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#### **ABSTRACT**

*Time and again we speculate the bearing of the significance of a vicar today, who took birth years ago and led the life of a mendicant and at the age of 39 he left for blissful dwelling. This manuscript will be focusing on the relevance of Swami Vivekananda's philosophy of positive mental attitude in the working of today's era. The concept of TQP (Total quality people) given by Swami Vivekananda who wanted hundred "atmavaan"/TQPs for changing the course of this country. Swami Ji's teachings encompassed all the broad and deep aspects of Religious Conviction, Edification, Spiritualism, Personality building, fortitude of social service. Various movements were started all over India by his innumerable followers who got inspired because of his contemporary teachings which were full of positivity. Swami Ji is the symbol of ceaseless, effort blazing eagerness, valor and energetic personality. People get prejudiced with his personality as his words used to shake the natives and help them to come out of there shell of flaw's, laziness, submissiveness, apathy and agony. The views of swami Ji have already been read and seen by many eyes but this manuscript will try to enlighten His positive mental attitude through various incidences, anecdotes stories etc. in his journey on this mother earth.*

#### **KEYWORDS**

TQP positivity, attitude, life, work, youth, law, society, universe.

#### **INTRODUCTION**

**C**hange your mental attitude, and the world around you will change accordingly. It is our own mental attitude which makes the world what it is for us. Our thought make things beautiful, our thoughts make things ugly. The whole world is in our own minds. Learn to see things in the proper light.

— Swami Vivekananda

As per the study accredited by Harward University, 85% role for promotion of a person is played by his attitude whereas acquaintance and aptitude plays 15% of it. The specifics are fairly astonishing that 100% of sum spent on edification accounts for only 15% of success of a person. Do you know that attitude is the groundwork of success, despite of your preferred turf?

We carried out an opinion poll in various private enterprises and asked a common question that if you had a magic stick and there was one thing you could change that would give you a cutting edge in the marketplace, increased productivity and profits, what would that be?" Unanimous answers were given by them. They said that their priority is to change the attitude of their people so that they could be enhanced squad thespian, cut back on squander and raise to be more reliable. Incidents have revealed that human resource is the most precious positive feature of any company. In comparison to capital or equipments, people are more valuable.

Henry Ford was once asked, "What did he want the most if he was to raise another company?" His prompt reply was, "Give me my people and I can raise any company"

The study is precisely aimed at exploring this from the life of Swami Vivekananda a great saint of 18<sup>th</sup> – 19<sup>th</sup> century who took the Indian Vedanta to the West and showed it to them that by adopting it, universal peace and brotherhood can be achieved. Swami Vivekananda during his stay across the major countries in the world was asked a question that if Vedanta is so good then why do people back home in India continue to be poor, downtrodden and backward? Swami Ji was clear in his answer that country is not poor because of anything else but because of the attitude of people. Therefore, he wanted to teach positive mental attitude to the Indian population and that is why he said,

"It is our own mental attitude which makes the world what it is for us. Our thoughts make things beautiful, our thoughts make things ugly. The whole world is in our own minds. Learn to see things in the proper light."

We are as are our thoughts. Take care of what you think; words are immaterial but thoughts travel distantly.

He always said that he needed only 100 TQP's (Total Quality People- natives with positive mental attitude, boldness, compassion, determination, empathy and focus who can set goal for themselves as well as for the country.) Once a lady approached Swami Vivekananda and said, " If I had your brains, I would be a better person" Swami Ji replied, " Be a better person and you will have my brain."

Do you know that the Calgary tower is 190.8 meters high and its total weight is 10,884 tons, out of which 60% of it (6,349 tons) is underground. This shows that to be the great, foundation needs to be the strongest. Just like great buildings stands on a strong foundation, so does the success. And the foundation of success is attitude.

Three **E**'s which determine your attitude:

1. Education
2. Environment
3. Experience

**ADVANTAGES OF POSITIVE MENTAL ATTITUDE**

Here are some of the benefits of positive mental attitude which are divided into two broad categories:

**POSITIVE MENTAL ATTITUDE**

- For Organization
- For Individuals

**(a) For Individuals:**

- Inverted coma personality
- Is energizing
- Increases enjoyment
- Inspires others around
- Important member of society
- Important asset for the county

**(b) For Organizations:**

- Augments efficiency
- Brings eminence
- Cracks problems
- Dealings among bosses, workforce and patrons become better.
- Encourages solidarity
- Fosters teamwork
- Good atmosphere created
- Honesty improves
- Increases profit
- Jealousy is gone
- Knowledge and efficiency increase
- Loyalty becomes better
- Motivation improves
- Novelty begins
- Opportunities strike
- Potential becomes reality
- Quality improved
- Relieves job stress

**DISADVANTAGES OF NEGATIVE MENTAL ATTITUDE**

Following are some of the disadvantages of Negative Mental Attitude:

The other name of life is obstacles and we with our negative mental attitude; we increase the obstacles of our life. Unenthusiastic mental attitude escorts:

- Blaming
- Bitterness
- Beastly life (without purpose)
- Bad health
- Boosters of stress
- Barbaric atmosphere at home and at work
- Limited friends
- Limited enjoyment
- Limited success
- Limited life

**WHAT SHOULD BE DONE TO BUILD A POSITIVE MENTAL ATTITUDE?**

Working to build a positive attitude will be worth enduring the temporary stress and uncertainty of change. This involves:

- Becoming aware of principles that build a positive attitude.
- Cultivating the discipline and dedication to practice those principles.
- Desire to be positive.
- Encircle your dreams and move forward.

**STATEMENT OF THE PROBLEM**

POSITIVE MENTAL ATTITUDE: LEARNING FROM THE LIFE OF SWAMI VIVEKANAND: A DESCRIPTIVE STUDY

**NEED OF THE STUDY**

"All progress is born of enquiry. Doubt is often better than over confidence for it leads to enquiry, and enquiry leads to invention."

Research has its special significance in solving various operational and planning problems of business and industry with positive mental attitude. Research, along with motivational research, are business decisions, research is the investigation of the structure and development of the organization for the purpose of formulating efficient attitude for running it smoothly.

**OBJECTIVES**

1. To know about Positive Mental Attitude.
2. To know about the process of building a Positive Mental Attitude as per Swami Vivekananda.
3. To know about its relevance with the success of an individual.

**RESEARCH METHODOLOGY**

A research design is the arrangement of conditions for collecting and analysis of data in a manner that aims to combine relevance to the research purpose with economy in the procedure. As this was an historical research, the researchers adopted the secondary source of data for the collection of data. Therefore, the researchers adopted the descriptive analysis approach of the secondary data. Researcher collected the data from the secondary sources (i.e. Holy Granths, journals, books, magazines and newspapers) and processed them to reach at a conclusion and to answer the research questions. All the findings and conclusion are drawn from the secondary data analysis.

**ELEVEN STEPS TO ATTITUDE CHANGE****Step 1. Start your day with something positive**

Whatever you think that you will be. If you think yourself weak, weak you will be; if you think yourself strong, **strong** you will be.

Swami Ji always started his days with prayers the first shlok one should recite while you get up in the morning.

**कराये वसते लक्ष्मीः करमध्ये सरस्वति | करमूले तु गोविन्दः प्रभाते करदर्शनम् ||**

(The Goddess of Wealth (Ma Laxmi) - stays in the front part of the hand, the goddess of education (Ma Saraswati) – stays in the middle part of the hand. At the pace of your hand lives the creator – Lord Brahma.

Therefore, the first thing you do in the morning is to look at your hands.)

**Step 2. Change focus to look for the positive**

Swami Vivekananda was having a long trek in the Himalayas when he found an old man extremely exhausted standing hopelessly at the foot of an upward slope. The man said to Swami Ji in frustration, 'Oh, Swami Ji, how to cross it; I cannot walk anymore; my chest will break.'

Swami Ji listened to the old man patiently and then said, 'Look down at your feet. The road that is under your feet is the road that you have passed over and is the same road that you see before you; it will soon be under your feet.'

Swami Ji reminded him that it was he who had crossed the previous road and so he can easily do this again and again, he can achieve it because he did this before. These words emboldened the old man to resume his onward trek and he successfully reached the destination. Do every work with caution and reality. Make this a habit because reality means character and character means power.

**Step 3. Make a habit of doing it now**

When Swami Ji was in America and Europe the day used to pass in delivering lectures and meeting people. Half the night he used to study to prepare for the next day and meditation. He never postponed his work to next day, that is why in such a small life he could do big works. He always said, "Great works are possible with great sacrifices.

**Step 4. Keep educating yourself**

As per Swami Ji Education is the manifestation of the perfection already in man. Knowledge is inherent in man; no knowledge comes from outside; it is all inside. What we say a man 'knows', should, in strict psychological language, be what he 'discovers' or 'unveils'. What a man 'learns' is really what he 'discovers' by taking the cover off his own soul, which is a mine of infinite knowledge. We say Newton discovered gravitation. Was it sitting anywhere in a corner waiting for him? It was in his own mind; the time came and he found it out. All knowledge that the world has ever received comes from the mind; the infinite library of the universe is in your own mind. The external world is only the suggestion, the occasion, which sets you to study your own mind. The falling of an apple gave the suggestion to Newton, and he studied his own mind. He rearranged all the previous links of thought in his mind and discovered a new link among them, which we call the law of gravitation. It was neither in the apple nor in anything in the centre of the earth. All knowledge therefore, secular or spiritual, is in the human mind. In many cases it is not discovered, but remains covered, and when the covering is being slowly taken off, we say 'we are learning', and the advance of knowledge is made by this process of uncovering. The man from whom this veil is being lifted is the more knowing man; the man upon whom it lies thick is ignorant; the man from whom it has entirely gone is all-knowing, omniscient. Like fire in a piece of flint, knowledge exists in the mind; suggestion is the friction which brings it out. All knowledge and all power are within. What we call powers, secrets of Nature, and force are all within. All knowledge comes from the human soul. Man manifests knowledge, discovers it within himself, which is pre-existing, through eternity.

No one was ever really taught by another. Each of us has to teach himself. The external teacher offers only the suggestion which rouses the internal teacher to work to understand things, then things will be made clearer to us by our own power of perception and thought, and we shall realize them in our own souls. The whole of the big banyan tree which covers acres of ground was in the little seed which was perhaps no bigger than one-eighth of mustard seed. All that mass of energy was there confined. The gigantic intellect, we know, lies coiled up in the protoplasmic cell. It may seem like a paradox, but it is true. Each one of us has come out of one protoplasmic cell and all the powers we possess were coiled up there. You cannot say they came from food, for if you heap up food mountains high, what power comes out of it? The energy was there potentially no doubt, but still there. So is infinite power in the soul of man whether he knows it or not. Its manifestation is only a question of being conscious of it.

The Light Divine within is obscured in most people. It is like a lamp in a cask of iron: no gleam of light can shine through. Gradually, by purity and unselfishness, we can make the obscuring medium less and less dense, until at last it becomes as transparent as glass. Sri Ramakrishna was like the iron cask transformed into a glass cask, through which can be seen the inner light as it is. You cannot teach a child any more than you can grow a plant. The plant develops its own nature. The child also teaches itself. But you can help it to go forward in its own way. What you can do is not of a positive nature but negative. You can take away the obstacles, and knowledge comes out of its own nature. Loosen the soil a little, so that it may come out easily. Put a hedge round it; see that it is not killed by anything. You can supply the growing seed with the materials for the making up of its body, bringing to it the earth, the water, the air that it wants. And there your work stops. It will take all that it wants by its own nature. So with the education of the child. A child educates itself. The teacher spoils everything by thinking that he is teaching. Within man is all knowledge, and it requires only an awakening, and that much is the work of the teacher. We have only to do so much for the boys that they may learn to apply their own intellect to the proper use of their hands, legs, ears and eyes. That system which aims at educating our boys in the same manner as that of the man who battered his ass, being advised that it could thereby be turned into a horse, should be abolished. Owing to undue domination exercised by the parents, our boys do not get free scope for growth. In everyone there are infinite tendencies which require proper scope for satisfaction. Violent attempts at reform always end by retarding reform. If you do not allow one to become a lion, one will become a fox.

We should give positive ideas. Negative thoughts only weaken men. Do you not find that where parents are constantly taxing their sons to read and write, telling them that they will never learn anything and calling them fools and so forth, the latter do actually turn out to be so in many cases? If you speak kind words to them and encourage them, they are bound to improve in time. If you can give them positive ideas, people will grow up to be men and learn to stand on their own legs. In language and literature, in poetry and arts, in everything we must point out not the mistakes that people are making in their thoughts and actions, but the way in which they will be able to do these things better. The teaching must be modified according to the needs of the taught. Past lives have moulded our tendencies, and so give to the pupil according to his tendencies. Take every one where he stands and push him forward. We have seen how Sri Ramakrishna would encourage even those whom we considered worthless and change the very course of their lives thereby! He never destroyed a single man's special inclinations. He gave words of hope and encouragement even to the most degraded of persons and lifted them up.

**Step 5. Build a positive self esteem**

While Swami Ji was travelling by train, in Rajasthan an interesting incident took place. He was resting in a second class compartment with closed eyes as if meditating.

Seeing Swami Ji's Saffron dress and his relaxed composure, two Englishmen started abusing him. They were under the impression that the Swami did not know English. When the train reached the station. Swami Ji asked a train official, in English, for a glass of water. The Englishmen were surprised; they asked Swami Ji why he was silent though he could understand them. Swami Ji snapped back, "This is not the first time I have met fools."

The Englishmen were enraged, but Swami Ji's formidable physique silenced them.

**Step 6. Insulate yourself from negative influences**

One morning in Sarnath, after visiting the temple of Mother Durga, the Swami was passing through a place, where there was a large tank of water on one side and a high wall on the other. Here, he was surrounded by a troop of large monkeys. They were not willing to allow him to pass through and there was no other way. As he tried to walk past them, they howled and shrieked and clutched at his feet. As they pressed closer, he began to run; but the faster he ran, the bolder the monkeys got and they attempted to bite at him. When it seemed impossible for him to escape, he heard an old sannyasi calling out to him: Face the brutes! • Just stop and stay. The words brought him to his senses. He stopped running and turned majestically to boldly face the irate monkeys. As soon as he did that, they fell back and fled! With reverence and gratitude, he bowed and did *pranam* to the sannyasi, who smilingly responded with the same, and walked away. Don't run away from negativities. Rather remain there, face them and insulate yourself from negative forces.

**Step 7. Learn to like things that need to be done**

In America, Swami Ji was watching some boys. They were standing on the bridge trying to shoot at egg-shells that were floating on the river, but they always missed the target. No one was able to hit the target, they all were getting annoyed. Swami Ji waited patiently seeing their practice.

Swami Ji took the gun and aimed at the shells. He fired twelve times and every time he hit an egg-shell successfully.

The boys asked Swami Ji: 'Great, how did you do it?' Swami Ji said 'Whatever you are doing, put your whole mind on it. If you are shooting, your mind should be only on the target. Then you will never miss. If you are learning your lessons, think only of the lesson. In my country boys are taught to do this.' The focus on the task at hand can complete the task to perfection.

**Step 8. Achieve a goal everyday**

Swami Ji used to be annoyed when somebody wasted his time. He had written a note on his door, "One who wants to stay here must help me in my work. All great people have been misers as far as time are concerned." He used to say, "When people pass time in show off, when people spend time in physical and mental rest that is the time I spend in knowing the TRUTH.

His travel plans used to be fixed. Everyday had a fixed time table. He never wasted time. Even on the last day of his life, he took class in the morning did all his works and before breathing his last opened the windows of his room to symbolize; let the noble thoughts come from all sides.

**Step 9. Write it on your wall**

When you fix up your goal write it on your wall or engrave it in your mind. When Swami Ji reached Kanya Kumari: The confluence of three oceans, he sat on a stone-top (exactly the same place where Maa Parvati had worshiped incessantly for years) and there he got the determination to go to the West to showcase it to the world about Vedanta. This he engraved in his mind and nothing stopped him after that.

**Step 10. Be a man of character**

There were a few Christian missionaries of America who were jealous of the popularity of Swami Ji. They wanted to distort his path of *dharma*. They tried numerous cunning ploys to fill Swami Ji's path with hurdles.

In lieu to this, they planted one attractive young American lady as disciple of Swami Ji. The lady visited Swami Ji along with other people to listen his discourses. Once she got the chance to meet Swami Ji, in her first meeting itself, she praised Swami Ji a lot and asked him to marry her.

Swami Ji was surprised and asked her "why you want to marry me?"

Lady replied "I want a son exactly like you. I want to bear a child who looks exactly like you and who has similar features like you" To which Swami Ji replied, "It is very simple I sit in your lap and call you Maa (Mother). This way her wish could also be fulfilled and Swami Ji's character could also be maintained.

**Step 11. Develop and Attitude of Gratitude**

Attitude of gratitude does not mean complacency. Swami Ji always said, "Whatever good is in me is of Ramkrishna my Guru and whatever bad is in me belongs to only me and nobody else. He always had lot of gratitude for his Guru. He writes, "When he rose up to speak in the world religion assembly in Chicago, his hands were trembling, his legs were shaking, his eyes were watering, his lips were quivering, his heart was thumping and his throat was choked but then he took a long breath, remembered his guru and felt as if the Guru was just standing behind his back, gave a pat at his shoulder and directed him to go ahead. Swami Ji felt as if the Guru was telling him, "Go ahead, Narendar, this assembly has been specially called for you." This way he always had gratitude for his Guru. We also need to pay gratitude to God, our parents and the teachers and seniors for whatever we are and whatever little we have achieved in our lives. This small act of gratitude will make us an individual with positive bent of mind.

**CONCLUSION**

The way we treat our self, the way we think and the way we talk is called mental attitude. It plays a vital role in our life which as an ordinary person we can't even imagine. In our daily life the kind of messages we take and then give has a significant role in our personality grooming. Thoughts are also known as opportunity creators. The more we will allow positive thoughts to go to our brain, the opportunities we will avail in our life to grab hold on. That's why it's at most important to do our best if we want to get the best with the help of our communication and to intake what is valued. Making our mind free off all the critics or one can say from all the negative thoughts, gossips and unkind messages can prove to be destructive to all those efforts made by us for maintaining a positive character and mental attitude. Positive mental attitude and courage both unitedly developed together, the attribute which comes out is mental courage which can also be called Positive Mental Courage. A person with lots of courage can only try to control his thoughts and internal hearings and also to filter all the external thoughts consistently and deliberately while being a part of the society. People can overcome worst life challenges without being emotionally intense, if they have positive mental attitude whereas people with negative mental attitude suffers a lot. Such kind of people with negative attitude can never be smiley or can never sound pleasant, as they have to put in hard work to see the light out of the darkness around them.

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# REVIVAL OF INDIAN ECONOMY THROUGH RECONSTITUTION OF INFRASTRUCTURE DEVELOPMENT IN INDIA

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## ABSTRACT

*Infrastructure is a major sector which plays a key role for propelling India's overall development. A country's development is strongly linked to its infrastructure strength and its ability to expand trade, cope with population growth, reduce poverty and produce inclusive growth. The Indian economy is still expanding significantly, and substantial investment in infrastructure continues to be required in order to sustain India's economic progress. The country's capacity to absorb and benefit from new technology and industries depends on the availability, quality and efficiency of more basic forms of infrastructure. The infrastructure sector primarily comprises of electricity, roads, telecommunications, railways, irrigation, hospitals, schools, colleges, water supply and sanitation, ports and airports, storing facilities, and oil and gas pipelines. India's infrastructure facilities, including transport, sanitation and electricity, are still estimated to be inadequate for its population; thereby expansion of infrastructure sector is a necessary prerequisite to further economic growth. The primary objective of this paper see the status of Indian economy through reconstitution infrastructure development.*

## KEYWORDS

Indian infrastructure, development, revive Indian economy, economic growth.

## INTRODUCTION

Infrastructure services, defined broadly to include roads, ports, airports, communication networks, water supply, irrigation systems, and electric power, have unique characteristics that invariably generate special interest among governments of all kinds, be they monarchical, authoritarian, republican or otherwise. While it is true that infrastructure in the 19th century was largely owned and managed by private entities in many countries including the US and the UK, with the increasing scale of infrastructure provisioning to an expanding consumer set over the years, governments, as guardians of public interest, were compelled to intervene if not as owners, then certainly in a regulatory role. Indeed, over the 20th century, infrastructure development and service delivery reverted in varying degrees across different countries to the state preserve. In fact, by the second half of the 20th century, infrastructure came largely within the state domain in emerging market economies. Since the 1990s, however, endeavors to invite private interest in the infrastructure sector have been renewed. Given the strategic importance of infrastructure services, their role as public goods and their natural monopoly characteristics and associated externalities, and often large and lumpy nature of investments involved, the state can never fully relinquish its role as the key player in this space.

Be it power utilities or the Interstate Highway system of the United States; mass-transit systems or the water utilities of modern day Europe; airports or the high speed rail system in Japan, the story of infrastructure development in these countries is closely linked to their political histories and the changing roles of governments (federal, state and local) in their economic development. India is no exception. Therefore, in seeking to shed light on the post-Independence evolution of India's infrastructure sector,

The 11th five year plan laid special emphasis on the development of infrastructure and proposed strategies for better investment in infrastructure. It persuaded the government to undertake initiatives such as public private partnerships (PPPs), to draw private sector investments into the infrastructure sector. This move has benefited several infrastructure companies, and has consequently renewed their interest in undertaking large scale infrastructure projects within the country. Major infrastructure development requires a substantial influx of investment capital. The policies of the Indian Government seek to encourage investments in domestic infrastructure from both local and foreign private capital. The country is already a hot destination for foreign investors. PPPs have traditionally been formed to enhance the productivity and efficiency of infrastructure development activities. Public investment is still largely expected to finance infrastructure needs in backward and remote areas for improving connectivity and expanding much-needed public services. Since resource constraints will continue to limit public investment in infrastructure in other areas, PPP-based development needs to be encouraged wherever feasible. The government plans to draw an even mix of public and private sector investments in the 12th Five Year Plan through PPP and other initiatives.

In recent years, the PPP model in India has been fairly successful with several projects being implemented across sectors. However, one of the main problems confronting infrastructure and PPPs in India is the delay in implementing and executing large-scale projects resulting in time and cost overruns. Efficiency in implementing infrastructure projects in India is infrequent. Success of an infrastructure project is greatly influenced by proper management of the risks associated with the project. A poorly designed project-delivery approach or the wrong decisions about procurement can also lead to delays, higher costs, and diminishing returns.

Project risk management has to be a core element of project selection, planning, and design, and it has to be continuous across the entire life cycle of the project.

## REVIEW OF LITERATURE

Aschauer (1989) pioneered the research on the impact of investment in infrastructure on output and productivity growth. Following Aschauer, Lynde and Richmond (1993) had shown that low investment in infrastructure in USA was the cause for decline in output and productivity growth during early 1970s. Aschauer (1993) argued further that public infrastructure such as streets and highways, mass transit, water and sewer systems and like should be considered as a factor of production along with labour and private capital. He explained how investment in infrastructure could boost aggregate demand through increased expenditure

during the period of construction and maintenance operations. Fedderke and Bogeti (2006) investigated direct impact of infrastructure investment on labour productivity and indirect impact on total factor productivity.

Herranz-Loncan (2007) analyzed the impact of infrastructure investment on Spanish economic growth between 1850 and 1935. GRIPS Development Forum of Vietnam, in a study made in November, 2003, had shown that investment in infrastructure could reduce poverty by creating more jobs. Study made by Pedroni P and Canning D (2008) showed that relationship between income per capita and infrastructure stocks per capita can be explained through an inverted U shaped curve, commonly known as environmental Kuznet curve. In this article, the author has followed a model of Barro (1990) to derive this simple estimated relationship as a reduced form of a growth model. According to the model, there is a growth maximizing level of infrastructure above which the diversion of resources from other productive uses outweighs the gain from having more infrastructure. Below this level, increase in infrastructure provision increase long run income. Outcome of literature review confirms that investment in infrastructure has no doubt direct positive impact on economic growth, poverty alleviation and improving quality of life.

### NEED FOR COMMERCIALIZATION OF INVESTMENT IN INFRASTRUCTURE

Shifting towards a positive preference for commercialization of investment in infrastructure has been triggered by several factors as follows: First, the public sector operations are inefficient and insensitive to consumers. Second, funds required for massive investment to match economic growth cannot be met by government due to fiscal stringency. Third, companies run by government cannot compete with the private companies due to technological changes which brings in competition horizontally and unbundling of services vertically. Fourth, both domestic and foreign investors in a country want efficient infrastructure services to their business in a cost-effective and competitive manner. Finally, possibility of getting large funds for infrastructure investment on a commercial basis has increased for emergence of an integrated international capital and debt market. While these factors are pushing most countries towards commercialization of infrastructure investment, there is also increasing understanding of the social dimension of infrastructure. In underdeveloped countries, the state is required to bear the cost for providing social infrastructure services such as health, education, water supply, sanitation and sewerage. The Introduction of a new regulatory framework for encouraging public-private partnerships in different forms would, therefore, be the correct step in right direction for fructifying investment in infrastructures.

### REFORMS IN REGULATORY FRAMEWORK

Infrastructure projects require multiple sequential clearances at various levels of government. Large projects also require various categories of clearance and approvals from various ministries from pre-tendering to post-construction stage. As it stands today, most of the infrastructure projects in India suffer from delays in completion mainly due to inadequate regulatory framework and inefficiency in the approval process. These lead to time and cost overruns and delay in financial closure of projects. In terms of cost to the economy, delays in implementing power projects are the most serious. Taking possession of land for large projects is both contentious and time consuming. Land and environment-related issues often lead to delays caused by complex and time consuming legal procedures. It is thus necessary to have an articulate regulatory framework, which should be radically different from the existing legal framework in terms of transparency, clarity of obligations, duties and responsibilities between the participants in the infrastructure projects. The new framework must reduce the layering of approvals in obtaining them within a definite time frame. Certain sections of the existing acts which are anachronistic should also be either deleted or replaced. Keeping in view these major impediments to infrastructure development, the steps that should be taken by the government are as follows- (a) Establishment of an autonomous regulatory body for each sector; (b) Separation of regulator and operator with clarity and coherence in legislation and policy; (c) Special legislation for project formats; and (d) establishment of an omnibus regulatory Appellate Tribunal.

### MAJOR STAGES OF IMPLEMENTATION OF INFRASTRUCTURE PROJECTS

Decisions required to be taken and main activities involved at each stage have been discussed in this section. First stage is gestation when concept of the project is developed on the basis of preliminary study on feasibility. In this stage, decisions are taken for investment with the estimated budget and scope of the project. Once decision is taken for going ahead, main activities, namely, detailed techno economic and legal feasibility studies; risk analysis, structuring risk management; evolving a basic structure for implementation; discussion with government; assessment of possible environmental impact; planning for rehabilitation of the affected entities and execution of Memorandum of Agreements (MOUs) are undertaken. Second stage is development when decisions are taken on finalization of special purpose vehicle (SPV) and final structure for project implementation. Main activities at this stage are execution of agreements with government, various stake holders, EPC and O&M contractors and financial closure with the lenders.

Third stage is construction. Main activities at this stage are those required for completion of construction activities in accordance with the implementation schedule. Since time is the essence, monitoring is done by all stakeholders so as to avoid both cost and time overrun. Next stage is operation and maintenance. After comparing projections with actuals by means of variance analyses, facilities developed are handed over at this stage to O&M contractors after determination of levy and tariff to be collected from users/consumers so as to ensure repayment of debt and return to equity investors. Final stage is termination and transfer to the government. This is the most difficult stage since the challenge is to provide adequate protection of interest to all concerned parties to ensure sufficient incentive to them. Main activity is the process of handing over the facility by SPV to the government.

### RISKS ASSOCIATED WITH INFRASTRUCTURE PROJECT

Risks are variables or circumstances associated with implementation of a project that has the potential to adversely affect the development of a project or interest of stakeholders. Magnitude of risk depends on the geographical location of the project, legal framework of the sector to which the project is related, basis of commercial feasibility of the project, proposed structure for implementation of the project; political scenario and economic factors affecting the project. Risks associated in the gestation stage are the costs incurred for pre-investment appraisal. Critical identification and analyses of legal framework; techno-economic and techno commercial viability; environment and social impact would largely mitigate these risks. In the development stage, main risks are possibility of government's either rejecting or altering; possibility of litigation impeding progress; scope of works for the project; delay in obtaining approvals and clearances from various authorities and ministries. Other risks are related to mobilization of finance; availability of suitable contractors; getting equity investors in SPV; acquisition of land and delivery of vacant possession to SPV and political risk. Critical analyses of the activities and correct evaluation of pre-investment TEV studies in the gestation stage with formulation of a risk matrix and its distribution and management help mitigating the risks associated in the development stage. In the construction stage, risks are associated with design and technology deployed and physical progress of construction. Critical study of conditions embedded with demographic locations; assessment of availability of resources, industrial relations, safety measures, quality of raw materials, workmanship, construction technique; proper checking of various aspects of design would largely mitigate the risks. In the operation and maintenance stage, risks are associated with operation, maintenance and revenue collection. One needs to stipule standard operating parameters to be followed by contractors and monitor their performance. Besides, proper management of cash flow would help mitigate the risks. Above all, SPV must formulate a risk matrix comprising of splitting the project into various stages, categorizing risks in each stage, identifying particular events that may enhance the risks, identifying the parties to whom risks are allocated and specifying the mitigation measures in the gestation stage itself. Formulation of a correct risk matrix is the key element in the risk mitigating exercise.

### CRITERIA FOR FINANCING INFRASTRUCTURE PROJECTS

An infrastructure project is different from an industrial project for its following features: highly capital intensive; huge sunk cost; long gestation period; long economic/ operating life; output is not generally tradable except electricity generation and telecommunication projects; generation of revenues is highly uncertain; long payback period leading to longer debt maturities; high debt-equity and high risk arising from each stage of implementation. Techniques for financing infrastructure project, therefore, depend on the nature of the projects whether government sponsored or under Public Private Partnership (PPP) and the specific sector in which investment would be made. In this section, we discuss in a none-too-technical manner the techniques for financing projects under B.O.O.T. (Build, Own,

Operate and Transfer) which is the most popular amongst PPP arrangements. Others are B.O.T. (Build, Operate and Transfer), B.O.O. (Build, Own and Operate) etc. There are again a number of financing tools that exists to finance infrastructures including the Regulated Asset Base (RAB) model. Our plan is to present the technique which would be user-friendly. The underlying principles in financing infrastructure project is that lenders, on one hand, want their expected rate of return with full repayment and SPV, on the other hand, wants their expected rate of return considering the risks associated with the project. The problem arises mainly on two issues - long gestation period and amount of revenues to be generated during operation period before it is transferred to the government. Since the gestation period is very long, soft cost of the project is often higher than the hard cost 56 SPV expects that government should determine the streams of revenues to be earned from the project considering the return SPVs would have got had the fund invested during the entire gestation period been invested elsewhere. Another key issue is high risk associated at each stage of implementation of the project. SPVs want to discount the future cash flow at a rate much higher than normal for calculation of expected Internal Rate of Return (IRR). SPVs also expect that government should compensate in the form of tax-holiday, lower tax rate and cash to ensure expected rate of return. Besides, in some projects, they want the government to give guarantee for projected cash inflows and they will take responsibility of bringing in excess fund required to meet cost and time overrun. Keeping all these factors in view, viability of infrastructure projects is not determined on the basis of IRR only. Other method of viability study based on return on equity (ROE) calculated on free cash flow method is also used in financing infrastructure project. Amount of tariff is normally calculated by adding rate of return (ROR) and/or ROE agreed by both the government and SPV with cost of service (COS). Under the RAB model, revenues include mutually agreed tariff and allowances for the depreciation on regulated assets over time calculated according to either Companies Act or Income Tax Act and compensation given by the government for forecast level of operating expenditure (OPEX) during O&M period before handing over the project to the government. Return to investors is calculated by multiplying RAB with weighted average cost of capital (WACC).

## CONCLUSION

Investment in infrastructure services has two different impacts on the economy. One through supply - side effect of increasing the capital stock and the other through the demand-side effect of providing additional effective demand. Consumption of infrastructure services also enhances the welfare of poor people. Furthermore, large-scale infrastructure contributes to economic growth that may provide private and public resources to reduce poverty. Therefore, investment in infrastructure by means of PPP has become the need of the day. There are, however, many constraints in expanding investment through PPP. At macroeconomic level, main constraints are

Inadequate regulatory framework, inefficiency in the approval process and availability of adequate fund. This calls for reviewing the policy by the government by undertaking reforms in regulatory system and changing norms for expanding flow of funds from both domestic and international sources.

The global economy has shown signs of strengthening over the past few months and the emerging markets like India need to increase investments, especially in infrastructure, to revive growth, Finance Minister P Chidambaram said.

"Policies to revive growth in most emerging markets, including India, will have to be rooted in increasing investments, particularly in infrastructure. As most emerging markets are resource constrained, it would be necessary to have recourse to foreign savings for investment," he said.

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## MANAGING CAREER ASPIRATIONS – A CONCEPTUAL INSIGHT

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## ABSTRACT

*The study finds out that none of us have an infinite number of choices when it comes to career management. But all of us have some choices. We need to figure out areas of our choice and become active in managing them. As the world gets more complex, more and more of a burden will fall on each person to manage his or her own career because employers will have a harder time figuring out what is best for everyone. Thus, the most important bit of advice is not to become a victim.*

## KEYWORD

career aspirations.

## INTRODUCTION

The word career is used in many ways and has several connotations. Sometimes “having a career” is used to apply only to someone who has a profession whose occupational life is well structured and involves steady advancement. In the context of career development, career includes how any individual’s work life develops over time and how it is perceived by that person.

## CONCEPT OF CAREER

The word “Career” as such appears to be old and conventional. But, the meaning of the word “career” has been redefined again and again due to the advent of the Information Technology into our lives. A career is an individual’s journey through learning, work and other aspects of life.

The traditional concept of ‘career’ was progression up an ordered hierarchy within an organisation or profession. The notion was that people ‘chose’ a career, which then unfolded in an orderly way. It was an elitist concept: some had a career; many only had a job; some did not even have that. For some time now, however, this traditional concept has been fragmenting. The pace of change, driven by technology and globalisation, means that organisations are constantly exposed to change. They are therefore less willing to make long-term commitments to individuals; where they do, it is in exchange for flexibility about the roles and tasks the individuals will perform. Increasingly, therefore, security lies not in employment but in employability. Individuals who want to maintain their employability must be willing to regularly learn new skills. **So, careers are now increasingly seen not as being ‘chosen’ but as being constructed, through the series of choices about learning and work that people make throughout their lives.**

**Career aspiration:** A career aspiration is a path that one wants the career to follow. For example, a big career aspiration for a lot of people is to become part of a management team. Being part of a management team is a big step up because it needs investment with more power and greater responsibility. Here are some common career aspirations:

- Enhancing professional skills to advance in an organization.
- Find stable job security.
- Become an expert in a field.
- Gain more autonomy at work.
- Better balance of home and work life.
- Network more on a professional level.
- Become better motivated to complete the job.
- Educate more.

## OBJECTIVE OF THE STUDY

Gaining insight into the career aspirations of IT/ITES employees

## MANAGEMENT OF CAREER ASPIRATIONS OF EMPLOYEES

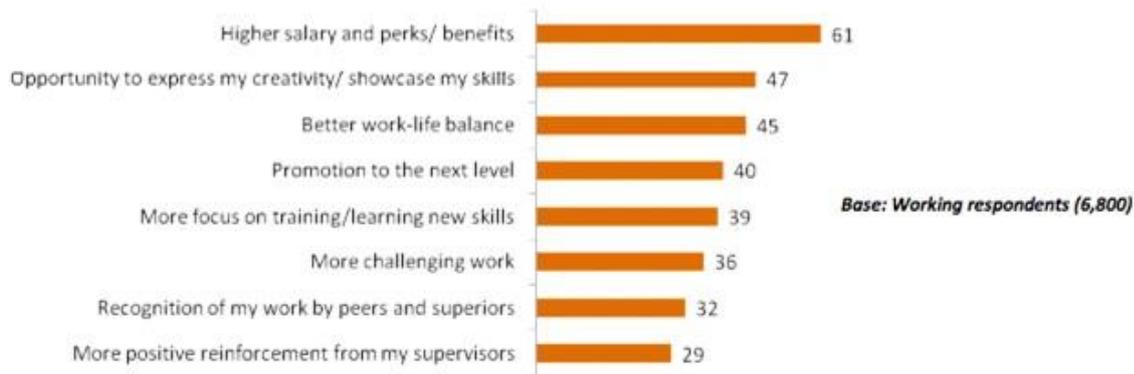
**Dan Schawbel (2013)** has discussed the three career must haves – Passion, Strengths and Market. When it comes to thinking about a satisfying career, these are the critical factors. Having only two won’t cut it. For example: If an employee is passionate about something, he will work hard and turn that skill or knowledge of a subject into one of his strengths. But if an employee does not care about that particular skill, he will have a tough time finding job that will put food on his table. If he is really good at something but he does not really like it, building his career around it will give him ulcers – even if he is making a lot of money. Of course, finding a career that satisfies all three conditions isn’t easy.

The idea of aspiration management draws from Maslow’s Hierarchy of Needs. It depicts self-actualization as the utmost need individuals aspire to realize in their life. Self-actualization just means being the best you can be at what you do. In fact, 61% of respondents in the January 2015 Bayt.com *Skills and Hiring Trends* poll say that their company suffers from lack of skills. Managing employee aspirations meritoriously can be a crucial driver of growth for both employees and the company.

Knowing employees’ aspirations is the first step towards effective aspiration management. These aspirations may be associated to where they are headed in their professional life, such as aspiring a promotion or a salary increase, or personal goals, such as how they plan to maintain their work-life balance. Once they know what they want to achieve in life, you can help them convert these aspirations into more specific, measurable and time-bound goals. Data from the Bayt.com *Career Aspirations* survey (2015) shows that while 68% of professionals say they have set professional goals for themselves, 22% have not set any goals. The latter are the ones who will need your help in defining short- and long- term goals.

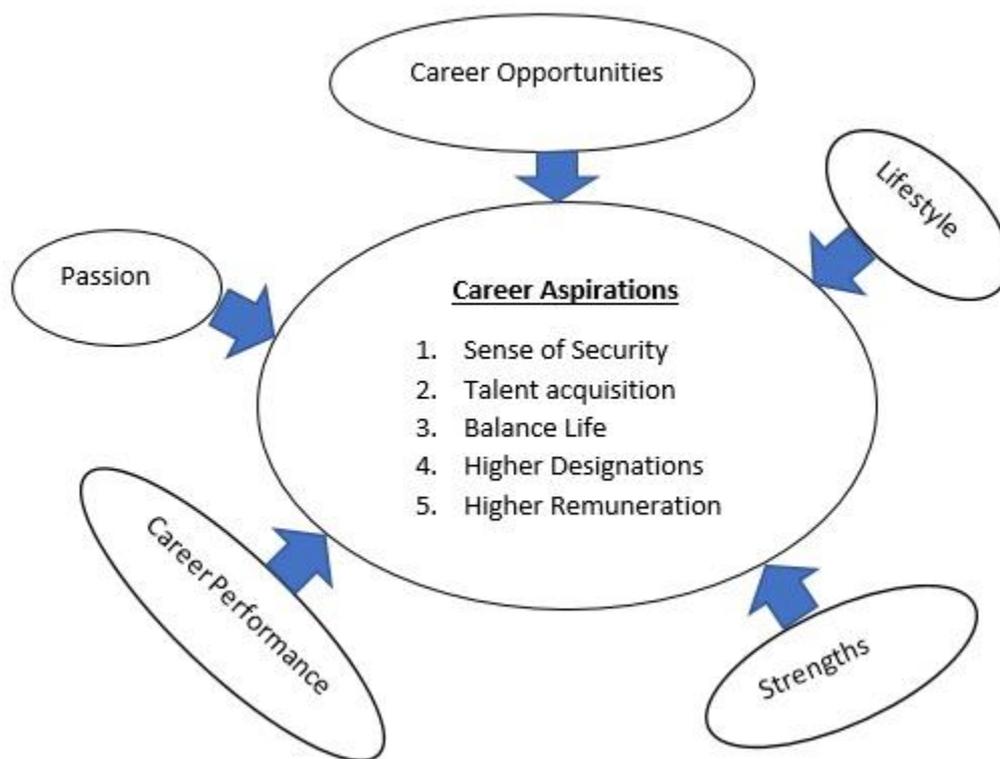
Once the aspirations have been described and quantified, all that is left is finding ways to achieve them. For aspiration management to be effective, employees’ goals need to be aligned with organizational goals. Providing the necessary training is the key to achieving this alignment of goals. 45% of professionals cite the lack of training and growth opportunities as the main barrier to their personal career growth.

FIG. 1



Bayt.com Career Aspirations -January 2015  
Image credit:Bayt.com

FIG. 2



**CONCEPTUAL MODEL OF CAREER ASPIRATIONS AND ITS INFLUENCING FACTORS**

As a career evolves, the person develops a self-concept that includes some explicit answers to these questions:

1. What are my talents, skills and areas of competence? What are my strengths and my weaknesses?
2. What are my main motives, needs, drives and goals in life? What do I want or not want, either because I have never wanted it or because I have never wanted it or because I have reached a point of insight and no longer want it?
3. What are my values? The main criteria by which I judge what I am doing? Am I in an organisation or job that is congruent with my values? How good do I feel about what I am doing? How proud or ashamed am I of my work and career?

This self-concept builds on whatever self-insight an individual has acquired from the experiences of youth and education. However, it cannot be a mature self-concept until a career occupant has had enough real occupational experience to know his or her talents, motives and values. Such learning may require up to ten years or more of actual work experience. If the person has many varied experiences and gets meaningful feedback in each one, a self-concept develops more quickly. If a person has only a few jobs in the early years of the career or obtains minimal feedback, it may take much longer.

Talents, motives and values become intertwined. People learn to be better at those things they value and are motivated to do and learn to value and be motivated by those things they happen to do well. They also gradually learn to avoid those things that they do not do well, though without clear feedback they may cling to illusions about themselves that set them up for repeated failures. Talents without motivation gradually atrophy. Conversely, new challenges can reveal latent or hidden talents that simply had not had an opportunity to appear earlier.

People differ as to whether talents, motives or values initially dominate their self-concepts and provide central themes to their careers. As time goes on however, a need for congruence causes people to seek consistency and integration among the different elements of the self-concept. How is this consistency learned? People first enter the world of work with many ambitions, hopes, fears and illusions but with relatively little good information about themselves, especially about

their interests, motives and values as well as their intellectual and motor skills but they cannot really determine how good they will be at a certain kind of work or how they will react to it emotionally.

Nowhere is this truer than in management, because of the difficulty in simulating some of its key skills and abilities. Until a person actually feels the responsibility of committing large sums of money of hiring and firing people of saying no to a valued subordinate, that person cannot tell whether he or she will be able to do it or will like doing it. This principle applies to many other occupations; a person cannot tell if he or she has a talent in or likes the job without actually performing that job.

The early years in an occupation are a crucial time of learning – learning about the occupation or organisation and learning about oneself in relation to the demands of the job. This process is often painful and full of surprises because of the many misconceptions and illusions with which people typically enter their early work situations. Many of people's dreams about themselves and what their work will be like may be inconsistent with their work experiences, causing "reality shock" a phenomenon that is observed in all occupations in the early years.

As people accumulate work experience, they have the opportunity to make choices, from these choices they begin to ascertain what they really find important. For each person, dominant themes emerge – critical skills or abilities that an individual want to exercise or crucial needs or values that dominate one's orientation toward life. Previously, a person may have had a vague sense of these elements, but in the absence of actual life experience, he or she does not know how important they are or how any given talent, motive or value relates in a subjective hierarchy to other elements of the total personality. Only when he or she is confronted with difficult choices does a person begin to decide what is really important to him or her.

## CONCLUSION

None of us have an infinite number of choices when it comes to career management. But all of us have some choices. We need to figure out areas of our choice and become active in managing them. As the world gets more complex, more and more of a burden will fall on each person to manage his or her own career because employers will have a harder time figuring out what is best for everyone. Thus, the most important bit of advice is not to become a victim.

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**ECONOMIC IMPACT OF FINANCIAL INCLUSION ON FARMERS IN SOUTH GUJARAT REGION****DHARMESH U THAKOR****ASST. PROFESSOR****NARAN LALA COLLEGE OF COMMERCE & MANAGEMENT  
NAVSARI****Dr. RAMAKANTA PRUSTY****PRINCIPAL****B. P. COLLEGE OF BUSINESS ADMINISTRATION  
KADI SARVA VISHWAVIDYALAYA  
GANDHINAGAR****ABSTRACT**

*Financial inclusion has received a major focus by the governments across the world. In the present times financial inclusion has a direct relationship with the economic growth and development of any nation. The main objective of financial inclusions is to provide banking and financial services to weaker section of the society in a fair, transparent and equitable manner at affordable cost. It helps in bringing equality among the citizens of the country. In the past two decades, India introduced various changes in the banking and financial system to offer various financial benefits to the citizens of the country. A big support towards financial inclusion in India has emerged from the Pradhan Mantri Jan Dhan Yojana (PMJDY) introduced in August 2014. For this, the present study is analyzing the impact of financial inclusion on farmers of the south Gujarat region from economic angle. From the study it is concluded that there is a positive impact of the efforts of financial inclusion made mainly by banking sector in the region on savings habits as well as farm productivity of the respondents but still more efforts are needed to make financial inclusion more effective in the region.*

**KEYWORDS**

financial inclusion, economic impact, farmers.

**JEL CLASSIFICATION**

B26, Q12, Q14, R11.

**INTRODUCTION**

In the modern era of economic growth and development it is very essential for any nation that the citizens of the nation are integrated with the country's banking and financial system. Integration of everyone with banking and financial system of the nation accelerates the economic as well as social growth and development of the nation. To achieve this goal nation across the world are focusing aggressively on financial inclusion.

According to The Committee on Financial Inclusion headed by Dr. C. Rangrajan (2008), RBI, "Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost".

In India, the drive of financial inclusion is run by the government of through RBI, NABARD, Commercial Banks, RRBs, Co-operative Credit Institutions and Micro Finance Institutions. RBI advised commercial banks to formulate specific board approved Financial Inclusion Plans (FIP) and to act on them on with a mission. Banks were also advised by RBI to provide banking services in every village having a population of over 2000 by 31 March 2012, through bank branches as well as through various ICT-based models, including BCs (Business Correspondents). India's index for Financial Inclusion measured by CRISIL scored 40.1 points out of 100 points in the year of 2011 which was based on 3 important dimensions of financial inclusion viz. branch penetration, credit penetration, and deposit penetration. In India there is a wide disparity among the states regarding the availability of banking and other financial facilities to all the residents of the state. Southern India has the highest achievement in the financial inclusion drive followed by the states of Western India. While Northern and North-East of India is facing poor financial inclusion achievement.

**REVIEW OF LITERATURE**

The section briefly discusses some of the important studies related to financial inclusion.

Santoki, Gandhi and Parekh (2016) studied awareness and perception towards Pradhan Mantri Jan Dhan Yojana (PMJDY) in selected rural areas of Navsari district of Gujarat. For the same purpose they used descriptive research design. Primary data was collected from respondents residing in Rural Areas in Navsari District with convenient sampling method. They found that there was 100% awareness of the PMJDY program and majority awareness comes from information provided by friends & relatives. 75% of respondents have opened a bank account under this scheme in which more than 98% respondents keep balance in their account, and the main motivating factor of opening an account is Zero balance scheme and to take other government benefits. Still many of the respondents are not fully aware about such as "what is the amount of accidental insurance", "facilities like Direct Transfer Benefits", "when an overdraft facility be permitted", "Access to Pension, insurance products" etc.

