or eliminate the conflicts (Ietto-Gillies, 1992). Hymer (1960) concludes that FDI is a strong progressive force which enables planning and organization of production in a worldwide scale and leads to increase in productivity and the spread of new technology and new products.

2.2 REVIEW OF EMPIRICAL STUDIES

In spite of enormous studies on effect of FDI on economic performance in Nigeria, incoherent research results constitute a source of concern to researchers.

2.2.1 FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH

The inflow of foreign capital may be significant in not only raising the productivity of a given amount of labour, but also allowing a large labour force to be employed (Sjoholm, 1999). The drive in favour of increased quality and quantity of FDI inflows and the offering of special inducements to attract FDI arises from the conviction that capital flows enhances economic performance by engendering technological transfers and spillovers. According to Romer (1993), there are important idea gaps between the poor and the rich countries, which foreign investment can ease the transfer of technological and business know-how to poorer countries. Thus, these transmissions of spillovers could stimulate substantial contributions to the growth of the macro economy. This is corroborated by Rappaport (2000) in his postulation that foreign investment may boost the productivity of all firms, not just those receiving foreign capital.

Zhang (2001) in a study of eleven developing countries in Latin America and Asia adopted the cointegration and Granger Causality methodological approaches observed that FDI promotes economic performance only in five of the eleven countries of study. He also observed that technology transfer and spillover efficiency are the key benefits of FDI to recipient countries. Nevertheless, these benefits are contingent on the absorptive capabilities of the host country, such as liberal trade policy, human capital development, and an export-oriented FDI policy.

Balasubramanyam, Salisu and Dapsoford (1996) explain significant implication of FDI on human capital. In their earlier examination, the result supports the assumption that FDI is more important for export promoting economies than import substituting economies. This implies that the influence of FDI on growth varies across countries. Similarly, it infers that trade policy of the country can significantly affect the role of FDI on economic growth.

FDI exerts a significant effect on economic growth (Blomstorm, Lepsey & Zegan, 1994). They add that there seem to be a threshold of income above which FDI has positive effect on economic growth and below which it does not. Ayanwale (2007) explains that only those countries that have reached a certain income level can absorb new technologies and benefits from technology diffusion, and therefore, reap the extra advantages that FDI can offer. Borensztein, De Gregorio and Lee (1998) observe the interaction of FDI and human capital as one of the reasons for differential response to FDI at different levels of income. This is due to the fact that it takes a well-educated population to understand and spread the benefits of new innovations to the whole economy.

Adewumi (2006) argues that GDP growth is usually the parameter for measuring economic growth of a country, even though it is not the only parameter. Gross domestic product includes all the production within the country for a given period. Foreign direct investment is included in GDP. Several research works have shown that FDI has positive impact on economic growth. An investigation by Loungani and Razin (2001) reports that of the three sources of capital flow (FDI, portfolio investment and primary bank loans) to the developing economies, FDI was observed to be more resilient during the global financial crisis from 1997-1998. Moss, Ramachandran and Shah (2005) produced similar conclusion in their investigation which focuses on Uganda, Tanzania and Kenya. The study reveals that the percentage of export from foreign investment is far more than the one from domestic investment in the three countries mentioned above.

According to OECD (2002) FDI simply increases efficiency of resources thereby raising factor productivity in the host country. It therefore, concludes that there is a positive influence of FDI on economic growth. The results of some empirical studies confirm the positive contributions of FDI to economic growth; but caution that the contributions depend on certain factors in the host country. Alfaro (2003) concludes that the contribution of FDI to growth depends on the sector of the economy where the FDI operates. According to him, FDI inflows to the manufacturing sector have a robust influence on growth, whereas FDI inflows to the extractive sector, especially of oil, appear to generate negative impact on growth. The effect of FDI inflows to the service sector could not be clearly established. However, an economy with a well-developed financial sector benefits more from FDI (Alfaro, Chanda, Kalemli-Ozcan and Sayek, 2003).

The impact of FDI on growth also depends on the local condition of the host country. Chowdhury and Mavrotas (2003) maintain that the contribution of FDI to growth depends on other factors which include human capital base in the host country as well as the degree of openness in the economy. They added that the impact of FDI on growth, in the short run, may be negligible. But Lall (2002) argues that FDI inflows affect many economic indices which in turn affect economic growth. Therefore, the impact of FDI on growth cannot be measured directly since the impact is through its contributions to these factors.

2.2.2. CONTRIBUTIONS OF FOREIGN DIRECT INVESTMENT TO ECONOMIC GROWTH IN NIGERIA

Studies on investment and economic growth in Nigeria produce varying outcome. The empirical evidence however is not unanimous. For instance, Odozi (1995) working on the determinants of FDI in Nigeria in pre and post periods of Structural Adjustment Programme (SAP) discovers that the macro policies in place during the pre-SAP era inhibited the inflow of FDI. This policy environment resulted in the proliferation and growth of parallel exchange markets and sustained capital flight.

Ogiogio (1995) identifies distortions as reasons for negative contributions of public investment to GDP growth in Nigeria. Contrarily, other researchers, such as Aluko (1961) and Obinna (1983) identify positive significant nexus between FDI and economic growth in Nigeria. However, Endozien (1968) submits that though there are linkages between FDI and the Nigerian economy, he maintains that the relationship is positively negligible. According to Oseghale and Amonkhienm (1987), FDI is positively associated with GDP growth. In their conclusion, they submit that increased inflows of FDI results in better economic performance.

Ariyo (1998) examined the trend of investment and its consequences on long-term economic growth in Nigeria. He observes that private domestic investment only consistently contributes to higher GDP growth rates between 1970 and 1995. However, reliable evidence that all the investment variables included in the analysis have any perceptible influence on economic growth was lacking. He therefore, suggests the need for an institutional re-arrangement that recognizes and protects the interests of major partners, (such as foreign investors) in the development of the economy.

Jerome and Ogunkola (2004) examined the magnitude, direction and prospects of FDI in Nigeria. They note general improvement in FDI regime in Nigeria. They also observe some serious deficiencies. These deficiencies were found in the area of corporate environment (such as corporate laws, bankruptcy and labour laws, among others), and institutional uncertainty as well as the rule of law.

Oyaide (1977), using indices of dependence and development as mirror of economic performance in Nigeria, concludes that FDI catalyses both economic dependence and economic development. According to him, FDI continuously promotes a level of development that would have been impossible without such inward flows of investment albeit, at the cost of dependence.

Furthermore, Oseghae and Amenkheinan (1987) explored the nexus between oil exports, international debt and foreign direct investment in Nigeria on one hand, and the impact of this relationship on the sectoral performance, on the other hand. They surmise that foreign borrowing and FDI negatively influence overall GDP. However, they conclude that the variables generate significantly positive impact on three main sectors of the Nigerian economy, viz: manufacturing, transport, communication, insurance, and finance.

Oyinlola (1995) examined the contributions of foreign direct investment to the prosperity or poverty of least developed countries (LDCs). He conceptualized foreign capital to embrace foreign loans, foreign direct investment and export earnings. Adopting a two-gap model credited to Chenery and Stout (1966), Oyinlola (1995) concludes that FDI generates a negative effect on economic growth and development in Nigeria. However, Ekpo (1995) using time series data reports that political regime, real income per capita, rate of inflation, global interest rates, credit rating and debt service are the key factors responsible for the variability of FDI into Nigeria.

Adelegan (2000) explored the seemingly unrelated regression model to examine the impact of FDI on economic growth in Nigeria and observed that FDI is pro-consumption and pro-import and negatively related to gross domestic investment. Akinlo (2004) found that foreign capital has a negligible and not statistically significant effect on economic growth in Nigeria.

However, according to Ayanwale (2007), these studies did not control for the fact that most of the FDI is concentrated on the extractive industry (oil, gas and natural resources). Assessing the influence of FDI on firm level productivity in Nigeria, Ayanwale and Bamire (2001) report a positive spillover of foreign firms on domestic firms' productivity.

2.2.3. THE SIGNIFICANCE OF FINANCIAL DEVELOPMENT

The significance of the financial development is based on the financial theory of repression. The theory suggests that efficient utilization of foreign and domestic financial resources/capital through a highly developed, organized and liberal financial market enhance economic growth Mckinnon, 1973; and Shaw, 1973). In his pioneering work, Shaw (1973) emphasized the role of developed financial system and efficient intermediation process in promoting savings and investment. Other related studies have also examined the relationship between finance and growth using cross sectional data/panel and time series data.

For instance, King and Levine (1993a), Levine and Zervos (1998) empirically provide evidence to support the hypothesis that financial development promotes economic growth. Similarly, Aziakpono (2002) and Nwakoma (2004) offer evidence that financial development positively support economic growth in Africa. This infers that a well-developed, liquid and functioning financial system is a necessary condition for efficient exploitation or realization of maximum benefits of foreign direct investment for the transformation of developing economies to full potential. Alfaro, Chandra, Kalemli-Ozcan and Sayek (2000) find that FDI promotes economic growth in economies with sufficiently developed financial markets. However, Balasubramanyam, Salisu, and Dapsoford (1996) emphasized the need for openness of the economy as a critical condition for realizing growth-effect of foreign direct investment.

In the 1980s, Nigeria embarked on various reforms of the financial systems. Nigeria, in 1986 introduced the Structural Adjustment programme designed to disentangle the economy from the cord of financial repression and liberalize the financial system to completely liberalized capital account transaction to provide the stimulant for growth and transformation. The emergence of democratic rule further boosted the upsurge of inflow of foreign direct investment in Nigeria through equity participation in the oil and gas sector, the privatization of public enterprises and investment in telecommunications. In Nigeria, FDI inflow increased from an average of N196.68million in the 1970s N2006.36 million in the 1980s and averaged N54,920.08 million through the 1990s. FDI maintained an upward trend from 2002 to 2007. It rose by 172.03 percent in 2004 to N1,775.59 billion in 2006, although it declined by 12.69 percentage point to N1553.72 billion in 2007, (Mordi, Englama, and Adebusuji, 2010).

3.0 METHODOLOGY AND DATA

Annual data between 1981 and 2013 published by the Central Bank of Nigeria in 2014 are employed for estimation of the causal relationship between foreign direct investment, financial development and economic growth. Two indicators of financial deepening are considered useful in the measurement of financial development. The first measure is the ratio of broad money supply (M2) to gross domestic product. M2/GDP measures the degree of the monetization of the economic system and serves as an indicator of the expansion payment system and saving function. The other measure of financial development used in this study is the ratio of credit to private sector to gross domestic product (CPS/GDP). CPS/GDP measures the degree to which financial intermediaries are able to identify profitable investments, monitor, manages, facilitate risk management and mobilize savings (Odeniran and Udeaja, 2010). According to Calderon and Liu (2003), CPS/GDP has an advantage because it considers credit channeled to the private sector, as opposed to credit issued to government, government agencies, and public enterprises. CPS/GDP also excludes credit issued by the Central Bank. CPS/GDP is a reliable measure of financial development because CPS is an accurate reflection of the actual volume of funds directed to the private sector for long term productive investments (Gregorio and Guidotti, 1995). Real GDP growth (GDPG) is used as a measure for economic transformation. The ratio of FDI to GDP is used to measure the performance of FDI in filling the savings and investment gap.

3.1.0 ECONOMETRIC CONTEXT

The significance of financial development in the estimation of FDI-led economic growth hypothesis employs a structure which encompasses the following econometric framework that:

i. investigates the order of integration to ascertain the stationary properties of the time series variables
ii. Conducts a cointegration test to determine the existence of cointegrating relationship between the variables, and
iii. Performs Granger Causality test to evaluate the direction of causality and feedback between the variables.

3.1.1. INVESTIGATION OF ORDER OF INTEGRATION

Examining the unit root property or stochastic non-stationary property of the individual time series variable to confirm the order of integration, the Augmented Dickey Fuller (ADF) process is estimated with the following equation:

$$\Delta Y_t = \Psi_0 + \Psi_{1t} + \beta y_{t-1} + \sum_{j=l}^{k} \delta j \Delta Y_{t-1} + \varepsilon_{1t} \qquad (1)$$

where Yt represents relevant time series, Δ is the first difference operator, t is a linear trend, and ε_{1t} is pure white noise. The null of no existence of non-stationarity is H_0. Failure to reject the null results in differencing of the series until stationarity is achieved and null rejected. Akaike Information Criterion AIC) was used to determine the lag length.

3.1. 2 COINTEGRATION TEST

Cointegration regression is conducted to confirm the existence of long run and equilibrium relationship between the variables of study. The existence of long run equilibrium equations infers that the variables move together over time and guarantees that the variables do not drift apart, so that short term disturbances from the long run trend are corrected. Thus we employ the Johansen and Jesulius (1990) maximum likelihood test which set up the economic procedure of a non-stationary time series as:

$$\Delta Y_t = \Pi y_{t-1} + \sum_{i=1}^{k-1} \square i \Delta Y_{t-1} + \beta_{xt} + \varepsilon_{1t} \qquad (2)$$

$$\Pi = \sum_{i=1}^{k=1} Ai-1, \quad \square = -\sum_{i=i+1}^{k} Aj \qquad (3)$$

where Yt represents k-vector of the 1(1) variables, xt is a vector of a deterministic variables, $\square$ is the number of cointegrating relations, whereas ε_{1t} is an identically and independently distributed error term. Trace test and maximum eigenvalue are used to confirm the hypothesized existence of $\square$ cointegrating vectors. In the application of trace test, the number of distinct cointegrating vectors is less than or equal to $\square$ against a general alternative, while the maximum eigenvalue test statistic is the likelihood ratio test statistic for the null hypothesis of $\square$ cointegrating vectors against the alternative r+1 cointegrating vectors

3.1.3 GRANGER CAUSALITY TEST

This test assumes that the information relevant to the prediction of the respective variables is solely contained in the time series data of the variables (Gujarati, 2003). The variables of this study are indicated as GDP, FDI, CPS and MSS captured in the model specified below:

$$GDP_t=\lambda_1+\sum_{i=1}^{P}\square_1 GDP_{t-1}+\sum_{j=1}^{q}\beta_1 FDI_{t-j}+\sum_{k=1}^{r}\delta_1 CPS_{t-k}+\sum_{\iota=1}^{s}\Pi_1 MSS_{t-l}+\phi EC_{t-1}+\varepsilon_t \qquad (4)$$

$$FDI_t=\lambda_2+\sum_{i=1}^{P}\square_2 FDI_{t-1}+\sum_{j=1}^{q}\beta_2 GDG_{t-j}+\sum_{k=1}^{r}\delta_2 CPS_{t-k}+\sum_{\iota=1}^{s}\Pi_2 MSS_{t-\iota}+\phi EC_{t-1}+\varepsilon_t \quad (5)$$

$$CPS_t=\lambda_3+\sum_{i=1}^{P}\square_3 CPS_{t-1}+\sum_{j=1}^{q}\beta_3 FDI_{t-j}+\sum_{k=1}^{r}\delta_3 GDP_{t-k}+\sum_{\iota=1}^{s}\Pi_3 MSS_{t-\iota}+\phi EC_{t-1}+\varepsilon_t \quad (6)$$

$$MSS_t=\lambda_4+\sum_{i=1}^{P}\square_4 CPS_{t-1}+\sum_{j=1}^{q}\beta_4 FDI_{t-j}+\sum_{k=1}^{r}\delta_4 GDP_{t-k}+\sum_{\iota=1}^{s}\Pi_4 MSS_{t-\iota}+\phi EC_{t-1}+\varepsilon_t \quad (7)$$

4.0 EMPIRICAL ANALYSIS

4.1 STATIONARITY TEST RESULTS

The results of unit root tests performed on all the variables with the application of Augmented Dickey Fuller (ADF) statistics is shown in table 1 below. The null hypothesis of the existence of unit root can not be rejected at 5 percent for all the variables at the levels. All the variables attained stationarity after second difference, except FDI at first difference.

TABLE 1: RESULTS OF UNIT ROOT TEST AT 5 PERCENT LEVEL OF SIGNIFICANCE

	Levels		First Difference		Second Difference		Order of Integration	Lag Length
Variables	ADF Statistics	Critical value	ADF Statistics	Critical values	ADF Statistics	Critical values		
GDP	5.275731	-1.952066	-1.324443	-1.952473	-6.363158	-0.95291	1(2)	1
FDI	1.395226	-1.952066	-2.532758	-1.952473			1(1)	1
MSS	1.615783	-1.952066	-0.080155	-1.952473	-3.609165	-0.95291	1(2)	1
CPS	3.00323	-1.952066	-0.975811	-1.952473	-6.047099	-0.95291	1(2)	1

Source: Authors' Computation

4.2 RESULTS FROM COINTEGRATION TEST

The results of cointegration investigation under the assumption of linear deterministic trend presented in table 2 below indicates that the trace statistics and the maximum eigenvalue test statistics show evidence of three and two cointegrating relations at 5 percent and 1 percent respectively among the variables, hence the null hypothesis of the absence of cointegrating relations is rejected. This infers that there exists a unique long-run relationship between the variables.

TABLE 2: JOHANSEN MAXIMUM LIKELIHOOD COINTEGRATING TEST RESULTS

Date: 12/29/14 Time: 14:18
Sample(adjusted): 1984 2013
Included observations: 30 after adjusting endpoints
Trend assumption: Linear deterministic trend
Series: GDP FDI MSS CPS
Lags interval (in first differences): 1 to 2

Unrestricted Cointegration Rank Test

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	5 Percent Critical Value	1 Percent Critical Value
None **	0.957963	163.6606	47.21	54.46
At most 1 **	0.816607	68.58438	29.68	35.65
At most 2 *	0.376111	17.70059	15.41	20.04
At most 3	0.111515	3.547110	3.76	6.65

*(**) denotes rejection of the hypothesis at the 5%(1%) level
Trace test indicates 3 cointegrating equation(s) at the 5% level
Trace test indicates 2 cointegrating equation(s) at the 1% level

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	5 Percent Critical Value	1 Percent Critical Value
None **	0.957963	95.07626	27.07	32.24
At most 1 **	0.816607	50.88379	20.97	25.52
At most 2 *	0.376111	14.15348	14.07	18.63
At most 3	0.111515	3.547110	3.76	6.65

*(**) denotes rejection of the hypothesis at the 5%(1%) level
Max-eigenvalue test indicates 3 cointegrating equation(s) at the 5% level
Max-eigenvalue test indicates 2 cointegrating equation(s) at the 1% level

Normalized cointegrating coefficients (std.err. in parentheses)

GDP	FDI	MSS	CPS
1.000000	33.27063	50.62723	-96.62645
	(5.54311)	(6.85599)	(13.1047)

Source: Authors' computation

The normalized cointegrating coefficient is expressed as:

GDP + 33.27063FDI + 50.62723MSS – 96.62645CPS. (8)

The ECM can be expressed as:

ECM=GDP -33.27063FDI-50.62723MSS+96.62645CPS (9)

The long run economic growth through FDI and financial system is elucidated by normalizing the estimates of the unconstrained cointegrating vector on economic transformation in equations (8) and (9).

4.3 VECTOR AUTO-REGRESSIVE (VAR) ESTIMATION RESULTS

The results of the variables from Granger causality estimates are presented in table 3.

In establishing the nature of causality between the variables using a pair-wise Granger Causality test for the existence of causality and possible feedback with two lags of each variables, the estimated results obtained are discussed below.

TABLE 3: GRANGER CAUSALITY TEST RESULTS

Pairwise Granger Causality Tests
Date: 12/29/14 Time: 14:15
Sample: 1981 2013
Lags: 2

Null Hypothesis:	Obs	F-Statistic	Probability
FDI does not Granger Cause GDP	31	3.82193	0.03507
GDP does not Granger Cause FDI		5.77264	0.00842
MSS does not Granger Cause GDP	31	1.09374	0.34988
GDP does not Granger Cause MSS		8.60289	0.00136
CPS does not Granger Cause GDP	31	5.06088	0.01392
GDP does not Granger Cause CPS		13.9116	7.8E-05
MSS does not Granger Cause FDI	31	45.0422	3.6E-09
FDI does not Granger Cause MSS		13.5433	9.3E-05
CPS does not Granger Cause FDI	31	23.6081	1.4E-06
FDI does not Granger Cause CPS		7.98425	0.00198
CPS does not Granger Cause MSS	31	19.4648	6.8E-06
MSS does not Granger Cause CPS		20.5344	4.5E-06

Source: Authors' computation

The null hypothesis in each case is that the variables under consideration does not granger cause the occurrence or determine variation in the other variable. Since the estimated F- distribution is assumed to be significant at 5 percent level, thus the critical value $F\alpha = F_{0.05}$ at the n and n-k-1 degree of freedom (df), i.e. 3 and 33-3-1 df equals 2.92.

The estimated results show that GDP, FDI, MSS and CPS were significant at 95 percent confidence interval with feedback or by-directional causality. The result showing a bi-directional causality between CPS and GDP is consistent with the findings of Jean-Claude (2006) in China. Cases of feedback or bi-directional causality between the variables are observed, except between MSS and GDP. Therefore, the hypothesis that FDI does not granger cause GDP, taking into consideration the role of the financial development, is rejected because the calculated F-value in each of this bi-directional relationship is higher than the critical value of 2.92 at 5 percent level of significance. However, MSS has robust bi-directional causality with other variables, except with GDP where it exhibits a unidirectional causality. This result supports the findings of Nnanna, (2004). Therefore, we fail to reject the null hypothesis that MSS does not granger cause GDP. The calculated F-value of 1.09374 is lower than 2.92 at 5 percent level of significant. Nevertheless, past values of GDP have the predictive ability to determine the current values of money supply (MSS).

Concerning the bi-directional causality or feedback between FDI and GDP, it is likely that certain domestic economic policies, such as liberalization, privatization and commercialization, and tax incentives to foreign investors could be responsible for this robust bi-directional causality. It is also possible that both variables (GDP and FDI) themselves may have positively influenced the growth of the other variable. The two measures of financial development employed in this study show robust bi-directional relationship with FDI.

The absence of a bi-directional causality between MSS and GDP suggests the possibility of excess supply of money relative to economic activities over the demand for money. The imbalance arising from excess monetization of the economic system may have exacerbated distortions, stimulated inflation and instability and spawned adverse influence on expected returns on investment, and consequently impede growth.

CONCLUSION AND POLICY RECOMMENDATION

This study examines the causal robustness of FDI and economic growth with additional emphasis on the significance of the level of financial development between 1981 and 2013. Employing cointegration and multivariate vector auto-regressive (VAR) techniques to investigate long run equilibrium relationship and the causal relationship respectively between GDP, FDI and selected measures of financial development (MSS and CPS), the paper finds that GDP, MSS and CPS were integrated of order two, while FDI was integrated of order one. Furthermore, Johansen's multivariate cointegration test confirms that the variables were cointegrated, which infers the presence of long run equilibrium relationship between the variables.

The study confirms the presence of bi-directional causality between GDP and FDI, FDI and CPS, as well as FDI and MSS. A unidirectional causality was found from GDP to MSS. The findings above indicate that financial system is a significant conduit in attracting FDI inflows to boost economic growth in Nigeria.

The findings of this study have clear policy implications. The evidence of bi-directional causality between credit to the private sector relative to economic activities, the ratio of FDI and GDP; and the ratio of CPS and FDI is an indication of simultaneity between financial development and FDI, FDI and GDP as well as CPS and GDP. This emphasizes the significance of a well developed financial system in boosting inflows of foreign direct investment that has the capacity to support growth. This study, therefore suggests that greater emphasis be placed on comprehensive and sequential development of the country's financial system. Moreover, there is a need for monetary authority to be more prudent and cautionary in developing policies aimed at circumventing inflationary spiral and instability in managing the flows of money in the economic system. Additionally, economic policies aimed at improving FDI inflows need to be strengthened.

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APPENDIX

TABLE 4

Year	FDI/GDP	CPS/GDP	M2/GDP	GDPG
1981	3757.9	9.1	15.3	94.33
1982	5383.8	10.6	15.6	101.01
1983	5949.5	10.6	16.1	110.06
1984	6418.3	10.7	17.3	116.27
1985	6804	9.7	16.6	134.59
1986	9313.6	11.3	17.7	134.6
1987	9993.6	10.9	14.3	193.13
1988	11339.2	10.4	14.6	263.29
1989	10899.6	8	12	382.26
1990	1036.1	7.1	11.2	472.65
1991	12243.5	7.6	13.8	545.67
1992	20512.7	6.6	12.7	875.34
1993	66787	11.7	15.2	1089.68
1994	70714.6	10.2	16.5	1399.7
1995	119391.6	6.2	9.9	2907.36
1996	122600.9	5.9	8.6	4032.3
1997	128331.9	7.5	9.9	4189.25
1998	152410.9	8.8	12.2	3989.45
1999	154190.4	9.2	13.4	4679.21
2000	157508.6	7.9	13.1	6713.57
2001	161441.6	11.1	18.4	6895.2
2002	166631.6	11.9	19.3	7795.76
2003	178478.6	11.1	19.7	9913.52
2004	249220.6	12.5	18.7	11411.07
2005	324656.7	12.6	18.1	14610.88
2006	481239.1	12.3	20.5	18564.59
2007	552498.6	17.8	24.8	20657.32
2008	586309.8	28.5	33	24296.33
2009	811140	36.7	38	24794.24
2010	908880	18.7	20.4	54204.8
2011	1095840	16.9	19.2	63258.58
2012	1191740	20.6	19.5	71186.53
2013	1278670	19.7	18.9	80222.13

Source: Central Bank of Nigeria Statistical Bulletin 2014

A STUDY OF FEMININE SANITARY WELL BEING OF KORKU TRIBE IN SOUTH MADHYA PRADESH

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ABSTRACT

The Knowledge of perception and behaviour on the use of sanitary pads during menstruation among adolescents of school age is a vital aspect of health education. The study was carried out among school girls and women in close proximity. It investigated perception as well as behaviour on the use of sanitary pads during menstruation. Specific objectives were tailored to determine women in nearby village and adolescent girls' perception on the use of sanitary pads during menstruation and also to assess their behaviour on using sanitary pads for menstrual hygiene. The basic phenomenon of menstruation is seen in the women of all the ages, almost from 14 to 45 years of age. The biggest snag is to change the mindset of the people. Since, it's a delicate and neglected issue and is still not well received by even urban, educated people, so women in the interiors shy away from it. So, keeping such a thought in mind it has been planned to work for not just providing ease in their practices but also for paving way for women empowerment and generation of livelihood on small scale through involving them in sanitary napkin production and distribution.

KEYWORDS

Adolescent girls, Korku community females, menarche, menstrual hygiene, menstrual problem.

