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

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FINANCIAL APPRAISAL OF VARIOUS FINANCIAL SERVICES OF COOPERATIVE CREDIT SOCIETIES/PATANSTHAS IN AHMEDNAGAR DISTRICT

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ABSTRACT

India is always being known in the world for its Rural Based Economy as nearly 65% of its population is dependent on Agriculture & other rural businesses. Although such a huge dependence is seen till only 12.5% of Indian GDP comes through it. The major reason of such a poor performance of rural economy in National Income generation is that, many of the rural peoples are facing a problem of availability of Finance through formal means like Banks & Other Financial Institutions at cheaper rates & in abundance. Till recently Private money lenders have played a vital role in Rural Finance outcome of which is Increased Suicide Cases in Rural India. One major player of Indian Financial System who has tried its level best to improve the situation was Co- Operative Credit Society. Co-operative credit societies have served its purpose of providing Rural Finance through various schemes at subsidized rates in rural tiny places of Indian periphery. Co-operative credit societies have provided services targeting varied social & economic needs like Education, Marriage, Healthcare, Agriculture, New business set up etc. Although such a major role is being played by co-operative credit societies till rural economy has failed to catch high growth pace, hence it becomes inevitable to study the co-operative movement in order to understand the game which in turn can help in boosting the Cooperative credit societies/patsansthas performance. Hence the present study is aimed at measuring the performance of various service products been provided by them such as DD, RTGS, NEFT, Core Banking, Mobile Banking etc.

KEYWORDS

cooperative bank, bank indebtedness, financial performance, credit issuance, loan, e banking, debit cards.

INTRODUCTION

Co-operative banks are the banks operating mainly in the rural economy and are aimed at maximizing the societal benefits through the principle of Cooperation. The Cooperatives can be best described as the organizations with-

- Small Size
- Serves mainly to the rural based tiny customers with poor financial conditions
- Small Sized Financial Products.
- Concerned mainly with Individual/Family or Small Group Financing.
- Under the Regulatory Framework of Cooperative Trusts Act.
- Elected Directors to look after the strategic decision making.
- Mainly working in Common Localities and
- Believes on Principle of Cooperation.

These banks provide most services such as savings and current accounts, safe deposit lockers, loan or mortgages to private and business customers. For middle class users, for whom a bank is where they can save their money, facilities like Internet banking or phone banking is not very important. Although they are not better than private banks in terms of facilities provided, their interest rates are definitely competitive. However, unlike private banks, the documentation process is lengthy if not stringent and getting a loan approved quickly is rather difficult. The criteria for getting a loan from a Cooperative are less stringent than for a loan from a commercial bank.

REVIEW OF THE LITERATURE

Various studies conducted and numerous suggestions were sought to bring effectiveness in the working and operations of financial institutions.

- Narsimham Committee (1991) emphasized on capital adequacy and liquidity,
- Padamanabhan Committee (1995) suggested CAMEL rating (in the form of ratios) to evaluate financial and operational efficiency,
- Tarapore Committee (1997) talked about Non-performing assets and asset quality,
- Kannan Committee (1998) opined about working capital and lending methods,
- Basel Committee (1998 and revised in 2001) recommended capital adequacy norms and risk management measures.
- Kapoor Committee (1998) recommended for credit delivery system and credit guarantee and
- Verma Committee (1999) recommended seven parameters (ratios) to judge financial performance and several other committees constituted by Reserve Bank of India to bring reforms in the banking sector by emphasizing on the improvement in the financial health of the banks.

Experts suggested various tools and techniques for effective analysis and interpretation of the financial and operational aspects of the financial institutions specifically banks. These have focus on the analysis of financial viability and credit worthiness of money lending institutions with a view to predict corporate failures and incipient incidence of bankruptcy among these institutions.

Bhaskaran and Josh (2005) concluded that the recovery performance of co-operative credit institutions continues to unsatisfactory which contributes to the growth of NPA even after the introduction of prudential regulations. They suggested legislative and policy prescriptions to make co-operative credit institutions more efficient, productive and profitable organization in tune with competitive commercial banking.

Jain (2008) has done a comparative performance analysis of District Central Co- operative Banks (DCCBs) of Western India, namely Maharashtra, Gujarat and Rajasthan and found that DCCBs of Rajasthan have performed better in profitability and liquidity as compared to Gujarat and Maharashtra.

Singh and Singh (2012) studied the funds management in the District Central Co- operative Banks (DCCBs) of Punjab with specific reference to the analysis of financial margin. It noted that a higher proportion of own funds and the recovery concerns have resulted in the increased margin of the Central Co-operative Banks and thus had a larger provision for non-performing assets.

Mavaluri, Boppana and Nagarjuna (2015) suggested that performance of banking in terms of profitability, productivity, asset quality and financial management has become important to stable the economy. They found that public sector banks have been more efficient than other banks operating in India.

NEED OF THE STUDY

- This paper will help in analyzing the performance of various patsansthas in the context of Ahmednagar district on the ground of- a) Risk, b) Charges, c) Service Quality, d) Time Period, e) Documentation & f) Service Period.

PROBLEM STATEMENT

- The market share of financial services of various patsansthas in Ahmednagar district is low and hence it becomes crucial for them to measure the performance on various financial grounds.

OBJECTIVES OF THE STUDY

1. To study and analyze various services of cooperative credit societies /patsansthas.
2. To perform financial appraisal of various services of cooperative credit societies/ patsansthas.
3. To suggest the appropriate measures to improve the efficiency of the cooperative credit societies /patsansthas.

HYPOTHESIS

- Performance of Financial services of various patsansthas in Ahmednagar district is good.

RESEARCH METHODOLOGY

- **Type of Research** – Descriptive research via Questionnaire analysis and Interviewing.
- **Collection of data:**
 - **Primary Data**
 1. Interview Method
 2. Structured Questionnaire
 - **Secondary Data**
 1. Annual reports of the bank
 2. Internet
- **SAMPLE UNIT:**
 - The Study population includes the Certified Auditors of various Cooperative credit societies/patsansthas.
- **SAMPLE SIZE:**
 - 10 Respondents

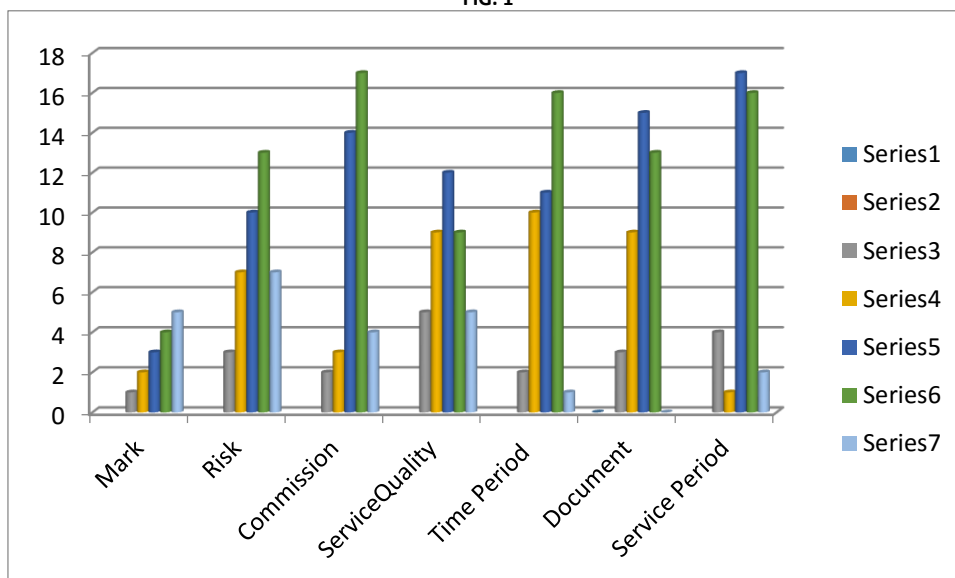
RESULTS & DISCUSSION

1) DEMAND DRAFT

TABLE 1

Sr. No.	Mark	Risk	Charges	Service Quality	Time Period	Documentation	Service Period
01	01	03	02	05	02	03	04
02	02	07	03	09	10	09	01
03	03	10	14	12	11	15	17
04	04	13	17	09	16	13	16
05	05	07	04	05	01	00	02

FIG. 1



INTERPRETATION

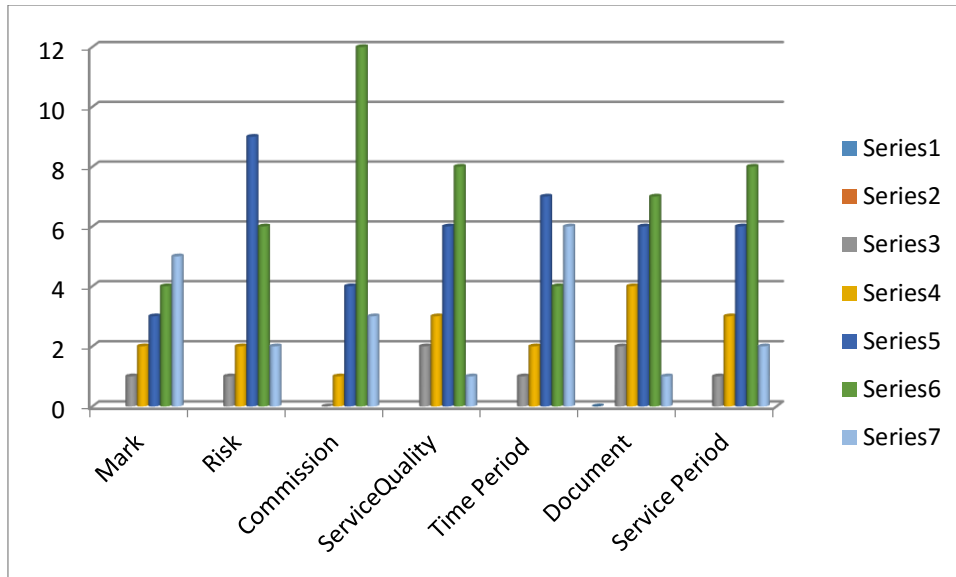
- 50% Respondents believe Demand Draft Facility of Patsansthas to be highly safe.
- Almost 50% Respondents believe Commission to be very negligible on Demand Draft Schemes of Various Patsansthas.
- Almost 42% Respondents believe Quality to be very Good in case of Demand Draft Service.
- 45% Respondents believe Demand Draft to be Good in Claim Settlement (Service Period)

2) RTGS

TABLE 2

Sr. No.	Mark	Risk	Charges	Service Quality	Time Period	Documentation	Service Period
01	01	01	00	02	01	02	01
02	02	02	01	03	02	04	03
03	03	09	04	06	07	06	06
04	04	06	12	08	04	07	08
05	05	02	03	01	06	01	02

FIG. 2



INTERPRETATION

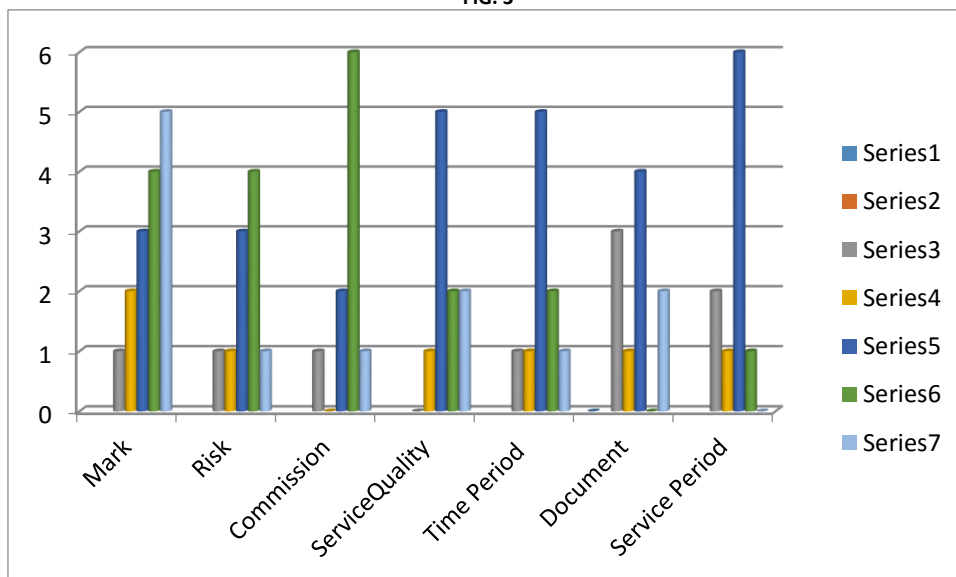
- Almost 45% Respondents believe RTGS Service to be Average on the Scale of Risk factor.
- 75% Respondents are rating High Numbers for Commissions charged under RTGS by various Patsansthas.
- 45% Respondents are happy with Service Quality of RTGS of Various Patsansthas.
- Almost 30% Respondents scored less marks to RTGS under Documentation Variable.

3) NEFT

TABLE 3

Sr. No.	Mark	Risk	Charges	Service Quality	Time Period	Documentation	Service Period
01	01	01	01	00	01	03	02
02	02	01	00	01	01	01	01
03	03	03	02	05	05	04	06
04	04	04	06	02	02	00	01
05	05	01	01	02	01	02	00

FIG. 3



INTERPRETATION

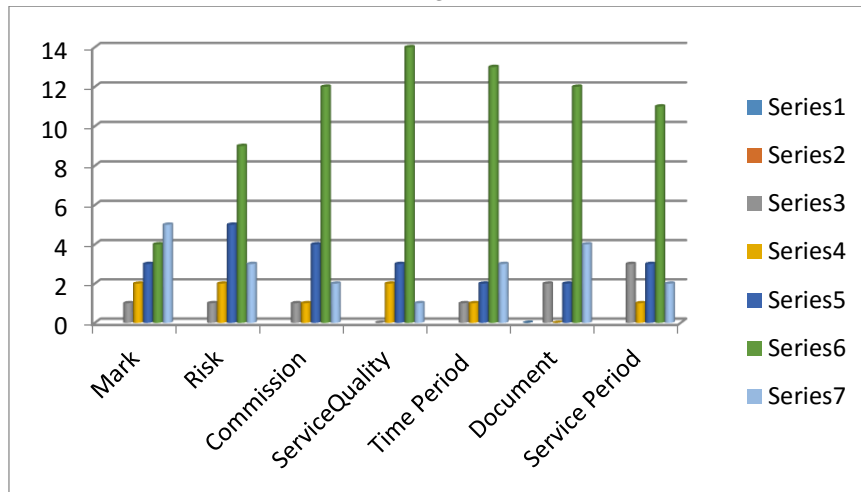
- Almost 50% Respondents believe NEFT to be less Risky Service offered by Patsansthas.
- 70% Respondents believe that Commission on NEFT Services is very low by Patsansthas.
- 60% Respondents are not happy with NEFT Service Quality by various Patsansthas.
- 30% Respondents believe Service Period to be below Category offered by Patsansthas.

4) BILL PAYMENTS

TABLE 4

Sr. No.	Mark	Risk	Charges	Service Quality	Time Period	Documentation	Service Period
01	01	01	01	00	01	02	03
02	02	02	01	02	01	00	01
03	03	05	04	03	02	02	03
04	04	09	12	14	13	12	11
05	05	03	02	01	03	04	02

FIG. 4



INTERPRETATION

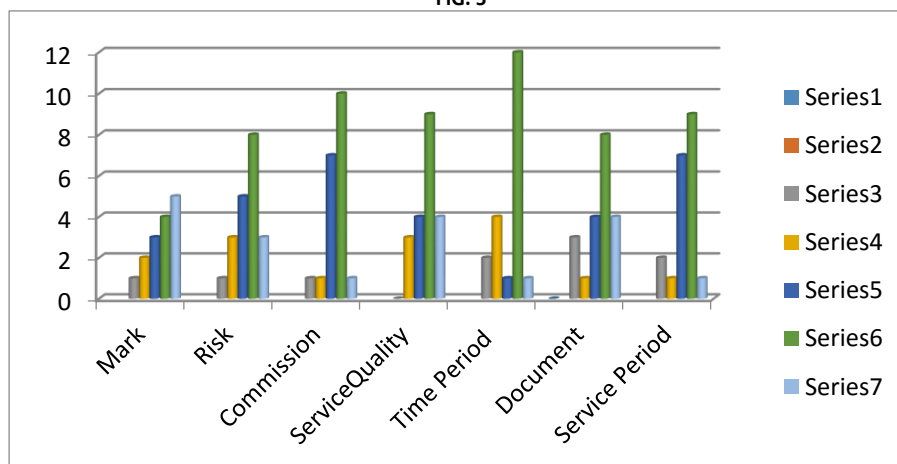
- Almost 60% Respondents believe Utility Bill Payment Services to be less Risky.
- 70% Respondents are happy with Commission charged under Utility Payment Services.
- 75% Respondents are very happy with Utility Bill Payment services by various Patsansthas.
- 65% Respondents are pleased with Service Period involved in Utility Bill Payments.

5) CORE BANKING

TABLE 5

Sr. No.	Mark	Risk	Charges	Service Quality	Time Period	Documentation	Service Period
01	01	01	01	00	02	03	02
02	02	03	01	03	04	01	01
03	03	05	07	04	01	04	07
04	04	08	10	09	12	08	09
05	05	03	01	04	01	04	01

FIG. 5



INTERPRETATION

- 55% Respondents believes Core Banking to be safer service of Patsansthas.

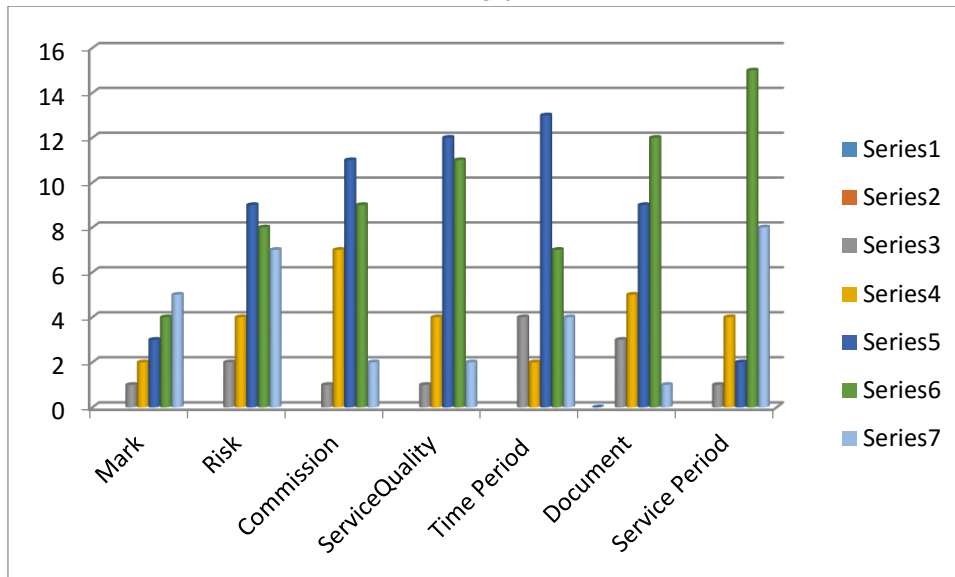
- 55% Respondents believe Commissions are fair so far as Core Banking is concerned.
- 65% Respondents are happy with the Core Banking Service Quality.
- 50% Respondents are satisfied with the Core Banking Service Promptness.

6) MOBILE BANKING

TABLE 6

Sr. No.	Mark	Risk	Charges	Service Quality	Time Period	Documentation	Service Period
01	01	02	01	01	04	03	01
02	02	04	07	04	02	05	04
03	03	09	11	12	13	09	02
04	04	08	09	11	07	12	15
05	05	07	02	02	04	01	08

FIG. 6



INTERPRETATION

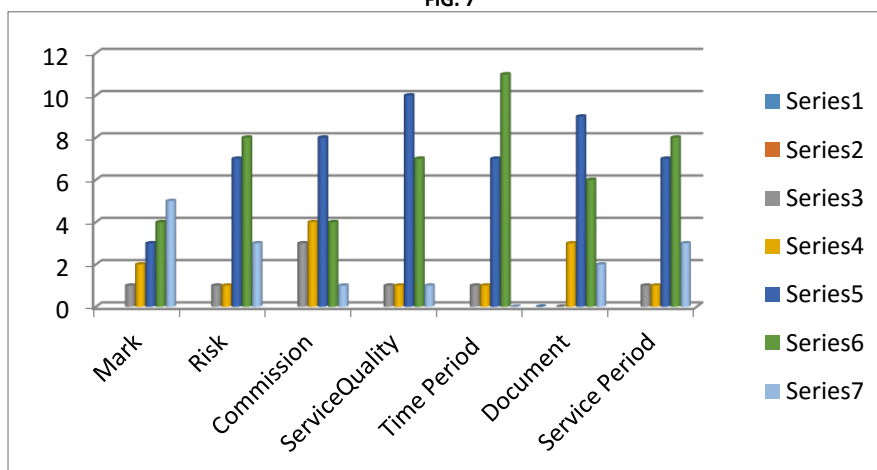
- 30% Respondents believe that Mobile Banking of Patsanshas is a safer service.
- Almost 43% Respondents are Happy with Service Quality of Mobile Banking.
- 43% Respondents believe that Time Period variant of Mobile Banking is of Average Quality
- Documentation found to be standardized in Mobile banking by 43% Respondents.

7) ONLINE BANKING

TABLE 7

Sr. No.	Mark	Risk	Charges	Service Quality	Time Period	Documentation	Service Period
01	01	01	03	01	01	00	01
02	02	01	04	01	01	03	01
03	03	07	08	10	07	09	07
04	04	08	04	07	11	06	08
05	05	03	01	01	00	02	03

FIG. 7



INTERPRETATION

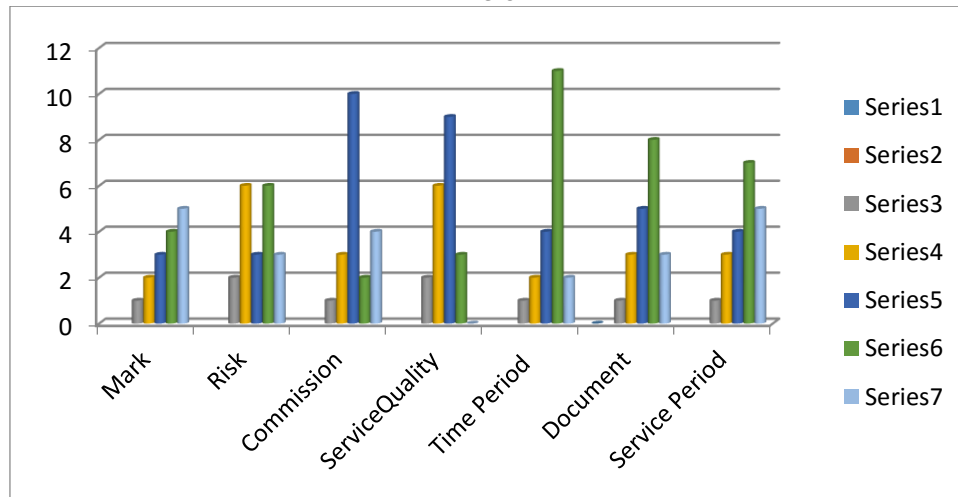
- 55% Respondents believe Internet Banking to be a safer function of Patsansthas.
- 40% Respondents believe Commission amount to be of Average Expensive Nature regarding Internet Banking.
- Almost 50% Respondents believe Service Quality of Internet Banking to be Average.
- 55% Respondents believe Time Period of Internet Banking to be highly satisfied.

8) ATM FACILITY

TABLE 8

Sr. No.	Mark	Risk	Charges	Service Quality	Time Period	Documentation	Service Period
01	01	02	01	02	01	01	01
02	02	06	03	06	02	03	03
03	03	03	10	09	04	05	04
04	04	06	02	03	11	08	07
05	05	03	04	00	02	03	05

FIG. 8



INTERPRETATION

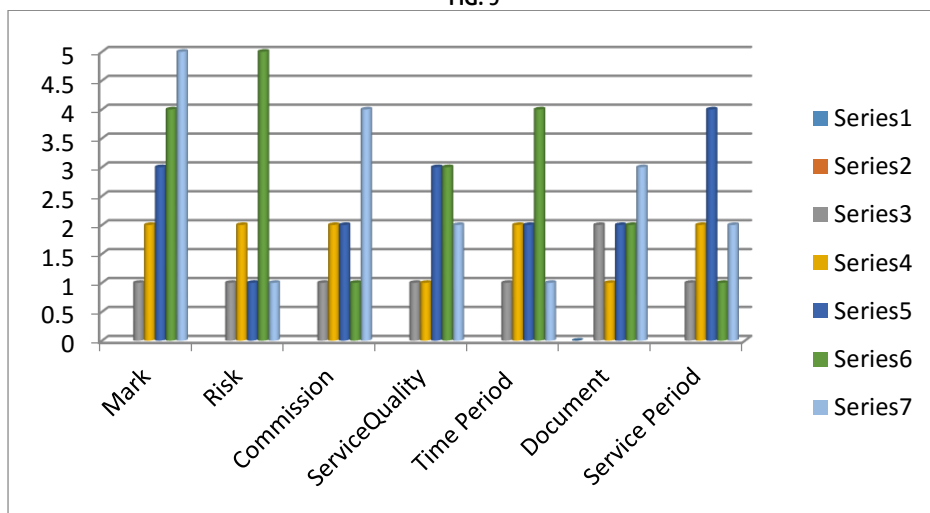
- Almost 40% Respondents believe that using ATM services of Patsansthas are Risky.
- 30% Respondents are happy with the ATM Charges of Patsanstha ATM Facility.
- Almost 40% Respondents believe Service Quality of Patsanstha ATMs is poor.
- 55% Respondents believe that Documentation norms of Patsanstha ATM Facility are Good.

9) LOCKER FACILITY

TABLE 9

Sr. No.	Mark	Risk	Charges	Service Quality	Time Period	Documentation	Service Period
01	01	01	01	01	01	02	01
02	02	02	02	01	02	01	02
03	03	01	02	03	02	02	04
04	04	05	01	03	04	02	01
05	05	01	04	02	01	03	02

FIG. 9



INTERPRETATION

- 60% Respondents believe Locker Facility of Patsansthas to be Risk Free.
- 50% Respondents believe that Locker Facility Charges of Patsansthas are fair.
- 50% Respondents believes that Time Period variant of Locker Facility is good.
- 50% Respondents says Documentation norms of Patsansthas are simple and standard.

FINDINGS OF THE STUDY

- Demand Draft Facility of Patsansthas is found to be highly safe (50% Response).
- Respondents believe that RTGS Service of Cooperative credit societies/patsansthas is of average quality (45% Response).
- RTGS service by Cooperative credit societies/patsansthas is found to be risk free. (50% Response)
- Commission charged on NEFT Service by Cooperative credit societies/patsansthas is very low as compared to National/Private banking firms.
- NEFT Service Quality of Cooperative credit societies/patsansthas is found to be of low Quality (75% Response)
- Core banking service of Cooperative credit societies/patsansthas is of average nature (55% Response).
- Time Period requirement feature of Mobile Banking is of Average Quality (43% Count)
- Service Quality of Internet Banking is of Average Nature (50% Response).
- Service Quality of ATM of Cooperative credit societies/patsansthas is poor in nature.
- Locker Facility Charges of Patsansthas are very attractive in nature. (50% Response).

SUGGESTIONS

- Cooperative credit societies/patsansthas should improve RTGS service quality.
- Core banking Quality of Cooperative credit societies needs to be improved.
- Time Period requirement in case of Mobile Banking needs to be minimized.
- Service Quality of Internet Banking should be enhanced by Cooperative credit societies/patsansthas.
- Service Quality of ATM's of Cooperative credit societies/patsansthas should be improved.

CONCLUSION

At the outset, Researcher can conclude that there is a scope for rural patsansthas for improving the service performance and thereby achieve higher market share.

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A REVIEW OF ETHICAL LEADERSHIP: GOING BEYOND THE CONVENTIONAL UNDERSTANDING

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ABSTRACT

Over the years the concept of Ethical Leadership lost its sheen. There has been numerous studies conducted on this topic and almost all concentrated on the theme of personal development whether it is the virtues of Aristotle, the internal locus of control, having low Machiavellianism, high self-awareness, and the like. Most of the studies also looked at how the employees perceived their leadership. Very few or no studies have been conducted as to how other stake holders perceive the leadership (as protecting the environment, or developing the society and community at large) or how the leader perceives themselves and their role. This paper discusses the existing literature on Ethical Leadership and the different parameters used in evaluating the leadership from an Ethical perspective. It also discusses different theories similar to ethical leadership such as Authentic Leadership, Transformational leadership, Spiritual leadership and Transpersonal Leadership. The paper also discusses in brief some of the weaknesses of these theories and point towards broader perspectives to define ethical leadership rooted in the current business scenario. Using a qualitative research method with the secondary data the paper tries to through light on what constitutes the concept of ethical leadership and similar concepts.

KEYWORDS

ethical leadership, business ethics, transformational leader, authentic leader, spiritual leader.

INTRODUCTION

Flkington, 2001 1997) vigorously advocated the need for a triple bottom line evaluation of the organization and Milton Friedman (Friedman, 1970, 2007) countered it arguing that the only bottom line of an organization is financial and the job of the caretakers of an organization is only to increase the profit. Probably two most important thinkers on the modern management have created a series of debates and discussions on how the organizations should be run. We live in a time when corporate scandals and graft cases rock the market regularly leading to loss of hard earned money for millions investors and other stakeholders, when incidents of ill-treatment and harassment of employees get reported frequently, where customers are cheated and lied blatantly and natural resources are at a risk of being overused and as a result threaten the very sustainability of the earth. Employees do not have a job satisfaction nor are they committed to their organization. Researchers and voluntary and governmental organizations world over are in a frantic search for answers. Many a time it is the leadership in the organizations that set the tone of how things are done. Also it is the leadership that creates the culture within the organization. Ethical leadership only can create an ethical culture. Thus research into what constitutes an ethical leadership remain paramount. This paper aims to understand what ethical leadership is and the different dynamics of Ethical leadership as appear in literature. And also proposes some new dimensions to ethical leadership.

An HBR article through in-depth interviews of recent Harvard MBAs reveal many disturbing facts about being ethical and following orders. 1) many newly joined managers are generally given clear guidelines from their immediate managers or strong pressures form their organizational pressures to engage in things that they believe are unethical or even illegal. 2) the organizations code of conduct or ethics programs hotlines and the such do not help when it comes to making decisions 3) many new recruits believe that their leaders are not aware of ethical issues mostly because they are too busy or do not want to take responsibility. 4) most of the time young managers resolve their uncertainties on the basis of self reflection or individual values and based on copany's credo or values. (Badaracco & Webb, 1995). This and a number of articles later, on why good people do evil things discussed the role of leadership.

In this context literature was reviewed on ethical leadership. Ethical leader is the need of the hour. However, the topic has been extensively discussed since 1990s. However, there is very little research conducted on this topic in India even though we rank very low on ethical business. (Suar, 2004). The existing researches have two aspects; at one end the studies are being done on the leadership who through their actions and words and through what they communicate create a culture of ethics. Many studies have revealed the benefit of having an ethical organizational culture created by ethical leaders. At the other end there are the employees who perceive their leader and recreate the culture by performing actions that either the leader wants them to perform or what they think would make the leader happy. Employees are torn between these two opposing demands.

Objectives of this paper therefore are 1) To define what ethical leadership, 2 is. To discuss what the literature discuss as factors defining an ethical leader, 3. To discuss the limitations of the current understanding of the ethical leadership, 4. To propose some new dimensions to the definition of ethical leadership. The scope of the paper is limited literature review alone to discuss the concept of ethical leadership and suggest the limitations of the existing definitions. This will briefly discuss some similar concepts.

WHAT IS ETHICAL LEADERSHIP

The Ethical leadership has been for long defined as having personal traits such values as leader's honesty, integrity, trustworthiness, cognitive trust, the exercise of care in work, being professional, dependable etc. (Kirkpatrick & Locke, 1991; Kouzes & Posner, 1993, McAllister, 1995) Trevino and others call these as characteristics of a leader as a *moral person*. They also added another dimension to it where the leader becomes a role model for his followers. They call it as 'moral manager' dimension. This Moral manager dimension of ethical leadership discusses the leaders efforts to influence the followers behavior. They make ethical values an integral and explicit part of their role and deliberately communicate that through visible and role modeling. They also rewards and discipline to ensure accountability from their followers this help them get the message across very clearly all concerned (Treviño et al., 2000, 2003).

Brown et.al., (2005) use social learning theory to understand ethical leadership argues that Leadership involves influence. The A social learning perspective of Bandura when applied on ethical leadership it presupposes that leaders influence the ethical conduct of their followers through visible role modeling. The role modeling involves a range of psychological processes which include observation, imitation, and identification. According to Bandura (1986) observing others actions and the outcome both directly and vicariously can lead to learning.

It is therefore important to study those sets of behaviours a leader should exhibit which the followers can imitate. Yukl, (2002)

Brown and Trevino (2006) identified the characteristics a leader must have in order to be ethical and which can be emulated by the followers such as ; a) Ethical role modeling, b) Ethical context, c) the personality types, d) Conscientiousness, e) emotional stability and agreeableness f) locus of control, g) Machiavellianism, h) self monitoring, i) moral intensity, j) pro-social behavior, k) need for power and l) moral reasoning as factors that define an ethical leader. All these are factors discussing the personal characteristics that are from within an individual.

Muel Kaptain (2008) Mari Huhtala (2013) further argues that in order to create a culture of ethics the leadership should consciously developed certain virtues and based on which he created a tool to study the ethical climate existing in the organization. This tool focuses on the perception of the followers towards their leader and how they create a culture of ethics in the organisations. The tool has primarily seven virtues. They are; 1) clarity, 2) congruity, 3) feasibility, 4) supportability, 5) transparency, 6) discussability and 7) sanctionability.

While defining ethical leadership (Brown, et al., 2005; Van den Akker, et al., 2009) asserts that it is an expression of appropriate conduct (normatively and ethically) through their personal behaviour and interpersonal relationships, and how they promote such conduct to their followers through regular communication, fortification, and decision-making. Trevino and associates make a difference between a moral person, ethically neutral person and a moral manager (Jordan, Brown, Trevino, & Finkelstein, 2013. It is the moral managers who consciously develop ethical behavior among followers. The concept of what we call a moral manager is founded on three concepts: role modeling through visible action, the use of rewards and discipline, and communicating about ethics and values (Trevino, 1986; Van den Akker et al., 2009) They also stress on the four ethical leader behaviors as displaying ethical consistency, securing ethical behavior, contextualizing success and encouraging transparency (Van den Akker et al., 2009) According to (Paine, 1996, 1994), the major ethical leader behavior is to communicate or transmit the organizational values, principles, and standards to followers in a spirit of self-governance through intense dialogue. They also found that to strengthen trust leaders must be able to balance punishment for violation along with rewards for conformity. Most literature discuss the need for control and not the reward for getting the trust.

ETHICAL LEADERSHIP IN CREATING ETHICAL CULTURE

(Singh, 2011)) through a Canadian survey of large organisations tried to find out the factors determining the efficiency of corporate codes of ethics by the perception of managers who are in the wrong regarding the effectiveness of ethical code vis-à-vis different aspects of ethics program. He reiterated the role of leadership in ensuring an ethical culture in the organization.

Langvardt (2012) through a case study of a multifaceted scandal of Penn State University leadership shows how important it is the role of leadership in creating and sustaining an ethical culture in an organization. He juxtaposes many of the experiences of Penn University crisis to business organizations. Along with giving various lessons from the case one can take aspects of thinking and decision making which are two important aspects that needs influence in bringing in an ethical culture in the organization.

ETHICAL LEADERSHIP AND EMPLOYEE WELL BEING

Piccolo (2010) and associates researches the role of ethical leadership with employee wellbeing. They argue that most employees would like to work for organizations that are known for high ethical values. However, it is also noted that organizations ignore the fact that it is a strong leadership and a proper job design that improves ethical behavior, and meaningfulness and employee wellbeing. Often time under pressure for short term performance driven by market many organizations focus very narrowly on a few goals that serve the purpose of increasing organizational profitability. Even though it is important to stress on the short term profits in the long run it bring forth a number of challenges when the profits and other financial bottom line as the only objective worth pursuing. (Hecht & Allen, 2009)

RESEARCHES FROM INDIA ON ETHICAL LEADERSHIP

Rooplekha Khuntia and Damodar Suar (2004) of IIT Kharagpur developed a 22 item scale for understanding ethical leadership and analyzed the middle level leadership of two public sector companies and two private sector companies. A factor analysis yielded two dimensions of ethical leadership a) empowerment and b) motive and character. This paper studied how subordinates perceive their superiors. It however did not rate the leaders from their own perspective. (Dwivedi 1983), who also stress that leadership role differs depending on the sector, product and services, the hierarchy and the cultural context.

DIFFERENT THEORIES SIMILAR TO ETHICAL LEADERSHIP

(Walumbwa, Hartnell, & Oke, 2010) uses the concept of **servant leadership** and associate it with organizational citizenship behavior. One of the focuses of his research has been to study the relationship between the individual and institutional mechanism through which servant leadership influence employees. The model they constructed focused on the two institutional (procedural justice environment and service climate) and two individual aspects (self-efficacy and commitment to supervisor). The study surveyed over 800 employees operating in Kenya. The study concluded saying that servant leadership improves positive employee attitudes as well as create a climate that produces important behavior that directly benefit individuals and the work group. Servant leadership is also considered very close to the concept of ethical leadership.

AUTHENTIC LEADERSHIP: They are individuals with deep awareness of how they think and behave and are looked upon by others as being in touch with their own values and of others. They are also aware of the context in which they operate. They are confident, hopeful, optimistic, resilient and exhibit high moral character Luthans & Avolio (2007) they also exhibit self-awareness, openness, transparency and consistency and have core ethical values (Brown and Trevino 2006).

SPIRITUAL LEADERSHIP has been described as a leadership that exemplifies characteristics such as integrity, honesty, and humility and creating one's image as someone who can be trusted and relied upon and liked. They also demonstrate through their behavior the values. (Reave, 2005, p. 663), Brown and Trevino (2006)

TRANSFORMATIONAL LEADERSHIP: Burns (1978) wrote that transformational Leadership can be considered as moral leadership because they inspire followers to go beyond mere self-interest and work towards for a communitarian purpose. However, many other argued that not all Transformational leaders are ethical. Numerous case studies of leaders pointed it out. But every one argues that there is an element of moral aspect to it and that needs to be highlighted. Turner et.al. (2002) says that if subordinates perceive leaders as moral being we can call them as transformational. They also elaborated that transformational leadership has been strongly related to what they call perceived leader integrity. (Parry and Thompson 2002, Tracey and Hinkin 1994)

TRANS PERSONAL LEADERSHIP: John Knight defines it as "leading beyond the ego". They would a) Embed authentic, ethical behaviors into the DNA of the organization, b) Build strong, collaborative relationships throughout the organisation and with all stakeholders, c) Create a performance enhancing culture. (Knight 2015)

ANALYSIS OF THE EXISTING THEORIES

If we analyze the theories on ethical leadership close all of them discuss it from a concept of individual morality. Whether it is the moral person or the moral manager argument of Brown and Trevino, the Corporate Ethical Virtue Scale of Kaptain and Huhtala, or the ethical leadership scale developed by Rooplekha and Suar all talk of morality, virtues, personal traits as the central characteristics of an ethical leader which the followers can imitate. The same is also found in similar theories such as the servant leadership and the organizational citizenship behavior postulated by Walumbwa et.al, the authentic leader who espouses values of self-awareness, openness, transparency, and consistency, the spiritual leadership.

Still Volkswagon, Siemens, Satyams keep happening. Organizations are alleged to engage in unethical activities. The organizational climate, culture, context seems to be breeding such behaviors in spite of having leaders who are perceived to be ethical.

THE WAY FORWARD

This paper has discussed the main trends in the current understanding of ethical leadership. Most empirical studies look at the ethical leadership from the lenses of the followers using mostly a virtue scale such as honesty, integrity, trustworthiness etc. This does not give a holistic approach to understand ethical leadership.

Ethical Leadership as suggested by John Knight (2015) and leaders I interviewed need to look beyond the leader perception by the employees and other stakeholders. There is a need to look at the ethical leadership from leaders point of view and I would be looking at the help of existing literature and focus group discussions develop a framework for understanding Ethical leadership from the leadership perspective. This will need to weave through different aspects such as the context, culture and the follower and stakeholder perspectives into a unified whole.

Some of the values that are important for a leader today as espoused by Knight (2015) are:

1. To create trust with our stakeholders to help overcome barriers
2. To create a safe environment
3. To attract and retain good people
4. To connect the personal to the corporate
5. To secure a long term future as a business
6. To be able to sleep well at night
7. It's good for the corporate image – relevant and ethical
8. So everyone has the same ethical framework and knows where the line is
9. To create a positive environment which will positively impact on innovation
10. Reducing any fear culture
11. To get balanced decision making
12. To get consistency of culture in a changing environment
13. To make the right choices generating sustainability
14. To create transparency and all the benefits that brings

CONCLUSION AND WAY FORWARD

To conclude the discussion, we can bring into the ambit of discussion on ethical leadership the aspect of concern for environment, a concern for the wellbeing of the underprivileged in the society, the concern for the employees, creating a culture of ethics, and to take care of the stake holders. For future research it would be possible to create a new theory and a scale based on this and empirically validates it through conducting primary studies. It is also important to develop the framework of an ethical leadership that includes the current realities that go beyond personal virtues and morality and personality traits.

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mHealth: THE CLINICIANS PERSPECTIVE IN INDIA

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ABSTRACT

Mobile Health generally called mHealth, is a culmination of technology, communication, ease of use and need that is bringing behavioral change in healthcare delivery using mobile phones. There is a paradigm shift in healthcare delivery and new avenues for supporting patients are researched. In this research paper, the aim is to understand the behavioral change that mHealth brought among the clinicians in India and does it help them in accurate and faster patient care? Another aspect of research is to understand the awareness of mHealth among the clinicians and do they understand the power of mHealth in healthcare delivery? The research is based on an online and face to face interview of more than 300 clinicians who answered questions pertaining to their view on mHealth. The research indicates that most clinicians believe mHealth is likely to play a crucial role in healthcare delivery but will be most effective in chronic care. Clinicians also believe that awareness and availability of information is a big problem for rural India. Most clinicians believe mHealth will significantly contribute in bridging the gap between urban and rural divide and improve primary and preventive healthcare which will eventually reduce the healthcare expenditure burden. The results suggests that clinicians believe mHealth may contribute significantly in healthcare delivery specially for rural population and believe mHealth has a great potential for a country like India and government should take serious steps in propagating the awareness among the population.

KEYWORDS

mHealth, healthcare.

INTRODUCTION

With mobile phones network reaching to more than 90% of the population in the world⁽¹⁾, healthcare is reaching to more people and reaching faster. Within the hospital setup mobile phones have brought revolution and easy information available to decision makers for an accurate and faster action on the patient. Simplest among the mHealth uses within the healthcare ecosystem is the Short Messaging System (SMS), that connects patients with the hospital for appointment confirmations, reminders and follow-up. But, communication of abnormal lab results or condition through SMS to attending clinician or even to the patients living at remote locations, is a tremendous use of mHealth in faster, accurate and anytime anywhere decision making or action. Another revolution in healthcare delivery is that mHealth empowers patients for self-care which is a paradigm shift in the way healthcare has been practiced.

mHealth has been defined as the use of mobile devices in the healthcare delivery. There are numerous definitions used by authors since 2003 as per their convenience but the Global Observatory for eHealth (GOe) defined mHealth or mobile health as "medical and public health practice supported by mobile devices, such as mobile phones, patient monitoring devices, personal digital assistants (PDAs), and other wireless devices"⁽²⁾.

As per "The Indian Telecom Services Performance Indicators Report" of TRAI released on 12th August 2015⁽³⁾, as on March 31st 2015, there are 996.49 million telephone subscribers in India, of which 969.89 million are wireless subscribers. Interestingly, 555.71 million are urban subscribers and 414.18 million are rural. The urban teledensity of wireless subscribers is 143.08 while rural teledensity of wireless subscribers is 47.78. The wire-line urban and rural teledensity is 5.53 and 0.59 respectively⁽³⁾. The wireless subscription has grown very fast in last decade. In 2004, the mobile and land line subscribers were 33.69 million and 42.84 million respectively⁽⁴⁾. The mobile phones have grown more than 26 times in last one decade and landline subscription has reduced 0.66 times. The tremendous growth in mobile phone subscription in India bridges the gap between urban and rural divide.

India is the second most populous country in the world after China. As per 2011 census report, 1.21 billion people live in India. Almost 17% of world's population live in India, of which 833 million live in rural India and urban population is 377 million⁽⁵⁾. Almost 70% population that lives in rural India may not have access to healthcare, road and rail transport, drinking water and money to meet their needs but they have access to mobile phone of their own or in the family and friends. 414.18 million rural subscribers of mobile phones⁽³⁾ on a population of 833 million rural population and growing fast, provides an opportunity to exploit power of mHealth.

Mobile phones are not only an equipment for wireless communication but effectively used for entertainment, banking, information and many other day to day living needs. In many countries mobile phone penetration is more than 100% making it a commodity not a luxury anymore. The power of mobile phones may be exploited for saving the already crumbling healthcare in India both in urban and rural setup.

One of the biggest challenge in healthcare delivery has been maintaining patients' electronic medical records. mHealth may remove the barrier of digital entry/capture of data, and may bring behavioral change in clinicians to use ICT (HIS) supported mobile systems for clinical transactions. This will tremendously help in maintaining patient's record.

The mHealth may revolutionize the care delivery in the health ecosystems, and the psychological barrier of not capturing most patient data or instructing a third person (nurse) to record and execute may change. With the growing awareness more and more clinicians will find mobile devices as a convenient tool for bedside transactions. With technological development, mobiles have capability of all that what a personal computer or laptop may have for user like web access, text, email, multimedia, voice and video calls etc. Mobile is now part of the everyday life and day to day fabric. Any automation for the operational excellence or efficiency ought to involve mobile phones. "So if you're not looking at mobile solutions, then you're not really looking at all solutions"⁽¹⁾

The healthcare delivery cost is escalating every day. Transformation factors that will influence the cost reduction are required. There may be many factors but mobile health is one that will work faster and cheaper and influence the cost reduction. Thousands of mobile Apps influencing our day to day life are being launched every year. Smart mobile Apps have transformed the lives of people in many industry and changes are visible the way people think, work and play. Mobile Health will influence the depth, breadth and speed of healthcare delivery.⁽¹⁾

Ministry of health and family planning, government of India is putting efforts in bringing standards in ICT in the healthcare where mobile phones will be a great help.⁽⁶⁾

1. Online information on health is most trust worthy and eliminates a clinician and many hesitating situations and questions. Patients/ consumers if aware are more comfortable with online information. With smartphones growing at a very significant speed, and also increasing its penetration in the rural India, and also available in multiple languages, mobile phones are the most convenient and cheapest way to reliable and faster access to health information. This information will not only help the people all across India from being misguided by fake and untrained clinicians but also help patients gather and prepare for

- a timely and proper treatment. 70% of population in the country do not have access to appropriate healthcare are also uneducated to take benefit of the healthcare information using the phones, may consult using online consultation services.
- mHealth serves dual purpose with a different objective to Indian population. On one hand mHealth provides access of a trained clinician to 70% of population living in villages and especially those living in the remotest corner of the country, other hand it provides access to 30% population on information related to need to visit a hospital, treatment plans, different facilities, expertise and plans etc.
 - mHealth provides a better platform for countries deprived of healthcare infrastructure as this provides a ready infrastructure and population such as 70% deprived population in India are familiar with the technology.

LITERATURE REVIEW

Public health has been an area of great concern all over the world but more in the developing countries where public health services are not adequate. The 1978 declaration by WHO introduced the concept of Primary Healthcare. WHO developed the Millennium Development Goals (MDG) (what is Alma Ata in 1978) for macro level targets for broader public health interventions.⁽²⁾ WHO defined health as “a state of complete physical, mental and social well-being and not merely the absence of disease in infirmity”⁽²⁾. And all the MDG across the globe have association with health⁽²⁾. United Nations Millennium Declaration in 2000⁽²⁾ include following health issues on priority:

- Reducing Child Mortality⁽²⁾
- Improving maternal health⁽²⁾
- Combating HIV and AIDS, malaria and other diseases⁽²⁾
- Increasing access to safe drinking water⁽²⁾

Mobile phones have been in use since early 30's but got popularity in 90's but still most people in the world were not able to afford. With the technological development in mobile phones, and communication infrastructure, the phones have become smaller, more user friendly and affordable. A common man across the globe especially in the developing nations could not afford a mobile phone till 90's.

Maddalena et al⁽⁷⁾ There is a huge upsurge in the mHealth since the smart phones were introduced about 5 years ago. There has been immense research on mHealth but focus has been on Chronic Conditions⁽⁷⁾. Maddalena et al⁽⁷⁾ reviewed about 177 articles published between 2002 and 2012 and concluded that there is a continuous evolution in Mobile Technologies that offering new opportunities but most of it has not been explored⁽⁷⁾. Evolution of mHealth field needs to be evaluated to understand strength and weakness. Maddalena et al⁽⁷⁾ in their research found that there is an upward trend in the mHealth research and interest is growing. With a continuous development in the mobile technologies, aims and objectives with complexity is continuously changing. The Mobile Technology may address the needs of doctors, nurses, patients or even healthy people, hence mHealth applications can target heterogeneous audience⁽⁷⁾. mHealth may serve wide variety of needs both for patients and healthy people such as quit smoking program to weight loss, treatment adherence and disease management etc.⁽⁷⁾

mHealth could provide a platform to both doctor and patient to interact closely before, during and after the treatment.⁽⁷⁾ There are evidence suggesting that mobile technology help improving diagnosis and also helps patients with ready information and guidelines on treatment and compliance.

Recently launched iPhone 6 has some basic interfacing capability to monitor vitals on the move. Most Mobile apps development and mobile manufacturing companies are now giving enough attention to provide health assistance features on mobile phones. Mobile phones in health are revolutionary and the most beneficial aspect is that mobile phones are personal, (except in some rural areas where one mobile device may be shared among the entire family), intelligent, anytime and anywhere and always connected with connectivity reaching to remotest corner, mobiles have become an always connected device.⁽⁷⁾

Recent boom in smart phones further strengthens the use of mHealth in healthcare. Smart phones are mobile phones with very strong features of a personal computers, making both patient, doctors and also healthcare staff, remain connected through emails, browsing web, and also talk. Further video calls and recording capability makes mobiles more powerful in healthcare⁽⁷⁾. Mobile phones due to their wireless communication capability and ability to provide voice, data and video all in one equipment at anytime and anywhere makes them an ideal tool for healthcare delivery⁽⁷⁾.