Sahoo and Gomkale (2015) examined the level of financial inclusion in the informal sector of Gujarat. Authors conducted a primary survey by taking a sample size of 100 individuals (natives of Gujarat) consisting both male and female from rural, semi urban and urban areas, working in the unorganized sector in Gandhinagar district of Gujarat by convenient sampling method during Mar-April 2015. The study revealed that in Gandhinagar district, majority of respondents were having at least a deposit account whether in a bank or a post office and 24% didn't possess a deposit account. A significant proportion of respondents were out of the coverage of financial services. The study further shows gender biasness against the females in terms of access to financial services. The study also revealed that the most common reason for not having formal bank account was lack of enough income and savings. Study reveals that 60% respondents had taken credit from formal sources of finance. A significant proportion i.e. 25% respondents had taken credit from informal sources like local money lenders, relatives, family friends etc. 15% reported not having taken any loan from any sources. Banks were the highest providers of credit (39% of total respondents), followed by local money lenders (19%) and Cooperative Societies (18%). The study revealed that a whopping 75% respondents reported of no visit by the BCs.

Kumar (2015) examined status of financial inclusion in India and studied its determinants. For this he used annual information of 29 major states from 1995 to 2008. The author used Panel fixed effects and dynamic panel generalized methods of moments (GMM) methodologies to study determinants of financial inclusion. Also Kendall's index of rank concordance has been derived to test for convergence of states in achieving financial inclusion. The results of the study indicate that supply side of inclusive efforts through branch network expansion is having intended impact of improved banking activity. However, demand side, level of industrialization and employee base are having beneficial influence on financial inclusion. The study says that in backward states multi pronged strategies for enhancing employee base and industrial activity should be implemented. He said that employment generating schemes have multiple benefits. Similarly, proper legislations towards industrial reforms in general and sector specific schemes helps in flourishing financial inclusion.

Cull, Robert, Ehrbeck, and Holle (2014) explained how financial inclusion can help poor households to improve their lives and spur economic activity. At the microeconomic level, study discussed the evidence of economic impact of financial inclusion in different countries like India, Morocco, Mongolia Philippines and Mexico. The study has covered impact of financial inclusion on variables like Credit, Savings, Insurance and Payment and mobile money mainly. Study says that the degree of financial intermediation is positively correlated with growth and employment.

The article in Business Today (2014) discussed about Prime Minister Jan Dhan Yojana of Central government. Andhra Bank Chairman and Managing Director C.V.R. Rajendran said that within two days the bank had opened 5 lakh new accounts between 26<sup>th</sup> and 28<sup>th</sup> August 2014. It is said that if banks do not look at this as a one off-activity and use this as an opportunity to connect with the poor and eventually start offering loans, then overtime and the microfinance institutions could see direct competition from banks. Banks need to have adequate manpower and proper infrastructure to service this sudden rise in number of account holders. These accounts will hardly help financial inclusion if they remain dormant.

As per NABARD report (2014), Government of India has constituted two funds viz., Financial Inclusion Fund (FIF) for meeting the cost of developmental and promotional interventions of financial inclusion and Financial Inclusion Technology Fund (FITF) to meet the cost of technology adoption for financial inclusion. Each Fund consists of an overall corpus of ₹ 500 crore, with initial funding to be contributed by the Government of India, Reserve Bank of India (RBI) and NABARD in a ratio of 40:40:20. Apart from this NABARD is also going to support weak RRBs for CBS, for KCC, for usage of ATMs and for issuance of RuPay debit card.

BMI's Commercial Banking Report series (2013) draw heavily on its extensive economic data set, which includes up to 550 indicators per country, as well as in depth view of each local market. The report has presented SWOT analysis of Indian commercial banking sector from commercial banking, political, economic and business environment point of view. The report said that the industry should be opened up for more private player for its long-run development as the consequent increase in competition fosters a more efficient microenvironment, which is still dominated by poorly performing state-run entities. The report ranked India at 30<sup>th</sup> number with 68 rating out of one hundred towards 'Asia Commercial Banking Risk/Reward Ratings'.

Barik (2013) analyzed the relationship between financial inclusion and acceleration of agricultural development in his study. The study was conducted with multi-stage stratified random sampling procedure for the selection of sample units. Out of 26 districts of Western Uttar Pradesh two developed districts and two undeveloped districts were selected randomly. As per analysis, the financially included farmers are in advantageous position due to higher agricultural productivity and use of yield-raising inputs like chemical fertilizers, adequate and timely application of irrigation water etc. due to easy access to institutional credit at a cheaper rate of interest. Financially excluded farmers' per hectare agricultural income is lower than the financially included farmers.

Ranparia (2013) discussed about various financial inclusion initiatives taken by the banking fraternity in the Gujarat State and evaluated the progress and current status of Financial Inclusion in the State. The author said that a lot has already been done by RBI and various banks but a lot is yet to be achieved, so bankers need to keep reforming their plans.

A seminar on financial inclusion conducted by Bank of Baroda (2009) discussed about achievement of bank in financial inclusion in Gujarat. The bank informed that it has achieved hundred percent achievements in various parameters in many districts. The bank focused achievement on elements of financial inclusion like SHGs, Sakhimandal and Farmers' Clubs in the state with highest number of Farmers' club are in Baroda District (309) and lowest in Bharuch district (18).

## NEED OF THE STUDY

Review of literature reveals that number of research studies have been done in the field of Financial Inclusion around the world and in India. Further, Government of India and RBI has taken up various steps to cover the financially excluded population. It is also revealed that the government has opened many bank accounts under PM Jan Dhan Yojana and people are also aware about the scheme too. Banks are also working with the guideline of the RBI towards the achievement of target of financial inclusion. So there is a need to study the impact of financial inclusion run by the government of India mainly through the banking institutions on the life of the people. Research with the present study objective in the state of Gujarat is very less and rare in the South Gujarat. Hence, the present study is planned in the selected districts of Dang and Valsad of the south Gujarat region.

## OBJECTIVE OF THE STUDY

The objective of the study is to check the economic impact of financial inclusion on farmers of the selected districts of South Gujarat Region.

## HYPOTHESES

To achieve the objective of the study, following hypothesis was incorporated

**Ho:** There is no significant economic impact of financial inclusion on farmers of the selected districts of South Gujarat Region.

## RESEARCH METHODOLOGY

### Research Design

Research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It can also be described as a blueprint for the collection, measurement and analysis of data (Kothari 2011). The research design for the present study is 'descriptive' in nature. A descriptive research study is one that is concerned with describing the characteristics of a particular individual or of a group (Kothari 2011).

### Sampling Plan

The population for the study is farmers of Dang and Valsad districts of South Gujarat region. From the population sample size of 130 respondents (farmers) has been selected by convenient sampling method.

### Collection of Data

The primary data for the study have been collected from farmers through a structured questionnaire and personal interview method from the Dang and Valsad districts of south Gujarat region. The secondary data have been collected from journals, magazines, books, websites etc. as and when required.

### Analytical Tools

The study has made data analysis through tabulation, cross tabulation and various statistical tools. Various statistical non parametric techniques have been used with the help of SPSS software for the analysis of collected data. Non parametric test like Chi-Square Test, Kruskal-Wallis Test, Mann-Whitney Test etc. have been used for the analysis of the data.

## DATA ANALYSIS & INTERPRETATION

Education plays a vital role in financial inclusion since it is mostly related to banking transactions. The present study tries to examine the impact of financial inclusion on the economic life of farmers. While relating their education with financial inclusion it was found that the education of 62% farmers (respondents) was up to SSC only and 12% of the total sample farmers were illiterate. It has been found that agriculture is the major source of income for majority of farmers in both the districts considered for study. About 52% percent of farmers are found to be dependent on agricultural income for their livelihood whereas 26% respondents have 'labour work' as their major source of income.

Majority of the farmers in the two districts under consideration are found to be in low income category. Around 68% respondents are living with an annual income maximum up to Rs.1 lakh while only about 26% respondents are found to have annual income between Rs.1 lakh and Rs.3 lakh. Number of farmers having bank account in these areas is also very less. Only 41% of respondents have their accounts with bank since last more than 5 years while 22% respondents have their accounts with them since last 1 year. While asked about the motive behind opening and maintain bank account, most respondents i.e., 59% said they opened the bank account for the purpose of saving money and this is a good sign as far as financial inclusion is concerned. It was also found that 28% respondents opened their bank account in order to avail advantages of various kinds of subsidies offered by the government. Out of total respondents 55% of respondents have got

financial help from the government in their bank account while others have not received it. And those who have got the financial help for government, most of them (94%) have received it in the form of subsidy.

With regard to types of accounts 52% of respondents have savings account while 55% respondents have BSBD accounts mainly with Public sector bank and Regional rural bank. Out of total respondents 32.3% respondents have borrowed money from the commercial banks, 26.2% of respondents have borrowed from SHG and 6.2% of respondents have borrowed from co-operative societies while none of them have borrowed from co-operative banks. Out of total respondents who have taken loan from commercial banks 88.24% respondents have taken agriculture loan. 11.76% respondents have not taken agriculture loan. Frequency of operation of bank account may also be considered as an indicator of financial inclusion. In the present study it has been found that 23% of respondents operate their bank account once in a month, 29% respondents operate once in six months and 16% operate their account when they have money to deposit. Surprisingly, 10% of the respondents have not operated their account even once after they had opened. This means that the farmers of South Gujarat are not very much connected with banks and thus, the magnitude of impact of financial inclusion on their economic life would not have been significant.

While asked about the kind of facilities provided by banks the farmers are using the study found that out of total respondents 40% respondents hold ATM/Debit card, 16.9% respondents have credit card facilities, 13.1 % respondents have cheque book facility, 3.8% respondents have Fixed Deposits with banks, 2.3 % respondents have recurring facility in banks, 0.8 % respondents have mobile banking facility and none of the respondents has internet banking facility. About 46.9 % respondents have none of the above facilities of the bank with them.

**Annual Income and Access to Banking Products**

A cross tabulation analysis was done between annual income and access to banking products for the sample farmers and the results are presented in Table-1.

**TABLE 1: ANNUAL INCOME AND ACCESS TO BANKING PRODUCT**

	Income					
	Up to Rs 1 Lakh	% of respondents	Between 1 Lakh to 3 Lakhs	% of respondents	Between 3 lakhs to 5 Lakhs	% of respondents
Cheque Book	2	2	12	35	3	43
Recurring in Bank Account	1	1	1	3	1	14
ATM/Debit Card	27	30	19	56	6	86
Mobile Banking	0	0	0	0	1	14
FD in Bank account	0	0	4	12	1	14
Credit Card	9	10	13	38	0	0
None of the theses	56	63	4	12	1	14
Total	89	100	34	100	7	100

Source: Primary Survey

It is shown in Table-1 that 63% of the respondents in the income group of less than Rs 1 lakh per annum have no access to any of the above facilities while 30% respondents have got ATM/debit cards and 10% of them have received credit cards only. 56% Respondents who have annual income between rupees 1 to 3 lakhs have ATM/Debit cards and 38% of them have credit cards while 35% of them have cheque book facilities. 86% Respondents who have annual income Rs.3 lakhs and above have ATM/Debit cards and 43% of them have cheque book facilities.

**Age of Account and Financial Help Received from Government**

H0: There is no relationship between age of the account and received financial help from the government

H1: There is a relationship between age of the account and received financial help from the government

**TABLE 2: RESULTS OF CHI-SQUARE TEST**

			Pearson Square	Chi-tio	Likelihood Ratio	Fisher's Test	Exact	Linear-by-Linear Association
Value			14.717		15.674	14.716		6.686
Df			4		4			1
Asymp. Sig. (2-sided)			0.005		0.003			0.010
Monte Carlo Sig. (2-sided)	Sig.		0.003		0.003	0.002		0.009
	95% Confidence Interval	Lower Bound	0.002		0.002	0.002		0.007
		Upper Bound	0.004		0.004	0.003		0.011
Monte Carlo Sig. (1-sided)	95% Confidence Interval	Lower Bound						0.003
		Upper Bound						0.006
	Sig.							0.004

Source: Researchers' Calculation

Result of Chi-square test as presented in Table-2 shows that null hypothesis is rejected as significant value is 0.05. So it can be said that there prevails a relationship between age of account and financial help received from the government. This suggests that as the account gets older the respondents are more likely to get benefits from the government.

**Age of Account and Borrowing from the Banks**

H0: Account age has no impact on borrowings from the banks of the respondents

H1: Account age has impact on borrowings from the banks of the respondents

**TABLE 3: KRUSKAL WALLIS TEST**

Have you ever borrowed or taken a loan	
Chi-Square	5.396
df	4
Asymp. Sig.	.249
Monte Carlo Sig.	Sig. .230 <sup>a</sup>
	95% Confidence Interval
	Lower Bound .221
	Upper Bound .238

Source: Researchers' Calculation

It is normally believed that people borrow from banks as per their requirement and there exists hardly any relationship between the number of years a person holds a bank account and the amount and frequency of loans he avails from bank. However, one cannot ignore the fact that banks generally believe the old customers more than the new ones. Given that applicants fulfill all the eligibility criteria, applicants having old accounts avail loans easily as compared to the new account holders. This fact has been proven in the present study also. Our null hypothesis i.e. account age has no impact on borrowings from the banks of the respondents has been rejected as the significant value is more than 0.05%. Thus, it is found that as the accounts get older respondents are more likely to avail loans from the banks.

Account Holding and Savings Habits

It is said that growth of saving and growth of accounts opened are directly related with each other which means a chunk of saving comes just because people are motivated to open accounts in bank. Jan Dhan Yojana is primarily based on this idea. A large number of people in the rural areas do not save not because they cannot but because they do not have a bank account. As they open accounts in the bank there appears an inducement to save. In the present study also we have come up with a similar result.

TABLE 4: FREQUENCY DISTRIBUTION

Opening of bank account has improved my savings habit.		
	Frequency	Percent
Disagree	44	34
Neutral	22	17
Agree	64	49
Total	130	100

Source: Primary Survey

As presented in Table-4, out of total respondents, 49% respondents agree that opening of bank account has improved their savings habit while 34% disagree with it.

Impact of Improved Savings Habit on Investment, Crop Output and Emergency Funding

- H<sub>0</sub>: Improved savings habit of the respondents has not increased personal investment of the respondents
- H<sub>1</sub>: Improved savings habit of the respondents has increased personal investment of the respondents
- H<sub>0</sub>: Improved savings habit of the respondents has not increased crop output level from farm.
- H<sub>1</sub>: Improved savings habit of the respondents has increased crop output level from farm.
- H<sub>0</sub>: Improved savings habit of the respondents has not reduced dependency on other sources of finance in emergency.
- H<sub>1</sub>: Improved savings habit of the respondents has reduced dependency on other sources of finance in emergency.

TABLE 5.1: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.903 <sup>a</sup>	.816	.812	.392

TABLE 5.2: CO-EFFICIENT

Model					
		(Constant)	Saving in bank account has increased my personal investment	Saving in bank account has increased crop output level from farm	Saving in bank account has reduced dependency on other sources of finance in emergency
Unstandardized Coefficients	B	.205	.185	.290	.531
	Std. Error	.091	.062	.066	.058
Standardized Coefficients	Beta		.157	.288	.557
T		2.246	2.989	4.403	9.204
Sig.		.027	.003	.000	.000

TABLE 5.2 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	80.659	3	26.886	174.699	.000 <sup>a</sup>
	Residual	18.160	118	.154		
	Total	98.820	121			

Economic impact of financial inclusion on farmers can be examined by looking at their personal investment, crop output level from farm and reduction of dependency on other sources of finance in emergency. Impact of financial inclusion on economic status of farmers is said to be positive if their saving habits raise their personal investment, crop output level and reduce dependency on non-bank sources of finance to meet emergency. In the present study, we tested the hypotheses in order to find out whether financial inclusion has positive impact on personal investment, crop output level and dependency for emergency finance. The results of regression analysis are presented in Table-5.1, 5.2 and 5.3. For all the three, the null hypotheses have been rejected as significant values are less than 0.05. Thus, it can be said that improved savings habit of the respondents has increased personal investment of the respondents improved savings habit of the respondents has increased crop output level from farm, and improved savings habit of the respondents has reduced dependency on other sources of finance in emergency. The value of R Square is 0.816 which also says that there is a very strong relationship among improved savings habit of the respondents and their level of person investment, crop production and finance in emergency situations.

Impact of Agriculture Loan Taken on Farm Productivity

Another way to measure the economic impact of financial inclusion on farmers is to examine the influence of agricultural loan of farmers on their farm productivity. With this objective in mind, we tested the following hypothesis.

- H<sub>0</sub>: Productivity of farm has not increased due to agriculture loan taken by the farmers.
- H<sub>1</sub>: Productivity of farm has increased due to agriculture loan taken by the farmers.

TABLE 6: MANN-WHITNEY TEST

loan for agriculture improved the productivity of the farm			
Mann-Whitney U			0.000
Wilcoxon W			703.000
Z			-3.817
Asymp. Sig. (2-tailed)			0.000
Exact Sig. [2*(1-tailed Sig.)]			0.000
Monte Carlo Sig. (2-tailed)	Sig.		0.000
	95% Confidence Interval	Lower Bound	0.000
		Upper Bound	0.000
Monte Carlo Sig. (1-tailed)	95% Confidence Interval	Lower Bound	0.000
		Upper Bound	0.000
	Sig.		0.000

In order to test the above hypothesis, we administered the Mann-Whitney Test and found that the null hypothesis got rejected as significant value is less than 0.05. So, it can be said that farmers of both the districts of South Gujarat under our study those who have taken loan for agriculture purpose have reported increased productivity of their farm.

### CONCLUSION AND SUGGESTIONS

The present study was designed to examine the economic impact of financial inclusion on farmers of two tribal districts of South Gujarat Region. Major conclusions of the study are drawn as under. Majority of the respondents are educated up to SSC in the region and almost half of the farmers have agriculture as a major source of income and almost quarter of the respondents have 'labour work' as a major source of income. Majority of the respondents have their annual income below 1 lakh rupees. A very large section of farmers belongs to lower income group i.e.; they figure between Rs. 1 lakh and below. Such farmers have no access to any of the facilities like cheque book, ATM/Debit cards, credit cards etc. as these facilities are available to higher income group of farmers. Almost one-fourth of the respondents transact in to their bank account on a monthly basis while for other respondents the usage rate is very low. Majority of the farmers have opened the bank account for the purpose of saving money while few of them have opened the account to get various financial benefits offered by the government. Further, after account opening, majority of the farmers have got the financial help from the government in their bank account mainly in the form of subsidy given. It can be said on the basis of data analysis that farmers in the selected districts have received the benefits from the government in the form of subsidy while only a small section of the farmers have got the advantage of the borrowings from the banks. But those farmers who have taken loan from the banks for agriculture purpose have reported improved productivity in the farming products.

Another fact derived is that as the accounts are old in age, the respondents are more likely to get the financial benefits from the government but the same is not happening with borrowing of funds from the bank. Besides, almost half of the respondents agree that bank account have improved their savings habit and due to that there is a positive impact on the level of their personal investment and crop production and dependency on other sources of finance in emergency.

Overall, we can say that there is a positive impact of financial inclusion drive of the government of India on the farmers of the selected districts of south Gujarat as they are receiving financial help from the government, having positive impact of savings on personal investment, crop production level, and reduction of dependency on other sources of finance in emergency. But on the other side, only half of the respondents agree that bank account has improved their saving habits while rest of the respondent does not agree with this. So efforts are needed to improve their saving habits. Further efforts are also required to increase frequency of operating bank account by the customers so that they can keep their account active and may save more money in to the accounts. Banks should also promote different banking facilities/products for the customers especially who belong to low income group.

### SCOPE FOR FURTHER RESEARCH

The important aspect of the present study is that it has found impact of financial inclusion on the economic life of farmers in the two underdeveloped districts of South Gujarat. The study has, in the process, revealed the kind of economic support that the farmers are availing from the drive of financial inclusion mainly run by the banks in the region. The study opens a new direction for further research activity i.e., by taking base of this study similar kind of studies can be conducted in future for other districts or states also. Research can also be done by considering other agents of financial inclusion apart from banks. With the help of this study, government/ Banking Associations may get new direction for redesigning of financial inclusion policy with new initiatives. The study will be helpful to the stakeholders of financial inclusion in the state of Gujarat towards achieving the level of full financial inclusion in the state.

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**PROSPECTS OF SPECIAL ECONOMIC ZONES IN INDIAN ECONOMY: A COMPARATIVE STUDY**

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**ABSTRACT**

India was one of the first countries in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances, absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000.<sup>1</sup> The main aim of establishing Special Economic Zones in India was to inject confidence in investors globally so that greater economic activity and employment could be garnered. SEZs in India functioned from 1<sup>st</sup> November 2000 to 9<sup>th</sup> February 2006 under the provisions of Foreign Trade Policy till the passing of the SEZ Act 2005 which came in to effect on 10<sup>th</sup> February 2006. The main objectives for developing SEZs are to Generate additional economic activity, to Promote exports of goods and services, to Promote investment from domestic and foreign sources, to Create employment opportunities and to Develop infrastructure facilities. The present study looks into the avenues created by SEZs for the development and growth of manufacturing sector in India. Also a comparative analysis with growing economies towards the Asian continent is done. The paper discusses in detail the impact of operating SEZs in Asian countries on the manufacturing sector and thereafter suggests ways and means of how these zones can prove to be more effective in the development of the manufacturing sector of such countries with special reference to India.

**KEYWORDS**

special economic zones, export processing zones, economic growth, manufacturing sector, foreign trade policy.

**LIST OF ABBREVIATIONS**

SEZs	Special Economic Zones
EPZs	Export Processing Zones
MAT	Minimum Alternative Tax
DDT	Dividend Distribution Tax
GDP	Gross Domestic Product
KFTZ	Kandla Free Trade Zone
CST	Central Sales Tax
VAT	Value Added Tax
FDI	Foreign Direct Investment

**INTRODUCTION**

Whenever we talk about developing countries like China, India, Brazil, Singapore, Indonesia etc. we cannot ignore the role of Special Economic Zones (SEZs) in their development. Special Economic Zones are different from Domestic Tariff Area. The purpose of developing SEZs is to accelerate the export of goods and services from the country to enhance the gross domestic product (GDP), to develop the infrastructure facilities around the SEZs, to create employment facilities for the people, promote investment from domestic and foreign sources and to generate additional economic activity for the sustainable and balanced growth of the country.

**OBJECTIVES OF THE STUDY**

The objectives of the present study are:

- To provide an insight into the basic purpose for the development of the SEZs.
- To analyse the contribution of SEZs in the countries' growth.
- To analyse the challenges that developers of SEZs face.
- To provide a comparative study of Indian and Chinese SEZs.
- To suggest some measures for the betterment of SEZs.

**ROADMAP OF SEZs IN INDIA**

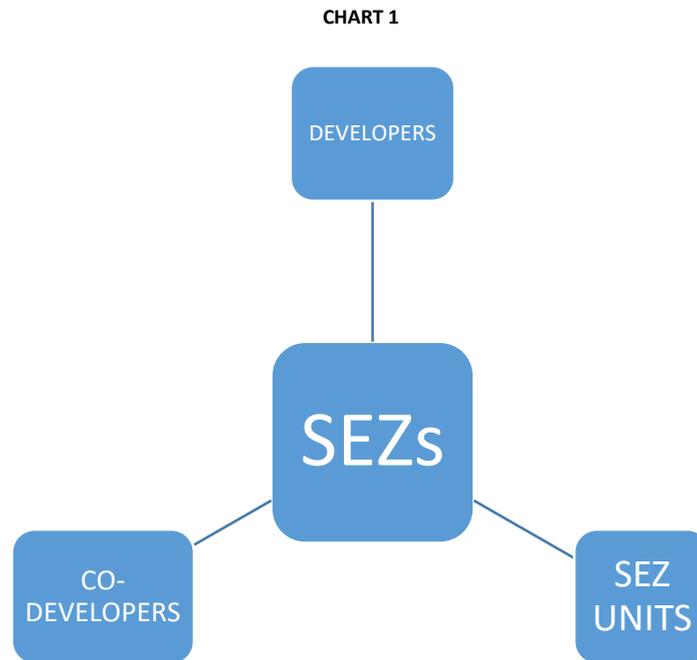
According to Ministry of Commerce and Industry "Special Economic Zone (SEZ) is a specifically delineated duty free enclave and is a deemed foreign territory for the purpose of trade operations, duties and tariffs."

In 1965 the first EPZ (Export Promoting Zone) of India was established at Kandla (Kandla Free Trade Zone KFTZ) in Gujarat for promoting export and foreign investment in India. The second EPZ was Santa Cruz electronic processing zone which was established in Maharashtra in 1974. After that in 1984 government established four zones simultaneously, Noida Export Processing Zone in Uttar Pradesh, Madras Export Processing Zone in Tamil Nadu, Cochin Export Processing Zone in Kerala, and Falta Export Processing Zone in West Bengal and in 1989 the Vishakhapatnam Export Processing Zone in Andhra Pradesh to accelerate the export and foreign investment in India. In November 2000 Kandla, Santa Cruz, Cochin and Surat Export Processing Zones were converted into SEZs. Total 19 EPZs were established before SEZ Act 2005 got legal status after the passing of the SEZ Act.

At present, as on 31 March 2017 Formal Approval has been provided to 421 SEZs, Notified SEZs are 345, In Principle approval has been provided to 33 SEZs, Exporting SEZs are 218 and Units approved in SEZs are approximately 4456. The status of SEZs as on 31<sup>st</sup> March 2017 is described briefly here below:

<sup>1</sup> Retrieved from <http://www.sezindia.nic.in/about-introduction.asp> last visited on 23.05.2017, at 09:30 hrs IST.

ENTITIES INVOLVED IN SETTING UP OF SEZs



**FISCAL INCENTIVES OFFERED TO SEZs<sup>2</sup>**

Several tax incentives and other facilities are offered to the SEZs Developers and Units, under the provisions of SEZs Act. These are:

- Under section 10 AA, 100% income tax exemption is available to entrepreneurs on export income of SEZs units under the Income Tax Act for the period of first five consecutive years, 50% of the export profits for next five years and thereafter and for next five consecutive A.Y, 50% of the profit as debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account (to be called the 'Special Economic Zone Re-investment Reserve Account').<sup>3</sup>
- Exemption from income tax under Section 80-IAB of the Income Tax Act 1961 for developers on income derived from the business of development of the SEZs in a block of 10 years in 15 years.
- Exemption from Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act (withdrawn from 1st April 2012).
- Exemption from Dividend Distribution Tax (DDT) under section 115-0 of the Income Tax Act (withdrawn from 1st June 2011) Duty free import /domestic procurement of goods for development, operation and maintenance of SEZs units.
- Exemption from payment of Service Tax (Section 7, 26 and Second Schedule of the SEZs Act).
- Exemption from payment of CST (Central Sales Tax).
- Facility of Single window clearance for central and state level approvals, and
- Exemption from payment of state Value Added Tax (VAT), stamp duty and other levies as imposed by the respective State Governments.

**CURRENTS STATUS OF SEZs IN INDIA**

TABLE 1

PARTICULARS	NUMBER OF SEZs
Functional SEZs (prior to SEZ Act)	19
Formal Approval	421
Notified SEZs	345
In Principle Approval	33
Operational SEZs	218
Units Approved in SEZs	4456

Source: <http://www.sezindia.nic.in/about-asi.asp>. Retrieved May 25, 2017, from <http://www.sezindia.nic.in>

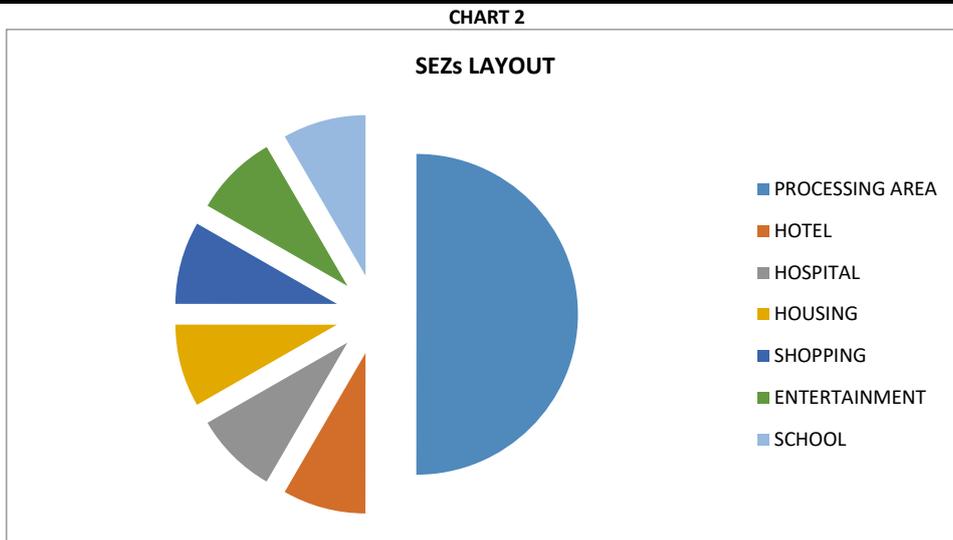
**SEZs LAYOUT**

In India SEZs are developed by Government, private sector, public sector and joint sector. Government provides land, financial assistance and other facilities like electricity, water and transportation facilities to developers. The total area of SEZs is divided into two parts

- I) Processing Area: Processing area is used for setting up of manufacturing units for manufacture of products and processing area is also used for trading and warehousing activities.
- II) Non Processing Area: Non processing area is used for the purposes other than processing purposes defined in processing area for example entertainment, housing, school, hotels, shopping malls etc. The same has been represented with the help of a pie chart below:

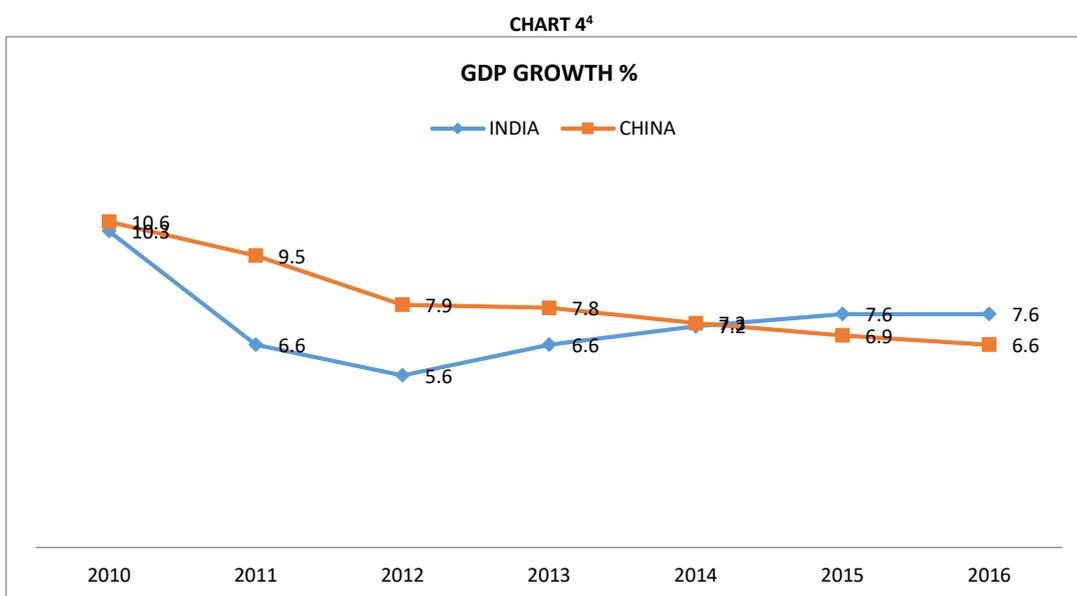
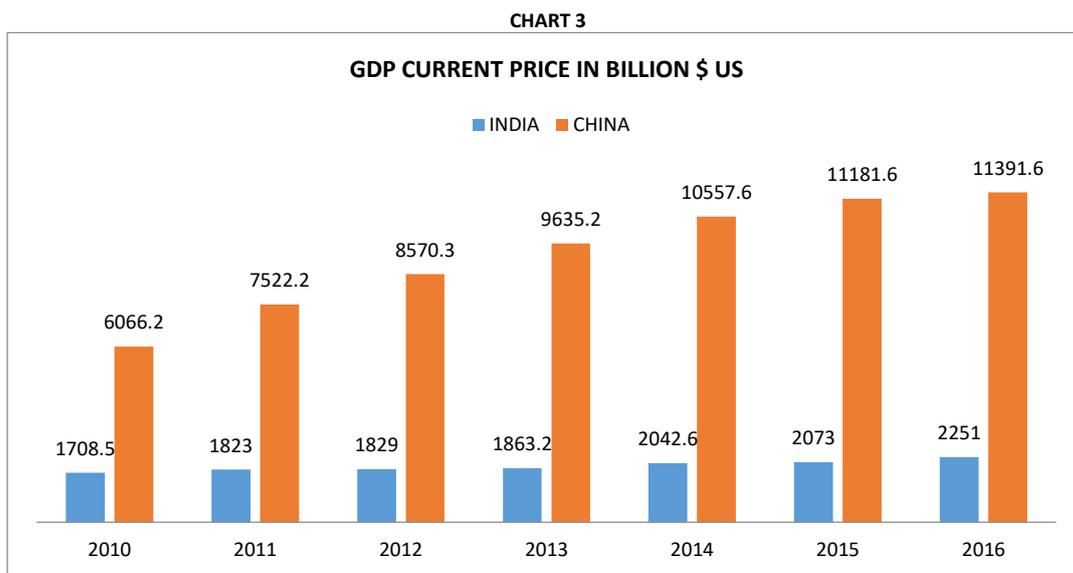
<sup>2</sup> Retrieved from [www.sezindia.com](http://www.sezindia.com) last visited on 23.05.2017, at 10.15 hrs IST.

<sup>3</sup> Retrieved from <http://www.incometaxindia.gov.in/Pages/acts/income-tax-act.aspx> last visited on May 26<sup>th</sup> 2017, at 17:30 hrs.IST.



**GDP COMPARISON OF INDIA AND CHINA**

A comparative analysis of the Sino Indian growth rates has been done starting from 2010 till 2016 and has been represented with the help of the following graph.



It can be inferred that the Chinese growth rate has been more than double the rate of growth of the Indian economy. This is simply because exports contribute a large portion in the country's GDP growth and SEZs go a long way in promoting exports of the country. The technical hitches in establishment of SEZs in India and the nonchalant attitude of the government, moreover the number of steps involved in making them operational, goes a long way in deterring prospective private

runners from entering the race, which in turn adversely affects the growth of SEZs, thus reducing the growth of the country. However a reduced trend of growth in exports from SEZs can be seen starting from the year 2013, the reason of which can be mainly the attitude of the government of the country.

CHART 5

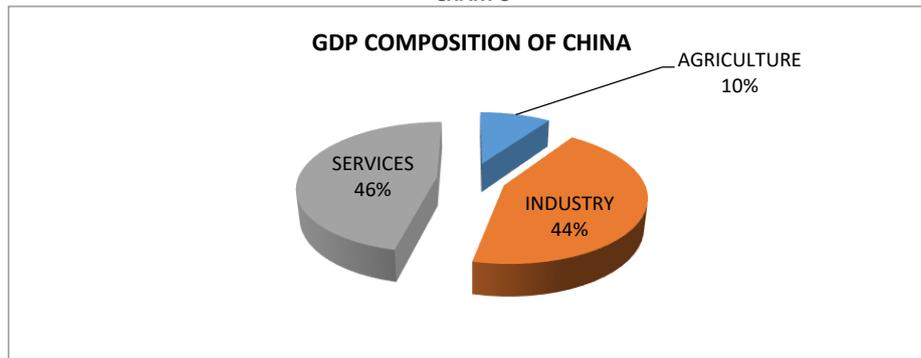
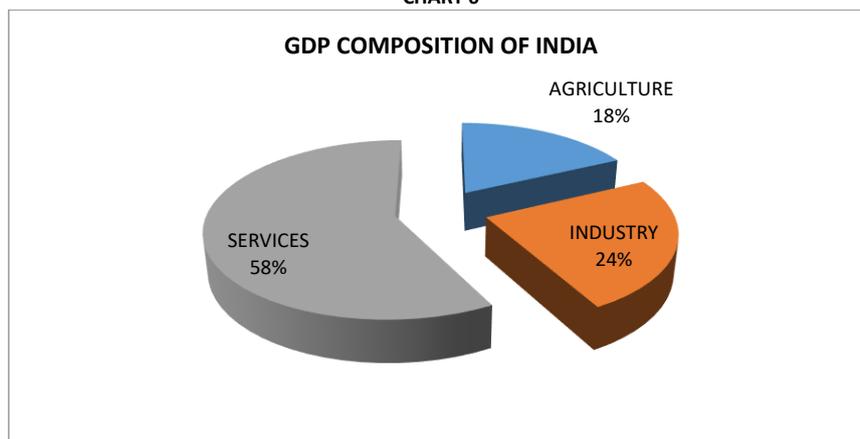


CHART 6



**SPECIAL ECONOMIC ZONES: INDIA Vs. CHINA**

India has taken its inspiration of developing SEZs from China. However, China has altogether six SEZs since kicking off the policy in 1979, whereas Delhi sanctioned nearly 200. The main difference between the policies of both the countries is that the Chinese started their liberalization and industrialization with the formation of SEZs in late 70s and early 80s. In India, zones are being formed one decade after the start of liberalization process. China had a Master Plan, planning and an economic framework to develop and proceed with SEZs, this is because of the success of Asian Trading Hub, Hong Kong. The China started developing SEZs as cities for manufacturing produce and industrialization under their framework. Generally, the Chinese SEZs are located along the coastal line. Indian SEZs are mostly concentrated near major cities and more than half are being developed by Real Estate Companies. Companies make a quick buck by getting land at cheap prices under SEZs land acquisition act which is a trick of getting cheap land in major cities. Chinese SEZ initiative is government driven; Indian SEZs are driven by private sector. Area, locality, flexible and attractive policies for the investors are the most important factors for making Chinese SEZs attractive to foreign investors. Stringent labour laws applicable in China were relaxed in the regions and foreign investors were wooed with sops and the promise of stability. Although India was the first in establishing its first export processing zone in 1969 with certain minimum infrastructure and fiscal sops, it could not cumulate enough political will to build full-fledged SEZs with foreign territory status in the matters of international trade till the turn of the century.

Former trade minister late Murasoli Maran was the Pioneer who announced that India should try to replicate the Chinese policy in SEZs and announced an SEZ policy of India in the year 2000 and five years later the SEZ Act 2005 was passed by Parliament. It is the fact that China is world's second economic power and Asia's biggest giant whereas India, is trying hard to come at par with China. Chinese SEZs are large in size which are designed to attract foreign investment through liberal foreign policies and attractive tax incentives. India is also promoting SEZs to attract foreign direct investments but policies and their implementation in India is not so effective as compare to China.

**COMPARISON OF SEZs POLICIES OF INDIA AND CHINA**

TABLE 2

Issue	China	India
Size	Very big. Typically in hundreds of Hectares.	Very small even 10 hectares will do.
Location	Generally located near coastal areas.	Location is not planned systematically
Labour laws	Flexible	Stringent
Policy regime	Experimental	Looks into only fiscal benefits.
Investors	More of foreign investment	Local investment.
Commencement	In 1979	In 1969 as EPZs
Number	Very few like shenzhen, zhuhai, shantou, Xiamen, Hainan, Pudong and Binhai etc.	Innumerable
Tax holidays	Available for shorter term.	For longer periods.

TABLE 3: PERCENTAGE OF EXPORTS FROM SEZs IN INDIA (in Rs. crore)

YEARS	EXPORT FROM SEZs	GROWTH % OF SEZs	EXPORT FROM INDIA (Rs. IN CRORE)	GROWTH % OF INDIA	SHARE OF SEZs TO EXPORT FROM INDIA
2005-06	22840		456418		5.00
2006-07	34615	52	571779	25.28	6.05
2007-08	66638	93	655864	14.71	10.16
2008-09	99689	50	840755	28.19	11.45
2009-10	220711	121	845534	0.57	26.10
2010-11	315868	43	1142922	35.17	27.64
2011-12	364478	15	1465959	28.26	24.86
2012-13	476159	31	1634319	11.48	29.14
2013-14	494077	4	1894182	15.90	26.08
2014-15	463770	-6	1896348	0.11	24.46
2015-16	467337	1	1716378	-9.89	20
2016-17	523637*	12	1644589*	-4.18	31.84

Source: <http://www.sezindia.nic.in/about-ep.asp>. Retrieved May 26, 2017, from [www.sezindia.nic.in](http://www.sezindia.nic.in) & Data retrieved from <http://commerce.gov.in/EIDB.aspx>

\*Data till February 2017.

From the above table it is clear that growth of export from SEZs of India increased rapidly after the SEZ act was passed in 2005 but it started decreasing after 2009-10. One of the crucial reasons for this decline in growth of export can be attributed to the factor that the 100% exemption granted initially for five years was discontinued and within next five years it went negative. On the other side the produce from SEZs has increased substantially in the total export portfolio of India, although the overall growth percentage of export from India is falling.

### TIME SPENT FOR GETTING APPROVALS

The following table shows the average time taken by the authorities to sanction the setting up of SEZs India which is almost 10 times more than the time taken by other Asian countries like China, Bangladesh, Indonesia, Singapore etc. A multi-window mechanism is prevalent for taking approvals which tends to be very time consuming and energy consuming, perhaps deterring the prospective investors from investing in SEZs in India.

TABLE 4

Nature of clearance	Name of Authority	Time Taken (in Months)
Electricity	DGVCL	4-5
Water supply	GIDC	4-5
Effluent Disposal	GIDC/GPCB	4-5
Environment Clearances	GPCB	4-5
Land related matters	GIDC	4-5
CTE,CTO	GPCB	4-5
License	Directorate of industrial safety and health	2-3
EC	Ministry of environment and Forest	12
EC	State environment impact assessment committee	12
License	Chief controller of explosives	3
NOC	Local Authority	4-5
NOC	Police Station	4-5
NOC	GIDC	3
Poison License	District magistrate (extra chitins dept.)	8-12
License related to prohibition and excise	Prohibition & excise	1-3

Following table shows the current status of SEZs operating or waiting for approval in India.