BACKGROUND

If water is life, sanitation is surely a 'way of life' and access to such facilities has an impact on the quality of human life and health. A holistic definition of sanitation includes safe drinking water liquid and solid waste management, environmental cleanliness and personal hygiene. Failing to ensure any one of these can have direct implications on the individual/family/community's health. Lack of adequate sanitation is a pressing challenge in rural India. To achieve on the holistic definition of Sanitation the issues related to solid and liquid waste management, use of waste (human and animal) for generating power and awareness generation and capacity building on innovative clean technologies needs utmost importance. There is enough traditional knowledge on waste management in the region and it was time proper attention was given to initiatives that have been successful in creating 'wealth' from 'waste' there is a need to deepen our understanding on the linkages between climate change and sanitation and to use the same for advocating policy change on sanitation.[1]

Within the ambit of health and sanitation endorsement policies, especially in rural India, sanitation has other diversion also which concentrates on the feminine sanitary well being. Healthy girl child and women are the nitty-gritty of healthy society. Proper menstrual hygiene has remained neglected contributing to poor health outcomes in women's health not just in developing countries but worldwide. Article 25 of International declaration of Human rights states that everyone has the "**Right to a Standard of Living**" adequate for the health and well-being of himself and of his family, including food, clothing, and housing and medical care and necessary social services, motherhood and childhood are entitled to special care and assistance.[2]

Menstruation is a basic phenomenon exclusive to the females. The onset of menstruation is one of the most important changes occurring among the girls during the adolescent years. The basic phenomenon of menstruation is seen in the women of all the ages, almost from 14 to 45 years of age. The biggest snag is to change the mindset of the people. A culture of silence has prevailed resulting from the long-standing taboo attached to menstruation and menstrual hygiene practices in India. Since, it is a delicate and neglected issue and is still not well received by even urban, educated people, so women in the interiors shy away from it. The first menstruation occurs between 11 and 15 years. Adolescent girls constitute a vulnerable group, particularly in India where female child is often neglected. Menstruation is still regarded as impious or dirty in Indian society. Women and adolescent girls are often hesitant to broach these topics even amongst their closest kith and kin. The reaction to menstruation depends upon awareness and knowledge about the subject. The manner in which a girl learns about menstruation and its associated changes may have an impact on her response to the event of menarche. Although menstruation is a natural process, the stigma attached to menstruation has contributed to the dearth of knowledge amongst females in both urban and rural communities as to the correct menstrual hygiene practices.

In addition to the lack of factual information many women continue to practice cultural traditions related to menstruation, such as practices of seclusion at home, refraining from daily household tasks and prayer, and remaining absent from work. These practices reflect the perception of menstrual blood loss as an 'impure' state and not as a normal human physiological phenomenon. Consequentially the constraints placed by these social and cultural norms not only impact on the health but also on the livelihood and opportunities of women. Women struggle to sustain continuous employment and the education of adolescent girls likewise are disrupted due to periodic menstruation-related absences.

In addition to poor awareness and traditional cultural practices, other important barriers to the practice of menstrual hygiene within village communities in India are the lack of economic power and empowerment of rural women. A rural woman's life is confined to the walls of her home or to engaging in unpaid labour in the fields. She seldom has access to any source of education or formal paid employment. Her economic, social and political disempowerment restricts her ability to take her own decisions or to act freely on her opinion, limits her access to resources, and bars her from making choices important for her overall well being. Restrictions on physical mobility and economic dependency together constitute a major barrier to a woman's ability to make her choices regarding practices of menstrual hygiene. The patriarchal structure of Indian society remains one of the biggest challenges to the healthy development of women and girls. The shame and myths associated with menstruation, the secondary treatment meted out to the girl child, the nutritional biases which a female faces from her childhood, ignorance, illiteracy, lack of resources and inability to take decisions are some of the factors which impact women's health. While an average urban Indian woman has to some extent given voice to her concerns or managed to address them, the woman living in the rural areas still grapples with problems and taboos related to her reproductive and menstrual health. The limited solid waste management systems and the lack of mechanisms for disposal of sanitary napkins in rural areas is a major practical concern which makes the switch from cloth to napkins difficult.

Menstrual hygiene matters because globally, approximately 52% of the female population (26% of the total population) is of reproductive age. Most of these women and girls will menstruate each month for between two and seven days. And to manage menstruation hygienically and with dignity, it is essential that women and girls have access to water and sanitation. They need somewhere private to change sanitary cloths or pads; clean water and soap for washing their hands, bodies and reusable cloths; and facilities for safely disposing of used materials or a clean place to dry them if reusable. It's a neglected issue as Women and girls are often excluded from decision making and management in development and emergency relief programmes. At the household level, they generally have little control over whether they have access to a private latrine or money to spend on sanitary materials. Even when gender inequalities are addressed, deeply embedded power relations and cultural taboos persist. Most people and men in particular, find menstrual hygiene a difficult subject to talk about. As a result of these issues, water, sanitation and hygiene programmes often fail to address the needs of women and girls. Men and boys typically know even less, but it is important for them to understand menstrual hygiene so they can support their wives, daughters, mothers, students, employees and peers. So, there is also a need for both men and women to have a greater awareness of good menstrual hygiene practices.

IMPACT ON EDUCATION
Many schools do not support adolescent girls or female teachers in managing menstrual hygiene with dignity. Inadequate water and sanitation facilities make managing menstruation very difficult, and poor sanitary protection materials can result in blood-stained clothes causing stress and embarrassment.
Teachers (and male members of staff in particular) can be unaware of girls' needs, in some cases refusing to let them visit the latrine. As a result, girls have been reported to miss school during their menstrual periods or even drop out completely.
Hygiene-related practices of women during menstruation are of considerable importance, as it has a health impact in terms of increased vulnerability to reproductive tract infections (RTI). The interplay of socio-economic status, menstrual hygiene practices and RTI are noticeable. Today millions of women are sufferers of RTI and its complications and often the infection is transmitted to the offspring of the pregnant mother. The consequences of RTIs are severe and may result in significant negative impact to a woman's health. They include chronic pelvic pain, dysmenorrhea (painful periods) and in severe cases infertility.
Women having better knowledge regarding menstrual hygiene and safe practices are less vulnerable to RTI and its consequences. The practice of good menstrual hygiene reduces the incidence of reproductive tract infection (RTI). Therefore, increased knowledge about menstruation right from childhood may escalate safe practices and may help in mitigating the suffering of millions of women.

OBJECTIVES OF THE STUDY
This study was undertaken with the following objectives:
1. To develop acquaintance in community women and girls with the subject of menstrual hygiene management,
2. To provide thorough knowledge on the important issues regarding menstrual health and hygiene.
3. To generate acceptability in community for manufactured sanitary materials,
4. To develop a mechanism within the institutions with the help of trained population groups for production and sale of sanitary napkins in rural communities.

RESEARCH METHODOLOGY
Type of study: Community-based observational study.
Place of study: The present study was undertaken among the adolescent schoolgirls and nearby villages in south MP.
Village population: 3229 females (approx.)
Sample size: 47females and 2 males from 5 different villages were selected to conduct the survey.
Study tool: Structured questionnaire.
Methodology: After taking permission from the school authority, the school teachers of class VIII to X were explained the purpose of the study and rapport was built up with the girl students and verbal consent was obtained from them. Briefing was done to the students regarding the questionnaire provided to them. This pre-designed and structured questionnaire included topics relating to awareness about menstruation; source of information regarding menstruation, hygiene practiced during menstruation and restricted activities practiced during menstruation. At the end of the study, after collection of the questionnaire from the students, all their queries were answered satisfactorily by the facilitator.

REVIEW OF LITERATURE
1) In a study done by Mudey (2010) shows that of the adolescent girls who developed RTI, 66.7 per cent used cloth and only 12 per cent used sanitary napkins. However, using cloth in itself does not increase chances of RTI. The concern arises from the methods of use: prolonged use of the same cloth, not washing the cloth properly, and not drying the cloth in the sun. All these contribute to the development of infections.[3]
2) Earlier, UNICEF, in partnership with the Water Supply and Sanitation Department, Government of Maharashtra (GOM), conducted a study published in October 2010. The study surveyed over 400 adolescent women, girls and frontline workers in villages with Sanitary Napkin Production Units in Maharashtra[4]. According to the study:
   a) 53 per cent of the women interviewed reported using cloth during menstruation and 42 per cent reported using sanitary napkins. The usage of sanitary napkins was higher amongst adolescent girls compared to women in each community.
   b) 46 per cent of sanitary napkin users were from above poverty line (APL) families and 41 per cent from below poverty line (BPL) families.
3) Menstrual Hygiene is still a very important risk factor for reproductive tract infections and it is a vital component of the health education of the adolescent girls. Educational television programmes, trained school nurses/ health personnel, motivated school teachers, and knowledgeable parents can play a very important role in transmitting the critical messages of correct practices about menstrual hygiene to the adolescent girls of today.[5]
4) Another study done by Umesh Shrivastava (AISECT University Bhopal) concludes that:
   a) It is the mother who needs to be educated so that she can educate her daughter and so on and so forth.
   b) The males of this section of the society should also be made aware of the advantages of use of sanitary napkins so that they encourage the practice of the same. Universities and educational institutes can come up and adopt a few villages and start a drive on rural hygiene. This may include a health check-up camp and free distribution of sanitary napkins.
   c) There can be weekly classes on sanitary hygiene for adolescent girls wherein a doctor can teach these girls the usage and proper disposal of napkins. Education of menstrual hygiene at a primary level will play a key role in the usage of sanitary napkins by rural females in the years to come. The NGO'S and NPO's can be of great help in distribution of sanitary napkins and creating awareness about it.
   d) The village head or the Sarpanch should play the key role to ensure that the females of his/her village are being provided with sanitary napkins and hygienic lifestyle.
   e) The Govt. can be of great help in creating awareness about the usage of napkins and distributing it for free or at a subsidized rate. By promoting small scale industries to manufacture napkins locally and in the process generating employment too. There is a vast untapped rural market still to be explored, only if there is a willingness to contribute to the society, by compromising a wee bit on the margins and a vision to see rural women also at par with the other strata of the society. It will also help these women to live respectfully and with confidence and the future generations would be deeply benefitted by today's actions.[6]
5) It can be said that among the adolescent school girls in both the urban and rural areas, the knowledge on menstruation is poor and the practices are often not optimal for proper hygiene. Menstrual hygiene is an issue needs to be addressed at all levels. A variety of factors are known to affect menstrual behaviours, the most influential ones being economic status and residential status (urban and rural). Awareness regarding the need for information on healthy menstrual practices is very important. It is essential to design a mechanism to address and for the access of healthy menstrual practices.[7]

RESEARCH GAP
The research gap identified in the above study is that none of the studies mentioned and focused on generating livelihood through creating women entrepreneurs especially for the landless families.

So, in the present study we will talk and focus on what can be the diverse measure through which the livelihood can be shaped and also the essential point to make the community habitual of using the napkins which the community still resists. The disposal of napkins in the villages is again a huge matter of concern which is not at all worked upon.

ANALYSIS & INTERPRETATIONS

The purpose of the any data analysis and interpretation phase is to transform the data collected into credible evidence about the development of the intervention and its performance.

TABLE 1: DEMOGRAPHIC PROFILE (Sample Size – 49)

		In Number	In Percentage
Gender	Male	2	5%
	Female	47	95%
Age	12-18years	16	32%
	19-45years	27	56%
	45 and above	6	12%
Occupation	Student(adolescents)	15	30%
	Studying	6	40%
	Dropouts	9	60%
	Salaried & Farmers	24	48%
	Migrants	5	11%
	Unemployed	5	11%
Qualification	Literate	33	67%
	Illiterate	16	33%

FINDINGS

According to the present study three main parameters will be focused on i.e. Education, Age and Awareness. Correlation created amongst the three parameters is as follows:

- Education vs. Awareness
- Age vs. Awareness
- Education and Age vs. Awareness

EDUCATION Vs. AWARENESS

1. Out of the total population of 47 females 64% population is literate and rest 36% is illiterate but the females still do not discuss the topic with their daughters as they think with time the girls will understand it themselves. The issue of gender bias still exists in spite of 64% population being literate.
2. Out the literate population 94% are aware about the sanitary napkins and only 6% population remains unaware about the napkins and it was also found that if they go out to visit the relatives and cycle starts they borrow cloth from the relatives and use the used cloth only.
3. On the other hand only 11% of the remaining illiterate population is aware about the sanitary napkins and rest 89% are unaware. Those that use napkins change them twice a day. If bleeding is less, they change it only once. One younger woman felt that irrespective of the intensity of bleeding one pad must not be used for more than 3-4 hours.
4. The women using cloth usually use it for an extended period of time i.e., several months at a stretch. As a resultant there was a case observed where a mother shared that her daughter has started with white discharge at the age of 5.
5. This means the total aware population i.e. 64%, only 38% have not used the sanitary napkins and rest have used the napkins at least once till date, and it was also seen more than half of the population was unaware of the diseases caused by the use of cloth except 2-3 women.

AWARENESS Vs. AGE

1. Of the total population 32% lie in the 12-18 age groups, 56% lie in the 19-45 age groups and 12% lie in the above 45 age group.
2. 15 out of 26 in the age group of 19-45 were aware about the napkins, its usage. But due to persistence and existence of the age old thinking and beliefs women are not allowed to enter the house and are supposed to stay in a separate room during the menses. Also they are supposed to eat drink and do every activity separately as a consequence.
3. 15 out of 15 in the age group 12- 18 were aware. None out of the rest 6 were aware which were above 45.
4. Although drying the washed cloth in the sun is a common practice, many women feel reluctant to do so because they feel it is inappropriate for the men folk to see it. The lack of personal space for women raises the larger issue of it being a reflection of a male dominated society, wherein women's need for privacy and a space of their own is ignored.
5. The prevailing superstitions related to menstruation are an important factor limiting the use of napkins. The taboos like impurity or untouchability associated with menstrual state keeps women and girls away from seeking solutions to their menstrual problems or to obtain products that can make menstruation more manageable, and menstrual health more achievable.

EDUCATION AND AGE Vs. AWARENESS

1. Out of 30 (64%) of the educated population 50% fell in (19-45) age group out of which 13(88%) of educated females are aware about the napkins and its usage and rest 50% fell under the age group of (12-18) years but it was found that all the participants used cloth even being aware about the napkins, at the same time mostly were unaware about how the disposal of the napkin should done. This is again a much highlighted issue.
2. This study also shows when discussed women whether being educated or uneducated, are unaware of the contraception period around the cycle as well. And they also do not prefer consulting doctors or even family members about the problems if faced any during the menstruation period is going on.
3. Anganwadi workers, ASHA workers and ANMs who traditionally have the greatest access to women in the community showed the least awareness of the importance and usage of sanitary napkins.
4. Irrespective of literacy and awareness at any age the washing of napkins before disposal reflects the association of menstruation with impurity. Such myths and misconceptions even about modern products such as sanitary napkins prevail across generations and hamper the ability of the woman to explore and adopt alternate methods and practices that promote menstrual hygiene.
5. For disposal, they bury it in a ditch, near their house or they throw the napkins in the river. One respondent even cleans the napkin before throwing it in the garbage. Some respondents even said that they burn the napkins.

CONCLUSION AND IMPLICATIONS

In view of the above, the following conclusions can be drawn:

The women generally tend to lack any decision-making power and have restricted access to resources, if any. This was also found as a challenge here for the Korku community females who were interviewed for this study. For adolescent girls in Korku, likewise, the use of sanitary napkins or cloth is a decision taken by the elder women in the family. Even though a girl at menarche may be grappling with the psychological changes in her body, she is offered little guidance or autonomy which is indeed a struggle for her to make decisions for herself. Along with economic dependence, which is a barrier to make informed choices for the use of the appropriate absorbent, women tend to place less priority on purchasing sanitary napkins. They adjourn when it comes to buying napkins.

Disposal remains a huge barrier to the use of napkins. Women are uncomfortable with disposing napkins in open waste disposal areas. Currently, there is no waste collection and disposal infrastructure in rural areas that allows for discreet ways to dispose used napkins. The problem of disposal in villages as well as at schools can be removed by putting up the enough incinerators in a village depending on the population size of the village.

The prevailing superstitions related to menstruation are an important factor limiting the use of napkins. The impurity or untouchability associated with menstrual state keeps women and girls away from seeking solutions to their menstrual problems and to manage their menstrual health becomes difficult for them. The washing of napkins before disposal reflects the association of menstruation with impurity. Such myths and misconceptions even about modern products such as sanitary napkins prevail across generations and hamper the ability of the woman to explore and adopt alternate methods and practices that promote menstrual hygiene.

The majority of the women present for the FGDs were not aware of the Sanitary Napkins. Being confined to the home was cited as a reason for their lack of awareness. Those who were aware of about it, got the information through their social network, specifically through a family member, friend or acquaintance who use the napkins. Especially, those who knew of the sanitary napkins had a positive impression of it and they were happy to advocate for the use of napkins. They could also relate napkins to menstruation and to menstrual hygiene practices.

Besides the females in the different villages and adolescents in the schools health workers and professionals such as ASHA workers, LHVs, ANMs, and teachers were also interviewed for the study; it was found that even they were not at all well informed of the biological causes of menstruation did not have the apt and sufficient knowledge about the issue. The difficulty with disposal and poor economics of sanitary napkins emerged as reasons for not using sanitary napkins.

RECOMMENDATIONS

Based on the above conclusion following recommendations may be suggested:

1) Regular training sessions by either NRHM or NGO working in that area for the village females should be conducted and should be made compulsory to be attended by each and every female in the villages.
2) Trainings and quarterly assessments of ASHA workers and Aganwadi workers should also be focused on a regular basis.
3) Training sessions on menstrual hygiene management and sexual health in village Govt. schools should also be made a compulsion.
4) The Govt. should also make sure that all the schools should have a separate cell in the school itself which may include things like immediate first aid, proper stock of good quality sanitary pads in case of emergency which should not be provided free of cost but at a minimum cost.
5) The way it's important for the females to be sensitized about puberty and personal health similarly it's important for the adolescent boys and males too to be sensitized about the same.

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A CAPSULIZATION OF REGNANT CONTENTIONS IN HRM

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ABSTRACT
This article tells about botherations in Human Resource Management due to accelerated changes in internal and external environment of Business. Although Human resource management is a function in organizations designed to escalate employees endeavor of an employer's strategic goals but there are some issues that may block the advancement of the organization . This article focuses on challenges faced by Human Resource Departments in 21st century who usually undertake many exercises like Recruitment, Selection, Training and Development, Motivation, Performance appraisals, Promotion, Separations,Transfers, Retention keys etc. Global changes and advancements in technology, market competition has compelled today's Human Resource heads to lengthen their role and assignment in handling the competent work force for fulfilling all the tasks which are aligned with challenges in Human Resource Management.

KEYWORDS
regnant, human resource management, challenges, organization, capsulization.

INTRODUCTION
The fast mutating business scenario means that there are presently many Human Resource Management challenges which will continue to evolve for years to come. Due to the fluctuating economy including local, regional and global elevations, there are many changes appearing rapidly that influence HR leading to a wide range of problems in today's working of an organization.

HR managers need to handle the diverse workforce efficiently and make use of good retention techniques which would lead to achievement of individual goals, organizational goals and societal goals. Today's HR managers should upgrade themselves with changes and up-gradation in technology, changing business policies, competitor's policies and packages offered by competitor's to their workforce. Areas of HRM also include employee recruitment and retention, Induction, exit interviews, motivation, project selection, compliance of labor laws, performance audit, training, career development, mediation, and change management .

HR managers should work using his/her skill, knowledge, diligence, intelligence, expertise, experience etc to achieve the targets of the organization. He/She should keep on motivating their workforce which will lead to enhancement of working, as a motivated workforce would work efficiently. He/She make use of needed resources without any wastages . He/She should focus of many aspects and be proactive to face global challenges that would occur till the organization exists.

RECENT REPORTS ON WORKFORCE DIVERSITY AND NEED FOR MANAGERS TO ADOPT CHANGES
According to the PwC report, workforce diversity and pace of demographic change is a far bigger issue among Indian CEOs as compared to their counterparts in developed and other emerging markets. According to the report, the talent and workforce priorities in emerging markets are significantly different from developed markets and even within emerging markets, HR is maturing at different rates in different regions.

Improving workforce diversity is important for 90 per cent of Indian CEOs, which is significantly higher than the global average of 82 per cent, China (84 per cent) and Russia (51 per cent).

Moreover, only 25 per cent Indian CEOs view creating jobs for young people as a priority for the government, more than half of Russian CEOs feel otherwise.

The report said that organizations generally rush to recruit as soon as economic conditions improve and growth returns as they feel the need to compensate for workforce cutbacks made during the recession, and to counter the effect of a rising resignation rate. The result is a growing global talent war.

On the other hand, 'Indian companies use cutting-edge tech for HR: Survey ' tells about that India is also far ahead of the rest of the world in adopting mobile technology to deliver HR**.** The '2014 HR Service Delivery and Technology Survey' shows that 85 per cent of organizations in India have or will have an HR portal and 78 per cent report it as being an effective way of meeting intended objectives.

There is also an increasing mobile usage in HR transactions such as training, employee directory and time and attendance. The survey shows 44 per cent of organizations in India are using or considering using mobile technology, which is higher than their APAC counterparts (36 per cent). But there is room to grow as organizations use mobiles for less than 25 per cent of HR transactions. "India is a fast growing market and seeing a faster rate of adoption of technology. India headquartered companies are more free to be innovative than global companies that already have established systems in place," says David Mitchell, APAC regional practice leader, HR technology, Towers Watson. The above article gives an idea that Indian HR managers are coping up with technological changes which is an important contention in HR .

STATEMENT OF PROBLEM
Along the open-ended changes in Human Resources Management (HRM), it is important that managers, HR employees and executives, beware of the challenges that today's HRM team may face. While there are surely other issues, which are same to most of the types of business or to the volume of any company and having policies in custody to ensure these challenges when met are diffused which can make workplace harmonious for everyone. There are changes in working of an organization due to changes in external environments. HR managers need to keep focus on analyzing the Opportunities and Threats that they may face which can spur any time.

SCOPE OF THE STUDY
HRM in Personnel Management: This involves Recruitment, Selection, Training and Development, Motivation, Promotion, Performance appraisals, Rewarding, layoff and retrenchment, Employee productivity, Transfers etc. In short it includes acquisition or procurement function. It helps in development of HR by motivating the employees to work, which will bring good returns to the company by making optimum use of resources.

HRM in Employee Welfare: This peculiar facet of HRM deals with working conditions and amenities at workplace. It includes employees responsibilities and welfare, It is a non-monetary aspect in which safety officer is responsible to look after delivering all the facilities such as Hygienic working conditions, ventilation and lighting, sickness benefits, Employment injury benefits, Personal injury benefits, Job security, Unemployment benefits and Family benefits,Sanitation facilities, Employees medical policies, etc. Apart from this organization should look after Catering hygienic drinking water,Creche facilities for women, Proving maternity benefits for women, Canteen facilities, Rest rooms for personnel to rest.

HRM in Industrial Relations: Since it is a highly sensitive area, it needs careful inter-communication with labor or employee unions, handling their distress and settling the disputes adequately in order to maintain peace and harmony in the organization. It is the art and science of understanding the employment i.e the union-management relations, Relation between employer, employee and government, joint consultation, disciplinary agenda's, solving the issues with mutual efforts, understanding human nature and maintaining work relations, collective bargaining and resolution of disputes. The main aim is to protecting the interest of employees by securing the highest insights of knowledge that does not leave an adverse effect on organization. It is about establishing , expanding and boosting industrial harmony to safeguard the interests of all the parties involved in Industrial Relation.

OBJECTIVES OF THE STUDY
- Place contemporary developments in HRM
- Explain how the current HR scenario differs from traditional HR scenario
- Highlight the various reasons which leads to changes and spurring of issues in HR

METHODOLOGY
Several techniques or methods are utilized by authors of empirical journal articles. The selection of a particular method is usually determined by the situation in which the study is to be conducted. The methodology used for this study is purely of secondary nature. I have made use of references from already published journals, books and other secondary material.

WHY SHOULD BE HR HANDLED WITH CARE?
Personnel working in the organization belonging to different departments come from diverse background. They may belong to different class, Family background, different caste, different religion, Customs and traditions, Age, Gender,Educational qualifications etc. Handling such diverse workforce is a major task of today's managers as they have to deal with internal environment and external environment as well. They can maximize profit and get good returns only when they are well established in the market. This can happen when all the goals and targets would be fulfilled. Issues in HRM may arise due to various reasons like fair remuneration and appreciation. According to Thomas Klikauer, 1962– Seven moralities of human resource management / Seven highly important subject areas of HRM where HR managers need to focus is as follows:
1. IR- Industrial Relations and Employment, Unions, Labor- Management relations.
2. HRD – Human Resource Development, Training and Development.
3. Rewards- Remuneration, Rewards and Benefits.
4. PM- Performance Measurement.
5. RS- Recruitment and Selection.
6. OHS-Occupational Health and Safety.
7. HRP-Human Resource Planning.

DISTINCTION BETWEEN TRADITIONAL HR AND MODERN HR
The main difference between personnel management and human resource management is that the former is the traditional approach the latter represents the modern approach toward managing people in an enterprise.

1. THE SCOPE OF SERVICES

Human Resource Management is wider in scope than Personnel Management.
The scope of personnel management includes functional activities such as manpower planning, job analysis, recruitment, job evaluation, performance appraisals, payroll administration, Compliance with labor laws **,** training administration, and related tasks. Human resources management includes all these activities plus organizational developmental activities such as leadership, motivation, developing organizational culture, communication of shared values, and so on.
The human resource management approach remains integrated to the company's core strategy and vision. It seeks to make optimum the use of human resources for the achievement of organizational goals. This strategic and philosophical context of human resource management makes it more purposeful, pertinent, and more persuasive as compared to the personnel management approach.

2. DIFFERENCE IN QUALITATIVE ASPECTS

Another ambit of the difference is the proactive nature of human resource management compared to the reactive nature of personnel management.
Personnel management remains detached from central organizational activities, functions independently, and takes a reactive approach to changes in corporate goals or strategy. Human resource management remains integrated with corporate strategy and takes a proactive approach to work with the workforce towards achievement of corporate aims.
For instance, while the personnel management approach concerns itself with a reactive performance appraisal process, human resource management approach has a more comprehensive and proactive performance management system that aims to correct performance rather than make a report card of past performance.

3. DIFFERENCE IN ACCESS

The personnel management approach tends to latch much to norms, customs and established practices, whereas the human resource approach gives preference to values and mission.

4. DIFFERENCE IN OPERATION

Human resource management, remains integrated with the organization's core strategy and functions. Although a distinct human resource department carries out much of the human resource management tasks, human resource initiatives involve the line management and operations staff heavily. On the other hand Personnel management is an independent staff function of an organization, with little involvement from line managers, and no linkage to the organization's core process
Personnel management also strives to rectify the aspirations and views of the workforce with management interest by institutional means such as collective bargaining, trade union-based negotiations and similar processes. This leads to fixation of work conditions applicable for all, and not necessarily aligned to overall corporate goals.
Human Resource management gives greater thrust on dealing with each employee independently and gives more importance to customer-focused developmental activities and facilitating individual employees rather than bargaining or negotiating with trade unions.

5. HRM ENVIRONMENT IN INDIA

India is being widely known as one of the most exciting emerging economies in the world. Apart from becoming a global hub of outsourcing, Indian firms are spreading their wings globally through combinations, take over's and acquisitions. During the first four months of 1997, Indian companies have bought 34 foreign companies for about U.S. $11 billion dollars. This impressive development has been due to a growth in inputs (capital and labor) as well as factor productivity. By the year 2020, India is expected to add about 250 million to its labor pool at the rate of about 18 million a year, which is more than the entire labor force of Germany. This so called 'demographic dividend' has drawn a new interest in the Human Resource concepts and practices in India. This paper traces notable evidence of economic organizations and managerial ideas from ancient Indian sources with enduring traditions and considers them in the context of contemporary challenges.

HR INDUSTRY GROWS AT 21% OVER 4 YEARS: EXECUTIVE RECRUITERS ASSOCIATION AND E&Y REPORT
The human resource industry in India has grown at a compounded annual growth rate of 21% over the past four years and is pegged to be around Rs 22,800 Cr, according to a report by Executive Recruiters Association and Ernst & Young. As the industry gets more organized, new players, emerging sectors and multinationals are dropping anchor, and a changing mindset in traditional companies makes space for HR firms rather than referrals for hiring, it adds.