Warren A Kaplan⁽⁸⁾ evaluated the ubiquitous power of mobile phones that can be used to improve health outcomes in developing countries. Most researchers agree that harnessing communication technology will benefit the population across the globe, and help in dissemination of the information related to health and wide open opportunities for women⁽⁸⁾. In year 2002, mobile phone subscription across the globe increased to such an extent that it over took the fixed line subscription across region, gender, income and age etc.⁽⁹⁾. In most of African countries mobile phones have over taken the fixed line phones⁽¹⁰⁾. Fixed line subscription has reduced in India substantially and there are more mobile phones in India than fixed lines⁽⁴⁾. Information on Mobile Health interventions and clinicians perspective to mHealth lacks for developing countries. Most studies are conducted in wealthy nations comprising members of the Organization for Economic Cooperation and Development (OECD)⁽⁸⁾. Warren⁽⁸⁾ found that most 88% of mobile phone intervention studies conducted were from Europe, Korea and Japan⁽⁸⁾. India being a developing nation and more than 70% of the population living in villages, mobile phones provide an opportunity to the government to rollout programs of mass benefits at less time and cost. Living in resource constrained environment is not an obstacle anymore for the use of mobile phones for cultural and economic reasons⁽⁸⁾. There are evidential studies available depicting less pronounced “digital divide” in mobile phones than other communication technologies such as fixed line, internet etc⁽¹¹⁾. Mobile phones are personal and social value of mobile phones are highly valued even for economically poor and under developed areas. Mobile phones are personal and easier to use even by uneducated and lower level of skills compare to using computers⁽⁸⁾. Mobiles also provides a facility of prepaid services where subscribers may buy the calling time from the service provider and use as per the affordability. The good part is that even if the prepaid money is exhausted subscriber continues using the calls and SMS till the validity. The service provides continuity to the subscribers and opportunity for healthcare information of mass interest and care. In 1998 40 million people used prepaid mobile service which was 13% of the worlds mobile users⁽⁸⁾. Half of the mobile phone users in South Africa use prepaid service. In Zambia at present 100% subscribers use prepaid service⁽⁸⁾. Chronic care affects large population across the globe. Mobile phone's messaging applications like SMS and Whatsapp, Multimedia Message service may prove to be very efficient and economical solution of communication with the chronic patients both in Urban and Rural regions⁽¹²⁾. De Jongh et. al⁽¹²⁾. Conducted randomized controlled trials over 182 patients and found that in some cases mobile phone messaging interventions helped the patient in self-management of chronic conditions⁽¹²⁾. Mobiles have their role to play beyond health. Disaster management and public safety is a huge problem in all the regions but Africa and Asia are worst affected. Mobile phones Short Messaging Service play a very crucial role in disaster relief and public safety leading to saving of lives and illness⁽¹³⁾. GSMA done extensive research in South Africa focused on the “Needs and Wants” of pregnant women and mothers of infants below 2 years of age. The study included exploration of possibility how the mobile services could strengthen the primary and basic healthcare delivery⁽¹⁴⁾. The study revealed that only 40% of the target audience are aware of the mobile healthcare service of which 50% do not use the service. Moreover, no target consumer is willing to pay for the service⁽¹⁴⁾. Study revealed that there is a strong interest in using the mHealth services for healthcare purpose but more than 50% respondents are not willing to pay for the service in South Africa⁽¹⁴⁾. More important point is instead of patient reaching out to the clinicians for any kind of care, mobiles provide an excellent opportunity to government to reach out to every citizens across the country. In Indian context, considering the shared phone access, almost all the people in the country have access to mobile phones hence government reaching out to citizens for the healthcare and well being is instant, and effective. This way government may save huge investment on healthcare and information dissemination for preventive healthcare⁽¹⁴⁾.

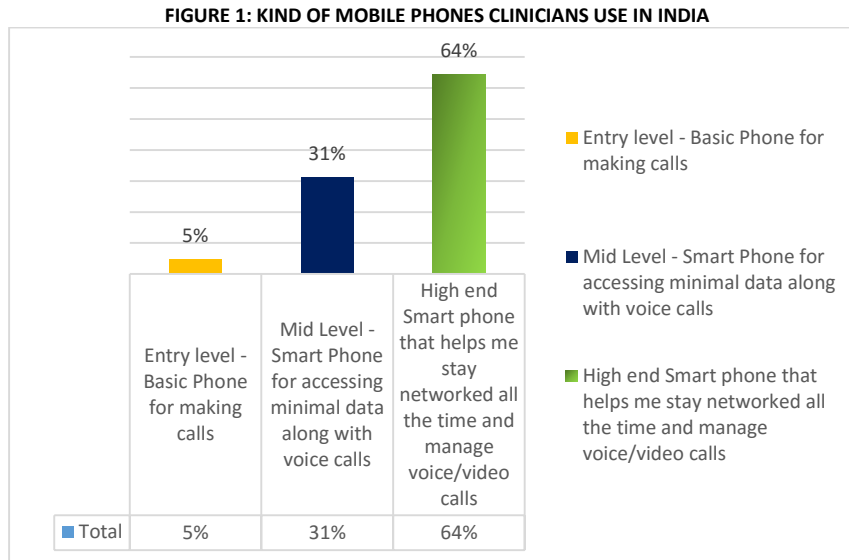
METHODOLOGY

This study is based on the data collected through a targeted online survey of doctors across India. Specific efforts were made to reach out to doctors in every state of the country. About 5000 doctors were contacted through mails. A questionnaire consisting of 23 questions, carefully designed to ask specific questions related to their perspective and opinion on healthcare through mobiles. Only 15 questions relevant to the clinicians perspective are being considered in this paper. Out of 5000 mailers sent to targeted doctors across the country about 250 plus responded. Another 50 doctors were approached for a face to face interview and filling the questionnaire. The face to face interview of doctors was based on the same questionnaire. However, some additional information and views were collected in the face to face interview. The doctors approached were private practitioners, large corporate hospitals, nursing homes and government hospitals across the

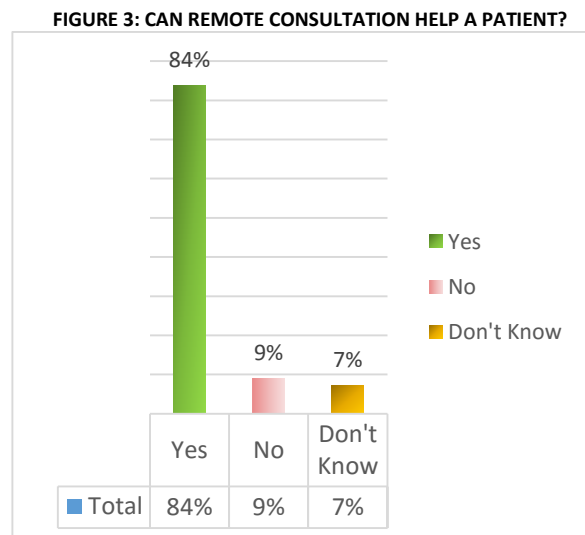
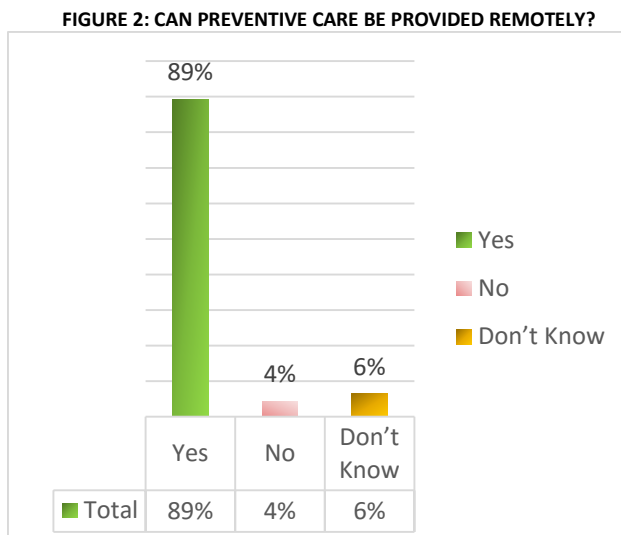
country. This paper is based on the views of 300 plus doctors across the country. Data was compiled to arrive at the conclusion on the clinicians perspective on mHealth.

DATA ANALYSIS AND RESULTS

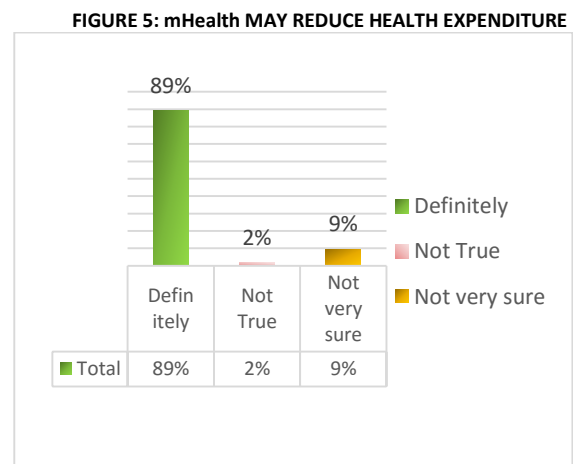
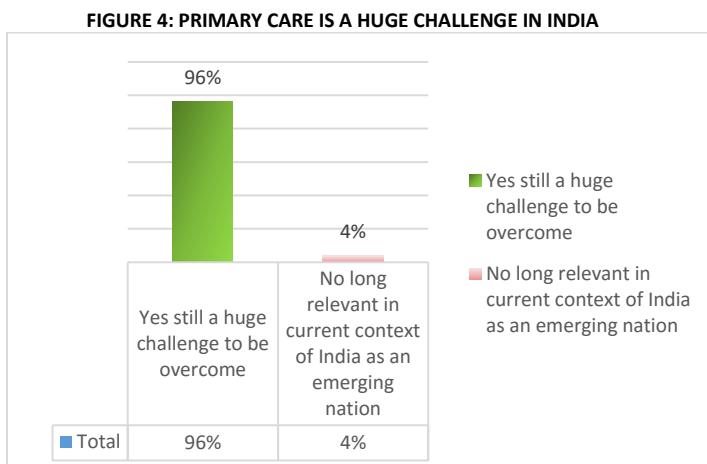
This study indicates that all the doctors who participated in the survey use mobile phones for day to day communications. However, only 64 % doctors use high-end smart phones. Fig 1 below depicts that only 5% doctors still use entry level basic phone while 95% doctors use mid-level to high end smart phones for communication.



Among all the respondents, good 89% doctors believe that preventive healthcare can be provided remotely. Fig. 2.

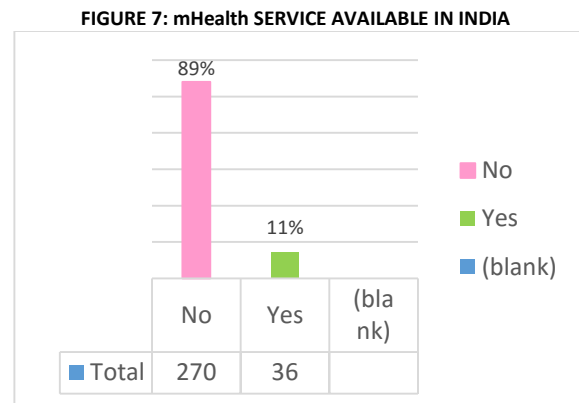
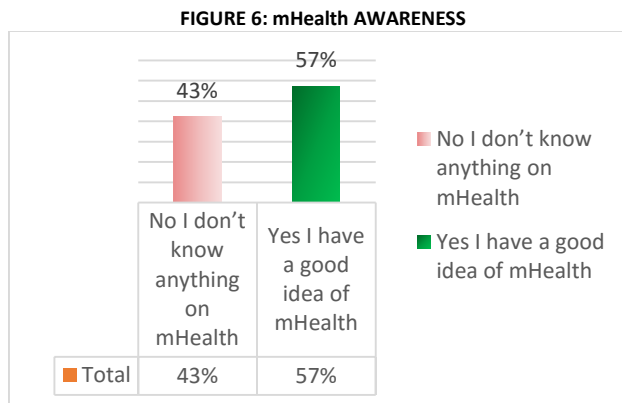


Further 84% believe that remote consultation may help a patient in emergency Fig 3. Over 70% of India's population lives in villages and deprived of healthcare facilities. Remote consultation is a need of the nation today and mHealth approach may be very effective in Rural India. Primary healthcare is a challenge in the country. More than 70% population is deprived of the primary healthcare due to infrastructure or resource issues. Most doctors are aware and recognize this fact. In response to the same question 96% doctors believe that primary care is a huge challenge in India. Fig. 4

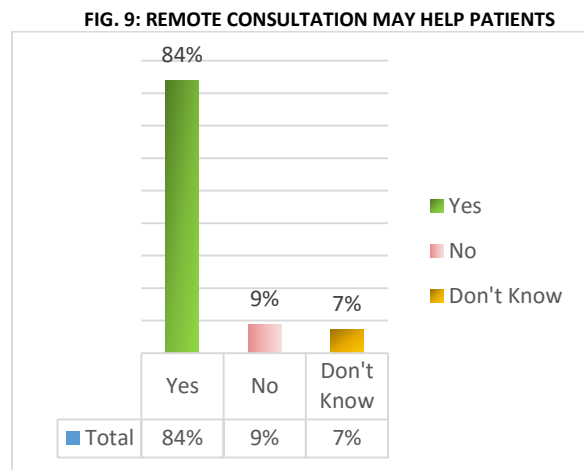
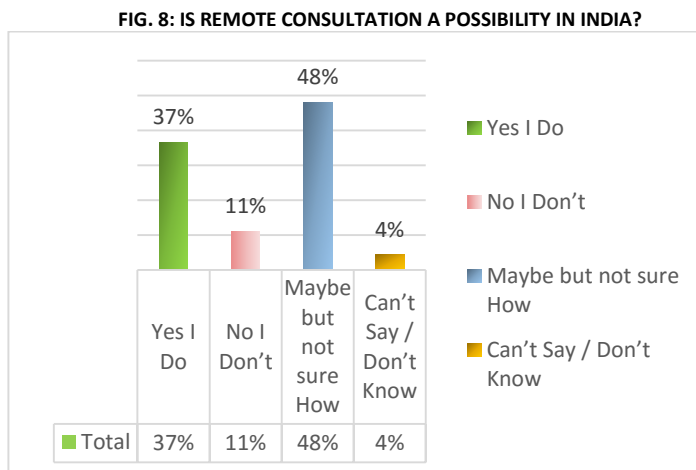


India has limited budget allocated to healthcare and burden of chronic disease management can be reduced if quality of primary care is improved. 89% doctors in this survey believe that “if efficient and effective primary care is available to the people, it may result in a reduction in the chronic disease and in turn result in reduced expenditure on healthcare both by citizen and government” Fig 5 above.

Another interesting fact emerged about the awareness about mHealth among the doctors. mHealth is being discussed openly on global forums but only 57% doctors in India are aware of mHealth. 43% doctors who participated in the survey have no idea about mHealth Fig 6 below. Answer to another question if they are aware of any mHealth service available in India? 89% respondents were not aware of any mHealth service in India while 11% have heard or aware of mHealth services in India (Fig 7). A surprising reality is that a few mobile services are available in India but doctors are not aware of any service.

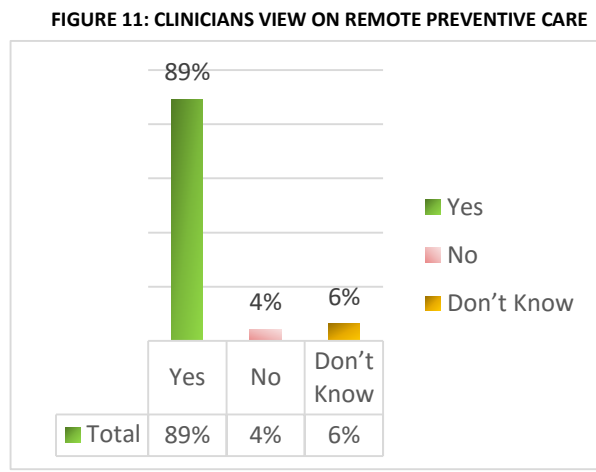
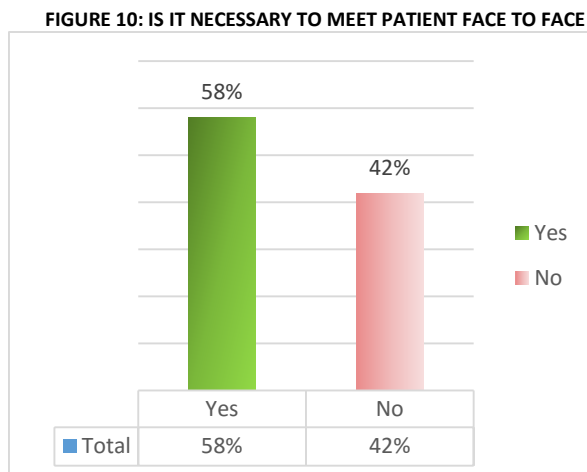


Most doctors believe that mobile phones have reached to remotest corner of the country. TRAI (ref) report also suggest the same. 37% doctors in this survey believe that healthcare can be provided at anytime and anywhere and 48% of all think it's possible to provide healthcare through mobile phones at anywhere and anytime but not sure how. This analysis also supports the belief of doctors that remote consultation can be provided Fig 8.



In Indian perspective, where 70% population do not have easy access to HealthCare, remote patient care can be an efficient and economical means to provide healthcare. In support of above argument, good 84% doctors among all respondents believe remote consultation may help a patient in any situation and can be a first level of engagement with a health worker or doctor before patient visits a medical Centre Fig 9.

Though most doctors responded in favor of remote consultation, only 42% believe meeting patient face to face is not necessary and care may be provided remotely Fig 10. Among all respondents, 58% believe that without seeing a patient face to face proper care cannot be provided and may result in wrong diagnosis, wrong advice and may result in a medico-legal issue. However, good 89% believe that remote consultation is possible and preventive care can be provided remotely Fig 11.



Most doctors are not aware of mHealth services Fig 7. Among all respondents 78% doctors believe that there is a risk in remote consultation. Only 22% doctors do not see any kind of risk in remote consultation. These 78% doctors who believe remote care is a risk believe that they may face a medico legal case due to wrong diagnosis because of wrong information provided by patient over phone Fig 12.

FIGURE 12: RISK IN REMOTE CONSULTATION

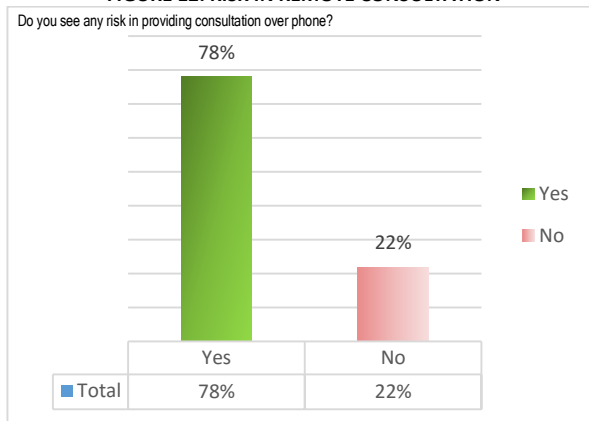
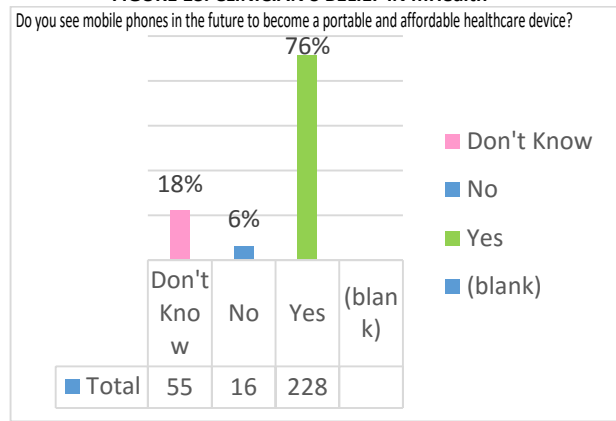


FIGURE 13. CLINICIAN'S BELIEF IN mHealth



95% doctors among all the respondents have mid-level to high-end smart phones that they use for communication Fig 1 but 76% respondents believe that mobile phones will become a portable and affordable healthcare device in the future. Fig 13 represents the responses and indicates only 6% among all respondents suggest that mobiles will not become any meaningful portable device in future.

45% doctors believe that they can provide remote consultation only through video calls. However, 43% believe that they can work with both voice and video calls for remote patient care depending on the need for obtaining healthcare service. 11% doctors believe that they cannot deliver proper care on either mode. 20% doctors did not respond to this question.

Rural India suffers more with communicable disease but non communicable disease percentage is increasing day by day. Chronic disease management is a challenge both in urban and rural areas. Urban population have access to care for chronic disease management but rural India is deprived of healthcare facility for non-communicable and communicable disease both. This survey suggests that 93% doctors believe that mHealth can be of great help in chronic disease management irrespective of urban and rural population Fig 14.

FIGURE 14: mHealth USE IN CHRONIC CARE

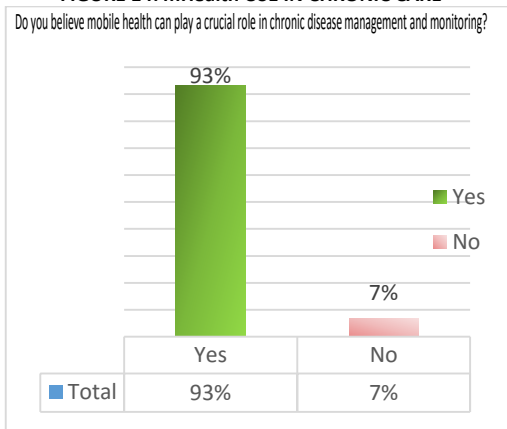
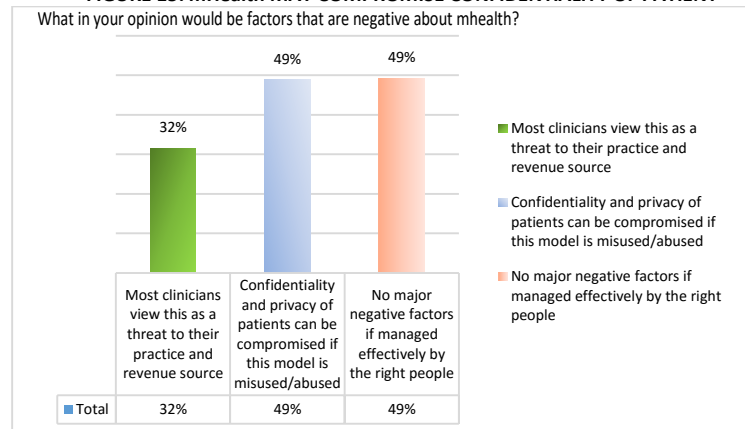


FIGURE 15: mHealth MAY COMPROMISE CONFIDENTIALITY OF PATIENT



Doctors suggests that mobile apps for capturing patient vitals/ observations when not in Hospital can help both patient and doctors. For a doctor patients' data will be useful for accurate and efficient care. However, for a patient its cost and convenience both. Regularity of treatment and medication and follow-ups is extremely important for chronic disease and "mHealth may be used for reminders, for regularity and treatment and medication. mHealth can also be used for monitoring the patient conditions such as hyper tension and diabetes etc. Only 7% doctors do not believe that chronic disease management and monitoring is possible but 93% believe mobile health will be helpful in chronic disease management. A very crucial question about the negative factors influencing the mHealth, good 49% do not see any negative factors in the mHealth practice if the service is managed by right people. However, 32% see mHealth as a threat to their practice and revenue sources. Another 49% believe that mHealth is possible but may compromise the confidentiality and privacy of patients if mHealth model is misused or abused. Figure 15 above.

76% doctors believe that mobile phones will become a portable and affordable healthcare tool in the future. This might bring revolution both in developed and developing nation. For developed nation, these mobile devices may become luxury but for developing nation such as India, affordable mobile phones embedded with healthcare devices may be a need to serve patient across the country but more for rural population. 71% doctors believe a 50 – 50 chance of mHealth growing and succeeding to enable care delivery but 23% believe mHealth has the potential to disrupt the current care delivery system. However, 6% do not believe mHealth will grow.

CONCLUSION

A country with over a billion people needs large healthcare infrastructure. Preventive healthcare as well as chronic care management is a huge challenge for the country. Public nor private have resources to create huge infrastructure for rural population of India. There is an acute shortage of doctors in the rural India and most of the rural population do not have access to even quality primary healthcare. Online survey and face to face interviews of doctors across the country suggest that doctors believe preventive healthcare could be a reality using mobile phones and mHealth can be used as a means to provide preventive care. Though large number of doctors believe preventive healthcare through mHealth is a great opportunity but also believe quality and speed of care can be significantly improved using mHealth. Smartphone uses is growing every day. About 95% doctors already using smart phones and more than 32% of the urban population are using smart phones for day to day needs. mHealth can be a great support in reducing the cost of treatment for the patients of chronic care both for the urban and rural population but more for rural population living in remote areas which comprises 70% of the population. mHealth may provide access to patients in the remotest corner of the country to reach out to specialist doctors sitting 1000s of miles away. It may help reduce the cost and infrastructure burden as well but most important is that clinicians in India are opening up and positive about the mHealth.

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FINANCIAL INCLUSION AND ROLE OF PAYMENT AND SMALL FINANCIAL BANKS

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ABSTRACT

Financial inclusion is poor in India if one were to compare India with BRIC countries and world at large in spite of focused efforts of Government of India and RBI (Reserve Bank of India) in this direction. The population having bank account in India is 53% while its higher in Brazil, Russia, China and world at large 68.1%, 67.4%, 78.9% and 61.5% respectively. This research establishes that Payment Banks and small financial Banks will help to bring poor and unbanked in to the banking network. Small financial Banks would help the poor, Micro and Small Scale organisation to get credit easily and this would free them from the clutches of moneylenders and exploitation. The main limitation of this research is that its theoretical research. An empirical study would be required to find out how far the objective of financial inclusion has been achieved by establishment of Payment Banks and Small financial Banks.

KEYWORDS

financial inclusion, payment banks, small finance banks.

INTRODUCTION

Well-functioning financial systems serve a vital purpose, offering savings, credit, payment, and risk management products to people with a wide range of needs. Inclusive financial systems allowing broad access to financial services, with-out price or non price barriers to their use are especially likely to benefit poor people and other disadvantaged groups. Without inclusive financial systems, poor people must rely on their own limited savings to invest in their education or become entrepreneurs and small enterprises must rely on their limited earnings to pursue promising growth opportunities. This can contribute to persistent income inequality and slower economic growth. Worldwide, 50 percent of adults reported having an individual or joint account at a formal financial institution. But while account penetration is nearly universal in high-income economies, with 89 percent of adults reporting that they have an account at a formal financial institution, it is only 41 percent in developing economies. Globally, more than 2.5 billion adults do not have a formal account, most of them in developing economies.

FINANCIAL INCLUSION

Financial inclusion is the delivery of financial services at affordable cost to the vast section of disadvantaged and low income groups (for example no frill accounts). RBI Governor Raghuram Rajan outlined, in conceptual terms, what inclusion should be. "Simplicity and reliability in financial inclusion in India, though not a cure all, can be a way of liberating the poor from dependence on indifferently delivered public services and from venal politicians," he said. Further, "in order to draw in the poor, the products should address their needs a safe place to save, a reliable way to send and receive money, a quick way to borrow in times of need or to escape the clutches of the money lender, easy to understand life and health insurance and an avenue to engage in savings for the old age."

STATEMENT OF PROBLEM

Financial inclusion is poor in India if one were compare India with BRIC countries and world at large in spite of focused efforts in this direction by Government of India (GOI) and Reserve Bank of India (RBI).

INDIA AND WORLD

Financial inclusion is poor in India as mentioned above if one were to compare India with BRIC countries and world at large. Percentage of population having bank account (as indicated in Table 1 below) in India it is 53.1% while its higher in Brazil, Russia, China and world at large 68.1%, 67.4%, 78.9% and 61.5% respectively. Only 43.1% of Indian women have bank accounts in contrast 76.4% Chinese women have bank accounts. As for adults in rural India picture is not good either. Only 50.1% of the adults in rural India have bank accounts while 74.3% of rural people in China have bank accounts. As per World Bank report in 2011, In India 35.2% of adult population had financial Institute Account and in 2015 it had increased by 17.6% and reached to 52.8%. Government of India (GOI) and RBI has played a major role by taking various measures like No Frills Accounts, Simplification of KYC norms, Use of Intermediaries, Introduction of General Credit Cards, Use of Technology, Use of Regional Language, One-time Settlement, Financial Education.

TABLE 1: PERCENTAGE OF POPULATION HOLDING BANK ACCOUNT (% age 15+)

Particulars	World	India	Brazil	Russia	China
Account (% age 15+)					
All adults	61.5	53.1	68.1	67.4	78.9
Women	58.1	43.1	64.8	70.2	76.4
Adults belonging to the poorest 40%	54	43.9	58.5	61.8	72
Young adults (% ages 15-24)	46.3	43.2	52.6	54.4	74.2
Adults living in rural areas	56.7	50.1	63	61.2	74.3
Financial Institution Account (% age 15+)					
All adults	60.7	52.8	68.1	67.4	78.9
All adults, 2011	50.6	35.2	55.9	48.2	63.8

Source: The Little data book on financial inclusion 2015, World Bank Group

PERFORMANCE OF STATES IN INDIA

Committee on Comprehensive Financial Services for Small Businesses and Low Income Households" was set up by the RBI in Sep 2013 under the chairmanship of Nachiket Mor, an RBI board member. As per the report submitted by the committee 'financial inclusion in urban and rural India is very grim'. Overall, 45 per cent of the urban residents and 32 per cent of the rural residents having bank accounts. There is also significant variation from district to district even within that. In an urban context the current penetration of individual bank accounts, as proportion of the population of people above the age of 18 years, ranges from 10 per cent in Imphal East district of Manipur to 688 per cent in Wayanad district of Kerala, while in the rural context it ranges from close to 0 per cent in the districts of Nagaland to 89 per cent in Solan in Himachal Pradesh.

HISTORICAL PERSPECTIVE

Even after 70 years of independence, a large section of Indian population still remains unbanked. In spite of focused efforts in this direction by Government of India (GOI) and Reserve Bank of India (RBI).

- 1954: All-India Rural Credit Survey Committee report -suggested Multi-agency approach for financing the rural and agricultural sector;
- 1963: Formation of Agricultural Refinance Corporation.
- 1969: Nationalization of 14 major Private Banks – The flow of agricultural and rural credit witnessed a rapid increase.
- 1972: Mandatory system of Priority Sector Lending. (PSL)
- 1975: Establishment of Regional Rural Banks (RRBs)
- 1980: Nationalisation of 6 more private banks.
- 1982: Establishment of NABARD through the transfer of RBI's agricultural credit department Provision of bank credit under Govt. Sponsored Subsidy Schemes Linking Agricultural Credit Targets at 18% with individual bank's net bank credit
- 1990: Implementation of the concept of Village level credit planning for 15 to 20 villages allotted to each of rural, semi-urban and urban branches of PSBs and RRBs under Service Area Approach
- Formulation of potential linked credit plan for each district annually by National Bank for Agriculture and Rural Development (NABARD)
- Agricultural Debt Relief Scheme and Financial Sector Reforms
- Self-help group (SHG) -Bank Linkage as the most suitable model in Indian context a/c to NABARD
- 2000-Reforms sharply focused on Agricultural credit
- Doubling the flow of agricultural credit implementation of agricultural credit package
- Annual Special Agricultural Credit Plan.

COMMITTEE ON FINANCIAL INCLUSION**KHAN COMMISSION**

RBI set up in Khan Commission 2004 to look into financial inclusion and the recommendations of the commission were incorporated into the mid-term review of the policy (2005–06) and urged banks to review their existing practices to align them with the objective of financial inclusion. RBI also exhorted the banks and stressed the need to make available a basic banking 'no frills' account either with 'NIL' or very minimum balances as well as charges that would make such accounts accessible to vast sections of the population

RANGARAJAN COMMITTEE

The above committee mentioned 4 major reasons for lack of financial inclusion

- *Inability to provide collateral security*
- *Poor credit absorption capacity,*
- *Inadequate reach of the institutions*
- *Weak community network*

The committee expressed the need to organize Urban/peri-Urban poor people into Neighbourhood Groups (NHGs) on the same pattern as has been adopted for the rural poor. (Need to extend the mandate of NABARD to cover beyond rural areas). Alter the emphasis somewhat from the large Bank led, public sector dominated, mandate ridden and branch-expansion-focused strategy to Micro Banks.

2nd ARC (Administrative reforms commission) on Financial Inclusion

- Innovation is critical for financial inclusion. This would mean developing newer financial products in terms of loans, savings and insurance services etc. which are tailored to the needs of the poor.
- Extension of the RRB network to the remaining non-financed areas would considerably speed up the process of inclusive banking and help in extending micro-finance to local SHGs.
- High penetration of telecom connectivity in India, together with the latest mobile technology could be used to enhance financial inclusion in the country.
- Micro Finance Institutions (MFIs) should handle thrift / saving and money transfer only as business correspondents of Scheduled Banks, but not in their individual capacity as a micro-finance lender as it involves hard earned savings of the poorest of the society

Four models of SHG-Bank Linkage

- SHG-Bank linkage promoted by a mentor institute (Eg: Self-Help Promotion Agencies & NGOs)
- SHG-Bank direct linkage – Very less frequent because of meagre initial savings of SHGs
- SHG-Mentor Institution linkage (indirect linkage)
- SHG-Federation model – Cluster of SHGs forming a federation to attain economic sustainability.

NACHIKET MOR COMMITTEE

Committee on Comprehensive Financial Services for Small Businesses and Low Income Households" was set up by the RBI in Sep 2013 under the chairmanship of Nachiket Mor, an RBI board member.

Key Recommendations

1. Providing a universal bank account to all Indians above the age of 18 years by January 1, 2016. To achieve this, a vertically differentiated banking system with payments banks for deposits and payments
2. Wholesale banks for credit outreach. These banks need to have Rs.50 crore by way of capital, which is a tenth of what is applicable for new banks that are to be licensed.
3. Aadhaar will be the prime driver towards rapid expansion in the number of bank accounts. Monitoring at the district level such as deposits and advances as a percentage of gross domestic product (GDP).
4. Increase the Priority Sector Lending Mandate The Mor committee has recommended that the priority sector lending mandate for banks should be raised from the current 40 per cent to 50 per cent. At the same time, the banks must be freed from all pricing and other restrictions.
5. Allow differentiated Licenses —The committee has taken ahead the case of differentiated banking licences. It has proposed that three new categories of banks viz. payment, wholesale investment and wholesale consumer should be allowed. At the same time, the regulations for non-banking financial companies, or NBFCs should be streamlined.
6. Meaningful Financial Inclusion —The Nachiket Mor committee has suggested two specific district-level penetration metrics viz. the credit- GDP and life cover- GDP ratios to monitor the meaningful financial inclusion.

DEEPAK MOHANTY

The Reserve Bank of India (RBI) on 15 July 2015 constituted a committee to work out a five-year (medium-term) action plan for financial inclusion. The 14-member panel is headed by RBI executive director Deepak Mohanty.

Midterm recommendations by the committee

- Sukanya Shiksha Scheme:
- Aadhaar linked credit account
- Bank's traditional business model should be changed with greater reliance on mobile technology to improve 'last mile' service delivery.
- Nurturing self-help groups (SHGs): Corporates should be encouraged to nurture SHGs as part of Corporate Social Responsibility (CSR) initiative.

- Government should replace current agricultural input subsidies on fertilizers, irrigation and power by a direct income transfer scheme as a part of second generation reforms. Agricultural interest subvention Scheme: It should be phased out.
- Crop Insurance: Government should introduce universal crop insurance scheme covering all crops starting with small and marginal farmers with monetary ceiling of Rs. 2 lakhs.
- Multiple Guarantee Agencies should be encouraged to provide credit guarantees in niche areas for micro and small enterprises (MSEs)
- Unique identification of MSME.

SOME RECENT MEASURES TAKE FOR FINANCIAL INCLUSION BY PRESENT GOVERNMENT

1. The government's latest plan of action, as envisaged in the (Comprehensive Financial Inclusion Plan) CFIP or Sampoon Vittiya Samaveshan, hopes to extend coverage of basic financial services all excluded households. In the first phase, the CFIP will endeavour to provide universal access to all the beneficiaries through sub-service areas (SSAs). Each SSA will consist of 100-1,500 families in a cluster of villages and each SSA will be serviced by a Business Correspondents agent (BCA) whose task it will be to facilitate account opening and smooth banking operation.
2. A smart card (RuPay card) will be issued to enable customers to operate their accounts even without BCs. Simultaneously suitable awareness will be created among the financially excluded.
3. There is a proposal to make available a pension scheme for identified individuals in the unorganised sector and offer microfinance products through government-owned insurance companies.
4. The Prime Minister announcement of The Pradhan Mantri Jan-Dhan Yojana, on Independence Day speech. Is based substantially on the CFIP.
5. Gold monetization scheme.
6. MUDRA (Micro Units Development & Refinance Agency Ltd.)
7. DBT (Direct Benefit Transfer)
8. The RBI very recently has given approval to 11 Payment banks and 10 Small financial bank

OBJECTIVES OF STUDY

1. Find out if poor immigrant workers can be bought under banking fold with help of payment banks.
2. Find out if payment banks can help in direct transfer of wages and subsidy to the poor and unbanked.
3. Find out if unbanked poor farmers and micro and small industries can be bought into the banking system.

HYPOTHESIS

Payment banks and small financial banks will help in financial inclusion strategy

RESEARCH METHODOLOGY

Secondary data from World Bank report, RBI Report, other papers and use of simple statistical tools

PAYMENT BANKS

The objectives of setting up of payments banks will be to further financial inclusion by providing (i) small savings accounts and (ii) payments/remittance services to migrant labour workforce, low income households, small businesses, other unorganised sector entities and other users.

KEY FEATURES OF THE PAYMENTS BANKS GUIDELINES ARE

Eligible promoters

- Existing non-bank Pre-paid Payment Instrument (PPI) issuers; and other entities such as individuals / professionals; Non-Banking Finance Companies (NBFCs), corporate Business Correspondents(BCs), mobile telephone companies, super-market chains, companies, real sector cooperatives; that are owned and controlled by residents; and public sector entities may apply to set up payments banks.
- A promoter/promoter group can have a joint venture with an existing scheduled commercial bank to set up a payments bank. However, scheduled commercial bank can take equity stake in a payments bank to the extent permitted under Section 19 (2) of the Banking Regulation Act, 1949.
- Promoter/promoter groups should be 'fit and proper' with a sound track record of professional experience or running their businesses for at least a period of five years in order to be eligible to promote payments banks.

Scope of activities

- Acceptance of demand deposits. Payments bank will initially be restricted to holding a maximum balance of Rs. 100,000 per individual customer.
- Issuance of Automated Teller Machines(ATM)/debit cards. Payments banks, however, cannot issue credit cards.
- Payments and remittance services through various channels.
- BC of another bank, subject to the Reserve Bank guidelines on BCs.
- Distribution of non-risk sharing simple financial products like mutual fund units and insurance products, etc.

Deployment of funds

- The payments bank cannot undertake lending activities.
- Apart from amounts maintained as Cash Reserve Ratio (CRR) with the Reserve Bank on its outside demand and time liabilities, it will be required to invest minimum 75 per cent of its "demand deposit balances" in Statutory Liquidity Ratio(SLR) eligible Government securities/treasury bills with maturity up to one year and hold maximum 25 per cent in current and time/fixed deposits with other scheduled commercial banks for operational purposes and liquidity management.

Capital requirement

- The minimum paid-up equity capital for payments banks shall be Rs. 100 crore.
- The payments bank should have a leverage ratio of not less than 3 per cent, i.e., its outside liabilities should not exceed 33.33 times its net worth (paid-up capital and reserves).

Promoter's contribution: The promoter's minimum initial contribution to the paid-up equity capital of such payments bank shall at least be 40 per cent for the first five years from the commencement of its business.

Foreign shareholding: The foreign shareholding in the payments bank would be as per the Foreign Direct Investment (FDI) policy for private sector banks as amended from time to time.

Other conditions:

- The operations of the bank should be fully networked and technology driven from the beginning, conforming to generally accepted standards and norms.
- The bank should have a high powered Customer Grievances Cell to handle customer complain

APPROVAL FOR PAYMENT BANKS

The Reserve Bank received 41 applications for payments banks. On August 19, 2015 The Reserve Bank of India decided to grant "in-principle" approval to the following 11 applicants to set up payments banks. Names of selected applicants were as follows:

1. Aditya Birla Nuvo Limited
2. Airtel M Commerce Services Limited

3. Cholamandalam Distribution Services Limited
4. Department of Posts
5. Fino PayTech Limited
6. National Securities Depository Limited
7. Reliance Industries Limited
8. Shri Dilip Shantilal Shanghvi
9. Shri Vijay Shekhar Sharma
10. Tech Mahindra Limited
11. Vodafone m-pesa Limited

BENEFITS OF PAYMENT BANKS

1. Help the poor immigrant workers to transfer money to remote villages

TABLE 2: DOMESTIC REMITTANCES IN THE PAST YEAR (% age 15+)

Particulars	India	Brazil	Russia	China
Sent remittances	9.9	5.8	12.9	15.5
Sent remittances via a financial institution (% senders)	..	....	48.5	34.3
Sent remittances via a mobile phone (% senders)	..	....	8	10.1
Sent remittances via a money transfer operator (% senders)	..	....	28	15.0
Received remittances	9.8	6.4	12	17.6
Received remittances via a financial institution (% recipients)	..	..	36.2	27.3
Received remittances via a mobile phone (% recipients)	..	..	6.9	6.0
Received remittances via a money transfer operator (% recipients)	..	..	19.1	12.3

Source: *The Little data book on financial inclusion 2015, World Bank Group*

If we look at the Table 2 above, we find that 9.9% of the Indian population sent remittance and 9.8% received remittance, while for china it is 15.5% and 17.6% respectively. if we want improve domestic remittance payment banks can help in this goal by making it easier for anyone to get a bank account. Therefore, the cash limit in the accounts is set to just Rs. 1 lakh, payment banks can Issue ATM/debit cards and provide payments and remittance services through various channels. Sunil Sood CEO, Vodafone further stated that they want to provide bank accounts to people in the villages, to bring them into the digital economy, to send money, buy goods and services, through the digital economy. The real effect will come to remittances within the country, as it will become easier for people to send money home to smaller towns and villages while working in the city.

2. DIRECT TRANSFER OF WAGES AND GOVERNMENT SUBSIDY TO POOR**TABLE 3: USE OF BANK ACCOUNT IN THE PAST YEAR (% age 15+)**

Particulars	World	India	Brazil	Russia	China
Used an account to receive wages	17.7	4	22.9	37.9	17.7
Used an account to receive government transfers	8.2	3.6	13.2	14.1	9.5
Used a financial institution account to pay utility bills	16.7	3.4	9.4	12.2	15.1

Source: *The Little data book on financial inclusion 2015, World Bank Group*

As per Table 3 above only 4% used their account to receive wages and 3.6 % to receive government transfer of subsidy in India. While globally 17.7% of the population used the account to receive wages and 8.2% of the population to receive government transfer. Sunil Sood, Vodafone CEO stated that his company had partnered with several government bodies to run pilots for enabling direct transfer of wages and subsidies. The payment bank licence will enable Vodafone to build on these services and offer a more comprehensive portfolio of banking and financial products and services. The Department of Posts is also important for that same reason - the Department of Posts can reach every village, and connect farmers to banks. There are number of government subsidies and cash programs that are meant to encourage development in villages. The villager to access these payments, would have had to travel for hours to nearby cities in order to visit a bank branch, where the experience was frequently alienating. Instead, the friendly postman could be banking relationship manager.

3. PAYMENT BANKS WILL HELP TO REACH VILLAGES WHERE THERE NO BANKS**TABLE 4: ACCESS TO FINANCIAL INSTITUTION ACCOUNT (% age 15+)**

Particulars	World	India	Brazil	Russia	China
Has debit card	40.1	22.1	59.2	44.3	48.6
Has debit card, 2011	30.5	8.4	41.2	37.0	41.0
ATM is the main mode of withdrawal (% with an account)	..	33.1	75.4	67.9	51.2
ATM is the main mode of withdrawal (% with an account), 2011	48.3	18.4	57.5	65.2	33.4

Source: *The Little data book on financial inclusion 2015, World Bank Group*

The Table 4 above indicates that in 2011 only 8.4% of the Indian population had debit cards and 18.4% used ATM for withdrawals. Focused financial inclusion measures taken by government has increased it to 22.1% and 33.1% respectively. While china is far ahead of us 48.6% of Chinese population had debit cards and 51.2% of Chinese used ATM for withdrawals in 2015. The payment banks can't issue credit cards but they can issue ATM and debit cards. Since many of the 11 new license holders already operate mobile wallets, the ability to issue an ATM card helps close the loop and makes it easier to convert virtual money into cash, and vice versa. This is also very important when considered from the perspective of financial inclusion, as someone could now fill cash into a m-Commerce bank account from Delhi, and a relative in a small town who holds the debit card could withdraw cash from any ATM, or even in a more rural location, through any point of sale terminal with a "business correspondent", essentially an authorised partner for the bank. It's these partners - and the small convenience shop in a village that sells mobile recharges will serve the purpose of bank branches.

4. BANKING COSTS WILL COME DOWN DUE TO INTENSE COMPETITION**TABLE 5: SAVINGS IN THE PAST YEAR (% age 15+)**

Particulars	World	India	Brazil	Russia	China
Saved at a financial institution	22.6	14.4	12.3	15.5	41.2
Saved at a financial institution, 2011	..	11.6	10.3	10.9	32.1
Saved using a savings club or person outside the family	56.5	8.8	3.5	1.6	2.5
Saved any money	23.9	38.3	28	40.7	72.1
Saved for old age	13.8	9.9	3.6	14.6	38.7
Saved for a farm or business	22.3	7	6.9	3.6	21.9
Saved for education or school fees		16	6.1	7.8	29.9

Source: *The Little data book on financial inclusion 2015, World Bank Group*

Table 5 indicates that saving rate in India is 38.3 % out of which only 14.4% saved in financial institutions. While in contrast 41.2% of the population in china saved in financial institution. Payments bank will initially be restricted to holding a maximum balance of Rs. 100,000 per individual customer. Provide payments and remittance services through various channels. Currently, we pay through our noses for banking services, whether it is above-limit ATM transactions, additional cheque-books, big money transfers, maintenance of minimum balances, or draft issuance fees. These costs will come down as payment banks start offering zero-balance accounts and low-cost services. Currently, efficient private banks like HDFC Bank, ICICI Bank and Axis Bank make huge profits from their low-cost current and savings bank accounts, but a big chunk of this will move to payment banks, who may offer higher savings bank rates of 5-7 percent

5. GOVERNMENT WILL BE BIG BENEFICIARY

The government will be one of the biggest beneficiaries of payment banking, as payment banks will expand its access to cheap funds. Currently, banks are the major investors in government bonds. While this will remain so even with the entry of payment banks, the sheer impact of additional money coming into payment bank accounts which can only invest in short-term government bills of up to one year's maturity means short-term rates will come down, and the government can borrow more cheaply.

6. BANK DEPOSITORS CAN EXPECT TO EARN HIGHER SHORT-TERMS DEPOSIT RATES FROM PAYMENT BANKS

Bank depositors can expect to earn higher short-terms deposit rates from payment banks, and the old 4 percent savings bank norm will probably fade away. This would increase saving rate in India and motivate the unbanked to open account with payment banks

7. CASH LESS BANKING

Mobile banking will create the conditions for cash-less banking. This means, over time, the mobile will perform the same role as credit and debit cards, obviating the need for too many cash payments. Even ATM expansion can now be slowed down in cities, and focused can be on distant villages or towns.

8. THE UNBANKED POOR RURAL POPULATION WILL GET ACCESS TO FINANCIAL PRODUCTS LIKE INSURANCE AND MUTUAL FUNDS

The payment banks can distribute third party financial products such as insurance, mutual funds and pension products; giving access to formal credit products by acting as banking correspondents of banks. With this the unbanked poor will get access to financial product.

SMALL FINANCIAL BANKS

The objective is to further financial inclusion by (a) provision of savings vehicles, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganised sector entities, through high technology-low cost operations

FINAL GUIDELINES FOR LICENSING OF SMALL FINANCE BANKS

Eligible promoters

Resident individuals/professionals with 10 years of experience in banking and finance; and companies and societies owned and controlled by residents will be eligible to set up small finance banks. Existing Non-Banking Finance Companies (NBFCs), Micro Finance Institutions (MFIs), and Local Area Banks (LABs) that are owned and controlled by residents can also opt for conversion into small finance banks. Promoter/promoter groups should be 'fit and proper' with a sound track record of professional experience or of running their businesses for at least a period of five years in order to be eligible to promote small finance banks.

SCOPE OF ACTIVITIES

The small finance bank shall primarily undertake basic banking.

PRUDENTIAL NORMS

- The small finance bank will be subject to all prudential norms and regulations of RBI as applicable to existing commercial banks including requirement of maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). No forbearance would be provided for complying with the statutory provisions.
- The small finance banks will be required to extend 75 per cent of its Adjusted Net Bank Credit (ANBC) to the sectors eligible for classification as priority sector lending (PSL) by the Reserve Bank.
- At least 50 per cent of its loan portfolio should constitute loans and advances of upto Rs. 25 lakh.

TRANSITION PATH

If the small finance bank aspires to transit into a universal bank, such transition will not be automatic, but would be subject to fulfilling minimum paid-up capital / net worth requirement as applicable to universal banks; its satisfactory track record of performance as a small finance bank and the outcome of the Reserve Bank's due diligence exercise.

APPROVAL TO 10 APPLICANTS FOR SMALL FINANCE BANKS

The Reserve Bank received 72 applications for small finance banks. On September 16, 2015, Reserve Bank of India (RBI) decided to grant "in-principle" approval to the following 10 applicants to set up small finance banks. Names of selected applicants were as follows

1. Au Financiers (India) Ltd., Jaipur
2. Capital Local Area Bank Ltd., Jalandhar
3. Disha Microfin Private Ltd., Ahmedabad
4. Equitas Holdings P Limited, Chennai
5. ESAF Microfinance and Investments Private Ltd., Chennai
6. Janalakshmi Financial Services Private Limited, Bengaluru
7. RGVN (North East) Microfinance Limited, Guwahati
8. Suryoday Micro Finance Private Ltd., Navi Mumbai
9. Ujjivan Financial Services Private Ltd., Bengaluru
10. Utkarsh Micro Finance Private Ltd., Varanasi

The "in-principle" approval granted will be valid for 18 months to enable the applicants to comply with the requirements under the Guidelines and fulfil other conditions as may be stipulated by the RBI.

BENEFITS

1. The unbanked poor farmers and micro and small industries will have bought in to the banking system

In India saving rate is 38.3 % out of which only 14.4% saved in financial institutions while in contrast saving rate is higher in china at 72.1% and 41.2% of the population in china saved in financial institution as indicated in the table 5 (Savings in the Past Year % age 15+) above. Only 7% of the population saved for farm or business while in china 21.7% of Chinese saved for farm or business. The objectives of setting up of small finance banks is to further financial inclusion by (a) provision of savings vehicles, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganised sector entities, through high technology-low cost operations.