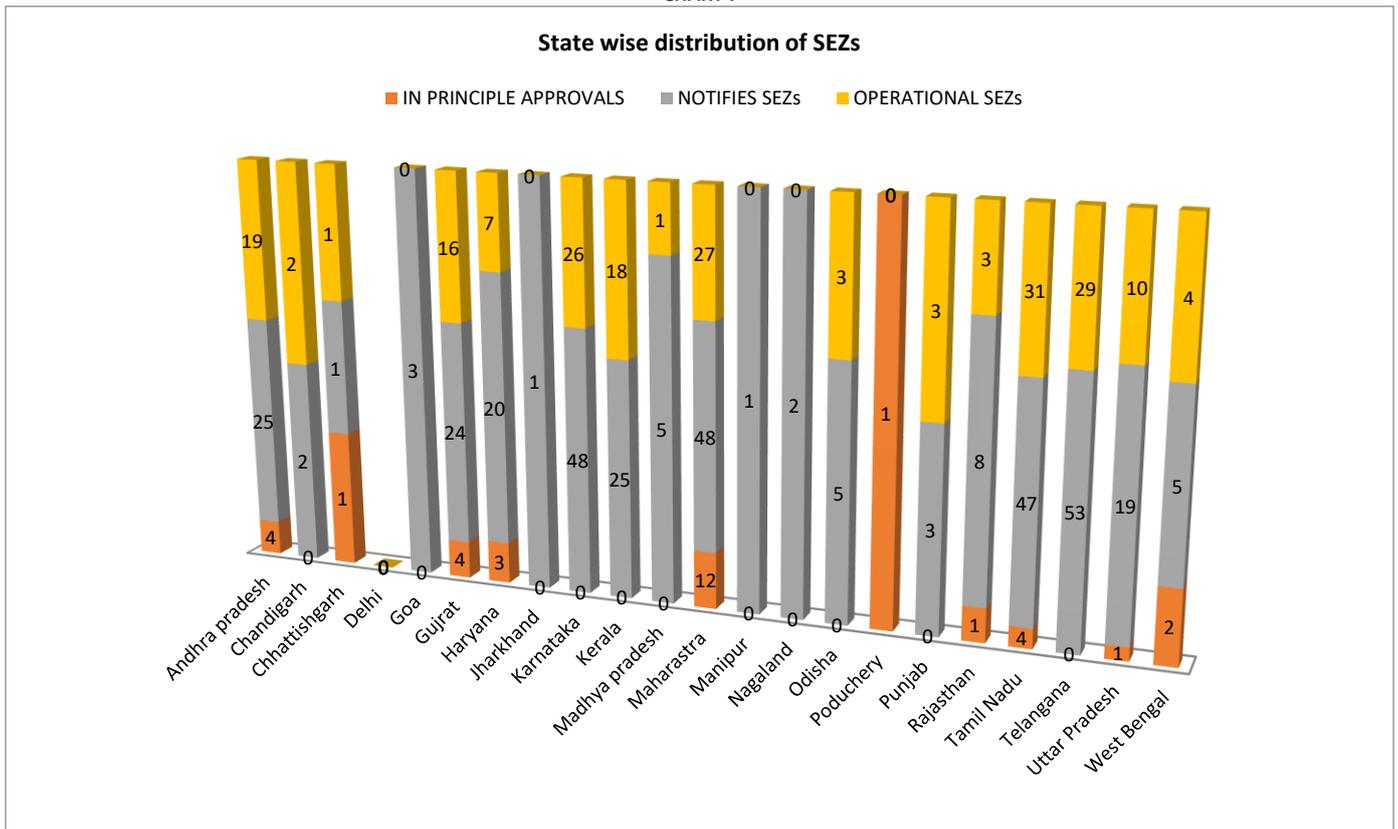
TABLE 5

State	Formal Approvals	In Principle Approvals	Notified SEZs	Exporting SEZs
Andhra Pradesh	30	4	25	20
Chandigarh	2	0	2	2
Chhattishgarh	2	1	1	1
Delhi	2	0	0	0
Goa	7	0	3	0
Gujrat	28	4	24	19
Haryana	23	3	20	7
Jharkhand	1	0	1	0
Karnataka	62	0	48	26
Kerala	29	0	25	19
Madhya pradesh	10	0	5	2
Maharastra	55	12	48	28
Manipur	1	0	1	0
Nagaland	2	0	2	0
Odisha	7	0	5	3
Puducherry	1	1	0	0
Punjab	5	0	3	3
Rajasthan	9	1	8	4
Tamil Nadu	49	4	47	36
Telangana	65	0	53	29
Uttar Pradesh	24	1	19	12
West Bengal	7	2	5	7
<b>Total</b>	<b>421</b>	<b>33</b>	<b>345</b>	<b>218</b>

Source: <http://www.sezindia.nic.in/writereaddata/pdf/StatewiseDistribution-SEZ.pdf>. Retrieved May 25, 2017, from <http://www.sezindia.nic.in>

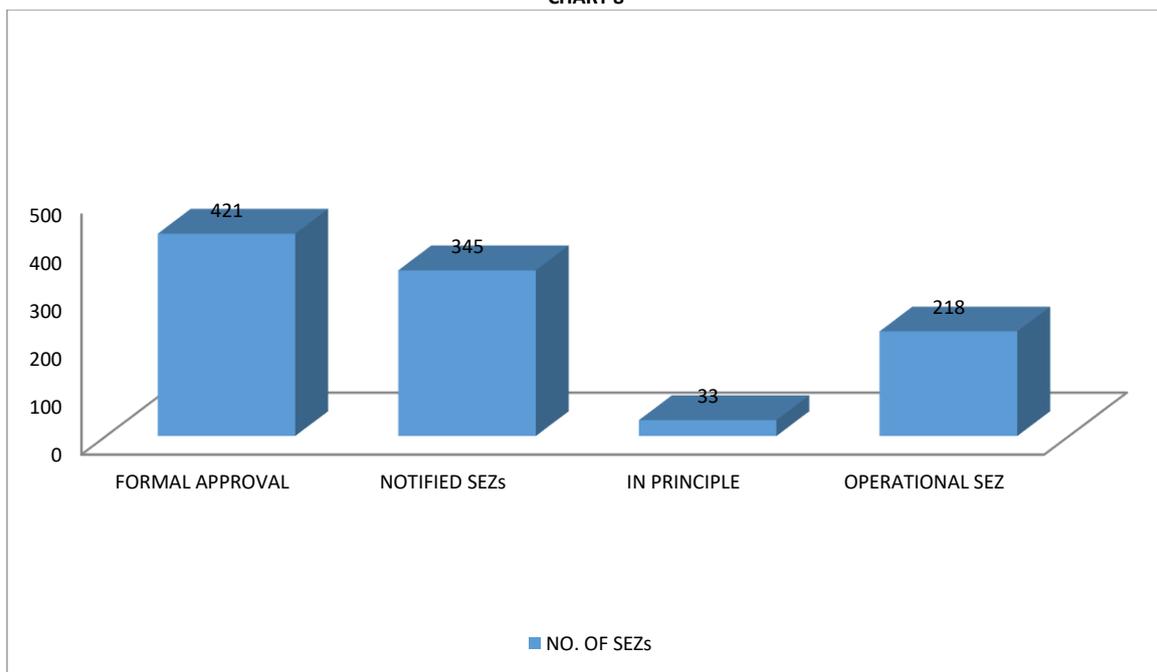
The graph shows state wise distribution of SEZs in India

CHART 7



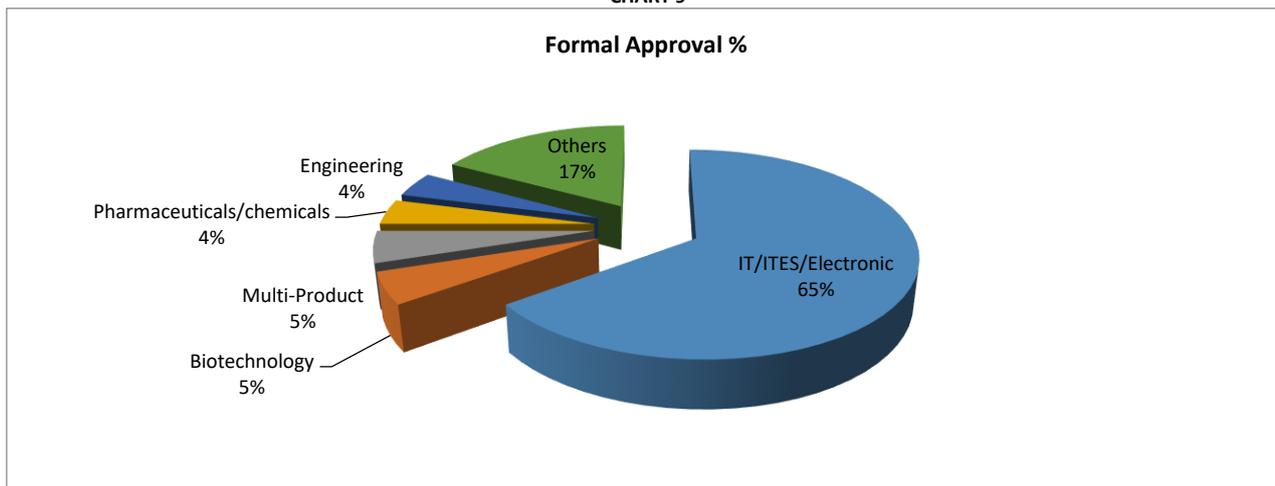
Source: <http://www.sezindia.nic.in/writereaddata/pdf/StatewiseDistribution-SEZ.pdf>. Retrieved May 25, 2017, from <http://www.sezindia.nic.in>

CHART 8

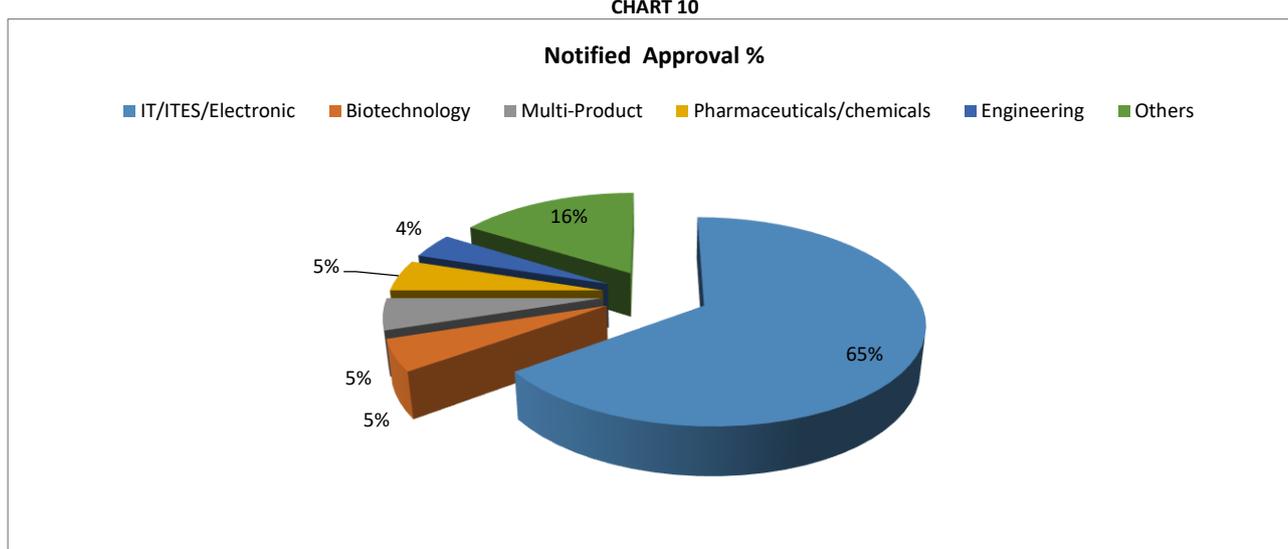


Source: <http://www.sezindia.nic.in/writereaddata/pdf/StatewiseDistribution-SEZ.pdf>. Retrieved May 25, 2017, from <http://www.sezindia.nic.in>

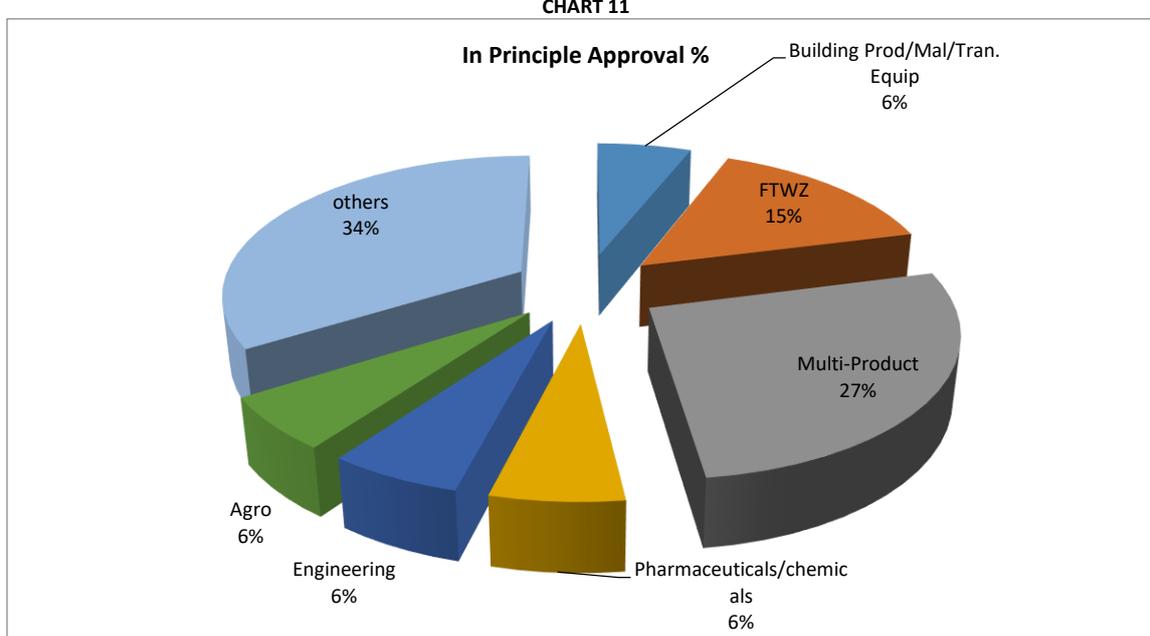
The following chart shows sector wise distribution of SEZs in India



The following chart shows the sector wise Notified Approval



The following chart shows the sector wise In-principle Approval



**EMPLOYMENT GENERATION**

SEZs also go a long way in promoting employment opportunities for the masses of the country. Although the pattern of employment generation is haphazard, but nevertheless, it has paved way for generation of employment en masse. The table below shows the rate of growth of employment and cumulative employment from 2008 to 2017.

TABLE 6

YEAR	INCREMENTAL EMPLOYMENT	GROWTH %	CUMULATIVE EMPLOYMENT	GROWTH %
2008	201531		336235	
2009	252735	25.41	387439	15.23
2010	368907	45.97	503611	29.98
2011	541904	46.89	676608	34.35
2012	710212	31.06	844916	24.88
2013	940200	32.38	1074904	27.22
2014	1105141	17.54	1239845	15.34
2015	1409822	27.57	1544526	24.57
2016	1421833	0.85	1556537	0.78
2017	1596937	12.32	1731641	11.25

Source: <http://www.sezindia.nic.in/writereaddata/pdf/factsheet.pdf>. Retrieved May 27, 2017, from <http://www.sezindia.nic.in>

The following table shows the amount invested (including FDI) in promoting the activities undertaken by different SEZs of the country.

TABLE 7: Investment (Rs. Crore)

YEAR	INCREMENTAL INVESTMENT	GROWTH %	CUMULATIVE INVESTMENT	GROWTH %
2008	73174		77210	
2009	104867	43.31	108903	41.05
2010	144453	37.75	148489	36.35
2011	198774	37.60	202810	36.58
2012	197839	-0.47	201875	-0.46
2013	232681	17.61	236717	17.26
2014	284441	22.25	288477	21.87
2015	359077	26.24	363112	25.87
2016	369410	2.88	373446	2.85
2017	419153	13.47	423189	13.32

Source: <http://www.sezindia.nic.in/writereaddata/pdf/factsheet.pdf>. Retrieved May 27, 2017, from <http://www.sezindia.nic.in>

## CONCLUSIONS AND SUGGESTIONS

- SEZ exporters actually face a lot of obstructions from the custom department and DC for the procurement of material and services, getting concurrence of State Government and getting sanctions of claims, which results in unnecessary hassles and delays. Therefore, administrative features should be streamlined and a time limit for acceptance or refusal should be set so that operational efficiency can be maintained.
- Conducive business environment should be set up for SEZs by simplifying procedures and stabilizing fiscal regimes so that the expected outcomes and growth rate for which they are set up, are achieved.
- Single window clearance system should be devised so that unnecessary systems can be eliminated thus saving a lot of time and energy of prospective permission seekers.
- It is feasible to maintain a stable and transparent SEZ policy which is not prone to very frequent changes so that the existing and potential investors maintain full confidence in the policy. It is also necessary to gauge the long term prospects with respect to exports and employment generation. If the policies are very fragile, then actual measure of development will be very difficult to estimate.
- To achieve a balanced growth, it is imperative on the part of the government to access the scope and potential for setting up of SEZs in different parts of the country.
- Such fiscal and monetary policies should be framed by the authorities who fully support and encourage investors in terms of financial returns.
- Moreover, transparent exit mechanism should be set up for the units that want to exit so that potential investors are not deterred from entering the market.
- Lastly, private players should be encouraged so that there is no dearth of investment, but a watchdog mechanism should be set so that such units which are established by private players should be closely monitored.

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## EXAMINING MEDIATING EFFECT OF TRUST BETWEEN STORE IMAGE AND LOYALTY IN GROCERY SPECIALTY STORES IN HYDERABAD

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### ABSTRACT

*The food and grocery sector is the largest category with in the retail segment India. India is ranked 6th largest country with regard to food and grocery. for the sake of surviving inside the competition, having truthful patrons can be beneficial to companies. So retailers look at different aspects to keep customers intact. Store Image has become an influential factor for the survival and development of stores. The paper examines the structural relationship model among the different constructs of store image, trust and commitment to the retail store is formed and the relationship is tested through a sample proportions of 200 customers in three stores in the metropolis city of Hyderabad. The paper manifests that there exists various associations among store image, trust and store commitment. The result revealed that Store Image indirectly influences Store Loyalty by Trust. The results also manifested a significant gender contrast in the approach of store image. These results contribute to several important insights for managing supermarkets and are also important for future research.*

### KEYWORDS

store image, loyalty, trust, supermarkets, grocery.

### INTRODUCTION

The increase in Modern retail formats which cover both supermarkets and hypermarkets, are making strong inroads into developing countries including India. The increase in organised retailing formats can be attributed to the number of factors like Urbanization, hike in income, surge in working women and allowing FDI. In terms of the retail trading FDI inflows perk upto 2,746.83 (DIPP 201). Thus the increased number of retail stores can be seen in India so as to create a unique set of experience of shopping to customers. The shops are also adding new dimensions to its shops to fulfill the expectancies of clients and to create worth for their respective stores. The physical characteristics mostly drive the perceptions of the stores, like format or list size, proximity of the store, as well as store ambience.

The business environment is becoming more eruptive now a day so in this situation the retailers confront stiffening competition from both within and outside firm, swelling operational costs and reducing profit margins. The retailers experience themselves under sustained pressure to seize an enormous chunk of securely held Markets. The Indian retail space is emerging and also is witnessing a pointy increase in its contemporary retail formats. So focusing more on the Store image is very important for the retailer and also Store image also contributes to the positive or negative image of the company in society. In today's aggressive competition in retail format image has become a means of achieving economic value and is one of the utmost imperative elements of stores survival and in addition their further blossoming.

The patron loyalty has obtained the most attention in terms of strategic commercial enterprise goal formation for shops (Dick and Basu, 1994; Reichheld, 1996) and they progressively endeavour to foster and sustain a loyal customer base. Shopper loyalty denotes a competitive advantage (Thomas, 2013), and investigation regarding the fallouts in the past have proved that loyalty is an outcome of the process of relationships among Stores, customer's satisfaction, trust.

The relationships among loyalty, store image and the positive effect of store satisfaction, store trust and store commitment have also been demonstrated. Bloemer & De Ruyter, 1998; Bloemer & Odekerken-Schröder, 2002; Koo, 2003; Osman, 1993; Thomas, 2013). However, it remains unclear what the exact relationship between S.I and S.L is in Grocery supermarkets. Moreover, the S.I impact on S.L has not been emphatically investigated in Hyderabad marketplace. therefore, the objective of the paper is to figure out the nature of relationships between multidimensional variables (i.e., S.I and agree with of consumers towards the shop) based totally on a sample of Hyderabad supermarkets. Therefore, the study takes a critical glance at the relationship among store image, store trust and store loyalty in three stores (Reliance fresh, Spencer, Food bazar) in Metro city Hyderabad of India.

### REVIEW OF LITERATURE

Though several studies have been conducted previously on relationship between on store image and store loyalty, most of them took a generic approach to the subject and focused on western and European contexts. There were very few prominent studies available in marketing literature which focused on relationship between S.I and S.L in nonwestern markets especially in Grocery segments.

Trustworthy clients are the source of a competitive benefit through repeat buy and high-quality phrase of mouth (Thomas, 2013). therefore, the final intention of the most shops is to have loyal clients As Oliver (1997) talked about, loyalty is a final results based totally on clients' satisfaction, accept as true with and dedication to the store. Thomas, (2013) have precisely examined the connection among S.I and S.L, however simplest Bloemer and Odekerken-Schröder (2002) investigated the connection among S.I and S.L not directly via the S.T. shop image is also identified as a crucial antecedent of S.L (Bloemer & de Ruyter, 1998). furthermore, Osman (1993) enhance afew testimony that S.L can be associated with S.I. Lindquist (1974), in his take a look at of S.I, included models from 19 studies to reach at nine distinctive variables. Doyle and Fenwick (1974) however encouraged simplest five constructs: location, charge, assortment, product and styling. Bearden (1997) conceptualized the S.I into seven specific dimensions: Value, best of the products, environment, assortment, parking facilities, area and pleasant personnel. Lewison (1997) gave a listing of S.I dimensions, service, price, consisting of product, vicinity and advertising. Bloemer and de Ruyter (1998) followed Ghosh's (1990) in his look at on S.I recommended to consist of the subsequent elements: region, products, store environment, customer service, rate, advertising, non-public selling and income incentive programs. The factors of keep photograph are therefore a combination of the purposeful and psychological attributes Saraswat et al., 2010, accordingly, definitions of S.I have evolved through the years and cover both the first-rate of services as nicely externally visible features of stores and merchandise.

The Trust has turn out to be one of the crucial variables in discussions of advertising and marketing relationships. Dwyer, Schurr, and Oh (1987) stressed that care have to be specified to the concept of trust. The most cited definition of trust are given Moorman, Zaltman, and Deshpande (1992) and Morgan and Hunt (1994). According to Moorman et al. (1992) trust can be defined as eagerness to be sure of on an exchange partner in whom one has conviction. he important thing of

their interpretation of the idea of consider as a perception, feeling or expectation approximately an alternate accomplice which can be derived from the companion's information, reliability and intentions (Cater, 2008). furthermore, relationships based on agree with, are constructed on numerous positive exchanges. previous cooperation and private relationships are the foundation of mutual believe, in which the companions are inclined to share key information. Bloemer and Odekerken-Schröder (2002) defined trust as a consumer's self-confident faith the client has in the store's honesty.

**OBJECTIVES**

The major objectives of the research are

1. To test relationships between multidimensional variables-namely, S.I, trust and S.L.
2. To study the mediating effect of trust between S.I and loyalty.
3. To study the different aspects of gender differences in S.L.

**HYPOTHESIS DEVELOPMENT AND RESEARCH MODEL**

There exists a relationship between S.I and S.L. Yet, it remains speculative about what the association between S.I and S.L is, especially in Grocery supermarkets. Furthermore, the Stores images impact on store loyalty has not been emphatically investigated in Hyderabad Market

**H<sub>1</sub>:** Store image has significant impact on loyalty.

Trust is a trademark of a growing relationship that tends to foster higher stages of commitment (Morgan & Hunt, 1994) and loyalty. So the mediating impact of trust desires to be examined between S.I and S.L therefore, the subsequent hypothesis is about:

**H<sub>2</sub>:** Store image has significant positive effect on consumer trust.

**H<sub>3</sub>:** Consumer trust toward a specialty store will positively impact store loyalty

**H<sub>4</sub>:** There is a significant positive indirect effect between store image and store loyalty through trust.

The literature designated that gender differences with appreciate to clients' loyalty and its influential factors exist (Melynk, van Osselaer, & Bijmolt, 2009). Therefore, the study took into consideration the influence of gender on consumers' perceptions of S.I. Thus, the following hypothesis for testing gender differences regarding store image was formed:

**H<sub>5</sub>:** The perception of store image between men and women differs.

**RESEARCH METHODOLOGY**

The mall interception method was used for the collection of data from the stores. The study included a total of 200 respondents (the response rate was 82%) customers in the three stores (supermarkets) in the metro city Hyderabad. The Purposive sampling method was used. The survey questionnaire was prepared based on the measurement scales found in the literature. The "S.I" construct was measured using a scale adapted from Bloemer and Odekerken-Schröder (2002) For the "trust" measurement, Moorman et al.'s (1992) dimension scale was used.

The questionnaire included eight items for store image, five items trust and three items for loyalty. All objects were assessed the use of a five-factor Likert scale from 1 (S.DA) to five (S.A). The questionnaire additionally protected a demographic variable. to check hypotheses, correlation coefficients at the  $p < 0.05$  significance level were used to establish the strength as well as the sign of the relationship. To test H5, an independent samples t-test was used to test differences between the two subsets of individuals. For hypothesis testing, we used the 0.05 significance level.

Before hypotheses testing, an EFA became completed in which the major factor analysis and Varimax technique were used to form assemble variables. Bartlett's take a look at (BTS), (KMO > 0.5) (Hair, Black, Babin, & Anderson, 2010) and the significance stage ( $p < 0.05$ ) were calculated. The factor loadings  $\eta = 0.7$ , communality of variables ( $h > 0.5$ ) and eigenvalues of factors ( $\lambda = 1.0$ ) were examined using EFA. The reliability of measurement scales turned into examined the use of Cronbach's alpha. (i.e., gender)

**FINDINGS**

The statistics was analyzed the use of SPSS 22. in the general pattern, 55.4% have been females, and 44.6% have been males. In terms of participants' age, 28% had been 18 to 30 years' vintage, 35% were 31 to 45, 25% were 46 to 60, and 12% were 61-79. The results which discovered the constructs used inside the speculation trying out methods are provided in table 1. To acquire at the least 55% of variance defined via a single element, items with decrease factor loadings and communalities have been excluded. the second and third iteration of the element evaluation led to the 5-item "S.I" construct, 3-item "S.T" with" and 2-object "S.L" assemble. all of the 3 acquired constructs proved correct reliability (Cronbach alpha > 0.7).

The outcome pinpointout that there occurs a relationship among constructs, as hypothesized with the aid of H1 through H4. all of the correlation coefficients are substantial and nice ( $p < 0.05$ ). The Association among S.I and S.L properly as among S.I and consider and trust with store loyalty is huge and fine ( $r_{xy} = \text{zero}.519$ ,  $r_{xy} = 0.552$  and  $r_{xy} = \text{zero}.591$  respectively; each  $p < \text{zero}.05$ ). therefore, H2 and H3 are also showed. For the H4 The results indicates that there prevails a mediating effect of agree with among S.I and S.L.

**TABLE 1: BASIC DESCRIPTIVE STATISTICS, COMMUNALITIES AND FACTOR LOADINGS FOR "STORE IMAGE", "STORE TRUST" AND "STORE LOYALTY" CONSTRUCTS**

Items of store image	Mean	Std. Error	Std. Dev.	Comm.	Factor loading	Cronbach's alpha
Supermarket X provides good customer service	4.1	0.051	0.90	0.640	0.796	0.88
Supermarket X has attractive promotions in the store	4.3	0.050	0.79	0.607	0.779	
Supermarket X offers an attractive loyalty program	4.00	0.063	0.95	0.603	0.785	
Supermarket X offers an extensive assortment	4.15	0.055	0.80	0.585	0.743	
Supermarket X offers value for money	4.34	0.052	0.87	0.552	0.759	
K-M-O measure: 0.809; BTS: Approx. Chi-Square = 324.549, p = 0.000; Total variance extracted: 65.282%						
Items of store trust	Mean	Std. Error	Std. Dev.	Comm.	Factor loading	Cronbach's alpha
I have confidence in Supermarket X	3.89	0.069	0.89	0.753	0.901	0.87
I have faith in supermarket X	4.30	0.070	0.91	0.790	0.864	
Supermarket X gives me a feeling of confidence	3.81	0.060	0.84	0.831	0.874	
K-M-O measure: 0.75; BTS: Approx. Chi-Square = 267.823, p = 0.000; Total Varimax extracted: 79.45%						
Items of store loyalty	Mean	Std. Error	Std. Dev.	Comm.	Factor loading	Cronbach's alpha
I make a special effort to shop at Supermarket X	3.50	0.082	0.99	0.650	0.80	0.60
Supermarket X is always my first choice for shopping	3.71	0.076	1.02	0.633	0.77	
K-M-O measure: 0.570; BTS: Approx. Chi-Square = 8.890, p = 0.002; Total variance extracted: 65.55%						



To test H5, the impartial samples t-check become used. The outcomes discovered that, concerning shop image, a sizeable gender distinction exists ( $t = -\text{five.498}$ ,  $p < 0.05$ ). extensive gender differences are also located concerning all five items. women on common assessed store photograph items significantly lower, however with higher popular deviations as compared to men. The effects of checking out hypotheses H1 – H5 are summarized in desk 2.

**Table 2.: Results of Testing Hypotheses H<sub>1</sub> – H<sub>5</sub>**

Hypothesis	Result
<b>H<sub>1</sub></b> : Store image has significant impact on loyalty	H <sub>1</sub> is accepted
<b>H<sub>2</sub></b> : Store image has significant positive effect on consumer trust.	H <sub>2</sub> is accepted
<b>H<sub>3</sub></b> : Consumer trust toward a specialty store will positively impact store loyalty	H <sub>3</sub> is accepted
<b>H<sub>4</sub></b> : There is a significant positive indirect effect between store image and store loyalty through trust.	H <sub>4</sub> is accepted
<b>H<sub>5</sub></b> : The perception of store image between men and women differs.	H <sub>5</sub> is accepted

**CONCLUSION**

The studies concluded that the constructs which had been shaped i.e. S.I, Trust with and S.L are interrelated and indicates a vast relation a few of the variables. greater ever this research additionally confirmed the gender differences concerning the S.I are considerable. This indicates that information related to “S.I” perceived by men and women are different. The managerial implication drawn from these outcomes recommend that the shop must construct its Image on a cautiously analyzed gender structure of its customers.

The findings are generally persistent with previous findings in the literature (Bloemer & de Ruyter, 1998; Osman, 1993), showing that store loyalty is a complex and multidimensional research development. As already pointed out (Thomas, 2013), customer loyalty has become a major concern for retail stores across the globe. Having the loyal customers might be a competitive advantage through repeat purchase. these results provide various vital insights for dealing with super-markets within the Hyderabad Grocery market

In addition, studies can be carried out on the degree of purchase intentions with loyalty. furthermore, the have an impact of loyalty on the affiliation among trust and purchase intentions as well as shop purchase intentions and trust can be studied further

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## ENSURING QUALITY AND EXCELLENCE IN INSTITUTIONS OF HIGHER LEARNING WITH SPECIAL REFERENCE TO THE STATE OF ODISHA

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**BHUBANESWAR**

### ABSTRACT

*Education is one of the significant factors instrumental to the development of a country. It should be transformed to the needs of the time and changing scenario of the world. It provides an opportunity to critically reflect upon the social, economic, cultural, moral and spiritual issues facing humanity. India needs more efficient and educated people to drive our economy forward. Higher education in India is undergoing rapid changes. To develop India as an education hub or to become a prosperous partner in global economy, India has to qualitatively strengthen education in general and higher education with research and development in particular. This paper is mainly focused on the higher education system in India with special reference to the state of Odisha. This paper aims to identify emerging issues and challenges in the field of Higher Education.*

### KEYWORDS

excellence in higher learning institutions, quality of higher learning.

### INTRODUCTION

The quest for knowledge, truth and value has been the original reason for the pursuit of education throughout history. Education being a multipurpose process not only inculcates social, economic and cultural awareness in humanity but is also an important medium for grasping and promoting life enhancing values among human beings. The progress in any area of knowledge and expertise has created an interest among nations to scrutinize the educational system in the country's educational practices. History indicates that the nations of the Far East such as China and Japan influenced by Confucianism and India with a unique system of its own have been in pursuit of knowledge, truth and value since the early days of civilization. Higher Education imparts in-depth knowledge and understanding so as to advance the students to new frontiers of knowledge in different walks of life (subject domains)

Higher Education is of vital importance for the country, as it is a powerful tool to build knowledge based society of the 21<sup>st</sup> Century. The major challenge India has after independence is the rapid industrialization of the agricultural based economy. This process required by creating a huge infrastructure in higher and technical education, industries and research laboratories covering a wide range of disciplines and hence creating a pool of talented people who can address the future challenges and making the India a self-reliant nation. Highly skilled people, high quality research and development are required to compete with productive quality of global companies. Under these circumstances, the higher education system should identify the emerging challenges and respond them in a systematic manner. The 12<sup>th</sup> plan continues to maintain focus on higher education in the country, in order to make it more relevant to the global needs. The knowledge Commission of India (2005-08) has rightly observed that: "Our system of higher education needs a systematic overhaul, so that India can educate much larger numbers without diluting academic standards. Indeed, this is essential because the transformation of economy and society in the 21<sup>st</sup> Century would depend on the spread and the quality of education among our people. It is only an inclusive society that can provide the foundations for a knowledge society. The objectives of reform and change in our higher education system must be expansion, excellence and inclusion".

The knowledge society's development is a prerequisite of developed India and for building a knowledge society we need a very good higher education system. Dr. A.P.J. Abdul Kalam, Former President of India, while speaking on capacity building in higher education for the 21<sup>st</sup> Century (June 27, 2008), observed that- "The 21<sup>st</sup> century is about the management of all the knowledge and information we have generated and the value addition we bring to it. We must give our students the skills with which they find a way through the sea of knowledge that we have created and continue with lifelong learning. Today we have the ability, through technology, to really and truly teach ourselves to become the lifelong learners. This is required for sustained economic development".

The following are the predominant concepts of higher Education:

- **Higher Education as production of qualified human resources.** In this view, higher education is seen as a process in which the students are counted as products absorbed in the labour market. Thus higher education becomes input to the growth and development of business and industry.
- **Higher Education as training for research career.** In this view, higher education is preparation of qualified scientists and researchers who would continuously develop the frontiers of knowledge. Quality within this view is more about research publications and transmission of academic rigour to do quality research.
- **Higher Education as efficient management of teaching provisions.** Many strongly believe that teaching is the core of educational institutions. This higher education institutions focus on efficient management of teaching learning provisions by improving the quality of teaching, enabling higher competition rate among students.
- **Higher Education as a matter of extending life chances:** In this view higher education is seen as an opportunity to participate in the development processes of individual through a flexible continuing education mode. Interestingly all these four concepts of higher education are not exclusive. If we look at activities, we will realise that teaching, research and extension are three main functions of higher Education.

India's higher education sector at present faces multiple challenges. It is often characterized by poor quality and unequal access. The access to higher education is low with regional disparities.

### THE OBJECTIVES OF HIGHER EDUCATION IN THE STATE

- Provide greater opportunities of access to Secondary and higher education with equity to all the eligible persons and in particular vulnerable section.
- Expand access by supporting existing institutions, establishing new institutions, aimed at removing regional and other imbalances that exist at present.
- Initiate policies and programmes for strengthening research and innovation and encourage institutions, public or private to engage in stretching the frontiers of knowledge.
- Promote the quality of higher education by investing in infrastructure and faculty, promoting academic reforms improving governance and institutional restructuring;
- Expand vocational education and skill development

### QUALITY ISSUES IN HIGHER EDUCATION IN ODISHA

Although the State of Odisha ranks fairly well in higher education as compared to other states but the expansion of higher education system in the State has been uneven and unplanned. Odisha has a population of 4, 19, 47,358 (census 2011), which gives a density of population of 270 persons (2011) from 236 (2001). Most of the population of the State is concentrated in the rural areas with the urban population constituting only 17 per cent of the total. The sex ratio in the State has improved from 972 to 979 during 2001 to 2011. The SC population constitutes (17.1 %) and ST (22.8%) of the total population. The literacy percentage is 72.9 for

Odisha as against 73.0 at the national level. In the State, there has been an unprecedented rise in number of educational institutions with burning issues in the quality aspects of Higher Education which needs to be addressed so as to improve the quality of educational provisions.

Promotion of Quality in Education can be achieved through a focus on performance, curriculum reforms, better human resource management, schemes to promote high quality research and technology assisted monitoring mechanism (11<sup>th</sup> 5 Yr. Plan). These parameters have been replicated during XII Plan Period.

Out of 17 Universities in Odisha, 10 are State/ Public Universities, 01 Central University, 01 National Law University 2 Deemed Universities and 3 private Universities established through State Act.

#### • LEVEL-WISE ENROLMENT

The highest numbers of students are seen enrolled at Under Graduate level (80.32%) in the state of Odisha. On the other hand, next to Under Graduate, 11.07 % students are enrolled in Diploma and 6.57% in Post-Graduation (Table-1). The female enrolment in colleges is comparatively lower (48.38%) than male enrolment (51.61%) [Table-2].

#### • GROSS ENROLMENT RATIO IN HIGHER EDUCATION (18-23 YEARS)

The population for 18-23 years of age group is 14 million in India and Odisha constitutes 3.30 % of the total population of this age group. The Gross Enrolment Ratio (GER) in Higher education in India is 24.5%, which is calculated for 18-23 years of age group (2015). GER for male population at all India level is 25.4 % as compared to 23.5 % for females and the Gender Parity Index (GPI) of GER for the country has come out to be 0.92 and 0.83 for Odisha. The corresponding Gross enrolment ratio for the state of Odisha are 21.5% for male, 17.8% for female and 19.6% at aggregate level. The GER of our State is comparatively higher than the West Bengal (17.7%), Assam (15.4%), Bihar (14.3%), Chhatisgarh (15.1%), but lower than the states viz. A.P. (30.8%), Kerala (30.8%), Karnataka (26.1%). As a matter of fact the gross enrolment ratio in Odisha is comparatively lower than the all India level. Concerted efforts are to be made to increase the GER.

Among Teaching and Non-Teaching Staff, share of ST and OBC are low in comparison to

Student share. Across the caste category, representation of SC, ST and OBC in the Non-Teaching Staff is higher than Teaching Staff. Share of SC is maximum among the Non-Teaching Staff.

### STUDENT TEACHER RATIO (PTR) IN UNIVERSITIES AND COLLEGES

The student teacher ratio is 19.72 in the state of Odisha irrespective of institutions. Institution wise the above ratio is 15.31 and 22.71 in universities and responded colleges respectively (Table-3).

Student Teacher Ratio (PTR) in Universities and Colleges are 33.35 and 21.56 respectively at All India Level, which comes to 22.03 with inclusion of Stand Alone Institutions. Student Teacher Ratio across the selected states indicates that PTR is 15.06 in AP, 22.25 in Chhatisgarh, 17.72 in Haryana, 19.75 in Himachal Pradesh, 13.39 in Karnataka, 34.83 in West Bengal as compared to 19.72 in Odisha (Table-4).

### UNEMPLOYED BY EDUCATION LEVEL

The percentage of unemployed students having PG and above level education is the highest (42.86%) followed by Dip. /Cert. below grad. (29.03%) and Graduate level (23.08%) (Table-5, NSS 66th Round). The percentage of unemployed increased to 66.67% for students having PG and above level education compared to a decline in case of graduate and Dip. /Cert. below grad. (Table-5a NSS 68th Round).

### LABOUR FORCE PARTICIPATION

Out of the total young population (18-23 years), a substantially higher percentage (45.41%) participated in the labour force as compared to studying (21.11%) and neither (33.48%). Such magnitudes have almost remained same with 44.68, 20.87 and 34.45 percentage respectively (NSS 68th Round). Across the gender, the labour force participation rate is much higher in case of male than female population. Again among the young population, the percentage of labour force participation in rural areas is much higher than urban areas. However, in case of studying category the percentage of urban young population is higher than rural. The labour force participation rate of young ST and SC population is considerably higher and participation rate in studying is lower compared to other social category of young population (Table-5).

### GROWTH IN ENROLMENT AT UG AND PG

The growth rate is not encouraging in case of Medical Science followed by Agriculture and Science (Table-6).

Most of the Universities have set up their campuses in the surrounding areas of urban areas. Many departments in these institutions are running either without adequate faculty members or not well qualified staff. Most of the staff in private universities/colleges have poor motivation and are underpaid. This is heavily deteriorating the quality of Higher Education and appropriate steps can help to get rid of such a situation.

### ENSURING QUALITY IN HIGHER LEARNING

#### A. STRENGTHENING HUMAN RESOURCES

The quality of teaching depends upon the skill and ability of teachers. They have multiple roles to play in the areas of teaching, research, consultancy and extension work besides the management of the institution. Therefore, it is necessary to enhance their efficiency as a precondition for improving the quality of teaching. Only persons of high calibre should be given teaching positions through impartial and objective recruitment process. The University should develop a monitoring system for the performance of the teachers. It is important that good teachers should be recognised and rewarded.

- In the Universities and Colleges, the human resources component assumes highest importance.
- For a long time, there have been vacancies both in teaching and non-teaching positions in different universities and colleges, which has become a hindrance in providing quality education in these institutions.
- The UGC prescribes the minimum staff position in a P.G. Department i.e. one Professor, two Readers and three/four Lecturers. At least this minimum strength has to be ensured to run the academic programmes as per the mandate and the workload.
- New Post-Graduate Departments must be opened in the universities to provide educational facilities to cope with the market-driven economy. The UGC during the XI and XII Plan have sanctioned teaching and non-teaching positions for opening new Departments for some Universities in the State, but these could not be filled-up due to want of State Government concurrence. Thus, before the proposals are submitted by the Universities to the UGC, this has to be routed through the Government. Hence, a better coordination between the Universities and the State Government on this issue is suggested.
- In many universities in Odisha Self-Financing courses are being offered to cater to the needs of the students and through this process aiming at augmenting the resources of the universities as well as the colleges. Steps are to be initiated to convert these Self-Financing courses into regular P.G. Departments of the University.
- The teaching and non-teaching staffs play their role in teaching, research and extension activities. Thus, the vacant positions must be filled-up on priority basis. This is also a condition stipulated under RUSA.
- In the Universities where financial assistance under UGC-DRS Special Assistance Programme has been sanctioned to P.G. Departments, the minimum staff strength has to be ensured.
- The student-teacher ratio should be maintained in colleges and universities for better academic output.
- The teachers in colleges should be recruited as per UGC Guidelines and extended UGC scales of pay. For this purpose, the +2 wing be separated from the +3 wing in colleges of the State.

- The colleges in Odisha do not have sanctioned posts of Principals and managed by Principals in-charge. With regular Principals against sanctioned posts in office, there would be better governance in the colleges. Thus, posts of Principals have to be created on priority basis.
- To avail financial assistance from the UGC the minimum requirements have to be ensured in autonomous colleges. Most of the autonomous colleges are facing difficulty in getting the autonomous status extended in the absence of required teaching staff, infrastructural facilities, required NAAC accreditation and research publications by the teachers.
- The promotion of teachers is an important issue, which gives incentive and initiative for doing a better job. Thus, the promotional prospects of the teachers should have to be looked into through the Career Advancement Scheme or other promotional schemes.

### FACULTY DEVELOPMENT

Faculty being the single most critical factor responsible for the overall quality, large number of faculty positions remain perennially vacant, may be due to either procedural restrictions/ fund constraint.

A new trend in teacher's appointment has appeared to reduce the financial burden on the Government. Instead of regular appointments the Government appoints faculty either as a part time or yearly contractual basis with reduced salary. It has severely affected the morale in academic profession. This lack of accountability means that teaching and research performance is seldom measured. In the same institution, there are different categories of staff. All these categories do the same teaching job but have huge differences in salary structure and other facilities. This leads to frustration among the teachers who are underpaid.

- To ensure the quality of higher education sector, regular selections should be made through open competition on All India basis.
- Selection of teachers and non-teachers is to be made through PSC, SSB and staff selection commission. There should a restriction on appointment by the College Management.
- Filling of all vacant posts and posting of regular Principals as well as teaching, non-teaching staff and demonstrators.
- Attract and Retain best talent as faculty Resources.
- There must be a provision of teacher's training on regular basis. They must be equipped with new teaching methods such as use of technology in the class rooms. Such type of training will enable teachers to keep themselves in touch with the latest development in their respective fields.
- Qualification at entry level is more or less same. Initiatives are to be taken to enhance and to improve the qualification of teachers by allowing them to pursue post-doctoral /advanced studies with financial benefits as and when they complete the study.
- Mandatory induction training for Teachers immediately after appointment is to be made.
- Most of the institutions face the financial scarcity though receives grants from State Government. If State Government keeps on pressurizing them to generate their own funds and financial resources, then there will be no difference between a Private and Government Institute. Thus, State Government should come forward to provide substantial amount of funding so that institute can offer high quality education at affordable fee structure and all sections of society can have access to higher education.

### PEDAGOGICAL PRACTICES

- To make short duration training (7 to 10 days) in every two years and 3 to 4 weeks training in every three years.
- Academic Staff Colleges are to undertake training programmes in diverse field of higher education to the benefits of the higher education institutions /colleges. Presently there are only two Academic Staff Colleges, one at Utkal University and the other at Sambalpur University. Efforts need to be made to establish more Academic staff colleges to facilitate training to teachers.

### CAPACITY BUILDING AND CAPACITY ENHANCEMENT

- Keeping in time the market requirement, upgrading the faculty Resources. FDP/ periodical & Pre Service Training may be made on contemporary changes.

### B. CURRICULUM DEVELOPMENT

- Promoting skill based education through National Skills Qualifications framework (NSQF)
- Improve Student Courses and Choice Based Credit system
- Technology assisted participatory teaching- learning process
- In conformity with National Goal and Economic Policy (contribute significantly to manpower requirements)

With regard to curriculum, it is suggested that it should be revised by UGC centrally in every 4 years so that uniformity can be maintained throughout the country. The curriculum must have scope to accommodate 10 to 15 percent of the courses as per the local/regional requirements.

#### CURRICULUM DESIGN

- A State Policy framework is to be prepared
- Model Syllabus for all the colleges in all subjects with the help of Experts
- Examination/Valuation Reforms
- e-library system

#### Opening of new subjects

- Sports activities
- Performing Arts etc.
- NSS
- Outreach services

### C. QUALITY PROMOTION

Majority of the faculties lacking holistic knowledge of academia are ignorant to the changing objectives of higher education. As a result, they are not in a position to boost the young souls. The carrying out responsibilities without social accountability is a common deficiency found in the faculty. There is a lot of scope to empower and motivate the faculty through different faculty development programmes.

- Award/recognition to the teachers for their outstanding contribution to the subject, evaluation/feedback by the students, promotion of e- learning practices, development of model/ smart classroom with modern teaching aids and learning materials and teaching through electronics mode.
- Making the curriculum Global in the globalization era is a challenge. There is a big crunch of the skilled human resource in the country. Higher Education is expected to skill the youth to make them the productive human resource. The young generation interested in mere degree should be molded with the skills to make them a productive human resource. As a result, the curriculum is badly in need of professionalization through different add on courses.

### TEACHING MATERIAL

- Updated teaching materials/lesson plans are to be developed by the eminent teachers of different institutions by unit/chapter wise assigned by UGC and must be moderated at the national level and available in the website for easy access of the students.
- Practical manuals are to be revised in every 4 years, new case studies, field studies may be assigned in each year.
- The basic objective of the learner to think critically and solve problems seems a distant dream in many institutes. The institute in search of the best practices can accept the challenge and develop the quality benchmarks.

**ACADEMIC REFORMS**

In the University system, the courses offered assume importance. In most of the Universities, the courses offered are archaic, rigid and irrelevant to the contemporary needs. Thus, it is imperative that our courses and programmes have to be redesigned to keep pace with time. The curriculum should be at par with international standards. The absence of a challenging contemporary and employment-oriented syllabus is the biggest impediment in the serious pursuit of scholarship by the students.

Each University and College must have a Placement Assurance Cell for facilitating campus interviews as employability has been an important dimension of quality education in the contemporary world.

**STUDENTS/LEARNERS**

- Formation of State Level Eligibility Test(SLATE)
- Personality Development of Students
- Vocationalisation /Professionalisation of Higher Learning

Today the learner still believes in the examination performance rather than the learning experience. Thus institutions should come forward to empower the present learners.

**EXAMINATION REFORMS**

The reforms in the examination system have been a subject of serious debate and discussion for long. It was rightly observed way back in 1902 by the Indian University Commission: "The greatest evil from which the University education in India suffers is that teaching is subordinate to examination". Thus, different education commissions have suggested reforms in the examination process.

Along with the university written and practical tests the institute can generate the innovative testing methods suitable for the learners.

- For different university examinations, there must be a single question booklet containing both subjective and objective type questions to test the ability of the students.
- Examinations must be conducted as per schedule and results are published on time.

**EXTENSION**

Activities of NSS and NCC are to be made so that the institutes are able to bring the society and the institute together.

**CONSULTANCY**

The institutes have every opportunity to sell their expertise and generate funds.

**RESEARCH ACTIVITIES**

i. Innovative, fundamental and action research are to be taken by the teachers with enhance support by UGC and other R&D institutions/corporate bodies etc. collaborative research work, micro project, sponsoring national level projects with collaborative centres at various universities/research institutions. Assured scholarship (UGC/University) to all students of PG, M.Phil., Ph.D. pursuing the degree.

**RESEARCH AND DEVELOPMENT CELL**

Apart from teaching, research is an important responsibility of any educational institution. To strengthen a research culture in the universities and colleges, the following suggestions are worth considering:

- Every university and college must have a R&D Cell to monitor the research activities and coordinate between the university and the industry, and between the university and the funding agencies.
- The teachers must be given facilities to undertake research and publish their research findings.
- Collaborative Research Programme/Activities
- Streamlining/Functioning of academic staff colleges and Research Institutes
- Collaboration with Industries/corporate bodies to create job opportunities and for research activities
- Research, the yardstick to measure the quality status to solve the problems of the society is the major objective of higher education today. As a result, it is the responsibility of the institution to promote research activities by the faculty and the students. It is the responsibility of the institution to enable the faculty to undertake research projects, publish research papers not only in their specialised subjects but also in the interdisciplinary subjects useful to the society.

**MANDATORY ACCREDITATION**

That would evolve adequate norms & standards and approaches to assessment (NAAC's Quality Reviewed Rubric -2013 -14)

- Subject/Faculty Accreditation & institutional Accreditation, both should be made mandatory, IQAC- strengthening this Unit.
- Networking of different faculties (Inter- disciplinary)
- Semester system of Examination & Valuation Reform; Grading etc.
- Building strategic partnership with Industry or Academic Bodies.
- New Activities like Summer School, Internship should be taken up. Even short term courses should be introduced for inter-disciplinary studies.

**INTERNATIONALISATION**

- People with international exposures should be engaged/invited.
- Encourage International Collaboration
- Initiate Joint Research Projects
- Encourage faculty & Student Exchange Programme
- Admit overseas students through e-admission

**INDUSTRY – ACADEMIC COLLABORATION**

The industry and academia are the two main pillars of the society. They can contribute in providing the practical component of the curriculum, tackling the issue of employability and industry internships. It has been observed that we need industries with University inside and likewise we need Universities with industry inside. There is a need for the Indian industry to interact with Universities for knowledge sharing and catalyzing several joint activities either collectively or bilaterally. The aim is to facilitate a fruitful cooperation between the Universities and industry, essential for building and strengthening the human capital of India. It may be noted here that academic and industry are the two sides of the same coin – the coin being the economy. In the developed countries like the USA, the UK and other European countries, there is an intermingling of faculty, students and research scholars from the academia with the managers and practitioners in

industry. Some top Universities in the USA are private universities set up by industrialists who had a vision and who could foresee the benefits of investing in the education system. The industry-academic interaction and collaboration has been felt necessary in the fields of both curriculum as well as research.