The 'Human Resource Industry Solutions Report 2012' indicates a maturing industry which is moving from being fragmented to getting more organized. The industry has players that are segregated into recruitment, temporary staffing and executive search. HR consultants' image has moved many notches up from being a vendor to that of a partner who plays a key role in the company's growth trajectory, says the report.

While the permanent recruitment in India is estimated at Rs 3,000 cr, the search industry is pegged to have a market size of Rs 600 cr to Rs 700 cr. The search sector gets its boost from foreign players entering Indian markets and expanding into different geographies and industries. Companies that deal with the automobile, luxury, agricultural and food business that have entered India in the past few years have used search firms to expand further.

As per survey we see the attrition level across sectors is expected to rise by 20% in 2015 as a lot of jobs will be available following improving economic conditions, according to industry experts.

"With market being upbeat and lots of jobs being available, there will an increase in the overall attrition percentage. We expect the attrition to be in the range of 15-20 per cent across sectors," People Strong HR Services co-founder and CEO Pankaj Bansal told PTI. "The attrition that was almost static at leadership level will see some movement and also increase at mid and lateral level. Attrition will grow to 15-20 per cent and especially in sectors like IT, ITeS it can go up to 20-25 per cent," he added. However, industries like pharmaceuticals, FMCG, aviation, agriculture will have lesser attrition, he said.

As per other sources IT giant Tata Consultancy Services (TCS) is believed to be undertaking a significant performance-related restructuring of its workforce, which may also lead to some employees being asked to leave the company.

Sources said that the restructuring exercise could affect both onsite and offsite positions across various verticals, even as the company said it is on track to meet hiring target of 55,000 professionals this fiscal year.

Most affected by the restructuring drive could be middle to senior-level positions, sources said, while adding that some employees may be offered positions at vendors working with TCS.

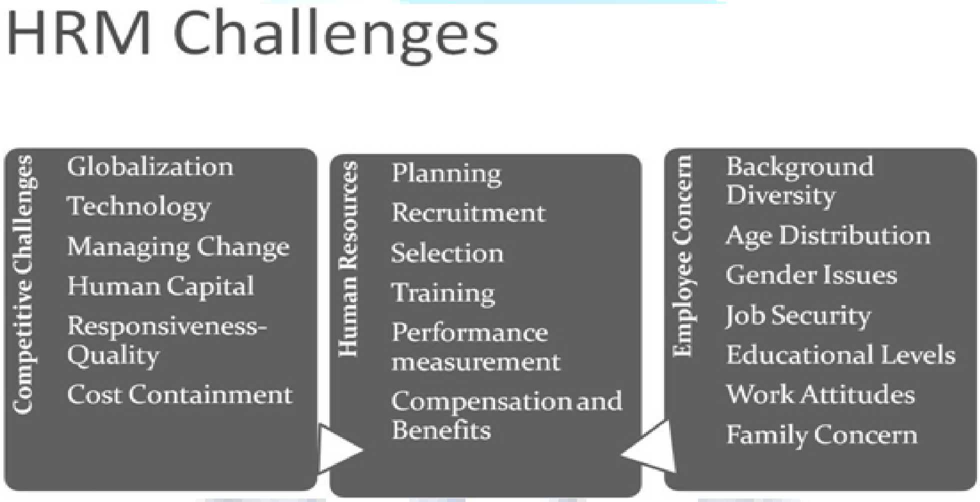
The country's largest software exporter with over $13-billion annual turnover employs over 3 lakh people across 46 countries. During the July-September quarter, TCS also crossed a milestone of employing one lakh women professionals with a gender diversity ratio of 32.9 per cent. But the company's net profit declined by 5.8 per cent to Rs 5,244 Cr in the second quarter of the current fiscal year, while revenue rose by 7.7 per cent to Rs 23,816 Cr.

INDIAN HRM IN TRANSITION

One of the noteworthy features of the Indian workplace is demographic uniqueness. It is estimated that both China and India will have a population of 1.45 billion people by 2030, however, India will have a larger workforce than China. Indeed, it is likely India will have 986 million people of working age in 2030, which well probably be about 300 million more than in 2007. And by 2050, it is expected India will have 230 million more workers than China and about 500 million more than the United States of America (U.S.). It may be noted that half of India's current population of 1.1 billion people are under of 25 years of age (Chatterjee 2006). While this fact is a demographic dividend for the economy, it is also a danger sign for the country's ability to create new jobs at an unprecedented rate. It has been pointed out by Meredith (2007).

FOLLOWING CHART GIVES A CLEAR PICTURE OF TODAY'S CHALLENGES IN HRM

CHART 1



SOME OF THE CHALLENGES IN HRM IN INDIA ARE EXPLAINED BELOW

- **VOLUNTARY ATTRITION:** Global demand for Indian software professionals has resulted in a heavy turnover and spiraling salary costs for the Indian software services industry. As a result, there are as many of them abroad as there are in India. The majority of Indian software professionals aspire and tend to migrate overseas permanently once they acquire about three years experience making it difficult for software organizations to staff and particularly, lead projects .The shortage has created a vacuum in project .
- **Managing globalization:** It is important for an HR Manager to study people management practices before implementing new practices which are global in nature. It has become a challenge for the HR to educate its workforce on how globalization can be leveraged and how an individual employee benefits or is affected by it. Instead of thrusting new practices upon them, it is ideal to study the existing practices which are in place.
- **Development of leadership skills:** It is not just about knowledge, experience and expertise it is also about developing the right soft skills to give shape to the future leaders. Since the global economic and industrial scenario is very volatile and dynamic, what is required now is a skill set in the workforce which distinguishes them as team leaders.
- **Managing shift:** Change management is the call of the day with big organizations integrating Six Sigma methodologies in their businesses. Change management defines the response of the business to the changing external and internal environment. The industrial growth scenario in India demands that there should be change brought about within all factions of the industry. But there are internal and external forces which resist the change. It is a huge challenge to influence the resisting forces with the organization, manage internal conflicts, motivate them to embrace change and implement the changes.
- **Developing work ethics:** With back to back slumps in the global economy, India has not remained unscathed. Employee morals and loyalty are being tested in a business's day to the day functioning. It has become very important to re-instill cultural values, loyalty, respect for the weak and elderly, and infuse qualities like empathy, charity, austerity, team spirits, ethics and bonding in the workforce.
- **Retaining Talent Pool:** Yes, this is one of the major challenges which HRM faces today. Poaching and cut-throat competition has given an impetus to high remuneration to the deserving. People have gained exposure and their yearning to rise is sees them changing loyalty and organizations very frequently.

This is especially observed in the IT and ITES sector. To manage low attrition rates and retain talent has become a mammoth hurdle which all organizations want to cross in order to reach their goals.

- **Managing fast changing technological trends:** Most large and medium scale organizations today prefer to be technologically oriented. The technological trends in today's global scenario are fast changing. Educating the human resource about these changes, upgrading their knowledge and motivating them to learn, absorb and come out of their comfort zones is a great challenge faced by many organizations.
- **Developing Accountability:** With the advent of Six Sigma methodologies, organizations have lowered their tolerance levels for mistakes, errors and delays. It is a challenge which HRM in India is facing like its global counterparts. It is not easy to train people to shoulder responsibility.
- **Managing workforce stress and employment relations:** HR is the face of an organization. It hires and fires employees and if the HR of an organization is not emphatic towards its workforce it does not help in employment relations. This factor is fast becoming a challenge for HRM especially in sectors like hospitality, IT and allied support services, media and entertainment.
- **Managing inter-departmental conflict:** Earlier it was the friction between different levels of an organization and now the new emerging challenge for the HR is to manage inter-functional conflict within an organization. With organizational restructuring becoming common in the past few years, disputes and friction between different functions has been on the rise.
- **Managing Ethical issues in HRM**
  Indian Government legislation: The sexual harassment of women at workplace (Prevention, Prohibition & Redressal) Act 2013 is a legislative Act in India that seeks to protect women from sexual exploitation at their work place. This statute superseded the Vishakha Guidelines for prevention of sexual harassment introduced by Supreme Court of India. Despite the legal requirement that any workplace with more than 10 employees need to implement it, which has not yet been implemented by many of the employers.
- **Managing workplace diversity:** With globalization and India's economy changing gears to accelerate growth, organizations hire as well depend on a people from different countries, cultures and ethnicity. To manage the diverse workforce who have fairly diverse physiological and the psychological influences, is also a huge challenge for the HR in the emerging Indian economy. This is not an exhaustive list of some of the challenges of HR in India which includes many other factors like retrenchment and downsizing specifically in the BPO and finance sectors, managing knowledge workers, occupational shifts, trade unionism in the public sector and manufacturing sector, limited exposure and research in the field of human resource management and limited training resources to handle.
- **Some other challenges:**
  1. Corporate restructuring
  2. Challenge of recession
  3. Challenges of growing customers expectations.

CONCLUSION

As we have come across the dominant issues and challenges which are faced by HR mangers and organization, the foremost work by the HR is to develop sound organizational structure with strong interpersonal skill towards employees. Giving training to employees by familiarizing them with the concept of globalize human resource management to perform well in the global organization context. All these issues and challenges like Organizational effectiveness, leadership development, Globalization, work force diversity, E- Commerce, etc, can be best managed by HR manager where they have to adopt a HR practice which encourages stubborn recruitment and selection policy, segmentation of jobs, empowerment, encouraging diversity in the workplace, training and development of the work force, promoting innovation, R& D proper allotment of obligations and responsibilities, managing knowledge. By improvement in following all the above aspects the value of human resources, the organization can be efficiently managed and it can come over all the fore coming challenges

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MICRO FINANCE INSTITUTIONS (MFIs): AN ANALYSIS OF THEIR FUNCTIONING IN BELLARY DISTRICT

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ABSTRACT
Finance is the lifeblood of any activity, more to business activity. It is the nerve centre of an enterprise. Thus, availability of adequate finance and at the right time is essential. In the Indian context, where bulk of business activity comes within the fold of small and micro enterprises, the challenges faced by the financial institutions are many and complex. It is in this context micro finance and institutions catering to micro units assume more importance. Micro finance is the provision for savings, credit and financial services and products of very small amount to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve their standard of living. Microfinance is the effective tool to reduce poverty and one of the ways of financial inclusion. The objective of the study is to know the current scenario of Micro Financial Institutions (MFI's) and the impact of MFI's on financial inclusion. The study is undertaken in Bellary District of Karnataka. Micro finance has achieved an immense importance in India and throughout the world in view of credit and reduction of poverty. The study also attempt at comparing the experience of Bellary district with the state in general.

KEYWORDS
Micro finance, Poverty alleviation, financial inclusion.

INTRODUCTION
Microfinance is not a new development. Its origin can be traced back to 1976, when Muhammad Yunus set up the Grameen Bank, as experiment, on the outskirts of Chittagong University campus in the village of Jobra, Bangladesh. Since then several microfinance institutions came up and have succeeded in reaching the poorest of the poor, and have devised new ground-breaking strategies with time for the fulfilment of their vision. These included the provision of collateral free loans to poor people, especially in rural areas, at full-cost interest rates that are repayable in frequent instalments. Borrowers are organized into groups and peer pressure among them, which reduced the risk of default.

Microfinance is now being considered as one of the most important and an effective mechanism for poverty alleviation. These are also effective mechanisms through which to disseminate precious information on ways to improve the health, education, legal rights, sanitation and other living standards, which are of relevant concerns for the poor. Above all, many micro-credit programs have targeted one of the most vulnerable groups in society – women, who live in households with little or almost no assets. By providing opportunities for self-employment, many studies have concluded that these programs have significantly improved women's security, autonomy, self confidence and status within the household.

The Task Force on Supportive Policy and Regulatory Framework for Microfinance constituted by NABARD defined microfinance as .the provision of thrift, saving, credit and financial services and products of very small amount to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve their standard of living.

In late 2009, CRISIL which is India's leading ratings, research and risk advisory company released its list of top 50 microfinance institutions in India. The report titled India's Top 50 Microfinance Institution presents an overview of leading players in India's Microfinance Institution (MFI) space. Currently launched CRISIL has assessed more than 140 MFI's, and is currently the most preferred rating agency in the Indian microfinance space. As per the CRISIL report of 2014, has rated top 25 MFI's in India.

THEORETICAL ASPECTS
HISTORY OF MICROFINANCE
The roots of microfinance can be found in many places, but the best-known story is that of Muhammad Yunus and the founding of Bangladesh's Grameen Bank. Muhammad Yunus, an economist trained at Vanderbilt University, was teaching at Chittagong University in southeast Bangladesh. The famine, though, brought him disillusionment with his career as an economics professor. In 1976, Yunus started a series of experiments lending to poor households in the nearby village of Jobra. Even the little money he could lend from his own pocket was enough for villagers to run simple business activities like rice husking and bamboo weaving. Yunus found that borrowers were not only profiting greatly by access to the loans but that they were also repaying reliably, even though the villagers could offer no collateral. Realizing that he could only go so far with his own resources, in 1976 Yunus convinced the Bangladesh Bank (the central bank of Bangladesh) to help him set up a special branch that catered to the poor of Jobra. That soon spawned another trial project, this time in Tangail in North-Central Bangladesh. Assured that the successes were not region-specific flukes, Grameen went nation-wide. One innovation that allowed Grameen to grow explosively was group lending; a mechanism that essentially allows the poor borrowers to act as guarantors for each other. With group lending in place, the bank could quickly grow village by village as funding permitted. And funding—supplied in the early years by the International Fund for Agriculture and Development, the Ford Foundation, and the governments of Bangladesh, Sweden, Norway, and the Netherlands—permitted rapid growth indeed. [1]

Economic theory also provided ample cautions against lending to low-income households that lack collateral to secure their loans. But Yunus vowed to one day make profits—and he argued that his poor clients would pay back the loans reliably. Today, Muhammad Yunus is recognized as a visionary in a movement that has spread globally, claiming over 65 million customers at the end of 2002. They are served by microfinance institutions that are providing small loans without collateral, collecting deposits, and, increasingly, selling insurance, all to customers who had been written off by commercial banks as being unprofitable.

AP MICROFINANCE CRISIS
During the growth stage that is in the first decade of 21st century. There was limited protection and effective implementation of MFI's codes of conduct, regulatory and supervisory systems were not fully developed. This led to concentration of MFI's in the state of Andhra Pradesh and MFI's are involved in multiple lending, charging high rates of interests and to have engaged in unethical loan recovery practices.

Though Microfinance Bill was introduced in Indian Parliament in 2007, it was not yet been adopted by the laws. Enactment of Micro Finance Institutions (Development and Regulation) Bill, 2012, which is still pending with the Standing Committee on finance, has potential to catalyze the microfinance sector under the wise regulation of RBI.

The concentration of MFI's in AP and limited attention to Microfinance by government has lead to Microfinance Crisis in AP in 2010 and the growth of microfinance in India is reduced by 15% to 20%. Micro financial crisis in AP banks more cautious in lending credit to groups.

GRAMEEN BANK MODEL

Grameen Bank model is one of the oldest and most successful models of microfinance. This model was developed in Bangladesh. In this model microfinance programme participants are organised into groups of five members. They make mandatory contribution to group savings and insurance fund. Each member maintains her individual saving and loan account with the bank and after contributing to the savings fund for a fixed time the group members receive individual loans from the bank. But the group is not required to give any guarantee for the loan repayment by its member. Repayment responsibility solely rests on the individual borrower and there is no form of joint liability, i.e. group members are not responsible to pay on behalf of a defaulting member. Loans are provided for six months to one year duration but repayments are made weekly. Bank staff makes periodic visits to the groups, maintain individual records of group members and facilitate all the financial transactions. This creates ease in working but hindrance in the empowerment of members.

THE RECENT DEVELOPMENT- INTRODUCTION OF MUDRA BY GOI

The setting of the MUDRA bank was a part of the 2015-16 Union budget proposals made by finance minister Arun Jaitely. MUDRA stands for Micro Units Development and Refinance Agency. The goal of the government is to use MUDRA as a tool to fund the unfunded. MUDRA will be a refinancer; it means that it will finance the MFI's, which provide credit to the end users in the rural hinterland- the micro manufacturer, the artisan, the small businessman, and the small time trader.

At present, MFI's lend to their customers at around 23-24% after borrowing funds from banks in the 13-14% range. With MUDRA entering the field, MFI's are expected to get finance at a much lower rate, and in turn, pass on the benefit to their customers. MUDRA, however, won't just be a financier. It will also be tasked with regulation of the sector – lay down guidelines and code of conduct, rate the MFI's, evolve methods of recovery, ensure clients protection, and spread the use of technology.

An interesting aspect of MUDRA's funding is that it will have budgetary support only to the extent of Rs 3,000 crore for its credit guarantee corpus. The Rs 20,000 crore capital will be made available to MUDRA from the shortfalls in the 40% priority sector lending targets of the banks. Therefore, it is even more imperative that MUDRA bank begins on a sound footing so that it can ensure that much- needed funds reach the country's 5.8 crore small businesses, just 4% of which have access to bank loans, even though they collectively employ 12 crore people. The task of providing formal finance to the informal sector at an unprecedented scale is challenging. Even more reason why it should be attempted.

OBJECTIVES OF THE STUDY

1. To study the current scenario of MFI's in Bellary district.
2. To study the impact of MFI's on financial inclusion.
3. To know how MFI's effect on poverty alleviation.
4. To study the concept of Microfinance.

DATA COLLECTION

Data regarding study was collected from the Shri Kshethra Dharmasthala Rural Development Project and Spandana Sphoorty Financial Limited branches located in Bellary district. Details were asked to the staff of these branches ,details regarding the following were asked;

- Loans provided
- Tenure of loans
- Maximum amount of loans
- Purpose of borrowing loans
- How MFI acts as a poverty alleviation and financial inclusion
- What are the interest rates charged for different loans
- How micro finance helps in financial sustainability and welfare impact
- Flexibility of repayment of loans
- Effect of lending loans
- About the establishment of the institutions

ANALYSIS OF THE STUDY

BACKGROUND AREA OF THE STUDY

Ballari comes under the administrative control of Gulbarga division and development jurisdiction of H.K.D.B, Gulbarga. It has 2 revenue sub divisions, Ballari subdivision and Hosapete subdivision, which in all have seven taluks. The Ballari subdivision has 3 taluks, while there are four taluks in Hosapete subdivision. There are 27 hoblies, one Corporation, one City Municipal Council, two town municipality, six town panchayats, 542 revenue villages, and 436 thandas/habitations.

As per 2003 census the population of the district stood at 2,245,000. The rural population constitute 70%. The density of population is 196 per km²., which is much lower than the state average of 235 per km². However the decimal growth rate for 1981-91 was 26.92% which is higher than the state growth rate of 21.12% The scheduled caste/scheduled tribe population constitute 28% of the total population. The sex-ratio was 965, which is slightly higher than the state average of 960.

ECONOMY: The major occupation of this district is agriculture and 75% total labour force is dependent on agriculture for its livelihood. The important crops grown are cotton, jowar, groundnut, rice, sunflower and cereals. The net irrigated area is 37% to the net area sown. The pattern of land utilization in the district is as under (1997–1998). The main source of irrigation is Tungabhadra Dam. The Canal network accounts for 64% of irrigated area. The important rivers are Tungabhadra, Hagari and Chikkahagari. The western taluks of the district are dogged with scarcity conditions with the failure of rains during successive years. However during the current year and preceding year heavy rains have created havoc in the district leaving many in lurch.

INDUSTRIES: Bellary district is rich in natural resources, which need to be tapped to a great extent for overall development of the district. This district is endowed with rich mineral resources. It has both metallic and non-metallic minerals. The metallic minerals include iron ore, manganese ore,redoxide, gold, copper and lead.

The non-metallic mineral include andalusite, asbestos, corundum, clay, dolomite, limestone, limekankan, moulding sand, quartz, soap stone, granite and red ochre. The metallic minerals are abundant is only three talukas, Sanduru, Hosapete and Bellary in the order of mining activity intensity. The annual production of Iron ore is anywhere between 2.75 to 4.5 million tonnes, and manganese ore between 0.13 million tonnes to 0.3 million tonnes (1991). Bellary presently is the second fastest growing city in the state of Karnataka after Bengaluru. The real estate prices have already started to shoot as more and more industries are finding their way into this city. Bellary to its credit has the second largest single rock mountain in the world.

At, present there are two leading micro finance institutions operating in Bellary district

- Shri Kshethra Dharmasthala Rural Development Project
- Spandana Sphoorty Financial Limited

TABLE 1

Name	Shri Kshetra Dharmasthala Rural Development Project	Spandana Sphoorty Financial Ltd
Headquarter	Dharmasthala, Karnataka	Hyderabad, Andhra Pradesh
Legal Status	Trust	Public Ltd. Company (NBFC)
Lending Model	SHG	JLG, Individual
Number of Branches	22	696
Loan Outstanding (Million)	4,060	11,987
Borrowers	612,482	1,668,807
Net Worth (Million)	157	1,225
Portfolio Yield (%)	12.02	27.43
OSS (%)	100.46	132.02
Current Portfolio (%)	99.68	98.88
Debt to Net Worth (Times)	29.81	7.04

SHRI KSHETRA DHARMASTHALA RURAL DEVELOPMENT PROJECT

The SKDRDP was founded with single important purpose of "Inclusive Rural Development". To achieve this we created three main things for Individuals. They were **Loans, Insurance & Pensions** that provides Financial Stability.Pragathi Nidhi Loans, Sampoorna Suksha Health Insurance, Jeevan Madhura Life Insurance, National Pension Scheme

To enable people to inculcate the habit of "helping others", we started organising **SHG's** which are called as Pragathi Bandhu(PBG). Its lending and Training programs are geared towards members and their families. As every family has 3 types of people, we have special programs focussed these 3 focus groups. SKDRDP undertakes most of its development interventions through the Self Help Groups (SHGs) in the villages. These SHGs are also used to deliver savings, credit and insurance services to the clients. While the men's SHGs have 5-8 members, women's SHGs have 10-20 members. SHGs elect their office bearers and are provided training on book-keeping and conducting affairs of the group. About 20 SHGs in the village form a federation of SHGs. SHGs meet weekly for savings, repayment of installments and discussing other issues. The Shri Ksherta Dharmasthala Rural Development Project encompasses all aspects of enriching the rural life. It is currently engaged in developmental activities in Dakshina Kannada, Udupi, Uttara Kannada, Bellary, Coorg, Shimoga, Chickmagalur, Dharwad, Haveri, Gadag, Tumkur, Belgaum, Mysore, Chamarajnagar, Koppal, Davangere and Chitradurga districts operating in 20,000 villages covering more than 19,92,000 families. It has two branches in Bellary

1. Sandur, Bellary
2. Cantonment Bellary, Bellary

DETAILS OF LOAN PRODUCTS

1. First loan is available to the individual after completion of mandatory savings. Maximum loan term is 3 years. Maximum loan is Rs 1,00,000
2. Repayments are weekly and interest charged is 9% pa flat with processing fee of 1% of loan.
3. Purpose of loan –Education, Consumer goods, Medical expenses, Repaying other loans. Maximum loan is Rs 25,000
4. Loan is given for income generating activities such as agriculture and allied activities and business. Maximum loan is Rs 50,000
5. Loan is also given for assets building for productive purpose such as purchase of pumps ,equipment , machinery, construction of wells, tanks, cattle sheds, land improvements , fencing etc., or utilites such as toilets, solar electricity, gobar gas etc., -maximum term of loan is 5 years. Maximum loan is Rs 50,000
6. Loan can be used for repairs or construction of house –maximum term of loan is 10 years. Maximum loan is Rs 1,00,000
7. A client can avail more than one loan simultaneously. However, total outstanding under all products taken together cannot exceed maximum of 40 times of the individual's savings (except in case of the first loan). Total outstanding of a client cannot exceed Rs1,00,000.

DETAILS OF INSURANCE PRODUCTS

Life insurance: The life insurance is provided in collaboration with LIC and the product offered is *Jeevan Madhur.* It is an endowment product for 15 years. Sum assured ranges between Rs5,000 and Rs30,000 depending on the premium paid.

Health insurance: The health insurance scheme is called *Sampoorna Suraksha.* This scheme is being offered in association with public sector insurance companies. The premium varies from Rs220 to Rs1,525 per household per annum for above poverty line members and between Rs200 to Rs1,190 per household per annum for below poverty line members. The premium varies on account of the number of members in the household. The insurance covers hospitalization expenses, maternity related expenses and domiciliary treatment. The cashless facility in the network hospitals is also available.

DETAILS OF SAVINGS PRODUCTS

SKDRDP collects savings from its members. The savings are compulsory for the members and at least Rs10 per week must be saved by each member. The savings cannot be withdrawn by client unless she/he wants to drop out. SKDRDP pays 6% interest on the savings.

LOAN PRICING (LP) OBSERVED SCORE 53%

1. Loan pricing is low because it accounts for and communicates interest on a flat rate basis.
2. Annualized Percentage Rate (APR) on the loan products of SKDRDP is between 16.33% and 17.25% which is among the lowest for the MFIs in India.
3. Upfront fees and deposits -- SKDRDP charges upfront fees of 1% on the total loan amount. There are no upfront security deposit requirements but maximum loan size is linked to the savings of the clients.
4. Late payment charges and penalties -- SKDRDP does not charge any late payment fees or penalties. Total amount to be paid by the client remains the same even if there is delay in payment. No additional interest is charged in case the actual loan duration exceeds the contracted loan duration. No penalty is charged for late payment or for overdue.
5. Prepayment charges -- The organization does not have any prepayment penalty. In fact, the APR actually decreases in case the client decides to prepay her loan.

CLIENT ORIGINATION AND TARGETING (COT)

1. SKDRDP's COT is moderate mainly because the organization does not collect documentary evidence to ensure identity and address of the clients. The organization also does not have a policy on avoidance of unauthorized agents.
2. Each village where SKDRDP works has an office headed by the field staff.

3. The SHGs are required to conduct weekly meetings and undertake compulsory savings for a minimum period of three months before they become eligible to undergo the process of grading.
4. Only SHGs receiving satisfactory performance grades are eligible for applying for loans.
5. SKDRDP provides moderate targets for group formation (20-30 SHGs per year).
6. One of the weaknesses of the client origination process of the SKDRDP is that it does not collect proof of identity and address (Know Your Client – KYC documents) from the clients. This increases the possibility of enrolment of fake/undeserving clients.
7. SKDRDP mostly operates in areas where other MFIs are not operating but as the organization expands to newer areas.

LOAN APPRAISAL (LA)

1. Loan applications up to Rs200,000 are sanctioned by the Project Officers. Loan applications of higher sizes are sent to the Head Office for sanction.
2. Formal analysis of repayment capacity is carried out only when the total outstanding of the client exceeds Rs45,000.
3. SKDRDP calculates repayment capacity of its clients on the basis of the following factors.

- Income of the client
- Indebtedness of the clients
- Age of the SHG
- Grade of the SHG

One of the limitations of this system is that the expenses of the client are not taken in to account while computing repayment capacity. Also, repayment capacity does not take into account variations in repayment terms across various loan products.

LOAN RECOVERY PRACTICES

Weekly installments are collected by the SHG in their regular group meetings. Each village office earmarks one day of the week as the collection day. On the scheduled collection day, one member of each SHG visits the village office and deposits installments for all the group members.

In case one or more group members do not repay on the scheduled date, the field staff/supervisor visits the SHG in its next meeting and tries to find out the reasons for delinquency. He tries to persuade the SHG to pay and takes help of the concerned federation in recovery efforts. If required, the field staff visits the house of the clients along with the SHG's/federation's representatives. A member of the SHG has to come to the village office on the scheduled day to repay the installments.