2. The unbanked poor farmers and micro and small industries can get credit easily from small financial banks

TABLE 6: CREDIT IN THE PAST YEAR (% age 15+)

Particulars	World	India	Brazil	Russia	China
Borrowed from a financial institution	10.7	6.4	11.9	10.3	9.6
Borrowed from a financial institution, 2011	9.1	7.7	6.3	7.7	7.3
Borrowed from family or friends	26.2	32.3	5.9	17	25.1
Borrowed from a private informal lender	4.6	12.6	1.1	0.9	1.1
Borrowed any money	42.4	46.3	22.3	30.2	36.3
Borrowed for a farm or business	7.1	9	3.5	1.3	7.0
Borrowed for education or school fees	7.7	9.7	1.7	2.1	4.9
Outstanding mortgage at a financial institution	10.4	3.7	10.5	18.4	8.5

Source: *The Little data book on financial inclusion 2015, World Bank Group*

The table 6 indicates that only 6.4% of the population in India borrowed from financial institutions while 12.6% population borrowed from private informal money lenders which are high as per global standards. Only 1.1% Chinese population borrowed from private money lenders. This shows that unbanked find it difficult to get credit and are exploited. The small finance banks will be required to extend 75 per cent of its Adjusted Net Bank Credit (ANBC) to the sectors eligible for classification as priority sector lending (PSL). At least 50 per cent of its loan portfolio should constitute loans and advances of upto Rs. 25 lakh

CURRENT SCENARIO**Payment Banks**

Telenor with Dilip Shanghvi of Sun Pharmaceuticals and IDFC, received RBI's approval to set up the payment bank and It plans to start operations in the current year. Mr Ravi Shankar Prasad, Union for communications and technology announced that Department of post would start its operations as payment bank by March 2017. Some universal banks like State Bank of India (SBI) and Kotak Mahindra Bank (KMB) have already teamed up with licensees the former with Reliance Industries and the latter with Bharti Airtel.

Small financial Banks

Capital Local Area Bank could be first to start operations by April, a year ahead of the target date. A number of proposed small finance are targeting full-fledged launch in August-September 2016, much ahead of the deadline of April 2017.

CONCLUSION

This is for the first time in the history of India's banking sector that differentiated licences are being given out by the central bank for undertaking specific activities. Nothing will be the same anymore: the old oligopoly of the big banks will be under threat from the new challengers; banking services will become accessible to nearly all potential customers, rich or poor; costs for customers will come down, and service quality should improve with time as the competitive landscape changes.

While payment banks, driven by mobile connections and technology, will extend the liabilities side of the business by making banking accessible to everyone, small finance banks will enable more focused lending to small businesses and borrowers, thus extending the assets base of the banking system. Payments banks will try to wean away the cheapest deposits of banks, while small banks will target the highest interest-paying borrowers when they expand across the country. The move is seen as a major step in pushing financial inclusion in the country. Bringing more people into the formal banking system has been a stated objective of both RBI and the Government of India.

LIMITATIONS

This is only a theoretical research. An empirical study would need to find out how far the objective of financial inclusion has been achieved by setting up of payment and small banks.

SCOPE FOR FUTURE RESEARCH

An empirical study can be conducted to find out if vertically differentiated banks have really helped in financial inclusion.

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THE IMPACT OF SUPPLY CHAIN MANAGEMENT ON AUTOMOBILE SERVICE CENTERS (PASSENGER CARS) IN INDIA AND FUTURE IMPLICATIONS

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ABSTRACT

The research was aimed at analyzing the current Supply Chain Management (SCM) techniques followed by market leaders in the servicing centers of the Indian automobiles sector and the effectiveness of SCM in the four wheeler automobiles industry. The research was also aimed at studying and investigating about the latest practices and possibilities in improving SCM in the passenger car segment of the Indian automobile industry. The methodology and tool used was a structured questionnaire which was given to the managers and staff employed in spare parts management of four wheeler automobile servicing centers to fill. The research was conducted in and around the city of Pune. For the same, 20 leading servicing centers were visited; the manager and in-charge of spare part section were contacted and administered a questionnaire for obtaining their valuable response. The service centers were found to be using digitized inventory management system and had categorized their stock according to demand namely as fast, medium and slow moving spares. Only 25% of centers were found to be using barcode system for identification and consumption recording of the spares and most of them were found to deliver the vehicles on time. Also it was found that all the servicing centers were carrying out demand forecasting based on the consumption pattern of the stock. In general, it was observed that there are three major factors most important for automotive service namely demand forecast of spares, digitization of spare management system and categorization of spares as per their movement. Emphasis on these factors will help in enhancing customer satisfaction by providing on-time delivery, reduced cost and better after sales services. This throws light on the fact that automobile service centers are trying to adapt latest technology and practices so as to reduce the cost of servicing and increasing the efficiency of manpower thereby improving total quality of service.

KEYWORDS

supply chain management (SCM), demand forecast, categorization, service centers.

INTRODUCTION

India is the third-largest automobile manufacturer in the world. The automobile industry has grown steadily since the economic liberalisation in the early 1990's. In the passenger car segment, India is the 6th largest manufacturer in the world and the 4th largest market in Asia. With the steady growth in the passenger car market, the automobile service sector has also grown multifold. Leading automobile companies like Maruti Suzuki, Hyundai, Mahindra, Toyota, Tata have been successfully earning revenues in their sales and service. These companies provide exceptional service through their company owned as well as franchisee service centres or stations. Automobile service sector is continuously evolving from its traditional methods for improving cost efficiency, lead time, optimizing cost, strategic positioning and demand forecasting techniques. This research aims to study the latest techniques followed by the market leaders in the Indian automobiles service sector, analyse the effectiveness of SCM and how it can be improved at the service centre level.

The Government of India recognizes the significance of automotive industry and it is actively involved in promoting its growth. The government's Automotive Mission Plan 2016 envisages industry to grow USD 145 billion so as to contribute 10% of GDP. Indian automobile industry especially service sector has been highly unstructured at the service centre level. The higher end of hierarchy has been evolving but the lower end is till to catch up. This research tries to understand the SCM strategies followed by leading automotive companies, challenges in proving efficient service and how it can be improved to remain competitive in the market. Through this research one can understand the gaps and limitations existing in the Automobile service industry in India and the ways in which their service can be improved. The research will also provide some insight into the evolving practices and latest strategies in SCM by leading automobile firms and propose new paths for the four wheeler service centers to improve service quality and thereby increase customer satisfaction and their long term retention.

OBJECTIVES

1. To analyze the current Supply Chain Management techniques followed by the service centers of market leaders in the Indian automobiles sector.
2. To analyze the effectiveness of Supply Chain Management in the four wheeler automobile service centers in the city of Pune.
3. To study and investigate about the latest practices and possibilities in improving the Supply Chain Management in the passenger car segment of the Indian automobile industry.

LIMITATIONS

1. The research focuses only on the four wheeler passenger cars after sales services.
2. The scope of the research is limited to automobiles service centers in Pune.
3. The research mainly targets lower level of automobile industry and focuses on services and not on sales.

REVIEW OF LITERATURE

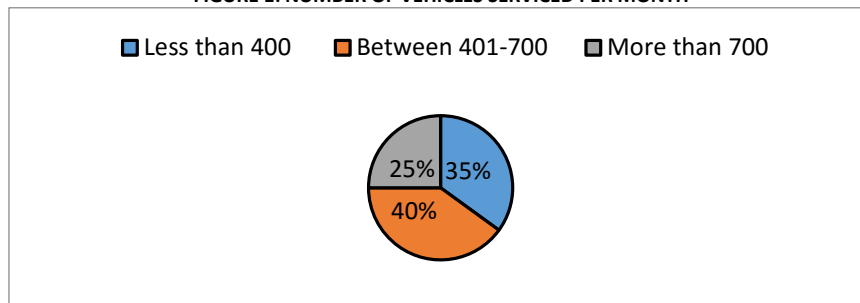
1. **Rathinaraj S Daniel & Dr. Magesh R. (2015)** in their research paper, "The Impact of Supply Chain Integration on Automobile Industry's Performance" studied the need of collaboration of automotive service sectors with world class players. They noted the efforts made by the Indian companies to improve coordination and integration with their suppliers both within and outside the national boundaries. They also pointed out the need to collaborate with suppliers with significant technical expertise and experience to improve quality and lead time.
2. **Bhattacharya Souresh, Dr. Mukhopadhyay D. et al (2014)** in their research paper titled "Supply Chain Management in Indian Automotive Industry: Complexities, Challenges and Way ahead" have studied supply chain practices in this sector in order to identify the key factors of differentiation which would ultimately provide competitive advantage. They noticed that Indian industry is yet to match SCM standards of developed countries and needs significant changes. Also, there is a need for external support from Govt. and OEMs in terms of policies and regulations. In order to improve the cost effectiveness, a lot of synergy between OEM and supplier, close collaborative association of all stake holders and innovative methods of supply network and transportation using information and communication technologies are required.
3. **MangalDharamvir & Gupta Tarun (2012)** in their paper titled, "Criticality of Supply Chain in Indian Auto-industry" have identified the major issue of hassle free and suave inventory management faced by Indian automobile industry. To reduce the impact of inventory uncertainties, they have suggested various tools and methods to overcome the problems of out-of-stock/over-stock/under-stock, lead-time, transportation, and forecast demand.
4. **Naidu C.V. et al (2010)** in their paper titled, "Success Factors in Automobile Service Sector: A Study on Four Wheeler Service Centers in India", through their survey carried out in the four wheeler automobile service centers across India revealed that modernization and continuous improvement should lead to growth of service sector and long-term relations with customers.

RESEARCH METHODOLOGY

The topic on 'The impact of supply chain management in Indian automobiles service center (4 wheelers)' was selected to study the best practices and analysis of current SCM practices in Indian automobile service centers and methods to improve it. The sample size selected for this study was 20 which comprises of managers and staff employed in spare parts management of four wheel automobile servicing centers. To test the feasibility of collecting data, a pilot study was conducted by telephonic interview with the manager of "Jawan Automobiles", an automobile service center with 600 plus vehicles serviced per month. Also discussion was conducted with Professor MK Gandhi of SIMS Pune regarding the possibilities and scope of the topic. The interviews will shed some light on managerial practices for the improvement and efficiency of the system and supply chain methods followed by the automobile service centers. A questionnaire was prepared for collecting relevant information. Secondary data collected are from the internet, magazines, newspaper, and journals. These were referred to build an essential base to our research paper. The data analysis was done utilizing MS Excel instruments. Representations like tables, diagrams and graphs were utilized to guarantee right and exact understanding of information.

RESULTS

FIGURE 1: NUMBER OF VEHICLES SERVICED PER MONTH



Discussion: From figure 1, it is revealed that 75 percent of servicing stations service up to maximum of 700 vehicles per month whereas 25 percent servicing centers service more than 700 vehicles per month. The 700 plus target was successfully completed by systematic planning and full utilization of available resources.

TABLE 1: CATEGORIZATION OF STOCK BASED ON CONSUMPTION AS FAST, MEDIUM AND SLOW MOVING

S. No.	Response	N=20	Percentage (100%)
1	Yes	20	100
2	No	Nil	Nil

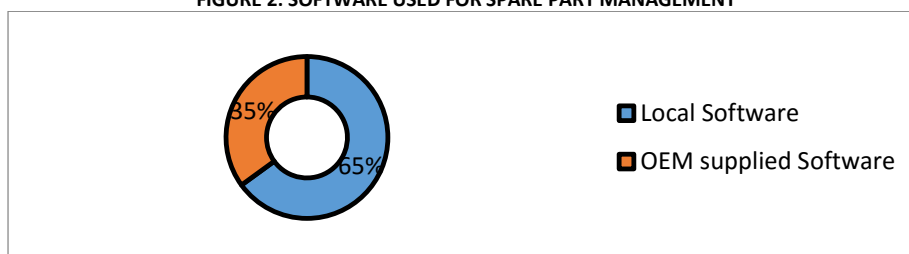
Discussion: From table 1 it is observed that all servicing centers are carrying out categorization of stock based on its consumption pattern as Fast, Medium and Slow moving. Such practices were not so common a decade ago in the automobile industry which was at nascent stage during that time.

TABLE 2: DIGITIZATION OF INVENTORY MANAGEMENT SYSTEM

S. No.	Response	N=20	Percentage (100%)
1	Yes	20	100
2	No	Nil	Nil

Discussion: From table 2, it can be said that all service centers have inventory management system employed and the systems in place are digitized. This amplifies the usefulness of digitized inventory management system as a highly effective tool. The above results are in line with what **Naidu, C.V. et al (2010)** inferred in their paper titled, "Success Factors in Automobile Service Sector: A Study on Four Wheeler Service Centers in India", through their survey which was carried out in the four wheeler automobile service centers across India revealed that modernization and continuous improvement should lead to growth of service sector and long-term relations with customers.

FIGURE 2: SOFTWARE USED FOR SPARE PART MANAGEMENT



Discussion: From figure 2, it can be observed that all servicing centers are using software for spare parts management. However, the software packages used are based on the requirements of individual service centre and 65% of the servicing centers are using locally developed software and only 35 % of respondents are using OEM supplied software. There is no synergy of tools and techniques used for effective management of spare part management. There is a requirement of better tools and methods to improve the spare part management system. 65% of the service centers used local software and will not get the inventory availability in other related service centers. These service centers visibility and reach of spares is limited compared to OEM supplied software which gives information about inventory availability and thereby providing faster and effective service to customer.

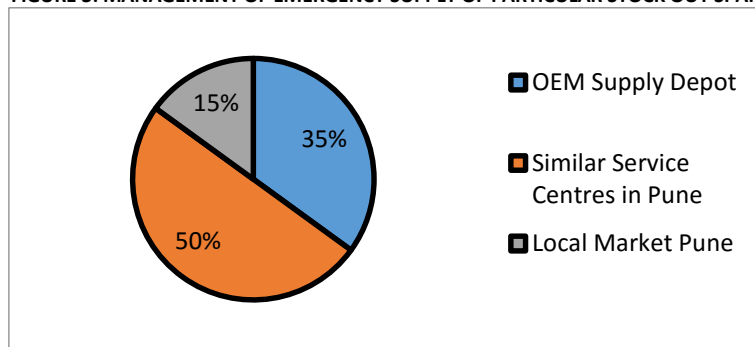
The above results are similar to the results of **Mangal Dharamvir & Gupta Tarun (2012)** in their paper titled, "Criticality of Supply Chain in Indian Auto-industry" wherein they have identified the major issue of hassle free and suave inventory management and have suggested various tools and methods to overcome the problems of out-of-stock/over-stock/under-stock, lead-time, and forecast demand.

TABLE 3: DEAD STOCK BEING A PROBLEM

S.No.	Response	N=20	Percentage (100%)
1	Yes	20	100
	(i) Due to accident repair stock	06	30
	(ii) Due to peculiar snags	14	70
2	No	Nil	Nil

Discussion: From the table 3, it can be said that the respondents unanimously agreed that dead stock is a serious problem in vehicle servicing industry. 70% of the dead stock is created due to peculiar snag rectifications carried out previously and 30% of dead stock is due to accidental vehicle repairs. While considering the fact that accident vehicles will consume spares which are not usually consumed, it creates differences in forecasting and estimate preparation by software which led to over procuring and resulting in dead stock.

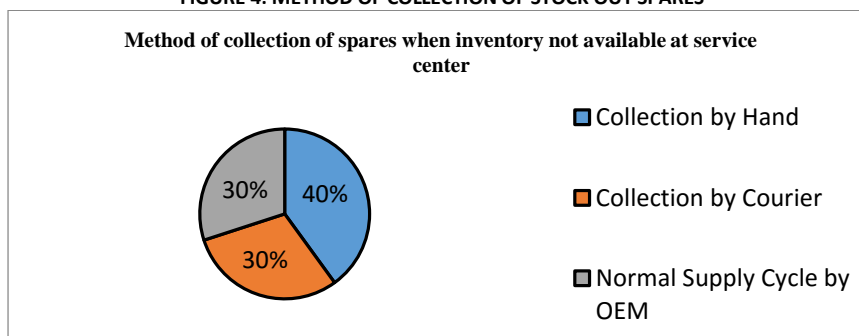
FIGURE 3: MANAGEMENT OF EMERGENCY SUPPLY OF PARTICULAR STOCK OUT SPARE



Discussion: Figure 3 clearly indicates that 50% of the spare parts in emergency are sourced from similar service centers. Only 35% spares are sourced from OEM supply depots. 15% spares are also found to source from local market. This fractured verdict clearly indicates the lack of synergy between the service centers and the spare parts management system of OEM. By creating such a synergy will lead to easier, low cost procurement of spare parts. An integrated ERP system will also help to create synergy.

The above results are in agreement with the findings of **Bhattacharya Souresh, Dr. Mukhopadhyay D et al (2014)** in their research paper on "Supply Chain Management in Indian Automotive Industry" wherein they have studied supply chain practices in this sector in order to identify key factors of differentiation which would ultimately provide competitive advantage. They noticed that Indian industry is yet to match SCM standards of developed countries and needs significant changes. Also, there is a need for external support from Govt. and OEMs in terms of policies and regulations. In order to improve cost effectiveness, a lot of synergy between OEM and supplier, close association (collaborative) of all stake holders and innovative methods of supply network and transportation using information and communication technologies are required.

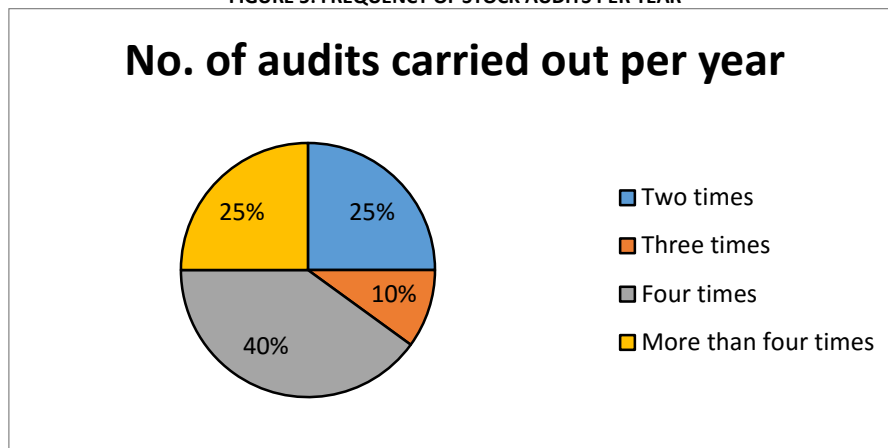
FIGURE 4: METHOD OF COLLECTION OF STOCK OUT SPARES



Discussion: Figure 4 indicates that the collection of stock out spares does not follow a fixed pattern. 40 % collections are done by hand where as 30% collections are either got through courier or through the normal supply channel of OEM. The higher percentage of spare collection by hand suggests the urgency of repair, as forced upon by the customers. With internet of things and better ERP, service centers can help each other supplying stock when it is not available with one service center which improves service time of vehicles.

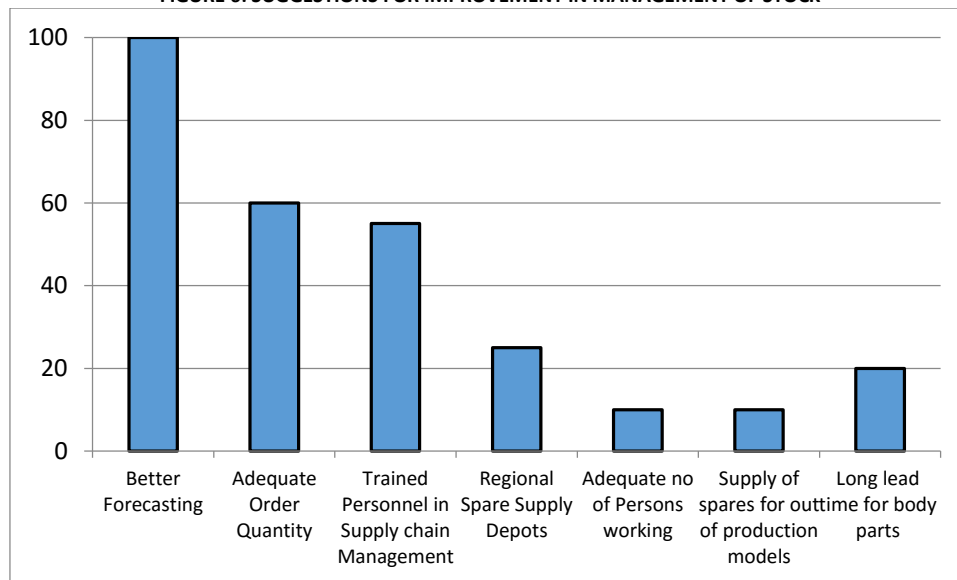
Similar view was also expressed by **Bhattacharya Souresh, Dr. Mukhopadhyay D et al (2014)** in their research paper on "Supply Chain Management in Indian Automotive Industry: Complexities, Challenges and Way ahead" in which they commented that ' In order to improve cost effectiveness, a lot of synergy between OEM and Supplier, close association (collaborative) of all stake holders and innovative methods of supply network and transportation using information and communication technologies are required'.

FIGURE 5: FREQUENCY OF STOCK AUDITS PER YEAR



Discussion: From figure 5, it may be observed that 40% of the servicing centers are having stock audits every quarter. Only 25% servicing centers are having more than 04 stock audits and similar percentage having only half yearly Stock Audit

FIGURE 6: SUGGESTIONS FOR IMPROVEMENT IN MANAGEMENT OF STOCK



Discussion: From figure 6, it is observed that improvements are needed in order to manage spare part stock in better way. To improve the existing system there is a need to collaborate with suppliers with technical expertise in better forecast so that overall quality and lead time improves. Lot of coordination and integration among all stake holders is required. The three major factors for effective and improved management of stock was found out to be better forecasting techniques, adequate order quantity and availability of trained personal at inventory management. Forecasting can be improved and problem of dead stock can be reduced by creating a new category of regular spare parts consumed during accidents. Adequate order quantity can be achieved by using forecasting done by ERP and monitoring the purchase order by experienced personal and making necessary corrections. Experienced personal is necessary so as to monitor the purchase order and faster delivery of spare parts to workers.

Similar views were echoed by **Rathinaraj S. Daniel & Dr. Magesh R. (2015)** in their research paper, “The Impact of Supply Chain Integration on Automobile Industry’s Performance”. They noted the efforts made by the Indian companies to improve co-ordination and integration with their suppliers both within and outside the national boundaries. They also point out the need to collaborate with suppliers with significant technical expertise and experience to improve quality and lead time.

CONCLUSION

The first objective of study was the analysis of the current Supply Chain Management techniques followed by the service centers of market leaders in the Indian automobiles sector. The practices which were not so common 10-20 years which is followed by almost every automobile service centers were found to be implementation of ERP software (100%), stock categorization (100%), barcode system (25%) and estimation based on sales forecast which is done by ERP software’s and thereby effectively delivering the vehicles on time. It was found that issues with dead stock can be reduced by creating a separate category for spare parts consumed for accident vehicles. The method of collection of stock during urgency should be more from similar service centers nearby their by saving time and cost of procurement which can be facilitated by a common ERP software which connects these similar service centers. Most of the automobile service centers presently use their own inventory management software which should be changed to a common platform so that the entire procurement process will be possible in least amount of time and cost. The major automobile car manufacturers in India use Dealer Management System (DMS) an ERP system which connects service centers on national level thereby keeping track of consumption of spare parts and their availability. In general, it was observed that the three major factors for effective and improved management of stock was found out to be better forecasting techniques, adequate order quantity and availability of trained personal at inventory management.

The second objective was “To study and investigate about the latest practices and possibilities in improving the Supply Chain Management in the passenger car segment of Indian automobile industry”; it was found that the sales forecasting by ERP software, centralized DMS software and connecting similar service centers were the certain trends observed in the industry while creating a common platform of ERP for similar service centers, online status check of the vehicle at service center regarding completion of work, automated intimation of final bill and major work done, automatic indication of next service once the deadline is reached, employee performance monitoring were found out to be feasible possibilities.

RECOMMENDATION

Better forecasting/ special category for accident spare parts: Based on the research, problem of dead stock arises mainly due to categorizing accident spare parts along with running repair and service stocks. It can be rectified by categorizing accident spare parts as a separate entity so that forecasting of such parts can be made more carefully. The company's reorder level should be set depending on the frequency of consumption of stocks rather than setting a general point.

Training of employees according to requirements: According to the findings, inventory store gets busy in the morning window. Addition of one trained employee during the peak hours in delivery of stock is advisable. Trained manpower in spare part store would reduce rush and chances of wrong entry. Training can also be imparted to other employees so that it will be helpful at the times when any person in inventory section takes leave or resigns the job.

Adequate order quantity: The quantity ordered should be calculated by economic order quantity and correct safety stocks so that non availability of spare parts situation can be avoided. For that company should have trained /experienced personal for the inventory management.

Common ERP software connecting similar service centers: Most of the automobile service centers presently use their own inventory management software which should be changed to a common platform so that the entire procurement process will be possible in least amount of time and cost

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SOCIAL MEDIA FOR RECRUITMENT**DR. SURUCHI PANDEY****PROFESSOR****SYMBIOSIS INSTITUTE OF MANAGEMENT STUDIES****SYMBIOSIS INTERNATIONAL UNIVERSITY****PUNE****GUNJAN AGARWAL****STUDENT MANAGER****SYMBIOSIS INSTITUTE OF MANAGEMENT STUDIES****SYMBIOSIS INTERNATIONAL UNIVERSITY****PUNE****SWAPNIL CHARDE****STUDENT MANAGER****SYMBIOSIS INSTITUTE OF MANAGEMENT STUDIES****SYMBIOSIS INTERNATIONAL UNIVERSITY****PUNE****ABSTRACT**

Recruitment processes are changing and they are changing fast because of technology. Social media has revolutionised the not only the complete process of information exchange but also various ways of engagement. Social media is playing a very important role in personal as well as professional lives of people. The paper is about conducting a survey to understand the recruitment practices in various recruiting agencies and suggesting better recruitment strategies which will help in sourcing good quality candidates. 60 recruiters were interviewed on the basis of a questionnaire which comprised of 14 questions. After analysing the survey, it was found that the use of social media is indeed a good option to traditional methods of recruitment. The response time is less when it comes to recruiting through social media websites. The amount of money that is spent on social media sites is next to nothing when compared to job portals. The recommendations contain a recruitment model which is based on the social networks Facebook, LinkedIn, Twitter, Bullhorn reach – multiple ways to adopt these social platforms, to target different demographics through these social media sites. The paper studies history and past practices in literature, Current practices and views in form of survey, and Future aspects are covered in form of recommendations.

KEYWORDS

social media, recruitment, response time, cost effective.

INTRODUCTION

Everybody is aware of the fact that social media is the biggest advancement in the world of recruitment. The social media has made it possible to use technology for tasks such as attracting, finding and assessing candidates. Companies are using social media websites such as LinkedIn, Facebook and Twitter not only to identify talent but also to attract talent through targeted social media campaigns and to find the right candidate for their organization. Recruitment through social media is considered to be more efficient and effective as well as low on cost.

LinkedIn has played a vital role in the way recruiter communicates and attracts potential candidates. Earlier it was a game where candidates used to fight for attention of recruiter but the scenario has completely changed. Recruiters are chasing, engaging and socialising with the potential candidates through social media. Recruiters are actively building a social network.

Now let's have a look at the evolution of Social Recruitment.

1995 → Internet Forums

2002 → LinkedIn, A professional networking website

2004 → Facebook, an online social networking website

2006 → Twitter, social networking and micro blogging website

2008 → Jobvite, social recruitment tool and micro blogging services

2010 → Branchout, a Facebook application for networking, recruiting and finding jobs

Social media helps in connecting with the candidates and has taken the interaction with candidates to a different level altogether. Social networking sites allow the recruiter to be on the same platform as of the candidate's. More the number of connections in the network the more recruiter will grow. People will start trusting and once the candidate gets impressed, recruiter will gain ten more potential candidates.

ADVANTAGES OF SOCIAL RECRUITMENT

- The vacancies can be filled quickly
- Social recruitment is low cost affair and provides good ROI.
- It's a great way of attracting fresh talent for entry level positions.
- Employer branding
- Open positions can be read and seen by a large number of potential candidates.

DISADVANTAGES OF SOCIAL RECRUITMENT

- Due to heavy traffic on these websites, job posts have a shorter life
- Because of privacy settings it becomes difficult to communicate with the candidates.
- Candidates may not be genuine.
- LinkedIn has a limited number of Inmail messages.

Social media is a source of influence, a great power in our industry. It's a simple fact that recruiters who are using social media can do better. Through social recruitment recruiters are working towards a future that will show a clear emphasis on workflow and measurable results. Instead of long tiring interviews one can sit on social networking sites, build new and develop old professional relationships.

Vaishali Lal and Shruti Aggarwal in their research paper “Analysing the effect of social media on recruitment” discuss the rise of social media as a recruitment tool with the growing number of individuals using varied social networking platforms like LinkedIn, Facebook, etc. According to the paper, there have been reports that companies use the social networking sites for finding talented professionals and this has already dented the business of jobsites like monster.com. The social networking sites are gaining popularity as a source of recruitment as they offer better solutions as compared to the job sites. The main objective of their study is to test the popularity & effectiveness of the social media sites as well as finding out the liability & trustworthiness of these sites.

Kilcar M in his research paper “The Impact of Social Media on Recruitment in Ireland” discusses about the changing recruitment landscape and this change is driven by technology. Organisations that adopt SM expect to achieve a range of benefits through its use, including employer branding, ability to reach passive candidates, referrals for vacancies, service feedback, cost reduction in advertising and the speed at which information can potentially travel at. SM is not a strategy in itself but rather a communication tool that helps the business in order to achieve business objectives.

Walters R in his research paper “Using Social Media in the Recruitment Process” discusses about how the social media phenomenon has opened up new paths of engagement and revolutionised the exchange of information. The purpose of this paper is to assess how employers can make best use of social media as part of the recruitment process. It examines which platforms are best suited for posting job search information, which in turn help achieve recruitment goals.

METHODOLOGY

SELECTION OF TOPIC

The topic selected for the present research is “Social Media for Recruitment”.

SIZE OF SAMPLE

The selected population for the survey were recruiters from various recruitment firms. The total size of the sample was 60 respondents.

PILOT STUDY

A test questionnaire was prepared, to test the feasibility of the research topic. This was administered to 10 recruiters. From the results obtained, certain modifications were made as per the requirement and the final questionnaire was prepared.

HYPOTHESIS

Based on the results of the pilot study the following hypothesis was formulated:

H₀: The use of Social media as a recruitment tool is cost effective.

H₁: The use of Social media as a recruitment tool is not cost effective.

H₀: The response time through Social Media is lesser than traditional methods of recruitment.

H₁: The response time through Social Media is more than traditional methods of recruitment.

DATA COLLECTION

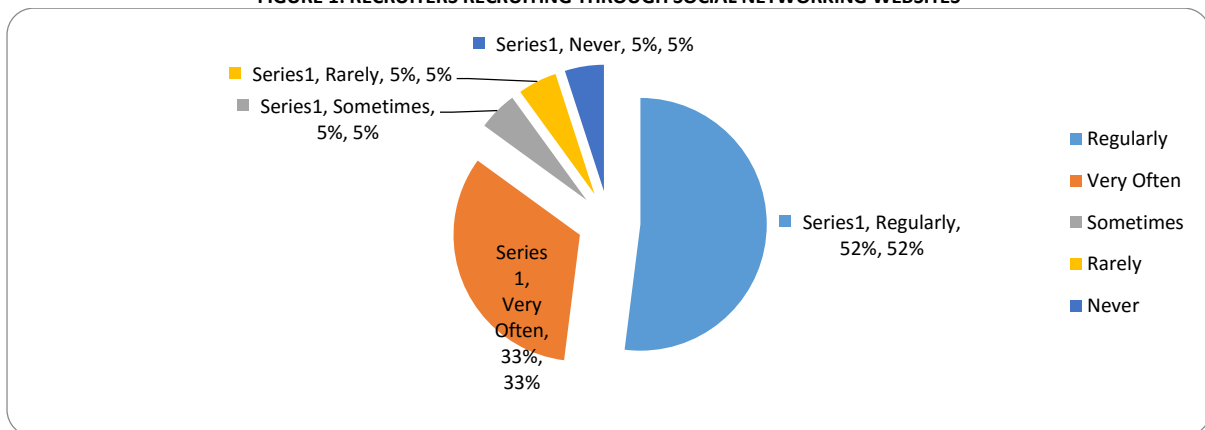
Primary data was collected for the research by means of a questionnaire.

ANALYSIS OF DATA

The data collected has been analysed and presented in the form of tables and figures in Result Analysis.

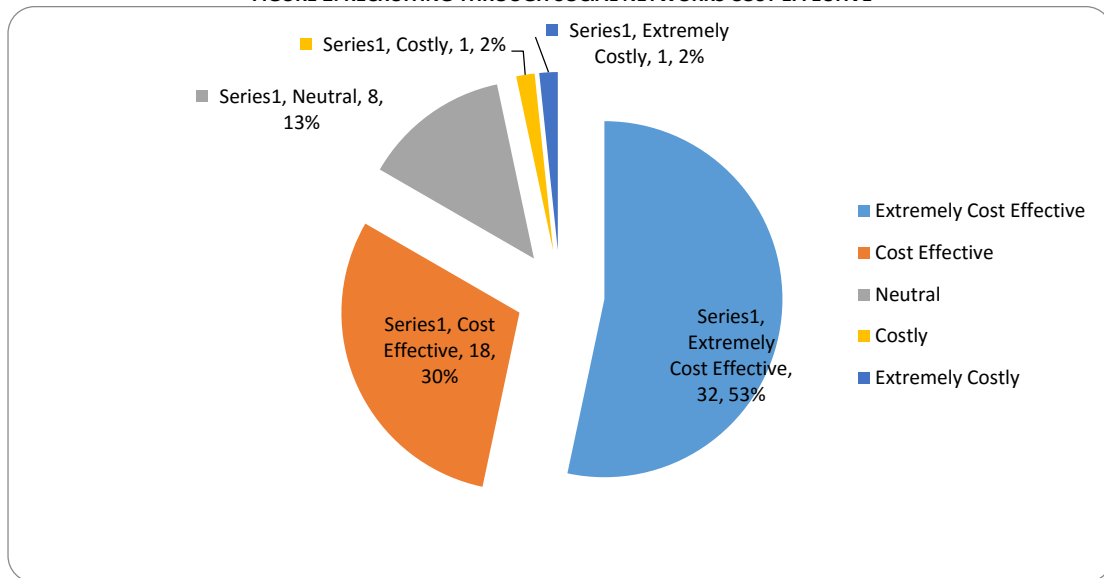
DATA ANALYSIS

FIGURE 1: RECRUITERS RECRUITING THROUGH SOCIAL NETWORKING WEBSITES



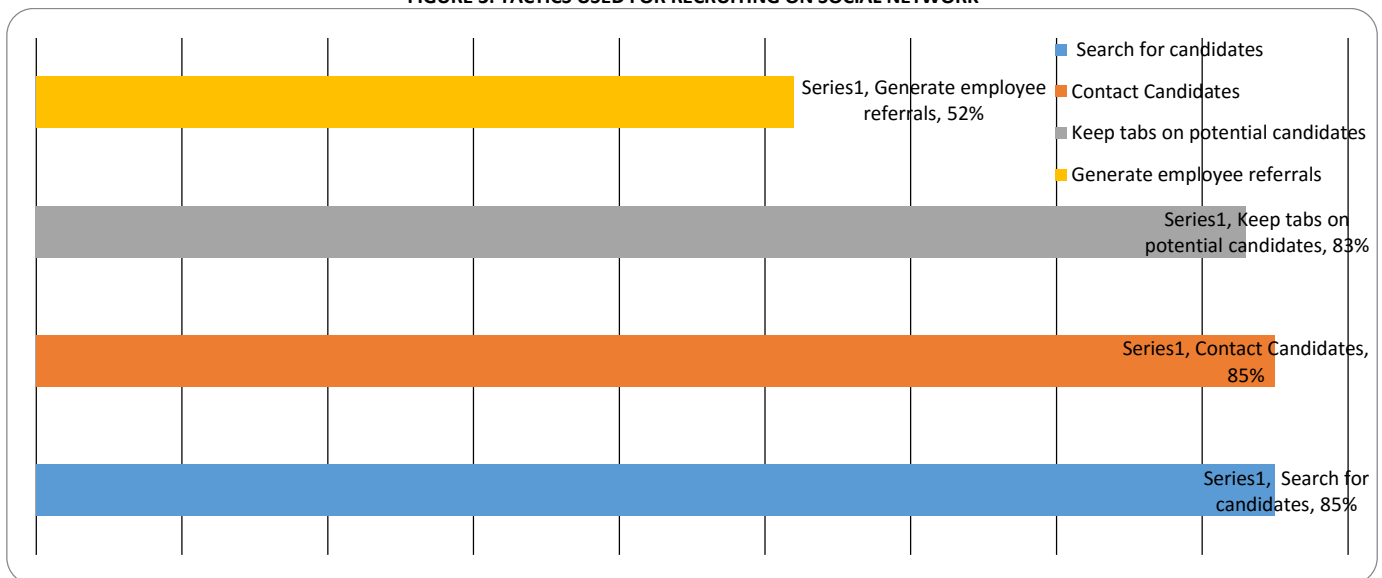
Discussion: Of the 60 respondents, 52% recruiters' source candidates through social networking sites regularly, 33% recruiters use this tool very often, 5% said sometimes and rarely and 5% of them haven't used it yet.

FIGURE 2: RECRUITING THROUGH SOCIAL NETWORKS COST EFFECTIVE



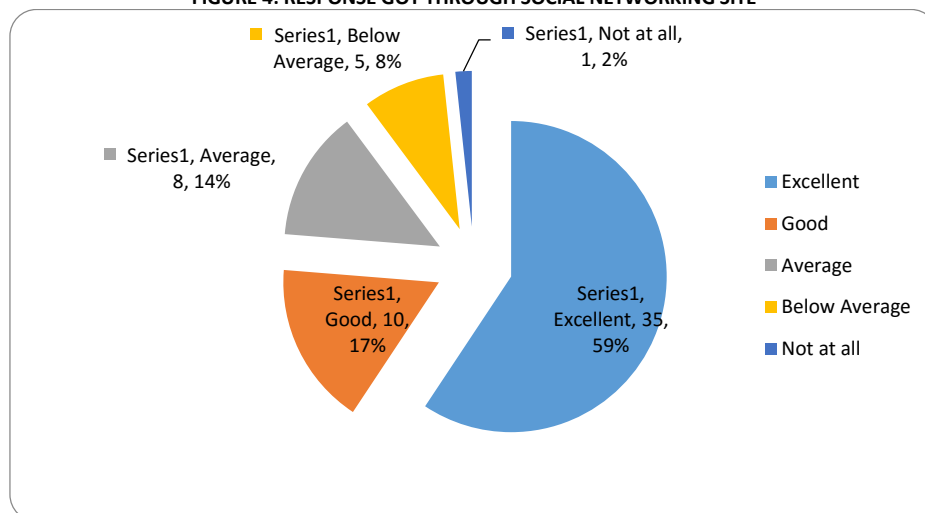
Discussion: Of the 60 respondents, 50% expressed that it is extremely cost effective, 30% found it cost effective, 5% had a neutral view on this and 15% collectively said that it is costly to recruit through social networking sites.

FIGURE 3: TACTICS USED FOR RECRUITING ON SOCIAL NETWORK



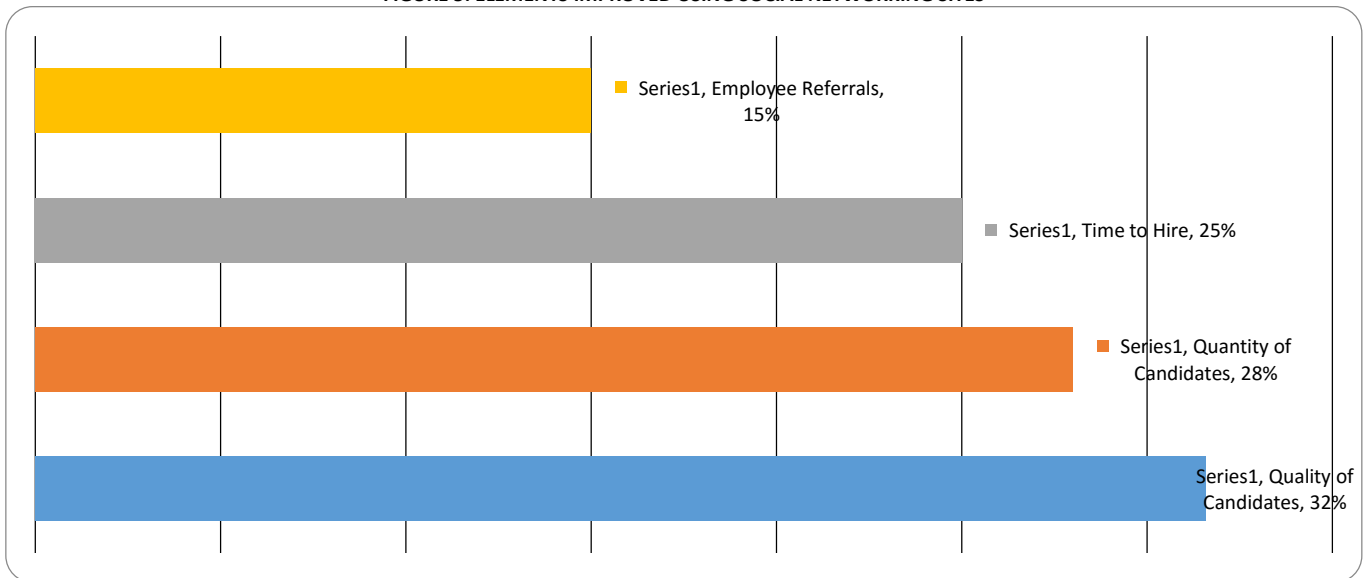
Discussion: 85% of the respondents use social network to search for candidates, 85% use it to contact candidates, 83% respondents use it to keep tabs on potential candidates and 52% use it to generate employee referrals.

FIGURE 4: RESPONSE GOT THROUGH SOCIAL NETWORKING SITE



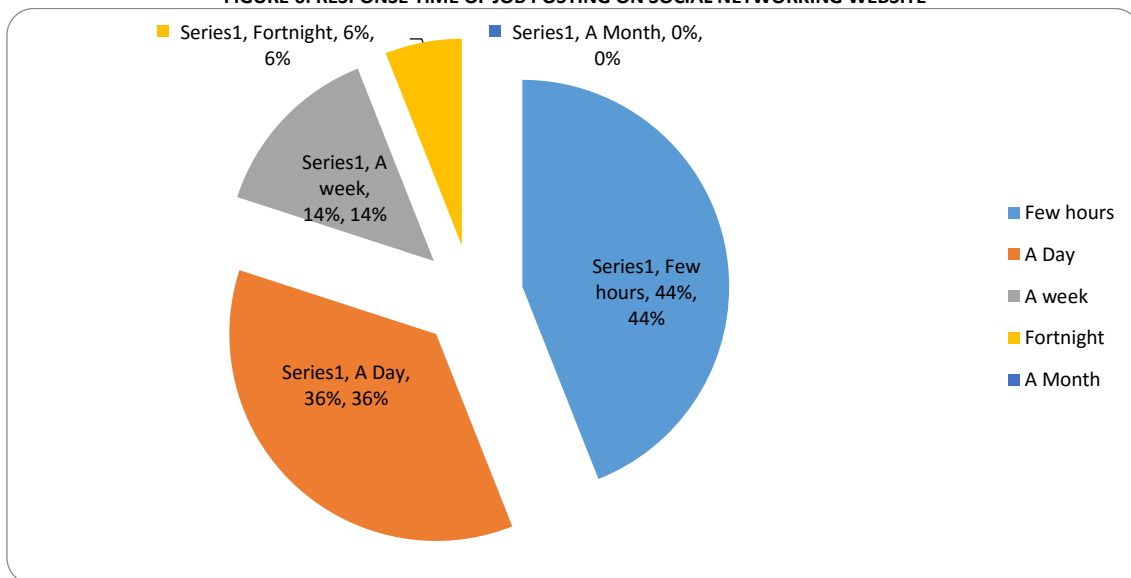
Discussion: Of the 60 respondents, 35 found the response time was excellent, 10 found it good, 8 said it's average, 5 said the response time is below average and 1 didn't get any response.

FIGURE 5: ELEMENTS IMPROVED USING SOCIAL NETWORKING SITES



Discussion: 32% respondents said that Quality of the candidates has increased, 28% of them are of the opinion that quantity of candidates has improved, 15% said that number of employee referrals have gone up and 25% respondents expressed that time to hire has improved.

FIGURE 6: RESPONSE TIME OF JOB POSTING ON SOCIAL NETWORKING WEBSITE



Discussion: Of the 60 respondents, 44% said that they got response from the candidate in few hours, 36% found the response time was in a day, 14% said that candidates responded after a week's time and 6% of the total respondents said that they received responses after a fortnight.

CONCLUSION

The key objective of the research is to expand the knowledge about Social Media and Recruitment. In order to achieve this objective, a survey was conducted to give an answer to this question.

In conclusion, the results show that the role of Social Networking Sites in recruitment becomes much more important and is an upcoming topic in recruitment firms. At this point in time, it is in the fledgling stage, but the outcomes indicate a trend to use Social Networking Sites for recruitment.

Most of the firms make use of the business-oriented networking site LinkedIn. Furthermore, it becomes obvious that in order to find the right employees to fill their vacancies, recruiters profit from the networking scope of these sites.

The networking scope of the site is the strongest predicting factor for effective recruitment, in particular for the target group orientation.

Another interesting finding is that cost involved is less compared to traditional recruitment methods. Recruitment firms have recently started using Social Networking Sites for their recruitment and there is a need for more knowledge about it. This study is a contribution to the research about the role of Social Networking Sites in recruitment and is a first overview of this fast moving field.

RECOMMENDATIONS

Based on the research work done, a model was formulated for making recruitment through social media a more streamlined and efficient process. It helps the recruiters understand how to go about this new medium of recruitment and become much more effective recruiters.

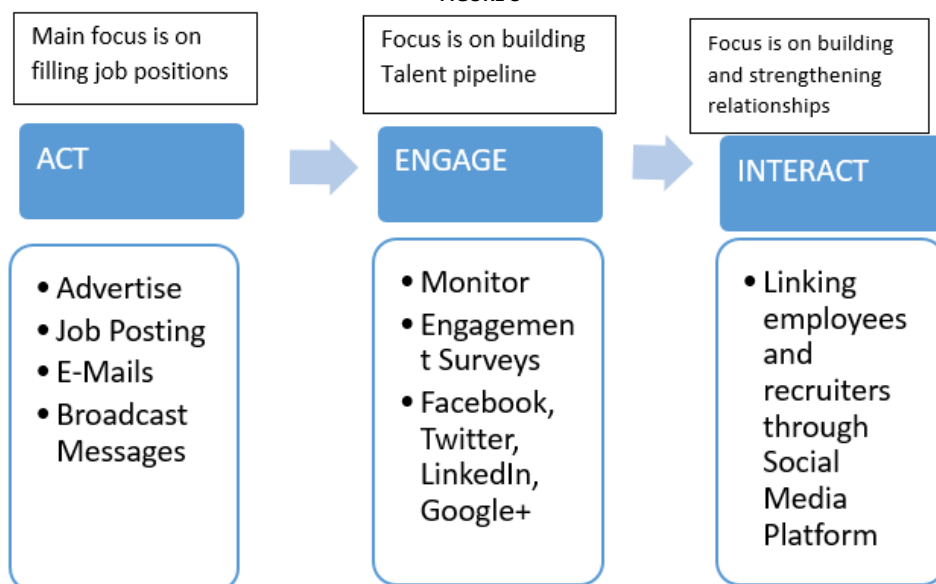
The flowchart below is the **Strategic Framework for using Social Media in Recruitment**.

FIGURE 7



1. **Determine Your Objectives:** Determine and define your objectives for using social media for recruiting and align them to your business objectives
 2. **Identify Your Audience:** It is important to understand the audience one is trying to reach and the following questions help in identifying the target audience:
 - Where are they present on the web?
 - How do they use social media?
 - What is the supply and demand?
 3. **Select a Social Media Platform:** Select the right social media platforms that will meet your objectives and find the right audience
 4. **Build your Team:** Choose the people who are best suited and motivated to take responsibility for social media
 5. **Training:** Provide your team with all the training required to be effective and responsive
 6. **Create Content to Post:** You need to create content to post and share on your social networks in order to attract candidates.
 7. **Measure Results:** You need to ensure measurement is in place to assess success of objectives. It can be done through surveys or feedback from clients and candidates about the hiring process using social media as well as through HR metrics like source yield ratio.
 8. **Evaluate:** Every step of the process needs to be evaluated to ensure that it remains effective and efficient.
- From the above explained strategic framework, a 3 step model emerges which the recruiters can implement in their recruiting process.

FIGURE 8



Apart from the model proposed, there are few social media sites that can be used by the recruiters for increasing their reach and targeting more potential candidates in a more time and cost efficient manner.

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EFFECT OF THE MAGGI FIASCO ON THE BRAND IMAGE OF NESTLE AND ITS IMPACT ON OVERALL PACKAGED FOOD CATEGORY

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ABSTRACT

Maggi noodles were launched in India by Nestle in the year 1982, with its catchy tagline of 2-minute noodles. In the beginning it was launched in 5 flavors- masala, chicken, capsicum, sweet and sour and lasagna. The brand had to struggle hard to find acceptance amongst Indian consumers who had very rigid eating habits during that time the market for packaged food was very small with little or no competition. However, the biggest challenge for Maggi was to first promote the concept of noodles, before promoting the brand Maggi. The research on "Effect of the Maggi fiasco on the brand image of Nestle and its impact on overall packaged food category" deals with the study of Maggi brand that was launched in India in the year 1983, by Nestle India Limited, which became synonymous with noodles. This research tries to find a solution to a real life problem of Maggi to launch its products as a healthy product.

KEYWORDS

Maggi, India, marketing strategy.

INTRODUCTION

Maggi noodles were launched in India by Nestle in the year 1982, with its catchy tagline of 2-minute noodles. In the beginning it was launched in 5 flavors- masala, chicken, capsicum, sweet and sour and lasagna. The brand had to struggle hard to find acceptance amongst Indian consumers who had very rigid eating habits during that time the market for packaged food was very small with little or no competition. However, the biggest challenge for Maggi was to first promote the concept of noodles, before promoting the brand Maggi. So it adopted a two-prong strategy in which it attracted mothers by showcasing the element of "ease of cooking" and it attracted kids by promoting it has a fun food. Nestles sole focus was on the large-scale promotion of Maggi through schemes, offers and free gifts. This turned out to be extremely effective as Maggi was widely accepted by the Indian consumer. Maggi also continuously associated itself with television programmes where it was advertised as a tasty and healthy snack. Maggi was thus successful in becoming a generic brand in the instant noodles category. Maggi had such a stranglehold in the market that it had become synonymous for noodles. Even though in the late 90's Maggi started facing competition from top ramen, it was successful in maintaining its market share by innovative and aggressive advertising campaigns, where it roped in various celebrities to promote its brand.