We need to accelerate industry-academia collaboration for sustainable development so that we protect the resources for the future, while promoting prosperity in the current generations. Universities and industry are the main pillars and also engines which propel the economy. We need to work on the synergies to promote sustainability of the national economy and also the global economy. There are two main aspects, namely, the focus on human resources development and cooperation in research and development. Between university and industry, there are so many ways of cooperation. There is a lot of knowledge and experience in different areas. The industry-academic should join together on issues like governance, faculty development, curriculum development, infrastructure development, collaborative researches and development.

Establishment of research centers of excellence in various areas of local relevance must be pursued and these should be affiliated with the existing universities and institutions of national importance.

**INFRASTRUCTURE AND NEW COLLEGES**

As a step towards rural upliftment, the State Government has opened a number of colleges in rural areas. But these colleges are functioning without proper infrastructure and under staffing. These colleges do not possess full-fledged faculty, library, class rooms and other facilities. Even in some cases colleges are running in a private building or they are sharing building with other government institutions. Infrastructure is an important factor in enabling institutions to have an appropriate teaching learning environment.

- Joint Inspection by the Government and the academic body at the time of recognition of colleges
- Adequate Infrastructure as per OEA
- Streamlining of autonomous colleges
- Reviving College Development Council/Academic Staff College/Distance

**INFRASTRUCTURE SUPPORT**

1. Construction of new buildings for class rooms/laboratories/computer centres/ libraries etc.
2. Provision for accommodation of students (hostels for boys /girls/SC/ST/OBC students)
3. Provision for toilet facilities for both boys and girls, drinking water facility
4. Upgrading library facilities with provision for reading rooms, facilities for subscribing journals, periodicals, computerization of library, digital library etc.

The credit of infrastructure improvements in the institutes mainly goes to the quality awareness of the academia created by the NAAC. However, the adequacy and maintenance of both the hard and the soft infrastructure are both at challenge and opportunity for generating the best practices. The major portion of the institutional budget is spent on repairing the furniture.

Central funding for the same must be vigorously pursued to strengthen the existing and planned research centers. The student should be given a chance to participate in problem solving, seating arrangements are to be made which facilitates more academic socialization and compensating weakness. The student should be given opportunity to be involved in teaching process as facilitators. Tools and techniques are to be developed for improving quality of education. Midterm assessment of progresses, monitoring and accelerating the LTM vision for any change is to be made. There should be review of existing curricula in terms of quality of life and knowledge based society. Content is to be developed for understandings of social, economic and environmental sustainability through multi-disciplinary approach. There should be fostering lifelong learning skills for creative and critical thinking, emphasizing cooperation and collaboration, not competition and promoting knowledge applications in agriculture and industry. Models and incentivize adoption of ICT are to be in pedagogy and there should be incentivize research in universities, while creating an enabling environment in terms of lesser teaching hours for researchers, greater budgets and access to better infrastructure. Increase the number and quality of research scholars through the launch of innovative programs, provision of attractive fellowships and enhanced industry collaboration facilitating entry of high-quality foreign universities and private universities through the PPP mode.

Model colleges will act as guide post for other Government and Aided colleges. There should be innovation in curriculum design and transformation, introduction of interdisciplinary programme and examination reform.

All plans for expansion must have a major thrust on enhancing quality of education. Hence due care must be taken for developing skills of teachers for enhancing teaching-learning transaction, high quality research and development, creating conducive academic environment, improving the learning infrastructure, putting technology enabled learning into practice wherever possible, reforming examination systems, need-based revision of curriculum, etc.

Assessment and Accreditation of higher education institutions is a trend experienced throughout the world. This ensures that quality is not compromised in any higher educational institution. In Odisha most of the universities have not been re-assessed or re-accredited after the accreditation period is over. Moreover, the RUSA funding depends on the NAAC accreditation. The following steps are to be urgently initiated:

- The Universities and Colleges must be instructed to go for fresh accreditation or reaccreditation at the earliest as it is mandatory in nature for availing financial assistance from the UGC and the MHRD under RUSA.
- Every college and university must have an Internal Quality Assurance Cell (IQAC) to assess the performance of different branches of administration, the teaching departments and other facilities and take remedial measures as per requirement.

**TABLE 1: ENROLMENT ACROSS LEVELS**

Level	Enrollment	% of Total enrollment
Ph.D	2625	0.28
M.Phil	1101	0.12
Post Graduate	60129	6.57
Under Graduate	734736	80.32
PG Diploma	1384	0.15
Diploma	101284	11.07
Certificate	9800	1.07
Integrated	3616	0.39
Total	914675	

Source: AISHE 2015-16

**TABLE 2: DISTRIBUTION OF STUDENTS**

	Total Students	Constituent Colleges	Affiliating Colleges
<b>Males</b>	365907	12889	352997
	51.61	62.69	51.34
<b>Females</b>	343015	7668	334482
	48.38	37.30	48.66
<b>Total</b>	708922	20557	687479

Source: AISHE 2015-16

**TABLE 3: STUDENT TEACHER RATIO ACROSS INSTITUTION TYPES**

Institution Type		Number	Student Teacher Ratio
University	State Public University	12	20.15
	Institute of National Importance	3	11.09
			<b>15.31</b>
College	State Government	233	31.75
	Local Body	91	20.55
	University	25	21.17
	Private Un-Aided	304	11.25
			<b>22.71</b>
Stand Alone Institution	State Government	112	17.02
	Private Un-Aided	150	10.72
			<b>11.53</b>
Odisha			<b>19.72</b>

Source: AISHE 2015-16

**TABLE 4: STUDENT TEACHER RATIO ACROSS SELECTED STATES AND INSTITUTION TYPES**

State	State Public University	State Government College	Local Body College	University College	Total
ANDHRA PRADESH	66.03	20.75	10.54	12.75	15.06
CHHATISGARH	20.17	40.89	13.69	11.08	22.25
HARYANA	22.12	42.81	19.41	9.29	17.72
HIMACHAL PRADESH	31.25	39.28	11.55	42.63	19.75
KARNATAKA	14.56	21.78	13.56	12.37	13.39
ODISHA	20.15	31.75	20.55	21.17	19.72
West Bengal	23.39	34.92	67.21	64.19	34.83

Source: AISHE 2015-16

**TABLE 5: LABOR FORCE PARTICIPATION BY GENDER/LOCATION/SOCIAL CATEGORY**

18-23 yrs.	Labour Force Participation	Studying	Neither
<b>Total</b>	45.41%	21.11%	33.48%
<b>Male</b>	71.54%	26.17%	2.28%
<b>Female</b>	21.79%	16.53%	61.68%
<b>Rural</b>	48.38%	16.75%	34.86%
<b>Urban</b>	37.70%	32.42%	29.89%
<b>ST</b>	58.28%	9.55%	32.16%
<b>SC</b>	46.95%	18.57%	34.49%
<b>OBC</b>	44.65%	20.51%	34.84%
<b>Others</b>	37.01%	31.29%	31.69%

Source: NSS 66<sup>th</sup> round.

**TABLE 5A: LABOR FORCE PARTICIPATION BY GENDER/LOCATION/SOCIAL CATEGORY**

18-23 yrs	Labour Force Participation	Studying	Neither
<b>Total</b>	44.68%	20.87%	34.45%
<b>Male</b>	72.81%	25.22%	1.97%
<b>Female</b>	17.78%	16.89%	65.33%
<b>Rural</b>	47.58%	17.04%	35.38%
<b>Urban</b>	35.36%	32.81%	31.83%
<b>ST</b>	60.92%	7.95%	31.13%
<b>SC</b>	48.03%	14.59%	37.38%
<b>OBC</b>	40.82%	22.82%	36.36%
<b>Others</b>	35.82%	32.57%	31.61%

Source: NSS 68<sup>th</sup> round

**TABLE 6: FACULTY WISE GROWTH IN ENROLMENT AT UG AND PG**

	2014-15 (UG+PG)	2015-16 (UG+PG)	Growth (%)
Agriculture	172350	192753	11.84
Arts	9204026	9506338	3.28
Commerce	3856488	4185628	8.53
Law	311800	341190	9.43
Management	1045125	1086891	4.00
Medical Science	845876	976660	15.46
Science	4283784	4713636	10.03
<b>Total</b>	<b>19719449</b>	<b>21003096</b>	<b>6.51</b>

Source: AISHE 2014-15 & 2015-16

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## HUMAN RESOURCE INFORMATION SYSTEM, HUMAN RESOURCE PERFORMANCE AND MODERATING EFFECT OF NATIONAL AND INTERNATIONAL BANKS OF BANK EMPLOYEES IN QATAR

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### ABSTRACT

*Technology has become full circle in the effectiveness of today's world and industries. It has crossed boundaries to make itself known and also have people relied upon it to a huge extent. Particularly databases and software to enrol data for the company, such software is generally used by departments. It is not only time consuming but also a huge setback for the employees. Technology, these days has made life easier for many organizations; just a click of a button and everything is in front of you. The aim of this research is to find a solution for banking industry to overcome the problems they face in adapting to the Human resource information systems built for them. The study has been initiated with a view to understand the implementations of HRIS in banks of Qatar and also the comparison of international banks and national banks in terms of HRIS adoption. The estimates of type of banks are significant. This signifies that partial moderation exists the path between HRIS on HR Performance. The national banks effect of HRIS on HR performances is strongly positive. This study enriches the knowledge on HRIS in banking sector in Qatar.*

### KEYWORDS

HRIS, HR performances, banking.

### INTRODUCTION

Technology has become full circle in the effectiveness of today's world and industries. It has crossed boundaries to make itself known and also have people relied upon it to a huge extent. Particularly databases and software to enrol data for the company, such software is generally used by departments. It is not only time consuming but also a huge setback for the employees. Technology, these days has made life easier for many organizations; just a click of a button and everything is in front of you. In Human Resource, technology can aid in training, recruiting, connecting employees, finding out the perception of employees, performance management, external market change, compliances, data privacy and much more. Human Resource Departments should consider specially designed software to be used for the input of data in order to maintain a constant update on employees.

Internet technology has immensely grown for training of employees all over the world; it has reached to the extent of teaching individuals about their jobs and also aided them to gain more experience and knowledge in their fields. Individual employees need to attain the knowledge on how technology can assist them in their work and to what extent can it support them to achieve their goals quicker than usual. Hence in this research, the main aspects of technology will be discussed and how it could aid Human Resource Department in general.

Various industries are facing the complex issues relating to the use of technology in day to day affairs, often the relationship is seen in companies deterring to change to the effectiveness of newer methods. Employers may react to change differently bringing certain problems in work ethics due to technology. Moreover, cost is a key concern for companies as small firms may not be able to afford it or might think it is too costly, whereas large firms might not see the need to spend much to adapt to such change. Hence the hypothesis here is that the HR department in IBQ is not able to use the HRIS to its full potential due to the employer's reaction towards change, as well as lack of training on how to use the software. Where cost is concerned IBQ is a small organization, hence they would be hesitant to upgrade the software to a newer version which would enable them to gain all the functions of the software, as upgrading costs a lot for the HRIS.

### REVIEW OF LITERATURE

According to Claire Capon (2004) "Human resource management is an integrative general management activity that involves examining the organization's demand for human resources with particular skills and abilities." In other words, it means that human resource management is a department which revolves around providing the company with human resources that have abilities to work in the company.

The author also mentions that the human resource management not only aids in recruiting the staff for the company but also aims at training and developing, and managing employment relationships that includes "contracts, collective bargaining, reward systems and employee involvement."

However, if we go further down in time, H T Graham and Roger Bennett (1998) explain that "Human resources management (HRM) concerns the human side of the management of enterprises and employees' relations with their firms. Its purpose is to ensure that the employees of a company, i.e. its human resources, are used in such a way that the employer obtains the greatest possible benefit from their abilities and the employees obtain both material and psychological rewards from their work." This means that the human resource department aims to concentrate on the benefit of their company through human sources and how they can use them to their full potential, by keeping them satisfied as well as beneficial.

HRIS, a word derived from Human Resource Information Systems, has been the upcoming technology in the human resource department from the 1990's when the HR technology users moved from HR – specific systems to "those that integrated their companies' enterprise resource planning (ERP) systems." These ERP solutions then aided the "HRIS applications to be built around a single database and a common workflow model" to organize the data in the department on a computer based system; Jones, William J and Hoell, Robert C (2005)

As per Goliath (2008), "A human resource information system (HRIS) is defined as a computer based application for assembling and processing data related to human resource management (HRM) function." In other words, it is a database that aids in storing relevant data concerned with human resources to provide information to an employee without the need of going through paper based materials. It also offers tools that can help in editing and entering new data into the system; it provides users "to select from an array of predefined reports that may either be printed or displayed on a monitor." This system may address many types of issues, such as: "succession planning, compensation planning, equal employment opportunity monitoring" etc.

According to Jones, William J and Hoell, Robert C (2005) referred by Walker (1982), "A human resource information system (HRIS) is a systematic procedure for collecting, storing, maintaining, retrieving, and validating data needed by an organization about its human resource (HR), personnel activities, and organization unit characteristics"

After reading an article from Ruth Mayhew (2011) "An HRIS is used for employment actions such as applicant tracking, performance management, attendance, compensation and benefits management, work force analyses, and scheduling."

## THE HRIS TECHNOLOGY

As mentioned by Ruth Mayhew (2011), an HRIS can help in managing "compliance with federal and state laws, streamline processes for recruitment and selection, and produce analyses, data and reports for internal and external use." In other words, the system can aid the department to do everything within the federal and state law requirements; it also aids the recruitment team in selection of candidates for the jobs and also helps all the data and reports to be used for internal and external uses. Other advantages of an HRIS include the "ease of use for qualification computer technology specialists, accuracy of information and the ability to perform HR audits using any combination of parameters." As per the studies of Banalzwaa, Abdullah & Goronduste (2017) highlighted that information technology has changed and enriched the role of human resource by merging with IT and human resource capability will enhance the banks performance.

Where the employees are concerned Ruth Mayhew (2011) explained that within the HRIS "The employee and manager self-service features are excellent ways to free up the time of your human resources staff members for project work and other duties. Employees and managers can locate answers and information quickly without the need to consult an HR representative every time." So the HRIS can save up employee time which would generally be consumed if the work was paper based, and also lets the managers control the work individually without the need to consult HR representatives. According to a presentation made by Mr. Sampath Jayasundara, (2003) HR staff members have to file many documents for "Organizational Charts, Leaves, Performances, Planning, Recruitment, Development, Transfer, Promotions, Benefits, Staffing, Retaining, Termination, Selection and Training" purposes. So how does the HRIS benefit an employee? Well for starters, Decision making process without the HRIS would be time consuming for the following; "Strategic decision making would take 2% of your time, Functional decision making would be 23% of your time, and operational day – to – day tasks would be 75%" However with the use of HRIS, time would be allocated as following; Overall process of decision making process would be 75% which leaves room for 25% time saving. Studies from Bhuiyan, Rahman & Gani (2015) have shown that, other than the using the application of IT in the functions of HRM, training and development aspect is widely supported by IT at cost-effective way. In all aspect, HRIS application in business environment will certainly give a great impact in the efficiency of HR process that helps in HR management decisions, improves job satisfaction, reduces employee turnover, and increase training effectiveness and career management along with the complete automation of the administrative HR process

As Mr. Sampath Jayasundara (2003) explained; the benefits of HRIS is that it saves time, saves cost, and work re-allocation. Saving time would mean, "easy data maintenance, administrative process automated, Employee self-service (kiosk), Adequate information base that leads to timely and just decision making and Responds faster to employee inquiries to enhance efficiency and productivity." Saving cost would mean "Less time spent on tasks = less money, Minimum paper-work, and Timely and accurate decision making includes less cost." The work re-allocation would stand for "Helping the employees perform better through effective career planning and performance management, integrating the human resource function with other business functions in the enterprise, and to serve personnel better." Further on it also aids to gain competitive advantage as people are the most precious assets to the company and HRIS manages people "efficiently and effectively"

An article via Sabah Karimi (1997) added that HRIS provides: Easy-to-update compensation and review information, self-service options for different users in the organization, efficient benefit administration and updating, applicant tracking during the recruitment stage, easy compliance and statistics reporting modules and email scheduling capabilities and improved communications with employees. Ruth Mayhew (2011) has described the disadvantages of technology as "problematic for small businesses" as few of the major error within HRIS arrives from human error while inputting the data into the system. It, nevertheless is also costly when it comes to technology that is needed to update the system and also via "insufficient applications to support your human resources needs." Moreover, it is also difficult when it comes to looking for "qualified specialists with human resource functional area knowledge," hence to hire a HRIS specialist is even more costly than the average salary for a qualified specialist in computer technology.

Furthermore, Sabah Karimi (1997) has explained that HR managers are required to train their employees to use the self-service objects of the system, hence as Sabah puts it, it is to fill the "knowledge gap" for those departments which are not comfortable to work with technology or web – based communications. To use HRIS means to learn about the software and the nitty-gritty "functionality of different reporting systems" which means that managers will need to know that it would be time consuming and that they would need to have a lot of patience to learn each aspect of the software. The biggest problem arises when a technical error strikes the system, due to data privacy is a big concern, and technical problems will take longer to be fixed than other types of software issues.

## RELATION BETWEEN HUMAN RESOURCE DEPARTMENT AND TECHNOLOGY

According to Amy E. Hurley – Hanson and Christina M. Giannantonio (2008), "Since 9/11, the importance of Human Resource Information Systems (HRIS) has increased substantially. An organization needs to explore their preparedness for crises and improve their disaster plans." Technology also assists the department to be prepared for unseen hazards and keeps the department self-prepared for crises, "the Human Resource Sector is the area most responsible for the safety of personnel and therefore best equipped to foster the communication requirements any crisis will necessarily exact." As per the studies of Ponduri (2016) HRIS is told be one of the best strategic partners, where the Human resource manager highlight the benefit from it to disseminate and implement the strategy within the organization. By doing this these systems will enable employees to manage much of their own HR administrative work.

## IMPORTANCE OF STUDY

**The actual situation:** Some organizations till date do not use technology for departments like Human Resource and still use the paper base system rather than computer based databases. **The desired situation:** Companies to use software which are especially made for the Human Resource departments. Reasons for the gap between the two situations: Cost effectiveness, change towards new methods and study of the new software, Cultural barriers, and Safety of information.

## STATEMENT OF PROBLEM

There is a notable gap between the technological acceptance and its usage in the field of Banking especially in HR perspective. The need for information in the HR functions is huge. That has always made a greater point for any information processing which bring better solution. In the field of Banking, the application of HRIS would be inevitable in near future since the role of human resource grows essential every day. That leads to a mentionable remark on the HRIS adoption in the field of banking sector in Qatar. The need for implementing HRIS in the banking sector is inevitable in the present scenario.

The study has been initiated with a view to understand the implementations of HRIS in banks of Qatar and also the comparison of international banks and national banks in terms of HRIS adoption.

## AIMS AND OBJECTIVES OF RESEARCH

The aim of this research is to find a solution for banking industry to overcome the problems they face in adapting to the Human resource information systems built for them. Here are few objectives set to aid in completing the aim of the research:

1. To identify the problem that Banks in Qatar is facing via different project models.
2. To find out the need of HRIS and recommend how they can deal with those matters.

## RESEARCH METHODOLOGY

Sample design is a technique or the procedure the researcher would adopt in selecting items for the sample. The sample design to be used must be decided by the researcher taking into consideration the nature of the inquiry and other related factors (Kothari C.R., 2004). The bank employees who may work in national or international bank of Qatar are taken as the sample unit. Details of banks are collected through official website of Qatar.

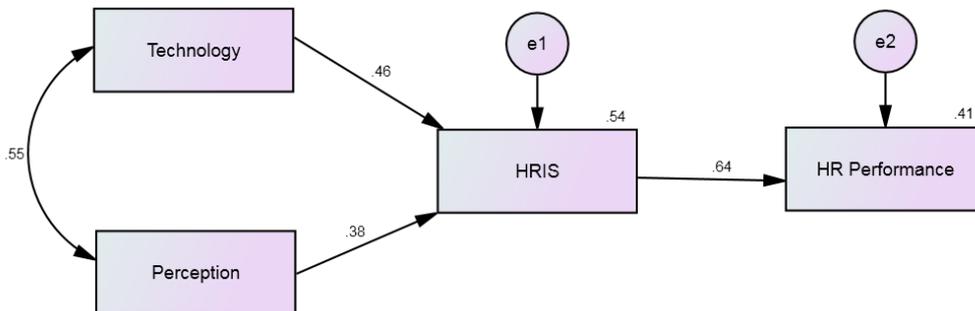
Based on the information collected from these sources, a consolidated list of banking firms is prepared, which is considered to be the sample frame of this study. As the study calls for analysis and rendering of data without any subjective action, this can be viewed as a descriptive survey. The size of populations of this study is very high. In order to simplify the sample selection process, Multi stage sampling technique is employed. Under multi stage sampling method, the following steps are adopted to select the samples for this study. Initially, banks in Qatar are segmented into two categories one is National banks and another is international banks. For each category, the respondents are chosen through simple random sampling. 150 respondents are selected and used for this study. Well-structured questionnaire was given and collected the response. AMOS 22v has been used for the model building and data analysis. From the 210 questionnaires, 168 responses were received, out of which 18 were excluded because of incomplete data or response bias of extreme values. The remaining usable questionnaires were 150. This stands for an effective response rate of above 90 percent of the entire sample. Hence the sample size for this study is 150.

**RESULTS & DISCUSSION**

**RELATIONSHIP BETWEEN HEURISTICS AND PERSONALITY**

The adoption of HRIS factors are studied by using the two variables. They are and technology they adopt and the perception of the employees to adopt HRIS. Relationship between HRIS and the HR performance are explored through the following SEM model 1.

**FIGURE 1: THE EFFECT OF HRIS ON HR PERFORMANCE**



**TABLE 1: RESULT OF THE MODEL**

Independent variables	Dependent variable	Path coefficient	Standard error	P value
HRIS	HR Performance	0.64	.196	.001
Technology	HRIS	0.46	.056	.000
Perception	HRIS	0.38	.065	.030

The table 1 shows the value of path coefficient as 0.64, standard error as 0.196 and the p-value is 0.001, which explores the relationship is significant. It indicates that there is a positive causal relationship between HRIS and HR Performance. The value of path coefficient as 0.46, standard error as 0.056 and the p-value is 0.000, which explores the relationship is significant. It indicates that there is a positive causal relationship between HRIS and Technology. The value of path coefficient as 0.38, standard error as 0.065 and the p-value is 0.03, which explores the relationship is significant. It indicates that there is a positive causal relationship between HRIS and Perception.

**TABLE 2: RESULT OF GOODNESS OF FIT**

Model	Normed Chi Square	P value	GFI	AGFI	RMSEA
Study model	15.063	.000	0.94	0.91	0.068

The table 2 shows the value of various goodness-of-fit indices. The normed chi-square is 15.063, RMSEA is 0.068, GFI is 0.94, and AGFI is 0.91. These values fall within its threshold limit. This confirms that the available data set perfectly fits into the model.

**MODERATION EFFECT**

The SEM analysis, Zhao and Cavusgil (2006) technique of evaluating moderator effect was adopted in this research. According to Zhao and Cavusgil (2006), a two-group model is used because it could determine whether a moderator moderates the correlation between two factors. The sample was split into 2 groups as national and international banks.

Type of banks is defined as national and international. A two group AMOS model was used subsequently so that it could be determined whether or not there was any significant difference in structural parameters between the national and international. The following hypothesis is framed to test the moderating effect of Bank on HRIS and HR performance. Hypothesis: Type of bank moderates the relationship path between HRIS and HR performance. Relationship between HRIS and HR performance with the help of moderator type of bank are displayed in the following figure 2 and 3.

**FIGURE 2: THE EFFECT OF HRIS ON HR PERFORMANCE AMONG INTERNATIONAL BANKS IN QATAR**

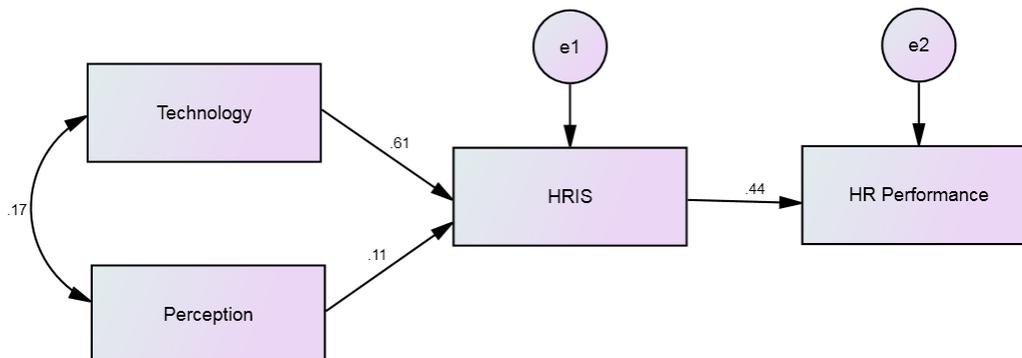
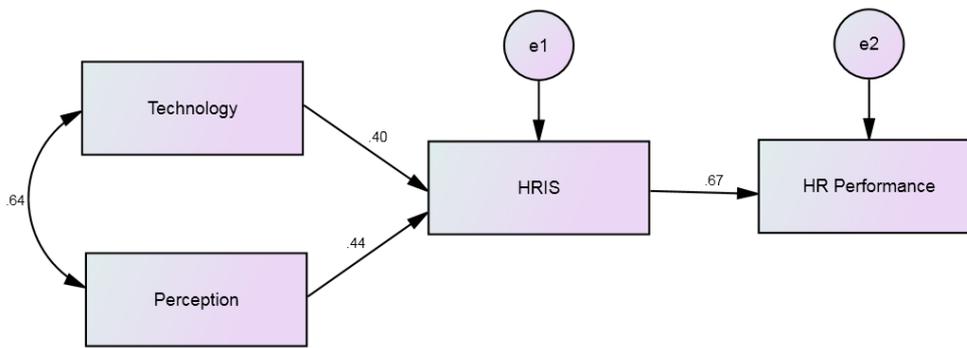


FIGURE 3: THE EFFECT OF HRIS ON HR PERFORMANCE AMONG INTERNATIONAL BANKS IN QATAR



**COMPARING THE GROUP EFFECTS FOR A MODERATOR VARIABLE**

The standardized estimate of the two groups are compared to find out which group contributes high as a role of moderator to determine the relationship path between national and international banks.

TABLE 3: STANDARDIZED COEFFICIENT OF RELATIONSHIP BETWEEN HEURISTICS AND PERSONALITY OF INVESTORS

Groups	Standardised Beta Estimates	Sig Value(P)	Result of Moderation
International banks	.44	.041	Supported
National Banks	.67	.005	Supported

The standardized beta estimate for International banks is 0.44, while the same estimate for National Banks is 0.67. Further the p values of two groups are statistically significant. From these findings, it can conclude that the effect of HRIS on HR Performance is more pronounced in national banks compared to international banks. Here, both the estimates of type of banks are significant. This signifies that partial moderation exists the path between HRIS on HR Performance.

**RECOMMENDATIONS**

Understand the needs of the HR department that can be implemented within the HRIS, this will aid the department to know what all functions are needed and to what extent the HRIS can be used within each HR division. Hire a professional staff who would know the HRIS inside out, this will help in any technical errors that the bank faces with the HRIS, and will also help in providing training to new HR employees. Update/upgrade the system on regular basis; also create backups on monthly intervals to avoid any data loss due to unforeseen situations, such as power failure or hackers.

Reduce paper based materials; a green environment is a friendly environment. This can be done by using the HRIS to its full potential every day. HRIS helps organization to reduce paper work to a big extent. Provide employees with change management training to aid them in accepting changes within the bank and enable them to use the software without hesitation.

The well-organized HRIS would create an environment where the workers' search will end instantly and the decision taking capacity in the whole stream of HR would become versatile and eminent.

**CONCLUSION**

This study examined the moderating effect of international and national banks on the relationship between HRIS and HR Performance. The study has explored the differences in adopting human resource information system in the national and international banks. The better implementation of HRIS can enhance the HR performances. This study focuses on the bank employee's perception and the adoption of technological advances on HRIS. These factors can lead to HR Performance with respect to the differences on international and national banks in Qatar. It is concluded that the national banks effect of HRIS on HR performances is strongly positive. This study enriches the knowledge on HRIS in banking sector in Qatar.

**LIMITATIONS**

This study has been undertaken among bank workers in Qatar. Some of the respondents were unresponsive. The study has focused only the human perspective not the technical perspective even though strategic view towards human resource is discussed.

**SCOPE OF FURTHER RESEARCH**

This study has concentrated on the different type of banks and its implementation of HRIS and has explored the significance of differences and adopting different strategies with respect to national and international banks.

The further research can be initiated with banking industry on HRIS in terms of its barriers to adopt the HRIS. HRIS is available for redundant tasks of HR department whereas the HR relationship and employees' behavioural dimensions can be studied in future. The technical perspective of HRIS is not included in this study when it comes technological amendment, there might be a significant effect on implementing HRIS in banking industry in Qatar.

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## AN ASSESSMENT OF PRODUCTIVE EFFICIENCY OF THE SELECT PRIVATE SECTOR NON-BANKING FINANCE COMPANIES IN INDIA

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### ABSTRACT

*Non Banking Financial Companies (NBFCs) play a crucial role in broadening access to financial services, enhancing competition and diversification of the financial sector. They are increasingly being recognised as complementary to the banking system, capable of absorbing shocks and spreading risks at times of financial distress. This paper explains the process of measuring and analyzing NBFC's Total Factor Productivity (TFP) using Data Envelopment Analysis and Malmquist Productivity Index (MPI) of Non-Banking Finance Companies in India for the period of 2001-2015. In this study the nature and extent of efficiency and productivity growth of select private sector NBFCs in India is investigated using non parametric frontier techniques. Employing Malmquist indices, productivity growth is decomposed into technical efficiency change and technological change for a sample of NBFCs. The results show that excepting MFL, all the select NBFCs have high efficiency score from the past 15 years, 2001-2015. The Tobit regression analysis revealed that the two factors size and management quality are the main factors determining productive efficiency of the select NBFCs. Moreover, the results show an average improvement in the productivity of NBFCs in period 2001 and 2015, respectively.*

### KEYWORDS

production frontiers, technological progress, technical efficiency.

### 1.1 INTRODUCTION

Managerial accounting systems provide useful information to support managers' decision making and organizational performance evaluation. One of the most important information that this system provides is about organizational productivity. One of the most famous non-parametric techniques in measuring the productivity of similar Decision Making Units (DMUs) is Data Envelopment Analysis (DEA). DEA is a mathematical programming that generates production function or efficient frontier using observed or available data. In addition to DEA, one can apply Malmquist Productivity Index (MPI) to measure productivity growth for a firm. This paper is to explain the process of measuring and analyzing NBFC's Total Productivity (TP) and Productivity Growth (PG) using DEA and Malmquist Productivity Index (MPI). For this purpose, a result of an empirical study (case of Non-Banking Finance Companies in India) is provided. In this paper an attempt is made to examine the progressive changes in technical efficiency and technology of select private sector non-banking finance companies in India. The exercise consists of two steps. First, we calculate measures of efficiency gain, technological change, and productivity growth using nonparametric methods. Second, we calculated measures in terms of the to bit regression analysis. Technical efficiency here refers to the ability to use a minimal amount of input to make a given level of output. Over time, however, the level of output an organization is capable of producing will increase due to technological changes that affect the ability to optimally combine inputs and outputs. These technological changes cause the production possibility frontier to shift upward, as more outputs are obtainable from the same level of inputs. Thus for any organization in an industry, productivity improvements over time may be either technical efficiency improvements or technological improvements or both.

### 1.2 LITERATURE REVIEW

A review of this analysis is important in order to develop an approach that can be employed in the context of the present study. Therefore, a review of earlier studies related to financial performance has been given.

**Abdul Quyyum and Khalid Riaz** examined the Technical Efficiency of 28 Pakistani Banks including 6 Islamic Banks using DEA technique and Tobit regression analysis during the period 2003-2010. The model used interest income and non-interest income as outputs and labour cost, compensation to directors and executives, user cost of fixed assets, interest cost and non interest cost as inputs. The study found that public conventional banks were the most efficient banks followed by private conventional and private Islamic banks with an average bias of 10%. The results of the study revealed that conventional banks were more efficient and the study also indicated that the market share in terms of deposits, the ratio of financing to deposits (FDR) and the public ownership of the bank had statistically significant influence on the efficiency. **Anil K. Sharma et al.** conducted a study to examine the relationship of commercial banks efficiency with the banks specific factors like bank size, age, ownership, profitability, deposits etc. They applied Data Envelopment Analysis (DEA) technique to assess the performance of Indian banking sector and further they evaluated the association of bank specific factors with the efficiency of banks using Tobit Regression Model. They found from the study that age, ownership and profitability were positively and significantly associated with the banks performance and efficiency whereas bank diversification practices were negatively and significantly affecting the banks efficiency scores. **Ashish Kumar and Sunil Kumar** investigated the efficiency of Indian public sector banks with the help of Data Envelopment Analysis (DEA). The data for the study related to a sample of 27 public sector banks operating in India during the period 2008 - 2009. It was found that the overall level of technical efficiency in these banks has been found to be 95.7 percent. The study identified that only 6 banks were efficient on the criteria of technical efficiency and 10 banks were efficient on the standard of pure technical efficiency calculated on the basis of input and output variables selected. It was suggested in the study that inefficient banks witnessing diseconomies of scale should reduce their size and those inefficient banks which were having increasing returns to scale should expand their business by deploying more resources. **Harendra Singh et al.** in their study "Efficiency Measurement of Indian Banking Sector" investigated the efficiency of 18 different private and public sector banks over the time span of 2002 - 2011. They employed Data Envelopment Analysis model to examine the efficiency score under input oriented efficiency with constant return model. The study found that State Bank of India, IDBI, ICICI and Canara Bank sustained high efficiency score from the 10 years 2002 - 2011. It was found from the study that efficiency factors related to employees were positive in J&K Bank, Bank of India, Indian Bank and Indusland Bank. The value of cash per deposit was negative in Allahabad Bank, Kotak Mahindra and Oriental Bank of Commerce, Punjab National Bank, IDBI Bank and Canara Bank. Banks like State Bank of India and Bank of India recorded negative value in cash per deposits. **WalidAbdmoulah and Belkacem Laabas** investigated the technical and allocative efficiency of the Kuwaiti commercial banks over the period 1994 - 2009 and tested whether labour market policies exerted a significant impact on this efficiency. The study used regression analysis for analysis of data along with efficiency scores. They found that overall efficiency was on an average equal to 80%, but experienced two major declines during the period between 2000 and

2003. The result indicated that bank efficiency increased with size and employing more Kuwaiti people did not hinder their efficiency when adequate skills and trainings were ensured. **Babu C. and Kasilingam R.** attempted to analyse the technical efficiency, cost efficiency and total factor productivity change of commercial banks by using DEA model. The period of the study consisted of two years, 2008-09 and 2009-10. The sample included sixty commercial banks in India consisting of 27 public sector banks, 22 private sector banks and 11 foreign banks. The results indicated that the average efficiency of public sector banks was higher than that of private sector banks. The result showed that business per employee and costs of funds were the factors which caused variations in the banks efficiency.

### 1.3 OBJECTIVES OF THE STUDY

The following are the main objectives of the study:

1. To investigate the productive efficiency and the factors influencing productive efficiency of the select private sector Non Banking Finance Companies in India.
2. To analyze whether the select Non-Banking Finance Companies are efficiently utilizing their resources or not?

### 1.4 METHODOLOGY

The study covers the period of 15 years from 2000-2001 to 2014-2015. It was decided to include only those companies having continuous and uniform data throughout the period of 15 years and the companies should have registered in Bombay Stock Exchange and the firms' capitalization more than Rs. 2000 crores. Based on the above criteria, 5 leasing and hire purchase finance non-banking financial institutions were selected as the sample for the present study such as Bajaj Finance Limited (BFL), Shriram Transport Finance Co. Ltd (STFCL), Sundaram Finance Limited (SFL), Mahindra & Mahindra Financial Services Limited (MMFSL) and Manappuram Finance Ltd (MFL).

### 1.5 ANALYSIS

#### 1.5.1. PURE TECHNICAL EFFICIENCY CHANGE

This efficiency purely reflects the managerial performance to organize the inputs in the production process. Thus, it has been used as an index to capture managerial performance. The following Table 1.1 presents the Pure Technical Efficiency Changes of select NBFCs.

**TABLE 1.1: PURE TECHNICAL EFFICIENCY CHANGE OF THE SELET PRIVATE SECTOR NON-BANKING FINANCE COMPANIES**

Year	BFL	STFCL	SFL	MMFSL	MFL
2001-02	1.000	2.647	1.000	1.691	1.000
2002-03	1.000	1.000	1.000	1.000	1.000
2003-04	1.000	0.713	1.000	1.000	1.000
2004-05	1.000	0.361	1.000	0.760	1.000
2005-06	1.000	1.713	1.000	0.664	1.000
2006-07	1.000	2.267	1.000	1.126	1.000
2007-08	1.000	1.000	1.000	1.762	1.000
2008-09	1.000	1.000	1.000	0.536	1.000
2009-10	1.000	1.000	1.000	1.630	1.000
2010-11	1.000	1.000	1.000	1.027	1.000
2011-12	1.000	1.000	1.000	1.114	1.000
2012-13	1.000	1.000	1.000	0.774	1.000
2013-14	1.000	1.000	1.000	1.291	0.982
2014-15	1.000	1.000	1.000	0.940	1.019
G.Mean	1.000	1.072	1.000	1.034	1.000

Source: Compiled and computed from the annual reports of non-banking finance companies.

From Table 1.1 the mean values of Pure Technical Efficiency Change of sample companies vary from 1.000 to 1.072. Shriram Transport Finance Company Ltd (1.072) and Mahindra&Mahindra Ltd. (1.034) are found to be pure efficient with the efficiency score of more than 1. It implies that they followed good management practices due to efficient input utilization. The other 3 NBFCs namely Bajaj Finance Ltd (1.000), Sundaram Finance Ltd (1.000) and Manappuram Finance Ltd are considered to be efficient with the efficiency score of 1.000 implying stagnant management practices during the study period. The praiseworthy performance of the management of the sample firms in organizing resources is reflected in the study through the above results.

#### 1.5.2 SCALE EFFICIENCY CHANGE

The measure of scale efficiency provides the ability of the management to choose the optimum size of resources i.e. to decide on the companies' size or in other words, to choose the production that will attain the expected production level. Table 1.2 presents the Malmquist Scale Efficiency Changes.

**TABLE 1.2: SCALE EFFICIENCY CHANGE OF THE SELECT PRIVATE SECTOR NON – BANKING FINANCE COMPANIES**

Year	BFL	STFCL	SFL	MMFSL	MFL
2001-02	1.000	1.462	1.000	1.214	1.000
2002-03	1.000	0.803	1.000	0.724	1.000
2003-04	1.000	0.457	1.000	0.540	1.000
2004-05	1.000	1.912	1.000	2.442	1.000
2005-06	1.000	1.079	1.000	0.599	1.000
2006-07	1.000	1.279	1.000	1.180	1.000
2007-08	1.000	1.033	1.000	1.483	1.000
2008-09	1.000	1.000	1.000	0.921	1.000
2009-10	1.000	0.674	1.000	0.585	1.000
2010-11	1.000	1.325	1.000	1.735	1.000
2011-12	1.000	1.119	1.000	1.023	1.000
2012-13	0.390	1.000	1.000	0.976	0.961
2013-14	1.547	1.000	1.000	1.038	1.005
2014-15	1.657	1.000	0.951	0.966	1.036
G.Mean	1.000	1.027	0.996	1.009	1.000

Source: Compiled and computed from the annual reports of non-banking finance companies.

It could be observed from the Table 1.2 the average Scale Efficiency Change of select private sector Non-Banking Finance Companies for the period from 2001-02 to 2014-15. The average efficiency of select NBFCs varies from 0.996 to 1.027. Shriram Transport Finance Company Ltd (1.027), Mahindra&Mahindra Ltd (1.921), are considered to be efficient with the efficiency score of more than 1.000 implying that the firms have produced their output on their efficient frontier. The other NBFCs Bajaj Finance Ltd (1.000), Manappuram Finance Ltd (1.000) with the efficiency score of 1 imply that there is no change in their production level and the

firms have produced their output on their efficient frontier over the study period. The Sundaram Finance Ltd (0.996) have an efficiency score of less than one 1 implies slight scale inefficiency due to underutilization of productive capacity. The company SFL for which score is less than 1 must take more care in choosing the size of resources.

### 1.5.3 EFFICIENCY CHANGE

This index demonstrates the firms' movement towards the frontier. That is, it shows how much closer a firm gets to the frontier (catching or falling behind). Table 1.3 presents the Malmquist Efficiency Changes of NBFCs.

**TABLE 1.3: EFFICIENCY CHANGE OF THE SELECT PRIVATE SECTOR NON – BANKING FINANCE COMPANIES**

Year	BFL	STFCL	SFL	MMFSL	MFL
2001-02	1.000	3.871	1.000	2.052	1.000
2002-03	1.000	0.803	1.000	0.724	1.000
2003-04	1.000	0.325	1.000	0.540	1.000
2004-05	1.000	0.690	1.000	1.855	1.000
2005-06	1.000	1.849	1.000	0.397	1.000
2006-07	1.000	2.901	1.000	1.328	1.000
2007-08	1.000	1.033	1.000	2.613	1.000
2008-09	1.000	1.000	1.000	0.494	1.000
2009-10	1.000	0.674	1.000	0.953	1.000
2010-11	1.000	1.325	1.000	1.782	1.000
2011-12	1.000	1.119	1.000	1.139	1.000
2012-13	0.390	1.000	1.000	0.756	0.961
2013-14	1.547	1.000	1.000	1.340	0.986
2014-15	1.657	1.000	0.951	0.908	1.055
<b>G.Mean</b>	<b>1.000</b>	<b>1.101</b>	<b>0.996</b>	<b>1.043</b>	<b>1.000</b>

Source: Compiled and computed from the annual reports of non-banking finance companies.

It is evident from Table 1.3 that the average Efficiency Change of select non-banking finance companies for the study period varies from 0.996 to 1.043. Shriram Transport Finance Company Ltd (1.101), considered to be more efficient with the efficiency score of more than 1.000 implying that the changes in technical efficiency of the NBFCs at the level of the operating unit, which is a movement towards the production surface. The other NBFCs Bajaj Finance Ltd (1.000), Manappuram Finance Ltd (1.000) are also considered to be efficient with the efficiency score of 1.000 implying that there are no changes in their production surface during the study period and they are producing their output on their efficient frontier. The other NBFC Sundaram Finance Ltd (0.996) is with the efficiency score of less than 1 implying that the firms did not catch up the production frontier and that they did not shift up over time. So they have to improve their production surface to give higher level output during the study period.

### 1.5.4 TECHNICAL EFFICIENCY CHANGE

Technical Efficiency refers to the ability to use a minimal amount of input to make a given level of output. It relates to the productivity of inputs. This, Technical Efficiency of a Frontier Index is its ability to transform multiple resources into multiple financial services. Table 1.4 presents the Malmquist Technical Efficiency Changes of the select Non-Banking Finance Companies.

**TABLE 1.4: TECHNICAL EFFICIENCY CHANGE OF THE SELECT PRIVATE SECTOR NON – BANKING FINANCE COMPANIES**

Year	BFL	STFCL	SFL	MMFSL	MFL
2001-02	1.285	1.230	1.840	1.315	1.302
2002-03	1.205	1.439	0.648	1.538	1.663
2003-04	0.986	2.277	2.001	1.858	1.620
2004-05	0.738	1.928	1.310	0.868	0.982
2005-06	1.323	0.413	1.334	1.063	0.328
2006-07	1.429	1.869	1.114	1.662	3.455
2007-08	0.804	1.597	1.241	1.178	0.453
2008-09	0.763	1.561	1.072	0.384	0.337
2009-10	3.062	1.617	0.302	0.682	0.417
2010-11	0.520	0.611	0.622	0.567	0.851
2011-12	0.971	1.636	1.008	1.268	0.799
2012-13	1.400	3.936	1.531	1.893	0.449
2013-14	0.565	0.678	0.909	0.649	0.519
2014-15	0.972	0.745	0.689	1.031	1.030
<b>G.Mean</b>	<b>1.032</b>	<b>1.319</b>	<b>1.008</b>	<b>1.035</b>	<b>0.795</b>

Source: Compiled and computed from the annual reports of non-banking finance companies.

Table 1.4 shows that the average Technical Efficiency Change of select private sector Non-Banking Finance Companies for the period from 2001-02 to 2014-15 varies from 0.795 to 1.319. Bajaj Finance Ltd (1.032), Shriram Transport Finance Company Ltd (1.319), Sundaram Finance Ltd (1.008) and Mahindra and Mahindra Financial Services Ltd (1.035) are considered to be efficient with the efficiency score of more than 1.000 implying that the changes in technology that is technological changes of NBFCs catch up the production frontier. The other NBFC of Manappuram Finance Ltd (0.795) indicate that the efficiency score of less than one which implies that they are technically inefficient and operating below the frontier. Hence all the select NBFCs except MFL (0.795) is considered as technically efficient and it indicates the ability of the firm to optimally combine inputs and outputs.

### 1.5.5 TOTAL FACTOR PRODUCTIVITY CHANGE

This total factor productivity is an overall indicator of how well an organization uses all of its resources to create its products and services. It can be implemented for measuring productivity change in many input/output cases and it can be decomposed into technical efficiency and technical change components. Table 1.5 presents the Malmquist Total Factor Productivity Changes of NBFCs.

TABLE 1.5: TOTAL FACTOR PRODUCTIVITY CHANGE OF THE SELECT PRIVATE SECTOR NON – BANKING FINANCE COMPANIES

Year	BFL	STFCL	SFL	MMFSL	MFL
2001-02	1.285	4.763	1.840	2.699	1.302
2002-03	1.205	1.156	0.648	1.113	1.663
2003-04	0.986	0.741	2.001	1.004	1.620
2004-05	0.738	1.331	1.310	1.610	0.982
2005-06	1.323	0.763	1.334	0.422	0.328
2006-07	1.429	5.424	1.114	2.207	3.455
2007-08	0.804	1.649	1.241	3.079	0.453
2008-09	0.763	1.561	1.072	0.190	0.337
2009-10	3.062	1.090	0.302	0.650	0.417
2010-11	0.520	0.810	0.622	1.010	0.851
2011-12	0.971	1.832	1.008	1.444	0.799
2012-13	0.546	3.936	1.531	1.430	0.431
2013-14	0.874	0.678	0.909	0.870	0.512
2014-15	1.611	0.745	0.655	0.936	1.087
G.Mean	1.032	1.452	1.005	1.080	0.795

Source: Compiled and computed from the annual reports of non-banking finance companies.