SKDRDP undertakes several developmental activities in the areas of health, education, agriculture and livelihood, which helps it to maintain good relationship with its clients. In fact, in most of the areas where the organization starts interventions, other developmental activities precede microfinance activities.

SPANDANA SPHOORTY FINANCIAL LIMITED

Spandana Sphoorty Financial Limited is a Non Banking Finance Company (NBFC) established in March 2003. Spandana's mission is "to be one of the most significant microfinance service provider by offering a range of financial and non financial products and services to low income households and individuals to improve the quality of life".

Spandana started its operations as an NGO in Guntur District of Andhra Pradesh in the year 1997-98. In 2001-2002, M-Cril rating benchmarked Spandana as the most cost-efficient MFI in the World. Promoter, Mrs. G Padmaja Reddy has 30% shareholding in the Company and around 35 Banks hold preference shares in the Company.

Its head office is located at Hyderabad, Andhra Pradesh. Spandana offers four types of loan products – General Loan (Abhilasha) for women engaged in business, Enterprise Loan (Pragathi) for mature microfinance clients (both are group lending products), Farm Equipment Loan (Karshak) and Loan against Gold (Keertana) are for men and women and are individual lending products.

Spandana currently operating with 41.77 lakh borrowers with Rs3435.92 crores as loans outstanding through 1,731 different branches in 182 districts of 12 states i.e. Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Orissa, Madhya Pradesh, Uttar Pradesh, Gujarath, Goa, Jharkhand, Chattisgarh and Maharashtra. While Andhra Pradesh and Tamil Nadu are the withdrawal states for Spandana, Karnataka, Goa, Gujarat and Jharkhand are the high focus states.

It has three branches in Bellary

1. Kampli Bellary
2. Vishal Nagar, Anantpur Road Bellary, Bellary
3. Venkateswaranagar, Anantpur Road ,Bellary

LOAN PRODUCTS

	General loan (Abhilasha)	Micro enterprise Loan (Pragathi)	Farm equipment Loan (Karshak)	Loan against Gold (Keertana)
Client	Women	Women & men	Women & men	Women & men
Utilisation	Small ventures	Income generation activities	Farm equipment	Emergency, working capital, business, home repairs etc.,
Loan tenure	1-2 years	1-2 years	3 years	6 months
Loan size	Rs2,000-30,000	Rs8,000- 15,000	Rs50,000-3,00,000	Rs1,000-1,00,000
Collateral requirements	Group (5-10 Members)	Group (5-10 Members)	Hypothecation -farm equipment	Gold jewellery / Gold coins
Repayment	Weekly, Fortnightly, Monthly.	Monthly	Tailored Repayment	Varied Repayment Options
Interest rate	12,5% Flat	26% Reducing	19-25% Reducing	12-26% Reducing
Other charges (Insurance)	1%(for client &spouse)	1%	1%	
Processing fee	1%	1%	1-2%	Nil
Security deposit /risk contribution	Nil	Nil	Nil	Nil

OTHER LOAN PRODUCTS

- **SHORT TERM LOAN (SAMRUDDHI)**

Samruddhi stands for "prosperity". For all group clients who have gainfully employed, Abhilasha loan provides higher amount of funds to meet working capital needs, emergency needs unbudgeted requirements particularly in case of seasonal businesses.

This loan offers an avenue to our microfinance clients to get flexibility of an interim loan.

This loan is also useful for temporary cash requirements like education, health emergencies etc. The interest rates for this product is 11.55% flat, this translates into approximately 27.6% on annual declining basis. 1% is charged towards Processing Fees. Loan tenure is 12-24 months and loan size is Rs 15000 to30000. Repayment of loan is monthly.

- **SHREE LOAN**

Shree stands for “Good Beginning”. This loan is offered in AP and Telangana after a gap of three years post AP Crisis. This is a non-micro finance loan given to middle income households. interest rates for this product is 29.4% on annual declining basis. An additional 1% is upfront up front as Processing Fees. Loan tenure is 35 weeks and loan size is Rs 5000 to 10000. Repayment of loan is weekly.

- **EXCEL LOAN (SPHOORTY)**

Sphoorty stands for “Inspiration". This loan is offered to low/lower-middle-income people running micro-enterprises or having any other stable income source. This loan is delivered to individuals. This loan product helps us go up the value chain and also to provide support to our existing clients who have moved up the economic ladder. Interest rates for this product is 27% on annual declining basis. 1% processing Fees is charged upfront. This loan is given to small and medium enterprises , loan tenure is 6-24 months and loan size is Rs 6000 to 60000. Repayment of loan is monthly.

- **MORTGAGE LOAN**

Mortgage Loans are offered to clients who need higher ticket loan size. These Loans are given to non BPL and Non Micro Finance clients against security. Asset is mortgaged for the tenure of the loan Interest rate charged on this product is 24% to 26% per annum declining basis. Loan are given to acquire Assets and Business Expansion. This loan is given to agriculture and commercial activities, loan tenure is 18-24 months and loan size is Rs 50000 to 200000. Repayment of loan is tailored.

COMPLIANCE TO RBI GUIDELINES

The major aspects of the RBI guidelines and its compliances by Spandana are mentioned below:

a) Interest cap on loans at 26 percent per annum: Interest rate charged by Spandana for its main product Abhilasha is 12.5% flat for a tenure of 50 weeks which translates into 24.6% on declining balance basis. For the remaining products, Pragathi, Karshak and Keertana, the rate of interest on declining balance is 26%, 19-25% and 12-26% respectively.

b) Loan pricing to include processing fee (not exceeding 1 percent of the gross loan) interest charge and insurance premium (to be paid directly to the insurance provider): Spandana is currently charging 1% loan processing fees as per the RBI guidelines issued. Moreover, the insurance charges recovered from the clients are paid directly to Insurance companies.

c) No penalties for delayed payments, security deposit or margin money to be taken upfront: Spandana is not collecting any prepayment charges. They collect interest for that week during which prepayment is being made. Spandana is not collecting any security deposit for the loans.

d) 85 percent of MFI assets being under agriculture, micro and small enterprises: 100% of their portfolio is under micro, small and medium enterprises.

e) Lending to borrowers whose household income does not exceed Rs. 60,000 (in rural areas) and Rs120,000 (in urban areas):. Calculating the household income is rural and urban areas is debatable since they do not have fixed monthly income. Their income is seasonal and is dependant on several factors. However, Spandana collects a declaration from the applicants on their income levels. The household income of the clients visited under the study was mixed. Around 10-15% of the client households had an income more than the amount stipulated by RBI.

f) Total indebtedness of borrower not exceeding Rs50,000: Spandana strictly follows this guideline and does not lend to members who have a loans from 2 or more MFIs and Rs50,000 as the total loan outstanding. This is evident from their inclusion of Credit Bureau checks in their appraisal process. This is also mentioned in their Code of Conduct and followed across all levels.

g) Tenure of loan not being less than 24 months: It was observed that the tenure of the main loan product, Abhilasha is 50 weeks for a loan size upto Rs15,000. For loans of Rs20,000 and above, the tenure has been changed to 104 weeks post RBI guidelines. However, many of the clients were found to be asking for roll back of the tenure to 50 weeks

APPRAISAL SYSTEM

- **CLIENT DATA COLLECTION**

In Spandana, once the interested members’ meeting is conducted by the authority, they fill the individual loan application form for evaluation, followed by a 4-day Compulsory Group Training (CGT) by the authority. Group Recognition Test (GRT) is conducted by the ABM / BM. There is use of peer verification across groups, information collection from neighbours / household members. However, only primary information about the member is captured in the database along with the KYC documents. Cross-verification from group members is also done.

- **REPAYMENT CAPACITY**

Repayment Capacity is assessed during the individual primary evaluation & CGT by CA; critically evaluated during GRT by ABM/BM on door-to-door basis; information collection on household incomes, expenditures, assets and liabilities.

- **DEBTS**

Loans to clients are given based on the loan cycle, minimum loan size and also the repayment capacity. However, it was observed in the field that there were clients who were given a loan of Rs20,000 in the first cycle itself, deviating from this principle. It was also observed that under normal circumstances, the loan size for the entire group is the same.

- **LOAN HISTORY**

Loan history of the client also captured in the loan application form and it is checked and kept available during and throughout the appraisal process (CGT and GRT), if the client had long term relation with Spandana. If the client has any outstanding loans of other MFIs, which is shared by the credit bureau, they visit the client to recheck.

- **APPROVAL**

Loans are approved by the BM (within the overall threshold of the loan cycles), subject to the approval by HO based on the credit bureau check. Approval of RM / DM is needed in branch offices rated as ‘risky’ and State Incharge / MD approves loans in branch offices rated as ‘very risky’. There is limited credit committee or board involvement while approving loans.

- **VERIFICATION**

Separate Audit team exist in the organization who conducts audit of all the branch offices in their area, on a surprise basis. Audit team verify loan documents, all client enrolment documents, transaction related documents, bank documents and conducts the field audit by attending centre meetings. Audit team submits their compliance report to concerned branch office with copies to all concerned in the head office. In respect of appraisal and application process, the IA team checks the loan application form and appraisals of clients on a random basis.

PRICING

- **COMPETITION**

Pricing of the loan product of Spandana is very competitive, and the institution has occasionally reduced interest rates to remain competitive and to adhere with the norms of RBI. The product features are uniform from the start of operations.

- **TRANSPARENCY**

Spandana’s pricing is highly transparent. The pricing information is displayed in all the branch offices and the individual loan cards. Further, pricing information is made available to the client in the form of total interest amount, price in fixed flat rate, price in declining interest rate and also in terms of rate per 100 rupees.

- **FEES**

Spandana charges two types of fee i.e. processing fee of 1% and insurance fee of 1% to all clients.

- **SECURITY DEPOSIT**

Spandana has not collected any security deposit from their client against their loan.

- **PREPAYMENT**

There is no prepayment penalty. Only interest for that week is collected and the clients can prepay their loans at any given point of time.

- **DEFAULT**

There is no description of the penalties for default. Board has approved the recovery practices in case of default, but as per the discussions with the clients and staff, in case of default, the peer pressure and group guarantee mechanisms will be implemented and if the entire group has defaulted, then the persuasion and discussions with the clients are conducted and there is no subsequent loan for those clients / groups.

PRODUCTS AND SERVICES

- **DESIGN AND APPROPRIATENESS**

Earlier both the products were designed on the basis of clients' needs and requirements. They have now been modified as per guidelines issued by RBI with slight modifications based on clients need. Even though Spandana has 4 loan products, majority of the portfolio is Group loan which is a generic product.

- **REVIEW**

To comply with RBI guidelines, loan sizes of Rs15,000 and above are offered for 24 months. For the general loan, change in fee / interest rates is made. New products like Krishak, Pragathi and Keertana were developed based on the feedback / requirement of clients.

- **DIVERSITY**

Spandana has four loan products which can be broadly classified into two (Group Loan and Individual Loan). The main differentiating factors are the loan size, repayment frequency and loan tenor in respect of group loans and in respect of individual loans, it is the collateral, loan size and repayment tenor.

- **CONVENIENCE**

Spandana's loans are highly convenient which was also shared by clients during the client visits. The clients need to attend weekly group meetings which are held for 5-10 minutes and recoveries take place in the group meetings. However, client has to visit the Branch office along with the spouse while disbursement of the loan.

- **LINKAGES**

There is only one linked products with the loan to client i.e., credit life insurance provided to the client. However, if the client does not want to avail this service, he / she is rejected the loan.

FINDINGS OF THE STUDY

Sl.no	***Shri Kshethra Dharmasthala Rural Development Project***	***Spandana Sphoorty Financial Limited***
1	Interest rate is 9% pa flat for SKDRDP and processing fee charged is 1%	Interest rate charged on loan varies from one loan product to another.
2	Loans are given without any security and based on income generating capacity	Each loan product has collateral requirement.
3	Loans are given for productive purposes such as dairy, farming, agricultural activities and for consumption purposes & for construction of houses and for renovation.	Products like Karshak(farm equipment) requires hypothecation of farm equipment & loan against gold (Keertana) requires gold jewellery or coins as hypothecation.
4	Life insurance and health insurance is provide to the clients	Products like Abhilasha & Pragathi requires 5-10 members in-group.
5	Interest charged on loans are very low	No penalty for delay in payments.
6	Does not charge any fee for late payment Alternatively, any interest.	Loan is provided for MSE, farming, working capital needs, education, health.
7	Does not collect documentary evidences of the clients.	Loan pricing include processing fee & insurance fee at 1% of total gross loan.
8	Most of the SKDRDP operates in areas where other MFI's are not operating.	Loan provided depends on household income of rural and urban areas.
9	Loan appraisal i.e., computing repayment does not take variation terms.	Mortgage loan is provided against assets.
10	Loan recovery is done once in very scheduled day of the week.	Pricing of the loan in Spandana is very competitive and occasionally it reduces interest rates to remain competitive.
11	SKDRDP also provides National Pension Scheme to the clients.	Spandana has to comply as per the guide lines issued by the RBI.

CONCLUSION

After observing the above findings and analysis of the study, it is observed that Shri Kshethra Dharmasthala Rural Development Project is providing better financial support to rural areas than Spandana Sphoorty Financial Limited.

Shri Kshethra Dharmasthala Rural Development Project is contributing more to financial inclusion and better poverty alleviation than Spandana Sphoorty Financial Limited ,because it provides loans to dairy , farming, agricultural activities and for consumption purposes & for construction of houses and for renovation, which is more important to rural people than providing loans against asset and gold. Because most of the people living in Bellary district their main occupation consists of agriculture, raising cattle, agriculture and allied activities.

However, both MFI's are providing loans they are not concentrating on loan recovery activities and about delay in payment of loans. Loans provided by Shri Kshethra Dharmasthala Rural Development Project usually meet the needs of low and middle income group and also to the people below the poverty line ,but whereas loans provide by Spandana Sphoorty Financial Limited usually meets needs of only middle income group of people because they should hypothecate equipment. Low-income group people cannot be benefited with this kind of loans provided.

However, both the Micro Financial institutions play an important role in reducing poverty in Bellary district and as a financial inclusion.

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VALUE ADDITION ON KENYAN TEAS: EFFECTS ON INTERNATIONAL MARKET SUSTAINABILITY AND COMPETITIVENESS

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ABSTRACT

Tea is exported in bulk, denying farmers better income consistent with the value of their crop. The tea is used for blending with other teas for taste, aroma, colour and density, thereby losing its unique identity. Tea in its traditional form as brewed beverage is undergoing change in the context of changes in consumer preferences and lifestyles and increasing competition from other beverages in the global market. Value addition is today being driven by consumer choice and this is encouraging Kenyan tea firms to look into new ways to add value to their teas. Packing tea into tea bags in many forms has become popular because of convenience and it can be considered as an effective form of value addition. Selection of environmentally friendly packing materials, which are bio-degradable, recyclable and re-usable, has become a favorable factor. Flavoring of tea using natural mixtures of spices, herbs and extracts in liquid or granulate form has become very popular in most of the market segments of specialty teas. Strong artificial flavors are also used widely to flavor conventional teas. Carbonated drinks Ready to drink teas have great potential in both the local and export markets. Ready to drink teas can substitute popular carbonated drinks in the market based on awareness of the beneficial heath factors, the ready to drink teas will soon become a popular market product. This gives the Kenyan Teas international competitiveness in the global markets. This paper explores the benefits of the value addition and diversification on smallholder return on investment and market diversification for tea product sustainability for international competitiveness. The paper is supported by field data obtained from small-holder tea farmers sampled from Nyeri County in Central Kenya and secondary data from the tea sector stakeholders. The paper indicates that the Kenya tea industry is at crossroads and the country's status as an exporter of bulk CTC black tea needs to be changed to an exporter of value added teas. The paper recommends strategies for enhancing Value addition to the advantage and benefit of the smallholder tea enterprise and the sustainability of the Kenyan tea competitiveness.

KEYWORDS

Value added Teas; International Market; Return to small holder tea farmer; Small holder tea enterprise sustainability; Competitiveness.

1. INTRODUCTION

According to *Economic Survey, Kenya National Bureau of Statistics (2011),*Kenya is currently the world's third largest producer of tea after India and China but the leading exporter of black tea. Kenya's tea industry is well developed and is among the country's leading foreign exchange earners and contributes about 20% of the Kenya's total export earnings.

Since 2009, the Tea industry was the highest foreign exchange earner raking in Kshs 92 billionin2010.Kenya's major markets for tea in 2010 included Pakistan, Egypt, United Kingdom, Afghanistan, Sudan, Russia Federation and Yemen. The top four countries alone accounts for about 66% of total exports and this shows a high concentration of markets. Kenya's tea exports are mainly constituted by black CTC (crush tear and curl) teas in bulk and exports of value added teas are still very low KTDA, Annual Report,(2013).

2. BACKGROUND OF THE STUDY

The tea industry plays a key role in the agriculture sector and the economy at large with tea output contributing about 11% of the agriculture sector's contribution to Gross Domestic Product (GDP) of the country. In addition, the industry supports directly and indirectly approximately 5 million people making it one of the leading sources of livelihood in Kenya. However, the tea industry has been faced with various challenges including: high cost of production, poor infrastructure, low level of value addition and product diversification, inadequate research, development and extension services and declining global tea prices. (Economic Survey, Kenya National Bureau of Statistics, 2011).

At present the world tea market is rapidly growing with emerging customer needs. This demands the importance of a change from bulk tea exports to value added tea products to meet the customer's emerging and changing needs in an increasingly competitive beverage market. Firms failing to address the competitive forces by developing their marketing strategies as well as add value to their products will lose out to competitors. Since the inception of tea industry in Kenya, tea exports are in the form black CTC tea and exported bulk. Low prices, loss of income and the discrepancy in the prices between export prices and retail prices are the results of the bulk export of tea. Value added tea export will increase Kenya's export income and competitiveness of the tea industry.

The tea industry has made major strides in tea variety improvement, development of appropriate soil and plant nutrition management technologies, good agricultural and tea manufacturing practices, pests and disease identification and management techniques, development of extension materials and sensitization on importance of tea branding among others. These technologies have contributed to making Kenya attain the highest tea productivity in the world. Despite these advances, Kenya has continued to be a producer of processed tea at primary level with very little product differentiation and value addition. This has constrained growth in profitability, prices of the Tea and competitiveness in the international market (Tea Research Foundation of Kenya: 2010 – 2015 Strategic Plan).

A study carried out by the Kenya Tea Research in 2010 indicated that Kenya is currently the world's third largest producer of tea after India and China but the leading exporter of black tea. The major markets for Kenyan teas included Pakistan, Egypt, United Kingdom, Afghanistan, Sudan, Russia Federation and Yemen; The top four countries alone accounts for about 66% of total exports and this shows a high concentration of markets.

Kenya has more than 110,000 hectares of land devoted to tea and Tea is grown in the highland areas with adequate rainfall and low temperatures. Tea is a major foreign exchange earner, and the main source for 17 to 20 percent of Kenya's total export revenue. Small-scale farmers grow more than 80 per cent of it while the rest is by large-scale producers. Small-scale farmers market their produce through the umbrella Kenya Tea Development Authority (KTDA), who is in charge of collection, processing and selling of processed leaves. Large-scale producers of Kenyan tea include Brooke Bond, George Williamson, Eastern Produce and African Highlands. Unlike small-scale farmers, large-scale growers are responsible for processing and marketing of their own crop. (Tea Board of Kenya Strategic Plan 2008-2012)

Currently, Kenya produces and exports over 96% of the tea as black teas. The tea is sold to the world market in bulk and hence is largely used for blending lower quality teas from other countries. Consequently, it fetches low prices and therefore depressed revenue for tea growers in particular and low foreign exchange for the country in general. The Kenyan teas have been positioned the best in the world tea Market which has been rapidly growing with newly emerging customer needs. Although Kenyan tea industry had been mainly focused on bulk tea from the beginning to now, the tea sector is being diversified into value added trends with some value added strategies in terms of new product levels, value features, branding and packaging too. But again, the major international tea competitors such as Sri Lanka, China, India, Indonesia, Vietnam and Argentina are also aggressively following that value added strategies to penetrate and capture the potential markets. With this, Kenyan Tea manufacturers' needs to value add their teas as an effective and competitive strategy for having sustainable marketing results.

3. STATEMENT OF THE PROBLEM

Owino (2012) defines value addition in the context of tea denotes the processing of tea produced or bought in bulk form (mostly at the tea auction or at the factory) into products that are sold at the retail level in consumer-ready packets through product modification and diversification to create more value for the product. This is achieved through product branding, packaging and flavoring.

Tea in its traditional form as brewed beverage is undergoing change in the context of changes in consumer preferences and lifestyles and increasing competition from other beverages in the global market (Kelegema, 2010). Kenyan tea remains largely unknown in the international market with the exported bulk used to blend other teas, then packed using different brands. The tea industry wants a policy on value addition so that local brands can find pride of place internationally. Tea is exported in bulk, denying farmers better income consistent with the value of their crop. The tea is used for blending with other teas for taste, aroma, colour and density, thereby losing its unique identity. As a result, the Kenya tea industry is at crossroads and the country's status as an exporter of bulk CTC black tea needs to be changed to an exporter of value added teas. This would result to the future viability of the tea industry in the global market.

Despite the impressive successes that the Kenya tea Industry has registered in the past, there are varied challenges along the value chain which the sector is facing and would need to evaluate ways of reengineering itself into more improved ways of production, processing and marketing to sustain competitiveness and profitable investments. The challenges range from increased cost of production, processing, electricity bills, stagnant earnings due to export of tea in bulk form, low level of product diversification among others. Kenya is predominantly a black CTC tea producer, with black CTC teas forming about 99% of the total production. (Market Research and Information, KTDA, 2013)

The need for value addition of the tea has become more necessary than before as a solution to the myriad challenges and problems facing the tea industry as mentioned earlier on. Value added teas are tea exported as small packets and bags; and also herbal tea, flavoured tea and green tea instead of black Tea. Value addition to Kenyan Teas would not only provide the consumers world-wide with pure Kenyan branded teas, blended at source but would as well make the teas internationally competitive. Like other producing countries, Kenya can capture more value in the tea supply chain by diversifying into value-added production. A strategic approach is to diversify and add value to the tea products for the domestic and international markets. This lack of diversity of customers places Kenya in a precarious position, where a drop in demand from any one of these countries could have a major impact on revenues from Kenyan tea exports. Kenya risks losing major key tea markets, if it does not combine bulk and value addition in the production of tea.

Value addition is today being driven by consumer choice and this is encouraging Kenyan tea firms to look into new ways to add value to their teas. Packing tea into tea bags in many forms has become popular because of convenience and it can be considered as an effective form of value addition. Selection of environmentally friendly packing materials, which are bio-degradable, recyclable and re-usable, has become a favorable factor. Flavouring of tea using natural mixtures of spices, herbs and extracts in liquid or granulate form has become very popular in most of the market segments of specialty teas. Strong artificial flavours are also used widely to flavour conventional teas. Carbonated drinks Ready to drink teas have great potential in both the local and export markets. Ready to drink teas can substitute popular carbonated drinks in the market based on awareness of the beneficial heath factors, the ready to drink teas will soon become a popular market product. This gives the Kenyan Teas international competitiveness in the global markets. A major factor that is driving countries to look into value addition is a drop in global prices for bulk teas in recent years. It is for this reason that the researcher would be interested in carrying out a study on factors influencing Value Addition of Kenyan Teas for international competitiveness.

4. OBJECTIVES OF THE STUDY

GENERAL OBJECTIVE

The general objective of the study is to investigate the factors influencing value addition on Kenyan Teas for International Competitiveness in the global market.

SPECIFIC OBJECTIVES

1. To find out whether product differentiation influences value addition of Kenyan teas for international competiveness.
2. To establish the effect of repacking on value addition of Kenyan Teas for international competitiveness.
3. To determine the effect branding on value addition of Kenyan Teas for international competitiveness
4. To find out the effect of flavoring on value addition of Kenyan Teas for international competitiveness

5. METHODOLOGY

This adopted mainly the secondary data collection method to gather pertinent and relevant information to support the study.The primary method was also used where interviews was conducted to tea famers and other tea stakeholders followed focused group discussions to gather their knowledge and experiences on tea value addition in accordance with the requirements constitution of Kenya. The secondary data was obtained from the tea industry reports, newspaper articles, industry website and other relevant literature on the tea industry. Reference was made on the Tea Industry the Tea Amendment Act (Cap 343) (2010) of the Laws of Kenya, National Tea Policy of (2013) and the Strategic Plans of Tea Board of Keanya,KTDA Tea Research Institute of 2013.

6. JUSTIFICATION OF THE STUDY

Although the volume of value added tea sales has been increasing, there is still need for promotion to increase sales by creating product diversity, increasing the profitability, and providing job opportunities for Kenyans doing value addition rather than foreigners, and finally achieve the goal of industrialization as envisioned in the Vision 2030.

The need for value addition of the tea has become more necessary than before to provide the consumers world-wide with pure Kenyan branded teas, blended at source.

Like other producing countries, Kenya can capture more value in the tea supply chain by diversifying into value-added production. Value added teas is tea exported as small packets and bags; and also herbal tea, flavoured tea and green tea instead of black Tea.

The Country also needs to promote more the origin of teas from a particular region and then marketing the teas with a clear indication of their origin. The Tea Board of Kenya recently launched the Mark of Origin.For the promotion of the exporting of value added Tea, it is recommended that Kenya considers providing incentives like other competitors (especially Sri Lanka) do to the producers and packers of teas through duty free imports of flavours and packing equipment and materials and also placing all factories under the special economic zones. This paper acts as an important benchmark for future solutions existing and emanating problems of Agricultural products.

7. SIGNIFICANCE OF THE STUDY

The findings of the study help in assessment of the tea sector practices by the Government, tea manufacturers and other stakeholders. The findings further identify gaps in understanding, product differentiation, repacking, branding, and flavoring being value addition strategies to gain international competitiveness in the global market. It may help the policy makers and the Government through the Ministry of Agriculture to develop policy frameworks that take into account the diverse needs of the stakeholders in the tea industry and further add value to the managers and other employees of the manufacturing companies by creating insights on environmental changes revolving around the tea industry as well as contribute immensely to the existing literature in that field so that academicians could use it as a basis for further research.

8. TEA VALUE ADDITION

TEA VALUE ADDITION SITUATION IN KENYA

The level of tea value addition in Kenya is relatively low for both local and international markets consequent to which the country has not optimized its earnings from tea. Compared to other countries who have actively embraced value-addition such as Sri Lanka, Kenya tea earnings from exports have been slightly less. In

2010 for example, Kenya earned USD 1.23 billion from exports of 362 million kgs of its own tea as well as re-exports of 79 million kgs of other origin teas, while Sri Lanka earned USD 1.37 billion from its export of 314 million kgs owing to higher prices and more valued added shipments. Even though Kenya exported 29% more tea in quantity terms than Sri Lanka, the country earned 10% less in value terms (Tea Board,2013).Statistically as presented by the Tea Board (2012), in 2010 Kenya produced 339 million kgs of tea.20 Million Kgs (5%) was sold in value added form in the local market;38.6 million kgs (10%) was sold to the international market in value added form.This translates to 58.6 million kgs (15%) of total Kenya tea production being sold in value added form both locally and internationally. This justifies the reason why the entire tea industry in Kenya need to fully concentrate and invest heavily on value addition as a strategy t boost the sales and expand the market share both locally and internationally.