In May 2015, the food regulatory authorities of Uttar Pradesh found that Maggi samples had unexpectedly high levels of monosodium glutamate, as well as up to 17 times the permissible limit of lead. Subsequently tests were carried out by various state authorities and similar results were found. On June 5, 2015, Food Safety and Standards Authority of India (FSSAI) ordered a recall of all nine approved variants of Maggi instant noodles and oats masala noodles from India, suggesting them unsafe and hazardous for human consumption. On the same day, Food Safety Agency of United Kingdom launched an investigation to find levels of lead in Maggi noodles. On June 6, 2015 the Central Government of India banned nationwide sale of Maggi noodles for an indefinite period. Nepal indefinitely banned Maggi over concerns about lead levels in the product. Maggi noodles have been withdrawn in five African nations- Kenya, Uganda, Tanzania, Rwanda and South Sudan by a super-market chain after a complaint by the Consumer Federation of Kenya.

After an intense legal battle that followed the ban on Maggi, the FSSAI-approved laboratory of Central Food Technological Research Institute (CFTRI) conducted a test on August 3 and found Nestlé's Maggi to be perfectly in line with the country's food safety standards. This came as a relief to Maggi, and soon Maggi is set to come back on the shelves. However, the impact that this fiasco will have on Nestle, as well as the packaged food industry is something that cannot be ignored.

It is this very reason that we have chosen this subject for carrying out our research.

REVIEW OF LITERATURE

1) Title: **A month into Maggi fiasco, sales of instant noodles crash 90%**

Dated: July 6, 2015

Times of India – Business

The article talks about how the instant noodle market has taken a hit owing to the Maggi fiasco. It describes in detail the impact of the entire controversy on the FMCG sector as a whole. It stated that In the last one month the instant noodles category has suffered a massive drop in sales to about Rs 30 crores a month. Before the Maggi ban this category was around Rs 4,200 crores annually, which is about Rs 350 crores per month.

2) Title: **Nestlé takes instant hit from India's Maggi noodle ban amid lead scare**

Dated: June 16, 2016

The Guardian – Business

The article illustrates the safety concerns among the consumers in the market. India’s food safety regulators (FSSAI) have posed question marks over the ingredients of Maggi noodles. The article further elaborates Nestlé’s current predicament over what to do with its most popular products. Nestlé said its Indian unit had estimated the value of Maggi noodle stocks withdrawn from the shelves at 2.1bn rupees. Another 1.1bn rupees worth of Maggi stocks were in factories and with distributors, the company said. The total amounted to 3.2bn rupees’ worth (£32.3m/US\$50.5 million).

3) Title: **How Cadbury's won the battle of worms**

Dated: December 24, 2006

Rediff.com – Business

The October 2003 Cadbury Case shook the FMCG market and questioned the safety of one of India’s most loved chocolate. It was observed that the company got back into the market and regained its share. This case is a great example of a company handles a controversy in a mature manner and Nestle can learn rom this and thus act accordingly. The major emphasis should always be towards customer safety. Cadbury clearly stated that the infestation was not possible at the manufacturing stage and poor storage at the retailers was the most likely cause of the reported case of worms.

OBJECTIVES

- 1) Analyzing buying behavior of consumers post the Maggi fiasco.
- 2) Assess the impact on Nestlé’s brand image.
- 3) Studying the underlying effect on packaged food industry as a whole.

For our study, the best type of research methodology would be to collect primary data from the consumers. This was done to collect information from a large sample of people by means of questionnaires. People who are directly associated with the FMCG sector were also interviewed for their expert opinion. The idea was to get an overview of how this Maggi fiasco has changed the consumer’s perception.

RESEARCH METHODOLOGY

This research analyses the buying behavior of consumers post the Maggi fiasco and how it has impacted the brand as a whole. We will examine how the packaged food industry is getting impacted because of this and what the subsequent results.

SELECTION OF SAMPLE SIZE

A sample is a group of the population with a particular characteristic, in this case people who eat junk food and are Maggi lovers. The characteristic of this sample was similar to the larger population. Sample is taken when the population size is too large to cover.

Sample chosen for this report were the general consumers in Pune. The sample consisted of people who are aware about day-to-day happening and are associated with ready-to-eat food products. The sample consisted of a majority of people who are student, i.e., 77 out of 150 respondents followed by unmarried working and non-working professionals.

DATA COLLECTION

The data collected was from consumers in Pune. Data was also collected from various age groups of people belonging to different sectors. Some of the parameters for the data that was needed are as follows:

- Age
- Gender
- Occupation
- Income Level

The data was collected directly from the people who go to buy different FMCG products in the market. Data was based on age, gender, occupation and income levels of the people. A database was maintained for the same. Results of this database were presented in the form of graphs, pie charts and statistical tables.

LIMITATIONS OF STUDY

- 1) Study is limited to Pune city.
- 2) It is assumed that all consumers are taking rational decisions.

DATA ANALYSIS

IDENTIFYING THE MARKET SIZE

FIG. 1: NUMBER OF MAGGI CONSUMERS

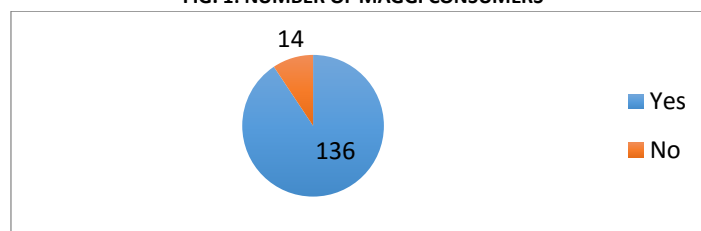
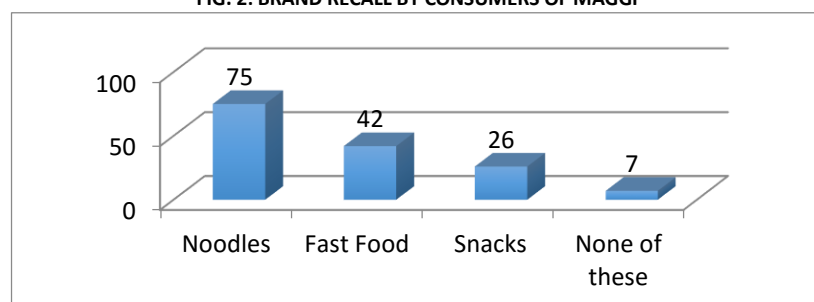
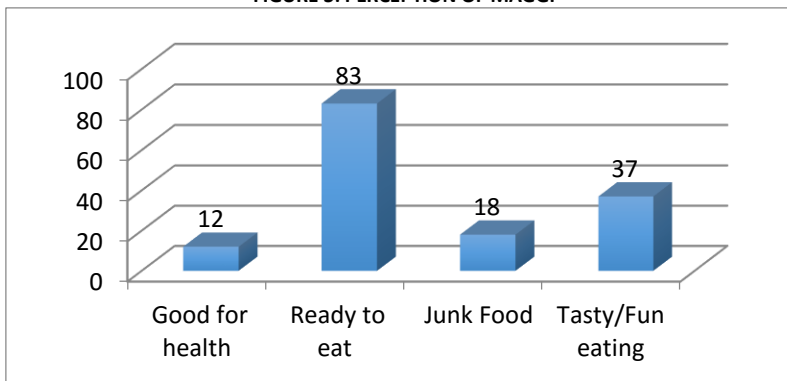


FIG. 2: BRAND RECALL BY CONSUMERS OF MAGGI



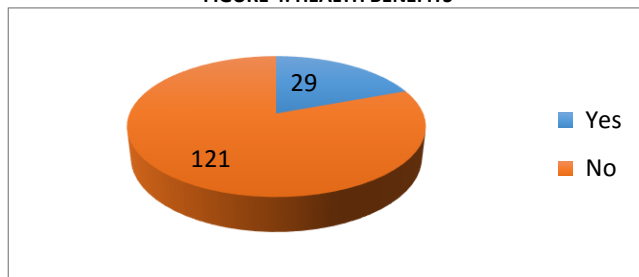
CONSUMER PERCEPTION OF MAGGI

FIGURE 3: PERCEPTION OF MAGGI



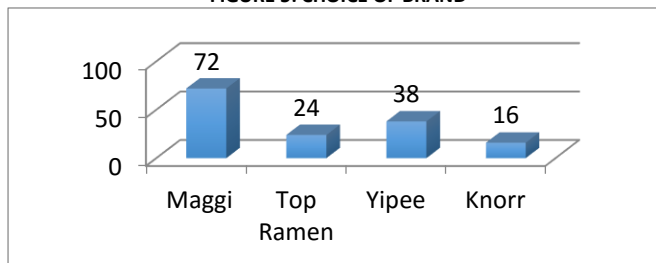
ANALYSIS OF QUESTION 5: HEALTH BENEFITS

FIGURE 4: HEALTH BENEFITS



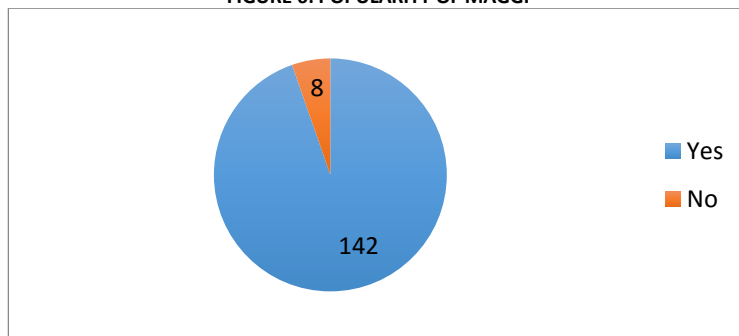
BRAND PREFERENCE

FIGURE 5: CHOICE OF BRAND



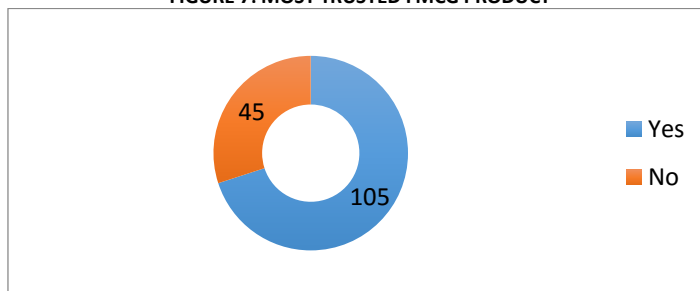
POPULARITY OF MAGGI

FIGURE 6: POPULARITY OF MAGGI



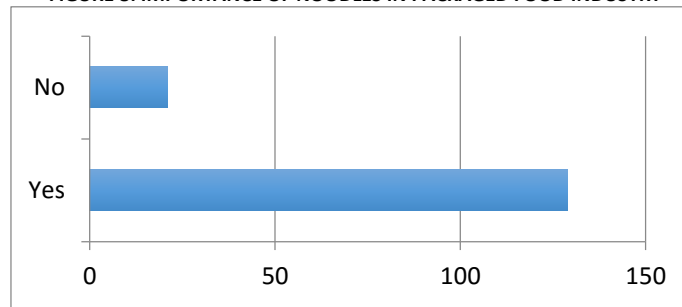
MOST TRUSTED FMCG PRODUCT

FIGURE 7: MOST TRUSTED FMCG PRODUCT



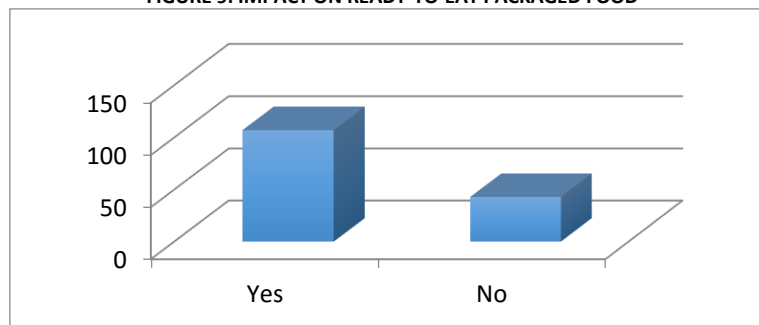
IMPORTANCE OF NOODLES IN PACKAGED FOOD INDUSTRY

FIGURE 8: IMPORTANCE OF NOODLES IN PACKAGED FOOD INDUSTRY



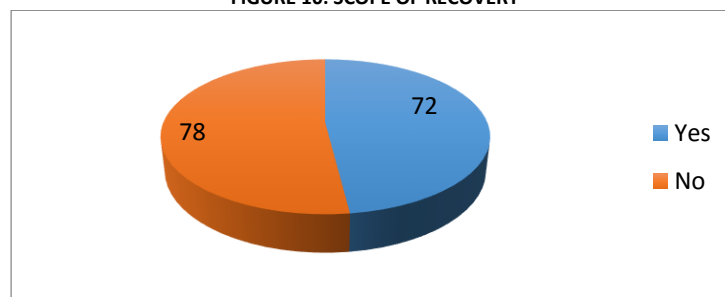
IMPACT ON READY TO EAT PACKAGED FOOD INDUSTRY

FIGURE 9: IMPACT ON READY-TO-EAT PACKAGED FOOD



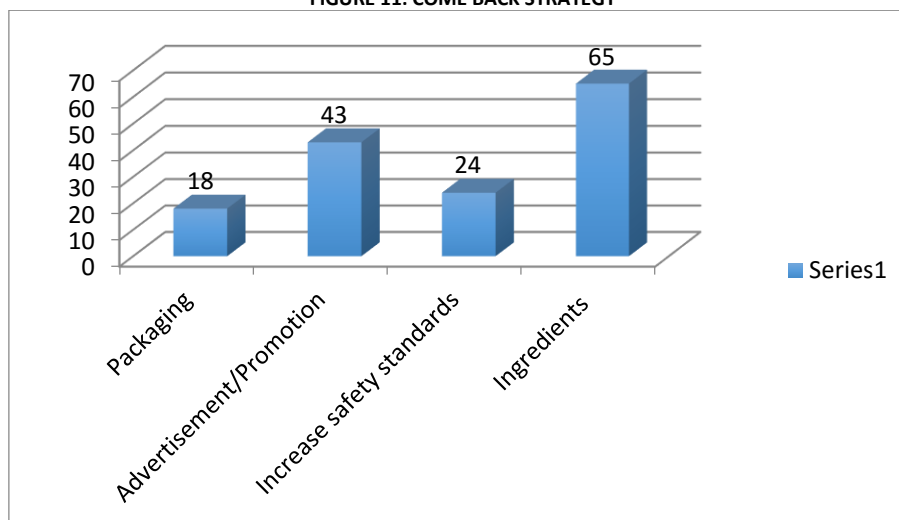
SCOPE OF RECOVERY

FIGURE 10: SCOPE OF RECOVERY



COMEBACK STRATEGY

FIGURE 11: COME BACK STRATEGY



CONCLUSION

Consumer’s perception of the health attributes of Maggi may or may not have changed after the Maggi fiasco. Even prior to the fiasco, it is possible that consumers had perceived Maggi as a tasty, convenient and safe snack, not necessarily healthy. So it is difficult to say whether this current perception of Maggi has been formed after the Maggi fiasco or not. Even though nestle has got all clearances from various safety authorities of the government, and has proven itself to be a safe product, it will have to rethink its strategy when it comes to Maggi. Since it will be difficult for Maggi to regain its previous market share immediately, nestle will have to think of the rest of its portfolio to make up for Maggi’s losses. Nestles brand Maggi, is a benchmark for safety in a sector as large as the FMCG sector. In the situation, which nestle is in currently; it should leverage the trust that Maggi as earned over the years. Since Maggi has a rich legacy and a special connection with its consumers, now is the time when this can come in handy. Since nestle needs to reestablish Maggi after the whole fiasco, its advertising and promotion

strategy should incorporate the above aspects. Consumers of Maggi are finding it difficult to fathom that if such a reputed and trustworthy brand like Maggi can come into question over the issue of safety, then how can they trust any other packaged food item. After the Maggi fiasco, nestle will obviously have to do a lot to win back the faith of the consumers. The most important aspect that any company needs to focus on after a controversy of this magnitude is recovery. Recovery will not be that easy, because in the absence of Maggi, brands like yippee and top ramen have pounced on this opportunity, and launched aggressive campaigns to promote their products. Only time can tell whether Maggi will be able to dominate the market like it once did.

Nestle will have to aggressively campaign to win back the faith of the consumer. It will have to use various promotional as well as advertising strategies to reposition Maggi as a healthy, safe product which is still as good as it has been over the years. Since the entire controversy was around the ingredients in Maggi, it is essential that the ingredients are highlighted to convince consumers about the safety. Consumers also believe that Maggi should also focus on targeted advertising and promotion as an integral part of its recovery strategy. This can be due to the fact that through advertising, Nestle can recreate the image of Maggi that it had before the entire controversy took place. Although a long process, nestle has to take the right steps in a sustained manner to achieve what it has set out to do. Now with the Maggi fiasco behind them, manufacturers of packaged foods will have to focus a lot on the safety of their products. They will have to do more than what they were doing previously, in order to win back the faith of the Indian consumer on packaged goods. Considering the results of this study which showcase the importance of noodles in the packaged food industry, it is extremely important that nestle has a well thought out strategy in place, to implement after they re-launch Maggi in the market. Since Maggi is one of nestles most popular product, the results further reiterate the importance of re- launching Maggi noodles in the market.

RECOMMENDATIONS

According to the results of this study, the following recommendations can be given to nestle and other packaged food manufacturers:

1. Nestle will have to aggressively campaign to win back the faith of the consumer. It will have to use various promotional as well as advertising strategies to reposition Maggi as a healthy, safe product.
2. Maggi should also focus on targeted advertising and promotion as an integral part of its recovery strategy.
3. Manufacturers of packaged foods will have to focus a lot on the safety of their products and take extra precautions to ensure that they win back the trust of the consumers.
4. The aspect of localization should be taken into consideration i.e. nestle should take into consideration Indian rule and regulations, MSG levels allowed in china and the USA are much higher than those in India. So nestle should take steps accordingly.
5. Quality control should be taken very seriously by nestle. Had their quality control and quality check been in place, nestle would have never allowed those packets with high MSG levels to enter the market. In future nestle should ensure that this is not repeated in the future.
6. Nestle should show complete faith in its product Maggi- back it in all possible ways because Maggi is certainly not lost and will make its way back into the Indian market.

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IRREVOCABLE LETTERS OF CREDIT AND THE RESPONSIBILITY OF THE BANKS

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ABSTRACT

Purpose: The purpose of this article is to explore the Irrevocable Letters of Credit and its importance. In addition to, the responsibility of the banks when dealing with these Irrevocable Letters of Credit and the events in which courts can intervene. **Methodology /approach:** This article has employed descriptive and comparative methods. The following materials were referenced as part of this article: books, journal articles, cases, reports, legislations. **Findings:** This article has found that letters of credits are very important in the field of international trade because they give fast and secure ways of payment, and grant sellers more protection if the letter of credit is confirmed by a bank. Also, it has discovered that the letter of credit is governed by two principles. First, the principle of autonomy, which means the underlying contact is independent of and separate from the letter of credit. Secondly, the doctrine of strict compliance, which means that a bank can reject documents that are presented by a seller if they not comply with the conditions of the letter of credit. Moreover, this article highlighted that the task of banks is to examine documents from their face, and without making an investigation. Moreover, this article has found that fraud exception seems to be the main exception in the doctrine of autonomy. Finally, it has shown that there is an approach which extends the fraud exception to include nullity exception which may improve the letter of credit. **Originality/value:** This article contributes to increase the understanding of the Irrevocable Letters of Credit and the responsibility of the banks when deal with these documents. In addition, it discovers the situations in which the court can intervene in Irrevocable Letters of Credit.

KEYWORDS

irrevocable letter of credit, banks, revocable letter of credit, international commerce, autonomy, UN, UCP 600, fraud, nullity, illegality.

1. INTRODUCTION

The international transactions of sale of goods seem more difficult compared to the transactions within the boundary of one country because the buyer wants to receive the goods according to conditions of the contract before paying the consideration, whereas a seller is concerned about receiving the consideration in due time. (Carr, 2010) In other words, the seller needs to make clear that he will get the amount of goods or services; similarly, the buyer desires to pay against what was actually demanded (Marie, 2006). In fact, breaching is accepted from both. Frías García (2010, pp 69,70) states that 'the possibility of either party's defaulting on the business transactions, the physical distance between parties, the different time zones and currencies, the need for additional intermediaries, the nature of multi-jurisdictional transaction and fact that parties do not know each other are reasons that explains the dominant role letters of credit'. Generally, the payment may be affected by many factors, such as the trust between the buyer and seller (Carr, 2010). Murray et al (2007) states that: 'letter of credit also called documentary credit or bankers commercial credits'; See also Article 2 of UCP 600 defines credit as: '... [a]ny arrangement, however named or described, that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honour a complying presentation'. Commonly, the basic means of payment include: open account, bill of exchange, documentary bill and letter of credit. The latter is vital in international commerce in (Intraco Ltd v. Notis Shipping Corpo 1981) the court held that 'Irrevocable letters of credit and bank guarantees given in circumstances such that they are equivalent to an irrevocable letter of credit have been said to be the life blood of commerce. Thrombosis will occur if, unless fraud is involved, the courts intervene and thereby disturb the mercantile practice of treating rights thereunder as being equivalent to cash in hand'. since the seller has confidence about his payment by the guarantor. In addition, the buyer may sue the bank for any damage, and may increase its funds from that bank against the fees. (Carr, 2010) Generally, the operation of a letter of credit consists of four stages:(a) A seller and a buyer agree about a contract of sale of goods (the underlying contract) and the payment through a letter of credit; (b) The buyer requests his bank called grantor to open a credit with particular conditions, in favour of the seller; (c) Issuing banking informs the seller that the letter of credit is opened, and will honour it if documents comply with requirements (García, 2010). Sometimes the issuing bank informs the seller through the advising bank or confirmed bank; (Carr, 2010) (d) While the seller presents documents in agreed time, the revocable letter of credit, and if it conforms with conditions, then will pay the consideration (Carr, 2010).

Moreover, there are four main types of letters of credit, including: (a) a revocable which is less reliable, therefore, the buyer can terminate it; (Chuah, 2005) (Cape Asbestos Co Ltd v Lloyds Bank Ltd 1921) In which the buyer informed the bank to revoke revocable letter of credit and inform the buyer. The bank forgot to inform the seller who sent the goods. The court held that the bank was not responsible for any damage and this notice should send by the buyer. (b) An irrevocable which cannot be cancelled by the buyer (Griffin et al 2003). It seems the Uniform Customs and Practice for Documentary Credits (UCP) (Janet Ulph, 2007), who states that 'The UCP was first issued by the International Chamber of Commerce (ICC) in 1933. It has been regularly revised since then in order to ensure that it reflected current banking and trade practice. The most recent version had been the UCP 500, promulgated by the ICC in 1993 and effective from January 1, 1994.3 The ICC Commission on Banking Technique and Practice (Banking Commission) initiated a fundamental review in 2003. After three years of preparation and consultation, unanimous approval of the draft was given by the Banking Commission on October 25, 2006'. Article 3 of UCP 600 considering that all letters of credits are irrevocable; Bridge (2007) states that 'A credit is irrevocable even if there is no indication to that effect' In contrast, Article 6 of UCP 500 states the two types. It has been argued that the revocable one seems not a real credit, therefore, the trend of UCP 600 appears more practicable; See also Article 2 of UCP 600 states that '...Credit means any arrangement, however named or described, that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honour a complying presentation...'. (c) a confirmed letter. Sometimes the correspondent bank confirms to seller opening letter, therefore the seller has right to claim this bank in his jurisdiction. (Carr, 2010) This may happen if the seller does not trust the issuing bank (Griffin et al 2003). Hooley (2003 states that: 'A letter of credit is separate from, and independent of, the underlying contract between the beneficiary and the applicant and the relationship between the issuing bank and the applicant. Thus, absent fraud (or possibly illegality), the beneficiary's breach of the underlying contract is no defence to the issuing bank (nor to the confirming bank). By the same token, the issuing bank cannot refuse to honour its undertaking just because of the applicant's failure to put it in funds'; See Also Article 2 of UCP 600 states that 'Confirmation means a definite undertaking of the confirming bank, in addition to that of the issuing bank, to honour or negotiate

a complying presentation'. Finally, an unconfirmed one, which happens if the advising bank just informs the seller (Griffin et al 2003). In this research Article 5 of UCP 600 will be discussed critically. It provides that 'Banks deal with documents and not with goods, services or performance to which the documents may relate', in light of relevant cases.' Which includes the principle of the autonomy and the doctrine of strict compliance. Finally, exceptions of autonomy which include fraud chiefly, and another possible exception which contain a nullity and illegality.

2. THE PRINCIPLE OF THE AUTONOMY

The principle of the autonomy means a letter of credit is independent of, and separate from, an underlying contract which is financed by the letter of credit. Malek QG et al (2009) state that "The bank should not take account of any other than the terms of credit and the documents which are presented to it. This is subject to the possible exception...". Therefore, generally a bank only deals with documents, not commodities or services as to the relationship with others parties involved in the letter of credit (Burnett and Vivienne 2009). To put it another way, the bank does not concern itself with an underlying contract (M. Bridge, 2007). Hence, banks should make decision based on documents only to accept or reject it in specific time (Paul, 2002). Generally, any conflict may arise between a vendor and a purchaser as to the agreement of sale, it will not affect the letter of credit, (Carr, 2010). and a purchaser could not block the payment, however, he only has the option to make a claim before a court (Chuah, 2005). This doctrine is mentioned in Article 4 and 5 of UCP 600 which latter states, 'Banks deal with documents and not with goods, services or performance to which the documents may relate'. Furthermore, Article 4 (a) of UCP 600 declares that the letter of credit is independent from the agreement of sales. It has been pointed out that Article 5 of UCP 500 states that "In Credit operations all parties concerned deal with documents and not with goods, services and/or performances to which the documents may relate". In contrast to, Article 5 of 600 omits the phrase 'all parties' because a buyer and a seller usually deal with goods. It should be emphasised that banks while dealing with the documents, must follow the procedures mentioned in UCP 600 (Ebenezer, 2009). "The problem of non – documentary conditions is addresses in UCP by Article 14 (h)" (Malek QG et al 2009, 178). Article 14 (h) of UCP 600 states that "If a credit contains a condition without stipulating the document to indicate compliance with the condition, banks will deem such condition as not stated and will disregard it".

Furthermore, it is commonly accepted that ruining the principle of the autonomy of credit may lead to the destruction of trade confidence (M. Bridge 2007). This principle is confirmed in many cases. For instance, in *Discount Record Ltd v Barclay Bank Ltd*. And Another. In which a buyer, upon arrival the goods, discovered that some boxes contained nothing, and others contained cassettes instead of records (*Discount Records Ltd. V. Barclays Bank Ltd. And Barclays Bank International Ltd. 1975*). At that time the representative of the issuing bank was attending (*Discount Records Ltd. V. Barclays Bank Ltd. And Barclays Bank International Ltd. 1975*). Then the buyer tried to get an injunction to prevent the bank from buying the amount. The court stated that, what was provided by the plaintiff was considered just an allegation of fraud, (*Discount Records Ltd. V. Barclays Bank Ltd. And Barclays Bank International Ltd. 1975*) and an injunction would not be granted unless there was an adequately serious reason for doing so. Seemingly, the decision of the court was unfair with regard to the plaintiff, and required a high standard of evidence, since the facts showed intentional fraud. Moreover, this fraud was discovered in attendance of the representative of the issuing bank (*Discount Records Ltd. V. Barclays Bank Ltd. And Barclays Bank International Ltd. 1975*). It has been argued that the respect for the principle of autonomy does not mean to protect dishonest sellers. Furthermore, if the buyer has not a case against issuing bank it might be in a poor position to sue the seller who is in another country (Bridge 2007). It has been declared that: 'Sticking to the general non-interference approach, English courts have saddled plaintiffs with a great burden of proof, requiring them to establish the existence of "clear" or "obvious" fraud.' (Ross P. Buckley and Xiang Gao, 2002).

Moreover, this principle was supported in *Urquhart Lindsay & Co. Ltd v. Eastern Bank, Ltd*. In this case, a letter of credit was opened with a specific amount (£70,000) and the parties agreed to increase the price if the labour increased. The buyer discovered invoices containing additional costs. The issuing bank refused to pay the extra amount. The seller cancelled the contract and sued the bank. The court declared in favour of the plaintiffs, based on the fact that the bank undertook to pay the amount without conditions (*Urquhart Lindsay & Co. v. Eastern Bank, Ltd. 1922*). It appears that the seller complied with the terms of the letter of credit when tendered an invoice. However, it seems that when the bank applied, the buyer's instructions did not concern what exactly was written in the letter of credit. In other words, when documents complied with the letter of credit the bank has to honour them (A. C. Epps and R. Harvey Chappell 1952). It appears that the decision was accurate and in favour of the principle of the autonomy.

Furthermore, in (*Hamzeh Malas and Sons v British Imex Industries Ltd. 1958*). A purchaser claimed the goods were imperfect and sought an injunction. The court pointed out that when the bank opened a confirmed letter of credit this established obligation between the bank and the seller, and the bank should pay without considering any disputes between the seller and buyer with regard to goods related to the agreement or not. The seller believed, under the confirmed letter, that he would receive his money. The letter stated that: An elaborate commercial system has been built up on the footing that bankers' confirmed credits are of that character, and, in my judgment, it would be wrong for this court in the present case to interfere with that established practice..., as I see it, would break down completely if dispute as between the vendor and the purchaser was to have the effect of 'freezing', if I may use that expression, the sum in respect of which the letter of credit was opened.' (*Hamzeh Malas and Sons v British Imex Industries Ltd. 1958, 129*).

This decision appears more accurate as to the importance of the letter of credit and obligations of a bank toward a seller, and the court firmly declared not interference as to letter of credit in case disputes as to an underlying contract. In addition, the confirmed one is most secure for seller (Campbell, 2008).

Furthermore, in (*Power Curber International Ltd. v. National Bank of Kuwait 1982*) Lord Denning pointed out that it is important that a bank, when issued the letter of credit, must discharge its obligations, without concerning any dispute between the buyer and seller in relation to goods, since the letter of credit as a Bill of Exchange is presented as consideration of goods. The court very firmly stated to keep it separate from the underlying contract because it does not permit making deductions or making counterclaims with regard to the letter of credit (*Power Curber International Ltd. v. National Bank of Kuwait 1982*). In short, the abovementioned decisions of UK courts appear how far the letter of credit independent from underlying contacts. Generally, the UK courts are very reluctance to interfere therein because it plays a vital role in trade. Therefore, no counter claim will be accepted as to the letter of credit, and generally the bank has to pay.

3. THE PRINCIPLE OF STRICT COMPLIANCE

A seller must submit documents that conform strictly with the conditions of the letter of credit to the issuing or conformed bank or advising banks, as appropriate (Paul, Bills of lading and bankers' documentary credits 2007). Subject to this doctrine, when a bank receives documents can reject the ones that are not in strict compliance with the requirements of the letter of credit (Carr, 2010). The cause behind this principle is that a bank deals with documents only and has no relation with goods or services. It is not required from a bank to make an investigation. Furthermore, these documents may include invoices, bills of lading, and certificates of quality (Michael and Michael, 2007). Moreover, it should be noted that the level of care required from banks as to examining documents is reasonable care (Carr, 2010), according to Article 13 (a) of UCP 500 which states: 'Banks must examine all documents stipulated in the credit with reasonable care, to ascertain whether or not they appear, on their face, to be in compliance with the terms and conditions of the Credit...'. In contrast, Article 14 (a) of UCP 600, does not state that the duty of care is required. It has been argued that the responsibility of a bank may become a strict liability. In other words, the hypothesis is that the bank is liable unless proven otherwise (Michael and Michael, 2007).

Furthermore, the bank is considered as an agent of the seller. Therefore, there is a legal and contractual duty which should be carried out by the bank. Nevertheless, banks have to carry out obligations and exercise reasonable care as applies in common law (Ebenezer, 2009). Moreover, the greatest risk for the bank is that, although there are inconsistencies with documents, it may make payment to the beneficiary. However, a bank may protect itself from this risk by two ways: making a payment upon the indemnity of the beneficiary covers the bank from any claim that may arise from the buyer, based on non-conformity between the documents that were submitted and the conditions of the letter of credit. Secondly, a bank may accept to pay under reserve; nevertheless, there is common agreement about the definition of under reserve, generally determined according to the intention of the various parties (Carr, 2010). In (*Banque de l'Indochine et Suez SA v JH Rayner (Mincing Lane) Ltd 1983*) a confirmed bank, before paying, declared that 'effected under reserve due to the discrepancies', the court explained that: it means a contract under which the beneficiary undertakes to repay the amount if the issuing bank refused the documents. It should be noted that if a bank desires to make payment subject to under reserve it must consider all elements to make an accrete contract, for instance: acceptance, offer, and competent parties, since there is no particular definition.

Moreover, a bank may accept to pay based on wrong action and become liable, as was illustrated in (*Equitable Trust Company of New York v Dawson Partners Ltd 1927*). The defendant agreed with the plaintiff to open a letter of credit in favour to a seller, according to conditions of the letter of credit, a certificate of quality shall be given by experts. In other words, a certificate would be given by more than one expert. Due to miscommunication between the issuing bank and the advising bank, the latter asked the seller to provide the certificate to be issued by one expert. The shipment was made and the amount was paid to seller. Then, the defendant discovered that the goods were fraudulent. The court held that: '... [i]f the bank does as it is told, it is safe; if it declines to do anything else, it is safe; if it departs from the conditions laid down, it acts at its own risk' (*Equitable Trust Company of New York v Dawson Partners Ltd 1927, 52*). Furthermore, this court determined that: '[o]ne of the conditions on which the defendant undertook to reimburse the plaintiff – namely that there should be ... a certificate of quality to be issued by experts – has not been complied with'. Clearly, the requirements of the buyer should be respected by a bank otherwise the banks are considered responsible for that. In addition, it seems that in trade, some goods may require more opinion to make an assessment and this may reduce the possibility of the fraud.

Furthermore, another court applied this principle in (*J.H.Rayner & Co Ltd v Hambros's Bank Ltd 1943*). A contract of sale was created between an English seller and a Danish buyer. Payment was made through an irrevocable letter of credit opened by the defendant bank. The goods described in the letter of credit were about 1400 tons of 'Coromandel groundnuts'. However, the bill of lading characterised the goods as 'machine-shelled groundnut kernels' whose usage was meant to be 'Coromandel groundnuts'. The Court of Appeal declared that the defendant had rightly refused payment on the grounds that the documents submitted did not comply with the conditions of the credit. It seems the decision of the court in favour of the principle of strict compliance. It has been argued that, it appears so difficult to a bank to examine the documents and make comparison with customs of trade in particular field. In addition, the role of the bank is to deal with documents only.

Moreover, in (*Seaconsar Far East Ltd v Bank Markazi Jomhuri Islami Iran 1993*). A letter of credit required plainly that each document should contain a letter of credit number and a name of buyer, however, one document did not comply. It was declared that the bank had the right to reject the documents (*Seaconsar Far East Ltd v Bank Markazi Jomhuri Islami Iran 1993*). Moreover, the court pointed out that a typographical mistake is considered as minor defect. Apparently, when the buyer makes conditions clearly, the seller and the bank should comply with said conditions. In addition, one may argue that this trend of rigidity may obstruct the letter of credit (Carr, 2010). Consequently, UCP 600 permits slight differences. For instance, in Article 14(e), apart from commercial invoices, does not require other documents be complied, but not conflict. Moreover, Article 14 (d) of UCP 600 is considered more practicable because it does not require documents to be identical. To put it another way, a bank may accept non-identical documents if they do not contradict anything within the context of the letter of credit and international banking customs. However, the international standard banking practice is not clear. Therefore, conflicts may arise with experts over any dispute (Michael and Michael, 2007). In contracts, Article 13(a) of UCP 500, requires documents to be identical with others. This situation led to the refusal of many documents by a bank (Michael and Michael, 2007).

Moreover, in (*Fortis Bank S.A./N.V. and (2) Stemcor UK Ltd v Indian Overseas Bank 2011*), five letters of credit opened for the seller and three of them were confirmed and paid by the confirming bank. However, the issuing bank refused to pay the other two and the amount due to the confirming bank who alleged that there were discrepancies. The court held that even if there were discrepancies the issuing bank had an obligation to pay since it failed to rerun documents to the confirmed bank 'with reasonable promptness' (*Fortis Bank S.A./N.V. and (2) Stemcor UK Ltd v Indian Overseas Bank 2011, 35*). It has been argued that letters of credit under UCP 600 must be examined within five banking days under Article 61 (d) of UCP 600. However, this decision seems important since there is an emphasis on the time factor as a defence and a seller may rely on it in relation to the principle of strict compliance (Choo, 2010). Furthermore, it should be highlighted that a bank should examine documents within a specific duration because time is so important in business, therefore, Article 14 (b) of UCP 600 provided that a bank has to decide on documents during a maximum of five banking days. It differs from Article 13 (b) of UCP 500, which stated that banks should examine documents within a reasonable time not exceed seven banking days.

4. THE EXCEPTIONS OF THE PRINCIPLE OF AUTONOMY

The doctrine of autonomy is important as above-mentioned. However, based on public interest or to protect the innocent party (Ross P. Buckley and Xiang Gao 2002), there are exceptions to this principle which include fraud as main exception, and possible a nullity and illegality (Frias García, 2010; Gabriel and Peter, 2006). Nevertheless, not any allegation may be accepted to stop the payment by a bank. Generally, there is debate about the standards of proof of fraud which are required (Gabriel: Peter, 2006). Gabriel and Peter (2006) stated that the fraud exception was first decided in (*Sztejn v. J. Henry Schroder Banking Corpn 1941*). In this case the claimant alleged that the supplier was not complying with the terms of the agreement and sent worthless goods and asked to prevent the bank from paying under documentary letter. The court held that an adjunction could be issued if fraud was deliberate and the bank has known about vendor's fraud before the drafts and documents have been tendered for payment, the court declared that 'In such a situation, where the seller's fraud has been called to the bank's attention before the drafts and documents have been presented for payment, the principle of the independence of the bank's obligation under the letter of credit should not be extended to protect the unscrupulous seller' (*Sztejn v. J. Henry Schroder Banking Corpn 1941, 634*). This decision was criticised since it did not explain the level of knowledge required to enable the bank to refuse the payment. This decision was criticised as 'A difficulty arising from this case is that it is not clear whether this was a case of false documents or rather a case of fraud in the underlying transaction' (Dixon 2004, 391). It may argue that the court did not require any standard; therefore, any knowledge based on facts may be sufficient. Moreover, it appears that the advantage in this case is that the court clearly confirmed the obligation of the bank, subject to the principle of the autonomy did not extend to cover a dishonest seller. However, the court considered the duty of banks to deal with documents, therefore if the bank knew after paying, it will not be responsible. Therefore, this decision appears in favour of a weak party (buyer) and supports the trust in the letter of credit itself.

Furthermore, in (*Bolivinter Oil S.A. v Chase Manhattan Bank 1984*) the clear acknowledgment with regard to 'fraud exception' was stated by Sir John:

The wholly exceptional case where an injunction may be granted is where it is proved that the bank knows that any demand for payment already made or which may thereafter be made will clearly be fraudulent. But the evidence must be clear, both as to the fact of fraud and as to the bank's knowledge (*Bolivinter Oil S.A. v Chase Manhattan Bank 1984, 393*).

It has been criticised that the standard of fraud required by the UK courts is very high since they required that the evidence of fraud should be obvious as to fact establishes it and the bank's awareness (Xiang and Buckley, 2003). Therefore, the buyer may not able to fulfil these conditions. Moreover, the question remains open about degree of clarity that is required. This reflects the trend of this court's reluctance to interfere in letters of credit in order to save this mechanism. Furthermore, if the seller does not become involved in fraud a bank may be required to pay. For instance, in (*United City Merchants (Investments) Limited v. Royal Bank of Canada 1983*), a contact made between an English company and a Peruvian company stated that the payment method shall be a letter of credit and the shipment should be on 15 December, 1976. The false date put by the agent of the shipping company and the seller was not involved in the fraud. The Court of Appeal held that the bank had the right to refuse the payment since documents appeared on the face of it to be false and, expropriate any legal effect. However, did not consider as a nullity (*United City Merchants (Investments) Limited v. Royal Bank of Canada 1983*). Furthermore, in the House of Lords, Lord Diplock preferred to leave open the matter of rights of the innocent beneficiary as to documents forged by third party, and he refused this decision by reasoning that the false date put by the agent of the shipping company and the seller was not involved in the fraud. There are no reasons to refuse to pay the amount since the document 'was far from being a nullity.' (*United City Merchants (Investments) Limited v. Royal Bank of Canada 1983, 188*)

Moreover, Chuah (2005) criticised that the knowledge of the seller was not required to apply the fraud exception since fraud made the document entirely nullified. It has been argued that a forged document does not comply with the principle of strict compliance. Furthermore, this decision may lead to an increase of using forged documents in letters of credit. Moreover, there is no reason to deal with the seller preferentially since he has the right to sue the wrongdoer.

Furthermore, the general nullity exception is discussed in (*Montrod Ltd v. Grundkotter Fleischvertriebs GmbH and Standard Chartered Bank 2001*) in which a letter of credit stipulated that inspection certificates should be signed by a representative of Montrod. However, three certificates were signed by a beneficiary because he thought he had been authorised. The court declared that the bank should pay since the beneficiary acted not fraudulently and in good faith (*Montrod Ltd v. Grundkotter Fleischvertriebs GmbH and Standard Chartered Bank 2001*). However, Potter L.J. pointed out that: 'In my view there are sound policy reasons for not

extending the law by creation of a general nullity exception' (Montrod Ltd v. Grundkotter Fleischvertriebs GmbH and Standard Chartered Bank 2001, 335). These reasons include: it may lead to destroy the letter of credit system, harm the beneficiary when the good faith element was not considered, increase the duty of banks to investigate documents in contracts which are not required under UCP 500, and there is no authority under common law (Montrod Ltd v. Grundkotter Fleischvertriebs GmbH and Standard Chartered Bank 2001). Nevertheless, Hooley Richard criticised that this decision may enhance dealing with forged documents in international commerce, fake documents do not conform with letters of credit, and forged documents offer nothing secure for banks (Richard 2002). It has been argued that there is a precedent in common law as to nullity international trade (Motis Exports Ltd v Dampskibsselskabet Af 1912 Aktieselskab and Aktieselskabet Dampskibsselskabet Svendborg 1999). It should be pointed out that if a document is nullified because it is forged by a beneficiary, it seems non – controversial, therefore, this act is considered an offence (Nelson, 2011).

Furthermore, some commentators, against nullity exception for the same reasons, abovementioned by Potter L.J. (Nelson 2011). Generally, it may be useful to adopt a nullity exception in order to enhance the reliance of letters of credit. It seems this trend has been adapted by a Singaporean court (Donnelly, 2008). Moreover, it appears that UCP 600 does not put guidelines to courts and banks as to the nullity (García, 2010). Therefore, it has been suggested that rules may be required to state situations in which courts and banks may refuse to pay the amount equivalent with the UN Convention on Independent Guarantees and Stand-by Letters of Credit, which specifies events in which courts can issue an injunction, and banks can refuse to honour, guarantee or stand-by a letter of credit. Article 19 of this Convention shows that there is no obligation to payment, for instance, if it is clear any document is not genuine or has been forged, the amount is not due according to documents or the failure of implementation of underlying contract because of the intentional misbehaviour by a beneficiary. As Lord Diplock highlighted; 'It is unsupported by authority. It provides a further complication where simplicity and clarity are needed. There are problems in defining when a document is a nullity (United City Merchants (Investments) Limited v. Royal Bank of Canada 1983, 168).'

Moreover, despite Lord Diplock's refusal to accept illegality as an exception in (United City Merchants (Investments) Limited v. Royal Bank of Canada 1983): Clearly the illegality exception is accepted in the recent case, (Mahonia Ltd v JP Morgan Chase Bank And other 2003). In this case, Mahonia borrowed an amount to Enron Corporation. Repayment ensured by a letter of credit issued by WestLB AG. Enron failed to guarantee repayment. Then WestLB AG was asked to pay the amount, according to the letter of credit. The bank rejected allegations that the letter of credit was infected by illegality, since Enron did comply with United States Securities Laws (Mahonia Ltd v JP Morgan Chase Bank And other 2003). Based on public policy the court held that the illegality affected underlying transactions and the letter of credit (Mahonia Ltd v JP Morgan Chase Bank And other 2003). As a result, questions may arise as to the duty of a bank, for instance, is a bank liable to investigate main transactions? Does a bank have the ability to deal with specifications mentioned in an underlying contact (Carr, 2010)? It seems banks are not obliged to go beyond the letter of credit and are not responsible for any falsification or originality. Generally, some argue that courts sharply increase events of exception, and therefore, may destroy letters of credit (García, 2010). On the other hand, others argued that generally a buyer sometimes waives the discrepancies and there are not many letters of credits affected by courts (García, 2010). Nevertheless, a balance among all parties and international guidelines to courts are required.

5. CONCLUSION

Letters of credits seem very important in the field of international commerce because they give fast and secure ways of payment, and grant sellers more protection if the letter of credit is confirmed by a bank. In addition, it ensures documents conform with the conditions of a buyer. However, the letter of credit is governed by two principles. First, the principle of autonomy, which means the underlying contact is independent of and separate from the letter of credit. Secondly, the doctrine of strict compliance, which means that banks can reject documents that are presented by a seller if they not comply with the conditions of the letter of credit. Furthermore, the task of banks is to examine documents from their face, and without making an investigation. Additionally, the duty required from a bank is the duty of care. Moreover, this article has found that fraud exception seems to be the chief exception in the doctrine of autonomy. Considering fraud exception in UK courts, hard standards of proof are required since conditions of this expectation demand that the facts of fraud must be clearly established of which a bank has knowledge, and moreover, the beneficiary is not involved therein. This exception improves to include an illegality, which is criticised since it is very vague. However, UK courts refused a nullity exception, which may be accepted by other courts.

In addition, this article has illustrated that there is an approach which extends the fraud exception to include nullity exception which may enhance the letter of credit. Moreover, this article has suggested that a balance is required among all parties involved in the letter of credit, in order to enhance trust. As efforts which have been carried out as to UN Convention on Independent Guarantees and Stand-by Letters of Credit.

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GOVERNANCE, ETHICS AND SUSTAINABILITY: A REVISIT IN THE LIGHTS OF LESSON'S FROM KAUTILYA'S 'ARTHASASTHRA'

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ABSTRACT

Governance means administering the processes and systems placed for satisfying stakeholder expectation. When combined Corporate Governance means a set of systems procedures, policies, practices, standards put in place by a corporate to ensure that relationship with various stakeholders is maintained in transparent and honest manner. The institute of Company Secretaries of India defines Corporate Governance as "the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders". Corporate Governance as defined by James D Wolfensohn is about promoting corporate fairness, transparency and accountability. The fairness and transparency apparently relates to ethics and operationally result in sustainability. The lessons in this aspect are discussed in this paper. The methodology adopted is descriptive research by reviewing the lessons from Kautilya's Arthasasthra in the present context of governance, ethics and sustainability.

KEYWORDS

Governance, Arthasasthra, Business Ethics, Sustainability.

INTRODUCTION

Governance, as a concept has been known in both political and academic circles for a long time, referring generally to the task of running a government, or any other appropriate entity for that matter. World Bank typology quotes on good governance as "epitomized by predictable, open and enlightened policy making, a bureaucracy imbued with a professional ethos acting in furtherance of the public good, the rule of law, transparent processes, and a strong civil society participating in public affairs". On the other hand, OECD defines governance as 'the use of political authority and exercise of control in a society in relation to the management of its resources of social and economic development. This broad definition encompasses the role of public authorities in establishing the environment in which economic operators function and helps in determining the distribution of benefits, as well as the nature of the relation between the ruler and the ruled". Good governance encompasses all actions aimed at providing its citizens, a good quality of life.

Governance in macro sense could be identified under three heads viz., State Governance, NGO Governance and Corporate Governance. Here, the first one connotes the sovereign rule of the State/nation; the second one connotes the administration and management of not-for-profit segment of the institutionalized society. The third one deals with the for-profit segment generalized under Corporate Governance.

Prabhash et.al. (2012) reviews that in India, the question of Corporate Governance has come up mainly in the wake of economic liberalization and de-regularization of industry and business. The objective of any corporate governance system is to simultaneously improve corporate performance and accountability as a means of attracting financial and human resources on the best possible terms and of preventing corporate failure. With the rapid pace of globalization many companies have been forced to tap international financial markets and consequently to face greater competition than before. Both policymakers and business managers have become increasingly aware of the importance of improved standards of Corporate Governance.

Gulshan et.al. (2008) phrases out that Corporate means legally united into a body so as to act as an individual and governance is nothing but the dissection or control. Therefore 'corporate + governance = Corporate Governance' is nothing but the way by which corporation are controlled and directed. As corporation brings together different groups like employees, suppliers, customers, investors and government. To carry out the business conduct, these entire groups interact, cooperate and, contribute with each other. They are vital for the existence, survival and growth of the business. So corporations should be operated for the benefits of all these stakeholders

GOVERNANCE, ETHICS AND SUSTAINABILITY: COMPLEMENTING COMRADES

In today's changing face of corporate world, a proper balance between people's aspiration and business demands could be achieved with the implementation of good corporate governance that give presence to the human element in the organizations, mainly focus on people centered policies. The philosophy of corporate governance aims not only for achieving business goals but also to maintain the sustainability in profit and human values.

Ethics is not a recent discovery. Over the centuries philosophers in their struggle with human behaviour have developed different approaches to ethics, each leading to different conclusion. The field of ethics involves systematizing, defending and recommending concepts of right and wrong behaviour. Business ethics in short can be desired as the systematic study of ethical matters pertaining to business industry or related activities, institutions and beliefs. Business ethics is the systematic handling of values in business and industry.

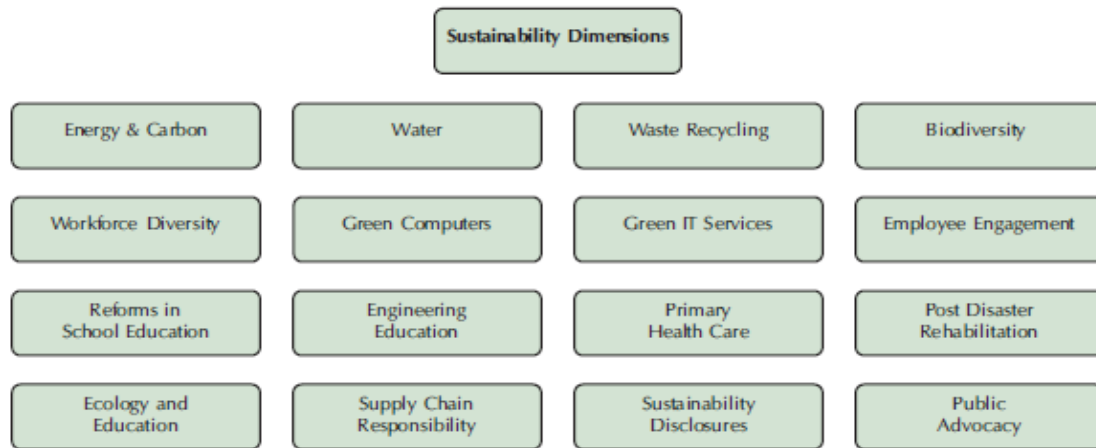
Business Ethics works on 3 C's of Compliance, Contribution and Consequences. Compliance refers to the adherence to the laws and rules of the land. Contribution refers to the quality, core value and employment delivered to the society. Consequences refer to the environmental impact and sound business policy.