It is evident from the Table 1.5 that the average Total Factor Productivity Change of select Non-Banking Finance Companies for the study period varies from 0.795 to 1.452. Bajaj Finance Ltd (1.032), Shriram Transport Finance Company Ltd (1.452), Sundaram Finance Ltd (1.005), and Mahindra and Mahindra Financial Services Ltd (1.080) are considered to be efficient with the efficiency score of more than 1.000 implying that the increase in total factor productivity is a result of a positive technical efficiency change coupled with improved technological change. The other NBFC MFL indicates the efficiency score of less than 1. It implies that there is deterioration in the input productivity. It is also noted that the firms which registered lower TFP have lower levels of both efficiency change and technical change.

1.6 FACTORS INFLUENCING PRODUCTIVE EFFICIENCY

The Tobit Regression model is an extension of Probit Model developed by Tobin (1958) which is also known as truncated or censored regression model where expected errors are not equal to zero. Hence, estimation with Ordinary Least Squares (OLS) would lead to bias, since OLS assumes a normal distribution of the error term. It is employed to investigate the factors influencing efficiencies. In recent years, many DEA applications employ a two-stage procedure involving both DEA and Tobit. First, DEA is used to obtain efficiency estimates. The second stage regressions are estimated to further investigate the determinants of efficiency over time by using the Tobit regression model. With the objective to analyze the determinants of firms’ efficiency, Tobit regression analysis is conducted for the select private sector Non-Banking Finance Companies for the period from 2000-01 to -2014-15. Since the efficiency score of Malmquist Index ranges from 0 to 1, Tobit regression model has been used. The efficiency scores based on technical efficiency is used as dependent variable and market share, loan intensity, size, management quality, profitability, global recession (dummy variable), age (dummy variable), bank diversification are used as independent variables.

The analysis of Tobit Regression Analysis of the select Private Sector Non-Banking Finance Companies for the year from 2000-01 to 2014-15 is presented in the following table.

TABLE 1.6: TOBIT REGRESSION ANALYSIS OF SELECT PRIVATE SECTOR NON-BANKING FINANCE COMPANIES IN INDIA

Variable	Bajaj Finance Ltd.		Shriram Transport Finance Company Ltd		Sundaram Finance Ltd.		Mahindra & Mahindra Financial Services Ltd.		Manappuram Finance Ltd	
	Coefficient	Z Statistics (Prob)	Coefficient	Z Statistics (Prob)	Coefficient	Z Statistics (Prob)	Coefficient	Z Statistics (Prob)	Coefficient	Z Statistics (Prob)
Intercept	0.396	0.239 (0.819)	0.260	0.324 (0.757)	1.733	5.281*** (0.002)	9.255	2.546** (0.044)	6.904	2.507** (0.046)
Mar Share	0.070	0.135 (0.897)	-0.047	-0.169 (0.871)	-0.604	-3.226** (0.018)	1.043	1.340 (0.229)	-0.003	-0.017 (0.987)
Loan Int	-0.650	-1.269 (0.251)	-0.204	-0.858 (0.424)	-0.333	-4.433*** (0.004)	0.193	0.919 (0.393)	0.297	0.481 (0.648)
Size	0.975	2.014* (0.091)	0.912	2.957** (0.012)	0.852	3.939*** (0.008)	1.198	2.798** (0.012)	2.074	2.716** (0.014)
Mang Quality	0.069	3.128** (0.020)	0.931	2.644** (0.042)	1.023	4.061*** (0.001)	4.388	2.527 (0.045)	0.812	2.580** (0.046)
Prof	-0.006	-0.461 (0.661)	-0.159	-1.134 (0.300)	0.098	2.881** (0.028)	0.074	0.595 (0.574)	-0.490	-0.528 (0.616)
GR_Dum	0.075	0.192 (0.854)	-0.338	-0.748 (0.483)	-0.805	-2.997** (0.024)	0.390	1.828 (0.117)	0.319	1.300 (0.241)
Age_Dum	0.173	0.683 (0.520)	0.407	0.761 (0.475)	-0.488	-1.706 (0.139)	-6.230	-2.073* (0.084)	0.004	0.015 (0.988)
Bank Div	0.229	0.875 (0.415)	-0.213	-0.288 (0.783)	-0.194	-0.779 (0.466)	-1.625	-3.122** (0.021)	-0.546	-2.445** (0.050)

Source: Compiled and computed from the annual reports of non-banking finance companies.

\*significant at 10% level, \*\* significant at 5% level, \*\*\* significant at 1% level.

Table 1.6 reports the results for the Tobit estimation. The Market Share has positive impact on technical efficiency parameters of BFL, M&MFSL and MFCL which indicates that a firm with greater market share is more efficient due to the advantages of economies of scale which relates the findings of Grigorian and Manole (2002). However, in the case of STFCL, SFL and MFL the market share has negative impact on the technical efficiency and the relationship is not statistically significant except SFL. The measure of Loans Intensity indicates a positive relationship with firms’ Technical Efficiency levels. It suggests that banks with higher loans-to-asset ratio tend to exhibit higher Technical Efficiency levels. The Loan intensity of the firm has negative impact on technical efficiency in the case of BFL, STFCL, SFL and MFCL.

The result of Panel Data Tobit regression reveals that Size has positive and significant impact on the technical efficiency of all the select private sector Non- Banking Finance Companies except SCUFL. With regards to SIZE, Hauner (2005) explains that larger banks could pay less for their inputs than their counterparts and that there could be increasing returns to scale through the allocation of fixed costs. The regression results indicate that the coefficient of Management Quality exhibit positive and significant relationship with the TE of all the firms which indicates that Management Quality is an increasing function of Technical Efficiency. Management Quality has positive and significant impact on efficiency of the all select private sector Non-Banking Finance Companies except MMFSL which has positive but insignificant impact on the efficiency of the firm. The exogenous variable profitability is positively related to technical efficiency in SFL, M&MFSL and MFCL. It indicates that the more efficient banks tend to be more profitable as expected. The profitability of the firm has negative impact on efficiency as on BFL, and MFL.

The present study is to ascertain the significance and magnitude of the impact of the sub-prime financial crisis on the non-banking system. The global recession is positively related to technical efficiency of BFL, M&MFSL and MFL in which the relationship is significant only in the case of SFL. It has negative relationship with technical efficiency of STFCL, SFL and MFCL. A significant and negative coefficient implies that the financial crisis negatively influence performance within the Non-Banking Finance Companies in India. The dummy variable age is positively associated with technical efficiency in the case of BFL, STFCL and MFL. However, the relationship is statistically significant only in the case of M&MFSL. It indicates that the management with greater year of operation has better understanding of competition, market condition and higher goodwill and hence the firms established earlier are expected to be more efficient. The age of the firm has negative impact on its efficiency in the case of SFL, M&MFSL and MFCL. The regression result indicates that the variable age does not have significant impact on all the select NBFCs except MMFSL.

Bank Diversification is positively related to technical efficiency in the case of BFL. However, the relationship is statistically significant only in the case of MMFSL and MFL. Templeton and Serveriens (1992) found that banks diversifying into other financial services would reduce unsystematic risk, while there was no effect on systematic risk. Bank Diversification has negative impact on technical efficiency in the case of STFCL, SFL, M&MFSL, MFL and MFCL. It is concluded from the above analysis that the variable size and management quality are the important determinants of efficiency of the select private sector Non-Banking Finance Companies in India.

## 1.7 CONCLUSION

This study attempts to investigate the efficiency of Non-Banking Finance Companies in India during the period from 2000 -2001 to 2014-2015 using Data Envelopment Analysis. DEA enables to distinguish between the different components of total factor productivity change and this allowed the simultaneous analysis of changes in best-practice due to frontier growth and changes in the relative efficiency of NBFCs towards existing frontiers. From the results of the study, it is found that the select NBFCs are efficient, in terms of TFP, in utilizing their resources except the firm MFL. STFCL ranked first in utilizing their resources efficiently followed by MMFSL. Excepting MFL, all the select NBFCs are also technically efficient in producing the maximum outputs (Loans and Advances, Investments, Other Income) from the minimum quantity of inputs (Capital, Fixed Assets, Labour Cost) and technology. The Tobit regression analysis revealed that size and management quality are the main factors in determining productive efficiency of the select private sector Non-Banking Finance Companies.

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## IMPACT OF CAPITAL STRUCTURE ON PROFITABILITY OF PHARMACEUTICAL SECTOR IN INDIA - AN EMPIRICAL STUDY

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### ABSTRACT

*Pharmaceutical sector is considered as one of the largest and fastest growing sectors in India and it ranks fourth in the world. The changes happening in the pharmaceutical sector have had a significant impact on Indian Economy. Capital structure decision is considered as one of the most complicated areas of financial decision which directly affects the changes in profitability of Pharmaceutical sector in India. The main objective of the study is to investigate interrelationship between capital structure and profitability of Pharmaceutical Sector over a period of time. Apart from that, the study also identifies the major factors which affect the changes in profitability of Pharmaceutical sector and the changes in capital structure of Pharmaceutical sector through theoretical investigation. The paper has opted for both analytical and descriptive research designs as it examines the pattern of capital structure and profitability. For the study, secondary data has been used and it is taken from the various sources like Reports of Centre for Monitoring Indian Economy (CMIE) and Capital Line. At the time of data collection, there were total 233 Pharmaceutical companies listed on BSE out of which 45 companies are selected for the purpose of analysis. The data for the period of 10 years from 2007 to 2016 is considered. The paper provides that capital structure has a strong impact on profitability of pharmaceutical companies. The debt proportion has negative impact while the equity proportion has positive impact on profitability. Further, capital structure and profitability are influenced by common factors like: Inflation, liquidity, tax policies and dividend policy. The sample size of the research is 20 percent of the total population which leaves the further scope of research open for other researchers. Moreover, similar research can be conducted on other sectors.*

### KEYWORDS

India, capital structure, profitability, pharmaceutical sector.

### INTRODUCTION

There is an increase in the research on corporate as well as company finance in recent years. Most of the researches focuses on the way companies finance their projects, and the reason due to which they choose a particular way of financing their projects. One of the reasons behind the increasing research interest in the field of company finance is liberalization. Since the period, we have access to internet facility, liberalization and globalization have been facilitated immensely and ultimately it has opened up many opportunity gates for foreign investments and financing. With this the dependence on capital market has increased in order to grab the business in overseas market and to expand the business. A new business requires capital and still more capital is needed if the firm is to expand. The requirement of capital can be satisfied from many different sources, in different forms. Two major components of capital are: Equity and Debt. Hence, most of the capital requirements can be met under these two components. The best choice is a mix of debt and equity. One of the most confounding issues facing financial managers is the relationship between capital structure, which is the mix of debt and equity financing. In simple words, proportion of debt, equity shares and preference shares determine the capital structure of a company.

The relationship between capital structure and profitability is one that received considerable attention in the finance literature. In this changing scenario of increased competition and globalization, it is extremely important for companies to perform their best. Profitability is the best measure of checking financial performance. The study on the effects of debt equity proportion on profitability will help in knowing the potential problems in financial performance of firms.

Pharmaceutical sector is one of the fastest growing sectors of Indian economy which is growing at the rate of 14 percent per annum. The Indian Pharmaceutical sector is also expected to be among the top ten Pharma based markets in the world in the next ten years. In India, there are many national and international players challenging each other and developing at rapid rates. Pharmaceutical companies in India offer a wide-ranging Pharmaceutical plans. The Indian Pharmaceutical Industry is one of fastest emerging international centre for contract research and manufacturing services. Due to the growing demand for Pharmaceutical, more and more companies are now emerging in the Indian Pharmaceutical sector. The Indian Pharmaceutical Industry is one of the biggest producers of the active pharmaceutical ingredients (API) in the international arena. Profitability of the Pharmaceutical sector directly affect the growth of our country. The findings will help in selecting the appropriate capital structure to reach at the optimum level of profitability for pharmaceutical companies.

### REVIEW OF LITERATURE

Ransariya (2013) investigated the relationship between capital structure and profitability of Indian pharmaceutical industry during the study period of 2007-08 to 2011-12. He measured performance by operating profit margin, gross profit margin, net profit margin, return on capital employed and return on net worth with debt equity ratio. He concluded that there was a strongly negative relationship between capital structure and firms' profitability (except net profit margin and return on net worth) of pharmaceutical industry.

Reddy (2012) studied Impact of Capital Structure on Profitability 20 software companies that were listed in Bombay Stock exchange for a period of ten years from 2002 to 2011. Profitability was measured by taking debt as a percentage of equity, Profit before tax as a percentage of capital employed and profit after tax as a percentage of capital employed. It was found that the structural composition of the capital of a company organization would have an impact on its profit earning capacity.

Shubita and Alsawalhah (2012) examined the effect of capital structure on profitability of the industrial companies listed on Amman Stock Exchange during a six-year period (2004-2009). They concluded that there was significantly negative relation between debt and profitability. They concluded that increased debt leads to decrease in profitability. The results also showed that profitability increased with control variables; size and sales growth.

Purohit and Khanna (2012) found that growth of assets was negatively related to leverage; owing to information asymmetry, outside investors were weakly informed of the firms' growth options and were concerned about agency problems. Hence, they demanded for higher premium. The results were in agreement to researchers who suggested that firms with potentially valuable future growth projects would not borrow from public debt markets owing to high disclosure costs of revealing sensitive information.

Liu and Chen (2011) studied the correlation between the debt structure and the corporate performance of listed companies in the pharmaceutical industry from 2005 to 2009. Regression results showed that the corporate liabilities of these companies had a major impact on their performance.

Buttner, Overesch, Schreiber and Wamser (2009) found that the local tax burden exerted important effects on an affiliate's leverage. This referred not only to external debt; our findings indicated that a higher local tax rate was also associated with an increase in internal debt. This showed that multinationals had access to an additional instrument which could be used to exploit the tax savings opportunities of debt finance.

Sufian (2009) examined the determinants of the profitability of the Chinese banking sector. The empirical analysis was done to the 4 SOCB and the 12 JSCB during the post reform period of 2000–2007. The empirical findings of this study suggested that size, credit risk, and capitalization were positively related to the profitability of China banks, whereas liquidity, overhead costs, and network embeddedness had negative impacts.

Morri and Cristanziani (2009) concluded that the negative relationship between operating risk and leverage demonstrated that the managers of riskier firms tended to reduce the overall company's uncertainty by adopting a more careful capital structure. Moreover, more profitable firms had less recourse to leverage. Evidence also suggested that the company's asset size was able to directly influence the amount of debt issued.

Omet (2008) provided supporting evidences to the fact that ownership structure did have a significant impact on capital structure even though this impact had not been clearly defined, although the ownership structure of companies had a negative impact on one measure of leverage and a positive impact on another measure of leverage.

Antoniou, Guney and Paudyal (2008) conducted a study to investigate how firms operating in capital market-oriented economies (the United Kingdom and the United States) and bank-oriented economies (France, Germany, and Japan) determined their capital structure. They found that capital structure of a firm was heavily influenced by the corporate governance practices and exposure to capital markets.

Talberg, Winge, Frydenberg and Westgaard (2008) found that Asset structure was positively related to the debt ratio; growth, profitability, and age were negatively related to the debt ratio, and the size was both positively and negatively related to the debt ratio depending on the size intervals.

Azhagaiah and Premgeetha (2004) suggested that the rapid ability to acquire and dispose of debt provided the desired financial flexibility of firms with a goal for growth. The non-debt tax shield and growth rate were statistically significant, which meant that these variables were the major determinants of the capital structure of Pharmaceutical Companies in India.

## OBJECTIVES

1. To identify the major factors which affect the changes in profitability of Pharmaceutical sector through theoretical investigation.
2. To identify the major factors which affect the changes in capital structure of Pharmaceutical sector through theoretical investigation.
3. To investigate interrelation between capital structure and profitability of Pharmaceutical sector through theoretical investigation.
4. To investigate interrelation between capital structure and profitability of Pharmaceutical Sector over time.

## HYPOTHESES

**Research hypothesis:** Various measures of Capital Structure (through different ratios) have different impact on various measures of profitability (through different ratios).

**Null hypotheses:** Table no. 1 shows the detailed null hypotheses which are tested further.

TABLE NO. 1: NULL HYPOTHESES	
Sr. No	Null Hypotheses
H0 <sub>1</sub> :	There is no correlation between D/E Ratio and ROCE.
H0 <sub>2</sub> :	There is no correlation between D/E Ratio and RONW.
H0 <sub>3</sub> :	There is no correlation between D/E Ratio and PBIT.
H0 <sub>4</sub> :	There is no correlation between D/E Ratio and PAT.
H0 <sub>5</sub> :	There is no correlation between D/E Ratio and EPS.
H0 <sub>6</sub> :	There is no correlation between LTDE Ratio and ROCE.
H0 <sub>7</sub> :	There is no correlation between LTDE Ratio and RONW.
H0 <sub>8</sub> :	There is no correlation between LTDE Ratio and PBIT.
H0 <sub>9</sub> :	There is no correlation between LTDE Ratio and PAT.
H0 <sub>10</sub> :	There is no correlation between LTDE Ratio and EPS.
H0 <sub>11</sub> :	There is no correlation between I/C Ratio and ROCE.
H0 <sub>12</sub> :	There is no correlation between I/C Ratio and RONW.
H0 <sub>13</sub> :	There is no correlation between I/C Ratio and PBIT.
H0 <sub>14</sub> :	There is no correlation between I/C Ratio and PAT.
H0 <sub>15</sub> :	There is no correlation between I/C Ratio and EPS.
H0 <sub>16</sub> :	D/E Ratio has no impact on ROCE.
H0 <sub>17</sub> :	D/E Ratio has no impact on RONW.
H0 <sub>18</sub> :	D/E Ratio has no impact on PBIT.
H0 <sub>19</sub> :	D/E Ratio has no impact on PAT.
H0 <sub>20</sub> :	D/E Ratio has no impact on EPS.
H0 <sub>21</sub> :	LTDE Ratio has no impact on ROCE.
H0 <sub>22</sub> :	LTDE Ratio has no impact on RONW.
H0 <sub>23</sub> :	LTDE Ratio has no impact on PBIT.
H0 <sub>24</sub> :	LTDE Ratio has no impact on PAT.
H0 <sub>25</sub> :	LTDE Ratio has no impact on EPS.
H0 <sub>26</sub> :	I/C Ratio has no impact on ROCE.
H0 <sub>27</sub> :	I/C Ratio has no impact on RONW.
H0 <sub>28</sub> :	I/C Ratio has no impact on PBIT.
H0 <sub>29</sub> :	I/C Ratio has no impact on PAT.
H0 <sub>30</sub> :	I/C Ratio has no impact on EPS.
H0 <sub>31</sub> :	All Capital Structure ratios have no impact on ROCE.
H0 <sub>32</sub> :	All Capital Structure ratios have no impact on RONW.
H0 <sub>33</sub> :	All Capital Structure ratios have no impact on PBIT.
H0 <sub>34</sub> :	All Capital Structure ratios have no impact on PAT.
H0 <sub>35</sub> :	All Capital Structure ratios have no impact on EPS.

**RESEARCH METHODOLOGY**

**Research Design:** A research design is a definite plan for obtaining a sample from a given population. This study examined the pattern of capital structure and profitability of Pharmaceutical Sector of India. Hence, this study has followed both the analytical and the descriptive research designs.

**Sample Size and Sampling Technique:** At the time of selection, there were total 233 Pharmaceutical companies listed on BSE. So from this population, 20% sample was considered on the basis of convenient sampling. Thus, 45 Pharmaceutical companies were considered.

**Time period of the study:** For this study, 10 years of period was selected from 2007-2016 of Selected Listed Indian Companies of Pharmaceutical Sector so as to analyze the change over the period of time.

**Data collection methods:** For the study, secondary data has been used. The data has been taken from the various sources like Reports of Centre for Monitoring Indian Economy (CMIE), Capital Line, annual reports of the companies etc.

**FINDINGS AND ANALYSIS**

TABLE NO. 2: CORRELATION ANALYSIS					
Variables					
Capital Structure	Profitability	Correlation Value	Significance Level	Hypothesis No.	Null Hypothesis
D/E	ROCE	.964	.000	HO <sub>1</sub>	Rejected
D/E	RONW	.964	.000	HO <sub>2</sub>	Rejected
D/E	PBIT	.985	.000	HO <sub>3</sub>	Rejected
D/E	PAT	.579	.000	HO <sub>4</sub>	Rejected
D/E	EPS	-.992	.000	HO <sub>5</sub>	Rejected
LTDE	ROCE	.959	.000	HO <sub>6</sub>	Rejected
LTDE	RONW	.964	.000	HO <sub>7</sub>	Rejected
LTDE	PBIT	.986	.000	HO <sub>8</sub>	Rejected
LTDE	PAT	.586	.000	HO <sub>9</sub>	Rejected
LTDE	EPS	-.990	.000	HO <sub>10</sub>	Rejected
I/C	ROCE	.964	.000	HO <sub>11</sub>	Rejected
I/C	RONW	.967	.000	HO <sub>12</sub>	Rejected
I/C	PBIT	.996	.000	HO <sub>13</sub>	Rejected
I/C	PAT	.642	.000	HO <sub>14</sub>	Rejected
I/C	EPS	-.980	.000	HO <sub>15</sub>	Rejected

Table No. 2 showed that in Pharmaceutical Sector, all null hypotheses from HO<sub>1</sub> to HO<sub>15</sub> were rejected as D/E is significantly and positively related to ROCE, RONW, PBIT and PAT but significantly and negatively related to EPS. The result showed that LTDE was significantly and positively related to ROCE, RONW, PBIT and PAT but significantly and negatively related to EPS. The result showed that I/C was significantly and positively related to ROCE, RONW, PBIT and PAT but significantly and negatively related to EPS.

TABLE NO. 3: BIVARIATE REGRESSION ANALYSIS						
Dependent Variables	Adjusted R <sup>2</sup>	F value	Significance Level	Independent Variables	Beta Unstandardized Coefficients	t
ROCE	.928	17.45	.000	(Constant)	-7.809	-8.060
				D/E	15.724	41.769
RONW	.928	17.73	.000	(Constant)	-39.975	-14.879
				D/E	43.632	41.797
PBIT	.970	43.39	.000	(Constant)	146.565	60.926
				D/E	61.567	65.868
PAT	.330	67.419	.000	(Constant)	113.081	42.873
				D/E	8.415	8.211
EPS	.984	84.053	.000	(Constant)	17.728	134.562
				D/E	-4.693	-91.681
ROCE	.918	15.15	.000	(Constant)	-9.686	-8.929
				LTDE	19.245	38.923
RONW	.929	17.58	.000	(Constant)	-45.808	-16.300
				LTDE	53.701	41.923
PBIT	.971	45.43	.000	(Constant)	138.262	56.027
				LTDE	75.811	67.399
PAT	.339	70.158	.000	(Constant)	111.675	40.637
				LTDE	10.492	8.376
EPS	.980	65.03	.000	(Constant)	18.325	116.928
				LTDE	-5.762	-80.660
ROCE	.929	17.61	.000	(Constant)	6.511	9.986
				I/C	2.057	41.961
RONW	.935	19.43	.000	(Constant)	-.455	-.263
				I/C	5.727	44.054
PBIT	.991	15.54	.000	(Constant)	201.638	232.413
				I/C	8.141	124.794
PAT	.407	93.746	.000	(Constant)	119.357	71.197
				I/C	1.220	9.682
EPS	.961	32.33	.000	(Constant)	13.366	94.999
				I/C	-.606	-57.325

Table No. 3 showed that in Pharmaceutical Sector, all ratios of capital structure had a strong negative impact on profitability which meant that if capital structure ratios increase, the profitability ratios increase. The explanatory power of all the equations was more than 90%. However, when capital structure ratios were compared to PAT then the explanatory power of equations was around 40%. Moreover, the exception was EPS where the relationship with all capital structure ratios was positive. Further, all the beta coefficient was also significant as p value was less than 5%. The results showed that all null hypotheses from HO<sub>16</sub> to HO<sub>30</sub> were rejected as significant values were less than 5%.

TABLE NO. 4: MULTIPLE REGRESSION ANALYSIS

Dependent Variables	Adjusted R <sup>2</sup>	F value	Significance Level	Durbin Watson	Independent Variables	Beta Unstandardized Coefficients	t	Significance Level
ROCE	.929	176.1	.000	1.399	(Constant)	6.511	9.986	.000
					D/E			
					LTDE			
					I/C	2.057	41.961	.000
ROCE = 6.511 + 2.057 (I/C) + e (1)								
RONW	.935	194.1	.000	.550	(Constant)	-.455	-.263	.793
					D/E			
					LTDE			
					I/C	5.727	44.054	.000
RONW = -.455 + 5.727 (I/C) + e (2)								
PBIT	.998	259.3	.000	3.581	(Constant)	266.902	92.164	.000
					D/E	-34.981	-12.60	.000
					LTDE	-38.853	-11.09	.000
					I/C	16.809	44.540	.000
PBIT = 266.902-34.981 (D/E) -38.853 (LTDE) + 16.809 (I/C) + e (3)								
PAT	.946	790.9	.000	3.178	(Constant)	252.394	67.162	.000
					D/E	-77.640	-21.56	.000
					LTDE	-72.393	-15.93	.000
					I/C	18.995	38.787	.000
PAT = 252.394-77.640 (D/E) -72.393 (LTDE) + 18.995 (I/C) + e (4)								
EPS	.998	185.6	.000	2.548	(Constant)	24.632	95.145	.000
					D/E	-6.871	-27.70	.000
					LTDE	-5.812	-18.56	.000
					I/C	.904	26.787	.000
EPS = 24.632-6.871 (D/E) -5.812 (LTDE) +.904 (I/C) + e (5)								

Table No. 4 showed that in Pharmaceutical Sector, ROCE and RONW were regressed on D/E, LTDE & I/C as independent variables, Durbin Watson value was less than 2 which showed multicollinearity problem. When PBIT was regressed on D/E, LTDE & I/C as independent variables using stepwise Multiple Regression Method, the equation no. 3 came out which showed that D/E and LTDE had negative effect on PBIT but I/C had positive effect on PBIT. When PAT was regressed on D/E, LTDE & I/C as independent variables using stepwise Multiple Regression Method, the equation no. 4 came out which showed that D/E and LTDE had negative effect on PAT but I/C had positive effect on PAT. When EPS was regressed on D/E, LTDE & I/C as independent variables using stepwise Multiple Regression Method, the equation no. 5 came out which showed that D/E and LTDE had negative effect on EPS but I/C had positive effect on EPS. Adjusted R<sup>2</sup> was more than 92% which was very high. The results showed that all null hypotheses from H0<sub>31</sub> to H0<sub>35</sub> were rejected as significant values were less than 5%.

## CONCLUSION

The first objective of the study was to identify the major factors which affect the changes in profitability of Pharmaceutical Sector through theoretical investigation. It was found that there were various factors like Industry Size, Inflation, Tax Rate, Interest Rate, Gross Domestic Product Growth, Size, Liquidity, Long term debt, Managerial Control, Business Risk, Political Party in Power, Liquidity, R&D Expenditure, Well-efficient management, Network embedded ness, Stock market capitalization, Location, Dividend Policy, Product uniqueness which determined the Profitability in both Foreign as well as Indian context.

The second objective of the study was to identify the major factors which affect the changes in capital structure of Pharmaceutical Sector through theoretical investigation. It was found that there were various factors like Size, Profitability, Liquidity, Inflation, Business Risk, Managerial Control, Product uniqueness, Tangibility of assets, Growth opportunities, Non-debt Tax Shields, Asset structure, Earning volatility, Industry classification, Leasing, Dividend Policy, Share Price Performance, Gross Domestic Product Growth which determined the capital structure in both Foreign as well as Indian context.

The third objective of the study was to investigate interrelation between capital structure and profitability of Pharmaceutical Sector through theoretical investigation. It was found that many researchers had done analysis through regression model and they had mixed responses with regard to relationship between Capital Structure and Profitability. According to the findings of the researchers, few debt ratios had the positive relation with the profitability ratios and few debt ratios had the negative relation with profitability ratios. Further, it was found that those firms who preferred to finance the investment activity using the equity were more profitable than firms who financed by using borrowed capital.

The fourth objective of the study was to investigate interrelation between capital structure and profitability of Pharmaceutical Sector over time. It was found that there was a negative relation between capital structure variables and profitability variables which meant that in Pharmaceutical sector, companies preferred more equity over debt. Apart from that, it was found that there was a strong impact of capital structure on profitability in Pharmaceutical sector in India.

## SCOPE OF FURTHER RESEARCH

Here, in this paper, researchers have focused on pharmaceutical sector of India for the study of the impact of capital structure on profitability. Similar, research can be conducted on other sectors of India and other countries where the factors considered in this research are relevant.

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# AN ANALYSIS OF DEVELOPMENT EXPENDITURE DURING THE PRE REFORM AND POST REFORM PERIOD IN INDIA

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## ABSTRACT

*Economic planning in India is different from that of the socialist countries in its approach as well as coverage. India has opted for a mixed economy, implying the co-existence of the public and the private sectors. The initiative of the state in such a social system is restricted to sectors, which fail to develop, either due to the inabilities or due to the indifference on the part of the private sector. Thus the State was accorded a very high important place in India for the development of the infrastructure under the plans. The development of the roads and the railways, the construction of the canals, the production and distribution of energy and the like have created a conducive environment for rapid economic development in India. The multi-dimensional development of the social overhead capital by the State had induced the incentive of the private sector also to increase production and to raise the output. This strategy had worked well in respect of the consumer goods industries. The state, however, could not rely for the development of the basic industries on the response of the private sector alone for the growth of the social overhead capital. Massive allocation of funds to these industries had resulted in their rapid and speedy development, which had considerably strengthened the country's basic industrial structure. The public revenue should be increased to meet the growing public expenditure. It has been suggested that the subsidies should also be reduced to meet the growing public expenditure of the country. The public revenue should be mobilized to a greater extent to meet the continuously increasing public expenditure.*

## KEYWORDS

India, development expenditure.

## INTRODUCTION

Most of the operations of public finance resolve themselves into a series of transfers of purchasing power. Purchasing power is transferred from the people to the Government in the form of taxes, fees, fines, special assessments and the like. The same purchasing power is re-transferred to the people when the government spends its income in various forms. How these transfers of purchasing power affect the entire economy is the subject matter of the positive science of public finance. However, public finance is not considered as a positive science because of its practical applications. It has its own normative aspects as well. Thus writers on public finance are inclined to set a series of norms for the transfers of purchasing power involved in the public finance operations. The paramount aim of the developing economics is economic development and everything else is subservient to this main aim.

It is worth noting that there is an appreciable difference in the role of public expenditure in advanced industrialized countries and developing countries, like India. In the developed economies, the role of public expenditure consists in preventing cyclical fluctuations, counteracting a secular tendency towards stagnation and improving income distribution. Also public expenditure can be used as a lever to raise the level of income and employment; it can also influence the allocation of resources and affect the composition of Gross Domestic product. But the role of public expenditure in developing economies has a special significance.

In a developing economy, control of cyclical fluctuation is not as important as raising the level of income and employment and improving the distributional aspect of national income. It must also pay special attention to backward areas. Thus, role of public expenditure in a developing economy is three fold: viz

- (i) Promoting economic growth,
- (ii) Redistribution of Income, wealth and economic power and
- (iii) Balanced regional development.

A policy of sustained economic development requires the application of large investment expenditure for the creation of social overhead capital which, in turn, will facilitate the development of both manufacturing industries and agriculture. If the rate of economic development of developing countries is to be accelerated, the main reliance has to be placed on the creation of external economies through the availability of social overhead capital. Moreover, in a developing socialist economy like that of India, the State wishes to expand the public sector with a view to gaining increasing control over the means of production with particular emphasis on the long neglected heavy and basic industries in the early phases of industrialization. The share of government in the total investment has, therefore, been going up from plan to plan and it now occupies the commanding heights of the economy.

## NEED FOR THE STUDY

The classical economists have not analyzed in depth about public revenue and public expenditure. Throughout the nineteenth century, increases in public expenditure were very meager owing to the very restricted activities of the government. But now, the expenditures of the governments all over the world, including that of India had greatly increased, while the public revenue had not increased to the extent proportionately, and this is true more particularly, in the developing and the underdeveloped countries.

In developing countries, the public expenditure has an important role to play whereas in the developed industrialized countries, the basic problem, in the short run, is to ensure their economic stability and full employment levels and in the long run to ensure a steady rate of economic growth; that is growth without wide fluctuations. The developing countries like India are confronted with a more difficult problem of generating a high rate of economic growth so as to tackle the basic problems of poverty and unemployment. The public expenditure has to play a special role in promoting economic growth in the developing countries. Hence there is a need to study empirically the trend of public expenditure over period of time and its impact on the various sectors and also among the various sections of the community.

## STATEMENT OF THE PROBLEM

A continuous increase in the public expenditure is not a desirable feature as it increases the deficits of the annual budgets; and if a reduction in the public expenditure should be allowed to fall below the critical minimum level, it might affect the growth of the economy. There it is very essential to maintain the public expenditure at an optimal level, so as to sustain and encourage the optimum level of economic growth. But in India, public expenditure had been growing at an alarming

proportion, which had already drawn the attention of the policy makers. If the public expenditure is diverted towards development activities, it will certainly promote the process of development in the economy. While examining the nature of the public expenditure, it is very necessary to compare the growth of public expenditure with that of the Gross Domestic Product of the country. Governments in the modern era are actively participating in the allocation, distribution and stabilization processes of the economy. As a result of their active participation in the various economic activities, the government finances have begun to play a crucial role in the social and community development of the country.

In this context, the goals and objectives of the government have to be analyzed carefully. The quantity and the quality of the growth patterns differ from government to government, as these depend, among other things, upon the objectives of the respective governments. Also the efficiency with which the government services are provided, determines to a greater extent the quantity and the quality of the growth pattern. The pattern of expenditure however, is entirely a product of the pattern of public expenditure over a period of time, and it broadly gets reflected in the changing objectives of the government.

### OBJECTIVE OF THE STUDY

To analyze the developmental expenditure of the Central Government of India during the pre-reform and post-reform period.

### METHODOLOGY OF THE STUDY

Present paper has relied on secondary data, collected from India's Public Finance and Statistics, Government of India Report. Linear and Non Linear Models are used to analyze the data with the help of trend line for observing whether increasing trend or decreasing trend.

### ANALYSIS OF THE DATA

The total developmental expenditure of the Central Government for the periods namely pre-reform period and post-reform period is presented in the following Table.

**TABLE 1: DEVELOPMENT EXPENDITURE DURING THE PRE-REFORM PERIOD FROM 1980-81 TO 1990-91**

Years	Development Expenditure ( ₹ In crores)	Index number of Development Expenditure
1980-81	8994	100
1981-82	10250	114
1982-83	11913	133
1983-84	14038	156
1984-85	16615	185
1985-86	19914	221
1986-87	22941	255
1987-88	24209	269
1988-89	26151	291
1989-90	27520	306
1990-91	34566	384

Source: Indian Public Finance and Statistics, Government of India, Various Issues.

It is found from the above Table that the total expenditure on developmental services of the Government of India has increased from ₹ 8994 crores in 1980-81 to ₹ 19914 crores in 1985-86, and further to ₹ 34566 crores in 1990-91 during the pre-reform period. If the total developmental expenditure of the year 1980-81 is given index number of base 100, then the index number of developmental expenditure for 1985-86 works out to be 221; and for 1990-91 it is 384. Large amount of developmental expenditure, by itself, cannot be considered as a good feature. For deciding as to how far an increase in developmental expenditure could be justified, one must examine the purpose for which the expenditure has actually been incurred. The other related aspects which have to be taken into consideration are the priorities laid down for incurring the developmental expenditure, the allocation of financial resources to the various sectors, the observance of the various canons of public expenditure in incurring the expenditure and the amount of benefits that accrue to the society from out of the developmental expenditure.

The following table presents the total developmental expenditure of the central government incurred after the New Economic Policy that is, post reform period after 1991. The New Economic Policy which is shortly called as LPG was initiated in the year July 1991 by the then Finance Minister Dr. Manmohan Singh under the Prime Minister ship of P.V. Narasimha Rao.

**TABLE 2: DEVELOPMENT EXPENDITURE DURING THE POST-REFORM PERIOD FROM 1991-92 TO 2014-15**

Year	Development expenditure ( ₹ In crores)	Index Number
1991-92	35961	100
1992-93	36660	102
1993-94	43662	121
1994-95	47378	132
1995-96	46374	129
1996-97	53534	149
1997-98	59077	164
1998-99	66818	186
1999-00	76182	212
2000-01	91884	256
2001-02	101194	281
2002-03	117972	328
2003-04	134484	374
2004-05	143010	398
2005-06	174952	487
2006-07	219087	609
2007-08	304293	846
2008-09	383107	1065
2009-10	413852	1151
2010-11	525019	1460
2011-12	580897	1615
2012-13	602503	1675
2013-14	661141	1838
2014-15	737229	2050

Source: Indian Public Finance and statistics, Government of India, Various Issues.

It is observed from the above table that the developmental expenditure has risen from ₹ .35961 crores in the year 1991-92 to ₹ .91884 crores in 2000-01. Finally the amount of development expenditure has increased to ₹ .737229 crores in the year 2014-15. Developmental expenditure is a crucial vote getter for the incumbent party as these expenditures are extremely visible and its benefactors are easily identifiable. It is clear that during the election years, the Governments have directed large amounts of the available resources towards development expenditures as they are more visible and are more likely to lure the votes to cast their votes in favour of the party, which had undertaken the exercise of increasing the development expenditure. If the total developmental expenditure of the year 1991-92 is given an index number of base 100, then the index number of developmental expenditure for 2000-01 works out to 256; and for 2014-15, it becomes 2050.

**TREND ANALYSIS**

The paper has analyzed the trend pattern of growth of the developmental expenditure of the Central Government during the period from 1980-81 to 2014-15 by fitting a trend for the given variables. To fit the trend, the following linear model had been used.

$$Y = a+bt +U_t$$

Where,

Y = Development Expenditure

t = Time trend variable,

a = Intercept term and

b = Regression co-efficient showing the annual growth or the declining rate in the concerned variable.

**COMPOUND GROWTH RATE**

In this model, the values of the independent variables were taken in log and the dependent variable in the non-log form. For this, the following type of model has been used.

$$\text{Log } Y = a+bt +U_t$$

Compound growth rate was calculated by: (Antilog b-1) x 100

The following table presents the computed trend coefficients and compound growth rate for pre-reform, post-reform and overall periods.

**TABLE 3**

Model	Period	Year	a	b	T	R <sup>2</sup>	Absolute growth	CGR
Linear	Pre-reform	1980-81 to 1990-91	5210.70	2421.11*	19.062	0.98	2421	--
	Post-reform	1991-91 to 2014-15	-134181.40	29588.75*	10.451	0.83	29589	--
	Whole period	1980-81 to 2014-15	-148815.33	17590.35*	8.928	0.71	17590	--
Log linear model	Pre-reform	1980-81 to 1990-91	9.02	0.13*	20.796	0.98	--	14.04
	Post-reform	1991-91 to 2014-15	10.08	0.14*	33.52	0.98	--	15.51
	Whole period	1980-81 to 2014-15	8.93	0.13*	43.426	0.98	--	13.57

Source: Estimated by the Researcher.

Note: CGR – Compound Growth Rate.

Statistically significant at 5 per cent level.

It is found from the above table that in the pre-reform period, the value of the slope co-efficient worked out to 2421.11. This reveals that on an average the amount of developmental expenditure has increased by ₹ .2421 crores over the period of eleven years just before the structural changes that has taken place in India. The value of R<sup>2</sup> is 0.98, which means that about 98 per cent of the variations in the developmental expenditure variables has been explained by the independent variable. Regarding the log-linear model, the estimate of ‘b’ was found to be statistically significant and it is 0.13. The annual growth rate of developmental expenditure in the pre reform period is 13 per cent and the value of R<sup>2</sup> is 0.98. The compound Growth Rate is 14.04 per cent.

For the post-reform period, the slope co-efficient is 29588.75, which showed that on an average the developmental expenditure has increased by ₹ .29589 crores annually. The value of R<sup>2</sup> is 0.83, which means that above 83 per cent of the variations in the developmental expenditure variables has been explained by the independent variable during the post-reform period. The growth model value of the slope co-efficient is 0.14 and the value of R<sup>2</sup> is 0.98. The government is seeking to undertake major investment outlays; yet it had accumulated huge cash balances with the Reserve Bank of India.

Over the study period the slope co-efficient is found to be 17590.35, which discloses the average annual absolute growth rate of development expenditure for the entire period of time. The R<sup>2</sup> value of 0.71 discloses that in the regression line, the independent variable explains for about 71 per cent of the variations in the developmental expenditure, which is the dependent variable. The ‘t’ test reveals the regression co-efficient to be significant at the 5 per cent level. In the semi-log model the value of “b” is 0.13 and the goodness of fit is 0.71 per cent. The compound growth rate of development expenditure is 13.57 per cent.

$$\begin{aligned}
 t &= \frac{b_1 - b_2}{\sqrt{(S.E b_1)^2 + (S.E b_2)^2}} \\
 &= \frac{2421.11 - 29588.75}{\sqrt{(127.01)^2 + (2831.09)^2}} \\
 &= \frac{-27167.64}{2833.94} \\
 &= -9.59
 \end{aligned}$$

Table value of ‘t’ at 5 per cent level is 1.960.

Since the calculated value of ‘t’ greater than the ‘table value’, there is a significant difference between the annual growth rates of development expenditure for the two sub-periods namely pre-reform period and post-reform period.

**CONCLUSION**

Economic planning in India is different from that of the socialist countries in its approach as well as coverage. India has opted for a mixed economy, implying the co-existence of the public and the private sectors. The initiative of the state in such a social system is restricted to sectors, which fail to develop, either due to the inabilities or due to the indifference on the part of the private sector. Thus the State was accorded a very high important place in India for the development of the infrastructure under the plans. The development of the roads and the railways, the construction of the canals, the production and distribution of energy and the like have created a conducive environment for rapid economic development in India. The multi-dimensional development of the social overhead capital by the State had induced the incentive of the private sector also to increase production and to raise the output. This strategy had worked well in respect of the consumer goods industries. The state, however, could not rely for the development of the basic industries on the response of the private sector alone for the growth of the

social overhead capital. Massive allocation of funds to these industries had resulted in their rapid and speedy development, which had considerably strengthened the country's basic industrial structure. The public revenue should be increased to meet the growing public expenditure. It has been suggested that the subsidies should also be reduced to meet the growing public expenditure of the country. The public revenue should be mobilized to a greater extent to meet the continuously increasing public expenditure.

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## IMPACT OF ADVERTISEMENT AMONG CONSUMERS ON GOLD JEWELLERY PURCHASE IN COIMBATORE CITY

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### ABSTRACT

*The Gems and Jewellery sector plays a significant role in the Indian economy. Gold is fashioned into jewellery and used to manage risk in financial portfolios and protect the wealth of nations. This study reveals about the media of advertisement and its factors which has a strong impact on jewellery purchase. Advertisement informs the consumers about launching new store or product, raising awareness, promoting a brand image, brand identity, offers or discounts and strong presence in a market. Advertisement creates an everlasting relationship in-between jewellery shops and the consumers. It is easier for the jewellery shops to draw more number of consumer's attention through advertisement. The middle income groups are highly targeted through television advertisements. Advertisement helps to retain the existing loyal consumers. Visual appeal, Jewellery designs, colour and style, Product information, Message provided in the advertisement are the high influencing factors of advertisement in jewellery purchase. Advertisements given by Sree Kumaran Thangamaligai have influenced a lot in purchase decision.*

### KEYWORDS

advertisement, consumers, gold, jewellery purchase.

### INTRODUCTION

All over the world, gold has emotional, cultural and financial value, which supports demand across generations. Gold is fashioned into jewellery and used to manage risk in financial portfolios and protect the wealth of nations. Indian jewellery is as old as Indian civilisation itself. The ruins of the Indus Valley civilisation, going back to 5000 years, have yielded examples of beaded jewellery. In the sculptures at Bharhut, Sanchi and Amaravati and the paintings at Ajanta can be seen the wide range of jewellery worn by man and woman, by king and commoner. The temples of South India, Bengal, Orissa and Central India present a veritable cornucopia of the jeweller's art.

India is the second largest jewellery market in the world. The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 6-7 per cent of the country's GDP. In India, gold jewellery is a store of value, a symbol of wealth and status and a fundamental part of many rituals.

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### NEED AND IMPORTANCE OF THE STUDY

Advertisement in jewellery sector helps to raise awareness of issues of their target audience, with which they may be unfamiliar. It also educates them on the related benefits of their product. Advertisement is not really designed to increase sales, but is structured to promote a good image of the company or product. This perception hopefully translates into future sales. Even if the consumer doesn't buy the product right now, the company gets the opportunity to successfully portray its brand identity to the consumers in the market. A popular example of this is Kalyan Jewellers Jewellers float various discount offers during major festivals such as Akshay Tritiya, Deepavali, Gudi Padwa, Dhanteras, etc. The activity helps pull consumers to induce trial and strong business prospects for the advertisers. Advertisement informs the consumers about new store launch or product. Print ads, TV commercials, WhatsApp videos and social media marketing are a few of the fastest form of quick advertising. It is easier for the business to reach a vast number of audiences by advertising.

An ongoing advertising campaign is essential in reminding your existing customers that you're still around. In a troubled economy where so many jewellers are going out of business, maintaining a strong presence through regular ads, fliers, postcards, events and a dynamic website is invaluable for long-term relationships. This also serves to attract new customers who may not have been in need of your products or services when you first opened, but are now pleased to have their memories jogged.

Advertisement creates goodwill and helps in building a brand's image in the market. Repeated advertisements make branded products and services very popular. People tend to show a more trustworthy attitude towards advertised brands over non-advertised ones. Well-known branded products are usually made from quality raw materials and hence, they are preferred by most consumers. As a result, the demand for branded products increases.

### STATEMENT OF THE PROBLEM

In current scenario, the manufacturers and retailers in jewellery market have started various promotional activities to establish and expand their market. Advertisement becomes essential in the modern promotional mix to create awareness, to promote a good image, for brand identity, inform the consumers about offers,

store launch or product, maintaining a strong presence to the consumers through the regular advertisements. There is a competition in making an advertisement in jewellery sector by spending a lot of money. The researcher felt a need to study the impact of such advertisements on gold jewellery purchase in Coimbatore city.

**OBJECTIVES OF THE STUDY**

- 1) To study the media of advertisement on which the consumers are highly influenced on gold jewellery purchase
- 2) To identify the important factors of advertisement which has a strong impact on jewellery purchase

**HYPOTHESES**

- 1) There is no statistically significant interrelationship between variables of advertisement affecting the purchase decision.
- 2) There is no significant relationship between gender and factors of advertisement
- 3) There is no significant relationship between age group and factors of advertisement
- 4) There is no significant relationship between occupation and factors of advertisement
- 5) There is no significant relationship between marital status and factors of advertisement
- 6) There is no significant relationship between number of earning members and factors of advertisement
- 7) There is no significant relationship between family income and factors of advertisement
- 8) There is no significant relationship between media and factors of advertisement
- 9) There is no significant relationship between gender and factors of advertisement
- 10) There is no significant difference between mean ranks towards Shops selected through advertisement.
- 11) There is no significant difference between mean ranks towards impact of seeing advertisement
- 12) There is no significant difference between factors of advertisement and jewellery purchase.