BARRIERS TO TEA VALUE ADDITION IN KENYA

The following were noted to be the existing impediments to tea value addition in Kenya:-

- Competition from established traders/firms in consuming countries, particularly multinational corporations, with well established brands and long consumer royalty, vast resources to promote their brands and fight new challengers, well developed distribution networks and huge investments in tea packing plants in consuming countries.
- Tariff escalation and non-tariff restrictions on imports in some of the markets particularly the ones that have the potential for value-added tea products. Amongst the value added teas, instant tea attracts the highest duty. The import duty on instant teas ranges from 5% to 75% with the highest duty of 75% being levied in Iraq, 70% in Algeria and 60% in Egypt.
- Limited fiscal and monetary incentives and where provided such as TREO scheme (Tax Remission for Export Office), they are ineffective and not favorable to promote tea value addition.
- High levies on tea packaging materials for local consumption. Local tea packers pay a 25% duty on packaging materials and 16% VAT.
- High cost of equipment required for tea value addition.
- Tea for domestic consumption unlike other food products attracts VAT. Within the East African Community member states, Kenya is the only country that levies VAT on tea and this makes its tea uncompetitive within and outside the region. VAT is, therefore, treated as an additional cost of production by packers.

RECOMMENDED TEA VALUE ADDITION STRATEGIES IN KENYA

- **MARKET AND PRODUCT DEVELOPMENT SUPPORT BY THE GOVERNMENT**

The Tea Industry has continued to change the marketing pattern and strategies to other sectors such as the European, North American, Japanese and other sectors which are keen in importing tea in value added form to try and balance between tea exported out in bulk and value added form. The Government has also offered additional budgetary support for market development in emerging markets which are especially inclined to value added product. The Government of Kenya through the Ministry of Agriculture has attempted to address the value addition gap by proposing a value addition strategy through which it will offer support to entrepreneurs who would like to pursue value addition services. The proposed facilities will have a provision of tasting, blending and packaging of tea in accordance with trader specifications and consumer requirements.

- **ENHANCEMENT OF THE KENYA TEA BRAND**

In 2009, the Ministry of Agriculture through the Tea Board of Kenya launched a Mark of Origin for Kenyan Tea. This is a branding initiative that will encourage trading in 100% Kenya tea and ensure that Kenya tea does not loose identity once exported. Legal reforms are also underway to entrench the value addition regime. The Tea Act (2011) under review of the regulations is underway to create an enabling environment for value addition. The Act has given the Ministry of Agriculture through Tea Board of Kenya mandate for promotion and monitoring of tea trade hence supporting value addition initiatives.

- **COMPLIANCE WITH CONSUMER REQUIREMENTS**

Most tea factories and enterprises in Kenya have undergone various international certifications such as Fair Trade and Rain Forest Alliance Certifications which is applied to the packaging and production which have consequently increased the competitiveness for Kenya tea worldwide and especially in Value Added Markets.

9. CONCLUSION

Despite the fact that tea is the leading cash crop in Kenya, Kenya has continued to be a producer of processed tea at primary level with very little product differentiation and value addition. This has constrained growth in profitability. Attractive and durable packaging is the main marketing tool to increase the market share of the company this is lacking in the current situation where tea is packaged in the traditional non attractive packs making as compared to other substitute competitive products such as drinking chocolate, coffee, sodas and water.

Kenya will realize better returns through higher prices and increased foreign exchange earnings through Tea Value Addition. Value addition will also increase employment opportunities, and enhance industrialization and greater technological development and thereby contribute significantly to the realization of Vision 2030.

10. RECOMMENDATION

The tea industry stakeholders need to concert their efforts at all levels to enhance and embrace Tea Value Addition initiatives in order to make the tea industry more profitable, competitive, rewarding and sustainable.

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EMPLOYEE RETENTION: MANAGING THE HUMAN RESOURCE IN EDUCATION SECTOR

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ABSTRACT

Human resource is the most important asset of an organization and success of an organization depends upon retention of the key employees. Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time. The biggest challenge that organizations face now a days is to secure competent employees. Without valuable employees, a business cannot generate revenue and prosper. Also in today's competitive environment companies should do their best to find suitable employees and maintain good relations with them so that they are willing to stay with the organization and generate good returns for them. Employee retention is useful as it helps in reducing cost of turnover, prevents loss of company's knowledge and helps to avoid inconvenience in the customer service. Hence the main intent of this paper is to find how valuable employees would be retained by focusing on certain determinants in education sector. The research design for the study is descriptive. The research has been conducted using primary data collected through a structured questionnaire from 110 employees of various educational institutes in Jammu. The findings of the research indicates that educational institutes should include employees in decision making, provide job security & career growth opportunities and create satisfaction among employees so as to retain the human talent within the organization. These findings would be useful for employers to discover the right formula that should be followed to retain their competent human resource.

KEYWORDS

career growth opportunities, employee participation, employee retention, job security.

INTRODUCTION

The present business environment is so competitive and complex that companies should try their best to find appropriate employees. Efforts should be made to create good working team and environment so that key employees can stay in business and make high profits for the organization. Gberevbie (2008) has agreed that formulating and implementing strategies capable of recruiting competent employees and retaining them to achieve organizational goals is one of the main challenges being faced by the organizations. Managers spend a lot of time and money in finding and attracting responsible, innovative, knowledgeable and motivated employees to work for their organization. Having a happy and enthusiastic workforce will help managers in achieving individual and organizations performance. Raikes & Vernier (2004) stated that retaining employees is considered as a key strategy to achieve financial success.

Encouraging employees to remain in the organization for a long period of time can be termed as employee retention. It is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Zineldin (2000) has viewed retention as an obligation to continue to do business or exchange with a particular company on an ongoing basis.

Employee retention is beneficial for the organizations as well as the employees. Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. A good employer should know how to attract and retain its employees. Denton (2000) has clearly stated that employees who are happy and satisfied with their jobs are more dedicated towards their work and always put their effort to improve customer satisfaction.

The process of employee retention helps the organizations to reduce the cost of employee turnover and helps to save the amount spend on hiring, training and development of the employees. It also helps to retain the knowledge and experiences of its skilled employees as they are considered important assets of the organization and also help in maintaining the goodwill of the organization as the attrition rate will be low.

REVIEW OF LITERATURE

Samuel and Chipunza (2009) undertook a study to identify the key intrinsic and extrinsic motivational variables in organizations and to find out the degree to which the innovated intrinsic and extrinsic motivational variables are influencing employees' retention and turnover in the selected organizations. The results revealed that employees are influenced to stay in their own organizations by a combination of intrinsic and extrinsic motivational factors like training and development, challenging/interesting work, freedom for innovative thinking and job security.

Shoaib, Noor, Tirmizi and Bashir (2009) aimed to study the influence of career development opportunities, supervisor support, working environment, rewards and work-life policies on employee retention. The results of the study reveled that the variables like career development opportunities, supervisor support, working environment, rewards and work-life policies have positive relationship with employee retention.

Aguenza and Som (2012) in their study tried to explore the motivational factors that are essential in influencing employee retention. The findings revealed that financial rewards, job characteristics, career development, recognition, management and work-life balance are important factors that influence retention. The study suggested that strategies like building total reward system, giving constructive opinion on employee performance regularly, having flexible programs for maintaining work-life balance and recognizing improved performance of employees for rewarding them should be adopted to increase employee retention in the organization.

Akila (2012) undertook a study to understand the dissatisfaction of the employees with the retention program in BGR Energy Systems Ltd, Chennai. For data collection, a questionnaire was prepared and 109 executives were taken as respondents. The results of the study revealed that comfortableness in working hours was the most important factor for employee retention and was given highest weightage by the employees. On the other hand dissatisfaction with the annual increments provided was given minimum weightage. Other factors that had a greater influence on employee retention were career opportunities, work life balance and recognition.

Rao (2012) stated that retaining skilled and efficient employees in an organization is the most challenging task for human resource department. For this purpose employers need to attract employees with different monetary and non –monetary benefits. In this paper the researcher has made an attempt to bring out different strategies which could help HR managers to retain people in the organization. The researcher suggests that HR should come up with the strategies which are focused on employee benefits and should involve them in decision making process by open communication. The policies of the top management should be employee focused which should be depicted in HR practices.

Balakrishnan, Masthan and Chandra (2013) examined the drivers of the employee engagement and studied the relationship between employee engagement and employee retention. The data analysis was done using the response given by 185 employees. The results of the study revealed that improvement in retention can be done by increasing the level of employee engagement and giving due consideration to non-financial drivers. The study suggests that retention can be improved without financial expenditure by designing good practices and retaining their highly skilled and specialized human resources.

Das and Baruah (2013) tried to review the existing literature on employee retention so as to find out the factors influencing employee retention and job satisfaction of the employees in the organization. The research concluded that the factors like compensation practices, leadership and supervision, career planning and development, alternative work schedule, working conditions, flexible working hours etc are the most influencing factors for employee retention which motivate them for not changing their work places and continue in their own organizations.

Nazia & Begum (2013) tried to document the practices followed by select Indian MNC's in retaining their employees and also highlighted the opinion of the employees about such retention strategies. 10 MNC's namely; Oracle, Accenture, SAP, CICSO, Microsoft, INGRAM, IBM, HP, Dell and Intel were selected for the purpose of the study. The study concluded that organizations must take initiative to relive their employees from the workload through job rotation, change in work location and other recreational activities. It was also observed that implementation of three R's i.e. respect, recognition and rewards would increase retention.

RESEARCH OBJECTIVES

1. To explore the impact of employee satisfaction, career growth opportunities, work content & role clarity, job security and employee participation on employee retention.
2. To identify the dominant factors that influence retention of employees.

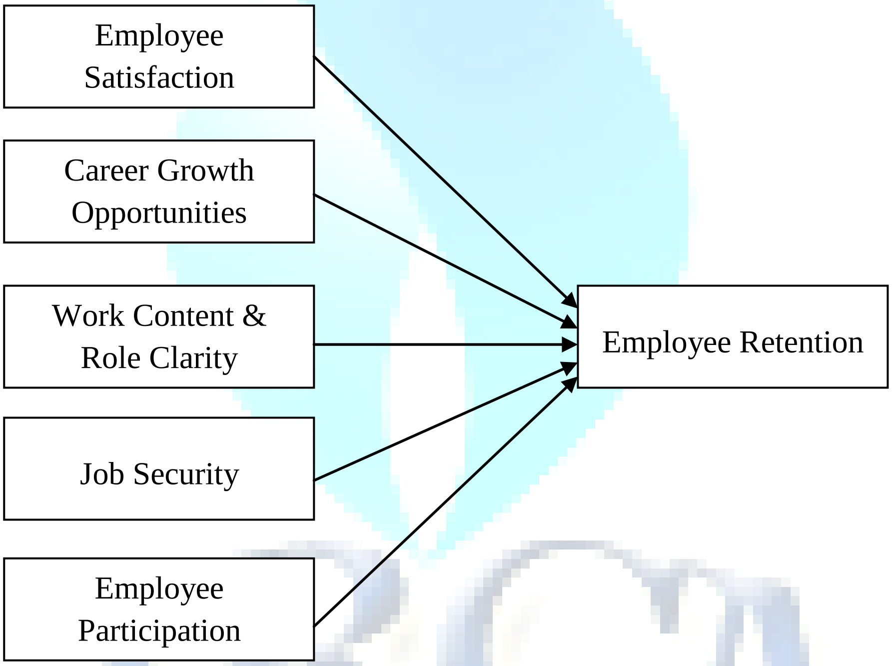
PROPOSED HYPOTHESES

H1: Increased Employee Satisfaction has significant impact on employee retention.
H2: Increased Career Growth Opportunities leads to higher employee retention.
H3: Good Work Content & Role Clarity leads to higher employee retention.
H4: Increased Job Security has significant impact on employee retention.
H5: Increased Employee Participation leads to higher employee retention.

PROPOSED RESEARCH FRAMEWORK

In order to make contribution to the existing literature this study proposes a conceptual framework presented in figure 1.

FIGURE 1: PROPOSED RESEARCH FRAMEWORK



Source: Developed for the purpose of research

RESEARCH METHODOLOGY

The study tries to determine the factors that affect employee retention. Hence the research design for the study is descriptive. The employees in various educational institutes of Jammu region constitute the sampling unit for the study. A structured questionnaire is prepared to collect the data from the respondents and they were asked to indicate their opinion on a five point Likert scale. In total 110 questionnaires complete in all respects were received and hence this constitute the sample size for the study.

DATA ANALYSIS & INTERPRETATION

The present study aims to determine the factors that have significant effect on employee retention in the education sector. In order to address the issue regression analysis was conducted by considering employee satisfaction, career growth opportunities, work content & role clarity, job security and employee participation as five independent variables and employee retention as dependent variable. The results of same are presented in tables 1 to 3. Table 1 reveals that the five independent variables account for 34.9% of variation in employee retention. Further, the Durbin-Watson value is within the acceptable limit (1.5-2.5) indicating that auto correlation is not a problem in the regression model under consideration.

TABLE 1: MODEL SUMMARY [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.591[a]	.349	.318	.53329	1.630

a. Predictors: (Constant), Employee Participation, Satisfaction, Career Growth Opportunities, Job Security, Work Content & Role Clarity
b. Dependent Variable: Employee Retention

Source: Analysis of data collected for this research

The F value in table 2 is statistically significant at 1% level (Sig. = .000) meaning that the overall regression model is a good fit for the data.

TABLE 2: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.878	5	3.176	11.166	.000[b]
	Residual	29.577	104	.284		
	Total	45.455	109			

a. Dependent Variable: Retention
b. Predictors: (Constant), Employee Participation, Satisfaction, Career Growth Opportunities, Job Security, Work Content & Role Clarity

Source: Analysis of data collected for this research

TABLE 3: COEFFICIENTS[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.203	.550		-.369	.713		
	Satisfaction	.225	.093	.192	2.405	.018	.986	1.014
	Career Growth Opportunities	.225	.094	.190	2.390	.019	.993	1.007
	Work Content & Role Clarity	.166	.099	.141	1.676	.097	.886	1.129
	Job Security	.194	.062	.255	3.114	.002	.933	1.072
	Employee Participation	.311	.078	.334	3.966	.000	.883	1.132

The last two columns of table 3 indicate that multicollinearity is not a problem in the selected regression model because the maximum value of variance inflation factor (VIF) is 1.132 and tolerance value for all variables is greater than 0.1. This indicates that the selected independent variables are not correlated.

Further, the conclusion regarding the proposed research hypotheses is drawn by analyzing the significance value of t statistics in table 3. The results reveal that employee participation (beta = .334 and sig. = .000) and job security (beta = .255 and sig. = .002) have positive significant impact on employee retention at 1% level. Among the remaining three variables, job satisfaction (beta = .192 and sig. = .018) and career growth opportunities (beta = .190 and sig. = .019) make significant positive contribution to employee retention at 5% level. However, work content & role clarity failed to establish significant relationship with employee retention due to a high level of significance (sig. = .097). This indicates that H1, H2, H4 & H5 are accepted while hypothesis 3 is rejected. Hence, increased employee satisfaction, increased career growth opportunities, increased job security and increased employee participation lead to higher employee retention. So in order to retain the employees, educational institutes need to focus on the above stated four variables.

MANAGERIAL IMPLICATIONS

Human resource management is a strategic issue being faced by majority of the organizations. Intelligent employers always realize the importance of retaining the best talent. So there is need for development of strategies that would relate to the employees and help in their effective management. This paper tries to throw light on factors that educational institutes in Jammu need to consider in order to retain their talent. Our study shows that giving decision making power to the employees and letting them share their ideas at work really seem to influence the retention of employees in the education sector. It is also observed that providing recognition, rewards and satisfying facilities to the employees will increase retention. Furthermore, job security and career growth opportunities of the employees should not be neglected as they also turned to be motivating factors for employee retention.

Employee retention is more than just keeping employees on the job. It is also about sustaining employees, primarily by enhancing their job satisfaction. So the findings of the study would help the educational institutes to know the key factors responsible for retaining the talent in the organization. HR must take steps to be aware of employee problems and try to solve them, creatively. The results of the study suggest that educational institutes should try to involve the employees and provide congenial amenities to their employees. Also, organizations should invest heavily in the training and development of their employees. Employees' performances are enhanced through training and development and this encourages retention. Providing training to the employees indicates organizations' intention to build long term relationship with the employee and also help in employees' career progression. The above stated practices would make employees more innovative and improve the performance.

CONCLUSION

One of the difficult tasks faced by organizations is to satisfy and retain the human resource. Given this increasing need to retain the good employees, the present study tries to explore the variables that are vital in influencing employees' choice to be a part of the organization or leave the organization. The study proposes that increased employee satisfaction, increased career growth opportunities, good work content & role clarity, job security and increased employee participation persuades employees to stay in the organization. In order to achieve the objectives, a structured questionnaire was prepared and data was collected from 110 employees of various educational institutes in Jammu. The research concludes that employee participation, job security, employee satisfaction and career growth opportunities reduce employee turnover. But the results cannot be generalized as the study was limited to specific region and few respondents. Also, still much scope remains for more exploration in the field of employee retention by considering factors like leadership and supervision, working hours, peer relations, management, working conditions etc.

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PERFORMANCE EVALUATION OF MUTUAL FUNDS OF ICICI AND SBI

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ABSTRACT

Mutual fund is an institutional arrangement wherein savings of millions of investors are pooled together for investment in a diversified portfolio of securities to spread risk and to ensure steady returns. These funds bring a wide variety of securities with in the reach of the most modest of investors. It is essentially mechanism of pooling together savings of large number of investors for collective investment with an approved objective of attractive yield and appreciation in value. The Mutual Funds offers different investment objectives such as growth, income and tax planning. Therefore our study has attempted to performance evaluation of mutual funds of public(SBI) and private sector mutual fund(ICICI) schemes in terms of risk-return measures (Average fund return, Standard Deviation, Beta, Alpha & R square) and risk adjusted theoretical parameters suggested by Sharpe(1966) and Treynor (1953), Jensen's (1964). Sample of our study consists of 73 Mutual Fund Schemes for the period 2009-2014 (30th November).

KEYWORDS
Alpha, Beta, Standard Deviation, Risk and Return, Jenson's, Treynor's, Sharpe's, NAV.

JEL CLASSIFICATION
G11, G12.

1. INTRODUCTION
Mutual funds provide a mechanism to invest in the stock market without knowing the complexities of stock market. Mutual funds provide the best option to the investors who have no knowledge of the stock market. Mutual fund is just the connecting bridge or a financial intermediary that allows a group of investors to pool their money together with a predetermined investment objective. They are responsible for investing the gathered money into specific securities (stocks or bonds). They invest their money on the behalf of investors. For this they charge only nominal fees. When you invest in a mutual fund, you are buying units or portions of the mutual fund and thus on investing becomes a shareholder or unit holder of the fund. Mutual funds provide more return with less risk. The main advantage of mutual fund is that it diversifies the risk because the pooled money is invested in diversified portfolio. Mutual funds have started in India in 1964. The first scheme was Unit Scheme 1964. In that year UTI has the monopoly over the mutual fund industry up to 1987. In 1987 government institutes were allowed to start mutual funds operations. In 1993 it has opened for private sector. The regulations on mutual funds came in the year 1996. Today there are near about 42 mutual funds companies operated in India. Moreover government is doing every effort to promote the mutual funds in India. In 1999 it has exempted the all dividend incomes in the hands of investors fully tax free. Mutual funds offer close ended and open ended schemes. Close ended schemes have some stipulated time period that is normally between 3 to 15 years. Open ended schemes are available for subscription during the all time period. These are further available in growth, income, balanced, ELSS, FMCG, ETF, gold fund and sector specific. Mutual fund industry is doing every effort to attract the investors to invest in mutual funds by offering innovative schemes. Moreover Investors have great expectations from mutual funds. So this paper is an attempt to study the performance of mutual funds in the framework of risk and return during the period 1st April 2009 to 30TH November 2014.

2. REVIEW OF LITERATURE
Many research studies have been conducted on performance evaluation on mutual funds. Some of the studies has presented in a chronological order

Poonam M Lohana (2013) studied on performance evaluation of selected mutual funds of india based on risk-return relationship models and measures: Treynor ratio, Sharpe ratio, Jensen's alpha. The study found that Returns of all funds are more than market index returns, but not high.

Prajapati & Patel (2012) studied on performance evaluation of mutual fund schemes of Indian companies is carried out through relative performance index, risk-return analysis, Treynor's ratio, Sharp's ratio, Sharp's measure, Jensen's measure, and Fama's measure.. The study found that that most of the mutual fund have given positive return during 2007 to 2011.

Ira Bapna, Yogesh Mehta and Vishal Sood (2010) compared the performance of public and private sponsored nineteen ELSS mutual funds by using the Sharpe ratio and using S&P CNX Nifty as a market benchmark for six years (2003-2008). Their results referred the superior performance for private sponsored index funds with Sharpe ratio of -0.29 against -0.51 for public sponsored index funds. In the category of ELSS funds, the Sharpe ratio of 1.21 for private sponsored funds revealed better performance compared to public sponsored (with 0.67 Sharpe ratio). Thus, study favors that the managerial expertise of private sponsored funds is more able to beat the public sponsored funds. To sum the review of literature, it can be said clearly that most of the studies have evaluated mutual fund performance on the risk adjusted basis but very few have seen its comparative performance. So, there is a need to focus on this minimally addressed aspect of mutual fund performance in Indian perspective.

Dietze, Oliver and Macro (2009) have conducted a research to evaluate the risk-adjusted performance of European investment grade corporate bond mutual funds. Sample of 19 investment-grade corporate bond funds was used for the period of 5 years (July 2000 – June 2005). Funds were evaluated on the basis of single-index model and several multi-index a nd asset-class-factor models. Both maturity-based indices and rating based indices were used to account for the risk and return characteristics of investment grade corporate bond funds. The results indicated that the corporate bond funds, on average, underperformed the benchmark portfolios and there was not a single fund exhibiting a significant positive performance. Results also indicated that the risk-adjusted performance of larger and older funds, and funds charging lower fees was higher.

Muthappan P K and Damodharan E (2006) evaluated 40 schemes for the period April 1995 to March 2000. The study identified that majority of the schemes earned returns higher than the market but lower than 91 days Treasury bill rate. The average risk of the schemes was higher than the market. 15 schemes had an above average monthly return. Growth schemes earned average monthly return. The risk and return of the schemes were not always in conformity with their stated

investment objectives. The sample schemes were not adequately diversified, as the average unique risk was 7.45 percent with an average diversification of 35.01 percent. 23 schemes outperformed both in terms of total risk and systematic risk. 19 schemes with positive alpha values indicated superior performance. The study concludes that, the Indian Mutual Funds were not properly diversified.

Sondhi H J and Jain P K (2005) examined 17 public and 19 private sector mutual fund equity schemes. The mean and median returns for the aggregate period (1993-2002) were lower than the returns on 364 days treasury bills, and higher than the BSE 100 index. Alliance Equity fund was the top performer and Canbonus and LIC Dhanvikas(I) were the worst performers. They hypothesized that majority of the sample schemes earned returns better than the market. Private equity schemes had superior performance due to its popularity; fund management practices, well-researched stock selection and timing skills. More than three-fourth of public sector schemes were unable to achieve better returns in spite of higher investor confidence associated with high safety. The funds did not show consistency in performance

Sharath Jutur (2004) studied 58 schemes during the bear period (September 1998 to April 2002). He identified that the risk was low for 37 schemes, below average risk for 11 and of average risk for 10 schemes. Risk-return analysis revealed that, average mutual funds were found to be with low unsystematic and high total risk. The return was positive in the case of 46 schemes, with 30 schemes yielding above 5 percent. 32 schemes had positive Treynor ratio, 30 schemes had positive Sharpe ratio, 35 schemes had positive Jensen measure due to the bearish market with low CAPM returns.

Vasantha, Maheswari and Subashini,(2013) evaluated the Performance of some selected open ended equity diversified Mutual funds and studied HDFC top 200 fund, Reliance top 200,ICICI Prudential top 200, Canara Robeco equity diversified fund, Birla Sun Life frontline equity mutual funds over the period of 60 months data. The analysis has been made on the basis of Sharpe ratio, Treynor ratio and Jenson .

Salim, Takibur & Sharmeen (2010) investigate performance equity based mutual fund schemes in Bangladesh considering 16 mutual funds based on risk return relationship model and measures. This study found that different measures produce different outcome which is not consistent due to time horizon.

Sushilkumar (2010) analyze the performance of mutual fund schemes of SBI and UTI and found out that SBI schemes have performed better than the UTI in the year 2007-2008

3. NEED FOR THE PRESENT STUDY

The mutual fund is an important financial institution which can play a significance role in the development of any country. If they perform in an efficient way and to the expectation of the investing public, then a large number of investors can be attracted toward these. India's saving rate is above 28 percent, and is considered to be the highest in the world. The rate of conversion of this saving in investment is very low, i.e, around 7%, in comparison to other developed countries.

Today it is noticed that a large number of mutual funds schemes have been floated in the market. It is very difficult for an average investor to examine their performance. Thus, it is very important to evaluate the performance of the mutual funds so that the small investors can make valued judgment for selecting the mutual funds for their investment purposes. it is essential to ensure due diligence, transparency and safety in portfolio selection by the mutual funds. In the light of about mentioned observations, the present study is initiated.

4. SCOPE OF THE STUDY

The present study comprises of 43 mutual fund schemes launched by ICICI and SBI Mutual Funds. The time period for the research work is from 1st March 2009 to 30th November 2014. The weekly returns are compiled on the basis of NAV. Then these schemes are compared with Bombay Stock Exchange Sensitive Index to evaluate the performance of these schemes. An attempt has been made to draw a conclusion which reflects the clear picture of the mutual fund industry in the current scenario.

5. OBJECTIVES OF THE STUDY

- To appraise the performance of ICICI and SBI mutual fund in selected organization in India under the regulated environment
- To examine the risk and return from selected organizations
- To evaluate the performance of public and private sector (SBI and ICICI) mutual fund schemes by using Sharpe, Treynor, and Jenson measures of portfolio evaluation

6. HYPOTHESIS TESTING

- *Hypothesis Test H1: The risk and return of public and private sector mutual funds are significantly differ*
- Hypothesis test H2: *There is no significant relation between performance of public and private sector mutual funds*.

7. METHODOLOGY

In the present study an attempt has been made to analyze and interpret the behaviour of different mutual fund schemes with the market during the period under study. In order to achieve the pre-determined objectives an analysis has been made to compare these schemes with the market on the basis of risk and return. Different statistical and financial tools are used to evaluate the performance of these mutual fund schemes under the present study. These tools and techniques include mean, standard deviation, beta, co-efficient of determination, Sharpe, Treynor, Jensen Alpha Measure.

SAMPLE SELECTION

There are different types of mutual fund schemes available in India which is classified under different categories. In the present study, 43 open-ended Regular base Growth option Mutual funds have been selected for the study period. The convenience sampling method is used for the sample selection.

DATA COLLECTION

The present study is based on secondary data which is collected from various sources like published annual reports of the sponsoring agencies, online bulletins, journals, books, magazines, brochures, newspapers and other published and online material. The weekly data for the mentioned schemes have been collected from the website www.mutualfundsindia.com. The data has been collected from 1st March 2009 to 30th November 2014.