"Good business ethics promotes good business"

Narayan (2012) reviewed that the terms 'Sustainability' and 'Sustainable Development' has become catch all phrases in the last few decades. The seminal book 'Silent Spring' by Rachel

Carson, published 50 years back in 1962, is widely credited as having triggered off the whole environmental movement. The subsequent decades saw a rising groundswell of sustainability consciousness that gradually encompassed within its fold concerns on economic development, resource limits to growth, and social inequity. Business wields enormous power and influence in today's world, both, economic and sociopolitical. With this power comes the concomitant responsibility to do anything good in the larger canvas.

EXHIBIT 1



Source: Adapted from PS Narayan, Vikalpa, Vol 37, June 2012

REVISITING THE LESSONS FROM KAUTILYA'S ARTHASASTHRA

Kautilya's Arthashastra as reviewed by many points out few things in common. The common arguments and concepts that are accepted to be propagated by Kautilya include the following:

- ❖ The Arthashastra classifies legal matters into civil and criminal and it specifies elaborate guidelines for administering justice in terms of evidence, procedures and witnesses. Furthermore, Kautilya strongly believed in Dandniti, though he maintained that penalties must be fair and just, and proportionate to the offence committed.
- ❖ Kautilya has seriously considered the problem of corruption. He has listed, in the Arthashastra, about forty ways of embezzling government funds. However, Kautilya is very practical about the problem of corruption. Kautilya feels that it is as difficult to discover the honesty or otherwise of an officer as it is to find out whether or not it was the fish that drank the water.
- ❖ In the sphere of economic administration, India of today has much to learn from Kautilya's Arthashastra. Kautilya recommends severe penalties on the officials of public enterprises which incurred losses, and rewards for those who showed profits. "Profit" was a "must" in Kautilya's scheme of running a country's administration.
- ❖ In Arthashastra, there is a definite effort to formulate a wage policy based on the realistic understanding of the economic, social and political factors. The emerging policy must be just, and must be consistent with the interest of the state. In Kautilya, the State is a party to any labour or wage legislation together with farmers, merchants and industrialists.
- ❖ Kautilya realized that the role of the State was to ensure that commercial activities do not violate laws or are harmful for the consumer and if the State did not establish and enforce codes of conduct, it would, in fact, raise transaction costs. The lack of trust and guarantee of quality would diminish commerce and increase search and verification costs for agents undertaking commercial transactions.
- ❖ Kautilya was of the view that cultivable land is better than mines because mines fill only the treasury while agricultural production fills both treasury and store houses. The Arthashastra spoke about the functions of a Superintendent of Agriculture and states that the King should understand the intricacies of agriculture.
- ❖ Kautilya considered trade the third pillar of economic activity and in consonance with this the Arthashastra details every aspect of trade.
- ❖ Apart from promoting trade by improving infrastructure, the state was required to keep trade routes free of harassment by courtiers, state officials, thieves, and frontier guards.
- ❖ Kautilya admitted that some degree of corruption would always exist, and cannot be scrutinized perfectly, 'It is possible to mark the movements of birds flying high up in the sky; but not so is it possible to ascertain the movement of government servants of hidden purpose.'
- ❖ Though the kingdom was a feudal monarchy, it had a well-structured administrative machinery, containing various departments and the heads of these departments were charged with well specified responsibilities; They were expected to run the team actively, efficiently prudently and profitably; The kingpin of administration was the King himself who was advised by a group of councilors, ministers and other high officials, who were carefully selected by the king himself after careful scrutiny of their character, background and leadership qualities.
- ❖ According to Kautilya, the King had to thoroughly test the integrity of those whom he had appointed. Kautilya also cautioned the dangers inherent in King's service.
- ❖ The emphasis assigned by Kautilya on efficient water management and the detailed instructions on how to do so contrasts with the grossly under tapped potential of this abundant natural resource. Millions trudge miles to obtain water in a country which has so much of it.
- ❖ Medicine, mathematics, military education, commercial education, statecraft, the arts, architecture are some of the areas in which extensive training was provided. Some of the eminent institutions of learning that flourished during the time included Nalanda and Takshila.

CONTEMPORARY RELEVANCE OF LESSONS: POINTS TO PONDER

Out of the revisit into the lessons from Kautilya's Arthashastra, the following major points could be arrived at to ponder with contemporary relevance.

- Governance with an inclusive perspective
- Centralized control of a sovereign nature
- Strict adherence to ethical standards and severe punishment for violations
- Transparency and accountability in action
- Inter-disciplinary sharing and growth of knowledge; and
- Urge for sustainability with due care for agriculture and environment

CONCLUSION

Governance with ethics leads to sustainability. Business is not an exception. The revisit to the lessons from Kautilya's Arthashastra also affirmed the needs for governance with inclusive perspective under centralized control of a sovereign nature where strict adherence to ethical standards are ensured through transparency in action, building of knowledge base and due concern for sustainability of development efforts.

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A CONCEPTUAL STUDY ON DISTANCE EDUCATION: PROBLEMS AND SOLUTIONS

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ABSTRACT

This paper deals with problems associated with distance education and their tentative solutions. First, it identifies those problems which were faced by distant learners during their course of study. Second, it also identifies the problems associated with the distance education system. Finally, it provides tentative solutions to these problems and some recommendations for the betterment of distance education. For this related content collected from different books, journals and internet was reviewed and then problems associated with distance education were identified. These were associated with nature of study material, lack of multi-media instruction, insecurities about learning, lack of feedback or contact with the teacher, lack of support and services, lack of social interaction among learners, lack of student training, absence of a teacher, low status of distance education institutes, rigidity imposed by university regulations, misconception about the role of distance education departments, discrimination with the product of the distance education departments and lack of support by the faculty. Keeping in mind these problems tentative solutions were suggested such as - If distance learning institutions are serious about providing equity of educational opportunity to all, then careful consideration must be given to the special needs of distance learners. We should use multi-media technologies during Personal Contact Programmes (PCPs). Proper planning and cooperation on the part of all those are associated with distant learners. If students are undertaking distance learning courses that require knowledge of computers, then the students must be taught, at a minimum, the fundamentals of operating the system of choice of the distance-taught course. Feedback on the part of concern distance educators and authority regarding admission, PCPs, assignments, examination and projects should be provided to the distance learners time to time. Understanding and mitigating technology problems are important, especially with the rapid expansion of technology. Further research into course development techniques will help learning institutions understand which methods work best in the distance learning classroom.

KEYWORDS

computer, distant-learner, feedback, multi-media.

INTRODUCTION

All over the world, distance mode of education is gaining a momentum and becoming more popular than conventional education. Distance learning is an excellent method of reaching the adult learner. Because of the competing priorities of work, home, and school, adult learners desire a high degree of flexibility. The structure of distance learning gives adults the greatest possible control over the time, place and pace of education; however, it is not without problems. Loss of student motivation due to the lack of face-to-face contact with teachers and peers, potentially prohibitive startup costs, and lack of faculty support are all hurdles to successful distance learning. Distance education is much more flexible and student centered in approach. By allowing students to learn in more convenient locations, and often at more convenient times, distance education opens educational opportunity to previously un-reached learners. It also enables students to extend the period of their education from a limited number of schooling years to a lifelong learning process. It changes power and authority relationships between teachers and students and often encourages more equal and open communication than occurs in traditional educational settings. Despite excessive efforts at large, the concept of open and distance learning has yet to reach its height. Open and distance education is a vast term. It has been conceptualized by various educationists in different manners. On the bases of their experiences people define distance education differently.

CONCEPTUAL FRAMEWORK OF DISTANCE EDUCATION

Distance education is the general term that includes the range of teaching and learning strategies used by Correspondence colleges, Open universities, Distance education departments of conventional universities and Distance education training units of private sector organizations.

Thus, the term is used to refer to the education of those who, for one reason or another, choose not to attend conventional schools, colleges, or universities but study at home. One of the most comprehensive definitions is by Keegan (1996) in which six basic defining elements of distance education were suggested. He observed that distance education is characterized by the separation of learner and tutor as opposed to face-to-face teaching, the influence of an educational organization which distinguishes distance education from private study, the use of technical media, e.g. print, audio, or website to unite tutor and learner, the provision of a two-way communication so that the student may engage in dialogue with the tutor, the possibility of occasional meetings for purposes of interaction and the self-directed nature of the learner's involvement.

An even more concise definition is that distance education is characterized by its focus on open access to education and training provision, freeing learners from the constraints of time and place, and offering flexible learning opportunities to individuals and groups of learners (UNESCO, 2002). Distance education has some specific characteristics, which separate it from the traditional system of education and provide it with unique feature as parallel to formal education such as there is no direct interaction or face-to-face activity between teacher and students but compensated by contact or counseling sessions (CS). There is two-way communication between teacher and student, which is facilitated by the organizing 'institutions. The institution develops self-instructional material (SIM) with the help of subject experts and specialists get it printed, send it to learners by post. Here, this communication between teacher and students can be termed as indirect interaction, which takes place generally through mails and can be supplemented by the electronic media also. But the media either print or electronic is necessary for communication. The third characteristic feature of distance education is either contact sessions or counseling sessions aimed to solve the queries of learners generated after studying the SIM. The group of learners, in contact or counseling (CS) may be different since this is not a compulsory activity. The topics to be discussed in CS are neither prescheduled nor pre-declared. Hence, there may be possibility to be repeated the same topic as the small group can be a bent on second day and the new students may have the same queries. In Open University system, the learners contact at their study centers for any information regarding SIM, CS and examination etc.

The distance mode of education plays an important role in meeting the need of such persons who are in great demand of education but can't complete their education from the formal or regular system of education. They may be- In service persons due to certain reasons could not complete their educational qualifications without disturbing their jobs, inferior from of socio-economic conditions but wants to enhance their education status, such persons who want to learn and earn simultaneously, such persons who are residing far away from the big cities or in remote areas and do not have colleges and universities for higher education, overflow from colleges/universities due to fix number of seats or merit, dropouts due to some personal reasons, now again motivated to study, such persons who always want to add something new in their knowledge or update their knowledge or something training, such women who are housewife but do have their for knowledge, some very active retired persons who still want to know about their changing environment and such students who cannot fulfill the basic qualification for entrance of the university.

NEED AND SIGNIFICANCE OF STUDY

Open and distance education basically caters to the need of people who really have an inner-quest to grow academically, in spite of various constraints Open and distant learners, can be understood as more sophisticated learners, are, in spite of several challenges, trying to cope with regular learners, as far as academic

development is concerned. While regular students have a lot of facilities available and people around concerned with their academic activities and growth continuously, open and distant learners are always struggling hard for the same. For the past few years, it has come to be seen that the distant learners, though they have enrolled for the course willingly, leave the course in the middle. In spite of their utmost urge they, somehow, are forced to drop the course. There are several reasons behind this unwanted result. A major reason for this drop-out may be found in the in-depth study of the students undergoing the distant learning courses. Whatever the reasons be, it is a challenge for the system of open and distance learning. One has to take up all these issues and challenge with concern, if we really want to strengthen the open and distance learning.

Distant-learners face a variety of problems pertaining to the system, as a whole, of open and distance learning. These problems, in turn, compel them to drop the course in the middle. As a consequence, this becomes a challenge for the open and distance learning system. So it is the need of the hour, that the various problems faced by open and distant-learners should be studied with due concern to overcome the challenge and hence the betterment of the open and distance learning system.

Thus, the need arose for the current study to have an in-depth look at these problems and suggest some solutions for the benefit of the students and hence enabling the open and distance learning system to cope with the challenges and possible threats ahead.

THE STUDY

This study is based on facts and experiences associated with open and distance learning and its target group. For this some books, journals and e-content related to distance education available on internet were studied. The present paper aims at discussing concept of distance education, problems faced by distant learners and problem associated with distance education system. The study makes an effort to provide suggestive solutions for the betterment of the distance and open learning system.

OBJECTIVES OF THE STUDY

1. To study the problems faced by distance learners.
2. To find out problems associated with distance education.
3. To suggest solutions for these problems.

REVIEW OF RELATED PRACTICES

Since the day, the concept of open and distance learning came into materialization, educationists are concerned about it and trying to give and implement various approaches for the field. The theoretical approaches by Sewart (1978, 1980) stress the institution's continuity of concern for the quality of support of the student as the basis of the Open University's claimed success of high completion rates. Here, emphasis has been given to the role of the institution and its concern for the learners. Most of the educationists like, who are concerned with open and distance learning, talk of student support and counseling. Careful systems for student support and counseling have been seen, as perhaps, one of the most important elements in the distance education system. Knowles (1980) believed that learner behaviour is influenced by a combination of the learner's needs plus the learner's situation and personal characteristics. Rekkedal (1985) studied the role of the teacher for the betterment of the practices and the learner. No single factor appears to cause nonparticipation; however, individual student characteristics and life circumstances appear to have the greatest impact on participation (Kerka, 1986). Garrison (1989) pointed out that with new communication technologies the boundaries between distance education and traditional education will become increasingly blurred. This may give rise to the solutions of various problems, if implied, in Indian context. The frustrations resulting from problems with communication between student and academic institution are factors of which distance education planners should be well aware (Wood, 1996). Distance learners demand and expect a high level of service when it comes to registration, delivery of course material and exams, quick turn-around times for grading exam and assignments and answering questions (Edge & Loegering, 2000). Here, the need of good quality service has been sought for the learners in various aspects of open and distance learning. Teachers with higher aspiration and achievement will make use of modern means to improve their information and quality of teaching, and incorporate modern ideas to become innovative (Vig & Singh, 2004). A paper by Stella and Gnanam (2004) highlights un-satisfaction to the approach being used for the system of open and distance learning. M-Learning also facilitates designs for authentic learning, meaning learning that targets real-world problems and involves projects of relevance and interest to the learner (Kukulka-Hulme & Traxler 2007; Traxler, 2007). Various educationists are concerned about the system of open and distance learning. In countries, mostly other than India, they have encountered several problems pertaining to the field and they have made efforts to solve those in their own way. Despite improvements in educational indicators, such as enrolment, significant challenges remain with regard to the delivery of quality education in developing countries, particularly in rural and remote regions. In the attempt to find possible solutions to these challenges, much hope has been placed in new information and communication technologies (ICTs), mobile phones being one example (Valk, Rashid & Elder, 2010). They see the use of ICT as a major solution to the open and distance learning problems. Farajollahi & Moenikia, (2010) found relationship between students support services and its components with academic achievement. This is a major issue of concern that most of the studies are held in developed countries, and in spite of solutions given by them, people in developing and underdeveloped countries, are still not able to apply those in the field and are continuously facing similar problems. This is the need of the hour that we have to look at the problems in a wider scope and perspective for the betterment of open and distance learners and practices associated with it in India, keeping in mind the international concern pertaining to the field.

PROCEDURE

Some books, journals and e-contents related to distance education and distant learners were studied to find out the problems associated with distance education and its target group during the available time. Various problems faced by distance learners and associated with distance education were enlisted. Solutions for these problems were suggested.

OUTCOMES

Content collected from available resources reflects the problems faced by distant learners and problem associated with the existing distance education system and also suggested the tentative solutions to these identified problems. The distance education system is developing very fast but there are many limitations which need analysis and review for putting the distance education system on sound lines.

(A) PROBLEMS FACED BY DISTANT LEARNERS

These are the problems faced by distant learners, while undergoing open and distance learning.

a) Nature of Study Material

This problem is common with newer distance students. Study materials must take into account the significant proportion of students who enroll with little or no experience of distance study. These students are at risk of dropping out unless they develop study survival skills as rapidly as possible (Wood, 1986). The background of the learner is important in the preparation of the learning materials. It is difficult to prepare lessons according to the individual differences of the learners. Moreover, we are providing similar material to rural and urban students having different needs, experiences and learning environment.

• Solution

If distance learning institutions are serious about providing equity of educational opportunity to all, then careful consideration must be given to the special needs of students undertaking distance education for the first time. Of particular importance is the design of study materials for distance students. No doubt at particular level we have to attain similar learning experiences so content for all learners should be same but examples, activities and experiences should be included in learning material according to their needs, learning experiences and expectations.

b) Lack of Multi-Media Instruction

There is more stress on sending of printed materials. But there is a dearth of facilities of multi-media instruction. The variety in the learning materials also improves the quality of learning. The lessons written for the students usually are written by the teachers belonging to the traditional system and therefore these materials normally lack in itself instructions methodology.

- **Solution**

We should use multi-media technologies during PCPs, otherwise students limited experiences will delimit to lecture method only. Moreover, Multisensory instructions are very useful to provide concrete experiences to distance learners and for multisensory instruction we require multi-media approach.

c) Insecurities about learning

More so than traditional students, distance learners are more likely to have insecurities about learning (Knapper, 1988). These insecurities are found in personal and school related issues such as financial costs of study, disruption of family life, perceived irrelevance of their studies and lack of support from employers. These pressures often result in higher dropout rates than among traditional students (Sweet, 1986).

- **Solution**

Proper planning and cooperation on the part of all those are associated with distant learners.

d) Lack of feedback or contact with the teacher

Because there is no daily or weekly face to face contact with teachers, students may have trouble in self-evaluation. The separation of student and teacher imposed by distance removes a vital link of communication between these two parties. The link must be restored through overt institutional efforts so that the teaching-learning transaction may be reintegrated (Keegan, 1986, p. 120). Citing Tinto (1975), Keegan hypothesized that students who did not receive adequate reintegration measures such as electronic or telephone communication, would be less likely to experience complete academic and social integration into institutional life. Consequently, such students would be more likely to drop out (Sheets, 1992).

- **Solution**

This problem can be tackled through technological methods such as e-mail, telecommunication and postal mail by integrating these into the delivery of the course to provide the missing interactivity.

e) Lack of support and services

Provision of student services such as advisement, library services, admissions and financial aid is a critical aspect of any distance learning program. The isolation that results from the distance learning process can complicate the learning process for adult students.

- **Solution**

Support and services such as providing tutors, academic planners and schedulers, and technical assistance for distance learners should not be neglected when planning distance programs. Students need tutors and academic planners to help those complete courses on time and to act as a support system when stress becomes a problem.

f) Lack of Social Interaction

Students of all kinds want to be part of a larger school community, and simply a member of a correspondence course. For many traditional students, this is the part of their social lives. The "distance" aspect of distance learning takes away much of the social interactions that would be present in traditional learning environments. Geographical isolation has been identified as one of the major problems for distance students. In addition to the practical problems of contacting academic and administrative staff, obtaining study materials and borrowing library books, distance students suffer from the disadvantage of being unable to interact with other students and are often denied the perception that they belong to a scholarly community. This may lead to feelings of inadequacy and insecurity, and a lack of confidence in their own abilities (Wood, 1996).

- **Solution**

This problem must be moderated by institutions providing a sense of personal involvement between the student and the institution. One way to solve this problem is through the use of tutors that communicate with students electronically, by phone or personally at personal contract programme. Students believe that having a good tutor is vitally important in helping them get the most out of a course and to achieve a credit (Meacham & Evans, 1989).

g) Lack of student training

Many adult students are not well versed in the uses of technology such as computers and the Internet. Using electronic medium in distance learning can inadvertently exclude students who lack computer or writing skills. These skills are required if computer technology is used. Students will typically be offered volumes of electronic-based information. Using this information will be a problem for some non-technical students. They must be taught how to manage, not only their study time, but the materials presented as well.

- **Solution**

If students are undertaking distance learning courses that require knowledge of computers, then the students must be taught, at a minimum, the fundamentals of operating the system of choice of the distance-taught course. If distance learning is to be successful, technical problems must be made a non-issue.

(B) PROBLEMS ASSOCIATED WITH DISTANCE EDUCATION**a) Lack of the presence of a teacher**

The first and the foremost critic of the system of distance education is that it lacks the presence of a teacher. It is said that education is a Tripler Process- teacher, students and curriculum, out of which the important pole i.e. the teacher is almost missing or behind the scene.

- **Solution**

Feedback on the part of concern distance educators and authority regarding admission, PCPs, assignments, examination and projects should be provided to the distance learners time to time.

b) Low Status of Distance Education Institutes

Leaving aside the open universities, distance education departments are functioning within the framework of traditional Universities. The authorities of the universities do not provide full facilities to these departments. In this way, the potential of the system remains unutilized. If distance education continues to be subservient to the traditional universities, then it will remain a poor relation of traditional system of education with its wings of innovation completely clipped off and it would not grow beyond that.

- **Solution**

First, extension counter of different universities in the state in the form of shops, who are selling degrees, should be banned or their degree should not be considered for any benefit both for students and employees. Second, these distance education departments should be given autonomy to prepare their own action plan and policies keeping in mind the available resources and needs of the distant-learners into consideration.

c) Rigidity Imposed by University Regulations:

Distance education departments have to function within the rules and regulations of the universities thus leaving little scope for experimentation, the faculty in regular departments try to put hurdles in the working of these departments. For example, the frequent revisions of syllabus without consulting distance education departments. Both campus- based and distance education have much to gain from fuller integration in terms of expanding the range of courses available to distance education students, economizing on teaching functions and allowing campus –based students greater flexibility in choosing from a range of resources and strategies for learning.

- **Solution**

While talking about distance learning and conventional learning system, it is to be kept in mind that these two systems are not opponent to each other. The two systems can move together in order to take benefit of each other in serving the noble cause of providing education to all. However, distance education can achieve more so far as widening access to education is concerned.

d) Misconception about the Role of Distance Education departments

University authorities and faculties of regular departments think that the main function of distance education departments is to mobilize resources for meeting the deficit of the University. This is fallacious and wrong impression. Distance education can provide services at less cost but cannot be like coaching academies.

- **Solution**

These departments of distance education must be the centre of higher learning in the same way as regular departments and should contribute to the academic excellence for which the university stands for. Misconception should be overruled soon.

e) Discrimination with the Product of the Distance Education Departments

It has been that the university and outside that the products of distance education are not equated with the products of traditional system inspite of their better achievement in the same examination.

- **Solution**

Why is it so? This needs to be examined and discouraged. We may keep in mind that knowledge knows no boundaries and it is not the monopoly of anyone. But authenticity of the product should be checked and criteria for achievement should be accessed.

f) Lack of support by the faculty

More than any other participant, faculty roles must change the most in administering distance learning programs. This can be difficult adjustment for some teachers. They must change teaching styles to that of a mentor, tutor, and facilitator. They must meet the needs of distance students without face-to-face contact. Since the majority of distance learners are adults, teachers may need to change their teaching style. Faculty is responsible for changing their course content to accommodate diverse student needs and expectations. So long as college faculty feels there is a burden associated the distance education program currently in place, there will be little support for expanding distance education opportunities. There are a number of reasons for this lack of support. Teachers may lack the basic skills or hardware to fully participate in distance education.

- **Solution**

The introduction of computers, telecommunications, and the World Wide Web provides an extraordinary opportunity for faculty and students to learn in a cooperative environment.

g) Student Assessment

Assessing student performance is a problem area in distance learning. It is a commonly held belief that distance students perform more poorly in assessment than do internal students because of the additional pressures and burdens of distance study

- **Solution**

Maintain the same course content, learning objectives, standards, and credits for all sections, regardless of method of delivery. More research into instructional methods and models is needed to identify those that work well in distance learning (Jackman, et, 1994). Participatory and active learning models are preferred by distance learning students. The course content affects student persistence.

RECOMMENDATIONS

The three basic factors - distance, communication and infrastructure - can give solutions to all challenges, if properly dealt with. Perhaps the main problem with the term is that it tends to make the fact that many students in distance systems are metropolitan residents and that it is the distance between the teaching acts and the learning acts that is crucial, not the magnitude of the geographical separation of teacher and learner (Keegan, 1996). Innovations and experiments can give a better solution to all these challenges in Indian context. Although distance learning is not new, it has not received respect in the academic community because of the number and seriousness of problems presented here. The dramatic growth of the adult learner population is making distance learning an increasingly popular choice of learning techniques. Problems and hurdles encountered by the student fall into several distinct categories; costs and motivators, feedback and teacher contact, student support and services, separation and isolation, lack of experience, and training. Faculty experience problems such as lack of staff training in course development and in technology, lack of support for distance learning in general, and inadequate faculty selection for distance learning courses. Sometimes the coursework for traditional and distance students is the same. Often it is not. There can be a lot of up front effort in designing distance learning material. Computers, video equipment, communications software and the like, present challenges and frustrations. Faculty must know how to use these technologies if they are to teach distance courses. Training students and staff, particularly in troubleshooting problems, is imperative to success in technical distance learning. Further study of student demographics and motivators will help to target the adult learner population and will help institutions to develop course materials and techniques appropriately. Close scrutiny of the intrinsic problems in distance education will help overcome problems encountered by students and faculty. Understanding and mitigating technology problems are important, especially with the rapid expansion of technology. Further research into course development techniques will help learning institutions understand which methods work best in the distance learning classroom.

CONCLUSION

With these problems, there is a danger of the system becoming stereotyped leading to inertia. Until and unless, this inertia is removed, the system of distance education may deteriorate. Thus, distance education requires better planning and implementation as this system has to operate in a challenging and difficult environment of openness. There is need to devise ways and means to improve upon the external and internal environment of distance education system to avoid stagnation and generate dynamism and development to reap the potential of this system. We may say in the words of Fred Jevons, 'distance Education should no longer be written off as second best. It has a different pattern of advantages and disadvantages from campus-based education but it is not intrinsically inferior. Distance education has some advantages which should be recognized more widely. Easier access, independent learning opportunities, a more intimate interface with employment, better quality controls over course materials, the possibilities of cumulative improvement over course materials, the possibilities of cumulative improvement in pedagogic quality, the staff development effect and under certain circumstances, lower cost.' Distance education has the potential to make equity and access to education a reality and, thus, increase opportunities for a population in a vast democracy like ours. It has great potential for meeting the requirements of the varied demands for human resources. In doing so, our programmes should not be so stereotyped in their urban context, that students in rural areas get no benefits from them. We often forget that a majority of our youth lives in rural areas and a substantial number of our colleges are located in district headquarters. They need courses more appropriate to their local context in upgrading their household occupation, agro-industries, and rural enterprises such as cooperatives, rural banks, rural development and Panchayati Raj institutions, as also the vastly developing rural service sector, especially in the fields of transport, storage and communication. We have a vast potential for reaching out to this sector which has been largely left untouched by our urban-based universities and teachers who develop the syllabi. We need to have open universities and schools in every states of the country to nurture this vast sector for human resource development leading to a sproductive India of the future. Hence we need the growth of distance education to reach out to this vast country and its diverse needs, and especially for developing competency for various occupations and careers.

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WOMEN ENTREPRENEURSHIP IN INDIA

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ABSTRACT

Entrepreneurship of Women development is an essential part of human resource. Development Compared to other countries the development of women entrepreneurship is very low in India, especially in the rural areas. However, women of middle class are not too eager to alter their role in fear of social backlash. The progress is more visible among upper class families in urban cities. This paper focuses on women entrepreneur. Any understanding of Indian women, of their identity, and especially of their role taking and breaking new paths, will be incomplete without a walk down the place of Indian history where women have lived. The paper talks about the status of women entrepreneurs and the problems faced by them. And also how much credit can be given to entrepreneurship for the unprecedented innovation and growth of free-enterprise economies. This paper presents a summary of research on entrepreneurs and discusses the trends in the development of the field. A second section presents the category of Women entrepreneurs in different phases & participation of women as Entrepreneurs. The third section focuses on the most dynamic Successful Women Entrepreneurs in India; simultaneously the paper gives an insight into the challenges faced by women entrepreneurs.

KEYWORDS

entrepreneurship growth, women entrepreneurs, key to success, problems, challenges.

INTRODUCTION

The origin of the basic word “entrepreneurship” is from a French word “Entree” „To enter” and “Prendre” “to take” and in general sense applies to any person starting a new project or trying a new opportunity. The Oxford English dictionary 1897 defines the term “Entrepreneur” in similar way as the director or the manager of public musical institution, one who gets up entertainment arranged, especially musical performance. Initially in the early sixteenth century applied to those who were engaged in military expeditions. In seventeenth century it was extended to cover civil engineering activities such as construction and fortification. Since then the term entrepreneur is used in various ways.

The Definition given by Govt. of India about women entrepreneurship, “An enterprise owned and controlled by a Women and having a minimum financial interest of 51% of the capital & giving at least 51 % of the employment generated in the enterprise to Women”.

OBJECTIVES OF THE STUDY

- To explore the reasons why women, start business of their own: Key to success.
- To study the characteristics of women entrepreneurs.
- To study the categories of Women Entrepreneurs in India.
- To find the problems encountered by women in starting business Enterprises.
- To study Development of Women Entrepreneurs.

METHODOLOGY OF STUDY

The study focuses on extensive study of Secondary data collected from various books, National & international Journals, publications from various websites which focused on various aspects of Women Entrepreneurship.

WOMEN ENTREPRENEURSHIP: KEY TO SUCCESS

Today's world is not static it is dynamic, more women are deciding to launch their own business for a variety of reasons.

1. To achieve for independence & flexibility.
2. To better balance work & family.
3. To make optimum use of technical education & qualifications.

CHARACTERISTICS OF WOMEN ENTREPRENEURS

Women entrepreneurs tend to be highly motivated & self-directed, they also exhibit a high internal locus of control & achievement. Researchers contend that women business owners possess certain specific characteristics that promote their creativity and generate new ideas and ways of doing things.

Did you know that women-owned businesses are one of the fastest growing segments of our economy, according to the Small Business Administration? If you have been considering starting your own business, now it is a good time to get started.

Starting your own business takes a lot of know how starting with planning. You also have to know about preparation, financing and marketing. Add to that, is the importance of keeping an open and positive frame of mind. You have to believe you can succeed in order to make it a reality.

One key characteristic of all successful entrepreneurs is that they have vision. They find a niche in a particular market and find a way to fill it. They give life to their vision/business and either personally or finding a way to make it happen. This “vision” keeps them focused and able to bring product or service to the market.

Entrepreneurs are also very self-motivated. They don't wait for someone to tell them to get to work. They are self-propelled and do the work because they want to. They know that it takes discipline and self-sacrifice to make their dreams come true.

This is especially true when your business is still fledgling. At this stage it may be up to you to oversee and implement all aspects of the business. To make it work, you have to have an unflinching believe in yourself and your ideas.

Times will get hard. It's likely that your business won't be an instant success. Most new businesses fail in the first few years, so it takes courage to know that and still give it a go. The ones that do succeed know that it takes perseverance to make it happen.

Ladies, don't let others discourage you from living your dreams. Sure, you will suffer setbacks and face hardship but you will also be richly rewarded if you stick with it. You will be able to be your own boss and see your ideas come to fruition. That's something most of us never experience. It's a comfort and a challenge to know that much of your success depends on what effort you expend.

Think hard before you decided to quit your present job and start your own business. It is doable but not without many sacrifices. Still, the rewards can be great if you are willing to put in the effort.

- Sharp Communication skills.
- Good interpersonal skills
- Consensus building competencies
- Very High level of Emotional Quotient.
- Good decision making capabilities.

TRAITS OF WOMEN ENTREPRENEURS**TABLE 1**

Opportunity Seeker	Visionary
Inventor	Tolerance
Commercialiser	Desire for Independence
Trader	High Energy
Innovator	Ability to bounce back
Flexible	Result oriented
Need for achievement	All rounder
Internal Control	Decisive
Self-Confident	Self-Motivated
Pragmatic	Flairful

CATEGORIES OF WOMEN ENTREPRENEURS

- Women in organized and unorganized sectors.
- Women in Traditional and Modern Industries.
- Women in Urban and Rural areas.
- Women in Large scale & Small scale industries.

CATEGORIES OF WOMEN ENTREPRENEURS IN INDIA**First Category**

- Established in big cities.
- Having higher technical qualification.
- Sound financial positions.

Second Category

- Established in cities and towns
- Having sufficient education
- Undertaking Women services – Kinder garden, Crèches, Beauty parlors, Health Clinics etc.,

Third Category

- Illiterate Women
- Financially Weak
- Involved in family business like Agriculture, Dairy, Handlooms, Power looms, Horticulture etc.,

WOMEN ENTREPRENEURSHIP**TABLE 2**

STATES	NO. OF UNITS REGISTERED	NO. OF WOMEN ENTREPRENEURS	PERCENTAGE
Tamil Nadu	9618	2930	30.36
Uttar Pradesh	7980	3180	39.84
Kerala	5487	2135	38.91
Punjab	4791	1618	33.77
Maharashtra	4339	1394	32.12
Gujarat	3872	1538	39.72
Karnataka	3822	1026	26.84
Madhya Pradesh	2967	842	28.38
Other States & UT's	14576	4185	28.71
Total	57452	18848	32.82

WOMEN WORK PARTICIPATION**TABLE 3**

COUNTRY	PERCENTAGE
India	31.60
USA	45.00
UK	43.00
Indonesia	40.00
Sri Lanka	45.00
Brazil	35.00

TABLE 4: SHOWING DOING BUSINESS IN INDIA – COMPARISONS AMONG MAJOR CITIES/ CAPITALS

S. No	Country	Ease of Doing Business (Rank)	How many days to start a Business (Days)	Days to Enforce a contract (Days)	Time to close a Business (Years)	Days to Export
1	Ludhiana	1	33	862	7.3	21
2	Hyderabad	2	33	770	7	26
3	Bhubaneswar	3	37	735	7.5	17
4	Gurgaon	4	33	1163	7	25
5	Ahmedabad	5	35	1295	6.8	17
6	New Delhi	6	32	900	7	25
7	Jaipur	7	31	1033	9.1	22
8	Guwahati	8	38	600	8.3	22
9	Ranchi	9	38	985	8.5	21
10	Mumbai	10	30	1420	7	17
11	Indore	11	32	990	8	21
12	Noida	12	30	970	8.7	25
13	Bangalore	13	40	1058	7.3	25
14	Patna	14	37	792	9.3	19
15	Chennai	15	34	877	7.5	25
16	Kochi	16	41	705	7.5	28
17	Kolkata	17	36	1183	10.8	20

Source: World Bank Doing Business in India 2013

SUCCESSFUL INDIAN BUSINESS WOMEN

- 1. INDIRA NOOYI:** This brilliant corporate woman started her career in Boston Consulting Group. She joined Pepsi Company in 1994, she turned the company into a bold risk taker. In 1998 Pepsi acquired Tropicana in 1997 Pepsi started its own fast food chain. She became the President of Pepsi cola in 2001. Wall Street Journal included her name in the top fifty Women to watch in 2005. Simultaneously Fortune Magazine also declared her 11th most powerful women in business.
- 2. DR. KIRAN MAZUMDAR SHAW:** She is the Chairman and Managing Director of Biocon Limited who became India's richest women in 2004. She founded Biocon India with a capital of ten thousand in her garage in 1978. The initial operation was to extract an Enzyme from Papaya. Her applications for loans were turned down by banks-on three counts. Biotechnology then was a new word, the company lacked assets and women entrepreneurs were still a rarity. Today her company is the biggest Biopharmaceutical firm in the country.
- 3. NAINA LAL KIDWAI:** She was the first Indian Women to graduate from Harvard Business School. Fortune magazine listed Kidwai among the world's top fifty corporate women from 2002-2003. According to the Economic Times she is the first women to head the operations of foreign Banks in India. Also she was awarded the Padmashree.
- 4. VAIDYA MANOHAR CHHABRIA:** Chairman of Jumbo Group. The wife of a late Manohar Rajaram Chhabria is now leading Jumbo 'group, a Dubai based Dollar 1.5 billion business conglomerate. She was ranked 38th most powerful women by the Fortune Magazine in 2003.
- 5. NEELAM DHAWAN:** Managing Director of Microsoft India. She is well known figure in IT industry of India. Before joining Microsoft, she worked in almost all the top IT Companies.
- 6. SHAHNAZ HUSSAIN:** She is another successful women entrepreneur in India. She popularized herbal treatments for beauty and health problems. Her company Shahnaz Hussain Herbals was the largest of its kind in the world and had a strong presence in over hundred countries from the USA to Asia.
- 7. LALITA GUPTA AND KALPANE MORPARIA:** Joint Managing Directors of ICICI Bank have made immense contribution to the banking sector in India.
- 8. EKTA KAPPOR:** Who is popularly known as the 'Soap Queen'. Creative Director of Balaji Telefilm is credited for bringing about a revolution in the Indian small scale industry. She is rare combination of beauty and brain and a great inspiration for budding entrepreneurs.

PROBLEMS FACED BY WOMEN ENTREPRENEURS

- 1. Lack of Working Capital:** To be Women and to do something on their own becomes quite difficult for them because of lack of access to funds as Women do not process any tangibles security.
- 2. Motivational Factor:** Self-Motivation. Attitude to take up risk and behaviour towards the business society, family support, financial assistance from public and private Institutions and also environmental suitable for Women to establish business units.
- 3. The family structure is generally male dominated;** hence the Male members think it is a big risk financing the ventures run by women. Greatest deterrent to women.
- 4. The financial institutions are skeptical about the entrepreneurial abilities of women.** The bankers consider women loonies as higher risk than men loonies. The bankers put unrealistic and unreasonable securities to get loan to women entrepreneurs.
- 5. Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations.** "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business.
- 6. The Male-female competition is another factor, which develop hurdles to women entrepreneurs in the business management process.** Despite the fact that women entrepreneurs are good in keeping their service prompt and delivery in time, due to lack of organizational skills compared to male entrepreneur's women have to face constraints from competition.

CONCLUSION

According to the study it has been observed that Women are very good entrepreneurs, and prefer to choose the same as they can maintain work life balance. Even though we have many successful Women Entrepreneurs in our country, but as we have a male dominated culture there are many challenges which women entrepreneurs face from family and society.

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IMPACT OF FII FLOWS ON INDIAN MARKET VOLATILITY

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ABSTRACT

Indian equity markets are today well integrated into the Global financial markets and are playing vital role for the benefit of investors' fraternity. They are well organized and are considered to be efficient because they react well both to international and internal factors. FIIs consider Indian equity markets as one of the best destinations. There is a steady increase in FII flows in to the Indian equity markets during the last few years. In this context the present study aims at an analysis of the impact of FII flows on the volatility of NIFTY. The time-series data on FII flows, NIFTY and DEFTY indices for the period of 2001-20015, were tested for stationary using ADF test. Granger's Causality Test was employed to investigate the possible causal relationship between the co integrated variables. However, investigation of volatility using models like ARCH, GARCH, EGARCH, etc reveals that there is no causality between FII flows and Nifty Volatility during the study period. Results of this study are useful to the FIIs, Retailers, QIBs, Pension Fund and Mutual Funds managers.

KEYWORDS

Defty, FII, Rupee Vs Dollar, VIX India Index, mutual fund.

JEL CODES

H5, G2, G22.

ABBREVIATIONS

FII	:	Foreign Institutional Investments
DII	:	Domestic Institutional Investments
DEFTY	:	Nifty in terms of Dollar
NIFTY	:	NSE index

1. INTRODUCTION

The term Foreign Institutional Investment (FII) is used most commonly in India refers to those outside investors who are investing in the financial markets of India. International institutional investors must register with the Securities and Exchange Board of India to participate in the market. One of the major market regulations pertaining to FIIs involves placing limits on FII ownership in Indian companies. An investor or investment fund that is from or registered in a country outside of the one in which it is currently investing. Institutional investors include hedge funds, insurance companies, pension funds and mutual funds. The FII flows are considering the Indian markets has safest place for their investments for this analysis where Nifty volatility is caused by the FII flows or not. The global financial crisis has re-emphasized the impact of volatility on portfolios. Post the financial crisis investors started exploring various options to hedge their portfolios against changing volatilities. Focus to index exposure, diversifying across asset-classes and volatility as one of the asset classes have emerged. Exchange traded products on volatility have picked up. India VIX indicates the investor's perception of the market's volatility in the near term. From the best bid-ask prices of NIFTY Options a contract, a volatility figure (%) is calculated which indicates the expected market volatility over the next 30 calendar days. India VIX uses the computation methodology of CBOE, with suitable amendments to adapt to the NIFTY options order book. A high India VIX value would suggest that the market expects significant changes in the Nifty, while a low India VIX value would suggest that the market expects minimal change. It has also been observed that historically, a negative correlation exists between the two. Volatility indices like India VIX are often perceived to display mean reverting characteristics by oscillating around a long-term variance.

2. OBJECTIVES OF THE STUDY

1. To Measure the relationship between FII, DII, Nifty, Defty and Rupee Vs Dollar.
2. To Measure the impact of FII flows on Defty, FII flows on Nifty Volatility, FII on VIX India index and Currency fluctuation influence on FII flows.

3. LITERATURE REVIEW

1. Beaker and Harvey: As the Indian equity market is growing, the trend and future prospects in foreign institutional investments has become a topic of great concern. A recent research survey by Japan Bank for international operation (JBIC), shows that in the next 3 years, India will be the third most favored investment destination for Japanese investors. A Smith Barney (a CITI group Division) study says estimated market value of foreign institutional investment in the top 200 companies in India (including ADRs and GRDs) at current market prices is US \$43 billion. This is 18% of the market capitalization of BSE 200. It is established in literature that block shareholders influence the firm performance (Cho & Padmanabhan, 2001).

2. Douma, Kabir and Rejie 2006: They investigated the impact of foreign institutional investment on the performance of emerging market firms and found that there is positive effect of foreign ownership on firm performance. They also found impact of foreign investment on the business group affiliation of firms. (Aggarwal, Klapper and Wysocki, 2005) observed that foreign investors preferred the companies with better corporate governance.

3. Chakrabarti (2001): He conducted the pair-wise Granger Causality tests between FII inflows and returns on the BSE National Index. He found that portfolio investment from FIIs was more an effect than a cause of market returns in India. **Mukherjee, Bose and Coondoo (2002)** studied the cause-and-effect relationship between FII flows and returns on the Indian equity market.

4. Bohra, N. Singh and Dutt, Akash. (2011): Studied the behavioral pattern of FII in India and figure out the reasons for indifferent responses of BSE Sensex due to FII inflows. They found the correlation between FII investment and turnover of different individual groups at BSE Sensex. They concluded that there is a positive correlation between FII investment and stock market but in year 2005 and 2008, it was also observed that positive or negative movement of FII's investment leads to a major shift in the sentiments of domestic or related investors in market.

5. Shukla, K. Rajeev et al (2011): Investigated the impact of foreign institutional investors on Indian stock indices. He revealed that India, after United States hosts the largest number of listed companies and Global investors now enthusiastically seek India as their preferred destination for investment. Many Indians working in foreign countries now divert their savings to stocks. They concluded that FIIs have significant impact on the share prices of the Midcap & Small-cap companies but small and a periodic shift in their behavior leads to market volatility.

4. RESEARCH METHODOLOGY

This analysis is based on secondary data by using the descriptive statistical tools. The following formulas were considered for the analysis.

Bi variant correlation

Bi variant analysis is one of the simplest forms of quantitative (statistical) analysis. It involves the analysis of two variables (often denoted as X, Y), for the purpose of determining the empirical relationship between them. In order to see if the variables are related to one another, it is common to measure how those two variables simultaneously change together.

$$S[i, j] = \frac{\sum_{k=M_t}^{M_t+L-1} T[k, i]T [k, j]}{\sqrt{\sum_{k=M_t}^{M_t+L-1} T[k, i]^2} \sqrt{\sum_{k=M_t}^{M_t+L-1} T[k, j]^2}}$$

HETEROSKEDASTICITY TEST

In statistics, when the standard deviations of a variable, monitored over a specific amount of time, are non-constant. Heteroskedasticity often arises in two forms, conditional and unconditional. Conditional Heteroskedasticity identifies non-constant volatility when future periods of high and low volatility cannot be identified. Unconditional Heteroskedasticity is used when futures periods of high and low volatility can be identified.

$$Y_i = \beta_1 + \beta_2 X_{2i} + \beta_3 X_{3i} + u_i \quad 1 \dots n$$

4.1 REGRESSION ESTIMATION MODELS

Arch: An econometric term used for observed time series. ARCH models are used to model financial time series with time-varying volatility, such as stock prices. The ARCH concept was developed by economist Robert F. Engle, for which he won the 2003 Nobel Memorial Prize in Economic Sciences.

$$\sigma_t^2 = \omega + \sum_{i=1}^q \alpha_i \varepsilon_{t-i}^2 + \sum_{i=1}^q \alpha_i^- \varepsilon_{t-i}^2 I(\varepsilon_{t-i} < 0),$$

GARCH: A statistical model used by financial institutions to estimate the volatility of stock returns. This information is used by banks to help determine what stocks will potentially provide Higher returns, as well as to forecast the returns of current investments to help in the Budgeting process.

$$\log \sigma_t^2 = \omega_t + \sum_{k=1}^{\infty} \beta_k g(Z_{t-k}),$$

TARCH: Finance theory suggests that an asset with a higher perceived risk would pay an higher return on average. Then, the theory suggests that the mean return would be related to the conditional variance or standard deviation

E-GARCH: The exponential GARCH (EGARCH) model is a GARCH variant that models the logarithm of the conditional variance process. In addition to modeling the logarithm, the EGARCH model has additional leverage terms to capture asymmetry in volatility clustering.

$$g(Z_t) = \theta Z_t + \gamma(|Z_t| - E|Z_t|).$$

PARCH: An econometric term used for observed time series. ARCH models are used to model financial time series with time-varying volatility, such as stock prices. The POWER ARCH is also called PARCH concept was developed by economist Robert F. Engle, for which he won the 2003 Nobel Memorial Prize in Economic Sciences.

Johnson Co-integration test: Johansen tests assess the null hypothesis $H(r)$ of co integration rank less than or equal to r among the num Dims-dimensional time series in Y against alternatives $H(\text{num Dims})$ (trace test) or $H(r+1)$ (maxeig test). The tests also produce maximum likelihood estimates of the parameters in a vector error-correction (VEC) model of the co integrated series.

$$X_t = \mu + \Phi D_t + \Pi_p X_{t-p} + \dots + \Pi_1 X_{t-1} + e_t, \quad t = 1, \dots, T$$

Granger Causality Test: The Granger causality test is a statistical hypothesis test for determining Whether one time series is useful in forecasting another. Regressions reflects "mere" correlations, but Granger argued that causality in economics could be reflected by measuring the ability of predicting the future values of a time series using past values of another time series. Since the question of "true causality" is deeply philosophical, econometricians assert that the Granger test finds only "predictive causality."

$$\mathbb{P}[Y(t + 1) \in A | \mathcal{I}(t)] \neq \mathbb{P}[Y(t + 1) \in A | \mathcal{I}_{-X}(t)]$$

5. PERIOD OF STUDY

1. The analysis has been emphasized between 2001 to 2015 period i.e. 15 Years data.
2. This paper has focused on FII flows which were rolled in to the Indian equity market
3. All the variables are used for the analysis were yearly averaged with the stationary data.

6. LIMITATIONS

- VIX India index, DII Flows and Defty data considered from 2009-2015.

7. ANALYSIS

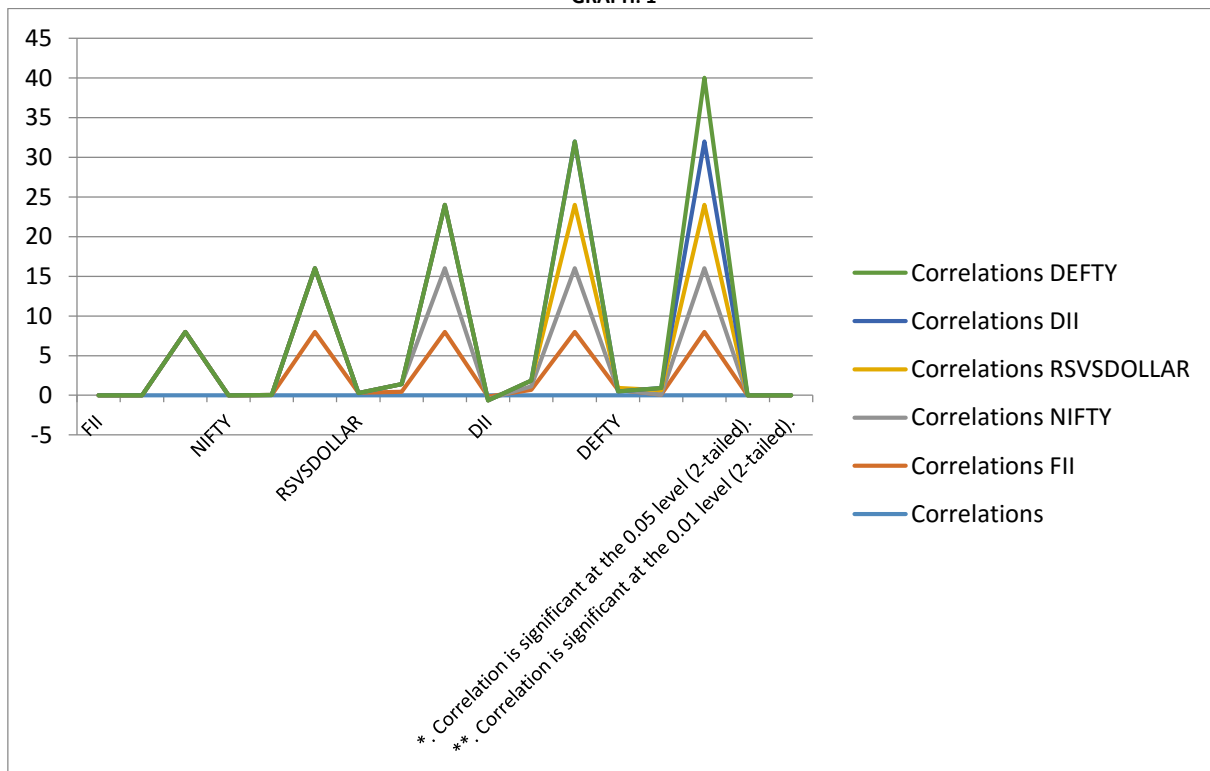
1. TO MEASURE THE RELATIONSHIP BETWEEN FII, DII, NIFTY, DEFTY AND RUPEE Vs. DOLLAR

TABLE 1: CORRELATIONS

		FII	NIFTY	RSVSDOLLAR	DII	DEFTY
FII	Pearson Correlation					
	Sig. (2-tailed)					
	N	8				
NIFTY	Pearson Correlation	.789*				
	Sig. (2-tailed)	0.02				
	N	8	8			
RSVSDOLLAR	Pearson Correlation	0.309	-0.019			
	Sig. (2-tailed)	0.457	0.964			
	N	8	8	8		
DII	Pearson Correlation	-0.178	-0.32	-0.151		
	Sig. (2-tailed)	0.673	0.44	0.722		
	N	8	8	8	8	
DEFTY	Pearson Correlation	0.667	.921**	0.246	-0.413	
	Sig. (2-tailed)	0.071	0.001	0.556	0.31	
	N	8	8	8	8	8

*. Correlation is significant at the 0.05 level (2-tailed).
 **. Correlation is significant at the 0.01 level (2-tailed).

GRAPH: 1



Interpretation: The above table and diagram depicts the relationship between the select variables. The bi-variant co-relations of Pearson indicate that Rupee Vs Dollar with Nifty & DII observed negative relationship and at the same point of time FII & DII is also negative co-relation. Defty is having the positive co-relation with Rupee Vs Dollar fluctuation.