**RESEARCH METHODOLOGY**

The present study includes primary and secondary data. Primary data have been collected by using Questionnaire. The sample size was 50 in Coimbatore city. The sample was selected using simple random sampling method. The Secondary data were collected from Internet, Newspapers, Journals and Magazines, Books etc. The tools used for analysis are

1. Simple Percentage Analysis
2. Kmo and Bartlett's Test
3. kurskal wallis test
4. Friedman test

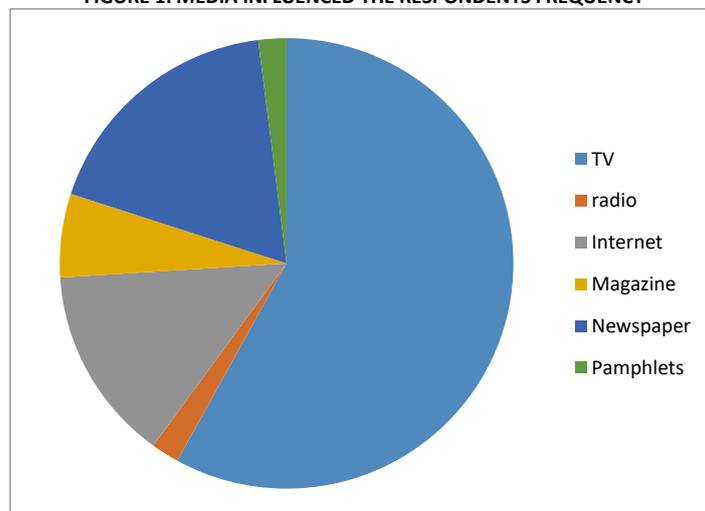
**RESULTS & DISCUSSION**

**TABLE 1: MEDIA INFLUENCED THE RESPONDENTS**

Media	Frequency	Percent
TV	29	58.0
radio	1	2.0
Internet	7	14.0
Magazine	3	6.0
Newspaper	9	18.0
Pamphlets	1	2.0
Total	50	100.0

The above table shows that the media which influenced the majority of the respondents is TV (58%).

**FIGURE 1: MEDIA INFLUENCED THE RESPONDENTS FREQUENCY**



**TABLE 2: KMO AND BARTLETT'S TEST**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.777	
Bartlett's Test of Sphericity	Approx. Chi-Square	241.913
	df	36
	Sig.	.000

Bartlett's Test of Sphericity evaluates the null hypothesis that the correlation matrix is an identity matrix (all the values in the diagonal are 1 and all the off diagonal values are zero. which could indicate no relationships among the variables and thus no basis on which to proceed with factor analysis. A significant test result allows proceeding with the factor analysis. The history of the derived components is outlined in the total variance

TABLE 2.1: COMMUNALITIES

Factors	Initial	Extraction
Visual appeal	1.000	.793
colour and style	1.000	.733
Slogan	1.000	.760
Celebrities	1.000	.846
Jewellery design	1.000	.856
Message in advertisement	1.000	.570
Music	1.000	.826
Voice	1.000	.830
Product information	1.000	.873

Extraction Method: Principal Component Analysis.

The first component accounts for the most variance (44%), the second accounts for the amount (20.89%), third (13.78%). Three components are extracted because three Eigen values are greater than 1. Together they account for approximately (79%)of the variance in the decathlon scores. Also we observe that the rotated and unrotated solutions each account for the same total amount of variance. The rotated component matrix indicates a clearer separation.

TABLE 2.2: TOTAL VARIANCE EXPLAINED

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.966	44.065	44.065	3.966	44.065	44.065	3.622	40.249	40.249
2	1.880	20.892	64.956	1.880	20.892	64.956	1.883	20.921	61.170
3	1.241	13.789	78.745	1.241	13.789	78.745	1.582	17.576	78.745
4	.619	6.878	85.623						
5	.461	5.122	90.745						
6	.255	2.833	93.578						
7	.218	2.424	96.002						
8	.195	2.169	98.171						
9	.165	1.829	100.000						

Extraction Method: Principal Component Analysis.

TABLE 2.3: ROTATED COMPONENT MATRIX

	Component		
	F1	F2	F3
Visual appeal	.120	<b>.869</b>	-.152
colour and style	.029	<b>.841</b>	.156
Slogan	<b>.838</b>	.115	.211
Celebrities	<b>.868</b>	.046	.300
Jewellery design	.182	-.101	<b>.901</b>
Message in advertisement	<b>.712</b>	-.069	-.242
Music	<b>.892</b>	.116	.128
Voice	<b>.900</b>	.106	.094
Product information	.076	.603	<b>.710</b>

TABLE 2.4

1	Voice	.900	1	Perception factors
	Music	.892	2	
	Celebrities	.868	3	
	Slogan	.838	4	
	Message in advertisement	.712	5	
2	Visual appeal	.869	1	Psychological factor
	colour and style	.841	2	
3	Jewellery design	.901	1	Informative factors
	Product information	.710	2	

To identify the perception factors such voice, music, celebrities in advertisement which are subsequently influencing the respondents towards the preference of shop.

The psychological factors such as Visual appeal and colour and style in advertisement are subsequently influencing the respondent's preference towards the shop. The informative factors such as jewellery design in advertisement plays a major role in influencing and followed by product information.

TABLE 3: RANKING OF SHOP

Shops in advertisement	Mean Rank	Rank
Kazana Jewellery	5.74	VII
DAR Jewellery	6.37	IX
Sree Kumaran Thangamaligai	4.06	I
Lalithaa jewellery	4.48	III
Jos allukkas.	4.22	II
Thangamayil	4.72	IV
Kalyan jewellers	5.04	V
Malabar gold	5.06	VI
Tanishq	6.03	VIII
Others	9.28	X

The advertisement given by various jewellery shops is highly influenced on purchase decision of consumers. The above table clears that the advertisement given by Sree Kumaran Thangamaligai is highly influenced with Rank I, and followed by Jos Allukas, Lalitha Jewellery ranks II AND III respectively in Coimbatore city

**FINDINGS****SIMPLE PERCENTAGE ANALYSIS**

The majority of the respondents are female (60%). The above table shows that 32% of the respondents is less than 23, majority of the respondents are under graduate (48%). the majority of the respondents are employed (44%). majority of the respondents are married (64%). that the majority of the respondents doesn't have children (44%). the majority of the respondents are in nuclear family (58%). majority family sizes of the respondents are 3- members (62%). the majority earning members in the family of the respondents are 2 members (44%). that the maximum family income of the respondents is less than 30,000 (58%). the media which influenced the majority of the respondents is TV (58%).

**KURSKALLWALIS TES**

- 1) The null hypothesis is rejected as there is a significant difference between variables of advertisement and the purchase decision.
- 2) The null hypothesis is rejected. The test result shows that there is a significant difference in the ranking of the respondents towards advertisement among gender, except one factor Angered. It shows that the advertisement trigger anger to the respondents.
- 3) The null hypothesis is rejected. The test result shows that there is a significant difference in the ranking of the respondents with age group towards advertisement factors such as Dissatisfaction – Unable to Purchase and Dissatisfaction – After using the product. There is no difference in the ranking with other factors.
- 4) The null hypothesis is accepted. The test result shows that there is no significant difference in the ranking of the respondents towards advertisement factors among different occupation.
- 5) The null hypothesis is rejected. The test result shows that there is a significant difference in the ranking of the respondents with education level towards advertisement factors such as Dissatisfaction – Unable to Purchase and Dissatisfaction – After using the product. There is no difference in the ranking with other factors
- 6) The null hypothesis is rejected. The test result shows that there is a significant difference in the ranking of the respondents with marital status towards advertisement factors such Confusion to choose the Products and Dissatisfaction – After using the product. There is no difference in the ranking with other factors.
- 7) The null hypothesis is rejected. The test result shows that there is a significant difference in the ranking of the respondents with total of earning members towards advertisement factors such Switch Over from old Retailer and Recommend others to purchase. There is no difference in the ranking with other factors.
- 8) The null hypothesis is accepted. The test result shows that there is no significant difference in the ranking of the respondents with monthly family income towards all advertisement factors.
- 9) The null hypothesis is accepted. The test result shows that there is no significant difference in the ranking of the respondents with monthly family income towards all advertisement factors.

**FRIEDMAN TEST**

- 10) The null hypothesis is rejected at 1 percent level of significance. Since p value is less than 0.01, hence it is concluded that there is a significant relationship between mean ranks towards impact of seeing advertisement. Based on rank desires to purchase stands 1<sup>st</sup>, Interest to Watch Again ranks 2<sup>nd</sup>, Advertisement Recall comes with 3<sup>rd</sup> position in impacts on seeing advertisement
- 11) The null hypothesis is rejected at 1 percent level of significance. Since p value is less than 0.01. Hence it is concluded that there is a significant relationship between mean ranks towards shops selected through advertisement. Based on rank Sree Kumaran Thangamaligai stands 1<sup>st</sup>, Jos allukkas ranks 2<sup>nd</sup>, Lalithaa jewellery ranks 3<sup>rd</sup> position in attracting customers through advertisement in Coimbatore city.
- 12) The null hypothesis is rejected. Hence it is concluded that there is a significant relationship between factors in advertisement and jewellery purchase. Visual appeal stands first in influencing factor, then by Jewellery designs, colour and style, Product information, Message provided in the advertisement are the high influencing factors of advertisement in jewellery purchase.
- 13) The Advertisement given by Sree Kumaran Thangamaligai is highly attracted and influenced the consumers in Coimbatore city.

**GENERAL FINDINGS**

- 1) This study found that the middle and lower middle class are highly influenced by television advertisement.
- 2) The factors such as caste, religion, and language are also influenced in purchase decision which is observed while collecting data's.

**SUGGESTIONS**

- 1) While giving the advertisement for jewellery products more concentration should be given to the influencing factors of purchase decision such jewellery designs, message in advertisement, celebrities used, colour, style and slogans of advertisement.
- 2) The attractive advertisement should be given to take the attention of viewers or readers or listeners and which should be converted into purchase decision.
- 3) The information given in advertisement should not mislead or confuse the listeners on selecting the products.
- 4) The advertisement cost may increase the price of the jewellery products so while selecting the media for advertisement the shops can concentrate on other promotional activities also.
- 5) Using the celebrities in advertisement has less impact on purchase decision. So the shops should analyse the real fact.

**CONCLUSION**

In this competitive world of business, jewellery industry plays an important role in investment portfolio and imparting fashion adornments to the younger generations. An advertisement is an intermediate between buyer and seller, which links the customers or consumers with the buyer, by passing information promptly whenever it is required. Gathering of information is the important steps were television plays a vital role in buyer's decision. The success or failures of jewellery industry are highly influenced by advertisement and its factors like voice, jewellery design, visual appeal, celebrities used, information given through different Medias such as Television, Radio, Newspaper, Magazine, Internet, Pamphlets, and Hoardings etc.

**LIMITATIONS OF THE STUDY**

1. The sample size is limited to 50 respondents in Coimbatore city only.
2. Quality of the information is highly dependent on the knowledge of the respondents.

**SCOPE OF THE STUDY**

This study focuses to identify the impact of advertisement among consumers on gold jewellery purchase through the media of advertisement like television, radio, newspaper and internet, and also the influencing factors like colour, music, picture, theme, slogan, voice, content, and visual appeal etc. There is further scope to expand the study with other geographical area or products etc.

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7. www.linkedin.com

**APPENDIX**

**IMPACT OF ADVERTISEMENT AMONG CONSUMERS ON GOLD JEWELLERY PURCHASE IN COIMBATORE CITY**

(Tick on the appropriate boxes)

1. Name : \_\_\_\_\_
2. Gender :  Male  Female
3. Age : \_\_\_\_\_ years
4. Educational qualification:  
 School level     Diploma     under Graduate  
 Post Graduate  Professional degree     Any other Pls, specify \_\_\_\_\_
5. Occupation :  
 Agriculturist     Businessman     Employed  
 Professional please specify \_\_\_\_\_     others please specify \_\_\_\_\_
6. Marital Status:     Single     Married
7. Number of Children:  
 None     One     Two     Three or More
8. Type of family  
 Nuclear     Joint
9. Family Size  
 Up to 3 Members     4-6 Members     Above 6 Members
10. Number of earning members in your family?  
 1     2     3     4 & above
11. Total family income (Per Month)?  
 Below Rs. 30000     Rs. 30001- Rs. 60000     Rs. 60001-Rs. 90000  
 Above Rs. 9000
12. Which type of advertisement media influences you on jewellery purchase?  
 T.V     Radio     Internet     Magazine  
 Newspaper     Hoardings     Pamphlets

13. Which factors in advertisement media influences you on jewellery purchase?

The description of the letters found below the response boxes can be read as:

I-INFLUENCED, HI-HIGHLY INFLUENCED, NINNI-NEITHER INFLUENCED NOR NOT INFLUENCED, NI-NOT INFLUENCED, NAI-NOT AT ALL INFLUENCED (Tick on the appropriate boxes)

S.No	Factors of advertisement	HI	I	NINNI	NI	NAI
1	Visual appeal					
2	Colour and Style					
3	Slogan					
4	Celebrities					
5	Jewellery design					
6	Message they convey in advertisement					
7	Music					
8	Voice					
9	Product information					

14. How do you react to the jewellery advertisement?

S.No	Factors	Rank
1	Immediate purchase	
2	Desire To Purchase	
3	Switch Over from old Retailer	
4	Dissatisfaction – Unable To Purchase	
5	Mislead	
6	Advertisement Recall	
7	Interest To Watch Again	
8	Recommend others to purchase	
9	Time save in purchasing	
10	Angered	
11	Confusion to choose the Products	
12	Dissatisfaction – After using the product	

15. Which jewellery advertisement had impressed you to make purchase in the concern shop?

S.No	Shops	Rank
1	Kirtilal kalidas	
2	DAR Jewellery	
3	Sree Kumaran Thangamaligai	
4	Lalithaa jewellery	
5	Joyalukkas	
6	Thangamayil	
7	Kalyan jewellers	
8	Malabar gold	
9	Tanishq	
10	Others please specify:	

## TRUST IN FINANCIAL MOBILE APPS – A PARTIAL LEAST SQUARE REGRESSION APPROACH

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**GURU NANAK COLLEGE**  
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**ABSTRACT**

*After demonetisation, Government of India and private companies are trying to encourage cashless transactions through financial mobile apps. The major financial mobile apps include BHIM promoted by National Payments Corporation of India, PhonePe promoted by Flipkart & Yes Bank and Paytm promoted by One97 Communications Ltd & Alibaba Group Holdings Ltd. One of the key aspects of financial transaction through a mobile app is trust. Without trust, the consumer will not transact through his mobile. This research paper uses Partial Least Square method to understand the variables that form the basis of trust in financial mobile apps. The responses from 100 users of BHIM, PhonePe and Paytm are analysed. The moderator variables and indirect variables that encourage trust in financial mobile apps are studied. The research will help in identifying variables which should be strengthened by the companies to improve trust in their mobile apps and will help in creating targeted promotions and marketing of their financial mobile apps.*

**KEYWORDS**

partial least square, trust in financial mobile apps, cashless economy.

**I. INTRODUCTION**

Government of India's push towards digital transactions after demonetisation has led to flooding of financial mobile apps of banks and private corporations in the app stores. Among the panoply of financial mobile apps, few apps stand out due to their high downloads. Based on downloaded data, the major financial mobile apps include BHIM promoted by National Payments Corporation of India, Paytm promoted by One97 Communications Ltd & Alibaba Group Holdings Ltd, and PhonePe promoted by Flipkart Online Services Pvt. Ltd & Yes Bank Ltd. One of the key aspects of financial transaction through a mobile app is trust. Without trust, the consumer will not transact through his mobile. This research paper uses Partial Least Square method to understand the variables that form the basis of trust in financial mobile apps. The research helps in identifying variables which should be tweaked by the companies to improve trust in their mobile apps.

**II. SCOPE OF STUDY**

This study is confined to three major financial apps - BHIM, PhonePe and Paytm. The focus of the study is identifying variables which should be strengthened by the companies to improve trust in their mobile apps as trust is one of the major factor which leads to unfettered use of apps for transactions. The respondent profile is middle and upper middle class so the scope of the study is limited to this profile. The study results can be extrapolated to other financial products and apps in India after further research in the field.

**III. OBJECTIVES OF THE STUDY**

Following are the objectives of the study:

1. To ascertain the variables responsible for Trust in mobile apps
2. To establish the relationship between trust variables and overall trust.
3. To rank variables which lead to trust in financial transaction mobile apps.

**IV. SAMPLE AND SAMPLING METHOD**

Convenient Sampling was used to select three Malls from Chennai. Random sampling was used to select 150 customers who used financial mobile apps. The responses were gathered using structured questionnaire. Respondents who had more than one financial mobile apps were asked to name the frequently used app. The most frequently used financial app was considered as the default app for respondents with multi-apps. From the 150 questionnaires, 10 questionnaires were rejected. The usable data was 140. From these 140 questionnaires, 100 questionnaires were randomly selected for this study.

**TABLE 1: RESPONDENTS PROFILE**

Malls	Respondents
Express Avenue	45
Skywalk Ampa	34
Chennai Citi Center	21
<b>Total</b>	<b>100</b>

Table 1 shows the respondents profile. Maximum respondents were from Express Avenue mall

**V. MEASURE AND PROCEDURE**

Literature review shows no standard scale for measuring trust in financial mobile apps hence factor analysis was used to par down variables of trust. Based on factor analysis, the trust variables were divided into three groups – App Origin, App Behaviour and App Support. The variables which formed the basis of study of trust in mobile apps are listed below:

**App Origin:**

- a) Perceived as Government app as Government officials promote it
- b) App from a known Bank / large company
- c) App used and recommended by User's social circle

**App Behaviour:**

- a) Smooth User Interface
- b) No crashes during transactions

**App Support:**

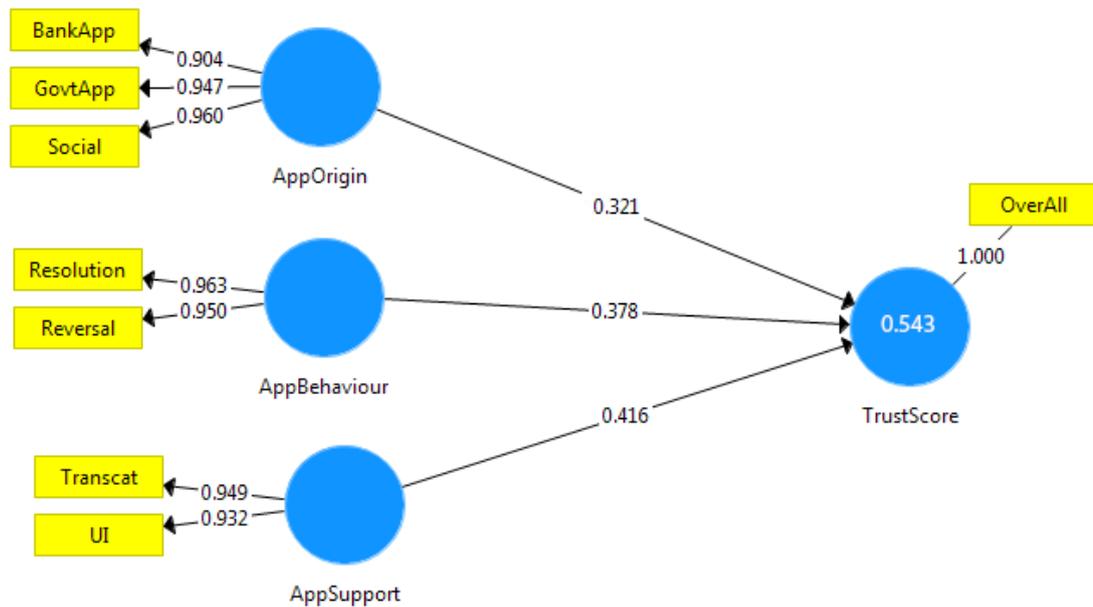
- a) Prompt reversal of mistaken payments
- b) Quick resolution of complaints

The responses to above trust factors were obtained using 7 point Likert scale. The data was analysed using Partial Least Square Structural Equation Modelling. SmartPLS Ver 3.0 was used for analysis of the data. The significance of path coefficients was analysed by using bootstrapping. T-statistics value of above 1.96 indicates significance.

**VI. DATA ANALYSIS AND RESULTS**

The Structural Equation Path Model was created and the analysis was carried out. The Path Model is shown in Figure 1. The relationship of each variable to the underlying factor is expressed by factor loading. It can be noted from the figure that the factor loadings for App Origin are 0.904, 0.947 and 0.960. The factor loadings for App Behaviour are 0.963 and 0.950. The latent variable App Support has factor loadings of 0.949 and 0.932. These factor loadings indicate strong relationship of variables with the latent constructs.

**FIGURE 1: SEM PATH ANALYSIS OF TRUST IN FINANCIAL APP**



The standardised regression coefficient are indicated by the arrows emanating from the latent constructs. It can be noted from the path diagram that the regression rates are positive which indicates that the App origin, App Behaviour and App Support all affect the overall Trust Score. In order to analyse if the path coefficients are significant, bootstrapping was carried out with 500 subsamples. In bootstrapping, subsamples are created with observations randomly drawn from the original set of data. The results are tabulated in Table 2:

**TABLE 2: PATH COEFFICIENT**

Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
0.378	0.367	0.138	2.729	0.007
-0.321	-0.311	0.150	2.133	0.033
0.416	0.415	0.088	4.722	0.000

From the data tabulated above, it can be inferred that the all path coefficients show t-statistics value above 1.96 and the P-values all below 0.05. This indicates that all paths are significant. Figure 1 depicts the t-statistics of the path coefficients.

**FIGURE 1: SEM PATH DIAGRAM SHOWING T-STATISTICS OF PATH MODEL**

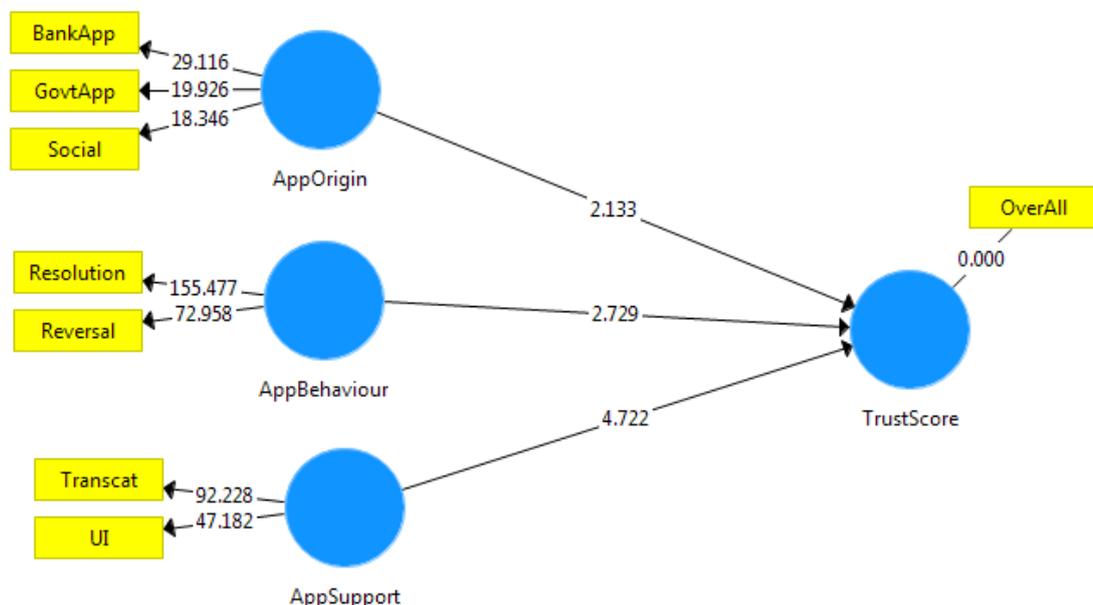


Figure 1 depicts the Structural Equation Model path model and their t-statistics. All values are above 1.96 indicating that the paths are significant. The App Support latent construct is the most significant with t-value of 4.722, followed by App Behaviour with a t-statistics score of 2.729 and App Origin with a t-statistics score of 2.133.

## VII. FINDINGS

The study's major findings can be summarised as below:

- Based on bootstrapping results, all latent variables – App Origin, App Behaviour and App Support were found to significantly affect the trust in financial mobile
- The trust variables explain significant 54.3% of overall trust and the path of all variables is significant at 95% level of confidence.
- The most important variable in establishing trust in financial mobile app is App support, followed by App Behaviour and App origin

## VIII. CONCLUSION AND IMPLICATIONS FOR FUTURE RESEARCH

The study is a major step in analysing trust in financial apps and has contributed in the novel approach of latent variable analysis. Companies now have the means to study the variables which help in establishing trust in finance apps. The findings indicate that although the App's origin might inspire downloads, the trust is developed when app is used. App support is found to be the major factor which needs attention of app and finance companies. Quick resolution of complaints and reversal of wrong transactions will help in improving trust. App behaviour too has to be analysed and checked for smooth user interface. Avoiding crashes during transactions too will help in establishing trust. Further study can be done to ferret out indirect variables by studying if there is indirect and direct effect of individual variables. A larger study spanning across India can also be done to ascertain if there are significant deviation in customer behaviour with respect to trust in financial mobile apps. The study can also be extended to related financial services and web based apps.

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**RELEVANCE OF E-COMMERCE IN MODERN BUSINESS SCENARIO: A STUDY**

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**ABSTRACT**

*It has been the long standing practice that business is performed its activities in a traditional mode where there is a face to face relationship between parties involve in business. In modern era the practice has almost been changed and it diverging to e-business. Thus e-commerce is a modern business methodology that addresses the needs of Organization, Merchants and consumers in order to reduce time and cost, improve the quality of goods and services, higher margins and provide information in support of human and corporate decision making through internet and other computer networks. The financial institutions like Banks, Post Offices, Insurance Companies, etc. are acting like financial intermediaries to provide financial support in e-business to reduce span of transactions and cost of goods as a result the e-business has challenged the traditional business in order to survive and sustain in the competitive and changing global business environment. Without internet facility the e-business activity is totally futile. Different ISP's are working in different areas within the globe in order to provide high speed internet services like 3G, 4G, broadband, etc. It is too much essential of data security in e-business transactions where the parties are basically use the debit and credit cards to fulfill the transactions because so many cyber hackers are always trying to breach the security of the transactions and hack the passwords of debit and credit card numbers so that they can theft money from accounts. So, it is very much essential of data encryption as well as data decryption in order to perform the e-business transactions safely and securely. In this paper, attempts have been undertaken to analyze the opportunities as well as threats of e-commerce in today's competitive and changing global scenario.*

**KEYWORDS**

ISP, e-commerce, financial institutions, encryption and decryption.

**INTRODUCTION**

E-Commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform and re-define relationships for value creation between or among organizations and between organizations and individuals. E-Commerce has allowed firms to establish a market presence, or to enhance an existing market position, by providing a cheaper and more efficient distribution chain for their products and services, so that better customer services can be provided as a result the modern marketing concept can be established. The E-commerce Industry in India has come a long way since its early days. The market has matured and new players have entered the market space. In the present dynamic scenario, e-commerce market in the B2C space is growing in demand as well as in the array of services. The e-commerce market in India has enjoyed phenomenal growth of almost 50% in the last five years. The considerable rise in the number of internet users, growing acceptability of online payments, the proliferation of internet-enabled devices and favorable demographics are the key factors driving the growth story of e-commerce in the country. The number of users making online transactions has been on a rapid growth trajectory and it is expected to grow from 11 million in 2011 to 45 million by the end of 2017. Online travel has traditionally been largest e-commerce sub-sector (by revenue) in India. Nevertheless, online retail is catching up fast and is expected to match online travel revenues by 2018. To improve margins, online travel players are diversifying their offerings to include hotel reservations, along with the regular ticketing services. In order to survive and grow in the sector market players have to manage challenges associated with a diverse supplier base, technological constraints, customer experience and authenticity of information and grievance redressal mechanism.

**OBJECTIVES OF THE STUDY**

The main objective of the study is to show the current e-commerce scenario, growth of e-commerce in India in the present socio-economic environment and e-commerce security for safe and secure internet transaction.

**LITERATURE REVIEW**

Literature on web theory is scant because it is a relatively a new area and the technologists at the forefront of Web design are typically not sufficiently academically inclined to formulate the relevant theories (Day, 1997). While previous research has examined Internet usage (Teo, Lim, & Lai, 1999), commercial websites (Gonzalez and Palacios, 2004), website design (Kim, Shaw, & Schneider, 2003), website effectiveness from the consumers' perspective (Bell & Tang, 1998), pricing paid placements on search engine (Sen et. al., 2008), and bidding (Bernard and Simone, 2011). This form of online advertising emerged in 1998 [Fain and Pedersen 2006], rapidly has become the central business model of the major search engines [Jansen and Mullen 2008], and is one of the most rapidly growing segments of the online marketing area [SEMPO Research 2009]

Search engine has become a necessity for people to surf the web [Hsien-Tsung Chang, 2011]. It is a simple user interface is designed. Any user simply fills in several fields and the system makes the decision about what to find, where to search and how to look at. The threshold of search is lowered. SEM is an internet marketing model aiming at promoting the ranking of websites in the search engine's search results page which can make a web site introduce into more web users and website traffic [iProspect 2008]. Li-Hsing HO et. al., (2011) explained about exploration of SEO technology applied in internet marketing, Kesharwani and Tiwari (2011) studied the importance of website quality towards the success or failure of any e-vendor. Khan and Mahapatra (2009) studied that the quality of internet banking (i-banking) services in India from customer's perspective. Malhotra and Singh (2007) carried out a research to find the i-banking adoption by the banks in India. Thus, it is high time that India should act fast and decisively in order to use the growing electronic trade to our advantage.

Sharma and Mittal tried to show the prospects of e-commerce in India. In this paper they showed that the future does look very bright with even the stock exchanges coming online providing a online portfolio and status with a fifteen minute delay in prices. They believe that in the next 3 to 5 years, India will have 30 to 70 million internet users which will equal, if not surpass, many of the developed countries.

Khan (2016) tried to study the benefits and challenges of e-commerce in an emerging economy. The advancement of information and communication technology has brought a lot changes in all spheres of daily life of human being. The use of e-commerce technology enables to gain more competitive advantages over the other companies.

Anjum and Tiwari (2011) studied the economic and social impacts of e-commerce in India. They showed that, for a country like India, one of the most important benefits of e-commerce is its potential to help a developing rural community to leap-frog into the knowledge paradigm. The positive effects of e-commerce can be magnified beyond purely commercial growth to have a profound impact on all aspects of rural community.

Gangeshwar (2013) made an attempt to review the e-commerce or internet marketing on Indian context to discuss about the top motivating factors of shopping online.

Grieger (2003) examined the actual electronic marketplace, supply chain management and e-commerce information technology.

Ghandour, Deans, Benwell and Pillai (2008) made an attempt to measure e-commerce website success. This paper aiming to make a contribution to literature by identifying and incorporating dimensions of success relevant to e-commerce websites.

Vissar and Lanzendorf (2004) tried to explore the mobility and accessibility effects of business to business model (b2b). The study reinforced the ongoing process of retail store closures in these areas, i.e., the spatial redistribution in retailing facilities thus limiting physical accessibility.

Ngai (2002) made an attempt to show that an increasing volume of electronic commerce research has been conducted for a diverse range of areas.

Chua, Straub, Khoo and Kadiyala studied the evolution of e-commerce research a stakeholder perspective to explore the necessity of addressing the shareholder groups to argued that at least four stakeholders groups namely investors, suppliers, regulators and indirect stockholders will increasingly demand the attention of NEOs (NET-enhanced Organizations).

Vaithianathan (2010) made an attempt to review of e-commerce literature on India and research agenda for the future. He examined that the existing status of e-commerce in India and reviews the available literature on e-commerce adoption in India and puts forth opportunities for future research.

## SERVICES UNDER E-COMMERCE

E-commerce transactions can generally categorize in following categories:

### Business- to -Business (B2B)

Website following B2B business model sells its product to an intermediate buyer who then sells the product to the final customer. Trade through online B2B portals increases the visibility of MSMEs in the marketplace and helps them overcome barriers of time, communication and geography. As an example, a wholesaler places an order from a company's website and after receiving the consignment, sells the end product to final customer who comes to buy the product at wholesaler's retail outlet.

### Business- to- Consumer (B2C)

The B2C market in India generates the bulk of revenues across the consumer-facing models of e-commerce. Furthermore, though online travel has typically held a major share of the B2C market, online retail is also growing rapidly and is expected to significantly increase its share. Website following B2C business model sells its product directly to a customer. A customer can view products shown on the website of business organization. The customer can choose a product and order the same. Website will send a notification to the business organization via email and organization will dispatch the product/goods to the customer.

### Consumer-to-Consumer (C2C)

Website following C2C business model helps consumer to sell their assets like residential property, cars, motorcycles, electronic products, etc. or rent a room by publishing their information on the website. Website may or may not charge the consumer for its services. Another consumer may opt to buy the product of the first customer by viewing the post/advertisement on the website. India's C2C market, though, currently small is set to grow with the entry of several players. These entrants are attracting venture capital investment. Their online portals are also garnering significant traffic. We expect the C2C segment to show rapid growth in coming years.

### Consumer-to- Business (C2B)

In this model, a consumer approaches website showing multiple business organizations for a particular service. Consumer places an estimate of amount he/she wants to spend for a particular service. For example, comparison of interest rates of personal loan/car loan provided by various banks by website. Business organizations that fulfill the consumer's requirement within specified budget approach the customer and provide its services.

### Business-to-Government (B2G)

B2G model is a variant of B2B model. Such websites are used by Government to trade and exchange information with various business organizations. Such websites are accredited by the government and provide a medium to businesses to submit application forms to the government.

### Government-to-Business (G2B)

Government uses B2G model website to approach business organizations. Such websites support auctions, tenders and application submission functionalities.

### Government-to-Citizen (G2C)

Government uses G2C model website to approach citizen in general. Such websites support auctions of vehicles, machinery, building or any other material. Such website also provides services like registration of birth, marriage or death certificates. Main objectives of G2C website are to reduce average time for fulfilling people requests for various government services. There are so many transactions take place in e-commerce like online travel, online retail trading, online classifieds, digital downloads and financial services, etc.

## HISTORY OF E-COMMERCE

One of the most popular activities on the Web is shopping. It has much allure in it — we can shop at our leisure, anytime, and in our pajamas. Literally anyone can have their pages built to display their specific goods and services.

At first, the term e-commerce means the process of execution of commercial transactions electronically with the help of the leading technologies such as Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT), which gave an opportunity for users to exchange business information and do electronic transactions. The ability to use these technologies appeared in the late 1970s and allowed business companies and organizations to send commercial documentation electronically.

History of ecommerce is unthinkable without Amazon and E-bay which were among the first Internet companies to allow electronic transactions. Thanks to their founders we now have a handsome e-commerce sector and enjoy the buying and selling advantages of the Internet. Currently there are five largest and most famous worldwide Internet retailers namely Amazon, Dell, Staples, Office Depot and Hewlett Packard. According to statistics, the most popular categories of products sold in the World Wide Web are music, books, computers, office supplies and other consumer electronics.

Amazon.com, Inc. is one of the most famous e-commerce companies and is located in Seattle, Washington (USA). It was founded in 1994 by Jeff Bezos' and was one of the first American e-commerce companies to sell products over the Internet. After the dot-com collapse Amazon lost its position as a successful business model, however, in 2003 the company made its first annual profit which was the first step to the further development.

At the outset Amazon.com was considered as an online bookstore, but in time it extended a variety of goods by adding electronics, software, DVDs, video games, music CDs, MP3s, apparel, footwear, health products, etc. The original name of the company was Cadabra.com, but shortly after it become popular in the Internet Bezos decided to rename his business "Amazon" after the world's most voluminous river. In 1999 Jeff Bezos was entitled as the Person of the Year by Time Magazine in recognition of the company's success. Although the company's main headquarters are located in the USA, WA, Amazon has set up separate websites in other economically developed countries such as the United Kingdom, Canada, France, Germany, Japan, and China. The company supports and operates retail web sites for many famous businesses, including Marks & Spencer, Lacoste, the NBA, Bebe Stores, Target, etc.

Amazon is one of the first e-commerce businesses to establish an affiliate marketing program, and nowadays the company gets about 40% of its sales from affiliates and third party sellers who list and sell goods on the web site. In 2008 Amazon penetrated into the cinema and is currently sponsoring the film "The Stolen Child" with 20th Century Fox. According to the research conducted in 2008, the domain Amazon.com attracted about 615 million customers every year. The most popular feature of the web site is the review system, i.e. the ability for visitors to submit their reviews and rate any product on a rating scale from one to five stars. Amazon.com is also well-known for its clear and user-friendly advanced search facility which enables visitors to search for keywords in the full text of many books in the database.

## ADVANTAGES OF E-COMMERCE

The invention of faster internet connectivity and powerful online tools has resulted in a new commerce arena named E-Commerce. E-commerce offered many advantages to companies and customers but it also caused many problems. The advantages of e-commerce can be categorized into three broad stakeholders, namely, advantages to organizations, advantages to customers and advantages to society. These are discussed as under:

**ADVANTAGES TO ORGANIZATIONS**

Using e-commerce, organization can expand their market to national and international markets with minimum capital investment. An organization can easily locate more customers, best suppliers and suitable business partners across the globe. E-commerce helps organization to reduce the cost to create process, distribute, retrieve and manage the paper based information by digitizing the information. E-commerce improves the brand image of the company. E-commerce helps organization to provide better customer services. E-commerce enables to simplify the business processes and make them faster and efficient. E-commerce reduces paper work a lot. E-commerce increases the productivity of the organization. It supports pull type supply management. In pull type supply management, a business process starts when a request comes from a consumer and it uses just-in-time manufacturing way.

**ADVANTAGES TO CUSTOMERS**

24x7 supports. Customer can do transactions for the product or enquiry about any product/service provided by a company anytime, anywhere from any location. Here 24x7 refers 24 hours of each seven days of a week. It provides users more options to compare and select the cheaper and better option. This application provides users more options and quicker delivery of products. A customer can put review comments about a product/service and can see what others are buying or see the review comments of other customers before making a final buy. It provides option of virtual auctions. Customer can easily get readymade information. A customer can see the relevant detailed information within seconds rather than waiting for days or weeks. It increases competition among the organizations and as result organizations provide substantial discount to customers.

**ADVANTAGES TO SOCIETY**

Customer need not to travel to shop a product thus less traffic on road and low air pollution. E-commerce helps reducing cost of product so less affluent people can also afford the products or services. It has enabled access to services and products to rural and remote areas as well as which are otherwise not available to them. It helps government to deliver public services at reduced cost and in improved and better way.

**DISADVANTAGES OF E-COMMERCE**

The disadvantages of e-commerce can broadly be classified in two major categories; these are technical and non-technical disadvantages.

**TECHNICAL DISADVANTAGES**

There can be lack of system security, reliability or standards owing to poor implementation of e-commerce. Software development industry is still evolving and keeps changing rapidly. In many countries, network bandwidth might cause an issue as there is insufficient telecommunication bandwidth available. Special types of web server or other software might be required by the vendor setting the e-commerce environment apart from network servers. Sometimes, it becomes difficult to integrate E-Commerce software or website with the existing application or databases. There could be software/hardware compatibility issue as some E-Commerce software may be incompatible with some operating system or any other component.

**NON-TECHNICAL DISADVANTAGES**

The cost of creating or building e-commerce application in-house that is the initial cost may be very high. There could be delay in launching the E-Commerce application due to mistakes, lack of experience, etc. User may not trust the site being unknown faceless seller. Such mistrust makes it difficult to make user switch from physical stores to online/virtual stores. It is difficult to ensure security or privacy on online transactions because so many hackers are there and they can hack the password or subject matter to gain some amount from accounts of the customers. Lack of touch or feel of products during online shopping may lead to bellow quality of products or services from the sample one resulting decrease in customer loyalty. E-Commerce applications are still evolving and changing rapidly and the technologies are upgrading time to time as a result installation cost of upgraded technological appliances is automatically very high. Internet access is still not cheaper and is inconvenient to use for many potential customers like one living in remote villages.

**CURRENT E-COMMERCE SCENARIO IN INDIA**

There is no denying the fact that e-commerce has re-entered India and is here to stay. Even the small and medium retailers of the country want to ride the wave and are ready to make a fortune out of the market place concept. It may be now that online shopping has become popular but the concept of e-commerce was introduced long back in the 20th century.

**CIRCA 1991: INTRODUCTION OF E-COMMERCE**

The year 1991 noted a new chapter in the history of the online world where e-commerce became a hot choice amongst the commercial use of the internet. At that time nobody would have even thought that the buying and selling online or say the online trading will become a trend in the world and India will also share a good proportion of this success.

**CIRCA 2002: IRCTC TEACHES INDIA TO BOOK TICKET ONLINE**

India first came into interaction with the online *E-Commerce via the IRCTC*. The government of India experimented this online strategy to make it convenient for its public to book the train tickets. Hence, the government came forward with the IRCTC Online Passenger Reservation System, which for the first time encountered the online ticket booking from anywhere at any time. This was a boon to the common man as now they don't have to wait for long in line, no issues for wastage of time during unavailability of the trains, no burden on the ticket bookers and many more. The advancements in the technology as the years passed on have been also seen in the IRCTC Online system as now one can book tickets (tatkal, normal, etc.) on one go, easy payments, can check the status of the ticket and availability of the train as well. This is a big achievement in the history of India in the field of online E-Commerce. *IRCTC Website in August 2002*. Recently in February, 2017 the Finance Budget for the forthcoming financial year 2017-18, announced by India Government Finance Minister Dr. Arun Jettley that there will be no service tax if we are booking railways tickets through IRCTC electronically as a result e-commerce scenario in India will change drastically and there will no more requirement of liquid money, just money will be transferred from accounts through the use of Debit Cards, Credit Cards, paytm, etc.

**CIRCA 2003: INTRODUCTION OF LOW COST AIRLINE WITH AIR DECCAN**

After the unpredicted success of the IRCTC, the *online ticket booking system was followed by the Airlines* (like Air Deccan, Indian Airlines, Spicejet, Indigo, etc.). Airline agency encouraged, web booking to save the commission given to agents and thus in a way made a major population of the country to try E-Commerce for the first time. Today, the booking system is not just limited to the transportation rather *hotel bookings, bus booking* etc. are being done using the websites like Makemytrip and Yatra.

**CIRCA 2007: THE DEEP DISCOUNTED MODEL OF FLIPKART**

The acceptance of the e-commerce on a large scale by the Indian people influenced other business players also to try this technique for their E-businesses and gain high profits. Though online shopping has been present since the 2000 but it gained popularity only with deep discount model of Flipkart. In a way it re-launched online shopping in India. Soon other portals like Amazon, Flipkart, Jabong, etc. started hunting India for their businesses.

**CIRCA 2014: CURRENT E-COMMERCE SCENARIO**

*Online shopping* in its early stage was a simple medium for shopping with fewer options. The users can just place an order and pay cash on delivery. But, in last few years this field has been renovated to a high extent and hence fascinated many customers. Today, the online shopping has become a trend in India and the reason behind the adoption of this technique lies in the attractive online websites, user friendly interface, bulky online stores with new fashion, easy payment methods (i.e. secure pay online via gateways like PayPal or cash-on-delivery), no bound on quantity & quality, one can choose the items based on size, color, price, etc.

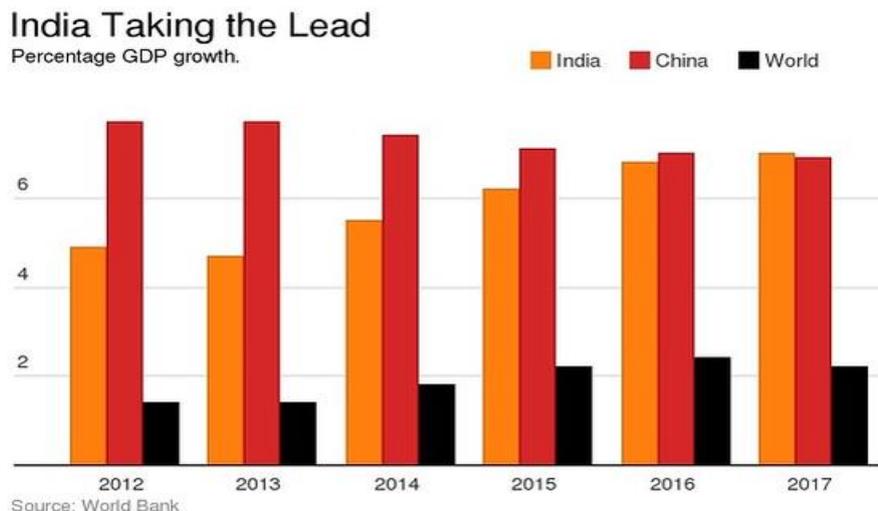
Despite being a developing country, India has shown a commendable increase in the e-commerce industry in the last four years, thereby hitting the market with a boom. Though the Indian online market is far behind the US and the UK, it has been growing at a fast pace. Further, the addition of discounts, coupons, offers, referral systems, 30 days return guarantee, 1-7 days delivery time, etc. to the online shopping and the E-Market have added new flavors to the industry.

The Key drivers of in Indian e-commerce have been:

- Increasing broadband Internet, 3G and 4G penetration.
- Growing Living standards

- Availability of much wider product range
- Busy lifestyles and lack of time for offline shopping
- Increased usage of online categorized sites
- Evolution of the online marketplace model with websites like e-Bay, Flipkart, Snapdeal, etc.

CHART 1

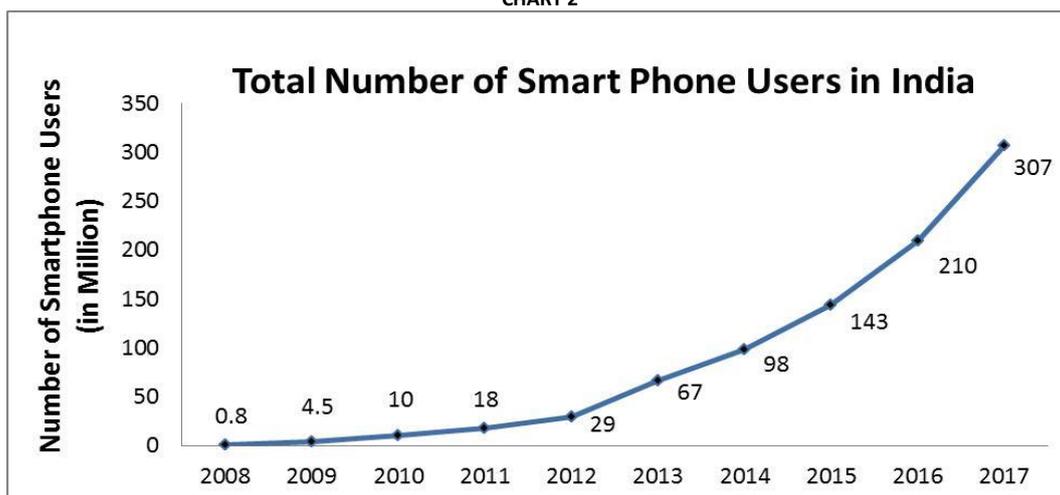


A latest report suggests that larger disposable incomes and the convenience provided by online shopping are the two main factors working for E-commerce in India. E-commerce has also brought about a silent social revolution of sorts and Indians are seeing a boom in e-commerce entrepreneurship.