8. ANALYSIS OF PERFORMANCE

The following table represents data relating to seven risk measures of 73 schemes relating to ICICI as well as SBI mutual funds. The important measures considered for the study are Sharpe, Treynor, Jensen, R Square, Beta, Standard deviation and Comparison of portfolio returns to market returns and Ratings of agencies. They are further classified into three categories i) Low performing, ii) Medium performing and iii) High performing. This analysis is useful to all the stake holders of mutual funds for their decision making in investing in mutual funds.

8.1 STANDARD DEVIATION

The following Table1 details the data relating to standard deviation analysis. Standard deviation is a measure of risk; the schemes are categorized into three groups i) The group of schemes with standard deviation of less than 0.50 is said to have lower risk. ii) The group of schemes with standard deviation from 0.50 to 1 is said to medium risk and iii) The group of schemes with standard deviation above 1 is said to have high risk.

The study considered 73 schemes, out of which 40 schemes belong to ICICI and 33 Schemes belong to SBI mutual funds. It is observed from the following table that no schemes of ICICI have fallen under lower value of 'standard deviation' (< 0.50). Whereas public sector have 1 scheme fallen under lower value of standard deviation. The liquid fund of SBI is found to have standard deviation of below 0.50 considered to have lower risk comparatively.

It is observed that 7 schemes in ICICI and 6 schemes in SBI have medium risk, where the schemes have standard deviation in between 0.5 to 1. It is found that debt funds like liquid Fund, Ultra Short Term Fund and Intermediate Bond Fund are the schemes which have medium risk.

It can be understood from the table that 33 schemes of ICICI and 26 of SBI have fallen in the group with high standard deviation above 1 considered as high risk. It is found from the following table that both Equity and Debt funds have higher risk.

The mutual funds with higher standard deviation are interpreted as the schemes with higher risks and vice-versa.

TABLE 1: INTENSITY OF RISK (STANDARD DEVIATION) ANALYSIS

TYPE OF FUND	ICICI				SBI			
	Sample Size	Sd < 0.50	Sd = 0.50 to 1	Sd >1	Sample size	Sd < 0.50	Sd = 0.50 to 1	Sd >1
Large Cap	5	-	-	5	3	-	-	3
Flexi Cap	6	-	-	6	4	-	-	4
Moderate Allocation	4	-	-	4	2	-	-	2
Small/Mid Cap	1	-	-	1	4	-	-	4
Intermediate Bond Fund	7	-	-	7	3	-	1	2
Intermediate Government Bond Fund	2	-	-	2	5	-	-	5
Liquid Fund	3	-	3	-	3	1	2	-
Short Term Fund	3	-	-	3	2	-	-	2
Ultra Short Term Fund	5	-	4	1	3	-	3	-
Conservative Allocation	4	-	-	4	4	-	-	4
Total	**40**	**--**	**7**	**33**	**33**	**1**	**6**	**26**
Remarks on Performance		**LR**	**MR**	**HR**		**LR**	**MR**	**HR**

LR : Low Risk
MR: Medium Risk
HR: High Risk

Source: Compiled from the data tables.

8.2 BETA ANALYSIS

The following Table 2 explains the Beta analysis of mutual schemes of ICICI and SBI. The study has categorized the mutual fund schemes into two categories, schemes with beta values less than 1 and greater than 1 (B<1 and B>1). The schemes with Beta less than 1 are treated to have lower risk and the schemes with Beta values greater than 1 are treated with higher risk. The schemes with Beta values less than 1 are considered to be less volatile, i.e. the asset value of the schemes will not decrease or increase as much as the market do. Whereas the schemes with Beta values greater than 1 are considered to high volatility, i.e. the asset value of the schemes will increase or decrease more the market do.

It can be observed from the following table that 29 schemes of ICIC and 31 Schemes of SBI have Beta values less than 1. Furthermore, 11 schemes of ICICI and 2 Schemes of SBI have Beta values greater than. Hence it can be interpreted that majority of the schemes have Beta values less than 1 i.e. majority schemes of ICICI and SBI are less volatile.

Further, it can be observed that equity funds of ICICI and SBI are having high volatility. The schemes of Large Cap, Flexi Cap, Moderate Allocation and Intermediate Bond Fund are found to have high volatility. The above said schemes are equity funds.

The schemes of Debt funds of ICICI and SBI are found to be less volatile. Among the schemes of less volatile are Intermediate Government Bond Fund, Liquid Fund, Short Term Fund, Ultra Short Term Fund and Conservative Allocation.

TABLE 2: BETA ANALYSIS

TYPE OF FUND	ICICI			SBI		
	Sample size	B < 1	B > 1	Sample size	B < 1	B > 1
Large Cap	5	3	2	3	3	-
Flexi Cap	6	5	1	4	3	1
Moderate Allocation	4	-	4	2	2	-
Small/Mid Cap	1	1	-	4	4	-
Intermediate Bond Fund	7	3	4	3	2	1
Intermediate Government Bond Fund	2	2	-	5	5	-
Liquid Fund	3	3	-	3	3	-
Short Term Fund	3	3	-	2	2	-
Ultra Short Term Fund	5	5	-	3	3	-
Conservative Allocation	4	4	-	4	4	-
Total	40	29	11	33	31	2
Remarks on Performance		**LR**	**HR**		**LR**	**HR**

LR : Low Risk
HR: High Risk

Source: Compiled from the data tables.

8.3 COMPARISON OF PORTFOLIO RETURN WITH MARKET RETURN

The study has analysed the mutual fund schemes based on comparing the market returns to portfolio returns. The mutual fund schemes of ICICI and SBI are categorized as portfolio returns are greater than market returns and schemes of portfolio returns less than market returns. The schemes with returns less than the market are considered as weak performers as they have given fewer returns comparatively. Similarly, the schemes returns are higher than market are considered as good performers as they given high returns comparatively

It is observed from the following table that out of 73 schemes of ICICI and SBI mutual fund schemes, 7 schemes of ICICI and 4 schemes of SBI have given low returns than market and 33 schemes of ICICI and 29 schemes of SBI have given higher returns than market.

Furthermore, the schemes of “Large Cap”, “Intermediate Bonds” and “Ultra Short” schemes of Private sector have given higher returns. In Public sector it is observed that “Intermediate Government bond”, “Small Cap” and “Conservative Allocation” schemes have given higher returns comparatively.

It can be understood from the discussion among ICICI and SBI Mutual fund Scheme majority of them have obtained returns above the market returns. Among the schemes of high returns are equity schemes.

TABLE 3: COMPARISON OF PORTFOLIO RETURN WITH MARKET RETURN

TYPE OF FUND	ICICI			SBI		
	Sample Size	Rp < Rm	Rp >Rm	Sample Size	Rp < Rm	Rp >Rm
Large Cap	5	-	5	3	1	2
Flexi Cap	6	2	4	4	2	2
Moderate Allocation	4	1	3	2	1	1
Small/Mid Cap	1	-	1	4	-	4
Intermediate Bond Fund	7	2	5	3	-	3
Intermediate Government Bond Fund	2	2	-	5	-	5
Liquid Fund	3	-	3	3	-	3
Short Term Fund	3	-	3	2	-	2
Ultra Short Term Fund	5	-	5	3	-	3
Conservative Allocation	4	-	4	4	-	4
Total	**40**	**7**	**33**	**33**	**4**	**29**
Remarks on Performance		**LR**	**HR**		**LR**	**HR**

LR : Low Return
HR: High Return

Source: Compiled from the data tables.

- ***Hypothesis Test H1: The risk and return of public and private sector mutual funds are significantly differ***

It is observed from the above table that ICICI Mutual fund schemes have lower risk comparatively to SBI Mutual Fund Schemes. Further, ICICI mutual fund schemes have earned higher returns comparative to SBI Mutual fund schemes. Since there is significant difference in risk and return between the public and private sector mutual fund schemes H1 is accepted.

8.4 CORRELATION OF FUND MOVEMENT (R^2 VALUE) ANALYSIS

The study has analysed correlation of mutual fund schemes returns with market returns. The mutual fund schemes of ICICI and SBI are categorized into three groups, i) Schemes with R^2 between 0 to 0.30 are considered to have low correlation ii) Schemes with R^2 between 0.30 to 0.60 are considered to have medium correlation and iii) Schemes with R^2 between 0.60 to 1 have high correlation.

The analysis has resulted; ICICI has 3 schemes with correlation within 0 to 0.30, 2 schemes with correlation within 0.31 to 0.60 and 35 schemes with correlation within 0.61 to 1. SBI has 1 scheme with correlation within 0 to 0.30 and 32 schemes have correlation within 0.61 to 1. It is observed that majority of the schemes have high correlation between their returns and market returns.

Intermediate Bond Fund and Intermediate Government Bond Fund schemes of ICICI and Moderate Allocation scheme of SBI have low correlation with market returns. Large Cap, Flexi Cap, Small/Mid Cap, Liquid Fund, Short Term Fund, Ultra Short Term Fund, and Conservative Allocation funds of ICICI and SBI have high correlation with market returns.

Furthermore, from the above discussion it can be interpreted that majority of schemes have correlation within 0.61 to 1 considered to have high correlation with market performance and hence highly volatile and risky. Among these schemes majority of the schemes are equity schemes.

TABLE 4: CORRELATION OF FUND MOVEMENT (R2 VALUE) ANALYSIS

TYPE OF FUND	ICICI				SBI			
	Sample size	R2 = 0 to 0.30	R2 = 0.31 to 0.60	R2 = 0.61 to 1	Sample size	R2 = 0 to 0.30	R2 = 0.31 to 0.60	R2 = 0.61 To 1
Large Cap	5	-	-	5	3	-	-	3
Flexi Cap	6	-	-	6	4	-	-	4
Moderate Allocation	4	-	-	4	2	1	-	1
Small/Mid Cap	1	-	-	1	4	-	-	4
Intermediate Bond Fund	7	1	1	5	3	-	-	3
Intermediate Government Bond Fund	2	1	1	-	5	-	-	5
Liquid Fund	3	-	-	3	3	-	-	3
Short Term Fund	3	1	-	2	2	-	-	2
Ultra Short Term Fund	5	-	-	5	3	-	-	3
Conservative Allocation	4	-	-	4	4	-	-	4
Total	**40**	**3**	**2**	**35**	**33**	**1**		**32**
Remarks on Performance		**LC**	**MC**	**HC**		**LC**	**MC**	**HC**

LC: Low Correlation
MC: Medium Correlation
HC: High Correlation

Source: Compiled from the data tables

8.5 SHARPE ANALYSIS

The investment is said to be good investment if those high returns do not come with additional risk. Hence, Sharpe analysis is conducted to know whether the returns acquired because of smart investment or high risk. The study has calculated the Sharpe Ratio for the schemes and categorized into three groups i) Schemes with Sharpe Ratio less than zero considered as low performer ii) Schemes with Sharpe Ratio within 0 to 1 considered to be medium performer and iii) Schemes with Sharpe Ratio greater than 1 considered to be high performer. The high performer scheme is treated as good investment comparatively with risk-adjustment.

ICICI and SBI have 1 scheme each with Sharpe Ratio less than 1 considered to be low performer. Intermediate Government Bond Fund of ICICI Mutual Fund and Flexi Cap of SBI mutual fund are the schemes with Sharpe Ratio less than 1.

27 schemes of ICICI and 22 Schemes of SBI have Sharpe Ratio within 0 to 1 are considered as medium performers. Large Cap, Flexi Cap, Moderate Allocation, Small/Mid Cap, Intermediate Bond Fund, Intermediate Government Bond Fund, Liquid Fund, Short Term Fund and Conservative Allocation of ICICI are the schemes with medium performance. Large Cap, Flexi Cap, Moderate Allocation, Small/Mid Cap, Intermediate Bond Fund, Intermediate Government Bond Fund and Conservative Allocation fund of SBI are the schemes with medium performance.

12 Schemes of ICICI and 10 schemes of SBI have Sharpe Ratio greater than 1 considered to be high performers. Liquid Fund, Short Term Fund, Ultra Short Term Fund, Conservative Allocation and Intermediate Bond Fund of ICICI and SBI Mutual Fund are having Sharpe Ratio greater than 1 with high performance.

It can be observed from the above discussion that among the high performer schemes Majority are the Debt funds. Further, majority of the schemes of ICICI and SBI are medium performers.

TABLE 5: SHARPE ANALYSIS

TYPE OF FUND	ICICI				SBI			
	Sample size	S<0	S=0 to 1	S>1	Sample size	S <0	S= 0 to 1	S>1
Large Cap	5	-	5	-	3	-	3	-
Flexi Cap	6	-	6	-	4	1	3	-
Moderate Allocation	4	-	4	-	2	-	2	-
Small/Mid Cap	1	-	1	-	4	-	4	-
Intermediate Bond Fund	7	-	5	2	3	-	2	1
Intermediate Government Bond Fund	2	1	1	-	5	-	5	-
Liquid Fund	3	-	1	2	3	-	-	3
Short Term Fund	3	-	1	2	2	-	-	2
Ultra Short Term Fund	5	-	-	5	3	-	-	3
Conservative Allocation	4	-	3	1	4	-	3	1
Total	**40**	**1**	**27**	**12**	**33**	**1**	**22**	**10**
Remarks on Performance		**L**	**M**	**B**		**L**	**M**	**B**

Note: S – indicates Sharpe measure
L : Low performance
M: Medium performance
B: Better Performance

Source: Compiled from the data tables.

8.6 TREYNOR ANALYSIS

Investors generally invest their money in mutual fund schemes in order to earn more than the returns he could earn in making deposits were he can get fixed returns without risk. Treynor Ratio is the measurement of the returns earned in excess of that which could have been earned on a riskless investment (Treasury bill). The study has performed Treynor Analysis for ICICI and SBI Schemes and categorized into three groups. i) Schemes with Treynor Ratio less than zero considered as low performers, ii) Schemes with Treynor Ratio within 0 to 1 considered as medium performers and iii) schemes with Treynor Ratio greater than 1 considered as high performers.

16 schemes of ICIC and 12 schemes of SBI have Treynor Ratio less than zero considered as low performers. The schemes with low performance are Intermediate Bond Fund, Intermediate Government Bond Fund, Liquid Fund, Short Term Fund and Ultra Short Term Fund of ICICI and Liquid Fund, Short Term Fund, Ultra Short Term Fund, Conservative Allocation, Intermediate Bond Fund and Flexi Cap of SBI Mutual funds.

Three schemes of ICICI and One Scheme of SBI has Treynor Ratio within 0 to 1 considered as medium performers. Intermediate Bond Fund, Short Term Fund and Ultra Short Term Fund of ICICI and Conservative Allocation of SBI are the schemes are having medium performance.

21 schemes of ICICI and 20 Schemes of SBI have Treynor Ratio greater than 1 considered as high performers. Large Cap, Flexi Cap, Moderate Allocation, Small/Mid Cap, Intermediate Government Bond Fund and Conservative Allocation of ICICI and Large Cap, Flexi Cap, Moderate Allocation, Small/Mid Cap, Intermediate Government Bond Fund, Liquid Fund and Conservation Fund of SBI are observed to be High Performers.

Furthermore, from the above discussion it can be understood that majority of schemes are high performers. Equity Schemes are observed to have high performance comparative to Debt funds according to Treynor Ratio analysis.

TABLE 6: TREYNOR ANALYSIS

TYPE OF FUND	ICICI				SBI			
	Sample size	Tn< 0	Tn = 0 to 1	Tn>1	Samplesize	Tn<0	Tn = 0 to 1	Tn>1
Large Cap	5	-	-	5	3	-	-	3
Flexi Cap	6	-	-	6	4	1	-	3
Moderate Allocation	4	-	-	4	2	-	-	2
Small/Mid Cap	1	-	-	1	4	-	-	4
Intermediate Bond Fund	7	6	1	-	3	3	-	-
Intermediate Government Bond Fund	2	1	-	1	5	-	-	5
Liquid Fund	3	3	-	-	3	1	-	2
Short Term Fund	3	2	1	-	2	2	-	-
Ultra Short Term Fund	5	4	1	-	3	3	-	-
Conservative Allocation	4	-	-	4	4	2	1	1
Total	**40**	**16**	**3**	**21**	**33**	**12**	**1**	**20**
Remarks on Performance		**L**	**M**	**B**		**L**	**M**	**B**

Note: T – indicates Treynor measure
L : Low performance
M: Medium performance
B: Better Performance

Source: Compiled from the data tables.

8.7 JENSEN ANALYSIS

Jensen's Ratio is a measure is suitable to evaluate the portfolio performance in combination with other portfolio because it is based on systematic risk. This study has conducted Jensen Analysis for the mutual fund Schemes and categorized into three groups i) Schemes with Jensen's Ratio less than zero considered to be low performance, ii) Schemes with Jensen's Ratio within 0 to 1 considered as medium performers and iii) Schemes with Jensen's Ratio greater than 1 considered to be high performers.

17 schemes of ICICI and 18 schemes of SBI have Jensen's Ratio less than zero considered as low performers. Intermediate Bond Fund, Intermediate Government Bond Fund, Liquid Fund, Short Term Fund and Ultra Short Term Fund of ICICI and Moderate Allocation, Intermediate Bond Fund, Intermediate Government Bond Fund, Liquid Fund,

Short Term Fund, Ultra Short Term Fund and Conservative Allocation of SBI have Jensen's Ratio less than zero considered to be low performers.

Three Schemes of ICICI and one Scheme of SBI have Jensen's Ratio within 0 to 1 considered as medium performers. Intermediate Bond Fund, Short Term Fund, and Ultra Short Term Fund of ICICI and Conservative Allocation of SBI are the schemes with medium performance.

ICICI have 20 Schemes and SBI mutual fund has 14 schemes with Jensen's Ratio greater than 1 considered to be high performers. Large Cap, Flexi Cap, Moderate Allocation, Small/Mid Cap and Conservative Allocation of ICICI and SBI mutual fund schemes are high performers.

It can be observed from the above discussion that majority of the schemes of ICICI and SBI have high performance. Among the high performers majority are equity schemes comparatively.

TABLE 7: JENSEN ANALYSIS

TYPE OF FUND	ICICI				SBI			
	Sample Size	J<0	J = 0 to 1	J >1	Sample size	J <0	J = 0 to 1	J>1
Large Cap	5	-	-	5	3	-	-	3
Flexi Cap	6	-	-	6	4	-	-	4
Moderate Allocation	4	-	-	4	2	1	-	1
Small/Mid Cap	1	-	-	1	4	-	-	4
Intermediate Bond Fund	7	6	1	-	3	3	-	-
Intermediate Government Bond Fund	2	2	-	-	5	5	-	-
Liquid Fund	3	3	-	-	3	3	-	-
Short Term Fund	3	2	1		2	2	-	-
Ultra Short Term Fund	5	4	1	-	3	3	-	-
Conservative Allocation	4	-	-	4	4	1	1	2
Remarks on Performance	**40**	**17**	**3**	**20**	**33**	**18**	**1**	**14**
		L	**M**	**B**		**L**	**M**	**B**

Note: J – indicates Jensen measure
L : Low performance
M: Medium performance
B: Better Performance

Source: Compiled from the data tables

Hypothesis test H2: ***There is no significant relation between performance of public and private sector mutual funds*.** It is observed from the performance measures of Sharpe , Treynor and Jensen's Ratio the number of schemes grouped under Low, Medium and Better Performance of schemes that marginally the percentage of schemes apportioned of Private and Public are similar. Hence it can be understood there is marginal relationship between Public and Private sector schemes so, H2 is partially accepted.

8.8 RATINGS

The study has collected the data regarding ratings of ICICI and SBI schemes given by monster agency. The ratings are given in a range of unrated, 1 to 5 stars, Bronze and Silver. The ratings of the schemes are listed in the following table.

ICICI has one scheme each with silver and Bronze Rating, five schemes with five star ratings, 21 schemes have four star ratings and remaining schemes have three to one star ratings and two schemes were unrated.

SBI Mutual Fund has no schemes with silver and bronze ratings. SBI mutual fund has three schemes with five star ratings, eleven schemes have four star ratings, thirteen schemes have three star ratings and remaining schemes have two and one star ratings. Three schemes were unrated.

TABLE 8: RATINGS OF ICICI

TYPE OF FUND	Sample size	1*	2*	3*	4*	5*	Silver	Bronze	Un rated
ICICI									
Large Cap	5	-	-	1	2	1	1	-	-
Flexi Cap	6	1	-	2	1	1	-	1	-
Moderate Allocation	4	-	-	1	2	1	-	-	-
Small/Mid Cap	1	-	-	1	-	-	-	-	-
Intermediate Bond Fund	7	-	-	1	6	-	-	-	-
Intermediate Government Bond Fund	2	-	1	-	1	-	-	-	-
Liquid Fund	3	-	-	1	-	-	-	-	2
Short Term Fund	3	-	-	-	3	-	-	-	-
Ultra Short Term Fund	5	-	-	-	4	1	-	-	-
Conservative Allocation	4	-	-	1	2	1	-	-	-
Total	**40**	**1**	**1**	**8**	**21**	**5**	**1**	**1**	**2**

Note: Ratings given by Morning star.com.

TABLE 4.9: RATINGS OF SBI

TYPE OF FUND	Sample size	1*	2*	3*	4*	5*	Silver	Bronze	Un rated
SBI									
Large Cap	3	--	1	--	2	--	--	--	--
Flexi Cap	4	1	--	2	1	--	--	--	--
Moderate Allocation	2	1	--	--	1	--	--	--	--
Small/Mid Cap	4	--	--	3	1	--	--	--	--
Intermediate Bond Fund	3	--	--	2	--	1	--	--	--
Intermediate Government Bond Fund	5	--	--	4	1	--	--	--	--
Liquid Fund	3	--	--	--	--	--	--	--	3
Short Term Fund	2	--	--	--	1	1	--	--	--
Ultra Short Term Fund	3	--	--	--	3	--	--	--	--
Conservative Allocation	4	--	--	2	1	1	--	--	--
Total	**33**	**2**	**1**	**13**	**11**	**3**	**--**	**--**	**3**

Note: Ratings given by Morning Star.com.

9. FINDINGS

Standard Deviation Analysis: The study has measured the standard deviation of ICICI and SBI mutual fund schemes and found that 33 ICICI Schemes and 26 SBI Mutual Fund schemes are having higher risk. Large Cap, Flexi Cap, Moderate Allocation, Small/Mid Cap, Intermediate Bond Fund, Intermediate Government Bond Fund, Short Term Fund and Conservative Allocation sector wise schemes are among the higher risk, no schemes of ICICI have fallen under lower value of 'standard deviation' (< 0.50). Whereas SBI have 1 scheme fallen under lower value of standard deviation.

Beta Analysis: Beta Analysis of ICICI and SBI 29 schemes of ICIC and 31 Schemes of SBI have Beta values less than 1. Furthermore, 11 schemes of ICICI and 2 Schemes of SBI have Beta values greater than. Hence it can be interpreted that majority of the schemes have Beta values less than 1 i.e. majority schemes of ICICI and SBI are less volatile.

Further, it can be observed that equity funds of ICICI and SBI are having high volatility. The schemes of Large Cap, Flexi Cap, Intermediate Bond Fund, Liquid fund have high volatility.

Correlation of Fund Movement: The correlation analysis resulted in 35 ICICI and 32 SBI schemes have high correlation. Intermediate Bond Fund and Intermediate Government Bond Fund schemes of ICICI and Moderate Allocation scheme of SBI have low correlation with market returns. Large Cap, Flexi Cap, Small/Mid Cap, Liquid Fund, Short Term Fund, Ultra Short Term Fund, and Conservative Allocation funds of ICICI and SBI have high correlation with market returns.

Comparision of Portfolio Return with Market Return: 7 schemes of ICICI and 4 schemes of SBI have given low returns than market and 33 schemes of ICICI and 29 schemes of SBI have given higher returns than market. Furthermore, the schemes of Large Cap, Flexi Cap, Small/mid Cap, Liquid Fund, Short Term, Ultra Short Term, schemes of ICICI have given higher returns. In SBI it is observed that Small Cap, Intermediate Bond Fund, Intermediate Government Bond Fund, Liquid Fund, Short Term Fund, Ultra Short Term and Conservative Allocation schemes have given higher returns comparatively. It can be understood from the discussion among ICICI and SBI Mutual fund Scheme majority of them have obtained returns above the market returns.

Sharpe Ratio: It is found that 12 Schemes of ICICI and 10 schemes of SBI have Sharpe Ratio greater than 1 considered to be high performers. Liquid Fund, Short Term Fund, Ultra Short Term Fund, Conservative Allocation and Intermediate Bond Fund of ICICI and SBI Mutual Fund are having Sharpe Ratio greater than 1 with high performance.

Treynor Ratio: It is observed from the study that 21 schemes of ICICI and 20 Schemes of SBI have Treynor Ratio greater than 1 considered as high performers. Large Cap, Flexi Cap, Moderate Allocation, Small/Mid Cap, Intermediate Government Bond Fund and Conservative Allocation of ICICI and Large Cap, Flexi Cap, Moderate Allocation, Small/Mid Cap, Intermediate Government Bond Fund, Liquid Fund and Conservation Fund of SBI are observed to be High Performers.

Jensen Ratio: ICICI have 20 Schemes and SBI mutual fund has 14 schemes with Jensen's Ratio greater than 1 considered to be high performers. Large Cap, Flexi Cap, Moderate Allocation, Small/Mid Cap and Conservative Allocation of ICICI and SBI mutual fund schemes are high performers.

Comparison of Ratings: ICICI has one scheme each with silver and Bronze Rating, five schemes with five star ratings, 21 schemes have four star ratings and remaining schemes have three to one star ratings and two schemes were unrated. SBI Mutual Fund has no schemes with silver and bronze ratings. SBI mutual fund has three schemes with five star ratings, eleven schemes have four star ratings, thirteen schemes have three star ratings and remaining schemes have two and one star ratings. Three schemes were unrated.

10. CONCLUSION

The performance evaluation measures like standard deviation, beta, sharpe, treynor and Jensen etc indicates that the performance of public sector schemes are comparatively better than that of private sector schemes. At the same time, short term schemes are facing high risk and high volatility where as long term schemes are consistent in giving returns to the investors.

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MULTIVARIATE MODEL FOR PREDICTING THE IMPACT OF FIRM SPECIFIC VARIABLES ON FINANCIAL PERFORMANCE OF AIR INDIA LIMITED

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ABSTRACT

Indian Civil Aviation Industry is facing a troubling phase, and the financial condition of the country's one and only flag carrier Air India Limited is worst among all the airlines operating in Indian Market. Air India has faced multiple problems including escalating financial losses. Stiff competition from private low cost carriers led to the decline in the market share of Air India. Present study attempted to identify certain firm specific variables that affect the financial position of Air India Limited. The variables have been selected based on past studies. The study will give an outcome about the progress of Air India that will be helpful to in order to enhance its efficiency. Researcher has focused on framing a multivariate model to know the impact of Firm Specific Variables on the Return on Capital Employed of Air India Limited. Return on capital employed is selected as the dependent variable. Various firm specific variables have been used in the study to analyze their impact on the ROCE of Air India Limited. Proxy measures have been selected based on the past studies to represent the respective independent variables. Study attempted to find out the various reasons of the sufferings of Air India Limited keeping the operating environment of the aviation sector in India in mind. Various suggestions are also given to improve the financially suffered condition of Air India Limited.

KEYWORDS

Aviation Sector, Air India Limited, Return on capital employed, Firm Specific Variables and Multivariate Model.