2. TO MEASURE THE IMPACT OF FII FLOWS ON DEFTY, FII FLOWS ON NIFTY VOLATILITY, FII ON VIX INDIA INDEX AND CURRENCY FLUCTUATION INFLUENCE ON FII FLOWS

A. To Measure the impact of FII flows on Defty

TABLE: 2

Data Trend:	None	None	Linear	Linear	Quadratic
Rank or	No Intercept	Intercept	Intercept	Intercept	Intercept
No. of CEs	No Trend	No Trend	No Trend	Trend	Trend
	Log Likelihood by Rank				
0	-270.0059	-270.006	-269.776	-269.776	-268.915
1	-258.8682	-258.843	-258.843	-258.474	-258.229
2	-257.1806	-256.75	-256.75	-254.653	-254.653
	AIC by Rank				
0	54.80118	54.80118	55.15510	55.15510	55.38302
1	53.37364*	53.56863	53.76863	53.89484	54.04571
2	53.83612	54.14996	54.14996	54.13058	54.13058
	SIC by Rank				
0	54.92221	54.92221	55.33665	55.33665	55.62509
1	53.61571*	53.84096	54.07121	54.22768	54.40881
2	54.19922	54.57358	54.57358	54.61472	54.61472

Interpretation: The analysis of Johnson Co-integration test has been applied between FII & Defty the result indicates that the log likelihood rank values were found to be decreasing in all time models along with the alpha levels. There the data is co-integrated between the analyzed variables.

Granger causality test (GCT): The above test indicates that FII is not causing the Defty because the probability value is found to be above significance level but Defty is causing the FII lows which is reflected by the probability values which has fallen under significance level.

B. FII flows on Nifty Volatility

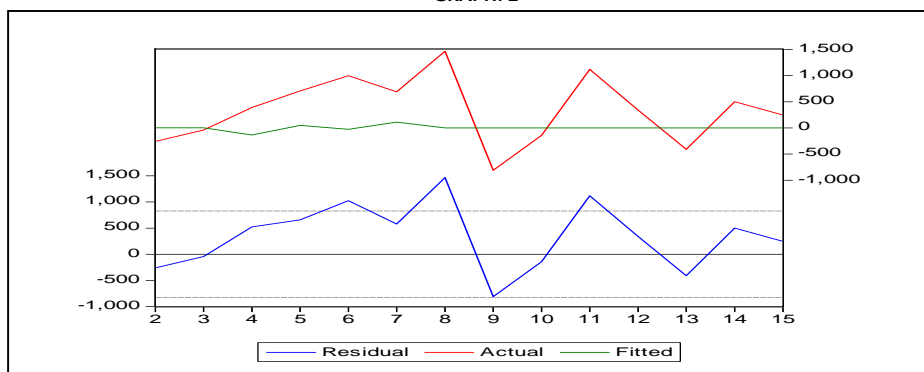
TABLE: 3

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.033025	0.46017	2.244877	0.0463
WGT_RESID^2(-1)	-0.032089	0.301952	-0.106272	0.9173
R-squared	0.001026	Mean dependent var		1.000813
Adjusted R-squared	-0.08979	S.D. dependent var		1.195868
S.E. of regression	1.248403	Akaike info criterion		3.422246
Sum squared resid	17.14361	Schwarz criterion		3.509161
Log likelihood	-20.2446	Hannan-Quinn criter.		3.404381
F-statistic	0.011294	Durbin-Watson stat		1.987222
Prob(F-statistic)	0.91728			

Interpretation: The Nifty volatility with FII flows has been measured by the Hetero Skedsticity test the probability value is found to be significant which 0.0463 it is less than 0.5 is. Hence the residual test can be applied.

RESIDUAL TEST

GRAPH: 2



Interpretation: The above residual test shows that Nifty is getting fluctuated and crossed many times above the fitted lines, which indicated the Nifty has traded extremely volatility. So regression estimate models can be apply to figure of the FII impact on Nifty volatility.

Models of Experiment

ARCH
The Arch estimated model has been applied between Nifty & FII flows. The probability value has been found to be non-significant because it is above 0.5i.e. 0.705.

GARCH
The Arch estimated model has been applied between Nifty & FII flows. The probability values have been found to be non-significant because it is above 0.5 i.e. 0.843.

TARCH
The Arch estimated model has been applied between Nifty & FII flows. The probability values have been found to be non-significant because it is above 0.5 i.e. 0.6108.

E-GARCH
The Arch estimated model has been applied between Nifty & FII flows. The probability values have been found to be non-significant because it is above 0.5 i.e. 0.7429.

PARCH
The Arch estimated model has been applied between Nifty & FII flows. The probability values have been found to be non-significant because it is above 0.5 i.e. 0.8695.

STATEMENT

All the estimate regression models are indicating Nifty volatility is not affected by the FF flows for the selected period

C. Currency fluctuation influence on FII flows Vs Indian Market
WEIGHTED LEAST SQUARES ANALYSIS

TABLE 4

Model Summary	
Multiple R	0.463
R Square	0.214
Adjusted R Square	0.071
Std. Error of the Estimate	0.731
Log-likelihood Function Value	-57.019

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.601	2	0.8	1.5	0.266
Residual	5.87	11	0.534		
Total	7.471	13			

Coefficients						
	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta	Std. Error		
(Constant)	4.326	1.592			2.718	0.02
NIFTY	0.005	0.003	0.404	0.28	1.441	0.177
FII	9.12E-10	0	0.135	0.28	.	.

Interpretation: The above analysis of regression weighted least square analysis has been applied with Rupee Vs Dollar to Nifty & FII. The R Square value is less than 0.6 but ANOVA is found to be significant i.e. 0.266 the co-efficient value of weighted least square for the Nifty & FII is having significant with Rupee Vs Dollar fluctuation.

D. FII impact on VIX India index

TABLE 5

Data Trend:	None	None	Linear	Linear	Quadratic
Rank or	No Intercept	Intercept	Intercept	Intercept	Intercept
No. of CEs	No Trend	No Trend	No Trend	Trend	Trend
	Log Likelihood by Rank				
0	-1556.852	-1556.852	-1556.837	-1556.84	-1556.83
1	-1544.762	-1544.655	-1544.64	-1544.64	-1544.635
2	-1540.497	-1537.826	-1537.826	-1537.74	-1537.738
	AIC by Rank				
0	53.82249	53.82249	53.89093	53.89093	53.95965
1	53.54353	53.57433	53.60828	53.64270	53.67706
2	53.53439	53.51126*	53.51126*	53.57717	53.57717
	SIC by Rank				
0	53.96459	53.96459	54.10408	54.10408	54.24385
1	53.82773*	53.89405	53.96353	54.03347	54.10336
2	53.96069	54.00861	54.00861	54.14556	54.14556

Interpretation: Johnson co-integrated test has been applied for FII & VIX India indeed the log likelihood rank values were found to be decreasing in all trend models and also alpha levels. The analysis indicated that the data between the two variables are co-integrated.

TABLE 6

Null Hypothesis:	Obs	F-Statistic	Prob.
DVIXINDEX does not Granger Cause FII	58	0.09203	0.9122
FII does not Granger Cause DVIXINDEX		0.42663	0.6549

GCT: It has proven that FII Flows are influencing the Indian volatility indeed also impacting the FII flow because the probability value is found to be significant for both the variables.

8. FINDINGS

- Rupee Vs Dollar is found to be slightly negative correlation with Nifty & DII flow but the FII flows were having stung correlation with Nifty.
- The external Indian indeed Defty is not caused by the FII Flows
- FII flows were not influencing the Nifty volatility during the analysis period
- Currency fluctuation is having significant impact on Nifty movement along with the FII flows into the equity market.
- It has been observed with the analysis that Indian volatility index is affected by FII flows in to India.

9. CONCLUSION

The analysis of FII flows impact on Indian market volatility for the duration of 15 years (2001-2015) on the various variables selected shows that the Rupee Vs Dollar fluctuation is influencing the Indian market along with the external flows in to Indian equity markets. The FII flows are playing the dominant role in Indian market but the analysis has proven that the external flows were not the only reason behind the Indian market volatility. Indian markets considered to be efficient markets among the Global capital investment arena. There are many internal and external factors which were causing the equity market to fluctuate. Hence there is further scope to do research in this area and find the real factors that are causing its higher market volatility.

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A STUDY ON OPTIMIZATION TECHNIQUES OF TRAVELLING SALESMAN PROBLEM USING GENETIC ALGORITHM

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ABSTRACT

One way to approach the Travelling salesman problem (TSP) is to use an Evolutionary algorithm. Genetic algorithm is a randomized search technique and derivative free optimization. Genetic Algorithm has several uses such as problem solver, basis for competent machine learning. Travelling salesman problem has two constraints which can be one city at a time and each city visited once and only once to find its optimization. But with the increase in the number of cities, the complexity of the problem goes on increasing. In this paper, we have solved Travelling Salesman Problem using Genetic algorithm approach. System starts from a matrix of the calculated Euclidean distances between the cities to be visited by the travelling salesman and randomly chosen city order as the initial population. Then new generations are created repeatedly until the proper path is reached upon reaching a stopping criterion.

KEYWORDS

TSP, GA, fitness value, selection, 2-point crossover, interchange mutation.

I. INTRODUCTION

The travelling salesman problem (TSP) is the most well-known optimization problem. TSP is used to find a routing of a salesman who starts from a home location, visits a prescribed set of cities and returns to the original location in such a way that the total distance travelled is minimized and each city is visited exactly once [1]. TSP is solved very easily when there is less number of cities, but as the number of cities increases it is very hard to solve, as large amount of computation time is required. The numbers of fields where TSP can be used very effectively are military and traffic. Another approach is to use genetic algorithm to solve TSP because of its robustness and flexibility [2]. Some typical applications of TSP include vehicle routing, computer wiring, cutting wallpaper and job sequencing.

II. TRAVELLING SALESMAN PROBLEM

The Travelling salesman problem is defined as a permutation problem with the objective of finding the path of the shortest length (or the minimum cost). TSP can be modeled as an undirected weighted graph, such that cities are the graph's vertices, paths are the graph's edges, and a path's distance is the edge's length. It is a minimization problem starting and finishing at a specified vertex after having visited each other vertex only once. Often, the model is a complete graph. If no path exists between two cities, adding an arbitrarily long edge will complete the graph without affecting the optimal tour. Mathematically, it can be defined as given a set of n cities, named $\{p_1, p_2, \dots, p_n\}$, and permutations, $\sigma_1, \dots, \sigma_n!$, the objective is to choose σ_i such that the sum of all Euclidean distances between each node and its successor is minimized. The successor of the last node in the permutation is the first one. The Euclidean distance d , between any two cities with coordinate (x_1, y_1) and (x_2, y_2) is calculated by equation 1 [3].

$$d = \sqrt{(|X_1 - X_2|)^2 + (|Y_1 - Y_2|)^2} \quad (1)$$

The most popular practical application of TSP are regular distribution of goods or resources, finding of the shortest of customer servicing route, planning bus lines etc., but also in the areas that have nothing to do with travel routes[4].

III. VARIOUS APPROACHES USED FOR SOLVING TSP

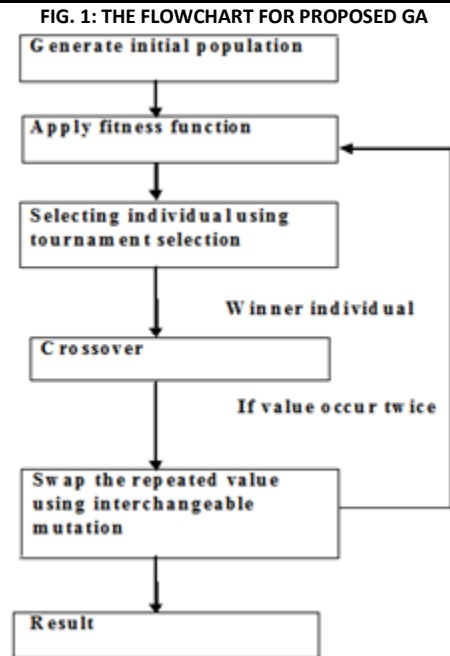
In 1997, Rong Yang introduce several knowledge-augmented genetic operators which guide the genetic algorithm more directly towards better quality of the population but are not trapped in local optima prematurely. The algorithm applies a greedy crossover and two advanced mutation operations based on the 2-opt and 3-opt heuristics [5]. In 2001, Chiung Moon introduces the concept of topological sort (TS), which is defined as an ordering of vertices in a directed graph. Also, a new crossover operation is developed for the proposed GA [6]. In 2004, new knowledge based multiple inversion operators and a neighbourhood swapping operator is proposed by Shubhra Sankar Ray [7]. In 2005, Lawrence V. Snyder presents a heuristic to solve the generalized traveling salesman problem.

The procedure incorporates a local tour improvement heuristic into a random-key genetic algorithm. The algorithm performed quite well when tested on a set of 41 standard problems with known optimal objective values [8]. In 2005, Milena Karova introduces the solution, which includes a genetic algorithm implementation in order to give a maximal approximation of the problem, modifying a generated solution with genetic operators [9]. In 2006, Plamenka Borovska investigates the efficiency of the parallel computation of the travelling salesman problem using the genetic approach on a slack multicomputer cluster [10]. In 2007, A two-level genetic algorithm (TLGA) was developed for the problem, which favours neither intra-cluster paths nor inter-cluster paths, thus realized integrated evolutionary optimization for both levels of the CTSP [11]. In 2007, A novel particle swarm optimization (PSO)-based algorithm for the travelling salesman problem (TSP) is presented, and is compared with the existing algorithms for solving TSP using swarm intelligence [12]. In 2008, A software system is proposed to determine the optimum route for a Travelling Salesman Problem using Genetic Algorithm technique [3]. In 2009, S.N. Sivanandam presents two approaches i.e Genetic Algorithms and Particles swarm optimisation to find solution to a given objective function employing different procedures and computational techniques; as a result their performance can be evaluated and compared [13].

In 2010, a novel hybrid discrete PSO algorithm has been presented by add heuristic factor, crossover operator and adaptive disturbance factor into the approach. Numerical results show that the proposed algorithms are effective [14]. In 2011, Ivan Brezina Jr. discusses the Ant Colony Optimization (ACO), which belongs to the group of evolutionary techniques and presents the approach used in the application of ACO to the TSP [4]. In 2011, a comparative performance of roulette wheel, Elitism and tournament selection method is presented to solve the Travelling Salesman problem [16]. In 2012, different authors present a critical survey to solve TSP problem using genetic algorithm methods[15].

IV. PROPOSED GENETIC ALGORITHM

John Holland proposed Genetic Algorithm in 1975. In the field of artificial intelligence genetic algorithm is a search heuristic that mimics the process of natural evolution. Genetic Algorithm belongs to class of evolutionary algorithm. GA begin with various problem solution which are encoded into population, a fitness function is applied for evaluating the fitness of each individual, after that a new generation is created through the process of selection, crossover and mutation. After the termination of genetic algorithm, an optimal solution is obtained. If the termination condition is not satisfied, then algorithm continues with new population [2].



The distance matrix of the problem is given in table 1. We have assumed the distance-matrix to be symmetric; therefore, the part above the main diagonal contains all necessary information. The first row and column denotes the city.

TABLE 1 - DISTANCE MATRIX OF 6 CITIES PROBLEM

	Delhi	Mumbai	Calcutta	Pune	Bangalore	Chennai
Delhi	0	90	100	35	300	200
Mumbai	90	0	60	120	400	290
Calcutta	100	60	0	70	480	225
Pune	35	120	70	0	320	150
Bangalore	300	400	480	320	0	290
Chennai	200	290	225	150	290	0

- Delhi = 1
- Mumbai = 2
- Calcutta = 3
- Pune = 4
- Bangalore = 5
- Chennai = 6

A. Initial Population

Initial population of chromosomes is created randomly by using unique random number generator function in Matlab. The initial population created is shown in following section. The population consists of four chromosomes, where each chromosome denotes the sequence in which cities have to be traversed and each gene represent the number assigned to a city.

Pop 1:	2	1	3	4	5	6
Pop 2:	1	2	3	5	4	6
Pop3:	1	4	3	2	6	5
Pop4:	5	3	2	1	4	6

B. Fitness Value

The Purpose of the fitness function is to decide if a chromosome is good then how good it is? In the travelling salesman problem, the criteria for good chromosome is its length. Calculation takes place during the creation of the chromosomes as given in equation 2. Each chromosome is created and then its fitness function is calculated. The length of the chromosome is measured in pixels by the scheme of the tour [11].

$$\text{fitness chromosomes} = \sum_{i=1}^{\text{towncount}} t_i$$

towncount = total number of cities

t_i = distance between two cities

$$\begin{aligned}
 P1 &= (2\ 1\ 3\ 4\ 5\ 6) \\
 &= (2,1)+(1,3)+(3,4)+(4,5)+(5,6)+(6,2) \\
 &= 90+100+70+320+290+290 \\
 &= 1060\text{ Km.}
 \end{aligned}$$

$$\begin{aligned}
 P2 &= (1\ 2\ 3\ 5\ 4\ 6) \\
 &= (1,2)+(2,3)+(3,5)+(5,4)+(4,6)+(6,1) \\
 &= 90+60+480+320+150+200 \\
 &= 1300\text{ Km.}
 \end{aligned}$$

$$\begin{aligned}
 P3 &= (1\ 4\ 3\ 2\ 6\ 5) \\
 &= (1,4)+(4,3)+(3,2)+(2,5)+(6,5)+(5,1) \\
 &= 35+100+60+290+300 \\
 &= 1045\text{ Km.}
 \end{aligned}$$

$$\begin{aligned}
 P4 &= (5\ 3\ 2\ 1\ 4\ 6) \\
 &= (5,3)+(3,2)+(2,1)+(1,4)+(4,6)+(6,5) \\
 &= 480+60+90+35+150+290 \\
 &= 1045\text{ Km.}
 \end{aligned}$$

Tournament selection:

$$\begin{array}{l}
 P1 = 1060\text{ Km.} \\
 P2 = 1060\text{ Km.} \\
 P3 = 1060\text{ Km.} \\
 P4 = 1060\text{ Km.}
 \end{array}
 \left. \vphantom{\begin{array}{l} P1 \\ P2 \\ P3 \\ P4 \end{array}} \right\}$$

C. Selection

Selection is used to select the chromosome whose fitness value is small. We have used the tournament selection by using Sorting method. Here P1 and P3 winning unit.

D. Crossover

2-point crossover is applied to the pair of chromosomes so that new chromosomes will be generated which might have better fitness value. In 2-point crossover, randomly two positions in the chromosomes are chosen and then replace the gene with each other in both

$$\begin{array}{l}
 P1 = 1060\text{ Km} = \quad 2\ 1\ \big| 3\ 4\ 5\ \big| 6 \quad \Rightarrow 2\ 1\ 3\ 2\ 6\ 6 \\
 P2 = 1045\text{ Km} = \quad 1\ 4\ \big| 3\ 2\ 6\ \big| 5 \quad \Rightarrow 1\ 4\ 3\ 4\ 5\ 5
 \end{array}$$

E. Mutation

Mutation is applied to form a new generation. We apply interchange mutation, randomly select two genes from a chromosomes and the swap them.

2 and 5 are twice

4 = 2

5 = 6

P1 = (2 1 3 4 5 6) } Offspring
 P3 = (1 2 3 4 6 5) }

Fitness Population:

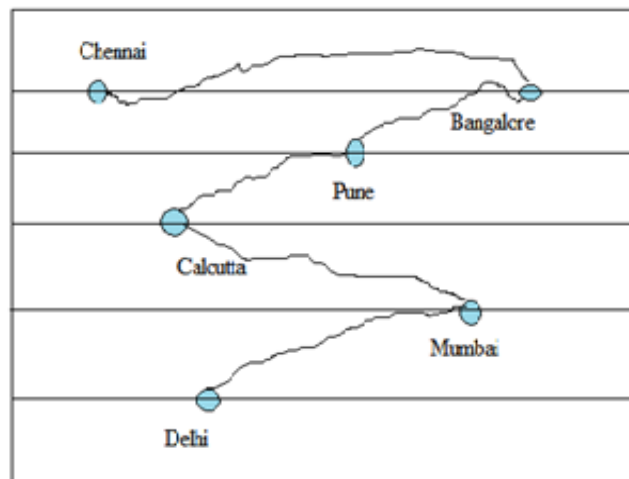
P1 = (2 1 3 4 5 6)
 = (2,1)+(1,3)+(3,4)+(4,5)+(5,6)+(6,2)
 = 90+100+70+320+290+290
 = 1060 Km.

P3 = (1 2 3 4 5 6)
 = (1,2)+(2,3)+(3,4)+(4,5)+(5,6)+(6,1)
 = 90+60+70+320+290+200
 = 1030 Km.

F. Termination and Result

After completing the number of iterations the best tour will be obtained and the process will be terminated. The tour obtained with minimum distance is as shown in figure 3 for the problem of 6 cities.

FIGURE 3: GRAPH DENOTING BEST PATH OBTAINED FOR 6 CITIES



V. RESULT AND ANALYSIS

We have solved a total of 4 populations. The best and worst results obtained in table II. The same table denotes the best results of the problems presents in literature. Looking at results in the optimization technique

VI. CONCLUSION AND FUTURE SCOPE

Combining the information from heuristic methods and genetic algorithms is a promise approach for solving the TSP. Genetic algorithms appear to find good solutions for the travelling salesman problem, however it depends very much on the way the problem is encoded and which crossover and mutation methods are used. A number of genetic algorithm techniques have been analysed and surveyed for solving TSP. The research work can be extended for different hybrid selection, crossover and mutation operators. The proposed approach can be applied for various advanced network models like logistic network, task scheduling models, vehicle navigation routing models etc. The same approach can also be used for allocation of frequencies in cells of cellular network.

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INDIAN IT SECTOR: AN OCEAN OF OPPORTUNITIES

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ABSTRACT

Technology is the second greatest gift of God, after the gift of life. It is the mother of civilizations of arts and of sciences. Information Technology (IT) is nothing new; rather it was around us since long, may be since the inception of man on this planet. It has made possible information access at gigabit speeds. It has made marvelous impact on the lives of millions of people who are deprived, poor, marginalized and living in rural and remote geographies. Internet is one of the unmatched gifts of Information technology, which has introduced revolutionary changes with possibilities of e-government measures like e-health, e-education, e-agriculture, etc. Today, whether it is transfer of funds, filing of Income Tax returns or applying for passports online or railway e-ticketing, everything is possible with few clicks on the mouse. India's IT potential is on a steady march towards global competitiveness, improving defense capabilities and meeting up energy and environmental challenges amongst others. Information technology (IT) industry in India has played a key role in putting India on the global map. This sector has proved to be one of the most significant growth contributors for the Indian economy by providing world class technology solutions and business services. The industry has helped India transform from a rural and agriculture-based economy to a knowledge based economy. The paper endeavors to study the Indian Information technology sector, its growth and the Indian states which are performing excellent in IT sector. The paper further discusses the initiatives taken by Indian government to facilitate this sector and the contribution of this sector in India's GDP.

KEYWORDS

information, technology, development, India, GDP.

INTRODUCTION



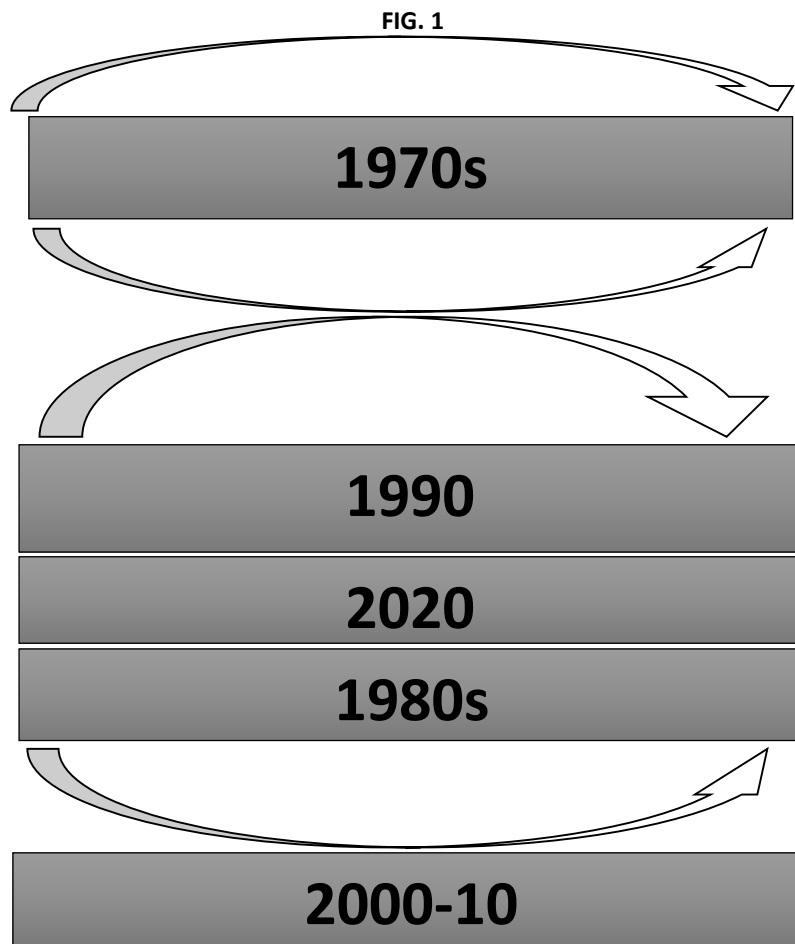
ne machine can do the work of fifty men, but no machine can do the work of an extraordinary man".

Elbert Hubbard

Human beings have arranged a civilization in which most crucial elements profoundly depend on science and technology (Carl Sagan, 1996). Technology is the second greatest God's gift, after the gift of life. It is the mother of civilizations of arts and of sciences (Freeman Dyson). Information Technology (IT) is nothing new; rather it was around us since long, may be since the inception of man on this planet. Generally, the history of IT is segregated in four major ages, but it is only the latest stage (electronic age) which has rigorously transformed the life of human being. Information Technology has made possible information access at gigabit speeds. It has made marvelous impact on the lives of millions of people who are deprived, poor, marginalized and living in rural and remote geographies. Internet has made revolutionary changes with possibilities of e-government measures like e-health, e-education, e-agriculture, etc. From the transfer of funds overseas, filing of Income Tax returns, applying for passports online or railway e-ticketing, everything is possible only by few clicks of the mouse. India's IT potential is on a steady march towards global competitiveness, improving defense capabilities and meeting up energy and environmental challenges amongst others. Information technology (IT) industry in India is playing a key role in putting India on the global map. This sector has proved to be one of the most significant growth contributors for the Indian economy. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services. The industry has helped India transform from a rural and agriculture-based economy to a knowledge based economy.

INDIAN INFORMATION TECHNOLOGY (IT) SECTOR

Information Technology covers all aspects of managing and processing information. Since the last decade of twentieth century, this sector is introducing revolutionary changes to the lives of mankind. India being a developing nation is also growing at a faster pace in this sector. Indian scientists and engineers have earned high degree of fame in the entire world for their matchless and innovative contributions to this sector. Developed countries like USA, Japan, and Germany etc. are showing interest in hiring the services of Indian IT professionals. Locally also, information technology industry has shown highest growth rates consistently over the last many years as compared to any other industry. India is among the three countries that have built super computer on their own; along with USA and Japan. India's INSAT is among the world's largest domestic satellite communication systems. A variety of national and international studies have indicated that this sector is still not fully utilized and the broad-based deployment of information technology can have a substantial impact on our nation's economic productivity and growth as well as the educational and social success of our country. India is the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 67 per cent of the US\$ 124-130 billion market. The industry employs about 10 million workforces. More importantly, the industry has led the economic transformation of the country and altered the perception of India in the global economy. India's cost competitiveness in providing IT services, which is approximately 3-4 times cheaper than the US, continues to be the mainstay of its unique selling proposition (USP) in the global sourcing market. According to Evgeny Morozov (2011), Information Technology has been one of the leading drivers of globalization, but it may also become one of its major victims. The Indian IT and ITeS industry is divided into four major segments – IT services, business process management (BPM), software products and engineering services, and hardware. The IT-BPM sector in India grew at a Compound Annual Growth rate (CAGR) of 15 per cent over 2010-15, which is 3-4 times higher than the global IT-BPM spend, and is estimated to expand at a CAGR of 9.5 per cent to US\$ 300 billion by 2020. Apart from wealth creation and large export earnings, Indian information technology industry has also provided large scale employment to educated and skilled work-force. This industry has also created significant demand in the Indian education sector, especially for engineering and computer science. This is the fastest growing sector which is providing large employment opportunities. The very success of information technology industry in India is in fact due to the availability of highly skilled work-force.



- Economic reforms of 1991 reduced tariffs & taxes.
 - IBM returns to India.
 - TCS, Infosys, Wipro merge as market leaders.
-
- Explosive growth for industry.
 - IT-BPO Industry had grown from USD 8.2 billion in 2000 to USD 88.1 billion in 2011.
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- IT-BPO Industry to grow to USD 300 billion.
-
- Policy reforms reduce cost of hardware and software
 - New computer policy introduced in 1984.
 - In 1935, software export made exemption from tax.
-
- Inception IT Industry with establishment of Tata consultancy Services
 - Setting up of National Informatics centre

The target of the industry is to increase revenues of IT and ITes (Information Technology Enabled Services) Industry from US\$ 100 billion currently to US\$ 300 billion by 2020 and to expand exports from US\$ 69 billion currently to US\$ 200 billion by 2020. To achieve these targets, there is a need to promote innovation and R&D in cutting edge technologies and development of applications and solutions in location based services, mobile value added services, cloud computing, social media and utility models. The industry also aims to create a pool of 10 million additional skilled manpower in the Information Communication Technology (ICT) sector.

MAJOR GLOCAL (GLOBALAND LOCAL) INDIAN IT PLAYERS

IT sector in India has the main focus on increasing technology adoption and developing new delivery platforms. There are a large number of multi-national IT enterprises operating in India in sectors such as: Integrated Chip Design, System Software, Communication Software, R&D Centres, Technology Support Sector, Captive Support Sector, BPO Sector etc and are reaping the cost and quality advantages. These multinationals include Siemens, Philips, Intel, Texas Instruments etc. (Chip Design); Siemens, Motorola, Lucent Technologies, Sony, Nortel etc. (Communication Software); Microsoft, Oracle, Sun Microsystems, HP, Compaq etc. (Systems Software); Google, Yahoo etc. (R&D Centres); Axa Business Services, Swiss Shared Services, Siemens Shared Services etc. (BPO Sector); Accenture, DELL, HSBC, GE Capital, Fidelity etc. (Captive Support Sector).

TABLE 1

Indian state	City	IT sector
Karnataka	Bangalore	<ul style="list-style-type: none"> The state has attractiveness as an IT destination The state offers a good infrastructure, with large floor space and great telecom facilities It is the most preferred destinations of all the big banners like HSBC, Dell, Microsoft, GE, Hewlett Packard, and several Indian multi-national firms like Infosys Technologies, Wipro, and Microland who have set up their offices in the city
Andhra Pradesh	Hyderabad	<ul style="list-style-type: none"> The second IT hub of India A major IT hub
Tamil Nadu	Chennai	<ul style="list-style-type: none"> The state is emerging as a global capital for business process outsourcing (BPO) It is propelling the number one position in IT exports. The state is a pioneer in IT and software services and has a 100 percent digital exchange network thus having the potential to garner a major chunk of ITES business.
Maharashtra	Pune, Mumbai, Navi, Aurangabad, Nagpur and Nasik.	<ul style="list-style-type: none"> The state is the second largest exporter of software with annual exports of Rs 20 000cr (20% of India's software exports). The state has set up software parks in various cities.
Gujarat	Ahmedabad	<ul style="list-style-type: none"> Globally branded firms have their presence in the state. NASSCOM (National Association of Software and Services Companies) has ranked the city of Ahmedabad to be among the top five Indian destinations for business process and knowledge process outsourcing.
West Bengal	Kolkata	<ul style="list-style-type: none"> The state is recognized as the fastest growing IT destination in the country with more than double the national average growth rate. A number of IT majors are doing significant business in the state. The state aims to become one of the top three IT states by 2015, contributing 15-20 per cent of the country's total IT revenue.

GOVERNMENT INITIATIVES

The first decade of 21st century has revolutionized the sector of information technology. The legal enactment which governs the process and dissemination of information digitally in India is the Information Technology Act, 2000. The Act along with its Rules legalizes the acceptance of electronic records and digital signatures providing a legal backbone to e-commerce. The Indian Information Technology Act addresses the various issues such as Legal Recognition of Electronic Documents; Legal Recognition of Digital Signatures; Offences and Contraventions and Justice Dispensation System for Cybercrimes. After the economic reforms that were introduced in 1991-1992, various incentives were provided by both the state and central government for better emergence of the IT sector like liberalization of external trade, removing duties on imports of IT products, setting up Export Oriented Units (EOU), setting up of Software Technical Parks (STP) etc. Government of India has also set up National Task Force on IT and Software development to investigate the possibility of strengthening the economy.

- Eleventh Plan:** Information Technology sector had been one of the key drivers for faster and inclusive growth in the Eleventh Five Year Plan. It has contributed immensely to the development of Indian economy. India has become a global power house in software and software services sector. Over the year's various initiatives have been taken in the Information Technology sector to foster innovation, improve delivery of e-services to citizens and bring about profound change in the way business is conducted and the way Government works.
- Twelfth Plan (2012-17):** Accordingly the vision and mission for IT sector for the Twelfth Plan is on e-Development of India through a multi-pronged strategy of e-infrastructure creation to facilitate and fast track e-governance, promotion of Electronics hardware manufacturing & Information Technology, Information Technology Enabled Services (IT-ITES) Industry, providing support for creation of Innovation / Research & Development (R&D), building knowledge network and securing India's cyber space. A Working Group on Information Technology sector has been formed by the government to make recommendations on the various policy matters to formulate the Twelfth Five Year Plan for Information Technology Sector. In the Twelfth Five Year Plan it is proposed to sustain IT-ITES industry's growth momentum by building an enabling policy environment, support small and medium enterprises and provide competitive edge through fiscal benefits, innovation fund and incubation, build world-class infrastructure in identified tier II & tier III cities to create new hubs for industry development as potential centers of excellence and to address the gap of employability through skill development initiatives.
- National Task Force:** In order to alleviate and to promote Indian IT industry, the Government of India had set up a National Task Force on IT and Software Development to examine the feasibility of strengthening the industry. Venture capital has been the main source of finance for software industry around the world. In line with the international practices, norms for the operations of venture capital funds have also been liberalized to boost the industry. The Government of India is also actively providing fiscal incentives and liberalizing norms for FDI and raising capital abroad. In 2014, India's growth has reflected new demand for IT goods and services, with a major surge in the use of private and public cloud and mobile computing on a variety of devices and through a range of new software applications.

Some of the major initiatives taken by the government to promote IT and ITES sector in India are as follows:

- The Human Resource Development (HRD) Ministry has entered into a partnership with private companies such as Tata Motors Ltd, Tata Consultancy Services Ltd to open three Indian Institutes of Information Technology (IIITs), through public-private partnership (PPP), at Nagpur, Ranchi and Pune.
- Government of India is planning to develop five incubation centers for 'Internet of Things' (IoT) start-ups, as a part of Prime Minister Mr. Narendra Modi's Digital India and Startup India campaign,
- Various centers are planned to be established with at least two centers to be set up in rural areas to develop solutions for smart agriculture.
- Indian government is expected to increase its spending on information technology (IT) products and services by 5.2 per cent to US\$ 6.88 billion in FY 2015-16 (Gartner Inc).
- The Government of India has launched the Digital India program to provide several government services to the people using IT and to integrate the government departments and the people of India. The adoption of key technologies across sectors spurred by the 'Digital India Initiative' could help boost India's gross domestic product (GDP) by US\$ 550 billion to US\$ 1 trillion by 2025, as per research firm McKinsey.
- India and the United States (US) have agreed to jointly explore opportunities for collaboration on implementing India's ambitious Rs 1.13 trillion (US\$ 18.22 billion) 'Digital India Initiative'.
- The Government of Telangana has begun construction of a technology incubator in Hyderabad—dubbed T-Hub—to reposition the city as a technology destination.
- The state government is initially investing Rs 35 crore (US\$ 5.3 million) to set up a 60,000 sq ft space, labeled the largest start-up incubator in the county, at the campus of International Institute of Information Technology-Hyderabad (IIIT-H). Once completed, the project is proposed to be the world's biggest start-up incubator housing 1,000 start-ups.

INDIA'S GROWING MARKET SIZE

According to a report prepared by National Association of Software and Services Companies (NASSCOM), the Indian Information Technology (IT) sector is expected to grow 11 per cent per annum and triple its current annual revenue to reach US\$ 350 billion by financial year 2025. India, the fourth largest base for new businesses

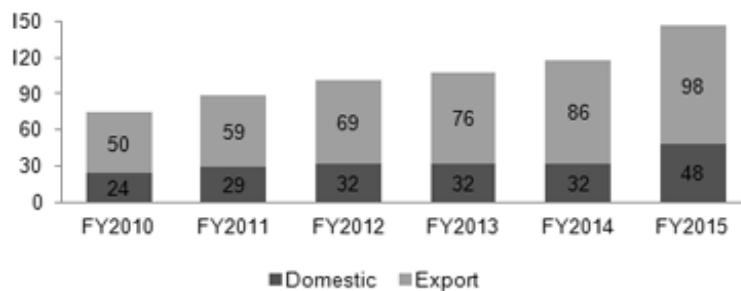
in the world and home to over 3,100 tech start-ups, is set to increase its base to 11,500 tech start-ups by 2020, as per a report by NASSCOM and Zinnov Management Consulting Private Ltd. India's internet economy is expected to touch Rs 10 trillion (US\$ 151.6 billion) by 2018, accounting for 5 per cent of the country's gross domestic product (GDP), according to a report by the Boston Consulting Group (BCG) and Internet and Mobile Association of India (IAMAI). India's internet user base reached over 350 million by June 2015, the third largest in the world, while the number of social media users grew to 143 million by April 2015 and smart phones grew to 160 million.

The National Association of Software and Service Companies (Nasscom) also said that India's nearly \$150 billion IT services outsourcing sector is expected to see export revenue growing 12-14 percent in the financial year starting in April. India's top IT outsourcing service providers, including Tata Consultancy Services Ltd and Infosys Ltd, have thrived by offering infrastructure management and application development services to U.S. and European clients. Faced with increased competition and pressure on prices for routine services, the companies are now looking to move up the value chain and boost growth by tapping high-margin businesses including artificial intelligence and automation.

- India's technology and BPM sector (including hardware) is estimated to have generated US\$ 146 billion in revenue during FY15 compared to US\$ 118 billion in FY14, implying a growth rate of 23.72 per cent
- The contribution of the IT sector to India's GDP rose to approximately 9.5 per cent in FY15 from 1.2 per cent in FY98
- The top six firms contribute around 36 per cent to the total industry revenue, indicating the market is fairly competitive, with TCS being the leader accounting for about 10.1 per cent.

FIG. 2

Market size of IT industry in India (US\$ billion)



Source: Nasscom, TechSci Research
Note: E - Estimates

GROWTH OF INDIAN IT SECTOR AND GDP

Information Technology sector has played a vital role in acquiring a Brand Equity for the nation and has contributed immensely to the increase in the GDP, employment and exports. According to NASSCOM, the IT/ITeS export revenue have grown from a mere \$ 4.0 billion in 1999-2000 to \$ 31.2 billion in 2006-07, \$88.1 billion in 2011, to a staggering \$100 billion in 2012-13, which further raised to 105.6 billion in 2014. The sector generated direct employment for over 2.5 million people in 2011. Further, this sector accounted for over 7.8 % of India's GDP, and employed 4.5 million professionals directly and another 9.2 million people indirectly in 2013. A majority of the Fortune 500 and Global 2000 corporations are sourcing IT/ITES from India.

The growth of technology sector in India has been the result of a rare symbiotic relationship between policy reforms and will of the private sector. Based on data available in public domain, this sector has seen an exponential growth from 8.2 billion \$ in 2000 to 88.1 billion \$ in 2011 and is now targeting 300 billion \$ by 2020. Five principle sectors in the IT industry, namely online businesses, IT services, IT-enabled services and software and hardware merchandise received most of the investments. Compelling cost advantage coupled with available skilled force has driven this spectacular growth. Although many low-cost delivery destinations, such as China, Philippines and Vietnam, are emerging, India's leadership position cannot be challenged. Its benefit of long term cost competitiveness, supply of highly trained engineers and its expertise in processes and quality will continue to foster its growth.

TABLE 2

IT Exports	
Year	Export Revenue
1999-2000	\$4.0 billions
2006-07	\$31.2 billions
2010-11	\$59 billions
2011-12	\$88.1 billions
2012-13	\$100 billions

INDIA GDP GROWTH RATE

FIG. 3

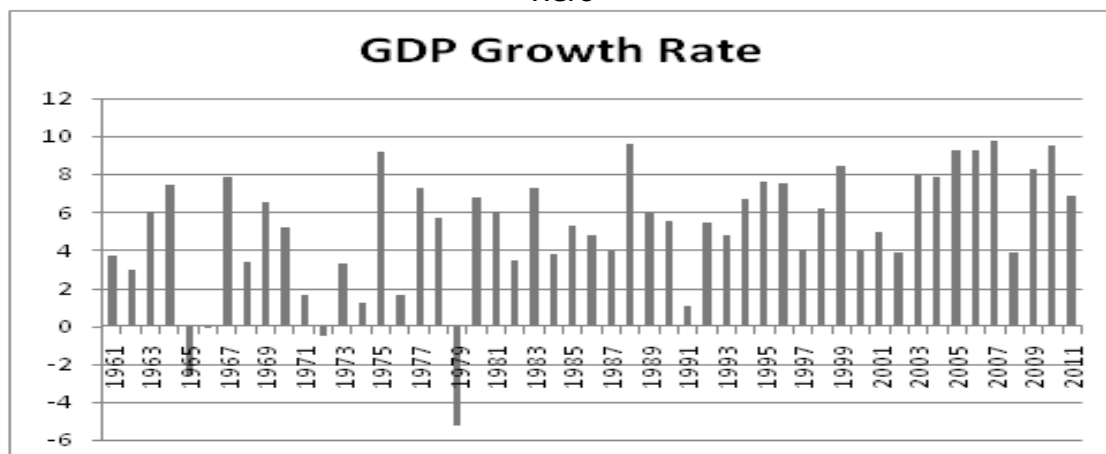
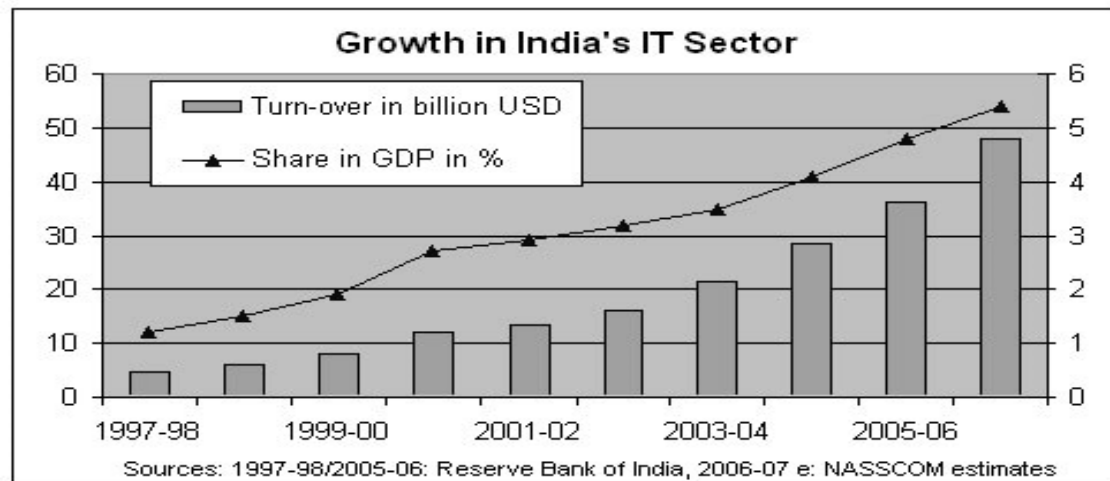


FIG. 4



India continues to be a premier destination for the global off-shoring market of IT/ITeS, accounting for almost 55% in 2010 as compared to 49% in 2005. India has emerged a dominant player in global IT services outsourcing with increase in India's share to 73% in 2013 from 70% in 2010 and 52% in 2005. Although India's share in BPO sourcing market has declined from 45% in 2005 to 34% in 2010 but continues to be the leader in this space. China, Philippines, Vietnam, Poland, Hungary, Mexico, Brazil, Egypt are emerging as competitive locations. Another important factor to be considered is that due to its nature of being less capital intensive and flexibility in operations, IT/ITeS industry can be relocated in a very short time. This increases to almost 50 locations which present a huge challenge to India's success story.

KEY DRIVERS OF GROWTH IN THE IT SECTOR

1. Low cost of operation and tax advantages
2. Supportive government policies
3. Availability of technically skilled manpower
4. Rapid introduction of IT technologies in major sectors such as telecom, BFSI.
5. Strong growth in export demand
6. Use of new technologies like cloud computing
7. Government established SEZs

ROAD AHEAD

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. Social, mobility, analytics and cloud (SMAC) are collectively expected to offer a US\$ 1 trillion opportunities. Cloud represents the largest opportunity under SMAC, increasing at a CAGR of approximately 30 per cent to around US\$ 650-700 billion by 2020. The social media is the second most lucrative segment for IT firms, offering a US\$ 250 billion market opportunity by 2020. One of the biggest factor that has helped India to make its mark on the world map is its booming IT industrial sector. The contributions being made by the IT industry towards the country's GDP has led to a steady growth of the Indian economy. India's IT industry is regarded as a hub of innovators providing world class technology solutions across the globe. Various international organizations have set up their offices here in India like Google, Accenture etc. It has helped in changing Indian economy from an agricultural based economy to a knowledge driven economy. IT sector has helped the domestic economy to integrate with the world economy. It has made significant impacts on the lives of many people. It has also helped people settled in far flung topographies to connect with the rest of the world. It has given birth to e-governance practices, as a result of which people get an easy access via e-health, e-education, e-ticketing etc. to the various governmental services. Today almost everything can be done online whether its shopping, ticketing, filing Income Tax returns etc. Though the year 2014 was full of challenges and uncertainties but the IT sector managed to achieve double digit growth rate and attained revenues of USD 108 billion in the fiscal year 2014-2015.

As per NASSCOM's research, the IT sector is likely to generate revenues worth USD 130 billion by the end of 2015 which will result in a positive metamorphosis of the Indian economy, pushing it towards high growth rates. Government will also try to widen its e-governance measures. However, the most important factor for the continuous growth of the IT sector is innovation. The IT industries must always strive to come with something new and must respond to the needs of the dynamic environment. The IT industrial sector should stand tough in the face of challenges and try to provide more and more end to end technological solutions to their customer base to keep the impetus growing.

High inflow of FDI in the IT sector is expected to continue in coming years. The inflow of huge volumes of FDI in the IT industry of India has not only boosted the industry but the entire Indian economy in recent years. Foreign technology induction is also encouraged both through FDI and through foreign technology collaboration agreements. India welcomes investors in Information Technology sector. Greater transparency in policies and procedures has made India an investor friendly platform. A foreign company can hold equity in Indian company's upto 100%. IT and ITes have been major contributory factors for the sector to flourish in India and for the country to be able to acquire a dominant position in offshore services in the world.

India aims to transform India into a truly developed and empowered society by 2020. However, to achieve this growth, the sector has to continue to re-invent itself and strive for that extra mile, through new business models, global delivery, partnerships and transformation. A collaborative effort from all stakeholders will be needed to ensure future growth of India's IT-ITeS sector. There exists a need to rise up to the new challenges and put in dedicated efforts toward providing more and more of end-to-end solutions to the clients to keep the momentum going. Globalization has had a profound impact in shaping the Indian Information Technology industry. By 2015, IT sector is expected to generate revenues of USD 130 billion (NASSCOM) which will create a transformational impact on the overall economy. IT spending is expected to significantly increase in verticals like automotive and healthcare while the government, with its focus on e-governance, will continue to be a major spender. However, to achieve this growth, the sector has to continue to re-invent itself and strive for that extra mile, through new business models, global delivery, partnerships and transformation. A collaborative effort from all stakeholders will be needed to ensure future growth of India's IT-ITeS sector. There is a need to rise up to the new challenges and put in dedicated efforts toward providing more and more of end-to-end solutions to the clients to keep the momentum going. The year 2016 is expected to be better for the IT industry due to its diversification in analytics, mobility, cloud, social media and emerging verticals such as healthcare and medical services. As per NASSCOM estimates, while Indian IT exports are likely to grow in a range of 15-17 per cent per annum, the resilient \$270-billion plus Indian IT industry returned to the higher growth trajectory in 2013 and is hoping to gain momentum in the ensuing year for a greater share of the global multi-billion-dollar outsourcing market.

CONCLUSION

With this fast pace sharing of information attributed to rapid development of IT sector, Cyber security and quality management are important areas of concern. In order to avoid such malpractices various BPO companies in India have started adopting the global quality standards like ISO 9001 for ensuring Quality Management and ISO 27000 for emphasizing information security.

We had to address IT in the ways we had not before and give the agents the tools that they need to do their job more efficiently and more expeditiously (Robert Mueller). Technology applied to an efficient operation will magnify the efficiency and vice versa. Men have become tools of their tools (Henry David Thoreau). Technology is supposed to make our lives easier, allowing us to do things more quickly and efficiently. But too often it seems to make things harder, leaving us with fifty button remote controls, digital camera with mysterious features. The march of science and technology does not imply growing intellectual complexity in the lives of people, but vice versa is true.

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RURAL ENTREPRENEURSHIP: A STUDY OF DISTRICT ALMORA, UTTARAKHAND

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ABSTRACT

Entrepreneurs are driven to achieve success in their business along with the qualities of a Leader, Manager, Dreamer, Innovator, risk taker, continues learner, decision maker & most important is to implement all these qualities into the work. There are ample opportunities in the state of Uttarakhand for entrepreneur. There are several examples of successful entrepreneur in this region who set the examples for aspiring entrepreneur. They started their enterprise with very small unit and set the story of success. In spite of facing obstacles especially in hilly region they move ahead with ambition and desire to get success. Successful entrepreneur takes obstacles as a challenges and come out with success. This research paper is focus on the existing enterprises, challenges, and the prospects available in the district.

KEYWORDS

entrepreneur, entrepreneurship, success of entrepreneurs, economic development.

INTRODUCTION

Rural entrepreneurship is generally defined as the entrepreneurship which emerges in rural areas. It takes place in variety of field like agriculture (allied areas like fisheries, apiculture, sericulture, dairy, etc) business and industries. Rural entrepreneurship plays very important role in economic development. It improves the standard of living of people, solve the problem of unemployment and underemployment, enhance balance regional development, and provide check on migration from rural areas to urban areas. Rural population depends on agriculture thus the focus of rural entrepreneurship is on non-agricultural sector. (such as candle making, knitting, food processing, catering tourist and textile designing etc.).