This has been facilitated by emergence of some really good e-commerce platforms that offer comprehensive one stop e-commerce solutions. Launching an e-commerce site using such an advanced platform hardly takes a few hours and along with integrated payment gateway and logistics solutions. Using a mobile ready e-commerce platform has also enabled the entrepreneurs to take advantage of Omni channel sales. The most trending items in e-commerce verticals are lifestyle products, although we witness a niche being created ever so often. E-Commerce has arrived in India and is here to stay for its wide acceptance among the various stakeholders'.

As per the market research firm forester research, the present size of the Indian e-commerce market is \$1.6 billion and it is expected to grow to \$3 billion in three years and might reach \$15 billion by 2020, where it is expected to contribute 4% of GDP (Gross Domestic Product). The key to success in this field will depend on catering to the Indian consumers who connect to the internet via mobile phone because 80 million consumers with personal computers are going to be superseded by 200 million (forecasted figure with CAGR of 46%) Smartphone users in the year 2016. The number of Smartphone users in the country over the years is given in the chart below. The number has been increased with a CAGR of 46% in the last 3 years. It can be forecasted that with this growth rate the country is going to have 300 million Smartphone users by the year 2017.

CHART 2



Now all depends upon the various players of the game, both domestic and international. How they transform themselves with the changing world and come up with innovative and attractive marketing schemes to gain the biggest share of the pocket of this new clan of online shopping lovers.

**E-COMMERCE SECURITY: SECURE COMMUNICATION AND PUBLIC KEY ENCRYPTION**

Security is an essential part of any transaction that takes place over the internet. Customer will lose his/her faith in e-business if its security is compromised. Following are the essential requirements for safe e-payments/transactions. Information should not be accessible to unauthorized person. It should not be intercepted during transmission that means e-commerce transactions should be confidential. Information should not be altered during its transmission over the network. Information should be available wherever and whenever requirement within time limit specified. There should be a mechanism to authenticate user before giving him/her access to required information. It is protection against denial of order or denial of payment. Once a sender sends a message, the sender should not be able to deny sending the message. Similarly, the recipient of message should not be able to deny receipt. Information should be encrypted and decrypted only by authorized user; it must not be accessible to any other unauthorized persons. Data should be recorded in such a way that it can be audited for integrity requirements.

**MEASURES TO ENSURE SECURITY**

Major security measures are following:

- **Encryption** – It is a very effective and practical way to safeguard the data being transmitted over the network. Sender of the information encrypts the data using a secret code and specified receiver only can decrypt the data using the same or different secret code. The process of transmitting scrambled data so that only authorized recipients can unscramble it. For instance, encryption is used to scramble credit card information when purchases are made over the Internet.
- **Digital Signature** – Digital signature ensures the authenticity of the information. A digital signature is an e-signature authentic authenticated through encryption and password.
- **Security Certificates** – Security certificate is unique digital id used to verify identity of an individual website or user.

**SECURITY PROTOCOLS IN INTERNET**

Following are the popular protocols used over the internet which ensures security of transactions made over the internet.

**Secure Socket Layer (SSL)**

It is the most commonly used protocol and is widely used across the industry.

**Secure Hypertext Transfer Protocol (SHTTP)**

SHTTP extends the HTTP internet protocol with public key encryption, authentication and digital signature over the internet. Secure HTTP supports multiple security mechanism providing security to end users. SHTTP works by negotiating encryption scheme types used between client and server.

**Secure Electronic Transaction**

It is a secure protocol developed by MasterCard and Visa in collaboration. Theoretically, it is the best security protocol. It has following components –

- **Card Holder's Digital Wallet Software** – Digital Wallet allows card holder to make secure purchases online via point and click interface.
- **Merchant Software** – This software helps merchants to communicate with potential customers and financial institutions in secure manner. Financial institutions are the intermediaries who make payments in the process of e-commerce transactions as a result e-commerce transactions are quick, safe and secure.
- **Payment Gateway Server Software** – Payment gateway provides automatic and standard payment process. It supports the process for merchant's certificate request.
- **Certificate Authority Software** – This software is used by financial institutions to issue digital certificates to card holders and merchants and to enable them to register their account agreements for secure electronic commerce.

The "Key" Idea: Remember that a *cryptosystem* is a five-tuple  $(P, C, K, D, E)$  where the following conditions are satisfied:

1.  $P$  is a finite set of possible *plaintexts*:
2.  $C$  is a finite set of possible *ciphertexts*:
3.  $K$  the *keys pace*, is the a finite set of possible *keys*:
4. For each  $K \in K$  there is an *encryption rule*  $e_K \in E$  and a corresponding *decryption rule*  $d_K \in D$ . Where  $e_K : P \rightarrow C$  and  $d_K : C \rightarrow P$  are functions such that for all  $M \in P, d_K(e_K(M)) \equiv M$ .

In general, we think of cryptosystems as being used for two-way communication between individuals who want to carry on a private dialog. However, this is really not being practical for e-commerce. Consider the basic function of taking a credit card over the Web.

Suppose, however, that it were possible to find a cryptosystem for which knowing  $e_K : P \rightarrow C$ , and the general methodology used in its construction, did not lead to an easy computation of  $d_K : C \rightarrow P$ , then we could do the following.

**Secure One-Way Communication: (e.g. Web Form)**

1. Publish  $e_K$  for the world to see. Tell the world that, if they want to communicate securely with you, all they need to be apply  $e_K$  to the message before transmitting it. This because there is an acceptably small chance of someone discovering  $d_K$ , hence decoding their message.
2. When I received the encrypted message apply  $d_K$  which, presumably only I know.



**SECURE TWO-WAY COMMUNICATION**

Assume that we are dealing with a Cryptosystem such that

- $P = C$
- In addition to  $d_K(e_K(M)) \equiv M$ , we have  $e_K(d_K(C)) \equiv C$  for all  $C \in C = P$ .
- Given  $d_K()$ , it is also very hard to compute  $e_K()$ .

Suppose that we have two people  $P^1$  and  $P^2$  who want to communicate securely with each other. Each selects their own "one way system",  $K^1$  and  $K^2$ , from a Cryptosystem with the above listed properties.

**CONCLUSION AND RECOMMENDATION**

The future of E-Commerce is difficult to predict. There are various segments that would grow in the future like: Travel and Tourism, electronic appliances, hardware products and apparel. There are also some essential factors which will significantly contribute to the boom of the E-Commerce industry in India i.e. replacement guarantee, M-Commerce services, location based services, multiple payment option, right content, shipment option, legal requirement of generating invoices for online transactions, quick Service, the product quality should be same as shown on the portal, dedicated 24/7 customer care centre should be there. We found various types of opportunities for retailers, wholesalers/distributors, producers and also for people. Retailers meet electronic orders and should be in touch with the consumers all the time. Wholesalers can take advantage of E-Commerce who are capable of establishing contractors with reputed producers and linking their business with the on-line. Producers can also be linking themselves with on-line, by giving better information about their products to the other links in the business chain and by having a brand identity. As more people are getting linked with E-commerce, the demand for centre providing internet facility or cyber cafe is also increasing. Hence, the people who wish to take advantage of it can establish cyber café and have their benefits.

The present development would be a valuable addition to researcher and academicians; and useful theory for practitioners, advertisers, and entrepreneurs. Some of the disadvantages of e-Marketing are dependability on technology, Security, privacy issues, Maintenance costs due to a constantly evolving environment, higher transparency of pricing and increased price competition, and worldwide competition through globalization. While considering the aforesaid limitations; advertisers and end-users can effectively use this modern platform to make life easier and faster. In the next 3 to 5 years, India will have 50 to 80 million internet users which will equal, if not surpass, many of the developed countries. Internet economy will then become more meaningful in India. With the rapid expansion of internet, e-commerce, is set to play a very important role in the 21st century, the new opportunities that will be thrown open, will be accessible to both large corporations and small companies [Waghmare (2012)]. Karoor (2012) explained that e-commerce encapsulates many of the dynamics of 21st century of India. The potential huge and wit and energy of the entrepreneurs in the sector is impressive. Online commerce in India is destined to grow both in revenue and geographic reach. The further research areas in e-commerce are; the quality of sponsored ad text, ad position, Search Engine Optimization (SEO), Page Rank, yellow pages, and bid management etc.

**SCOPE FOR FURTHER RESEARCH**

People could find various opportunities of employment in the e-commerce process. On behalf of the above said reports and experts view showed that the future of e-commerce in India would be bright in the upcoming years if all essential factors would be implemented. E-Commerce players also need to focus on innovation to tackle challenges arising from low credit and debit card penetration. They could consider working with financial intermediaries to develop payment systems, such as escrow services, for resolving issues around security and product delivery. The RBI could step in and reduce the number of online transaction failures by defining service metric quality and monitoring it at regular intervals. This would enable it keep a close eye on the performance of financial intermediaries and plug gaps as soon as they occur. It is obvious that the categorization is not complete. Further research is needed in order to revise its content and inform it with input from more studies to include trust-related aspects that may be missing from the current categorization with the aim to produce a refined and enriched version that could augment our knowledge on trust. As another step of my continuing research effort, I intend to validate our conceptualization of trust and its formation by performing an empirical testing of the model. The questionnaire will be used for both parts of the study. For this purpose, a measurement instrument will be used, assessed through confirmatory factor analysis for item and scale reliability, unidimensionality, convergent and discriminant validity. It expects that the findings will add to theoretical and practical understanding of how trust can be built and support long-term commercial relationships that are developed within electronic environments.

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**EFFECTS OF TECHNOLOGICAL CHANGES IN THE PERFORMANCE OF HR DEVELOPMENT**

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**ABSTRACT**

*Our world has become a global village. The improved means of communication, technological advancements, computer and internet have brought the horizons closer and changed the functioning of the business world in a great way. Many business functions can be performed speedily and with much more accuracy with the aid of computers and the Internet. The impact of technology has been observed in all areas of business including HR practices. Human Resource Management (HRM) is no longer limited to recruitment and training. It has become an indispensable part of every organization. Technology and HRM both are closely associated to each other. IT has significant impact on increasing the efficiency of recruitment, maintenance, development and decision-making functions. The present paper is an attempt to study the impact of information technology (IT) on HR practices.*

**KEYWORDS**

development, human resource practices (HR), technology, information technology (IT), recruitment, training.

**INTRODUCTION**

"The HR professionals should remember that employees are the lifeblood of any company. If we create a great workplace experience for them, they'll pay you back one hundred fold in feedback and productivity",

Craig Bryant.

**H**uman Resources are the most significant and vital for the success of any organization. The roles and skills of HR managers have grown considerably in recent times due to the adoption and use of new technologies. The managers are now able to perform the traditional functions of procurement, maintenance, development and utilization more effectively and efficiently. The human resource managers can now take up more challenging roles in the organizations. The growing use of information technology in human resource has significantly increased the efficiency of HR management activities and processes, increased their speediness and reduced cost. It has created an effective and efficient communication system, employee engagement, talent management, employee development, performance management, training and learning. In addition, the use of HRIT provides value to the organization and raise HR professionals' status in the organization (Ulrich, 1997).

The traditional HRM style mainly focused on supportive personnel activities for a company including collecting employee information, monitoring individual performance, and implementing organization policies. The new role of HR manager should understand the business strategy and formulate the corresponding management strategy on human resources to improve delivered service, and act as a strategy partner with top management team (Beer, 1997; Mohrman & Lawer, 1997).

HR professionals should adopt technologies that support organizational changes and create a proper developmental climate to develop innovative and knowledge-based organizations.

Craig Bryant in his paper "Five Predictions for Where HR Technology Is Going in 2014" observed that HR professionals at companies large and small should be ready for a few changes and trends that the new year could bring. A brief description of the challenges before HR is given below:

1. Hiring is likely to be on rise and this would mean, competition for talent will increase. HR managers need to hire people who could increase overall productivity and develop employee's perception in relation to company's overall operations.
2. HR people can spend more time on the human aspects of the workplace, and less time chasing papers and emails. This would lay foundation of good organizational culture. HR would play a significant role of helping employees to learn, grow, and contribute which will be a key differentiator in an increasingly competitive marketplace for talent.
3. Comprehensive HR tools coupled with stunning point solutions for recruiting and performance management are coming of age and are increasingly accessible to smaller organizations. It will help small organizations to compete in the talent market. It is good for entrepreneurship, diversity and innovation.
4. As the technology improves and education makes its way, organizations will have more cost-effective options and will be able to put more choices into their employee's hands.
5. As the economy gains momentum again, would-be startup founders will get more as they will be more confident about throwing their hat into the ring. The newer, tech-centric innovators and professionals will have better opportunity than the traditional HR consultancies.

The HR professionals should remember that employees are the lifeblood of any company. If we create a great workplace experience for them, they'll pay you back one hundred fold in feedback and productivity.

**LITERATURE REVIEW**

A number of studies have been made and many books have been written regarding the role of IT on Human Resource Management. The use of information technology in HR has grown considerably in recent years. A review of literature reveals that:

The role of IT in HRM can be traced back in the last decade of 20th century. Ruel et al. (2008) have explored that the term e-HRM was first used in the late 1990's when e-commerce was sweeping the business world and e-HRM is internal application of e-business techniques. It helps the management in more effective and efficient flow of information and method of doing HRM. Organizations could manage an increasing number of HRM processes in an effective manner with the improved information technology, thereby contributing to the availability of information and knowledge. This in turn helped HRM professionals to play a strategic role in attaining improved competitive advantage.

Attracting, retaining, and motivating employees, meeting the demands for a more strategic HR function, and managing the "human element" of technological change in the future has been enabled by advancements in IT to meet the challenges of HRM (Ashbaugh and Miranda, 2002). HRMSs can meet the challenge of simultaneously becoming more strategic, flexible, cost-efficient, and customer-oriented by leveraging information technology (Snell, Stueber, and Lepak, 2002).

Adewoye, 2012 in his paper "The Impact of Information Technology (IT) on Human Resource Management (HRM): Empirical evidence from Nigeria Banking Sector - Case Study of Selected Banks from Lagos State and Oyo State in South-West Nigeria" has mentioned that the interaction and intersection between IT and HRM lead to the emergence of HRMS. It merged all HRM activities and processes with the information technology field while the programming of data processing systems evolved into standardized routines and packages of enterprise resource planning software.

Walker (1982) states that an HRIS is a systematic procedure for collecting, storing, maintaining, retrieving and validating the data needed by an organization for its human resources, personnel activities and organization unit characteristics. It can support long-term planning in relation to manpower (Kovach et al., 2002) including supply and demand forecasts, staffing, separations and development with information on training program costs and work performance of trainee. It

can also support compensation programs, salary forecasts, pay budgets, employee relations, contract negotiations etc. Communication and information technologies have added value to HR applications which helped in developing a human resource information system (HRIS).

Pinsonneault, 1993 observed that the use of IT in HRM to organizations has helped to free the HR staff from routine roles and enable them to concentrate on strategic planning in human resource development. In the present context of increasing globalization, Tansley and Watson (2000) observed that the organizational environments have become increasingly complex. Managers in these organizations face growing difficulties in coping with workforces as they are spread across a variety of countries, cultures and political systems. Managers can utilize IT as a tool in general as well as in human resourcing functions in particular to increase the capabilities of the organization.

Highlighting the impact of IT applications on HRM in banking sector, Iraz and Yildirim (2004), explained the role of IT in e-learning.

From the above mentioned studies, it can be concluded that HR is now being considered as an integral part of the organization. It is not limited to procuring and utilizing manpower only. It is equally significant in cutting costs by keeping record of employee data, their potentials and performance as well. New software is being developed for strategic planning, manpower forecasts, managing training and manpower budget, compensation system management, bettering employer-employee relations etc. Information Technology has made a great impact on the increasing the effectiveness and widening the role of HR function. HRIS system helps employees to add and modify information relating to them and view their reports. However, little research has been made to explore the impact of IT on HRM.

## STATEMENT OF THE PROBLEM

To study the changing role of HR function, many researches have been undertaken in the past. Today HR is not restricted only for procurement of manpower. With the use of latest technology, HR professionals are rather involved in complete transformation of HR processes. The use of IT in HR is likely to improve service, reduce cost and achieve effectiveness. The present study has been undertaken keeping these facts in mind.

## OBJECTIVES OF THE STUDY

The study seeks to explore the answers of the following questions:

1. Traditional HR Dept functions performed.
2. Recent changes taken place in HR function.

## METHODOLOGY

Secondary data has been used for the present study. This data has been collected from world-wide web, various published materials and through library. The study has been made to examine the IT tools used for HR Processes.

## SIGNIFICANCE OF THE STUDY

The study is of great significance to the business organizations as it highlights the various technological tools applied by HR professionals from time to time, the changing role of HR and likely impact of technology on HR.

## ANALYSIS AND INTERPRETATION

To achieve the above objectives, let us analyze the Traditional HR Functions and New HR Functions:

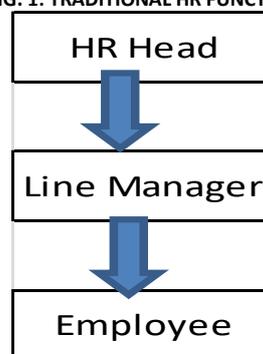
### TRADITIONAL HR

Storey (1995) has stated that – “The traditional personnel managers paid attention to labor management, but did not participate into a company’s planning and strategy decision. They paid great attention to control their employees, including carefully designing the contracts and rules for monitoring the employees.”

Till the last two decades of the 20th century, HR function was designated as the personnel management performing the functions of personnel administration and industrial relations including recruitment, selection, training and development, performance appraisal, rewards and industrial relations. HR was not given due importance in the organizations. The role of HR manager in the organization was limited frame rules and regulations for employee management. Actual decisions were implemented by the line managers as they were responsible for building employee relations and maintaining peace.

During this period, there was a shift in the role of HR professionals as they were being considered for strategic business issues. Scope of HR was widened to some extent with new HR functions relating to strategic business issue. Besides, performing the routine HR issues at the operational level and procurement and maintenance of workforce at managerial level, he was involved to higher level in policy formulation to get talented and qualified people and analyze long-term manpower demand. Thus, HR professionals began to be included in organizational policy framework. However, it was still mainly involved with routine administrative matters only in most of the organizations. It can be inferred from the above discussion that HR in its traditional role was concerned with administration of HR function, making decisions on issues of industrial relations and forwarding them to line managers. Later a new role was added i.e. to participate in policy framework for forecasting long-term manpower demand.

FIG. 1: TRADITIONAL HR FUNCTION



### NEW HR

There was considerable change in the role of HR professionals in the last decade of the 20th century. Ulrich (1997) defined four roles of HR professionals including - role of strategic business partner, change agent, administrative expert and that of employee champion. As strategic business partners, HR professionals work with top executives to develop, implement and appraise competitive business strategies, HR strategies, policies and practices and supportive business strategies. In their role as change agents, they manage the Organizational changes and create new culture where its employees are motivated to participate in the new situation. As administrative experts, they help in designing organizational processes, building organizational capacity to gain competitive advantage, reducing cost, adding value and better HR services to make HRM works more effective and efficient. In the role of employee champions, the HR professional plays a significant role of motivating the employees and provides them training to enhance their competencies. He represents the voice of the employees and is responsible for enhancing their commitment, skills, knowledge and capabilities of the employees.

FIG. 2: NEW HR FUNCTION



The various tools used by HR professionals for HR functions are mentioned below:

**1. Procurement:** Procurement is the most significant function of HR. It includes employee recruitment, selection and placement. Hiring is becoming more and more complex. To seek information about the job seekers and jobs both employers and employees use job portals and other technological services as mentioned below:

- Employers post their positions and qualification. Job seekers select their expertise and apply online through e-recruitment web portals.
- 2. Compensation:** A good compensation system motivates the employees to work. Compensation is yet another important function of HR. Use of Payroll, e-compensation, Compensation settlements Flexi-reward Packages helps the employees to calculate their CTC(Cost To Company).
- 3. Human Resource Information System (HRIS):** HRIS is also very useful function of HR in the modern times. The information is made available to the employees, managers and the external parties on internet, intranet and company portals in no time. The availability of information throughout the organization via intranet, employee portals and access of information on employee feedback boosts employee morale and brings in transparency.

## CONCLUSION

From the above discussion, there is an immediate change in HR functions from traditional personnel functions to strategic business issues and policy formulation. During the beginning of decade of 21st century, HR professional was assigned new roles including functional expert, human capital developer, strategy partner, and HR leader with a series of activities. Later, the policies on globalizations and liberalization had increased the use of IT in HR. The new technological tools has simplified the task of HR professionals and now they can spend more time on strategic planning, framing policy and take care of such issues.

Through the use of computers and IT tools, different HR functions can be effectively managed. For example, the functions of employee selection, recruitment, workforce planning and employee management are managed through Internet, video conferencing, web portals, etc.; The role of technology in HR management in near future is likely to increase in the coming years. In the last 20 years, the significance of HR function in the organizations has increased much. Many new roles can be added with the changing scenario. Newer appraisal systems like 360 degree feedback, employee retention, talent acquisition, compensation, rewards, competency mapping, etc. are the new roles that can be added. In these new assignments, the technological tools and new software will definitely help the HR professional. Needless to say, the participative role is HR will be more challenging in the organization.

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# AN INQUIRY INTO IMPACT OF TQM IMPLEMENTATION ON EMPLOYEE PERFORMANCE AT WORKING IRON AND STEEL FIRMS OF KARNATAKA

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## ABSTRACT

*Steel production is considered as the forefront indicator of the economy in the contemporary world. India has been fetching an impressive share in the steel market. However, techno-economic efficiency has been somewhere pro-castigating competitive advantage of Indian iron and steel sector over competitors like China. As proved by Japanese, the left option for enhancing competitive advantage is quality management through Total Quality Management. The present study focussed on extent of TQM practices and their impact on employee performance at iron and steel firms in Karnataka region. The general objective of this research is to portray the picture of TQM at Iron and steel firms of India and it also intends to address the quality issues of the firms at the backward region like Hyderabad-Karnataka. In this regard, study emphasizes relationship between widely used TQM practices and employee performance indicators using correlation and regression analysis.*

## KEYWORDS

TQM practices, employee performance, employee performance indicators.

## 1. INTRODUCTION

Steel besides alloy is referred as the backbone of human civilization, as it has been serving mankind for its social, cultural, political and economical needs. At modern times, it is considered to be crucial for the development of any economy. Steel is shining up to the extent that any country's socio-economic development and standard of living is also determined by its per-capita consumption. According to World Steel Association, the global steel demand is estimated to realize 3000 million tons in 2025. The past growth in production and consumption of steel has largely been at the cornerstone of the heightened economic activity in the emerging economies, especially China, whose demand remains a pivotal factor driving the global steel industry.

The steel industry in India has also carved a rapid rise in production over the past few years through capacity enhancement. This resulted India becoming the third largest producer of crude steel (after China and Japan) and the largest producer of sponge iron in the world. However, India needs to further concentrate and improve its share in the major import markets, there are import markets where India has export competitiveness, but the exports are at relatively at lower levels. These markets are the potential growth drivers for iron and steel exports of India, which need to be strategically targeted.

However, the preceding facts in terms of techno economic efficiency of operations reveal that our steel making units are nowhere near their global competitors. In order to improve the sectoral performance and competitiveness there is an urgent need to address its basic structural and operational constraints irrespective of equity size and nature of operations. Therefore, in the epoch of buyer's market, irrespective of nature of organizations opened themselves to understand, learn and formulate a road map for quality is the only strategy left behind. This paved the way for the surge of quality and become the integral part of blood stream of the enterprises. The manifold competition of quality has pulled firms to search nitty-gritty to stay competitive. Accordingly, many enterprises made an attempt to adopt and implement a set of management practices that help them to improve the efficiency of organizational operations. One of the popular and effective management practices is TQM.

Though a lot of research work has been carried out in the field of ISO and TQM, it gives still an obscured picture of Indian iron and steel firms. This holds true too in case of regional industrial sector of Hyderabad- Karnataka region, where sponge iron firms attrition rate is high. If no effort is made to assist the said firms especially at the Hyderabad- Karnataka region, attrition rate overtime can increase the casualties in the current business environment and make the region still weaker. Hence it is decided to carry out a detailed research with the help of a survey of iron and steel firms with a view to assess as to how are they managing the issue of Quality? And help firms to implement and practice TQM successfully and allow them to reap the benefits always been embraced by developed economies. At the outset, steel industry of Hyderabad- Karnataka region is having more than 30 registered units is competent with other developed regions of the country and have the capability to take away the tagline of backward region with the help of competitive advantage supplemented by implementing TQM in their systems of practice. Hence, the research was incepted to address these problems.

## 2. NEED AND IMPORTANCE OF THE STUDY

After all, the issue in Indian steel industry is not the shortage of resources, rich scientific and technical manpower but quenching the thirst of assistance and nourishment of firms through understanding and implementing TQM and allowing them gain the sustainable competitive advantage as that of the developed economies. The following two needs of the study to be accomplished are presented.

- a. Upgrade the total quality aspect of iron and steel firms in terms of organizational effectiveness so as to improve the economy by meeting the growing demands of domestic and global markets, domestic consumption and exports.
- b. Provide quality impetus of quality to the iron and steel firms of the economically backward regions like the Hyderabad- Karnataka region so as to debug the economy oriented regional imbalance.
- c. Contribute to the knowledge of TQM effectiveness.

## 3. STATEMENT OF THE PROBLEM

The study makes an attempt to know the extent of TQM implementation in iron and steel firms. Accordingly, this study is embodied as 'Impact of TQM practices on employee performance at Working Iron and Steel Firms of Hyderabad-Karnataka Region'

## 4. OBJECTIVES OF THE STUDY

1. To perceive TQM perspective of Indian Iron and steel industry.
2. To examine TQM impact on employee performance at working iron and steel firms in the select districts of Hyderabad-Karnataka region.

## 5. HYPOTHESIS OF THE STUDY

H0: There is no significant impact of TQM practices on Employee Performance.

H1: There is a significant impact of TQM Practices on Employee Performance.

## 6. SCOPE OF THE STUDY

The scope of the study encompassed working steel industry, iron and steel firms, Total Quality Management, Implementation, Organizational Effectiveness, Respondents of all the twenty-one working firms (out of 38 firms registered, 17 were locked out) in Ballari and Koppal districts of Hyderabad- Karnataka region. It also included the environment and ecosystem of steel industry in general and iron and steel firms in particular. Going further the causal relationship between TQM implementation and employee performance were measured by using established models and theories apart from scaling techniques. Specifically, the geographical region of the study was confined to Ballari and Koppal districts of Hyderabad- Karnataka region, as iron and steel firms are located in these two districts only.

## 7. METHODOLOGY

### TYPE OF RESEARCH

The proposed study adopted descriptive study, survey and cause and effect study.

### SAMPLING

Universe: i. Working iron and steel firms in Ballari and Koppal districts

Sample units

i. Executives.

ii. Non executives.

### COMPOSITION OF SAMPLES

Sl. No.	Categories of Respondents	Size	Sampling Technique
1.	Working iron and steel firms in Ballari and Koppal districts of Hyderabad Karnataka- region	21 firms	Purposive sampling
2.	Top Management and Executives. (05 respondents from each firm)	105	Judgemental Sampling
4.	Non- Executives (10 respondents from each firm)	210	

### DATA COLLECTION

#### a. Secondary Data.

The secondary data for the study included books, articles, reports, journals, magazines, newspapers, published and unpublished thesis, e-resources on the topic of the study.

#### b. Primary Data.

The primary data was collected on the TQM implementation in the working iron and steel firms of Ballari and Koppal districts of Hyderabad Karnataka region under the study. It used the research instruments of questionnaire, schedule and personal interviewing of the respondents. E mail survey was also resorted to.

### PLAN OF ANALYSIS

The collected data was analyzed with the help of statistical tools and techniques such as averages, percentages, dispersion, correlation, multiple regressions, factor analysis, cluster analysis, Cronbach alfa and the like. Wherever necessary, tables, charts, graphs, diagrams and figures were used. SPSS and AAR software were also used for statistical analysis.

### LIMITATIONS OF THE STUDY

1. The validity and reliability assessment and analysis performed are based on 30 selected companies only.
2. For measuring TQM examination time tested and universally acceptable measurement tools are very rare. Therefore, the measurement results under the study are only approximate are not accurate.
3. At times "what is" (fact) is equated with "what should be" (value)

## 8. LITERATURE SURVEY

Zhihai Zhang (1993) in his research work investigated the effects of TQM implementation on overall business performance in Chinese manufacturing firms and obtained a TQM implementation model for Chinese manufacturing firms. The study was carried out by

- Developing TQM implementation constructs and TQM practices;
- Developing overall business performance constructs;
- Designing evaluation models, to measure the extent of TQM implementation, TQM practices and impact of TQM implementation on overall business performance.

The study found out that TQM implementation has positive effects on overall business performance and not necessarily all TQM elements to be present to ensure the success of the TQM programs and overall business performance

Shivraj kumar (2014) in his research work tried to determine the extent to which TQM and organizational effectiveness are correlated to each other and expounded how TQM impacts various phases of business planning. The study considered very general constructs of TQM implementation and organizational effectiveness in its way. TQM constructs encompass commitment, culture, continuous improvement, co-operation, customer focus and control. As per their nature, some do not confirm the characteristics of construct.

Yogesh A Chauhan (2013) in his research work gave a detailed picture of quality management issue of manufacturing SMEs in terms of TQM apart from ISO 9000 and other off-record practices. It emphasized the exploration, development and ranking of constructs in TQM, benefits and difficulties and help the SMEs to grow in terms of their business, working system, employee satisfaction, customer satisfaction etc.

Darshana S Shiroya (2015) surveyed on "TQM practices and performance in ISO certified manufacturing facilities". The researcher was curious in exploring, developing and examining TQM practices/ critical factors and their impact on quality, business and organizational performances. Extensive literature was reviewed in exploring and developing the plausible 16 elements of 10 TQM practices.

Saraph et al. (1989) conducted a study on "A Instrument for Measuring the Critical Factors of Quality Management". They explored, examined and developed eight CSFs of quality management referring to twenty two manufacturing and service organizations in the USA.

Shekoufeh Nekouezadeh et al. (2013) conducted a research on 'the impact of TQM on organizational performance of telecommunication industry in Iran'. The principal aim was to determine the correlation between TQM practices and the organizational, quality and innovation performances. Researchers explored, examined and developed TQM practices and variables of package of performances.

Flynn et al. (1994) conducted a research on "A framework for quality management research and an associated measurement instrument". They explored and developed six CSFs of TQM which encompasses of quality information system, process management, product design, workforce management, supplier involvement and customer involvement. They expounded that top management support creates a congenial environment for quality activities to surge.

Ali Bakhit Jaafreh. (2012) in his research work 'the effect of quality management practices on organizational performance on Jordan banking sector' set an aim to examine the extent to which quality management practices and organizational performance are correlated and to determine the impact of the practices on organizational performance.

Powell (1995) made a study on "Total quality management as competitive advantage: A review and empirical study". He revealed that the successful implementation of TQM is dependent on certain tactics, behaviour, features and TQM tools and techniques like top management commitment, effective communications, employee involvement, training in quality, flexibility in manufacturing, process management, benchmarking and performance measurements for realizing competitive advantage.

S D Kalpande et al. (2013) conducted a survey on ‘Business performance of SMEs in Vidharabha and Khandesh region of India: A TQM implementation’. Researchers aimed at identifying importance of factors and sub-factors for successful implementation of TQM in SMEs. They explored and examined TQM components and factors influencing TQM implementation from the existing literature followed by using Analytic Hierarchy Process (AHP) for prioritization and operationalization. Fuzi Abusa (2011) conducted a study on ‘TQM implementation and its impact on organizational performance: a case study of Libya’. He examined the correlation among TQM elements, TQM and organizational performance, Size & ISO 9000 and TQM implementation. The result showed that none of the six TQM elements have correlated with all organizational performance indicators, except Supplier quality management.

Antony Jiju, et al. (2002) conducted a research study on “Critical success factors of TQM implementation in Hong Kong industries”. This is an empirical study on the identification of the critical success factors (CSFs) of TQM implementation in Hong Kong industries. Through a thorough and detailed analysis of the literature, 11 success factors with 72 elements were identified to develop a questionnaire.

Yogesh A Chauhan et al (2014) surveyed ‘Perceptions of SMEs towards the key elements of TQM’. They focussed on examining and exploring the level of awareness and the importance SMEs have over key elements of TQM.

Bayazit (2003) conducted a study on “Total quality management practices in Turkish manufacturing organizations”. He expounded that upper management support, employee involvement and commitment, customer focus, quality education and training, teamwork and use of statistical techniques are the most critical factors for the successful TQM implementation in Turkish manufacturing organizations.

A Al Nofal et al (2013) conducted a study on ‘Critical factors of TQM: an update on the literature’ with an objective to present the most important factors of TQM implementation often emphasized by researchers, supported by the discourses of quality gurus. A wide range of comprehensive elements of TQM have listed.

Z. Irani, et al. (2004) surveyed on “Total Quality Management and Corporate Culture: constructs of organizational excellence”. In this effort, the researchers discuss the concept of corporate culture, place this social construct within the arena of TQM and highlight the relationships that exist among culture quality and competitiveness. T

Faisal Talib et al (2012) conducted a research on ‘Pareto Analysis of TQM factors critical to success for service industries’. They made an attempt to sort out critical success factors of TQM according to frequencies of their occurrences by applying Pareto analysis tool and list out vital few critical success factors of TQM.

Phan Chi Anh & Yoshiki Matsui (2006) made a research on “An empirical analysis of Quality management practices in Japanese Manufacturing Companies”. The aim was to investigate the utilization of quality management practices and its impact on quality performance and competitive performance.

Kanagi Kanapathy (2013) surveyed on ‘Critical factors of quality management used in research questionnaires: a review of literature’. He opined that quality expounders and gurus have used different combinations of critical factors or constructs of TQM to design questionnaires and to measure quality management practices in different parts of the world.

## 9. RESULTS

### 1. DESCRIPTIVE STATISTICS ON TQM PRACTICES

The following table shows the distribution of the responses against the list of TQM practices.

TABLE 1: SHOWING FREQUENCY DISTRIBUTION OF RESPONSES AGAINST THE LIST OF TQM PRACTICES

ID	TQM Practices	Frequency (Yes)	Percentage	Frequency (No)	Percentage
A	Top Management Commitment	311	98.7	4	1.3
B	Customer Focus	299	94.9	16	5.1
C	Employee Empowerment/involvement	301	95.6	14	4.4
D	Supplier Partnership	247	78.4	68	21.6
E	Continuous improvement	269	85.4	46	14.6
F	Quality Management	302	95.1	13	4.1
G	Recognition and Reward	266	84.4	49	15.6
H	Education and Training	262	83.2	53	16.8
I	Process Management	279	88.6	36	11.4

CHART 1: SHOWING FREQUENCY DISTRIBUTION OF RESPONSES AGAINST THE LIST OF TQM PRACTICES

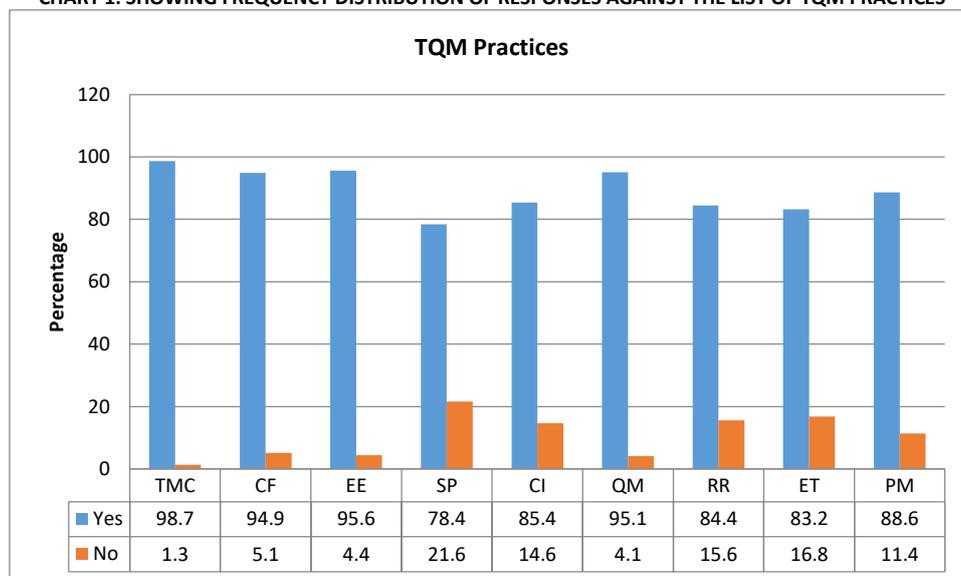


Table 1 illustrates the perception of respondents against list of TQM practices. On an average of approximately 90% of the respondents agreed that all the listed practices belonged to TQM. Among the practices, Top Management Commitment (TMC) led the response with 98.7% followed by Employee Empowerment (EE) and Quality Control (QM) with 95.6% and 95.1% respectively. The least response was given to Supplier Partnership (SP) with 78.4% followed by Education and Training (ET) and Recognition and Reward (RR) with 83.2% and 84.4% respectively. The remaining practices Customer Focus (CF), Process Management (PM) and Continuous Improvement (CI) placed in between with 94.9%, 88.6% and 85.4% respectively. This indicates most of the respondents are aware of TQM practices and have the ability to practically respond to the technicalities of TQM.

2. MEAN AND STANDARD DEVIATION OF TQM PRACTICES

TABLE 2

Variables	Maximum	Minimum	Mean	Standard Deviation
<b>TQM Practices</b>				
Top Management Commitment	5.00	3.14	4.24	0.35
Customer Focus	5.00	3.20	4.14	0.38
Employee Empowerment	5.00	2.25	4.07	0.42
Supplier Partnership	5.00	2.86	4.09	0.42
Continuous Improvement	5.00	3.00	4.18	0.40
Quality Control	5.00	3.00	4.34	0.52
Recognition and Reward	5.00	2.33	4.13	0.41
Education and Training	5.00	2.75	4.16	0.43
Process Management	5.00	2.71	4.08	0.36
<b>TQM Practices (overall)</b>	<b>5.00</b>	<b>3.33</b>	<b>4.14</b>	<b>0.31</b>

3. CORRELATION BETWEEN TQM PRACTICES AND QUALITY PERFORMANCE MEASURES

TABLE 3: CORRELATION BETWEEN TQM PRACTICES AND EMPLOYEE PERFORMANCE MEASURES

TQM Practices (Independent Variables)	Employee Performance Measures				
	EmpP1	EmpP2	EmpP3	EmpP4	EmpP5
TMC	0.142*	0.245**	0.130*	0.090	0.150**
CF	-0.108	0.175**	0.199**	0.116*	0.385**
EE	-0.126*	0.215**	0.309**	0.338**	0.505**
SP	-.059	0.226**	0.220**	0.142*	0.400**
CI	-0.107	0.103	0.160**	0.153**	0.366**
QC	0.130*	0.135*	0.085	-0.055	0.273**
RR	-0.181**	0.074	0.204**	0.299**	0.532**
ET	-0.139*	0.119*	0.228**	0.102	0.349**
PM	-0.188**	0.147**	0.053	0.188**	0.297**

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

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

(EmpP1-Employee satisfaction, EmpP2-Interpersonal relations, EmpP3-Employee morale, EmpP4-Employee retention and EmpP5-Reduction of absenteeism)

Table 3 expounds that EmpP5 led the preceding matrix by getting correlated with all the nine TQM practices followed by EmpP2 with eight TQM practices each. EmpP1 and EmpP3 got correlated with seven TQM practices each. The least correlation was achieved by EmpP4 with six practices. The Correlation matrix shows that highest correlation between variables is RR and EmpP5 with r=0.532. The second highest correlation is between EE and EmpP5 with r= 0.505. The third highest correlation is between SP and EmpP5 (r= 0.400). Among all independent variables EE got correlated with all the six dependent variables followed by TMC, CF, SP, RR, ET and PM with four variables each. CI and QC correlated with three TQM practices each. Among all independent variables, EE, RR, ET and PM are correlated with EmpP1 each with negative correlation coefficients -0.126, -0.130, -0.139 and -0.188 respectively.

4. REGRESSION ANALYSIS

To test the hypothesis, the first researcher has tested over all regression model by taking all the dependent variables (i.e. Employee satisfaction, Interpersonal relations, Employee morale, Employee retention and Reduction of absenteeism) and check that whether they are individually affected by conducting multiple regression analysis. The results are discussed below:

4.1 Regression model

H10: There is no significant effect of TQM practices on employee performance.

TABLE 4: SIGNIFICANT RELATIONSHIP BETWEEN TQM PRACTICES AND ORGANIZATIONAL EFFECTIVENESS IN TERMS OF EMPLOYEE PERFORMANCE MEASURES (OVERALL)

TQM Practices (Independent Variables)	Employee Performance Measure			
	B	Std. Error	B	t
Constant	1.986	0.371		5.353
Top Management Commitment (TMC)				
Customer Focus (CF)				
Employee Empowerment (EE)	.514	.106	.433	4.870*
Supplier Partnership (SP)				
Continuous Improvement (CI)				
Quality Control (QC)				
Recognition and Reward (RR)	.203	.107	.164	1.907***
Education and Training (ET)				
Process Management (PM)	-.211	.099	-.151	-2.127***
R	0.446			
R2	0.199			
F	8.436			
Sign. (p value)	0.000			

Note: Significance: \* p<.001; \*\* p <.01; \*\*\* p<.05.

Table 4 shows that employee performance is explained by the regression model as evident from R-square value of 0.199. The model indicates that 19.9% of the variations in employee performance can be explained using TQM practices. The p-value is less than 0.05; it can be argued that the model is valid for using linear regression. Since p-value is less than 0.05, the null hypothesis has been rejected and there exists the relationship between defects rate and TQM practices. The regression coefficient expounds that the TQM practices are having capacity to predict defects rate and the extent of the contribution power. Employee Empowerment, Recognition and Reward and Process Management are statistically significant with p-value less than 0.05. So at 5% significance level of significance null hypothesis is rejected which shows that there is a relationship between these three practices and employee performance and alternative hypothesis is accepted which is as under.

H1: There is statistically significant impact of TQM practices on employee performance.

**10. FINDINGS WITNESSED BETWEEN TQM PRACTICES AND EMPLOYEE PERFORMANCE**

In this study Employee performance improvement is measured by,

- a. Increased employee satisfaction (EmP1)
- b. Improved interpersonal relations (EmP2)
- c. Improved morale (EmP3)
- d. Increased employee retention (EmP4)
- e. Reduced absenteeism (EmP5)

Out of the nine TQM practices empirically identified in the study, the TQM practices which have influenced on employee performance are varied as discussed below:

**TABLE 5: REGRESSION COEFFICIENT BETWEEN SIGNIFICANT TQM PRACTICES AND EMPLOYEE PERFORMANCE**

ID	Organizational Effectiveness Indicators	Regression coefficient (R Square)	Variance in%	Significant TQM Practices
EmP	Employee Performance	0.199	19.9	TMC, QC
EmP1	Employee satisfaction	0.183	18.3	TMC, CF
EmP2	Interpersonal relations	0.102	10.2	CF, PM
EmP3	Employee morale	0.151	15.1	EE, RR
EmP4	Employee retention	0.196	19.6	TMC, EE, RR
EmP5	Reduction of absenteeism	0.376	37.6	TMC, QC

1. TQM practice EE has an effect on employee performance in terms of:
  - a. Improved interpersonal relations (EmP2)
  - b. Improved morale (EmP3)
  - c. Increased employee retention (EmP4)
  - d. Reduced absenteeism (EmP5)
2. TQM practice TMC has an effect on employee performance in terms of:
  - a. Increased employee satisfaction (EmP1)
  - b. Improved interpersonal relations (EmP2)
  - c. Reduced absenteeism (EmP5)
3. TQM practice QC has an effect on employee performance in terms of:
  - a. Increased employee satisfaction (EmP1)
  - b. Increased employee retention (EmP4)
  - c. Reduced absenteeism (EmP5)
4. TQM practice RR has an effect on employee performance in terms of:
  - a. Improved interpersonal relations (EmP2)
  - b. Increased employee retention (EmP4)
  - c. Reduced absenteeism (EmP5)
5. TQM practice CF has an effect on employee performance in terms of:
  - a. Increased employee satisfaction (EmP1)
6. TQM practice ET has an effect on employee performance in terms of:
  - a. Improved morale (EmP3)
7. TQM practice PM has an effect on employee performance in terms of:
  - a. Improved morale (EmP3)
8. TQM practice SP and CI have no an effect on employee performance in terms of:
  - a. Increased employee satisfaction (EmP1)
  - b. Improved interpersonal relations (EmP2)
  - c. Improved morale (EmP3)
  - d. Increased employee retention (EmP4)
  - e. Reduced absenteeism (EmP5)

The overall regression model showing relationship of TQM practices and employee performance (Table 5) shows that out of the above seven TQM practices EE, RR, and PM are significant. TMC, QC, CF and ET are not statistically significant. They explain 19.9% variance ( $F= 8.436$ ,  $t= 5.354$ )  $p<.001$ .

**11. CONCLUSION**

TQM is not confined to production process and production & quality departments only; instead it is beyond all these. The employees of Indian iron and steel industry are aware of the holistic and strategic nature of TQM and most of firms in the industry follow quality management practices, but with different natures. Among the contemporary TQM practices, Top management commitment and Employee empowerment are popular ones in the industry; but the firms have no idea of the impact of practices supplier partnership in quality management. Among the contemporary TQM tools and techniques, the firms still are fond of traditional tools such as cause and effect diagram, quality circles; but the modern and advanced techniques such as quality function deployment, failure mode effect analysis are remote in their knowledge base. The TQM practices namely EE, Recognition and reward and PM jointly helps to improvise organizational effectiveness in terms of employee performance by increased employee satisfaction thereby improved employee morale and interpersonal relations and ultimately reduced employee turnover (increased retention of employees) and absenteeism.

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## JOB SATISFACTION OF BANK EMPLOYEES – AN INVESTIGATION INTO THE RELATIONSHIP WITH THEIR ATTITUDE TOWARDS CHANGE

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### ABSTRACT

*Banking field is the lifeblood of the economy. It plays the major role in the financial system of the country. Since independence, banking field has been undergone tremendous changes like, nationalization, entry of private banks, computerization, net banking, core banking, and demonetization. All these changes enhance the workload of bank employees, especially in the case of latest demonetization. Bank employees are now working overtime to finish their work. Are they really satisfied with the present condition of banks? This study makes an investigation into this question. Since banking field is dynamic and ever changing, the satisfaction level of the employees largely depends upon their attitude towards the change. In this study Attitude of the employees towards change and their satisfaction level are measured in order to find out whether there exists any significant relationship between these two variables. The study conducted on 128 bank employees of State Bank of India and 101 bank employees of HDFC bank at Thrissur district and it is found out that there exists significant positive relationship between Attitude towards Change and Satisfaction level of the Bank Employees. It says that those who have positive attitude towards Change will have a better satisfaction level in their job.*

### KEYWORDS

attitude towards change, job satisfaction.

### INTRODUCTION

Man has several desires in his life. One of the major desires of the Man is to get Satisfaction. Man gets satisfaction only if he attains his needs. Man has different needs like, physiological needs. Security needs, love and affection, self-esteem needs and finally self-actualization needs. Man gets satisfaction if he realizes the above mentioned needs one by one.