INTRODUCTION

Air India is a national carrier of India, which is under the control of government of India. It serves various National and International destinations and has a fleet of Airbus and Boeing aircraft. Air India is headquartered at the Indian Airlines House in New Delhi having two domestic hubs at Indira Gandhi International Airport and Chhatrapati Shivaji International Airport. Chennai International Airport and Netaji Subhas Chandra Bose international Airport are the secondary hubs (Wiki Pedia, 2014). With the nationalization of Indian Airlines and Air India in 1953, the Indian domestic civil aviation came under the purview of Government. Thus, Airlines Corporation and Air India Limited came into existence in order to operate domestic and international long haul services. Before year 2006, Air India undertook the domestic flights only and the Erstwhile Indian Airlines was operating the international routes. In year 2006-07, the GOI decided to merge both Air India and India Airlines with the objective to accelerate growth. Hence, the National Aviation Company Limited formed because of the merger of both Air India and India Airlines. It is the oldest and the largest airline of India.

Between years 2007 to 2012, Air India has faced multiple problems including escalating financial losses. Stiff competition from private low cost carriers led to the decline in the market share of Air India from 19.2% to 14%. Further, the situation of the national carrier is more devastating in year 2013 & 2014. The present case focused on the key functional areas that should be address in order to know the real cause of the negative profitability figures of Air India Limited.

Depreciation of rupee, rise in fuel prices and highly leveraged balance sheets are the biggest challenges for the ailing airline. During the financial year 2012-13, the company had incurred a net loss of Rs.54, 901.6 Million as compared to net loss of Rs.75, 597.4 million in 2011-12. The sharp increase in ATF prices, increase in the maintenance cost, keeping the ticket fare low to fight competitions are some of the challenges faced by Air India Limited. Moreover, a ray of hope is that Air India Limited is now a member of STAR Alliance that will give an additional value proposition to improve its performance.

Present study is focused on framing a multivariate model to know the impact of Firm Specific Variables on the Return on Capital Employed of Air India Limited. Researcher attempted to find out the various reasons of the sufferings of Air India Limited keeping the operating environment of the aviation sector in India in mind.

LITERATURE REVIEW AND GAP

Paul. Cuckoo in one of their study published in Forbes India, 29 Nov 2013 titled *"Indian carriers hit air pocket, losses Mount"* discussed about the tough times faced by the Indian carriers. The article focused on the two biggest carriers by fleet size Jet Airways and Air India that troubled the most. Jet Airways has lost Rs. 1400 crore in the first two quarters of 2013-14 more than it has earned in last 10 years. The national carrier on the other hand has projected losses of Rs. 4000 Crore for the year, while spice Jet has lost Rs. 609 Crore in the first six months of the fiscal. They presented through their article that Airlines are struggling to stay profitable, domestic capacity is rapidly shifting to the low cost model. Charging for meals and baggage is not enough to offset higher fuel prices and a depreciating rupee. The Airlines are launching new foreign routes that will bring in higher dollar earnings, this will offer a natural hedge against the volatile rupee and fuel is also cheaper overseas.

Mahesh.R and Prasad.D, (2012) in there study titled *"Performance analysis: A case study of selected Indian airline companies"* in which they analyzed whether the airline companies achieved financial performance efficiency during the post-merger and acquisition period specifically in the areas of profitability, leverage, liquidity and capital market standards. They concluded that there is no improvement in these standards after the merger has taken place.

Venkatesan.R (Aug,2009) in the paper titled *"Should the Air India Maharaja be awarded his privy Purse?"* attempted to measure the changes in productivity at the troubled airline and compares its performance with that of the private airlines. the study emphasized that India needs a thriving Air India to provide competition to airlines that are growing by mergers and consolidation. Total Factor Productivity was used for analyzing the performance of Air India. Gross Margin/ Gross Sales and Operating Turnover/Employees have been considered as appropriate financial performance variables. It was recommended that Air India was needed to remove transfer payments such as taxes and duties paid to government from the grants/ aid it is seeking to estimate the net financial support from the government.

Murinde.V and Kariisa.K (2010) in their paper analyzed the financial performance of the East African Development Bank. Standard financial ratios, statistical moments such as the Mean, Range and standard deviation of balance sheet and related accounts and the subsidy dependence index has been used for the analysis by the authors. The ratios ROE, Term Debt Equity TDE, RONA etc. have been used. It was found that the East African Development bank was a weak financial performer and study concluded with the suggestions that the bank must have the proactive approach regarding the evaluation of projects.

Sur, D. (2004) attempted to conduct a case study of Hindustan lever Limited in relation to its financial as well as social performance during the period from 1990 to 1999. Certain relevant quantitative and qualitative parameters have been taken into consideration to measure the financial and social performance of Hindustan lever Limited (HLL). The study emphasized to evaluate performance by considering financial, physical and social performance measures. Physical performance was evaluated in terms of sales revenue from domestic and foreign market, where as financial performance measured through ratios like Net Profit Ratio, Debt Equity Ratio, Return on Capital Employed, Earning per Share, Dividend Per Share and Economic Value Added to fulfill both economic and social objectives of the organization.

John, H.et al. (2003) analyzed the financial performance of horticulture industry of Florida using various parameters such as production, sales, operating expenses and net return. The study revealed that the nursery and greenhouse industry continued to become an increasingly larger and more valuable component of agriculture nationwide.

RESEARCH GAP

In the light of above, review of literature it was found that no such study so far is carried out to know the impact of firm specific variables on the Return on Capital Employed of Air India Limited. Prior studies have focused in finding out the number of reasons that are responsible of the problems of Air India Limited. Some researchers have high lightened the reasons and results of the merger of Air India and Indian Airlines. Many studies have devoted towards the analysis of financial performance of Air India Limited.
So to fill the gap the present study is done to know the impact and relation of firm specific variables on the financial performance of Air India Limited.

NEED OF THE STUDY

Past many years were very struggling for the airlines operating in India. Air India Limited is not even able to reach its breakeven point. The cutthroat competition has forced the National carrier to engage in a price war. Various factors are affecting the financial performance of Air India adversely. Present study attempted to identify certain firm specific variables that affect the financial position of the companies. The variables have been selected based on past studies. The study will give an outcome about the progress of Air India that will be helpful to in order to enhance its efficiency. The Study will be useful for the management of Air India to take corrective actions to improve their performance and facilitating the decision-making ability.

OBJECTIVES OF THE STUDY

- To identify the firm specific variables that affects the ROCE of Air India Limited.
- To know the relation among firm specific variables and ROCE of Air India Limited.
- To analyze and predict the impact of Firm Specific Variables on the ROCE of Air India Limited.

HYPOTHESES OF THE STUDY

Null Hypothesis

H0: There is no significant impact of Firm Specific Variables on the Return on Capital Employed (ROCE) of Air India Limited.

Sub Hypotheses

$H0_1$: There is no significant impact of Operating efficiency on the ROCE of Air India Limited.
$H0_2$: There is no significant impact of Tangibility on the ROCE of Air India Limited.
$H0_3$: There is no significant impact of Asset management on the ROCE of Air India Limited.
$H0_4$: There is no significant impact of Solvency on the ROCE of Air India Limited.
$H0_5$: There is no significant impact of Liquidity on the ROCE of Air India Limited.

DATA AND METHODOLOGY

The present study is based on the secondary data obtained from the annual financial statements of Air India Limited from FY 2002-03 to 2014-15. Some of the other sources are also used to obtain the financial data of the selected airline companies. These sources are CMIE Prowess database; published reports of ministries, government publications, journals, books, different websites and other relevant documents have also been used to supplement the data. Relevant data is also collected from the "Airlines House" the head office of Air India Limited situated in New Delhi. The management of Air India Limited provided no financial information for FY 2013-14. So, the data for FY 2013-14 and 2014-15 is estimated by using least square method. The collected information and data has been arranged systematically and is tabulated and analyzed. Various financial and statistical tools have been applied in order to fulfill the objective of the present study and to arrive at useful conclusions.

VARIABLES USED IN THE STUDY

The present study uses return on capital employed as the dependent variable. Various firm specific variables have been used in the study to analyze their impact on the ROCE of Air India Limited. Proxy measures have been selected based on the past studies to represent the respective independent variables.

Dependent Variable		Statistical Method
Return on Capital Employed (Net Profit/ Capital Employed)* 100		**Multiple Regression Analysis**
Independent Variables	**Proxy Variables**	
Operating Efficiency	Operating Expense ratio (Operating Expense/Net Sales) *100	
Tangibility	Fixed Assets/ Total Assets	
Asset Management	Inventory Turnover Ratio Cost of goods sold/ Average Inventory	
Solvency	Interest Coverage Ratio	
Liquidity	Quick Ratio Liquid Assets/ Current Liability	

ANALYSIS AND INTERPRETATIONS

TABLE 1: CORRELATION MATRIX FOR MULTIPLE REGRESSION MODEL OF AIR INDIA LIMITED

Variables	OE	Tangibility	AM	Solvency	Liquidity	ROCE
OE	1.00					
Tangibility	.068	1.00				
AM	-.445	.350	1.00			
Solvency	-.656	-.219	-.102	1.00		
Liquidity	.165	.104	-.391	-.111	1.00	
ROCE	-.618	-.548	-.324	.843	.059	1.00

Source: SPSS

Correlation matrix of firm specific variables with ROCE of Air India Limited is being shown in Table 1. Operating efficiency is negatively but significantly related with dependent variable ROCE. Tangibility and Asset management are also found to be negatively related with the dependent variable. However, Solvency and Liquidity are found to be positively related with the ROCE of Air India Limited.

TABLE 2: MULTIPLE REGRESSION MODEL SUMMARY OF AIR INDIA LIMITED

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Durbin-Watson
	.975	.951	.917	.03979	2.468

Source: SPSS

The Multiple Regression Model Summary is shown in Table 2. The column labelled R is the value of the multiple correlation coefficients between the independent variable and the dependent variable. The Table 2 examined the relationship between these variables and ROCE that gives the coefficient of correlation i.e. .975.

All the independent variables used in the model has a high correlation with dependent variable ROCE with the value of R= .975. The value of coefficient of determination (R^2) is at .951 signifying that 95.1% of variability in the ROCE is accounted for by the selected Independent variables.

In the above model, the value of Durbin Watson is 2.468, which implies that there is no autocorrelation among the independent variables used in the study.

TABLE 5.3.6: COEFFICIENT MODEL OF AIR INDIA LIMITED

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics
	B	Std. Error	Beta			VIF
C	.627	.188				
OE	-.206	.067	-.496	-3.084	.018	3.719
TAN	-.281	.090	-.302	-3.109	.017	1.359
AM	-.008	.003	-.366	-2.540	.039	2.985
SOL	.025	.009	.423	2.964	.021	2.928
LIQ	.136	.177	.077	.771	.466	1.419

Source: SPSS

Dependent Variable: ROCE~ Return on capital employed

Independent Variables: OE~ Operating Efficiency, TAN~ Tangibility, AM~ Asset management, SOL~ Solvency, LIQ~ Liquidity.

Multiple Regression Model

$$FP = \beta_0 + \beta_1 OE + \beta_2 TN + \beta_3 AM + \beta_4 SOL + \varepsilon$$

$$FP = .627 - .206\ OE - .281 TN - .008\ AM + .025\ SOL + \varepsilon$$

The B-values tell us about the relationship between Dependent variable and each independent variable. The positive B-value shows a positive relationship between independent variable and dependent variable. However, a negative coefficient represents a negative relationship. For the above model, three independent variables have negative B-values indicating negative relationships. So, if Operating Efficiency, Tangibility, and Asset Management increase than there is a decrease in the ROCE. However, solvency and liquidity have a positive relationship with ROCE. The b-values tell us more than this, though they tell us to what degree each predictor affects the outcome if the effects of all other predictors are held constant:

Operating Efficiency (b = -.496): This value indicates that as operating efficiency increases by one unit, ROCE decrease by -.496 units at t value -3.084. Both variables were measured in ratio therefore, for every one unit change in OE an extra -.496 units will decrease ROCE. The interpretation is true only if the effects of other independent variables are held constant. It is worth noting that both beta value and t value are negative for the operating efficiency. Further, the significant p-value is .018, which is less than .05, and it leads to the conclusion that operating efficiency has a significant impact on the ROCE of Air India limited. Thus, the null hypothesis *there is no significant impact of Operating efficiency on the ROCE of Air India Limited* is rejected statistically.

Tangibility (b = -.302**):** This value indicates that as the value for tangibility of Air India Limited increases by one unit, ROCE will moved down by -.302 units. Therefore, every addition in tangibility is associated with a reduction of -.302 units in ROCE. The beta value is negative at the t value -3.109, which is also negative for tangibility. This interpretation is true only if the effects of other independent variables are held constant. Further, the significant p-value is .017, which is less than .05, and it leads to the conclusion that Tangibility has a significant impact on the ROCE of Air India limited. Therefore, the null hypothesis *There is no significant impact of Tangibility on the ROCE of Air India Limited* is rejected statistically.

Asset Management (b = -.366**)**: This value indicates that if there is an increase in one unit on asset management than ROCE will decrease by -.366 and the t value is -2.540. Therefore, every unit increase in the Asset management is associated with a decrease of -.366 unit in ROCE. The value of both beta coefficient and t statistics is negative for asset management. This interpretation is true only if the effects of other independent variables are held constant. The significant p-value is .039, which is less than .05, and it leads to the conclusion that asset management has a significant impact on the ROCE of Air India limited. The null hypothesis *there is no significant impact of Asset Management on the ROCE of Air India Limited* is rejected statistically.

Solvency (b = .423**):** The beta value indicates that a unit increase on the Solvency will lead to the increase in ROCE by .423 units. Therefore, every unit increase in the solvency of Air India Limited is associated with an extra .423 unit ROCE. The t value is 2.964 which is also positive as the beta coefficient. This interpretation is true only if the effects of other independent variables are held constant. The significant p-value is .021, which is less than .05, and it leads to the conclusion that solvency has a significant impact on the ROCE of Air India limited. The null hypothesis *there is no significant impact of Solvency on the ROCE of Air India Limited* is rejected statistically.

Liquidity (b= .077**):** Beta value for liquidity at t value .771 indicates that if liquidity increase by one unit ROCE will increase by .077. Therefore, every unit increase in the liquidity is associated with an extra .077 units ROCE. This interpretation is true only if the effects of other independent variables are held constant. The significant p-value is .466, which is more than .05, and it leads to the conclusion that solvency has no significant impact on the ROCE of Air India limited. Thus, the null hypothesis *there is no significant impact of Liquidity on the ROCE of Air India Limited* is accepted statistically.

FINDINGS OF THE STUDY

The multiple regression analysis was performed to know the collective impact of Operating efficiency, Tangibility, Asset Management, Solvency and Liquidity on ROCE. It was found that all variables have a significant impact on ROCE of Air India Limited except Liquidity. The impact of Operating Efficiency, Tangibility and Asset Management was negative on the ROCE of Air India Limited. Solvency has a positive significant impact on ROCE of Air India Limited. The impact of Liquidity on ROCE is insignificant at p value= .466.

SUGGESTIONS & RECOMMENDATIONS

Air India is amongst the worst performing PSU's in India. The study has its significance as through this it has been found that which variable has a negative impact on the ROCE of Air India and which factors are contributing positively to increase the ROCE of Air India. Certain lope holes in the administrative cost structure of Air India Ltd. are also identified that are need to be improved. Researcher has brought forth certain suggestions for Air India based on the present study which are given below:

1. Fuel costs play vital roles in aviation industry a big share of revenue is swallowed by fuel cost. Therefore, the Air India Limited should try to reduce the expenses. High level of taxes on fuel is the big menace to the aviation industry. The aviation minister has requested the governors of states to reduce the sales tax on the ATF.
2. The effective leverage management can gear up the debt-equity ratio to attain maximum value creation for the shareholders.
3. Cost reduction and control techniques like budgetary control, standard costing, control ratios and value analysis should be adopted. Further, efforts should be made to control and reduce the administration selling and distribution overheads.

4. The short-term liquidity position, long-term funds have to be used to finance current assets. Better cash position would earn credit confidence and reduce the risk of short-term crisis. The company should try to reduce its short-term obligations first.

CONCLUSIONS AND FUTURE DIMENSIONS

Air India enjoys monopoly in some specific international routes. Still air India has many challenges to face. The unpredictable fuel costs and depreciation of rupee against dollar and high costs at airports are the bottlenecks in improving the financial performance of Air India Limited. The financial distress also forced the airline to reduce its fare, as there is considerable decline in the no. of passengers. Diverse income groups also pose a challenge for the AI as to frame the strategy to satisfy the want of passenger coming from different income backups. The poor utilization of capacity and lack of clarity in strategic planning and poor management are pushing air India into losses. However, the turbulence in whole Indian aviation market is adding to the distress of Air India Limited. The Indian aviation market is skewed more towards the low cost carriers. The recent budget of BJP has increased the service tax on the business class travels in airlines. This will also affect the passenger load factor among airlines in general and Air India in particular.

LIMITATIONS OF THE STUDY

1. The study is restricted to only Air India Limited, ignoring the Low Cost Airlines operating in Indian Market.
2. Findings are subjected to accuracy of secondary data Sources.
3. The findings are limited to the study period of 13 years i.e. from FY 2002-2014.

SCOPE OF FUTURE RESEARCH

1. Present study is restricted only to one airline company Air India Limited. Further studies can focus on other airlines with same set of firm specific variables.
2. Only Operating efficiency, tangibility, asset management, Solvency and Liquidity variables have been selected as firm specific variables, other variables like firm size, sales, turnover ratios etc. can also be employed in future studies.

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A STUDY ON ECONOMICS OF TOURISM WITH SPECIAL REFERENCE TO VELANKANNI- NAGAPATTINAM DISTRICT

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ABSTRACT

Tourism is one of the oldest, biggest and fastest growing industries in the world. The benefits of tourism mainly economic have been enormous especially for under developed and developing countries that have limited sources of foreign exchange. Tourism plays an important role in the place of velankanni. So, the researcher is very much interested to know about the employment opportunity, Profit or annual income from the hotels and lodges, and also to know there is any improvement in infrastructure, transport has developed with the help of tourism.

KEYWORDS

tourism, tourism industry

INTRODUCTION

Man has been a traveler from the very beginning for food, water, safety or acquisition of resources (trade) which were the early travel motivations. Rapid development in the means of transport and communication has made the whole world practically one neighbourhood. Tourism is an activity generating number of social, cultural and economic benefits. It promotes national integration and international understanding among the countries in the world. In the new millennium, Tourism emerged as the largest global industry of the 20th century. Many countries have developed tourism as a major source of national income. Some of the smaller countries like Singapore, Thailand, Indonesia and Philippines depend largely on income from tourism. The World Tourism and Travel Council (WTTC), based in London, is a world body carrying on research in tourism estimates that tourism currently employ17.7 million people in the country, if India maintain its growth 10 million jobs will be added by the year 2020.

DEFINITION

The World Tourism Organization defines tourists as people who "travel to and stay in places outside their usual environment for more than twenty-four (24) hours and not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited".

REVIEW OF LITERATURE

Wilson and John (2001) in their study highlighted the role of rural tourism in the economic development of rural community. They viewed that rural tourism could develop easily with active participation of local government and people. They highlighted several factors namely tourism package, good leadership, support of local government, funds, strategic planning, coordination between local people, and technical assistance for tourism promotion which were essential for rural tourism development. The authors viewed that, rural tourism provided income and employment opportunities to local people in rural areas having unutilized huge natural resources.

Mukesh Ranga (2003), in 'Tourism Potentials in India' examined economic impacts in different order with consideration to tourism expenditure by the way of direct and indirect purchases. He identified that economic development and tourism development often occur in a parallel fashion.

M.A. Khan (2005) wrote a book on "Principles of Tourism Development" which deals with hotel industry and tourism, these are the two significant sectors of modern day economy, tourists are honored guests and the hotels offer them the demanded hospitality. He also focussed on the role of information technology in tourism industry

Wickremasinghe and Ihalanayake (2006) investigated the issue that tourism plunged into the industry leads to economic development for a developing country - Sri Lanka, using annual data from 1960 to 2000. The results of the study suggested that there is a significant causal relationship from tourism receipts to the GDP of Sri Lanka

Khalil (2007) examined the role of tourism in the short-run economic development in case of Pakistan through error correction model, and the causal relationship between tourism receipts and economic expansion. The results pointed out that there is strong relationship among tourism, receipts and economic backwardness needs economic expansion, which means that economic expansion is necessary for tourism development.

Ravichandran K (2008) studied the penetration of internet in travel and tourism industry in India (urban and semi urban) and identified that the present outlook for travel industry is one of innovation, rate of high occupancy and healthy competition at a higher rate. The study highlighted that a need for transformation into the techno-centric business arena was felt where the consumers have different choices for customisation of their own product without any direct contact with an intermediary. It was further pointed out that the major aspect of concern for travelers is to search information faster, seek more options and choices that suits their budget and settling transaction online through the internet

Vithiranjan C. (2010), in his article has presented an overview of the impact of tourism on Indian economy. Tourism helps in regional and economic development. The Government of India understood the importance of tourism as an industry in 1980. Recent study reveals that the globalization and open economy helped tourism to emerge as one of the biggest foreign exchange earners for India. Economic progress and industrial development depends completely on the overall development of a country and tourism plays a major role in this overall infrastructural advancement. It also helps agriculture and other industries directly and indirectly. The impact of India's economic growth on tourism is increasingly being felt in specialty sectors like spiritual tourism, spa tourism, and family vacation plan as well as adventure tourism.

STATEMENT OF THE PROBLEM

The present study area, Velankanni is one of the major tourist centers in Nagapattinam district in TamilNadu. It is international tourism places and also important holy places for Christians. Tourism plays a key Economy for the Nagapattinam district even though agriculture and fishing are the Major ones. The growth of tourism industry, its components like hotels, accommodation and transport have developed and has created direct and indirect employment opportunities and generate income for the Indian economy and also earns foreign exchange. Added to this, the analysis has been made on the perception of tourists, both domestic as well as foreign, visiting various tourism places towards the components of tourism such as attraction, accommodation, refreshment, entertainment and festivals.

OBJECTIVES

1. To compute the volume of domestic and foreign tourist arrivals.

2. To understand the purpose of visit of sample respondents
3. To study about the mode of transport available in the study area.
4. To study about the length of stay of the respondents.

HYPOTHESIS
Ho : The staying of domestic and foreign travelers in the star hotel may be independent.
H_1 : The staying of domestic and foreign travelers in the star hotel may be dependent.

RESEARCH DESIGN AND METHODOLOGY
The data has been collected from primary as well as secondary sources. Primary data have been collected by using personal interviews and discussions from 50 sample respondents. Out of this 30 were domestic tourist and 20 were foreign tourist. Secondary sources include published and unpublished sources. Published sources are newspapers, reports of WTO, ITDC, and official publications of national and international tourism bodies including central and State Governments. Unpublished sources viz., the records maintained by the Government, private hotels, lodges and shops studies undertaken by research institutions, scholars and economists have served the purpose. The number of respondents was selected through the simple random sampling method. Chi-square test is applied for the opinion regarding the stay of domestic and foreign travelers in the star hotel.

AREA PROFILE

Velankanni is one of the most visited pilgrim centers in India. It is a town situated on the shores of Bay of Bengal. This renowned shrine Basilica of our Lady of health draws pilgrims from all over the world. Not only Christians but also the people of other faiths come to this Church to pray at the shrine of "**Our lady of health**". Knowing the importance of this town the Pope in the Vatican City has declared Velankanni as a "**Holy city**".

This Roman Catholic Church has an extended Basilica, which has two floors where one can find the statue of Jesus Christ. The Gothic style of architecture is a unique feature of the Church. There is also a shrine of "**our lady of sorrow**" where in the sorrowing Mother is depicted carrying infant Jesus in her hand.

The golden jubilee of the Shrine Basilica of Velankanni is being celebrated from 3rd November 2012. It is decided to raise a monument for our Lady of Health. It is called as 'Morning Star Church'. This mega structure is in the northern side of the Holy Path in Velankanni. The new church measuring 400 feet long, 138 feet wide and 40 feet high, have the seating capacity of over 15,000 numbers. It is designed with Portuguese artistic nuances. The overall view resembles a shell. There are no intermediate columns. The front elevation is similar to that of Our Lady's main basilica. This church has become an architectural wonder.

FESTIVALS

Festivals are celebrated here with all pomp and gaiety every year on August 29th the feast of our lady commences with the hoisting. Of the flag the 10th day ends on the 8th September after the dismounting of the flag. This day is declared as local holiday. Holy masses are conducted in eight languages, Tamil, English, Malayalam, Hindi, Telugu, Kannada, Konkani and Marathi. Christmas, New Year and lent season also celebrated.

TOURISM IN INDIA
Tourism development in India has passed through many phases. The development of tourist facilities was taken up in a planned manner in 1956 coinciding with the Second Five Year Plan. The approach has evolved from isolated planning of single unit facilities in the Second and Third Five Year Plans. The Sixth Plan marked the beginning of a new era when tourism began to be considered a major instrument for social integration and economic development.

However, it was only after the 80's that tourism activity gained momentum. A National Policy on Tourism was announced in 1982.In 1992, a National Action Plan was prepared and in 1996 the National Strategy for Promotion of Tourism was drafted. In 1997, a draft New Tourism Policy in tune with the economic policies of the Government and the trends in tourism development was published for public debate.

As per the working strategy for the **12th Five Year Plan**, the Ministry of Tourism has adopted a pro-poor tourism approach which could contribute significantly to poverty reduction. More than half of Tourism Ministry's Plan budget is channelized for funding the development of destinations, circuits, mega projects as also for rural tourism infrastructure projects .The Ministry also ensured that 10% and 2.5% of its total Annual Plan (2012-13) outlay went to the tourism projects in the North-Eastern region and the tribal areas respectively.

FOREIGN TOURISTS ARRIVALS IN INDIA (FTAS)

The number of Foreign Tourist Arrivals (FTAs) in India during 2010 increased to 5.78 million as compared to 5.17 million in 2009. The growth rate in FTAs during 2010 over 2009 was 11.8 per cent as compared to (-) 2.2 per cent during 2009 over 2008. The growth rate of 11.8 per cent in 2010 for India was better than UNWTOs projected growth rate of 5 per cent to 6 per cent for the world in 2010.

The share of India in international tourist arrivals in 2010 was 0.61per cent, which is 0.02 per cent improvement over 2009. However, India's rank improved to 40th in 2010, from 41st in 2009. India accounted for 2.83 per cent of tourist arrivals in Asia Pacific Region in 2010, with the rank of 11.

The following table shows the number of foreign tourists' arrivals in India during 2000 – 2011.

TABLE 1: FOREIGN TOURIST ARRIVALS FROM 2000-2011

Year	FTAs (in millions)	Annual growth (%)
2000	2.65	6.7
2001	2.54	- 4.2
2002	3.38	- 6.0
2003	2.73	14.3
2004	3.46	26.8
2005	3.92	13.3
2006	4.45	13.5
2007	5.08	14.3
2008	5.28	4.0
2009	5.17	- 2.2
2010	5.58	8.1
2011	2.92	10.9

Source : secondary data

FOREIGN EXCHANGE EARNINGS FROM TOURISM

Foreign Exchange Earnings (FEEs), Tourism As per the monthly Estimates prepared by 2011 were 77591 crore 64889 crore as compared in 2010 to 19.6 % in 2011 over 2010. FEE compared to US$ 14.19 billion in 2010 with a India, in INR terms and US$ terms, during 2000-2011.

Tourism continues to play an important role as a foreign exchange earner for the country. In 2010, foreign exchange earnings (FEE) from tourism were ₹ 64889 crore as compared to ₹ 54960 in 2009, registering a growth of 18.1 per cent. Tourism makes significant exchange earnings, which grew from US$ 11.39 billion (Rs.54960 crores) in 2009 to US$ 16.56 billion (Rs.77591 crores) in 2011. The share of India in world earnings from Tourism registered an increase from 1.34 per cent in 2009 to 1.61 per cent in 2011.