OBJECTIVE OF THE STUDY

- To study about the existing enterprises in the district.
- To know the importance of rural entrepreneurship.
- To study the problems of rural entrepreneurship
- To provide suggestions for development of rural entrepreneurship in the district.

RESEARCH METHODOLOGY

Both primary and secondary data are collected for the study. Primary data have been collected through observation. The secondary data are collected through various sources such as website, journals, newspaper, magazines, books, publication etc. The present Study is descriptive in nature.

IMPORTANCE OF THE STUDY

Rural entrepreneurship implies the entrepreneurship which emerges in rural areas which means to setting up the industries in rural areas. There are several examples of successful entrepreneur in the district. To ensure the optimum utilization of all the available resources diversification of resources from agriculture to non-agriculture sectors are important such as catering tourist, blacksmith, copper smith, gold smith, carpentry, candle making, honey production, food processing, textile designing etc. Migration from rural areas to urban areas can be checked by providing employment in rural areas. Economic development of India is only possible when all the available resources are use whether it is natural, material and human resources.

ROLE OF RURAL ENTREPRENEURSHIP

According to Joseph Schumpeter, the rate of economic progress of a nation depends upon its rate of innovation which in turn depends on rate of increase in the entrepreneurial talent in the population. According to Meir and Baldwin, development does not occur spontaneously as a natural consequence when economic conditions in some sense are right. A catalyst is needed which results in entrepreneurial activity to a considerable extent. The diversity of activities that characterizes rich countries can be attributed to the supply of entrepreneurs. Entrepreneur has the qualities to scan, analyse and identify the opportunities in the environment. With their qualities of a Leader, Manager, Dreamer, Innovator, risk taker, continues learner, and decision maker they transform opportunities into business. Rural entrepreneurship plays important role in economic development of country in the following ways:

CAPITAL FORMATION

By investing their idle saving in business venture they form the capital. Again the savings are invested giving a multiplier effect to the process of capital formation. By placing successful business proposition, they are able to get private investment.

GENERATE EMPLOYMENT

Entrepreneurs not only generate the employment for themselves but they also provide employment to other people in the area which in turn reduce the problem of unemployment and underemployment. It also keeps check on migration from rural to urban areas. Migration of people from rural to urban area for searching the employment is the biggest problem of the state.

UTILIZATION OF RESOURCES

Entrepreneurs utilize the resources available in the local area and ensure the optimum utilization. By utilizing the local resources in the area they eliminate the wastage of resources.

BALANCED REGIONAL DEVELOPMENT

By setting up their business at remote areas they promote the development of that area which reduces the concentration of business or industries in particular areas. The entrepreneurs always look for opportunities in the environment. They capitalize on the opportunities of governmental concessions, subsidies and facilities to set up their enterprises in undeveloped areas. Several industries have been setting up their plant in Pantnagar, Uttarakhand to promote the development of area.

IMPROVEMENT IN STANDARD OF LIVING

Entrepreneurs generate the employment for people which increase their income and purchasing power. People spent more on goods and services. Due to entrepreneurial activities people understand the importance of education which ultimately improves the literacy rate of that area.

PROMOTION OF INDIGENOUS AND ARTISTIC ACTIVITIES

Rural entrepreneurship promotes and protects the indigenous and artistic activities of that area such as in the district entrepreneurs come up with different forms of Aipan, (a art perform by utilizing red and white paint on floor and chauki) and chunni (special chunni wear by women to cover up their head in wedding). The district has traditional artisans including Tamtas (copper smith) popular for handmade utensils, gold smith and other artisans making useful household items out of bamboo and other selected commercial wood.

INCREASE IN PER CAPITA INCOME

Rural entrepreneurs utilize local resources like land, labour, capital and human resource and produces goods and services resulting in increase in nation income. Increase in national income is the indicator of increase net national product and per capita income of that country.

EARNING FOREIGN EXCHANGE

Rural entrepreneurs play important role in earning foreign exchange through export. They also produce import substitution which reduces the dependency of nation on foreign country.

EQUAL DISTRIBUTION OF ECONOMIC POWER

Monopolies of economic power can be dispersing through promoting entrepreneurship among peoples. Rural entrepreneurship promotes the industrial activities among rural peoples which disperse the monopolies of economic power in few hands.

BENEFITS OF RURAL ENTREPRENEURSHIP**GENERATE EMPLOYMENT**

Rural entrepreneurship reduces the problem of unemployment and underemployment. Several youth and women are employed by dairy business, food processing industries, textile industries, utensils making, arts and designing industries etc. by the entrepreneurs in the district.

BALANCED REGIONAL DEVELOPMENT

Rural entrepreneurship promotes setting up the industries in remote areas which dispel the concentration of industries in urban areas.

UTILIZATION OF RESOURCES

Rural entrepreneur utilizes the resources that are locally available thus ensure the utilization of resources.

CHECK ON MIGRATION

Rural entrepreneurs provide employment to rural peoples at their door step and thus keep check on migration of people from rural areas to urban areas.

CHECK ON SOCIAL EVILS

Rural entrepreneurship keeps check on social evils such as poverty, pollution and growth of slums in urban areas.

PROMOTION AND PROTECTION OF ARTISTIC ACTIVITIES

Rural entrepreneurship promotes and protects the artistic activities through handicrafts and art and thus preserves the heritage of the country.

IMPROVED STANDARD OF LIVING

Rural entrepreneurship improves the standard of living of rural peoples. It increases the literacy rate of people, thus improve the standard of living.

CHALLENGES FACED BY RURAL ENTREPRENEURS

Every kind of business has its unique problems. There are various kinds of challenges faced by rural entrepreneur in district.

FINANCIAL PROBLEMS

One of the major problems faced by rural entrepreneur is paucity of fund. They are unable to get external fund due to lack of credit facilities. The procedure to avail the facility of loan is also very long and time consuming and disappoint the entrepreneurs.

MARKETING PROBLEMS

One of the major problems in the district is transportation. Entrepreneurs bear high cost to deliver the product at the destination. Due to paucity of fund they are unable to advertise their product and compete with giant companies. They are also facing storage problem and store the product in open spaces or in a container. People use vessels and drum to store the agriculture produce.

HUMAN RESOURCE PROBLEM

It is very difficult to get skilled labour or manpower in rural areas though the rural enterprises are labour intensive.

TECHNOLOGICAL PROBLEMS

Rural enterprises suffer the problems of advanced technology. They use obsolete technology and face high cost of production and unable to compete with giant companies.

POOR INFRASTRUCTURAL FACILITIES

Rural areas are characterized by poor infrastructural facilities viz road, water, electricity, communication and transportation which demotivate the rural entrepreneurs. People's walks several miles to sell their farm produce in the district.

LACK OF KNOWLEDGE

Due to lack of knowledge rural entrepreneurs are unable to grab the available opportunities. Educated and trained youth leave the rural areas for urban destination. Most of the youth in India lack the enterprising skill they prefer to go for job to avoid fear and loss of their savings.

ADVERSE SOCIAL, CULTURAL AND INDUSTRIAL ENVIRONMENT

Social evils, cast system, religious superstitions, do not allow people to become entrepreneurs.

LOW QUALITY PRODUCT

Rural entrepreneur cannot produce quality product due to poor quality of raw material and standardized tool.

SUGGESTIONS

- Financial assistance should be provided by the government to promote rural entrepreneurship.
- Adequate and timely assistance with easy procedure should be provided by the financial institution and banks.
- Training and awareness programme should be conducted by government to generate entrepreneurial qualities among entrepreneurs.
- Proper infrastructural facilities such as road, water, electricity etc. must be provided by the government.
- Young educated youth should be motivated to come forward for village development.
- To modernize their technology adequate fund should be provided.
- Industrial co-operative can be set up to market rural products. These co-operative reduce the cost of middle man and advertise their products.

CONCLUSION

Rural industries play very important role in economic development of India particularly in rural economy. These industries provide not only the solution of unemployment but also keep check on migration, social evils, economic disparity and backwardness. It works as a catalyst for rural development. It improves standard of living of peoples. Therefore, government need to give more stress on rural entrepreneurship, upgrade the skill of artisans and give them exposure to outside market without middleman, and provide all the possible assistance, training and motivation to rural youth.

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THE EFFECT OF ORGANIZATIONAL CLIMATE ON WORK LIFE BALANCE

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ABSTRACT

The aim of this study is to examine the effects of organizational climate which means the workplace environment perceived by the workers on work life balance which represents the harmony or disharmony between work life and private life. To realize this aim, 114 employees working for three different organizations in Turkey were conducted a survey and the data was collected. Regression analysis was used for data analysis. The results of this study show that organizational climate has a positively meaningful effect on work life balance. However, 10 different dimensions were examined within the context of this study. Therefore, it was seen that each dimension of had different effects on work life balance.

KEYWORDS

organizational climate, work life balance.

JEL CODES

D23, J81, O15.

INTRODUCTION

Together with globalization a new structuring has arisen in almost every field from state level to individual level and all organizations longing to survive have had to keep up with this new technology. During this structuring process, thanks to the opportunities provided by technology, work life balance (flexible working hours, work share, health facilities, opportunities provided by the internet, working from home) has become a popular term. Work life balance does not only belong to employees but also has become an advantage-bearing quality for companies in terms of competitiveness. Thus, many organizations have started giving more importance on work life balance. Organizations use work life balance as a tool to reach the aims of both employees and the organization because work life balance has a positive effect on employees and increases sense of belonging and productivity of work (Clutterbuck, 2003). In studies on work life balance, which affects productivity of work, flexibility, and employee commitment positively, the term organization climate stands out. Organization climate is one of the significant elements to ensure work-life balance and includes issues such as the employee adopting the organization's aims (commitment), having relationships in conformity with the organization's strategies and policies, and showing behaviours expected by the organization. Organization climate bears certain qualities for each organization and is defined as the workplace environment that affects employees' behaviours. Organization climate is the individuals' perceptions of the workplace environment within the organization (Aytaç, 2003). Organization climate directs employee's motivation, perception, and type of relationship and therefore affects work life balance either positively or negatively. In light with the phenomenon and concepts mentioned above, this study aimed at examining the effects of organization climate on work life balance by reducing it to dimensions of organization climate. With reference to this examination, the study examines how and to what extent organization climate effects work life balance.

REVIEW OF LITERATURE**ORGANIZATION CLIMATE**

The literature review regarding organization climate shows that the initial studies carried out by Kurt Lewin in 1930s examined the relationships between human behaviour and environmental stimulators. (Onen, 2008:25). Lewinian appears when the conceptual base of organization climate is reviewed. The concept behaviour which was defined by Lewinian as a product of human beings and examined establishes the framework of studies on organization climate (Denison, 1990:25). In its most simple definition organization climate is the environment or ambiance created by organization culture in the organization (Varol, 1989:17). According to another definition the psychological environment of the organization is named organization climate (Katz and Kahn, 1977:123). Organization climate is also defined as the employees' perceptions regarding the workplace environment (Cekmecelioglu, 2006:299). Halpin (1966) defined organizational climate as follows: "what is characteristics to an individual is what is climate to the organization" (Mercan, 2007:82).

In line with the definitions above, we can say that organization climate affects employees' behaviours differently. Organization climate is perceptual and therefore each employee perceives it differently (Cekmecelioglu, 2006:299). Organization climate being perceptual is a result of people's expectations regarding how working should be within the organization and of their ideas regarding to what extent these expectations come true. Hence, if the expectations of the employees and organization climate comply organization climate is said to be good whereas if they do not comply, organization climate might be said to be bad or weak (Dincer, 1996:211). For this reason, organization climate affects employees positively or negatively and directs their behaviours (Basaran, 2000:297).

According to Miner (1988) organization climate is the organization's inner and stable quality which is experienced by employees and affects their behaviour, shows a series of the organization's behaviours and may be defined through the values of the organization culture.

The study of Litwin and Stringer carried out in 1968 examined organization climate in 9 different dimension namely structure, responsibility, award, risk raking, support, sincerity, standards, conflict, and identity (Yahyagil, 2006:80-81). Apart from these dimension, following are among the general characteristics and variables of organization climate (Batlis, 1980:233):

- The organization is composed of policies and behaviours of its members and senior management.
- It is based on the perception of circumstances regarding the workplace environment.
- It provides the basis for interpreting the workplace environment.

- It is the source of pressure that directs the activities.

The variables of organization climate are as follows (Forehand, 1968:66):

- **Environmental variables:** These variables do not stem from the employee and affect the members of the organization. For example, the size and structure of the organization, economic conditions and unionization rate.
- **Personal Variables:** These variables refer to the abilities, characteristic, and values of employees. For example, abilities of employees, their attitudes towards work and staff, their interest for work and their characteristics etc.
- **End variables:** They are a combination of both environmental and personal variables such as work motivation, satisfaction, and productivity.

When organization climate is approached in terms of the three variables above, it can be defined as a combination of environmental and personal variables (Forehand, 1968:66).

WORK LIFE BALANCE

With its general definition work life balance is the state of individuals' demands/aims regarding work life and personal demands/aims being balanced. Although this term is used in academic and professional life, it still does not have a clear definition. However, the balance approach can be defined as professional and family life (or private life) being away from conflict (Kucukusta, 2007:244). According to another definition work life balance is the individual's being occupied with roles in professional and private life on the same level and being equally satisfied with these roles (Greenhaus et al., 2003:512). Objectively work life balance is defined as success in health, career, and private life while subjectively it is defined as satisfaction in professional and private life (Hilderbrandt, 2006: 255-256). Today, work life balance has taken precedence over work safety among employee privileges (Armour, 2002). Organizations that do not help their employees balance between work and life will have difficulty in both employing skilled and motivated employees and keeping hold of them (Shellenbarger, 1999).

Providing work life balance has a lot of positive effects for organizations and following are among these effects (Cieri et al., 2002:3):

- It helps create a positive workplace environment and keep the employee, and increases the rate of response of education investments,
- It increases the diversity of staff and eases employee's adaptation,
- It develops managers' leadership skills and enables them produce various strategies to meet employees' needs.

In addition to the definitions of work life balance above, it is also based on minimizing the competitiveness between professional life and personal life and so targets creating harmony between the two lives. Work life balance advises managers to give more importance on flexible working hours and work share issues, which makes many contributions to the organization such as increasing employment and productivity, keeping hold of the employee and satisfying the employee. Besides these benefits, work life balance provides cost efficiency and increases performance (Manfredi and Holliday, 2004: 6).

Moreover, work life balance is a strategic human resources management tool which helps the employee feel good both physically and emotionally (Wong and Ko, 2009: 195). In terms of human resources management work life balance applications are among the strategies that contribute to increase employee's commitment to the organization. Work life balance is also considered to be a significant element that decreases the factors causing work place problems and stress (Kucukusta, 2007: 244).

HYPOTHESES

In line with the definitions made regarding organization climate and work life balance, it is possible to say that organization climate is one of the significant components for employees to balance life and work. In this context, the study aims to examine the effects of organization climate on work life balance. Therefore, the below hypotheses are tested in this study:

- H1: Formal structure dimension of organization climate affects work life balance positively and meaningfully.
- H2: Organizational support dimension organization climate affects work life balance positively and meaningfully.
- H3: Workplace environment dimension of organization climate affects work life balance positively and meaningfully.
- H4: Awarding dimension of organization climate affects work life balance positively and meaningfully.
- H5: Interpersonal relationships dimension of organization climate affects work life balance positively and meaningfully.
- H6: Risk taking dimension of organization climate affects work life balance positively and meaningfully.
- H7: Communication dimension of organization climate affects work life balance positively and meaningfully.
- H8: Innovativeness dimension of organization climate affects work life balance positively and meaningfully.
- H9: Decision making dimension of organization climate affects work life balance positively and meaningfully.
- H10: Team work dimension of organization climate affects work life balance positively and meaningfully.

METHODOLOGY

AIM AND CONTRIBUTION

The aim of this study is to examine the effects of organizational climate on work life balance. Specifically, this study aims at examining the effects of organizational climate on work life balance by various dimensions and it is believed that the results of the study will help organizations to decide on which dimensions of organization climate to focus on to work life balance, which is an element to increase employees' commitment. Also, it is thought that increasing the number of organizations and institutions with a better organization climate will have positive effects for employees, organizations and sectors.

POPULATION AND SAMPLE

The population of this study is composed of 3 different organizations operating in transportation, banking, and advertising sectors in Istanbul and managers and employees of these organizations are also included in the population. Based on the data obtained from these organizations the population is composed of about 5000 people. 250 people were sent questionnaires by considering the rate of response and convenience sampling method was adopted. 114 people responded and therefore the rate of response was 45.6%.

DATA COLLECTION AND ANALYSIS METHOD

The necessary data was collected via online questionnaire technique. Researchers have stated the data collected via online questionnaire methods to be as valid as pen and paper questionnaires and that they had no negative effect on the data quality (Kickul and Lester, 2001). The questionnaire form was composed of 3 parts. The first part is composed of 20 statements that aim to measure participants' perceptions regarding organization climate. The second part is composed of 6 statements to determine the level of work life balance and the third part is composed of statements that aim to determine demographical characteristics of the participants. The answers to the questionnaires were collected between April and June 2015.

Cronbach Alpha co-efficient was used for reliability analysis of the scales and regression analyses were used to test hypotheses.

SCALES

The scales used in previous studies were examined to determine the organization climate and level of work life balance and the appropriate ones were used in the questionnaire form.

In order to determine the participants' perception of organization climate, the scale developed by Yahyagil (2006) was made use of. This scale is composed of 10 dimensions 20 statements. The dimensions are formal structure, organizational support, workplace environment, awarding, interpersonal relationships, risk taking, communication, innovativeness, decision making, and team work. The scale is a 5-point Likert type scale. The items of the scale include answers ranging from 1-I definitely do not agree to 5- I definitely agree. Higher scores indicate that perception of organization climate is positive. The scale does not consist of a negative attitude statement.

In order to determine the participants' level of work life balance, the scale developed by Dawn et al. (2009) was made use of. The scale consists of 6 statements and is a 5-point Likert type scale. The answers range from 1-I definitely do not agree to 5- I definitely agree. Higher scores indicate that perception of work life balance is high. The scale does not consist of a negative attitude statement.

FINDINGS

FINDINGS REGARDING SAMPLE

The distribution of participants by their demographical characteristics is shown in Table 1.

TABLE 1: DEMOGRAPHICAL INFORMATION

Variable	Category	N	%
Gender	Female	26	22.8
	Male	88	77.2
Marital Status	Single	37	32.5
	Married	77	67.5
Age	25 and less	16	14.0
	26-30	59	51.8
	31-40	28	24.6
	41 and more	11	9.6
Education	High school degree	3	2.6
	Bachelor's degree	72	63.2
	Master's degree	37	32.5
	Doctoral degree	2	1.8
Monthly Income	1000 TL or less	6	5.3
	1000-2999 TL	37	32.5
	3000 TL or more	71	62.3
Tenure	1 year or less	21	18.4
	2-5 years	71	62.3
	6-10 years	12	10.5
	More than 10 years	10	8.8
	TOPLAM	114	100

Majority of the participants were male (77.2%) whereas the percentage of females was 22.8%. 67.5% of the participants were married and, 32.5% were single and the rate of participants aged between 26 and 30 was 51.8%. 63.2% of the participants were bachelors, and 32.5% of them were graduates. 62.3% of the participants earned 3000 TL and more, 32.5% earned between 1000 and 2999 TL. 62.5% was the percentage of working duration of the participants 2-5 years.

RELIABILITY ANALYSIS

Cronbach Alpha co-efficient of the scales are given in Table 2.

TABLE 2: RELIABILITY VALUES

Scale	Number of Elements	Cronbach Alfa
Formal Structure	2	0.12
Organizational Support	2	0.76
Workplace Environment	2	0.42
Awarding	2	0.72
Interpersonal Relationships	2	0.72
Risk Taking	2	0.71
Communication	2	0.70
Innovativeness	2	0.88
Decision Making	2	0.84
Team Work	2	0.86
Organizational Climate	16	0.95
Work Life Balance	6	0.92

It can be seen in Table 2 that Cronbach Alpha values calculated for formal structure and workplace environment dimensions were below 0.70, and therefore these two variables were excluded. Cronbach Alpha values for the remaining dimensions were above 0.70 and these variables are reliable (Nunnally and Bernstein, 1994:265; Tavşancıl, 2010:29).

DESCRIPTIVE INFORMATION

Table 3 presents averages, standard deviation, and co-relations of the variables used in this study.

TABLE 3: DESCRIPTIVE STATISTICS

Variable	Mean	St.D.	1	2	3	4	5	6	7	8	9
1. Org. Support	3.25	1.08	1								
2. Awarding	2.56	1.09	0.75*	1							
3. Int. Relationship	3.22	1.06	0.76*	0.61*	1						
4. Risk Taking	2.70	1.02	0.66*	0.66*	0.74*	1					
5. Communication	3.16	1.05	0.61*	0.62*	0.57*	0.60*	1				
6. Innovativeness	2.93	1.18	0.77*	0.73*	0.57*	0.67*	0.57*	1			
7. Decision Making	2.86	1.08	0.74*	0.75*	0.58*	0.58*	0.58*	0.74*	1		
8. Team Working	3.10	1.10	0.76*	0.65*	0.74*	0.73*	0.68*	0.70*	0.62*	1	
9. Work Life Balance	3.69	0.77	0.39*	0.31*	0.41*	0.33*	0.35*	0.25*	0.21**	0.20**	1

N= 114, *p<0.01, **p<0.05

It can be seen from Table 3 that the relationships between the variables of the study were meaningful ($p < 0.05$) and therefore the effect of dimensions of organization climate on work life balance needs to be examined. Furthermore, the co-efficient regarding interaction does not exceed 0.85 value, which shows that there is no multicollinearity (Kline, 2011:362).

HYPOTHESIS TESTING

The effect of the sub-dimensions of organization climate on work life balance was tested via regression analyses. Demographical variables were used in the analysis and control variables were used in the model. Results of the regression analyses can be seen in Table 4.

TABLE 4: RESULTS OF THE REGRESSION ANALYSIS

Variable	Work Life Balance	
	Step 1	Step 2
	β	β
Control Variables		
Gender	0.153	0.204
Marital Status	-0.063	-0.156
Age	0.056	0.067
Education	-0.121	-0.087
Monthly Income	0.270**	0.172
Tenure	-0.003	0.093
Independent Variables		
1. Organizational Support		0.514**
2. Awarding		-0.033
3. Interpersonal Relationship		0.336**
4. Risk Taking		0.090
5. Communication		0.269**
6. Innovativeness		0.037
7. Decision Making		-0.309**
8. Team Working		-0.522*
F Value	0.949	4.125*
R²	0.051	0.368
Adjusted R²	0.003	0.279

N= 114, * $p < 0.01$, ** $p < 0.05$

The effect of formal structure and workplace environment on work life balance was not examined because the reliability regarding these dimensions was not sufficient.

According to the regression analysis results presented in Table 4, organization climate organizational support ($H2: \beta = 0.514$, $p < 0.05$), interpersonal relationships ($H5: \beta = 0.336$, $p < 0.05$) and communication ($H7: \beta = 0.269$, $p < 0.05$) dimensions had positive and meaningful effects on work life balance whereas decision making ($H9: \beta = -0.309$, $p < 0.05$) and team work ($H10: \beta = -0.522$, $p < 0.01$) dimensions had negative and meaningful effects on work life balance. However awarding ($H4: \beta = -0.033$, $p > 0.05$), risk taking ($H6: \beta = 0.190$, $p > 0.05$) and innovativeness ($H8: \beta = 0.037$, $p > 0.05$) dimensions did not have any effect on work life balance. These findings show that hypotheses H2, H5, and H7 could be accepted whereas hypotheses H4, H6, H8, H9 and H10 were denied.

Also, it can be seen that the rate of organization climate dimensions' explaining work life balance was 36.8 % ($R^2 = 0.368$).

CONCLUSION

The effect of organization climate on work life balance was examined within the context of this study. Accordingly, data was collected from 114 personnel working in three different organizations in Turkey via questionnaire method. The research draws attention to the importance of organization climate and examination of the effects of work life balance, which contributes to productivity and continuity of individuals and organizations and thus organizations are informed on the importance of organization climate. It is believed that this information will contribute to professional life positively and affect both organizations and individuals positively.

The effects of organization climate were examined by ten different dimensions. Cronbach Alpha values calculated for formal structure and workplace environment dimensions were below 0,70, and therefore these two variables were excluded. The relationship of other dimensions with work life balance was examined via regression analysis.

The results of the regression analyses showed that there was a positive and meaningful relationship between organizational support, interpersonal relationships, and communication and work life balance. By looking at these findings it is possible to claim that providing organizational support to staff, relationships with colleagues, communication among employees and with superiors and juniors, and informing employees on workflow within the organization and activities to be carried out contribute to work life balance.

For this reason, both financial and emotional support provided by organizations will contribute to their work life balance. Also, it can be said that employees' communication with both each other and management increases work life balance.

The analysis showed that decision making, risk taking, and team work dimensions had negatively meaningful effects on work life balance. This negative effect in terms of decision making dimension might be that employees' responsibilities and workload increase as they participate in decision making processes and this increase affects employee's work life balance negatively. Similarly, team work also increases workload and therefore it might be perceived to unbalance work life balance.

The findings of the analysis also showed that there was not a meaningful relationship between organization climate and awarding, risk taking, and innovativeness dimensions.

When all these findings and results are evaluated in terms of the sample, it can be said that organizational support, interpersonal relationships, and communication dimensions are more important to provide and develop work life balance. These results are thought to motivate organizations to create a better organization climate and therefore encourage employees to find the balance between their lives and work, which in turn will contribute to individuals, organizations, and sectors positively.

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A DESCRIPTIVE STUDY ON THE IMPACT OF EMPLOYEE MOTIVATION TOWARDS THEIR CAREER GROWTH AND DEVELOPMENT

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ABSTRACT

It is obligatory on training and development professions to design implement and evaluate the effectiveness of their program in reducing the quarrel in workplace performance. This study aims to determine the career growth and development in order to satisfy the employees in their job. This study focused on the motivation of employee, so that the employees feel comfort and get satisfied, which results in better performance. Today's employees are more career conscious than ever. They are demanding more in terms of personal growth and development. Organizations that fail to allow employees to meet their individual needs will be losing its valued employees. The objectives of this study were to assess career advancement after training, identify constraints to career advancement, assess the level of motivation among trained personnel, and establish strategies to minimize constraints to career advancement and assess the effect of career advancement through motivation. The study also revealed that the career advancement had a highly significant effect on motivation.

KEYWORDS

motivation of employee, career growth, effectiveness, career advancement.

INTRODUCTION

 Management is nothing more than motivating other people”

-Le Iacocca

Motivation represents the reasons for people's action, desire and needs. Today organization can easily change their material, needs, goods and services. But the one resource which is not easily exchangeable is human resources. Human resource is the very important asset which cannot be exchangeable. So the motivation is main factor that affects and influence the human resources of the organization. In this competitive business world, it is not only important for an organization to fix objective in terms of earning more profit but also to see the welfare of an employee. Act of retaining an employee is not so easy until an organization provides them with intrinsic/extrinsic rewards and opportunities for career goals.

An organization should concentrate on everyone's performance in order to strengthen them the desirable thoughts and also to weaken them the undesirable thoughts by taking effective strategy. Managers have to identify the employee's objectives, what they want for their career, their knowledge, skills and abilities so that they can train them accordingly, help them in identifying long and short term goals. Career development is directly linked with employee's satisfaction in a way the employees feel value from their supervisors and organization as their goals are being focused and achieved, they get recognized because along with their objective the organization objective has been achieved and gets satisfied.

OBJECTIVES

The main objective of the study is to analyze the impact of employee's motivation on career growth and development. The sub-objectives of the study are:

- To determine the factors that increase employees' motivation.
- To examine the relationship between employees' motivation and career growth.

DISCUSSION

In every organization the career development looks at:

- How individuals manage their careers within themselves and between organizations.
- How organization structures the career progress of their members, it can also be tied into succession planning within most of the organizations. In today's world, more employers are looking for the ways to facilitate career development and encourage their employees to drive their own careers.

FACTORS INFLUENCING EMPLOYEE MOTIVATION

EMPLOYEE MOTIVATION

Employee performance fundamentally depends on many factors like performance appraisal, employee motivation, employee's job satisfaction, compensation, training and development, job security and other, but the area of study is focused only on employee motivation as this factor highly influences the performance of employees.

A proposition assumed as a premise in an argument is as follows:

In an organization motivation can be done through different leadership style, their reward system, their organization climate and the structure of the work.

LEADERSHIP STYLE

Leadership is about getting things done the right way. Motivation is purely and simply a leadership behaviour. Leadership and motivation are active processes. Different leadership style is the key factor which determines how employees feel about their concern and how they are motivated. Change in leadership style affects the psychological climate of the concern and in returns affect the whole performance of an employee inside the organization. The appropriate leadership style depends on the goals and objectives of an organization the people within the company and the external environment. Leadership style in an organization should be in unity and centralized. Some of other leadership styles that have been identified are telling, selling, persuading and participating. Each of these styles is appropriate depending on whether the employee is new or experienced and whether there is sample time or emergency in completing the task. Sometimes, the manager is required to use different leadership style for different people under differing circumstances.

REWARD SYSTEM

In an organization the motivation has been done also by reward system. Based on the performance of an employee an organization should get prepared to give monetary/non monetary rewards. So that better performance results. Some of the monetary reward factors are salaries, wages, bonus and special individual incentives. Some of non-monetary reward factors are working conditions, job status, job security and job enrichment.

Reward system should not be based on favourism and on estimating the employee over physical appearance. It should fully concentrate on the skills and knowledge of an employee.

ORGANIZATION CLIMATE

The organization climate is deliberately created and maintained by management in order to satisfy the employees. Respect for the individual was adamantly enforced at every level of the organization both nationally and internationally. Improvement in organization climate makes an employee happiest, most productive and creative people in their concern

The employees inside the organization should get satisfied with the environmental comfort. Goal organizations are always trying to structure the work so as to match the nature of the work with the nature of the employee to make the work as interesting and enjoyable as possible.

EFFECTIVENESS

Effectiveness is doing right things. Effectiveness can be achieved only when the employees get satisfied with their performance. The motivated employee work best in the interest of the organization which leads them towards growth, prosperity and productivity. Thus the employee motivation and organizational effectiveness are directly related. Leadership must ensure that employees understand how their individual's effort will contribute to the organization's overall strategy and direction. People want to be part of a winning team. Employees will take pride and be engaged in their work if they understand how their efforts impact the organization.

Mentoring can be valuable for employees seeking sounding boards for challenges they may be facing. Organization has to support mentoring internally or encourage employees to join outside groups. These types of groups can help individual feel supported and more capable of dealing with tough issues. Once new ideas are identified, engage a cross-functional team to develop solution. Individuals focused on business success use their energies to focus on improvements vs worries about restructuring. During, unsettled times, employees take on additional responsibilities. It's important for managers to recognize these increased efforts with a simple "thank you" or "great job". These meaningful words acknowledge efforts, built loyalty and encourage people to work even harder.

CONCLUSION

Motive is something a need or desire that cause a person to act. Motivated employees are efficient, creative and can help increase overall profitability and bottom line results. Motivation bridges the gap between organization effectiveness and employee career growth and development. Management should evaluate employee suggestion scheme and use the feedback from the workforce to improve the organizational environment and fulfill their needs and skills. People are different and they are motivated by diverse needs, such as physiological needs, safety requirements and self-actualization needs.

Thus, focusing on employees at every level of the workforce and analyzing each department of the organization will provide detailed accurate information regarding the needs of employees. A motivated and qualified workforce is essential for any company that wants to increase productivity and customer satisfaction. In this context, motivation means the willingness of an individual to do efforts and take action towards organizational goals. Employee participation and empowerment do not only enhance efficiency, growth and innovation but they also increase employee motivation and trust in the organization. If employees feel appreciated for their work and are involved in decision-making, their enhanced enthusiasm and motivation will lead to better productivity and loyalty

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A STUDY ON PROBLEMS FACED BY THE CUSTOMERS WITH REFERENCE TO BANKING SERVICES IN PRIVATE SECTOR BANKS

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ABSTRACT

Banking industry is one of major role player in Indian financial. The objective of this paper is to know the customer problems towards banking services. A study was made to identify the major problems faced by the selected sample respondents in utilizing the private sector banking services. For this purpose, the respondents were asked to provide the problems based on their experience. The study used the main problems such as opening an account, withdrawals, depositing cash, advanced services, grievance cell, and working hours. Percentage method was used for analysis. The data used for the study both primary data and secondary data. I conclude that in all respects the customers are facing problems in private sector banks.

KEYWORDS

banking services, customer problems, opening an account.

INTRODUCTION

In the present banking system, excellence in customer service is the most important tool for sustained business growth. Customer problems are part of the business life of any corporate entity. This is more so for banks because they are service organizations. As a service organization, customer service and satisfaction should be the prime concern of any bank. The bank believes that providing prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. However, banks minimize instances of customer problems and grievances through proper service delivery and review mechanism and to ensure prompt redress of customer problems. The review mechanism should help in identifying shortcomings in product features and service delivery. Customer dissatisfaction can ruin the name and image of a bank. As such, bank policy on problems is as follows:

1. Customers are to be treated fairly at all times.
2. Complaints should be raised by customers with courtesy and on time.
3. Customers should be fully informed of avenues to escalate their complaints/grievances within the organization and their rights to alternative remedies, if they are not fully satisfied with the response of the bank to their complaints.
4. Bank to treat all complaints efficiently and fairly as they can damage the bank's reputation and business if handled otherwise.
5. The bank employees must work in good faith and without prejudice to the interests of the customer.

REVIEW OF LITERATURE

Jain and Jain (2006) show that the Indian banking industry has undergone radical changes due to liberalization and globalization measures undertaken since 1991. There has been a great surge in retail banking. The study based on responses received from 200 customers of HDFC bank, ICICI bank and some other private and nationalized banks in Varanasi identified the various types of services offered by banks, the level of satisfaction about different types of services, expectations about these services and the level of segmentation among the services offered.

Mishra and Jain (2007) studied various dimensions of customer satisfaction in nationalized and private sector banks. The study concludes that satisfaction of customers is an invaluable asset for modern organizations, providing unmatched competitive edge, which helps in building a long term relationship. The best approach to customer retention is to deliver a high level of customer satisfaction that result in strong customer loyalty. The two-stage factor analysis is to arrive at the dimensions of customer satisfaction. The study analyzed ten factors and five dimensions of customer satisfaction for both nationalized and private sector bank.

M. Selvam (2005) in his article entitled, "Customer Satisfaction of Banking Services: An Overview" has studied to assess the measurement criteria and to evaluate customer satisfaction regarding banking services and evaluate the level of satisfaction of customer services provided by the banks.

N. Nandhi (2002), in his article entitled "Banking Marketing – The Problems of Distribution" focuses on the marketing techniques for distribution of banking services.

P. Periasamy and J. V. Balasubramanian (2008) in their article titled, "Customer's Awareness and Problems of Services in Bank: A study" has analysed the customer awareness about the nature of services offered by banks and problems related to customer services.

Subbiah and S. Jeyakumar (2009) in their article titled, "Customer Services of Commercial Banks" have analyzed the perception of customers towards the services of commercial banks and reasons for having opened an account in commercial banks in Virudhunagar District.

Thomas Ogoro Ombati et. al., (2010) in an article titled "Technology and Service Quality in the Banking Industry" examined the relationships between technology and service quality in the banking industry in Kenya.

SCOPE OF THE STUDY

- The study has been conducted on behalf of Private Sector Banks.
- The study is confined to the Bangalore city.
- The study covers the users of Private Sector Banks.
- The study has put forward the Customers as well as acceptability behaviour for the services.
- The scope of the study is to find out the Customer Problems Private Sector Banks.
- The study covers respondent who are the customers of Private Sector Banks. These customers belong to various professions, places, of both genders, with varied income groups and varied age groups.

OBJECTIVES OF THE STUDY

1. To study and analyze the problems faced by the customers while using the banking services provided by the private sector banks at Bangalore City.
2. To suggest better ways and means to improve the performance of the Private Sector Banks in Bangalore City.

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically.

SAMPLING AREA: The study was carried out among the A/c holders of Private Sector Banks in Bangalore city.

SAMPLE SIZE: 100 customers were selected after considering time and cost.

SAMPLING METHOD: Convenience method of sampling is used to collect the data from the respondents.

DATA COLLECTION: The data was collected from both primary and secondary sources.

PRIMARY DATA

Primary data is collected from customers of the Private Sector Banks. The well-structured questionnaire is formulated and by interview method the data is collected.

SECONDARY DATA

This data is second hand which is collected from some publication, journals, books magazines, periodicals and websites. Etc. Since the objectives were focused on primary data, the study relied more on the primary data.

STATISTICAL TOOLS USED: The collected data has been analyzed by using Percentage analysis.

Analyzed & interpreted data have been presented in the form of tables, charts and figures.

DATA ANALYSIS & INTERPRETATIONS

TABLE-1: DEMOGRAPHICS OF RESPONDENTS

PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
GENDER		
Male	60	60 %
Female	40	40 %
TOTAL	100	100 %
AGE GROUP		
18 - 25 years	58	58 %
26 - 40 years	19	19 %
41 - 55 years	13	13 %
Above 56 years	10	10 %
TOTAL	100	100 %
EDUCATIONAL QUALIFICATION		
SSLC	20	20 %
PUC	10	10 %
Under Graduate	20	20 %
Post Graduate	20	20 %
Others	30	30 %
TOTAL	100	100 %
OCCUPATION		
Corporate employees	15	15 %
Professional employees	19	19 %
Students	45	45 %
Others	21	21 %
TOTAL	100	100 %
MONTHLY INCOME		
Less than Rs.10,000	24	24 %
Rs.10,001 - Rs.20,000	20	20 %
Rs.20,001 - Rs.30,000	18	18 %
Rs. 30,001 - Rs.40,000	19	19 %
Above Rs.40,001	19	19 %
TOTAL	100	100 %

Source: Primary Data.

Table 1 represents the demographic profile of the respondents. Out of 100 respondents, (60) 60% of the respondents were male whereas (40) 40% of them were female. (58) 58 % of the samples were 18 - 25 years old, followed by (19) 19% respondents were of 26 - 40 years, followed by (13) 13 % of respondents were 41 – 55 years and (10) 10% of them were above 56 years category. (20) 20 % of the consumers of various banks were qualified SSLC, (10) 10 % PUC, (20) 20 % under graduates and (20) 20% post graduates and (30) 30% others. (15) 15 % of the respondents currently are working in corporate sector, followed by (19) 19 % of the samples opined that they are professional employees, (45) 45 % of the respondents are students and (21) 21% are others. (24) 24 % of the respondents were having Less than Rs. 10, 000 as their monthly incomes, followed by (20) 20 % of them were earning from Rs.10,001 - Rs. 20, 000 in a month, (18) 18 % of the respondents were having Rs. 20, 001 - Rs. 30, 000 as their monthly income, (19) 19% of respondents monthly income were Rs. 30,001 - Rs. 40,000 and (19) 19 % respondents are only having monthly income Above Rs. 40,001 in private sector banks.

TABLE-2: LIST OF BANKS SELECTED FOR STUDY

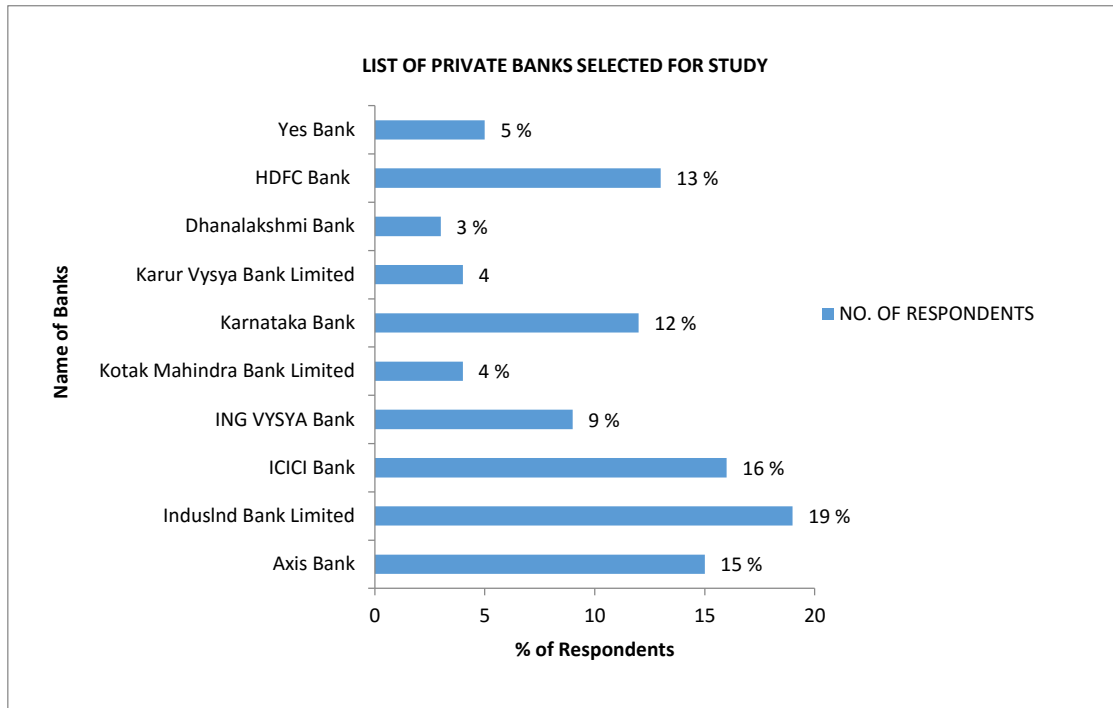
SERIAL. NO.	NAME OF BANKS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Axis Bank	15	15 %
2.	IndusInd Bank Limited	19	19 %
3.	ICICI Bank	16	16 %
4.	ING VYSYA Bank	9	9 %
5.	Kotak Mahindra Bank Limited	4	4 %
6.	Karnataka Bank	12	12 %
7.	Karur Vysya Bank Limited	4	4 %
8.	Dhanalakshmi Bank	3	3 %
9.	HDFC Bank	13	13 %
10.	Yes Bank	5	5 %
Total		100	100 %

Source: www.allbankingsolutions.com

Table 2 reveals that in the case of private sector banks, out of 100 customers, 15 (15 %) respondents are having account in Axis Bank, 19 (19 %) respondents are having account in IndusInd Bank Limited, 16 (16%) respondents are having account in ICICI Bank, 9 (9%) respondents have account in ING VYSYA Bank, 4(4%) respondents have account in Kotak Mahindra Bank Limited, 12 (12%) respondents have account in Karnataka Bank, 4(4%) respondents have account in Karur Vysya

Bank Limited, 3 (3%) respondents have account in Dhanalakshmi Bank Bank, 5 (5%) respondents have account in Yes Bank.

It reveals that majority of the respondents have account in IndusInd Bank Limited in the case of Private Sector Banks.



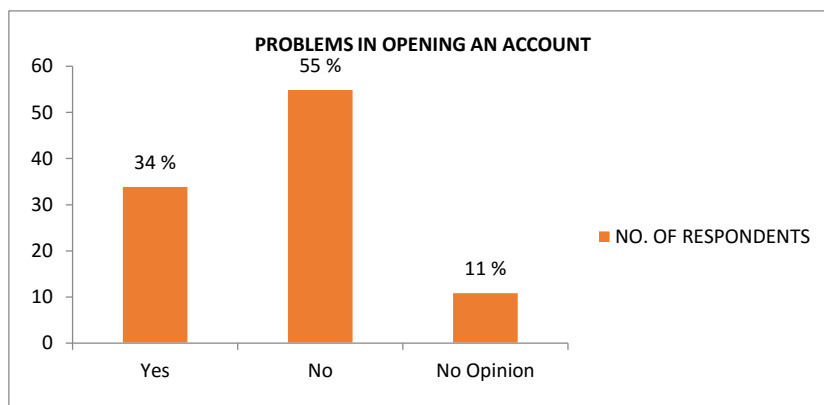
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (19) 19% have account in IndusInd Bank Limited in the case of Private Sector Banks.

TABLE-3: PROCEDURE PROBLEMS IN OPENING AN ACCOUNT

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	34	34 %
2.	No	55	55 %
3.	No Opinion	11	11 %
Total		100	100 %

Source: Primary Data.

Table 3 reveals that in the case of Private Sector Banks, out of 100 customers, 34 (34%) respondents say 'Yes' they have Procedure Problem in opening an account in private sector banks and 55 (55%) respondents say 'NO' that there is no Procedure Problems in opening an account in private sector banks and remaining 11(11%) respondents say 'NO OPINION' for Procedure Problems in opening an account in private sector banks. A majority of the sample respondents have said there is no Procedure Problem in opening an account in private sector banks.



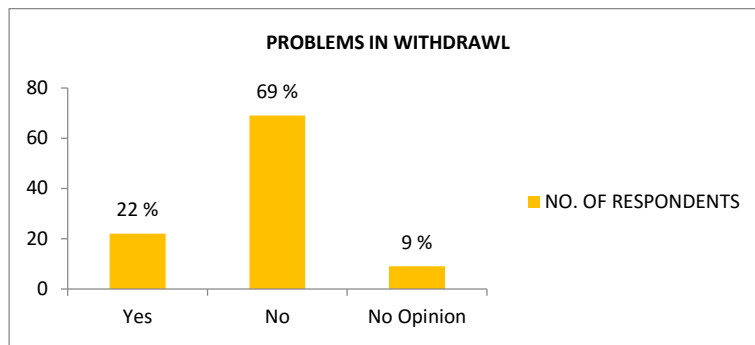
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (55) 55% have no Procedure Problem in opening an account in private sector banks.

TABLE-4: PROBLEMS IN WITHDRAWAL

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	22	22 %
2.	No	69	69 %
3.	No Opinion	9	9 %
Total		100	100 %

Source: Primary Data.

Table 4 reveals that in the case of private sector banks, out of 100 customers, 22 (22%) respondents have problems in withdrawal of account, 69 (69%) respondents have no problem in withdrawal of account, and 9 (9%) respondents have no opinion towards withdrawal of account. It reveals that a majority of the respondents have no problem in withdrawal system in private sector banks.



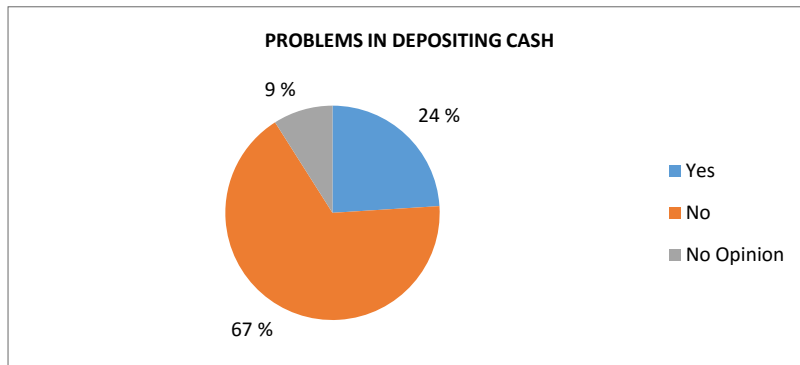
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (69) 69% have no Problems in withdrawal of an account in private sector banks.

TABLE-5: PROBLEMS IN DEPOSITING CASH

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	24	24 %
2.	No	67	67 %
3.	No Opinion	9	9 %
Total		100	100 %

Source: Primary Data.

Table 5 reveals that in the case of private sector banks, out of 100 customers, 24 (24%) respondents have problems in depositing cash in bank, 67 (67%) respondents have no problem in depositing cash in bank, and 9 (9%) respondents have no opinion towards depositing cash in bank. It reveals that a majority of the respondents have no problem in depositing cash in bank in private sector banks.



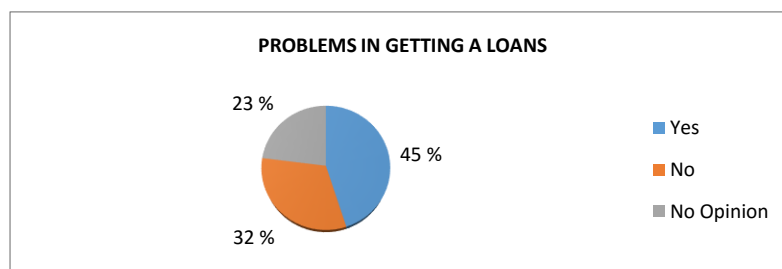
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (67) 67% have no Problems in depositing cash in private sector banks.

TABLE-6: PROBLEMS IN GETTING A LOAN

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	45	45 %
2.	No	32	32 %
3.	No Opinion	23	23 %
Total		100	100 %

Source: Primary Data.

Table 6 reveals that in the case of private sector banks, out of 100 customers, 45 (45%) respondents have problems in getting loans from banks, 32 (32%) respondents have no problem in getting loans from banks, and 23 (23%) respondents have no opinion towards in getting loans from banks. It reveals that a majority of the respondents have problems in getting loans from private sector banks.



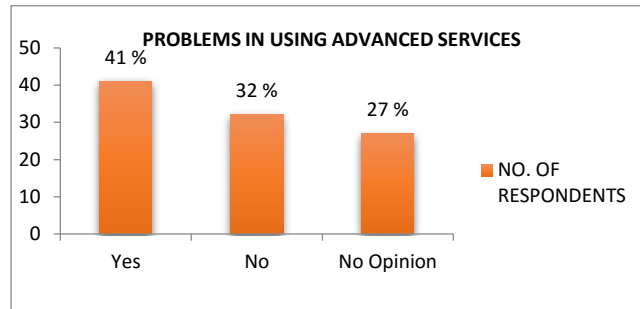
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (45) 45% have Problems in getting loans from private sector banks.

TABLE-7: PROBLEMS IN USING ADVANCED SERVICES

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	41	41 %
2.	No	32	32 %
3.	No Opinion	27	27 %
Total		100	100 %

Source: Primary Data.

Table 7 reveals that in the case of private sector banks, out of 100 customers, 41 (41%) respondents have problems in using advanced services from banks, 32 (32%) respondents have no problem in using advanced services from banks, and 27 (27%) respondents have no opinion towards in using advanced services from banks. It reveals that a majority of the respondents have problems in using advanced services from private sector banks.



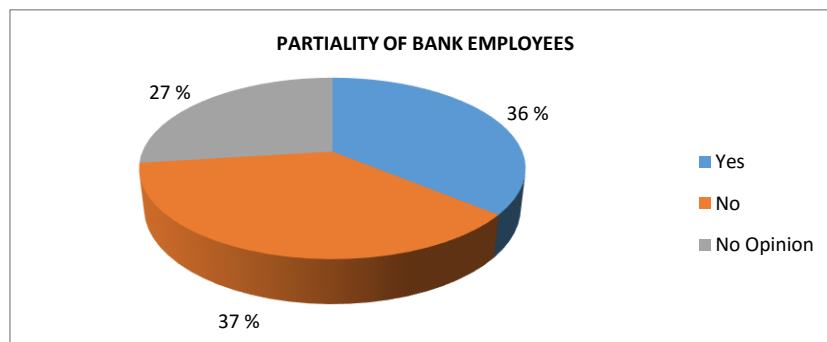
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (41) 41% have Problems in using advanced services from private sector banks.

TABLE-8: THERE IS A PARTIALITY OF BANK EMPLOYEES

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	36	36 %
2.	No	37	37 %
3.	No Opinion	27	27 %
Total		100	100 %

Source: Primary Data.

Table 8 reveals that in the case of private sector banks, out of 100 customers, 36 (36%) respondents say there is a partiality of bank employees in providing services to customers, 37 (37%) respondents say there is no partiality among the bank employees towards customers services, and 27 (27%) respondents have no opinion towards the partiality of bank employees towards customers. It reveals that a majority of the respondents say there is a partiality of bank employees in providing services to customers in private sector banks.



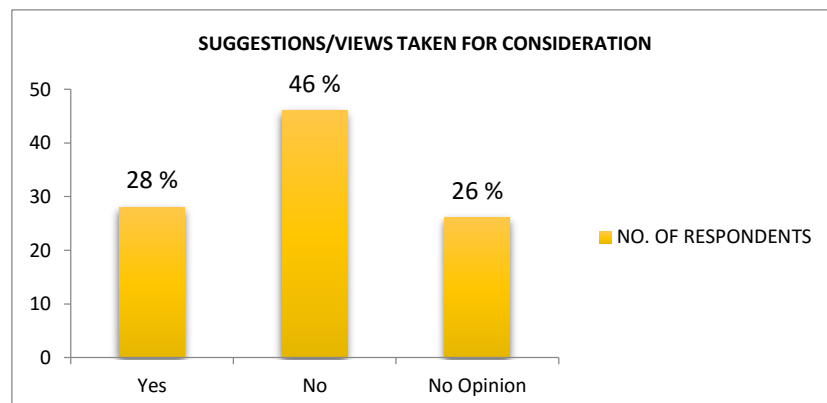
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (37) 37% say there is no partiality among the bank employees towards customers services in private sector banks.

TABLE-9: SUGGESTIONS/VIEWS TAKEN FOR CONSIDERATION

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	28	28 %
2.	No	46	46 %
3.	No Opinion	26	26 %
Total		100	100 %

Source: Primary Data.

Table 9 reveals that in the case of private sector banks, out of 100 customers, 28 (28%) respondents say their suggestions and views are taken in to consideration from the banks, 46 (46%) respondents say their suggestions and views are not taken into consideration, and 26 (26%) respondents have no opinion towards their suggestions and views in banks. It reveals that a majority of the respondents say their suggestions and views are taken in to consideration in private sector banks.



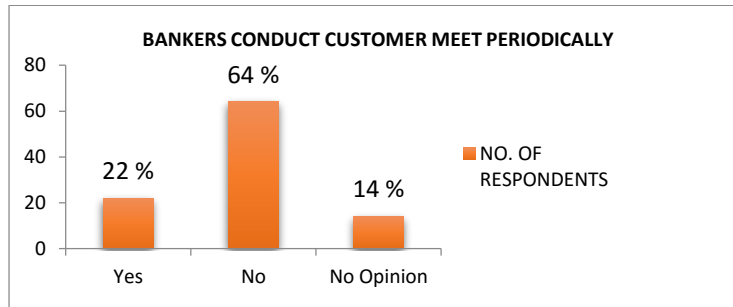
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (46) 46% say their suggestions and views are taken in to consideration in private sector banks.

TABLE-10: BANKERS CONDUCT CUSTOMER MEET PERIODICALLY

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	22	22 %
2.	No	64	64 %
3.	No Opinion	14	14 %
Total		100	100 %

Source: Primary Data.

Table 10 reveals that in the case of private sector banks, out of 100 customers, 22 (22%) respondents say that banks conduct meetings periodically with the customers, 64 (64%) respondents say banks does not conduct meetings periodically with the customers, and 14 (14%) respondents have no opinion towards the banks meetings with customers. It reveals that a majority of the respondents have no opinion towards the banks meetings with customers in private sector banks.



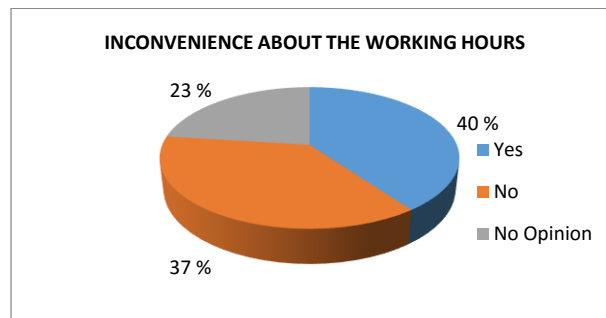
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (64) 64% say that private sector banks does not conduct periodically meeting with customers.

TABLE-11: INCONVENIENCE ABOUT THE WORKING HOURS

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	40	40 %
2.	No	37	37 %
3.	No Opinion	23	23 %
Total		100	100 %

Source: Primary Data.

Table 11 reveals that in the case of private sector banks, out of 100 customers, 40 (40%) respondents say there is inconvenience in banks working hours, 37 (37%) respondents say there is no inconvenience in banks working hours, and 23 (23%) respondents have no opinion towards the banks working hours. It reveals that a majority of the respondents say there is inconvenience in working hours in private sector banks.



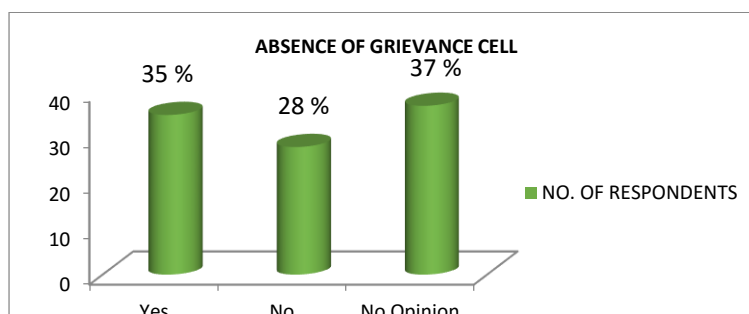
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (40) 40% say there is inconvenience in working hours in private sector banks.

TABLE-12: ABSENCE OF GRIEVANCE CELL

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	35	35 %
2.	No	28	28 %
3.	No Opinion	37	37 %
Total		100	100 %

Source: Primary Data.

Table 12 reveals that in the case of private sector banks, out of 100 customers, 35 (35%) respondents say there is a grievance cell in the banks, 28 (28%) respondents say there is no grievance cell in the banks and 37 (37%) respondents have no opinion towards the absence of grievance cell in the banks. It reveals that a majority of the respondents have no opinion towards absence of grievance cell in the private sector banks.



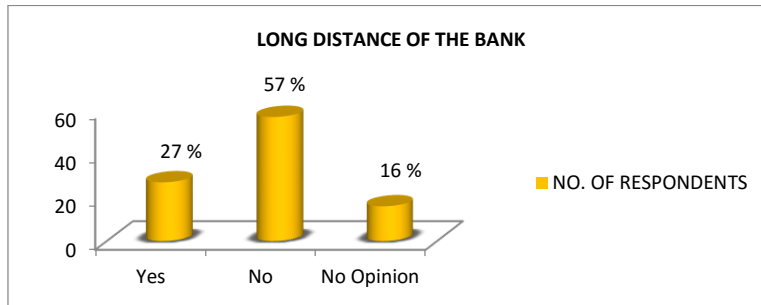
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (37) 37% have no opinion towards absence of grievance cell in the private sector banks.

TABLE-13: LONG DISTANCE OF THE BANK

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	27	27 %
2.	No	57	57 %
3.	No Opinion	16	16 %
Total		100	100 %

Source: Primary Data.

Table 13 reveals that in the case of private sector banks, out of 100 customers, 27 (27%) respondents say bank is long distance from their home, 57(57%) respondents say banks is not long distance form their home and 16 (16%) respondents have no opinion towards the long distance from their home. It reveals that a majority of the respondents have no opinion towards the long distance of the private sector banks.



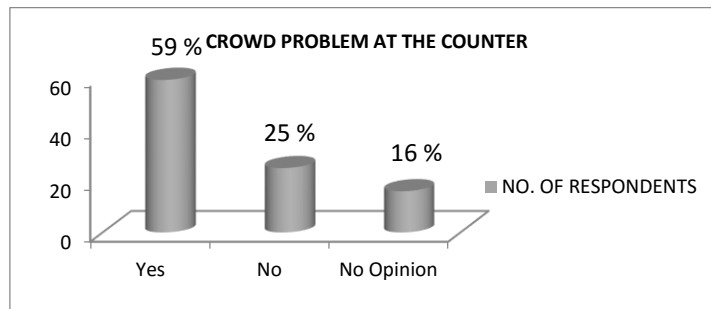
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (57) 57% private banks are not long distance form their home.

TABLE-14: CROWD PROBLEM AT THE COUNTER

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	59	59 %
2.	No	25	25 %
3.	No Opinion	16	16 %
Total		100	100 %

Source: Primary Data.

Table 14 reveals that in the case of private sector banks, out of 100 customers, 59 (59%) respondents say there is crowd problem at the counter, 25(25%) respondents say there is no crowd problem at the counter and 16 (16%) respondents have no opinion towards crowd problem at the counter. It reveals that a majority of the respondents are facing crowd problem at the counter at private sector banks.



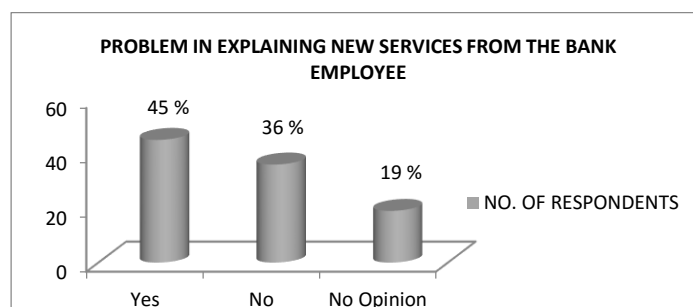
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. (59) 59% are facing crowd problem at the private sector banks.

TABLE-15: PROBLEM IN EXPLAINING MODERN / NEW SERVICES FROM THE BANK EMPLOYEE

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	45	45 %
2.	No	36	36 %
3.	No Opinion	19	19 %
Total		100	100 %

Source: Primary Data.

Table 15 reveals that in the case of private sector banks, out of 100 customers, 45 (45%) respondents say that bank employees are not able to explain the new services to customers properly, 36 (36%) respondents say they have no problem with bank employees in understanding the new services and 19 (19%) respondents say no opinion towards bank employees. It reveals that a majority of the respondents are facing problems with bank employees in understanding the new services in private sector banks.



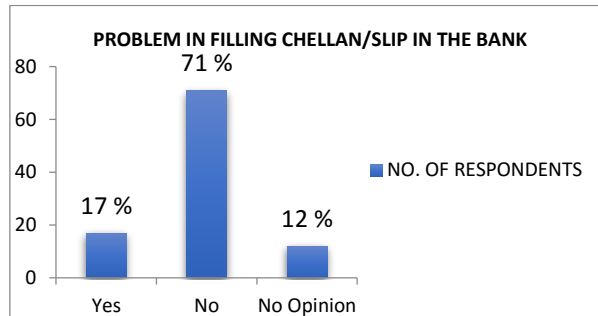
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. 45 (45%) respondents say that bank employees are not able to explain the new services to customers properly in private sector banks.

TABLE-16: PROBLEM IN FILLING CHALLAN/SLIP IN THE BANK

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	17	17 %
2.	No	71	71 %
3.	No Opinion	12	12 %
Total		100	100 %

Source: Primary Data.

Table 16 reveals that in the case of private sector banks, out of 100 customers, 17 (17%) respondents say that they are facing problems in filling bank challan, 71 (71%) respondents say they have no problem in filling bank challan and 12 (12%) respondents say no opinion in filling bank challan. It reveals that a majority of the respondents are not facing any problems in filling bank challan in case of private sector banks.



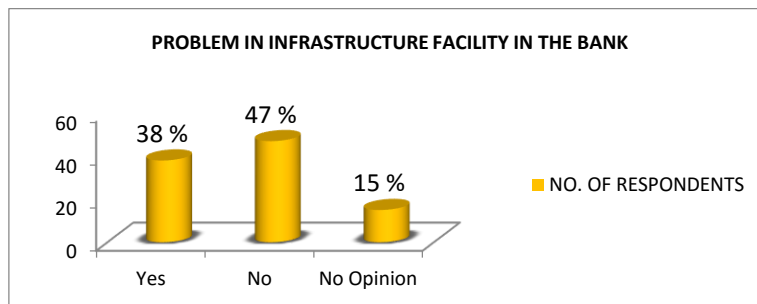
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. 71 (71%) respondents say they have no problem in filling bank challan in private sector banks.

TABLE-17: PROBLEM IN INFRASTRUCTURE FACILITY IN THE BANK

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	38	38 %
2.	No	47	47 %
3.	No Opinion	15	15 %
Total		100	100 %

Source: Primary Data.

Table 17 reveals that in the case of private sector banks, out of 100 customers, 38 (38%) respondents say private banks does not have proper infrastructure facility to customers, 47 (47%) respondents say they have no problem in infrastructure facility in private banks and 15 (15%) respondents say no opinion towards infrastructure facility in the banks. It reveals that a majority of the respondents are not facing any problems in infrastructure facility in case of private sector banks.



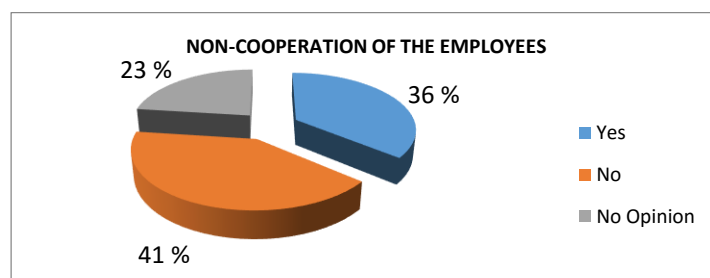
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. 47 (47%) respondents say they have no problem in infrastructure facility in private sector banks.

TABLE-18: NON-COOPERATION OF THE EMPLOYEES

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	36	36 %
2.	No	41	41 %
3.	No Opinion	23	23 %
Total		100	100 %

Source: Primary Data.

Table 18 reveals that in the case of private sector banks, out of 100 customers, 36 (36%) respondents say private banks employees are not cooperative with customers, 41 (41%) respondents say private banks employees are very cooperative with customers and 23 (23%) respondents say no opinion regarding non-cooperation of the bank employees with customers. It reveals that a majority of the respondents are no problems with bank employees in case of private sector banks.



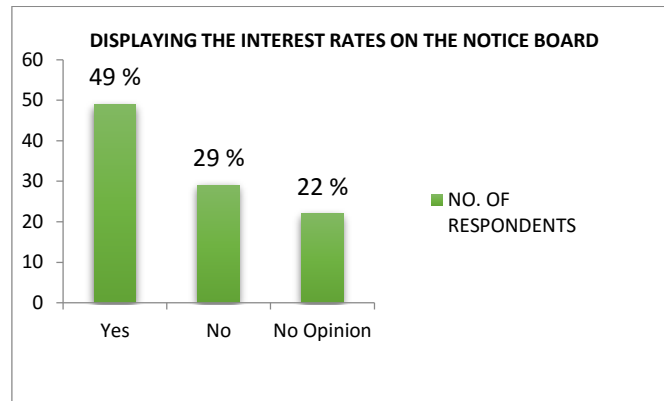
Interpretation of the graph: From the above graph, it is clear that majority of the respondents i.e. 41 (41%) respondents say private banks employees are very cooperative with customers in case of private sector banks.

TABLE-19: DISPLAYING THE INTEREST RATES ON THE NOTICE BOARD

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	49	49 %
2.	No	29	29 %
3.	No Opinion	22	22 %
Total		100	100 %

Source: Primary Data.

Table 19 reveals that in the case of private sector banks, out of 100 customers, 49 (49%) respondents say private banks regularly displays the interest rates on the notice board, 29 (29%) respondents say private banks does not display the interest rates on the notice board and 22 (22%) respondents say no opinion regarding displaying the interest rates on the notice board. It reveals that a majority of the respondents say banks regularly display the interest rates on the banks notice board in case of private sector banks.



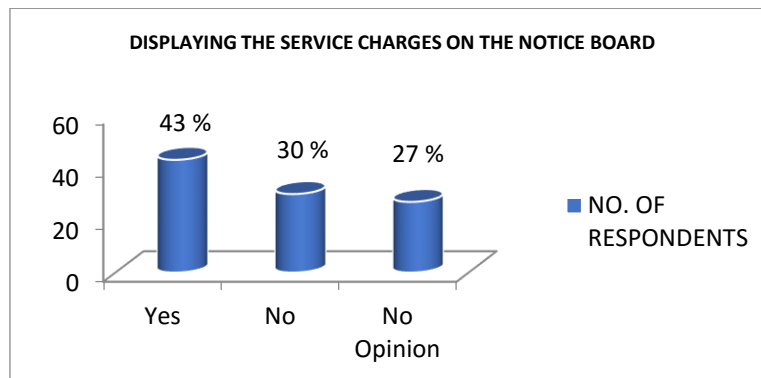
Interpretation of the graph: From the above graph, it is clear that majority of the respondent's i.e. 49 (49%) respondents say private banks regularly displays the interest rates on the notice board in case of private sector banks.

TABLE-20: DISPLAYING THE SERVICE CHARGES ON THE NOTICE BOARD

SERIAL. NO.	PARTICULARS	NO. OF RESPONDENTS	% OF RESPONDENTS
1.	Yes	43	43%
2.	No	30	30 %
3.	No Opinion	27	27 %
Total		100	100%

Source: Primary Data.

Table 20 reveals that in the case of private sector banks, out of 100 customers, 43 (43%) respondents say private banks regularly displays the service charges on the notice board, 30 (30%) respondents say private banks does not display the service charges on the notice board and 27 (27%) respondents say no opinion regarding displaying the service charges on the notice board. It reveals that a majority of the respondents say banks regularly display the service charges on the banks notice board in case of private sector banks.



Interpretation of the graph: From the above graph, it is clear that majority of the respondent's i.e. 43 (43%) respondents say private banks regularly displays the service charges on the notice board in case of private sector banks.

STRATEGIES TO MITIGATE COMPLAINTS

1. All the banks should constitute customer service committee.
2. Appoint 'nodal officers' and other designated officials to handle problems and grievances.
3. Nodal officers should conduct meetings with the customers
4. There should be trained, honest, polite, sensitive operating staff to handle the complaints.
5. Understanding customer experience and its implication: Our experience shows that there are multiple layers of customer experience with a bank. The banks deliver customers through management of lower order satisfaction as well as higher order loyalty. The failure to do so usually results in sub optimal customers.
6. Keeping front line staff engaged and motivated, since service delivery has high correlation with the motivational levels of banks' front line staff: Banks should look at managing employee equity as the key component towards service delivery.
7. Understand real customer needs.
8. Integrated marketing-All bank employees are required to work as a team towards customer satisfaction.

CONCLUSION

The banking sector has undergone many changes the new economic policy based on privatization, globalization and liberalizations. Customer is the king in the present day banking. Today the customer services preference keeps on changing at a rapid speed and their demands. The aim of the bankers is to make the customers comfortably and happy to achieve their targets. Overall the customers of the private sector banks responded that they are satisfied by the quality of services provided though it is with considerable reservations. There are a number of problems hindering the smooth delivery of the banking services. The loan operations the delays of the loan approval are the problem. The problems and all the activities performed by banks are in opening an account, withdrawals, depositing cash, advanced services, grievance cell, and working hours. It is necessary to mitigate these problems to make the customer satisfied. Each and every private sector bank should solve the problems of the customers. It is obvious that if customers do not have a trust on the banking services it is meaningless to talk about the good will of the bank. Therefore, the bank should handle its customers so well to achieve its organizational aims. Finally, it is worthy to affirm that customers are the key for any business organizations.

LIMITATIONS OF THE STUDY

- The study is limited to Bangalore City only.
- The sample size is 100 hence finding cannot be generalized.
- It was difficult to know whether the respondents are truly given the exact information.
- Customer preferences and opinions are supposed to change from time to time.

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E-RECRUITMENT: CHALLENGES AND EFFECTIVENESS

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ABSTRACT

In the digital age new technologies have been increasingly facilitated and easy to communicate to every people. E-recruitment is the implementation of traditional recruitment process by using web based solutions. Now a day's employers and job seekers become more attractive towards the online recruitment. This research focuses the challenges and effectiveness of e-recruitment process. This research based on secondary data.

KEYWORDS

digital age, e-recruitment, traditional recruitment.

INTRODUCTION

Recruitment includes those practices and activities carried out by the organization with the primary purpose of identifying and attracting potential employees (Breaugh & Starke, 2000). It is an essential part of human resource management as it performs the important function of drawing important resources i.e. human capital into the organization (Barber, 1998). Online recruitment, also known as e-recruitment is one of the worldwide trends for HR functions (Bussler & Davis, 2001). It has evolved into a sophisticated interactive engine with the ability to automate every facet of the hiring process virtually (Joe Dysart, 2006). The internet can ease the selection of employees, especially where long distances are involved (Galanaki, 2005). E-recruitment has grown rapidly over the past ten years and is now widely used by both recruiters and job seekers across the world (Cober & Brown, 2006). The internet has provided different kind of services like HR planning, HR evaluation, HR rewards and HR recruitment etc. under the E-HRM.

LITERATURE REVIEW

A survey conducted by Williams (2009) on E-recruitment showed dwindling recruitment spends focused on web-based recruitment at the expense of traditional methods. The author also reported that online methods proved far more popular, as two-thirds (66 per cent) of the HR professionals surveyed said that the jobs section of their own company's website was used as a recruitment tool for most jobs.

Dr. A J du Plessis (2012) This article focuses on the background of the 'conventional' or 'old' way of recruiting, it reviews different 'new' ways; e-recruiting and its effectiveness; advantages such as accessibility and disadvantages such as transgression of some legislation in recruiting and the impact it has on management.

Avinash S. Kapse (2012) published an article about *E-Recruitment* which stated that online recruitment has many advantages to companies like low cost, less time, quick, wider area, better match and along with this they have Highlighted some points of disadvantages of online recruitment like scrutinizing applications is a problem, lack of internet awareness in India in some places and they said that employers want to have face to face interaction with candidates.

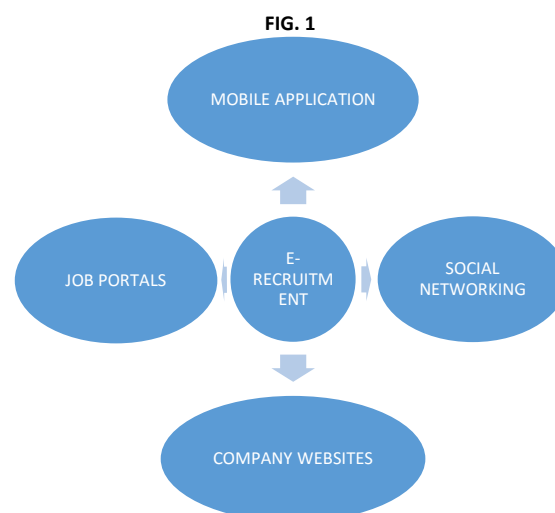
Ms. D Shahila (2013) The study helps to analyze the overall trends in E-recruitment use and practice, e-recruitment methods, E-Recruitment Challenges and issues of E-Recruitment and its increasing scope in the recruitment process of a company. And also discuss the main success factors of e-Recruitment are the value-added services provided by the job sites, cost effectiveness, speed, providing customized solutions, helping to establish relationships with HR managers and facilitate brand building of the companies.

OBJECTIVES

- To highlights the challenges of e -recruitment
- To outline the effectiveness of e -recruitment
- To focus the emerging trends in e- recruitment
- To highlight the advantages and disadvantages in e-recruitment

METHODS OF E-RECRUITMENT

- **Job boards:** Job boards are an online service use to advertise jobs: Job is posted on online job boards.
- **Employer web sites:** An **employment website** is a web site that deals specifically with employment. Many employment websites are designed to permit employers to post job requirements for a position to be filled and are commonly known as job boards. Other employment websites sites offer employer reviews, career and job-search advice, and describe different job descriptions. Through a job website a prospective employee can locate and fill out an application or submit CV over the Internet for the advertised position.
- **Professional websites:** These are for specific professions, skills and not ordinary in nature. For an example, for HR jobs in Human Resource Management sites to be visited like www.shrm.org. The professional associations will have their own site or society.



REVIEWERS VIEW**CHALLENGES OF E-RECRUITMENT**

E-recruitment is quite successful but it has faced many challenges. Challenges faced by employers and challenges faced by job seekers are:-

CHALLENGES TO EMPLOYERS

- The better candidates for a job are likely already employed by your competitors. But identifying these candidates is a hard problem, telling them to come and work for you is difficult.
- The hiring channel (screening, interviewing, etc.) is often untrustworthy at separating the best candidates from the bad. References are almost meaningless now, as people have stopped giving bad references.
- Mismatch between hiring process of employers and candidates means that often when good candidates are available, job vacancies aren't.
- Artificial profiles
- Very high fees for access
- Casual attitude of candidate
- Lack of own touch
- Use of internet may not be preference for all candidates

CHALLENGES TO JOB SEEKERS

- E-recruitment is not meant for everyone and it is not a solution for all hiring needs. The greatest barrier of E recruitment lies with the type of candidates who are attracted towards online recruitment portals.
- Most candidates are weak negotiators only negotiating their salary a handful of times in their lifetime. The company likely negotiates salaries on a daily basis. Negotiations tend to favour the more experienced employer.
- Finding a good company is a difficult task for candidates.
- Uncertainty of the hiring process is often frustrating (candidates often left "hanging" rather than rejected outright)
- It's difficult to know company's culture is like internally before you work their Salaries are unknown; often companies give no indication of the salary of a role.

EFFECTIVENESS OF E-RECRUITMENT

- E-Recruitment bridges the gap between the employers and employee. It provides large scope, choice and opportunities for both company and applicants".
- Wider scope
- Time consuming
- Money saving
- Advertising benefits
- Keywords make search easy
- Better Match of candidates
- Easy to apply and access

ADVANTAGES OF E-RECRUITMENT

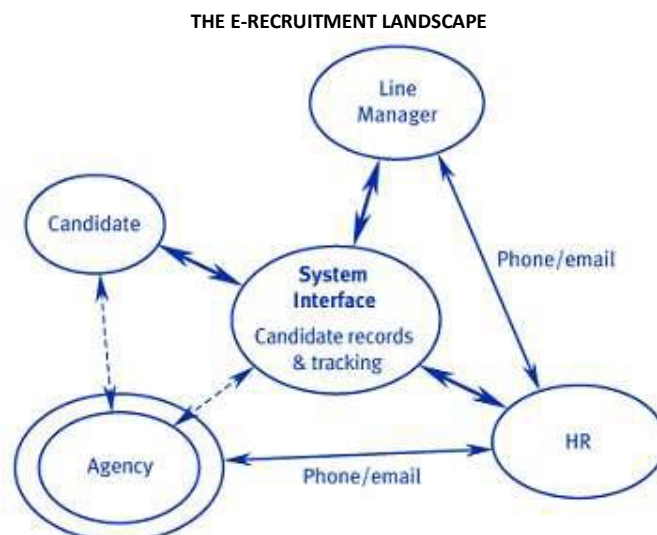
- Reduced time-to-hire
- Reduced cost-of-hire
- Wider reach for employers
- Wider reach for candidate
- Allows for proactive
- State of the art filtration tools

DISADVANTAGES OF E-RECRUITMENT

- Non-serious applicant
- Disclosure of information
- Website malfunctions
- Require being internet
- Vast pool of applicants

EMERGING TRENDS IN E-RECRUITMENT

Latest trends in E-Recruitment are use of Mobile application for job search. Monsters, Naukri are one of major job portals who have started mobile application for candidates. Use of mobile application makes job searching more easy for candidates. Company websites also plays a vital role in searching potential candidates. Various social networking sites are available to connect with candidates and attracting them towards organizations. Blogs are also getting popular in today. Also Resume Scanner helps companies to screen and shortlist the resumes as per candidate's requirement.



Source-EIS

CONCLUSION

Electronic Recruitment has made the job much easier for both the companies and the job seekers. e-recruitment has proved to be important part of the recruitment strategy. E-recruitment has provided some remarkable benefits in terms of cost and efficiency. E-recruitment determines not only persons to be admitted to the service but also human resource management in the organization. In addition to the above discussion, a continuous improvement in considering the technological issues related to E-Recruitment is highly recommended.

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A STUDY ON TRAITS AND ATTITUDES OF RURAL WOMEN ENTREPRENEURSHIP

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ABSTRACT

Now a day's Women entrepreneurship in rural became one of the globally challenging issues for economically developing countries. Many NGOs have joined hands with the government to improve women entrepreneurship both in rural, urban areas, and they provide training, making support for policy formulations, mentoring, counseling, information sharing and also provide loans. In this study, I focused on traits and attitudes of women entrepreneurship in rural area where the area Balavikasa Social Service Society (NGO) actively enhance & improve women entrepreneurs, and the study is based on the collection of data from primary and secondary source, finally analyzed and interpreted the data based on Random sampling method.

KEYWORDS

women rural entrepreneurship, Balavikasa Social Service Society (NGO), random sampling method.

INTRODUCTION

Entrepreneurship is "The capacity and willingness to develop organize and manage a business venture along with any of its risks in order to make a profit". Characteristically entrepreneurship involves cost-effective, innovation, profit potential and risk bearing. However, it improves managerial capabilities, creation of organizations and living standards which finally leads to economic development of their countries. Present day's many studies have shown that women overtaking male peers in the level of education and having higher degrees. It is one of the significant characteristics to improve women entrepreneurs. The number of self-employed women has steadily increased over the past three decades, putting them at an approximate thirty-three percent increase with the help of various NGO's and individually. Many women owned business to be home based operations such as wholesale, retail trade, manufacturing, scientific and technical services, as well as in healthcare and social assistance. Past to present they are steadily rising, though they are facing more and more obstacles. One of the major challenges is the traditional gender-roles in Indian society. Other than this, they are facing several obstacles such as specific to starting new firms, managing a small firm and growing firms etc.

Rural entrepreneurship implies entrepreneurship emerging in rural areas which leads to rural industrialization. Industrialization can originate or sustain either with rural or urban entrepreneurship. Rural industrialization means encouraging location of large and small scale units away from urban areas or planned shifting of units from urban areas to rural areas. Which can stop the increasing migration towards cities as it provides wide range of employment opportunities to the village people. Migration from rural areas should not only get checked but overpopulated towns and cities should also get decongested. If it is so, ways can always be found out. One is by forcibly stopping villagers from settling in the slums of towns and cities, making use of all powers to clear the slums so the villagers are forced to go back.

Few of the basic principles of entrepreneur which applied in rural development are:

- Optimum utilization of local resources in an entrepreneurial venture by rural population and better distributions of the farm produce results in the rural prosperity.
- Entrepreneurial occupation rural population to reduce discrimination and providing alternative occupations as against the rural migration.
- To activate such system to provide basic '6 m'- manpower, money, material, machinery, management and market to the rural population.

TYPES OF RURAL ENTREPRENEURSHIP

1. **Individual Entrepreneurship:** Single ownership of the enterprise.
2. **Group Entrepreneurship:** It mainly covers partnership, private limited company and public limited company.
3. **Cluster Formation:** It covers NGOs, VOs (Village Organizations), CBOs (Community Based Organizations), SHGs and even networking of these groups. These also cover formal and non-formal association of a group of individuals on the basis of caste, occupation, income, etc.
4. **Cooperatives:** It is an autonomous association of persons united voluntarily for a common objective. An entrepreneur has to decide on a particular type of entrepreneurship based on the various options available.

The study about women entrepreneurship clearly indicates that women require special attention to nurture the entrepreneurship potential and make it successful. The requirement can be met by providing easy access to finance, skill training near home, training to tailored needs, enhancement of managerial abilities, constant support, marketing and networking help, secure environment, family and social support etc. In response to the needs of prospective and established women entrepreneur's various levels of governmental organizations have initiated a number of programmes and policies. India has introduced a number of programmes through various ministries, departments and financial institutions. The objectives of such programmes are to increase the representation of women in the field of business and to enhance their economic and social status. Some of the important schemes are: TREAD, IMRY, DWACRA, STEP etc. In addition to the government programmes the need for support from outer sources (local organizations, institutions etc.) is also vital. Here, the NGOs have joined hands with the government to make these programmes more effective. However, the limitations of the government schemes have prompted many NGOs to assist women entrepreneurs at different stages of entrepreneurship autonomously.

The 'National Policy for Empowerment of Women' (2000) states that the women's movement and a widespread network of the NGOs which have strong grassroots presence and deep insight into women's concerns facilitated the initiatives for the empowerment of women. There are various types of NGOs, which support women entrepreneurs, either directly or indirectly. Many NGOs working for women empowerment indirectly promote women towards taking up independent economic activities (like entrepreneurship). Some NGO's which work primarily with the goal of promotion of women entrepreneurship. These NGOs help the women entrepreneurs at different stages with a definite strategy. Therefore, the relationship between NGOs and Women must be long-lasting, continuous and friendly. It has been observed that a majority of women entrepreneurs in micro enterprise sector had undergone the motivational phase. The motivational help might come from family, friends or organized NGOs. Since the NGOs are specialized in doing such activities, they systematically assess the needs of individual woman and help her. The NGOs sometimes also identify the appropriate business sector for woman entrepreneurs, if she is not certain about it.

The NGOs provide training in terms of skill development, technical knowledge enhancement, product and process selection and business strategies. For a majority of women entrepreneurs financial constrains remains the major concern. There are very few NGOs, which provide direct financial assistance for women from the low-income groups or no personal savings. So the only source of finance for this category of women entrepreneurs is the NGO or non-formal sector. The NGOs like Bala Vikasa Social Service Society (BVSSS), Self-Employed Women Association (SEWA), Working Women's Forum (WWF), the Mysore Resettlement and Development Agency (MYRADA) in India and many other NGOs have helped women entrepreneurs in the micro-enterprise sector to gain access to credit and other support services. However, the other NGOs, who do not provide direct financial support, do help women entrepreneurs in accessing financial support from other sources. Marketing of the product or service has been a severe constraint for small and micro business units. A coordinated approach with various NGO's provides comprehensive support to women entrepreneurs. In many NGOs holding women employees and volunteers, some of the volunteers are established member women entrepreneurs it is more convenient to interact with the female professional members of the NGOs.

In the new economic scenario of liberalization in India, the NGOs play a catalytic role in mobilizing the local human and physical resources, creating appropriate environment and generating new opportunities. Some studies in India have already highlighted the importance of the training provided by the NGOs. The NGOs are successful in training women because they keep in mind the need and constraints of women. Some studies have highlighted the overall improvement in the lives of women as a result of the activities of these NGOs and other focus on specific cases where they study the success of NGOs in organizing and promoting women entrepreneurs at local level. Based on above studies we conducted a case study in Jangoan rural area.

OBJECTIVES OF THE STUDY

The study has following objectives:

1. To find out how rural women entrepreneurs have used the training and development programs provided by **Bala Vikasa Social Service Society (BVSSS)**.
2. To know the factors that is affecting women entrepreneurship in rural area.
3. To know whether religion has any role in taking up the business plan or not.

METHODOLOGY OF THE STUDY

Data collected from both primary and secondary source.

1. **Primary data:** Collected from selected Self Help Groups of Balavikasa social service society.
2. **Secondary data:** Obtained from various published and unpublished records, books, journals and also information from the official records of Balavikasa social service society.

Sample Design: Designed on the Random sampling method.

CASE STUDIES

1. **Leaf Plate Maker** - Mrs. Y. Mary Jayanthi, Wardanpet
Initially Mrs. Mary started manufacturing of soaps without proper technical knowledge and incurred heavy losses, later on she started selling sarees on installment basis but their also she failed due to lack of business intelligence. Fortunately, with guidance of Bala vikasa social service society she started manufacturing Leaf plates then gain success and also given employment to six women.
2. **Foot trader** - Mrs. Shoba, Jangoan
Mrs. Shoba and her husband have been involved in their traditional occupation of making footwear. They have skills to satisfy customers but they face problem of receiving money in installment basis. In this case the Bala vikasa social service society given credit to their business.
3. **A distinctive Entrepreneur**– Mrs. Beebe John, Jangoan
Mrs. Beebe john earns by assembling electrical meter, though she belongs to Muslim community with the support and encouragement of her husband crossed religious barriers not only by transforming herself, but has changed the lives of others like her. She says that her active participation in all the activities organized by Balavikasa service society helped her in improving skills.
4. **A determined entrepreneur** – Mrs. C. laxmi, Jangoan
Mrs. Laxmi started tailoring business and expanded her business by selling sarees but unfortunately she loosed everything in a fire accident. Despite, she didn't lose her determination and courage, and she rebuilt her business with the help of Balavikasa social service society by providing credit facility.

DATA ANALYSIS AND INTERPRETATION

Q. No. 1: Total number of persons trained from Balavikasa social service society?

Ans: One hundred persons

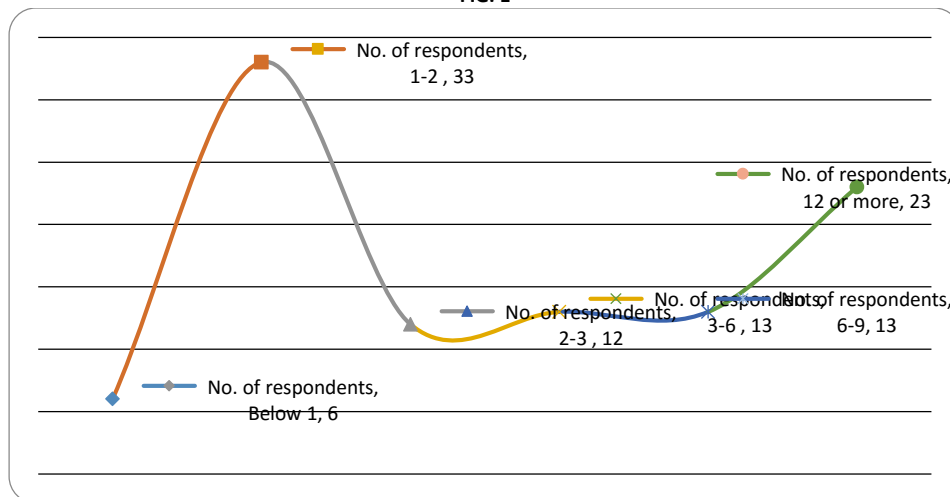
Interpretation: One hundred persons are taken the entrepreneurship development training program, which is provided by Balavikasa social service society.

Q. No. 2: what is the duration of the training?

TABLE 1

Duration (Months)	No. of respondents
Below 1	6
1-2	33
2-3	12
3-6	13
6-9	13
12 or more	23

FIG. 1



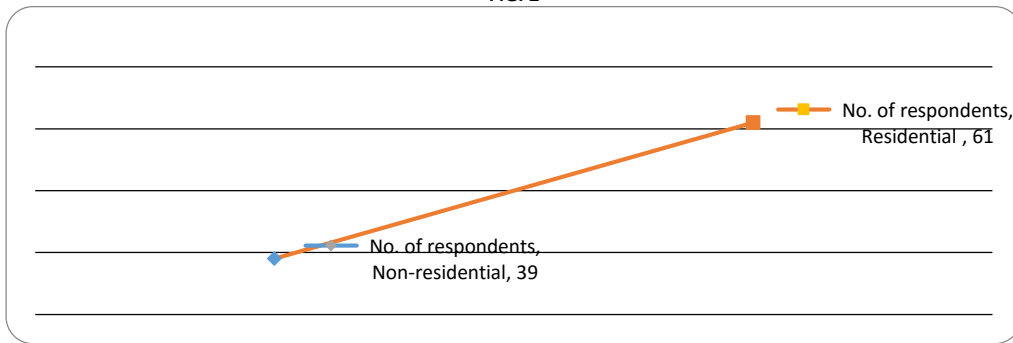
Interpretation: More number of people was opted 1-2 months and less number of people is below One month training, which comes under short term training program.

Q. No. 3: How the training program was conducted?

TABLE 2

Residential Facility	No. of respondents
Non-residential	39
Residential	61

FIG. 2



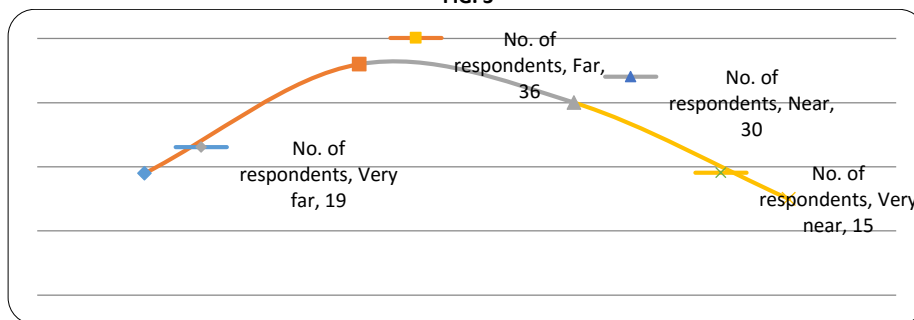
Interpretation: In the training program 61 members' opted residential facility and other 39 non-residential facility. Balavikasa social service society is provided secured residential facility.

Q. No. 4: How far was the training campus from your house?

TABLE 3

Distance	No. of respondents
Very far	19
Far	36
Near	30
Very near	15

FIG. 3



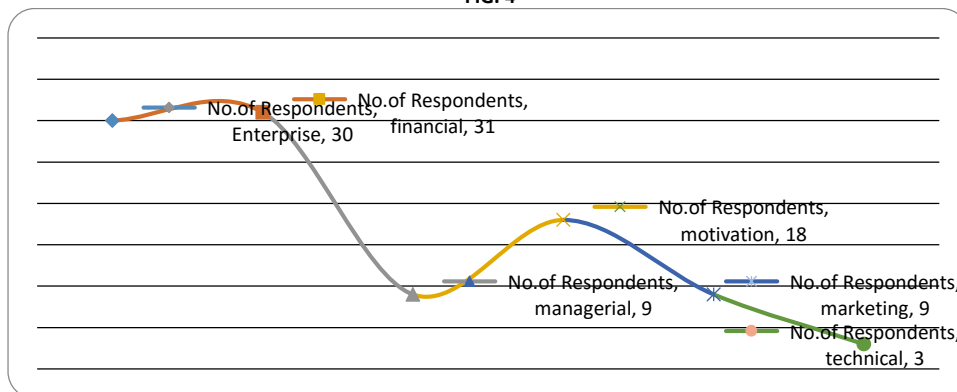
Interpretation: Most number of respondents came from far distance and lowest number of respondents came from very near.

Q. No. 5: What inputs did you get in the training?

TABLE 4

Input skills	No. of Respondents
Enterprise	30
financial	31
managerial	9
motivation	18
marketing	9
technical	3

FIG. 4



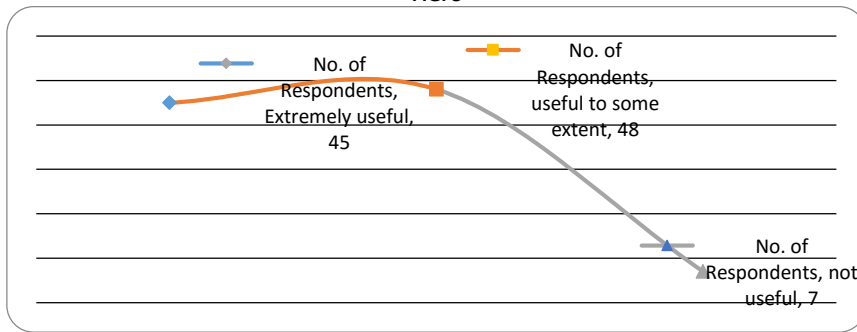
Interpretation: The society has given the training on different areas, most of the people are get trained on financial skills and planning for the enterprise. There are so many people who have innovative and very good ideas but failing in executing stage.

Q. No. 6: Have you found the training program useful?

TABLE 5

Response	No. of Respondents
Extremely useful	45
useful to some extent	48
not useful	7

FIG. 5

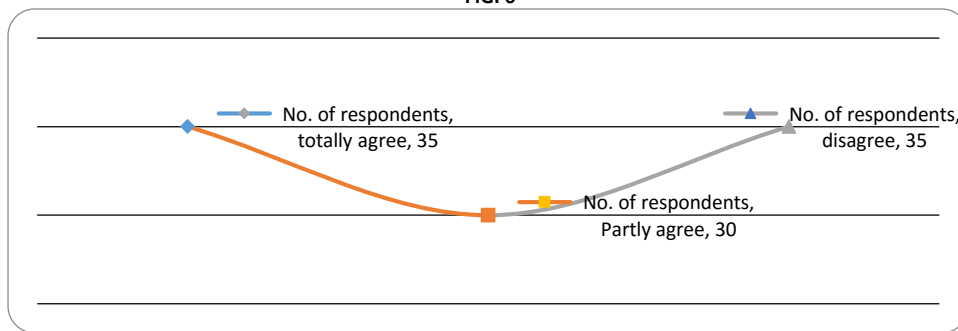


Interpretation: 93 people said they were benefited by the training program, which provided by Balavikasa social service society.
Q. No.7: Do you feel that risk taking is an achievable challenge trait to realizing my own potential?

TABLE 6

Response	No. of respondents
Totally agree	35
Partly agree	30
Disagree	35

FIG. 6

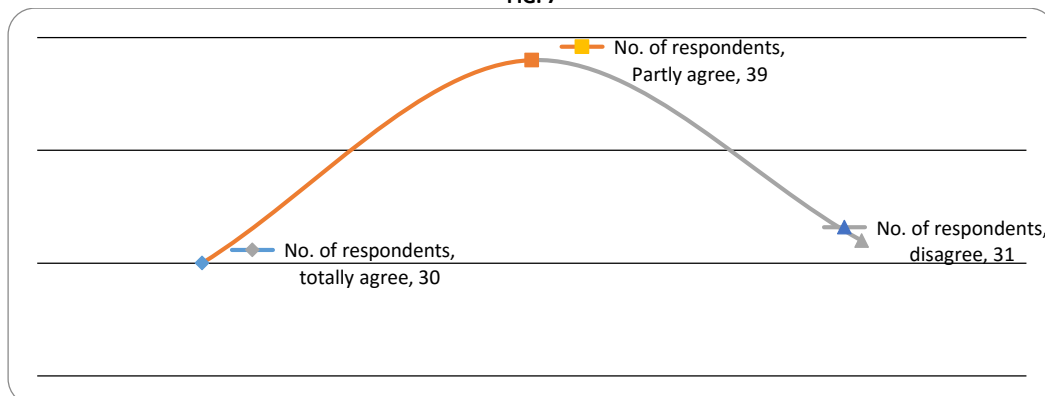


Interpretation: In the study shows that there is an equal distribution of risk takers and safe players.
Q. No. 8: Your religious values have influenced your style of functioning in business?

TABLE 7

Response	No. of respondents
Totally agree	30
Partly agree	39
Disagree	31

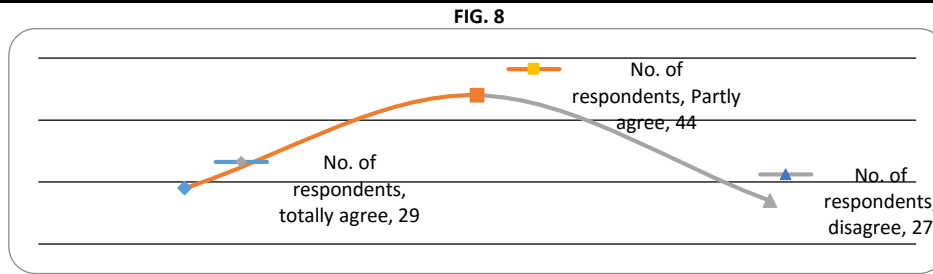
FIG. 7



Interpretation: In the study only 31 members of the respondents were saying that they have no religious barrier for their business and 30 members of the respondents were said that they have religious barrier in their business and 39 members said they have partial religious barrier.
Q. No. 9: You prefer to lead a team rather than to be a subordinate?

TABLE 8

Response	No. of respondents
Totally agree	29
Partly agree	44
Disagree	27

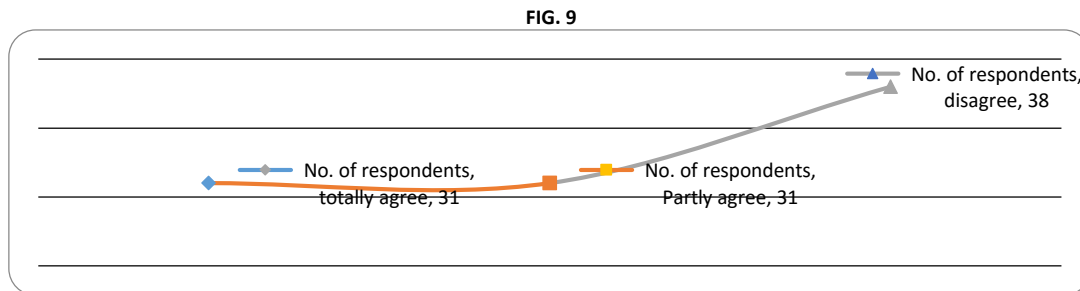


Interpretation: Various studies shows that the Balavikas society is generating not only the entrepreneurs but also the leaders in the business field in this study more than 70 people would like to be the leaders rather than a member.

Q. No. 10: Are you interested in initiating and accepting changes?

TABLE 9

Response	No. of respondents
Totally agree	31
Partly agree	31
Disagree	38



Interpretation: Attitudinal change is one of the major factors to sustain in the market as a successful entrepreneur. The chart is depicting that there are many women entrepreneurs who are to initiate the change and ready to accept the change as per the market conditions.

HYPOTHESIS ON SELECTED QUESTIONS

1. Is there any significant difference between distance of training venue and under taking the training?

Level of significance: 5%; Degree of freedom: 3

Calculated Chi Square value: 2.50856; Tabulated value: 7.81

Since calculated value is less than the tabulated value, we accept Null hypothesis, thus we conclude that there is no significant difference between distance of training venue and under taking the training.

2. Is there any significant difference between religion and style of functioning of the business?

Level of significance: 5; Degree of freedom: 4

Calculated Chi Square value: 0.9397; Tabulated value: 9.487729

Since calculated Chi square is less than Chi square, we accept null hypothesis, thus we conclude that there is no significant difference between religion and style of functioning in business.

3. Is there any difference between duration of training period and usefulness of training period?

Level of significance: 5%; Degree of freedom: 4

Calculated Chi Square value: 0.4877; Tabulated value: 9.4877

Since calculated Chi square is less than tabulated Chi square, we accept the null hypothesis, thus we conclude that there is no difference between the duration of training period and usefulness of training program.

CONCLUSION

Balavikasa social service society is playing an active role in rural women entrepreneurship development. This study says that rural women shows their keen interest towards entrepreneurship in all rural based management and interest in learning entrepreneur and management skills by crossing barriers of religious, accommodation facilities and travelling distance. They are ready to face entrepreneurial challenges, leadership quality, and also initiating and accepting changes. In hypothetical test, all calculated values are less than the tabulated values that indicate there is no difference between duration of training period, venue of training and religion and style of functioning. It clearly indicates majority of rural women are ready to involve entrepreneurship but face many problems, if NGO's and government provide their support to rural women they give better result in enhancing Indian economy.

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