TABLE-2: FOREIGN EXCHANGE EARNINGS FROM 2000-2011

Year	FEE in US$	
	Million over year	Percentage
2000	3460	15.0
2001	3198	-7.6
2002	3103	-3.0
2003	4463	43.8
2004	6170	38.2
2005	7493	21.4
2006	8634	15.2
2007	10729	24.3
2008	11832	10.3
2009	11136	-3.7
2010	14193	27.5
2011	16564	16.7

Source: Secondary data

ECONOMIC IMPACT OF TOURISM IN INDIA

Tourism in India is the largest service industry, with a contribution of 6.23% to the national GDP and 8.78% of the total employment in India. In 2010, total Foreign Tourist Arrivals (FTA) in India were 5.78 million and India generated about 200 billion US dollars in 2008 and that is expected to increase to US$375.5 billion by 2018 at a 9.4% annual growth rate. The majority of foreign tourists come from USA and UK. Kerala, Tamil Nadu, Delhi, Uttar Pradesh and Rajasthan are the top five states to receive inbound tourists.

According to World travel and Tourism Council, India will be a tourism hot-spot from 2009 to 2018 having the highest 10-year growth potential. The Travel & Tourism Competitiveness Report 2007 ranked tourism in India 6th in terms of price competitiveness and 39th in terms of safety and security Despite short- and medium-term setbacks, such as shortage of hotel rooms tourism revenues are expected to surge by 42% from 2007 to 2017 .India's rich history and its cultural and geographical diversity make its international tourism appeal large and diverse. It presents heritage and cultural tourism along with medical, business and sports tourism.

Tourism is not only a growth engine but also an employment generator. According to the Economic Survey 2011-12, the sector has the capacity to create large scale employment both direct and indirect, for diverse sections in society, from the most specialized to unskilled workforce. It provides 6-7 per cent of the world's total jobs directly and millions more indirectly through the multiplier effect as per the UNs World Tourism Organization (UNWTO).

The importance of tourism as a creator of job opportunities can be understood from the fact that in India every one million invested in tourism creates 47.5 jobs directly and around 85-90 jobs indirectly. In comparison, agriculture creates only 44.6 jobs and manufacturing a mere 12.6 jobs. Moreover tourism is the third largest foreign exchange earner after gems and jewelers and readymade garments.

ANALYSIS AND INTERPRETATION

The researcher has selected the 50 respondents .out of this 30 were domestic tourist and 20 were foreign tourist.

TABLE NO. 3: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO THEIR AGE

Age	Domestic	Foreign
Less than 10	2	1
11-20	4	3
21-30	8	6
31-40	7	5
41-50	5	3
More than 50	4	2
Total	30	20

Source: primary data

This table shows that both in domestic and foreign respondents less than 10 were only 2 and 1 respectively. Similarly more than 50 year old respondents are very less in number in both domestic and foreign like 4 and 2 respectively. From the age of 21-50 only the respondents were interested in tourism.

TABLE NO. 4: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO GENDERS

Sex	Domestic	Foreign
Male	16	12
Female	14	8
Total	30	20

Source : primary data

This table shows that the male respondents are comparatively more than the female respondents both in the domestic as well as the foreign respondents. The domestic female respondents are 14 only compared to the male domestic respondents.

TABLE NO. 5: LENGTH OF STAY OF SAMPLE RESPONDENTS

Length of stay	Domestic	Foreign
Less than 2 days	16	12
2-4	9	5
4-6	3	2
More than a week	2	1
Total	30	20

Source: Primary Data

This table shows that intended length of stay of domestic and foreign tourist in velankanni. The majority of the domestic tourist stays during less than 2 days is 16 respondents. It was reduced to 2 respondents that the length of stay was increased to more than a week. Similarly, the foreign tourist stay during less than 2 days is 12 and it is reduced to only 1 their length of stay was increased more than a week. This may be due to the interest of architecture and know about "Mother Mary".

TABLE NO. 6: PURPOSE OF THE VISIT

Purpose of the visit	Domestic	Foreign
Pleasure	7	7
Pilgrimage	13	6
Conference/Meeting	1	-
Study tour	2	2
Business	3	1
Festival	4	4
Total	30	20

Source: Primary Data

The table illustrates the need of visiting purposes of both domestic and foreign tourist. Out of 30 respondents 13 were visiting for religious purpose and 7 for pleasure and 4 for during the annual festival of velankanni from the month of august 29th to September 8th.foreign tourist 7 of them came for pilgrimage and 6 of them came for pleasure. Out of 50 respondents religious visit to the place is the highest for both domestic and foreign tourist.

TABLE NO. 7: SOURCE OF ACQUIRING KNOWLEDGE ABOUT THE DESTINATION

Destination	Domestic	Foreign
Travel agent	10	9
Friends/relatives	17	5
Advertisement	2	3
Internet	1	3
Total	30	20

Source: Primary Data

This table shows the source of acquiring knowledge about the destination .10 domestic and 9 foreign respondents get the destination through travel agent and 17 domestic and 5 foreign respondents get through the destination from friends/relatives.

TABLE NO. 8: MODE OF TRANSPORT USED

Mode of transport used	Domestic	Foreign
Air	1	20
Road	15	-
Rail	14	-
Total	3	20

Source: Primary Data

This table illustrates that mode of transport used by the respondents for reaching velankanni, it can be split into three ways that are airways, railways and roadways. Domestic respondents 15 were used roadways and 14 of them were used railways only one person used airways .The expense of air transport was more compared to road and rail transport. So, the majority of the domestic respondents used only road and rail transport.

TABLE NO. 9: LEVEL OF STAYING

Standard of Travelers	Star	Deluxe	Ordinary	Relatives/Friends	Total
Domestic	5	7	8	10	30
Foreign	7	6	5	2	20

Source: Primary Data

The above table describes the level of staying domestic and foreign tourist that out of 30 sample respondents 5 of them stayed in star hotel, and 8 of them stayed ordinary hotel and 7 of them stayed deluxe hotel and the remaining people were stayed in Relatives/Friends house.

Foreign tourist mostly prefers the star hotels .Out of 20 sample respondents 7 of them stayed in star hotel and 6 of them stayed in Deluxe room and the remaining were stayed in relatives/friends house.

From the table the following Hypothesis is framed.

Ho: The staying of Domestic and foreign travelers in the star hotel may be independent

To test the hypothesis X^2 test is applied, the test statistic is

$$X^2 = \frac{\sum (oij-Eij)^2}{Eij} \quad X^2 \text{ distribution with (R-1)(C-1) d.f at 5\% level}$$

Where

Oij = Observed frequency

Eij = Expected frequency

R = Number of Rows

C = Number of Columns

CALCULATION

OBSERVED FREQUENCY

Standard of travellers	Star	Deluxe	Ordinary	Friends/Relatives	Total
Domestic	5	7	8	10	30
Foreign	7	6	5	2	20
Total	12	13	13	12	50

To calculate Expected Frequency, the below formula is used

$$E_{ij} = \frac{RT \times CT}{N}$$

Where

RT = Row Total

CT = Column Total

N = Grand Total

EXPECTED FREQUENCY

Standard of Travellers	Star	Deluxe	Ordinary	Friends/Relatives
Domestic	7.2	7.8	7.8	7.2
Foreign	4.8	5.2	5.2	4.8

TO FIND

O_{ij}	E_{ij}	$(O_{ij} - E_{ij})$	$\frac{(O_{ij} - E_{ij})^2}{E_{ij}}$
5	7.2	4.84	0.6722
7	7.8	0.64	0.0821
8	7.8	0.04	0.0051
10	7.2	7.84	1.0889
7	4.8	4.84	1.0083
6	5.2	0.84	0.1231
5	5.2	0.64	0.0077
2	4.8	0.04	1.6366
		Total	4.6207

X^2_c = 4.6207
$X^2_{0.05}$ with **(R-1) (2-1) = (2-1) (4-1) 3 d.f = 7.815**
If $X^2_c < X^2_{0.05}$ Accept, otherwise Reject **H_o**
Here $X^2_c < X^2_{0.05}$
4.6207< 7.815
Accept H_o
Since calculated value is less than table value so, we accept H_o
Inference
Domestic travelers staying and foreign travelers staying in the Star hotel are independent.

TABLE NO. 10: EMPLOYMENT OPPORTUNITY IN HOTELS AND LODGES IN VELANKANNI

workers	Number of lodges
Less than 10	35
11-20	27
21-30	23
More than 30	15
Total	100

Source: Primary Data

This table shows that employment opportunity in lodges at Velankanni. Less than 10 workers were employed in 35 lodges and 10-20 workers were employed in 27 Lodges and 21-30 workers were employed in 23 Lodges. More than 30 were employed in 15 Lodges. This shows that the majority of the people get employment opportunity through tourism.

TABLE NO. 11: ANNUAL INCOME EARNED BY LODGES

Annual Income	Number of Lodges
Less than 5,00,000	5
5,00,000-10,00,000	12
10,00,000-15,00,000	23
15,00,000-20,00,000	28
More than 20,00,000	32
Total	100

Source: Primary Data

The above table explains the details about the Annual income earned by the lodges. Less than 5, 00,000 lakhs of annual income earned by 5 lodges and it has increased to 32 lodges get more than 20, 00,000 lakhs of annual income and it shows that more profit was earned by the lodges due to the arrivals of the tourist.

FINDINGS

- From the age of 21-50 only the respondents were interested in tourism.
- Out of 50 respondents religious visit to the place is the highest for both domestic and foreign tourist
- The male respondents are comparatively more than the female respondents both in the domestic as well as the foreign respondents
- The majority of the domestic and foreign tourists were interested to stay only less than 2 days.
- The domestic respondents know about the places mainly through their friends and relatives are more when compared to the other source of information but foreign tourist know about the place mainly through travel agent and internet.
- 32 lodges get more than 20, 00,000 lakhs of annual income and it shows that more profit was earned by the lodges due to the arrivals of the tourist.
- More than 30 were employed in 15 Lodges. This shows that the majority of the people get employment opportunity through tourism.

SUGGESTIONS

- Tamilnadu Transport Corporation has increased the number of buses for the tourist places in this district, but it is very unsafe to travel by road because of the poor road facilities. So, the government should take necessary steps to improve the road facilities.
- The government should implement suitable policy regarding hygiene and sanitation. Adequate steps should be taken in the places like railway station, bus stand to increase facilities of transport.
- Velankanni is located in coastal area so the tourists are interested in the beach games. Accidents occur because of the poor and lack of medical facilities. So the government should take necessary steps for safety and proper medical facilities.
- Prime minister has introduced the 'Clean India Movement'. This movement should be properly implemented by everyone will improve sanitation and also increase the number of tourist arrivals.
- The government should take necessary steps to eradicate plastics and non degradable items sales should be completely restricted in the tourist centers.
- Regulation of rate of tariff will also increase the number of tourist arrivals.
- The state government should improve the accommodation facilities in this district for tourists.
- The information about the facilities like accommodation, transport, tourist centers should be clearly mentioned in the web pages

CONCLUSION

India is slowly but surely awakening in its Tourism potential. Concentrated efforts have been made by the Indian government to boost tourism activity. India is best suited for all kinds of tourism like rural, cultural, eco-tourism, spiritual, sports and adventure tourism. Indian tourism industry must concentrate on encouraging Indian citizen to domestic tourism. It plays vital role in achieving the national objectives of promoting social, cultural, and national integration.

LIMITATIONS OF THE STUDY

The present study has some limitation. The major business in this area is hotels and lodges. Those business units do not maintain proper records. Findings are restricted only to sample tourist center and sample respondents selected. Results may not be applicable for all the tourist centers and tourist of the whole.

SCOPE FOR FURTHER STUDY

1. Social and Economic impacts of Tourism in India
2. Social effects of Tourism development in Nagapattinam District
3. To study the potential of medical Tourism in Tamil Nadu
4. Tourism Development and Resource Conservation in Tamil Nadu
5. A study of the integrated Tourism planning of the department of Tourism in Tamil Nadu.

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APPENDIX

QUESTIONNAIRE

1. Name of the Tourist :
2. Address :
3. Sex :
4. Marital Status :
5. Nationality :
6. Size of the Family :
7. Education :
8. Occupation :
9. How did you come to know about the Destination?
   a) Through Travel Agent
   b) Through Advertisement
   c) Trough Friends/Relatives
   d) Through Internet
10. Main purpose of the Visit
    a) Pleasure Trip
    b) Pilgrimage
    c) Study Tour
    d) Business
    e) Any other
11. Transport used
    a) Road ways
    b) Railways
    c) Air ways
12. Period of Stay
    a) Less than 2 days
    b) 2-4 days
    c) 4-6 days
    d) More than a week
13. Level of Staying
    a) Star
    b) Deluxe
    c) Ordinary
    d) Relatives/Friends

14. Workers employed in hotels and lodges
    a) Less than 10
    b) 11-20
    c) 21-30
    d) More than 30
15. Annual income earned by the hotels and lodges
    a) Less than 5,00,000
    b) 5,00,000-10,00,000
    c) 10,00,000-15,00,000
    d) 15,00,000-20,00,000
    e) More than 20,00,000
16. Please offer your suggestion for tourism development in this area.

INNOVATION CAPACITY: A PREREQUISITE FOR 'MAKE IN INDIA'

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ABSTRACT
In order to make India a globally competitive market which can attract great deal of FDI, innovation capacity of the country is enormously important. The present study is an attempt to find the level of innovation capacity and growth rate of FDI in India vis-à-vis Singapore. The study suggests that Innovation can lead to the technological advancements and thus pave the path for investment friendly environment to attract foreign investors. The study concludes that India has a great potential for innovation which is the key to Make-in India dream come true. However, India has to unleash various forces to come up to the level of Singapore. Singapore ranks 18 in the innovation capacity among the 144 nations whereas India ranks 48 during the period of 2014-2015. Internationally, India continues to be a reputed innovative hub which has a large size of talented human capital. Thus, India having a good position overall, still has a long way to go to reach to a level attained by Singapore. Keeping in view the trends, India has to increase innovation capacity which in turn will create an environment more favorable for FDI in the country. India requires united efforts of the government and corporations to boost innovation that could act as a catalyst in bringing about the change.

KEYWORDS
make in India, FDI, CAGR, innovation capacity.

INTRODUCTION
The "Make in India" program envisaged by Prime Minister Narendra Modi, aims to create investment friendly environment allowing foreign direct investment (FDI) in the country and new policy initiatives are being taken up to diffuse globally competitive technologies for enabling the country to become a strong manufacturing hub. The campaign is mainly focused to fulfill the purpose of job creation, boosting national economy and to get global recognition to the Indian economy, so that foreign investments get impetus in realizing dream of making India a hub of manufacturing Industries (www.nrdcindia.com). For the success "Make in India" program many critical factors are being suggested by researchers and policy makers like 'ease of doing business', labour laws, infra structure etc. Innovation and technology up gradation are also considered the key factors to sustained industrial growth and a major source of competitive advantage to industry for penetrating and capturing the global market. Technology innovation and its diffusion are very important for the manufacturing sectors and service industries.

Manufacturing industries should innovate on process, practices; bring in new technology, equipments and also materials. It is necessary because for the past 60 years or so Indians replicated what others did through licensed production, transfer of technology with very little innovation. Even the research and development activities have only been repetitive and additive. And, the result was that the manufacturing sector contributed 16 per cent of the gross domestic product and 19 per cent to employment. (Saraswat, 2015).To increase the contribution of manufacturing sector, innovation has to be encouraged.

India ranks as dismally low as 142 in ease of doing business and the top most position that is rank one, is held by Singapore (Doing Business 2015). The present study is an attempt to find the level of innovation capacity and growth rate of FDI in India vis-à-vis Singapore and suggests that the innovation capacity can play a major role to make India a global competitor.

OBJECTIVES OF THE STUDY
The study has been conducted keeping in mind the following objectives:
1. To compare growth of FDI inflows to India and Singapore.
2. To make comparison between India and Singapore regarding Innovation Capacity.

DATABASE AND METHODOLOGY
The present study is based on secondary data and covers the period 1999 to 2014. The required data on FDI inflows have been extracted from World Investment Report (UNCTAD), 'Global Competitive Report' (2014) published annually by "World Economic Forum" ranks 144 economies on their competitiveness with respect to indicators like infrastructure, institutions, macro-economic stability, innovation etc. and 'Doing Business' (2014), an annual report co-published by the World Bank and International Finance Corporation that brings out the differences in business regulations and their implementation across economies. This study covers 189 countries of the world, ranking them on 11 indicators. These indicators reflect the quality of the investment climate in a country and better performance on these indicators is frequently associated with greater inflows of FDI.

To study the present position of FDI inflows to India and Singapore, the compiled data has been arranged in the form of tables so that meaningful inferences can be drawn. Percentage share of India and Singapore in the FDI inflows of Asian developing countries, is calculated. To find growth rates following exponential regression model has been fitted (Gujarati, 2004, p. 175).

$$Y_i = \beta_1 X_i^{\beta_2} e^{ui} \quad (1)$$

In logarithmic form

$$\text{Log } Y_i = \text{Log } \beta_1 + \beta_2 \log X_i + u_i \quad (2)$$

Where Y_i - dependent variable
X_i - independent variable

β_1 and β_2 are unknown parameters

U_i - disturbance term.

Using the ordinary least square method, estimated values of β_1 and β_2 denoted by $\hat{\beta}_1$ and $\hat{\beta}_2$ have been calculated. Compound annual growth rate (Gr_c) has been computed by taking the antilog of estimated regression coefficient, subtracting 1 from it and multiplying by 100. (Gujarati, 2004, p. 179)

$$Gr_c = \text{A.L.} (\hat{\beta}_2 - 1) \times 100 \quad (3)$$

Since $\hat{\beta}_2$ is the estimate for β_2

DISCUSSION AND RESULTS

The study has been divided into two sections. Section 1 discusses the quantum of FDI inflows to India and Singapore, and compares the growth of FDI inflows to India with Singapore. Section 2 makes the comparison of India and Singapore regarding the innovation capacity.

SECTION-1

India's quantum of FDI inflows escalated wonderfully, during the period of 15 years from 1999-2014. During the year 1999, the amount of FDI inflows in India was US$ 2168.0 million which amounts for 1.879 percent of the total share of FDI inflows of the Asian countries and during the year 2013-14 the amount of FDI inflows in India was US$ 28199.4 million which amounts for 6.614 percent of the total share of the Asian countries. This shows that during the period of 15 years FDI inflows in India have become almost 6 times from 1999 to 2014. However, the share of FDI inflows in India constitutes a very small percentage of the Asia.

Singapore when taken into account, had 18853.0 US$ million FDI inflows in the year 1999 which amounts for 16.340 percent share of the total FDI inflows of the Asian Countries and during 2013-14 the amount of FDI inflows in Singapore was US$ 63772.3 million which amounts for 14.957 percent of the total share of the Asian Countries. This shows that the share of FDI inflows in Singapore constitutes a large amount as compared to India and India needs to work out hard to attain the level of Singapore. However, share of FDI inflows of Singapore in Asia during the period of 15 years have decreased.

India is amongst the few Asian economies which witnessed a decline in FDI inflows during 2010 which added to worries. It is, in fact, intriguing to know that FDI inflows to the South, East and South-East Asia regions, according to UNCTAD, rose by about 18 percent in 2010 and reached $275 billion after a 17 percent decline in 2009, primarily due to booming inflows in Singapore, Hong Kong (China), China, Indonesia, Malaysia and Vietnam. It is therefore important to scrutinize the recent trend in FDI inflows and the underlying reasons for the same. (Singh,2011)

TABLE 1: SHARE OF INDIA AND SINGAPORE IN FDI INFLOWS OF DEVELOPING ASIA

year	Percentage share of India	Percentage share of Singapore	Amount of FDI Inflows to Asia in US$ million
1999-2000	1.88	16.34	115 376.2
2000-01	2.26	9.77	158 798.3
2001-02	4.37	13.58	125 212.1
2002-03	5.69	6.22	99 006.9
2003-04	3.30	13.04	130 810.1
2004-05	3.39	14.30	170 521.8
2005-06	3.29	7.80	231 822.2
2006-07	6.85	12.44	296 848.9
2007-08	6.93	13.05	365 822.3
2008-09	11.90	3.08	396 024.8
2009-10	11.02	7.36	323 682.7
2010-11	6.71	13.47	409 021.2
2011-12	8.40	11.70	430 622.5
2012-13	5.83	14.73	415 106.3
2013-2014	6.61	14.96	426 355.0

Source: Author's calculations on the basis of world Investment Report 2014

TABLE 2: GROWTH OF FDI INFLOWS IN INDIA AND SINGAPORE (Amount of FDI Inflows in US$ million)

Year	India	Singapore	Asia
1999-2000	2 168.0	18 853.0	115 376.2
2000-01	3 588.0	15 515.3	158 798.3
2001-02	5 477.6	17 006.9	125 212.1
2002-03	5 629.7	6 157.2	99 006.9
2003-04	4 321.1	17 051.5	130 810.1
2004-05	5 777.8	24 390.3	170 521.8
2005-06	7 621.8	18 090.3	231 822.2
2006-07	20 327.8	36 924.0	296 848.9
2007-08	25 349.9	47 733.3	365 822.3
2008-09	47 138.7	12 200.7	396 024.8
2009-10	35 657.3	23 821.3	323 682.7
2010-11	27 431.2	55 075.8	409 021.2
2011-12	36 190.4	50 367.7	430 622.5
2012-13	24 195.8	61 159.4	415 106.3
2013-2014	28 199.4	63 772.3	426 355.0
CAGR 1999-2000 to 2013-14	**2.61**	**2.74**	**3.40**

Source: World Investment Report 2014 and author's calculations

As far as growth of FDI inflows is concerned referring Table 2, it is indeed interesting to note that during the study period, Singapore has been able to attain the growth rate which is equal to 2.74 percent and India is marginally behind it with growth rate of FDI inflow equal to 2.61. Compound annual growth rate of FDI inflows to Developing Asia is 3.40 during the study period.

SECTION-2

Actually uneasy business conditions and cumbersome business procedures are the most critical factors which can pose threat to 'make in India' by acting as barriers to the FDI inflows. The picture of business conditions in India is gloomy, if we observe the World Bank Report on 'Ease of Doing Business' which ranks 189 countries of the world on the basis of the convenience of doing business in them. Table 3 mirrors the position and ranks of India and Singapore in 'Doing Business' out of 189 countries. India occupies the bottom position in the rankings of prepositions like ease of doing business, starting a business, paying of taxes, closing of business and being the worst in enforcing contracts whereas Singapore tops the list.

TABLE 3: COMPARATIVE POSITION OF INDIA AND SINGAPORE IN 'EASE OF DOING BUSINESS'

	Rank of India	Rank of Singapore
Ease of doing business	142	1
Starting a business	158	6
Dealing with construction permits	184	2
Getting electricity	137	11
Registering property	121	24
Getting credit	36	17
Protecting investors	7	3
Paying taxes	156	5
Trading across borders	126	1
Enforcing contracts	186	1
Resolving insolvency	137	19

Source: Compiled by author from Doing Business Report(2014-2015)

Note: Rank is out of 189 countries

Table 3 indicates that India is performing well only on two indicators, namely, getting credit and protecting investors. India's performance on three indicators, namely, starting a business, dealing with construction permits and enforcing contracts shows a dismal picture of the investment climate in India .In contrast to India's lack luster performance, Singapore ranks 1 in ease of doing business, trading across borders and enforcing contracts.

TABLE 4: INNOVATION INDICES OF INDIA VIS-À-VIS SINGAPORE

Innovation variables	**INDIA**		**SINGAPORE**	
	SCORE	RANK	SCORE	RANK
Capacity for Innovation	4	48	5	18
Quality of scientific research institutions	4	52	5.6	11
Company spending on R&D	3.8	30	4.8	10
University-Industry collaboration in R&D	3.9	50	5.6	5
Govt. procurement of advanced tech. products	3.5	61	5.1	4
Availability of scientists and engineers	4.4	45	4.9	16
PCT patents, applications/million pop.	1.5	61	125.2	13

Source: Compiled by author from Global Competitive Report 2014-2015

Note1. Rank out of 144 countries

2. Score is out of 1 to 7,1=discourage innovation,7=encourage innovation

Innovation is the key to technological advancements in the country. The table 4 depicts that India ranks 48 out of 144 countries in terms of innovation capacity. It is ahead of many developing nations but behind nations such as Singapore which ranks 18 among the 144 nations. The score of India for capacity of innovation is 4 out of 7 which means that it still has a long way to go to come up to the best score that is 7.On the other hand Singapore is ahead in score of innovation capacity which is 5 out of 7 and shows that Singapore has the large potential source that could greatly increase the capacity of innovation in the country.

Taking the second variable into account i.e. Quality of Scientific Research Institutions, India ranks 52 out of 144 nations whereas Singapore has a very strong hold in this variable having 11 rank out of 144 nations .This shows that India needs to work out on this variable and develop better quality of scientific research institutions as compared to the present figure. The score of India in Quality of Scientific Research Institutions is 4 whereas for Singapore the score is 5.6.

Taking into account the company spending on R&D, India ranks 30 out of 144 countries. However, India again lags behind Singapore which ranks 10 out of 144 countries .This shows that Singapore companies spend a lot of money on Research and development of new products and innovation that cater to the global market. The score of India is 3.8 whereas the score of Singapore is 4.8, meaning there by that India has to spend more on R&D for successful results to reach up to the level attained by Singapore.

Considering university-industry collaboration in R&D, India ranks 50 whereas Singapore is significantly ahead and ranks 5 out of 144 countries. The score of India is 3.9 whereas the score of Singapore is 5.6 when it comes to university-industry collaboration in R&D.

Government procurement of advanced technological products is very less in India as India ranks 61 whereas Singapore in sharp contrast ranks 4 .The score of Govt. procurement of advanced technological products of India is 3.5 whereas Singapore is way too ahead having 5.1 score.

India has a large human capital but when it comes to availability of scientists and engineers, India ranks 45 whereas Singapore on the contrary with a small human capital, ranks 16 out of 144 countries. The score of India is 4.4 and Singapore is 4.9 which clearly indicate that there is only marginal difference in the score of both the countries.

In Singapore, the number of people applying for PCT patents out of million population accounts for 125.2 score whereas when India is concerned the score leashes down a lot with a score of 1.5.India ranks 61 whereas Singapore ranks 13 out of the 144 countries in production of PCT patents.

There are several forces shaping creativity and innovation in contemporary India. The sheer heterogeneity and diversity of Indian society makes it a fertile ground for ideas and creativity (kapoor, 2012).

India has no dearth of creativity and innovation as it has a huge population which is not only younger than 25 years but educated, talented and empowered by new technologies and ready to leap forward.

CONCLUSION

In order to make India a globally competitive market which can attract great deal of FDI, innovation capacity of the country is enormously important. As far as growth of FDI inflows is concerned, India and Singapore are almost on equal footings. However, to make 'Make in India' program a success India has to follow Singapore's example. Singapore which ranks one in the world in 'ease of doing business' benchmark, has great deal of innovation capacity. India also possesses strong forces which can shape creativity and innovation. Nevertheless, keeping in view the trends, India has to augment its innovation capacity which in turn will create an environment more favorable for FDI in the country. It requires united efforts of the government and corporations to boost innovation that could act as a catalyst in bringing about the change.

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