In order to attain goals or needs, one has to fight with his environment in which he lives. The very basic nature of environment is that it is ever changing and dynamic. The more the environment is dynamic, the more will be the difficulty to attain needs. So the Man must have the ability to cope with the change to get satisfaction. For that, Man must show positive attitude towards change. Man has to accept the fact that change is an inevitable part of life. He/she has to view the change positively and prepare well to accept the inevitable changes that took in the environment. Then he/she can live a satisfactory life.

Banking is a field where we can see tremendous changes day by day. We have seen nationalization of banks by Smt. India Gandhi. Then we have seen computerization, net banking, and privatization of banking field and in the later days, we have seen demonetization declared by Sri. Narendra Modi. All these changes make the banking field dynamic and a tough one to be adjusted.

In this context, how many banking employees are satisfied with their job? Since the above mentioned changes have enhanced their workload, who gets more satisfaction? Whether it is connected with their attitude towards change? Such an investigation is done in this study in order to understand whether the Attitude towards Change and Job Satisfaction are related or not.

### REVIEW OF LITERATURE

The following related literatures have been gone through to make the present study a reality:

#### ATTITUDE TOWARDS CHANGE

1. **Akankshi Singh and Dr. R. P. Gupta, 'A research paper on the Employees Attitude towards organizational Change', 2016:** This study focuses on employee workplace and demographic predictors to know the employee attitudes and behaviours regarding organisational change. The findings indicate significant relationships between readiness for change and workplace and demographic factors. The economic and social environment is so dynamic that without adopting to such change even the most successful organization cannot survive in the changed environment. Any business in today's fast-moving environment that is looking for the pace of change to slow is likely to be sorely disappointed. In fact, businesses should embrace change. Change is important for any organization because, without change, businesses would likely lose their competitive edge and fail to meet the needs of what most hope to be a growing base of loyal customers. It is difficult for organizations to avoid change, as new ideas promote growth for them and their members. Change occurs for many reasons such as new staff roles; increases or decreases in funding; acquisition of new technology; new missions, vision or goals; and to reach new members or clients. Changes can create new opportunities, but are often met with criticism from resistant individuals within the group.
2. **Evelien Bulder, Individual Attitudes towards Organizational Change, The Role of Organizational Change Characteristics, Social Influence, and Personality Traits, 2014:** The results of this study suggest that the organizational change characteristics and social influence as derived from the Technology Acceptance field are very well applicable to organizational change contexts. The combination of constructs on three levels is able to (partly) explain an individual's attitude towards organizational change, as well as attitudes towards specific and general change. For change agents this means that, with the exception of the personality characteristics, there are opportunities to enhance an individual's attitude towards organizational change through 1) increasing performance expectancy, 2) lowering the effort expectancy, 3) increase the availability of support and 4) support information exchange among peers as well as between managers and their employees.

#### JOB SATISFACTION

1. **Mayank Singhal, 'Job satisfaction and employee loyalty: a study of academicians', 2015:** Job satisfaction & Employee Loyalty represents one of the most key challenges faced by the managers today when it comes to managing their employees. Employees are the most valuable resource for all organizations; the longer an employee works for a company the more valuable it becomes. Many researchers have been conducted in various sectors to demonstrate the impact of Job satisfaction on employee loyalty. Employee loyalty is all about employees being committed for the success of the organization with a strong belief that working with that particular organization is their best option. The aim of the study was to find the impact of job satisfaction on employee loyalty in case of academicians. This study also finds out various factors underlying job satisfaction and employee loyalty. To achieve the aim of the study questionnaire survey was used. The results show that there is no impact of job satisfaction on employee loyalty in case of academicians.
2. **Abdul Raziq, Raheela Maulabakhsh, 'Impact of Working Environment on Job Satisfaction', 2014:** In the modern era, organizations are facing several challenges due to the dynamic nature of the environment. One of the many challenges for a business is to satisfy its employees in order to cope up with the ever changing and evolving environment and to achieve success and remain in competition. In order to increase efficiency, effectiveness, productivity and job commitment of employees, the business must satisfy the needs of its employees by providing good working conditions. The objective of this paper is to analyze the impact of working environment on employee job satisfaction. The study employed a quantitative methodology. Data was collected through a self-administered survey questionnaire. The questionnaire is adopted from a previous validated survey. The target population consists of educational institutes, banking sector and telecommunication industry operating in the city of Quetta, Pakistan. Simple random sampling is used for collection of data from

210 employees. The results indicate a positive relationship between working environment and employee job satisfaction. The study concludes with some brief prospects that the businesses need to realize the importance of good working environment for maximizing the level of job satisfaction. This paper may benefit society by encouraging people to contribute more to their jobs and may help them in their personal growth and development. Hence, it is essential for an organization to motivate their employees to work hard for achieving the organizational goals and objectives.

3. **Jitendra Kumar Singh and Dr. Mini Jain, 'A study of employees' job satisfaction and its impact on their performance', 2013:** Happy workers are productive workers and productive workers are likely to be happy. Employee job satisfaction is essential to face the dynamic and ever-increasing challenges of maintaining productivity of the organization by keeping their workforce constantly engaged and motivated. Furthermore, environmental pressures, rising health costs and various needs of the workforce also pose a challenge for the management. This could be overcome by creating a work environment that maintains employee job satisfaction as well as motivates people towards exceptional performance at the workplace achieving work-life balance. This paper outlines the broad contours of various variables responsible for employee satisfaction and various ways by which one can maximize employee satisfaction.

**RELEVANCE OF THE STUDY**

Change has become more dynamic since new Economic Policy implemented during 1990s. Moreover, new government policies like demonetization, labour reforms, etc. has made banking field more uncertain and risky. It is assumed that only those people who have a positive attitude towards change can have job satisfaction. As satisfaction is more important than anything else in the world, an investigation is relevant to understand how far Attitude towards Change and Job Satisfaction are related.

**STATEMENT OF THE PROBLEM**

Here in this study, an investigation is done to find out whether Attitude towards Change and Job Satisfaction are associated among the bank employees of Thrissur district. It also determines whether there exists any difference between Male staff and Female Staff and Nationalized Bank Employees and Private bank employees with regard to Job Satisfaction and Attitude towards Change.

**OBJECTIVES OF THE STUDY**

- 1) To determine whether there exists any significant relationship between Attitude towards Change and Job Satisfaction among the bank employees of Thrissur district.
- 2) To know whether there exists significant difference in Attitude towards Change between staffs of Nationalized Banks and Private Banks.
- 3) To know whether there exists significant difference in Job Satisfaction between staffs of Nationalized Banks and Private Banks.

**HYPOTHESIS**

To accomplish the objectives of the study following hypothesis have been developed.

1. There is no significant relationship between Attitude towards Change and Job Satisfaction among the bank employees of Thrissur district.
2. There exists no significant difference in Attitude towards Change between staffs of Nationalized Banks and Private Banks.
3. There exists no significant difference in Job Satisfaction between staffs of Nationalized Banks and Private Banks.

**METHODOLOGY AND DATA**

The study used a descriptive and analytical research based on both primary and secondary data. The primary data necessary for the study has been collected from 229 respondents, which comprises of 128 State Bank Employees and 101 Private Bank Employees (HDFC). This study was conducted by using standardized tools for measuring Attitude towards Change and Job Satisfaction. The secondary data has been collected from the books, journals, websites etc. The tools for analysis employed consist of mean, standard deviation, T-Test and Karl Pearson's Coefficient of Correlation.

**RESULTS AND DISCUSSION**

**TABLE 1: DESCRIPTIVE STATISTICS**

Sl no	Variables	Mean		Std deviation		Min	Max
		SBI	HDFC	SBI	HDFC		
1	Attitude towards Change	54.14	57.45	9.25	10.36	16	80
2	Job Satisfaction	11.85	10.44	2.11	2.65	5	20

Source: Primary Data

**Test of Significance of Difference between the Mean Score of Attitude towards Change of SBI Employees and HDFC Employees using T-Test**

**TABLE 2**

Sample	Mean	Standard Deviation	n	Level of Significance	t-value
SBI Employees	54.14	9.25		0.05	1.52
HDFC Employees	56.14	10.36			

Calculated value of t-test is 1.52 which is less than the table value at 5% Level of Significance, i.e., 1.984. So the null hypothesis is accepted and concluded that *there exists no significant difference between SBI Employees and HDFC Employees with regard to Attitude towards Change.*

**Test of Significance of Difference between the Mean Score of Job Satisfaction of SBI Employees and HDFC Employees using T-Test**

**TABLE 3**

Sample	Mean	Standard Deviation	n	Level of Significance	t-value
SBI Employees	11.45	2.38	128	0.05	1.68
HDFC Employees	11.99	2.44	101		

Calculated value of t-test is 1.68 which is less than the table value at 5% Level of Significance, i.e., 1.984. So the null hypothesis is accepted and concluded that *there exists no significant difference between SBI Employees and HDFC Employees with regard to Job Satisfaction.*

**Test of Significance of Relationship between Attitude towards Change and Job Satisfaction using Karl Pearson's Coefficient of Correlation**

**TABLE 4**

Coefficient of Correlation (r)	N	Level of Significance	Degree of Freedom	Critical Value
0.11	229	0.05	227	0.087

Coefficient of correlation is 0.11 which is more than the critical value at 5% Level of Significance, which means that Attitude towards Change and Job Satisfaction are positively correlated and the correlation is significant. So the null hypotheses is rejected and concluded that *there exist significant relationship between Attitude towards Change and Job Satisfaction among the bank employees of Thrissur district.*

**FINDINGS OF THE STUDY**

1. There is significant relationship between Attitude towards Change and Job Satisfaction,
2. There exists no significant difference in Attitude towards Change between SBI Bank Employees and HDFC Bank Employees,
3. There exists no significant difference in Job Satisfaction between SBI Bank Employees and HDFC Bank Employees.

**CONCLUSION**

In this paper, the investigator tried to find out whether there exists significant relationship between Attitude towards Change and Job Satisfaction among Bank Employees of Thrissur District. It is found that, there is significant relationship between these two variables. This shows that those who have high positive attitude towards change have high Job Satisfaction. Like that, a comparative study between SBI Bank Employees (Nationalized) and HDFC Bank Employees (Private Bank) reveals that there is no significant difference between these two types of employees with respect to two variables under study.

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## THE IMPACTS OF NPA ON INDIAN ECONOMY

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## ABSTRACT

NPA means those assets do not generate income. Broadly this research paper is focus on how non-performing assets are impact the Indian economy and banking sector. And clearly defined about the major area, sector role for NPA rising. Like: agriculture, real estate, power, manufacture, and micro, small and medium sector (MSME). And also explain how to recover of NPA through various channels like: SARFESAI act, 2002, DRT etc. and in this articles also explain what are the negative impact of NPA on Indian economy like: effect on GDP level, consumer income level, interest rate, fiscal policy, monetary policy and others.

## KEYWORDS

non-performing assets (NPA), gross domestic product (GDP), fiscal policy, monetary policy.

## INTRODUCTION OF NPA

The NPA name is first time introduce in Indian banking sector by Sh. M. Narsimham committee in 1991. Reserve Bank of India, in the year 1991, appointed a committee under the Chairmanship of Sh. M. Narsimham to examine and give recommendation for Income Recognition, Asset Classification and Provisioning of loan assets of Banks and Financial Institutions. The Committee examined the issues and recommended that a policy of Income Recognition should be objective and based on record of recovery rather than on subjective considerations. On the basis of the recommendations of the M. Narsimham committee, RBI had issued guidelines to all Scheduled Commercial Banks on Income Recognition, Assets Classification and Provisioning in April, 1992 which have been modified from time to time by the RBI on the basis of experience gained and suggestions received from various quarters. The Prudential Norms for Income Recognition, Asset Classification and Provisioning have come into effect from the accounting year 31.03.1993.

## MEANING OF NPA

NPA is defined as a loan or an advance in respect of which the interest &/or installment of principal remains "overdue" for a period of more than 90 days in respect of a term loan or remains "out of order" for a period of more than 90 days in respect of an Overdraft /Cash Credit.

Any amount due to the Bank under any credit facility, if not paid by the due date fixed by the bank, becomes 'overdue'.

When borrower is unable to repay their principal and interest amount more than 90 days for the predetermined date. NPA is also known as Bad loan account.

## CLASSIFICATION OF NPA

**(1) SUB-STANDARD ASSETS** with effect from 31 March 2005, a sub standard asset would be one, which has remained NPA for a period less than or equal to 12 month. The following features are exhibited by sub standard assets: the current net worth of the borrowers / guarantor or the current market value of the security charged is not enough to ensure recovery of the dues to the banks in full; and the asset has well-defined credit weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that the banks will sustain some loss, if deficiencies are not corrected.

**(2) DOUBTFUL ASSETS** A loan classified as doubtful has all the weaknesses inherent in assets that were classified as sub-standard, with the added characteristic that the weaknesses make collection or liquidation in full, – on the basis of currently known facts, conditions and values – highly questionable and improbable. With effect from March 31, 2005, an asset would be classified as doubtful if it remained in the sub-standard category for 12 months.

**(3) LOSS ASSETS** A loss asset is one which considered uncollectible and of such little value that its continuance as a bankable asset is not warranted- although there may be some salvage or recovery value. Also, these assets would have been identified as „loss assets" by the bank or internal or external auditors or the RBI inspection but the amount would not have been written-off wholly.

## WHY ACCOUNT BECOME NPA

- Poor Selection of Borrowers
- Poor Appraisal
- Failure of providing timely support
- Poor follow up and monitoring
- Hesitation to accept project failure or precipitate PNPA.
- Government Policies
- Unforeseen Circumstances.

## REVIEW OF LITERATURE

**Brownbride (1998)** claimed that the single biggest contributor to the bad loans of many of the failed local banks was insider lending. He further observed that the second major factor contributing to bank failure were the high interest rates charged to borrowers operating in the high-risk. The most profound impact of high non-performing loans in banks portfolio is reduction in the bank profitability especially when it comes to disposals.

**Prashanth K. Reddy (2002)** in his research paper on the topic, "A comparative study of Non Performing Assets in India in the Global context" examined the similarities and dissimilarities, remedial measures. Financial sector reform in India has progressed rapidly on aspects like interest rate deregulation, reduction in reserve requirements, barriers to entry, prudential norms and risk-based supervision.

**Das & Ghosh (2003)** studied non-performing loans of Indian PUBLIC SECTOR BANKS on the basis of various indicators like as assts size, operating efficiency, and macroeconomics condition and credit growth.

**Ngugi (2001)** analyzing interest rate in Kenya found a widening interest rate spread following interest rate liberalization characterized by high implicit costs with tight monetary policy achieved through increased reserve and cash ratios and declining non-performing assets.

**Krishnamurthy (2006)** highlighted the advantages, risks, innovations and convenience involved in e-banking. ATM, telephone, internet and cluster banking helped banks to deliver the products more effectively. The author, in his paper, also described operational efficiency of e-banking. It included basic e-banking, simple transactional and advanced transactional e-banking.

**Mr. Chandra Sharma, Dr. Ajay Jain (2016)** in this paper, the author has study and analysis how selected public sector banks has control and recovery of bad loan through SARFAESI ACT 2002. The SARFAESI ACT 2002 was introduced by the recommendation of Narasimham Committee II has been instrumental to recover the identified NPA without intervention of the court. It allows the bank to recover the loan by acquiring / possessing the financial assets pledged or mortgaged with the bankers at the time of availing of loans by borrowers. In this study we founded selected public sector banks has how much bad loan recover from 2008 to 2014.

### FACTORS AFFECTING FOR RISING NPA

NPA is continuously rising for last decade. May be so many reasons are responsible for rising NPA. Generally, in this article factors are divided into two parts: internal factors and external factors which are discuss in below:

**Internal factors** are those which are directly affected by Indian banking system, working process, employee ability, Analyze the balance sheet, Defective Lending process, Defective Lending process, Defective Lending process, Managerial deficiencies, Absence of regular industrial visit etc.

**External factors** are those which are affected by external environment like: Ineffective recovery tribunal, Natural calamities, Lack of demand, Change in Govt. policies etc.

### OBJECTIVES OF THE STUDY

1. To study about the impact of Indian economy.
2. To find out impact on GDP level.
3. To study sector wise NPA.
4. Tostudy on effect on banking sector.

### RESEARCH METHODOLOGY

This study is based on descriptive nature of research. The data is collected from secondary source published annual report by RBI, review, newspaper, articles, and books.

### FINDING & ANALYSIS DATA

As of June 2016, the total amount of Gross Non-Performing Assets (NPAs) for public and private sector banks is around Rs. 6 lakh Crores. The NPA figures along with total debt for each of the 49 public and private sector banks were shared by the Ministry of Finance in response to a Parliament question on Friday.

The amount of top twenty Non Performing Assets (NPA) accounts of Public Sector Banks stands at Rs. 1.54 lakh crores. The advances given by banks are called assets, which generate income via interests and instalments. If the instalment is not paid until the due date, it is called a bad loan. If it extends beyond 90 days, it is termed NPA. The ratio of NPAs to total advances given by a bank is a commonly used indicator reflecting the health of the banking system.

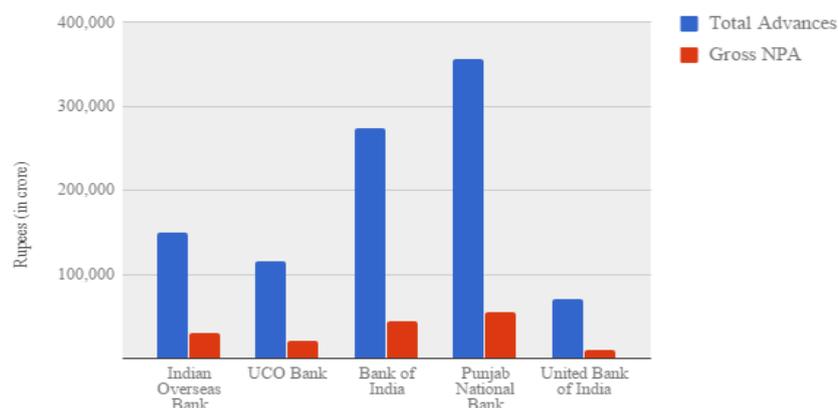
TABLE 1

S No.	Bank	Total Advances (Rs. in crore)	Gross NPA (Rs. in crore)	NPA Ratio (%)
1	Allahabad Bank	145328	18769	12.92
2	Andhra Bank	137228	14137	10.3
3	Bank of Baroda	269115	35604	13.23
4	Bank of India	274391	43935	16.01
5	Bank of Maharashtra	103148	13040	12.64
6	Bharatiya Mahila Bank Ltd.	627	3	0.4
7	Canara Bank	311615	30480	9.78
8	Central Bank of India	185719	25107	13.52
9	Corporation Bank	142787	15726	11.01
10	Dena Bank	81114	9636	11.88
11	IDBI Bank Limited	202304	21724	10.74
12	Indian Bank	122173	8690	7.11
13	Indian Overseas Bank	149217	30239	20.26
14	Oriental Bank of Commerce	150301	17209	11.45
15	Punjab & Sind Bank	63134	4566	7.23
16	Punjab National Bank	356958	55003	15.41
17	Syndicate Bank	167759	13475	8.03
18	UCO Bank	115166	21495	18.66
19	Union Bank of India	242935	25560	10.52
20	United Bank of India	70781	10104	14.28
21	Vijaya Bank	90199	6589	7.31
22	State Bank of Bikaner & Jaipur	74033	4593	6.2
23	State Bank of Hyderabad	112420	9436	8.39
24	State Bank of India	1193325	93137	7.8
25	State Bank of Mysore	55228	4323	7.83
26	State Bank of Patiala	85239	11365	13.33
27	State Bank of Travancore	68276	6401	9.38
28	Catholic Syrian Bank Ltd.	7859	455	5.79
29	City Union Bank Ltd.	21216	555	2.62
30	Dhanlaxmi Bank Limited	6771	475	7.02
31	Federal Bank Ltd.	59408	1747	2.94
32	ING Vysya Bank Ltd.	-	-	-
33	Jammu & Kashmir Bank Ltd.	50640	4715	9.31
34	Karnataka Bank Ltd.	35412	1389	3.92
35	Karur Vysya Bank Ltd.	39382	702	1.78
36	Lakshmi Vilas Bank Ltd.	20183	432	2.14
37	Nainital Bank Ltd.	2776	145	5.21
38	Ratnakar Bank Ltd.	22373	253	1.13
39	South Indian Bank Ltd.	41705	1652	3.96
40	Tamilnad Mercantile Bank Ltd.	22329	489	2.19
41	Axis Bank Ltd.	300173	7909	2.63
42	Bandhan Bank Ltd.	13358	29	0.22
43	DCB Bank Ltd	13464	231	1.72
44	HDFC Bank Ltd.	440955	4724	1.07
45	ICICI Bank Ltd.	364429	17208	4.72
46	IndusInd Bank Ltd.	93667	861	0.92
47	Kotak Mahindra Bank Ltd.	122384	3059	2.5
48	Yes Bank Ltd	103411	845	0.82
49	IDFC Bank Limited	49714	3030	6.09

Indian Overseas Bank fares worst, having the highest ratio of NPA to total advances — 20.26 per cent. UCO Bank (18.66 per cent) and Bank of India (16.01 per cent) follow.

CHART 1

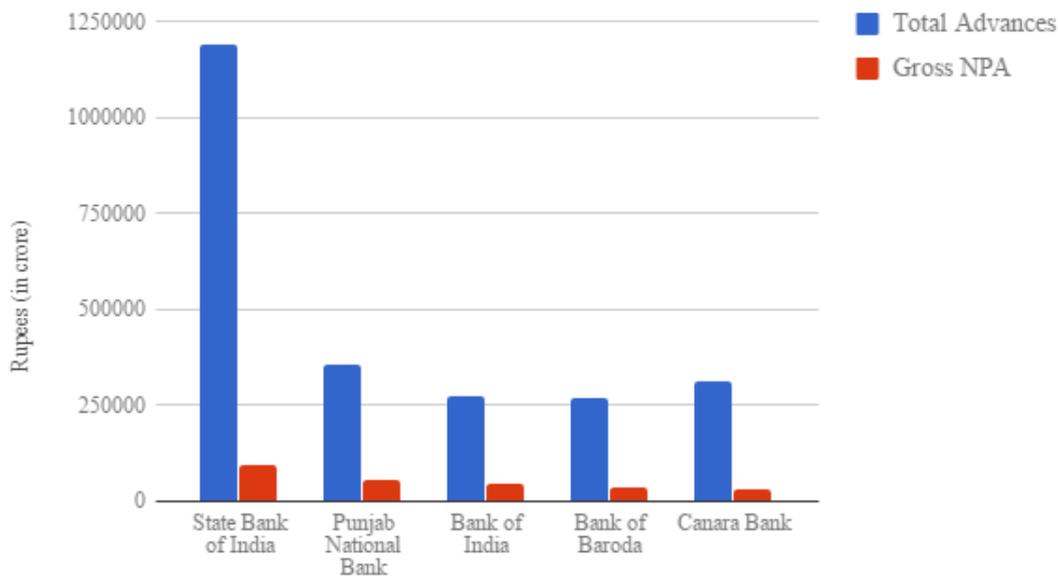
## Banks with Highest % of NPA Against Total Debt



In absolute terms, State Bank of India has the highest value of Gross NPA around Rs. 93,000 crores. Punjab National Bank (Rs. 55,000 crores) and Bank of India (Rs. 44,000 crores) come next.

CHART 2

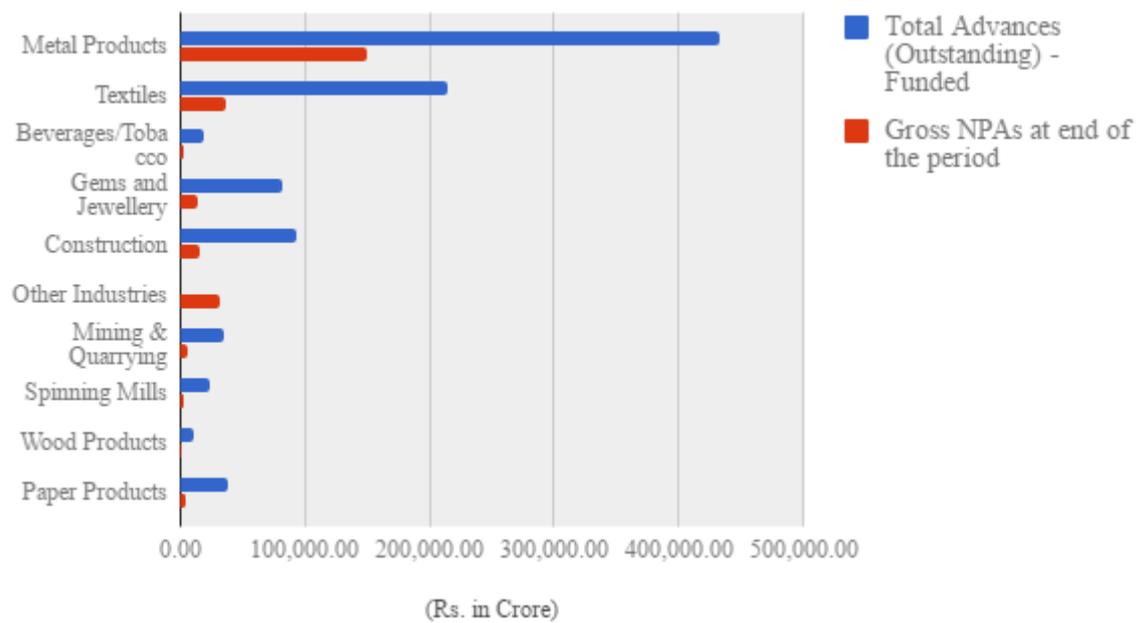
**Banks Having Highest Amount of Gross NPA**



Basic Metal and Metal Products sector is the worst performing in terms of NPA ratio. As of June 2016, govt data show that a third of all outstanding advances (Rs. 4.33 lakh crore) given to the sector turned to NPA (Rs. 1.49 lakh crore).

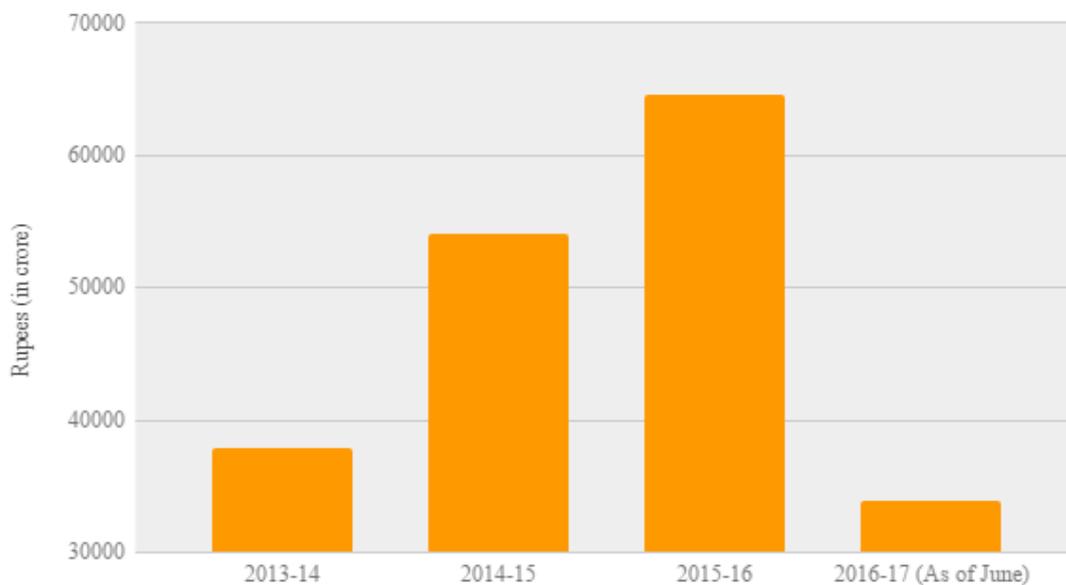
CHART 3

**Top 10 Sectors Having Highest NPAs for Scheduled Commercial Banks**



Textiles sector, and Beverages (excluding Tea and Coffee) and Tobacco sector follow, both having NPA ratio at around 17 per cent. Specific measures have been taken for sectors where the incidence of NPA is high, the government said in response to the parliament question. To improve the resolution or recovery of bank loans, IBC (Insolvency and Bankruptcy Code) has been enacted and SARFAESI (Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest) Act and RDBFI (Recovery of Debts due to Banks and Financial Institutions) have been amended, the response said. Further, six new Debt Recovery Tribunals (DRTs) have been established for improving recovery.

CHART 4

**Number of Property Seized/Possessed under SARFAESI Act**

The SARFAESI Act allows banks and other financial institutions to auction residential and commercial properties when borrowers default on their payments. This helps the banks to reduce their NPA by recovery and reconstruction. Under this Act, 64,519 properties were seized or taken possession off by the banks in 2015-16. In the current financial year, as of June, the number stands at 33,928.

(All data in the story from Parliament Questions)

**IMPACTS OF NPA**

After study find out negative impact incurred on Indian economy through NPA. Which is discussed in below?

- GDP slow down
- Capital is stuck
- Negative effect on lower income person
- Bad impact on MSME sector
- Negative effect on banking sector

**CONCLUSION**

After study the above data of NPA we can say that Indian economy is slow down due to NPA. And directly and indirectly negative impact on growth of banking sector and another sector like: agriculture, real-estate, textile, metal, employment etc. If timely we do not care about the NPA problem one day our economy is crisis. As per my opinion government and RBI works tougher and fighting to NPA. And implement more policy, rules and regulation on our banking system and economy for control the NPA problem.

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## UNDERSTANDING GST THROUGH COMPARISON WITH PREVIOUS INDIRECT TAXATION SYSTEM

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### ABSTRACT

*The Indirect taxation structure of India has undergone a major reform in its functionality. The different indirect taxes which were earlier levied by the Central Government and State Governments have been replaced by a single indirect tax known as Goods and Services Tax (GST). All indirect taxes have been consolidated into one bucket. Hence one nation with one market has one tax. GST is a symbol of harmonization of laws, procedures and rates of tax across the country. This will remove all the limitations of the earlier indirect taxation system such as unnecessary statutory compliances, non-provision of Input Tax Credit (ITC) for various inputs, cascading effect of taxes and complexity caused due to non-harmonization of tax rates between the states. Due to the federal structure of our country GST will be a dual tax which will be charged both by Central Government as CGST and State Governments as SGST. GST tax reform is the mother of all tax reforms. GST represents an unbiased tax structure which is neutral towards all types of organisation structures, business models, business processes and geographical locations. This paper is focused on understanding the basic concept of GST by comparing it with the previous indirect taxation system.*

### KEYWORDS

GST, central government, indirect taxes, state governments.

### INTRODUCTION

It is to be noted that GST is not an addition to the already prevalent multiple indirect taxes in the country. Instead GST is going to 'replace' all these indirect taxes. GST is a multi-stage, destination based, value-added tax levied at all points of the supply chain with credit allowed for any tax paid on input, input services which have been used or are intended to be used in the course of furtherance of business. Hence, our Honourable Prime Minister has appropriately named it a Good and Simple tax. GST is a comprehensive, centre staged tax that will transform the economic structure of our country. The first time when the Central Government had taken a step towards transition to GST was in 2006. The wait finally got over on 1<sup>st</sup> July, 2017 when it came into force in India. Some states had opposed the implementation of GST due to issues like the Constitutional Amendment Bill did not contain provisions for giving states compensation against any possible loss of revenue after GST roll-out for five years, keeping the entry tax and petrol tax out of the ambit of the GST. Tamil Nadu had particularly opposed GST because GST being a consumption based tax will result in loss of revenue for manufacturing oriented states. However, despite all the oppositions GST bill was passed in the Centre Government as well as in all the State Governments to bring into effect the new tax all over the country.

### DEFINITION OF GST

GST is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of set-off benefits from the producer's/ service provider's point up to the retailer's level where only the final consumer should bear the tax

### BACKGROUND OF TAXATION STRUCTURE IN INDIA

Article 246 of the Constitution of India empowers the Centre and State Governments to levy various taxes. In the previous regime of indirect taxation Central Government had the power to levy taxes on services and State Governments had power to levy taxes on goods in the form of VAT. The need to restructure these powers has been fulfilled by GST which gives the power to both Central Government and State Governments to levy taxes on goods and services.

The various indirect taxes levied under the previous system were:

- a) **Central Excise Duty**- Central Government levied excise duty on such 'excisable goods' that are manufactured in India and are meant for domestic consumption. The various Central Excise duties are Basic Excise Duty, Special Excise Duty, Additional Excise Duty.
- b) **Customs Duty**- Customs duty was levied in India by the Central Government on goods imported or exported from India. Under the customs law, the various types of duties leviable are Basic Customs Duty, Additional Duties of various types, Countervailing Duty.
- c) **Service Tax**- It was charged in India by the Central Government on the 'service provider' in India except, those in the State of Jammu & Kashmir and was levied on the gross or aggregate amount charged by the service provider from the receiver of services.
- d) **Central Sales Tax**- It was charged by the Central Government on inter-state sale or purchase.
- e) **Value Added Tax (VAT)**-VAT was a multi-staged sales tax levied on the value added to a product by each selling dealer with the provision of credit of tax paid by the dealer to the previous person on purchase of goods. It was collected by the Government of the State in which the final consumer was located on expenditure incurred by the consumer.
- f) **State Excise Duty**- It was charged by various State Governments in India on certain items like alcohol, liquor, opium, narcotics etc.
- g) **Securities Transaction Tax**- STT is a tax being levied by the Central Government on all transactions done on the stock exchange. It is applicable on purchase or sale of equity shares, derivatives, equity oriented funds and equity oriented mutual funds
- h) **Entertainment Tax**- The government levied entertainment tax on feature films that get a wide release in India. This tax was collected on movie tickets, major commercial shows, gross collections and big private festivals.
- i) **Entry Tax/ Octroi**- Entry tax was imposed by state governments on movement of goods from one state to another. This tax was levied by the state which was receiving the goods.

### TAXES SUBSUMED UNDER GST ARE AS PER FOLLOWING:

#### Central Taxes

- Central Excise Duty
- Additional Excise Duties
- The Excise Duty levied under the Medicinal and Toiletries Preparation Act
- Service Tax
- Additional Customs Duty, commonly known as Countervailing Duty (CVD)
- Special Additional Duty of Customs - 4% (SAD)
- Central Sales Tax
- Surcharges & Cesses (relating to supply of goods and services)

#### State Taxes

- Value Added Tax
- Entry Tax in lieu of Octroi

- Entertainment tax (unless it is levied by the local bodies).
- Luxury tax
- Taxes on lottery, betting and gambling.
- State Cesses & Surcharges (relating to supply of goods and services)

**TAXES NOT SUBSUMED UNDER GST ARE AS PER FOLLOWING:**

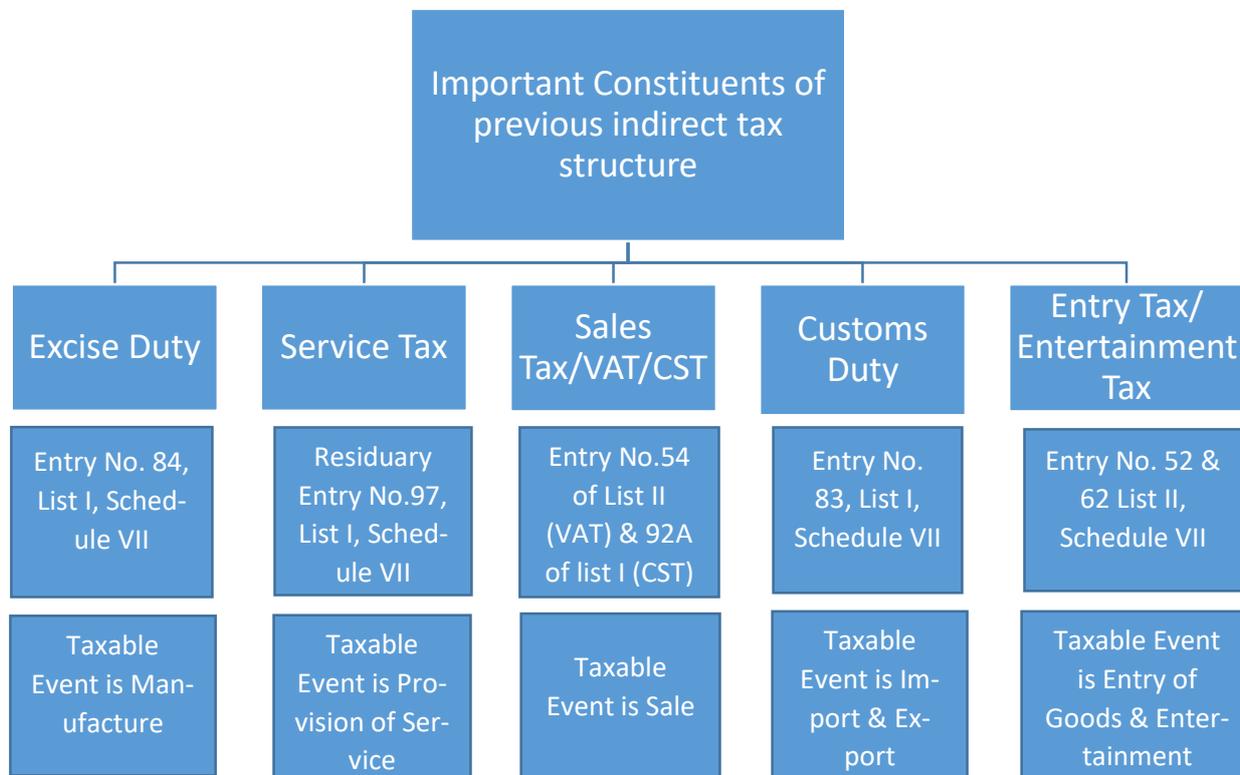
**Central Taxes**

- Basic Custom Duty
- Export Duty

**State Taxes**

- Stamp Duty
- Electricity Duty

FIG. 1



**NEW TAXES UNDER GST REGIME**

**a) Central Goods and Services Tax (CGST)-** CGST will be levied on all the transactions taking place within the state. The share of this tax will go to the Centre Government. This tax will replace all the other taxes which were being charged by the Centre, for example central excise duty, service tax, central sales tax, countervailing duty, surcharge and cess.

**b) State Goods and Services Tax (SGST)-** SGST will be levied on all the transactions taking place within the state. The share of this tax will go to the State Government. SGST will replace all the taxes which were earlier levied by State Governments.

**c) Integrated Goods and Services Tax (IGST)-** In case of inter-state transactions IGST will be levied and collected by Central Government. It will be divided between the Central Government and respective State Governments according to a predetermined policy.

**d) Customs duty-** Customs duty is the only tax from the previous indirect tax structure which remains in the GST regime. The customs duty is levied in India by the Central Government on goods imported or exported from India. Under the customs law, the various types of duties leviable are Basic Customs Duty, Additional Duties of various types, Countervailing Duty

**1. CONSTITUTIONAL PROVISIONS GOVERNING TAXATION**

**PREVIOUS REGIME**

Article 246 (Seventh Schedule) of the Indian Constitution contains the legislative powers (including taxation) of the Union Government and the State Governments. It contains the following 3 lists covering the various subjects:

- **List I- Central List:** It contains the areas in respect of which only the Central Government can make laws (including taxation laws).
- **List II- State List:** It contains the areas in respect of which only the State Governments can make laws (including taxation laws).
- **List III- Concurrent List:** It contains the areas in respect of which both the Parliament and the State Legislatures can make laws concurrently. It is to be noted that this list does not specify any law relating to taxation.

**GST REGIME**

After Article 246, Article 246A has been inserted in the constitution containing special provision with respect to goods and services tax:

1. The Parliament and the Legislature of every State, will have the power to make laws with respect to goods and services tax imposed by the union or by such state.
2. Parliament has exclusive power to make laws with respect to goods and services tax when the supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

**2. LEGAL FRAMEWORK**

**PREVIOUS REGIME**

All the indirect taxes had their respective legislatures which governed their functioning:

- **Central Excise Duty:** The Central Government levied excise duty under the Central Excise Act, 1944 and the Central Excise Tariff Act, 1985.

- **Customs Duty:** Customs Duty was levied by the Central Government and governed by The Customs Act, 1962 along with Customs Rules, Annual Finance Act, CBEC Circulars/ Notifications and Judicial decisions.
- **Service Tax:** It was charged in India by the Central Government under the provisions of the Finance Act, 1994 governing the charge of service tax.
- **Central Sales Tax:** It was charged in India by the Central Government and is governed by the Central Sales Tax Act, 1957.
- **Value Added Tax (VAT):** VAT was introduced into the indirect taxation system from 1<sup>st</sup> April, 2005 under Value Added Tax Act, 2005 and associated VAT rules.
- **State Excise Duty:** It was charged by the various State Governments in India and is governed by the respective State Level Excise Act.

**GST REGIME**

- **Central Goods and Services Tax (CGST)-** For levying CGST there is a single legislation called CGST Act, 2016
- **State Goods and Services Tax (SGST)-** States and Union Territories of Delhi and Puducherry which have their own legislatures have enacted their own GST legislations for levying SGST which is called SGST Act, 2016- State wise. Though, there are numerous SGST legislations but the basics of law such as definition of taxable person, taxable event, rules of chargeability, classification and valuation of goods and services and the like are uniform across all SGST legislations.
- **Union Territories Goods and Services Tax (UTGST)-** Union Territories without their own legislatures will be governed by UTGST Act, 2017, for the purpose of charging UTGST.
- **Integrated Goods and Services Tax (IGST)-** IGST is an aggregate of CGST and SGST. IGST Act, 2016 gives the authority to Centre to levy and collect tax on inter-state supply of goods and services including imports.
- **Customs Duty-** Customs Duty is levied by the Central Government and governed by The Customs Act, 1962 along with Customs Rules, Annual Finance Act, CBEC Circulars/ Notifications and Judicial decisions.

**3. TAXABLE EVENT****PREVIOUS REGIME**

- **Central Excise Duty:** The duty was levied on the event of **manufacture** of goods.
- **Customs Duty:** The duty is levied when goods are **imported** in India and **exported** out of India.
- **Service Tax:** Service tax was levied on the event of **provision of service**.
- **Central Sales Tax:** This tax was levied when there was **inter-state sale** of goods and services.
- **Value Added Tax:** VAT was levied on the event of **sale of goods within the state**.

**GST REGIME**

In the GST regime one taxable event in the form of “**supply**” will replace all the other taxable events like manufacture of good, provision of service, sale etc.

- **CGST:** CGST is levied on the event of supply of goods and services within the state.
- **SGST:** SGST is levied on the event of supply of goods and services within the state.
- **IGST:** IGST is levied on the event of inter-state supply of goods and services and also on imports.
- **Customs Duty:** the duty is levied when goods are imported in India and exported out of India.

**4. TAX RATES****PREVIOUS REGIME**

The previous system of indirect taxes consisted of multiple rates for different taxes. The rate of Value Added Tax differed across states. Excise duty was levied at 12.36%, service tax at 15%, VAT ranged from 5% to 15% between states and Central Sales tax was charged at 2% against Form-C.

**GST REGIME**

Under GST regime there is uniformity in tax rates with one CGST rate and same SGST rate across all states. The tax rate slabs decided are 0%, 5%, 12%, 18% and 28% and cess will be charged on luxurious goods. 81% of the items are to fall below/in 18% GST slab.

- **0%-** GST at 0% on more than 50% of the goods which fall under consumer price index.
- **5%-** GST at 5% on everyday use goods and essential food items
- **12% & 18%** are the standard rates for goods and services i.e. maximum items will fall under this category.
- **28%-** GST at 28% on all luxurious items

**5. CASCADING EFFECT****PREVIOUS REGIME**

Under the previous system of taxation credit of input VAT was available only against output VAT and not against output excise duty and service tax. Similarly, credit of input excise duty and service tax was available only against output excise duty and service tax and not against output VAT. So, when excise duty was calculated on a value which already included VAT paid, it caused a cascading effect which implies tax on tax.

Excise Duty Law, Service Tax Law and State VAT Laws had listed certain goods and services which do not qualify for availing Input Tax Credit thus resulting in cascading effect of tax.

Also, u/s 3(1) of Customs Act, CVD is required to be calculated on assessable value plus basic customs duty and u/s 3(5) of Customs Act, SAD is to be calculated on assessable value plus CVD u/s 3(1) plus education cess and she cess, resulting in cascading effect of taxes.

**GST REGIME**

Under GST regime, most of the indirect taxes will be subsumed under one tax nationwide and this will result in elimination of cascading on credit of inward taxes across the board. There will be seamless flow of tax credit from manufacturer/ supplier to user/ retailer to eliminate cascading effect of taxes.

GST will do away with most of the cascading effects, except in the following cases:

1. A small list of inputs, input services and capital goods which are not eligible for availing tax credit remains.
2. The rule of calculating CVD on assessable value plus basic customs duty u/s 3(1) of Customs Act and calculating SAD on assessable value plus CVD u/s 3(1) plus education cess and she cess according to section 3(5) of Customs Act still remains.

**6. INPUT TAX CREDIT (ITC)****PREVIOUS REGIME**

Under the previous system of indirect taxation, in case of excise duty and service tax ITC was available but was restricted to a list of inputs, input services and capital goods that were used for manufacturing the final product or providing output services. In case of Central Service Tax, no ITC was available. In case of VAT, there was a list of inputs, capital goods that have been used in manufacture or resale and could be availed as ITC. So, all in all ITC was not available for all taxes paid. Hence indirect taxes like Central Excise and Service Tax mostly formed part of the cost component of trader.

**GST REGIME**

Under GST a trader is entitled to avail input tax credit paid on domestic procurement of goods and services. Under GST regime a registered person becomes eligible to claim tax credit on input tax charged from him on supply of goods and services which are used or intended to be used in the course of furtherance of his business. Availing ITC will lower the operating costs. Further under GST regime, the landed cost of imports is also expected to reduce significantly.

**7. COMPLIANCE****PREVIOUS REGIME**

Due to presence of multiple laws for different taxes (for example Central Excise Duty, Service Tax, Central Sales Tax, VAT) compliance procedures became very complicated. One had to get registered under different tax laws, there were numerous rules for filing of returns, payment of taxes, obtaining tax audit reports and filing of those reports, assessment, maintaining papers and so on. The compliance costs were high in the previous regime.

**GST REGIME**

GST has brought all the taxes under one umbrella to make compliance easier. It consists of common procedures for registration, duty payment, return filing and refund of taxes. Under GST Regime there will be one law for one tax and one return to be filed. This will lead to simplicity in compliance procedure.

**8. ADMINISTRATION****PREVIOUS REGIME**

The administration of indirect taxes levied by Central Government lies in the hands of Central Board of Excise and Customs (CBEC). State level taxes are administered by the Commercial Tax Departments of different State Governments.

**GST REGIME**

India being a federal country, GST has a dual structure because of which its administration is equally divided between the Centre and State. Central Board of Excise and Customs (CBEC) shall be responsible for implementing the CGST and the state tax administration will be separately responsible for implementing the SGST.

**9. TAX BURDEN****PREVIOUS REGIME**

The tax burden on ultimate consumer was very high due to cascading effect of taxes.

**GST REGIME**

Elimination of cascading effect will reduce the tax burden significantly.

**10. ONLINE PORTAL****PREVIOUS REGIME**

In the previous tax regime different indirect taxes like excise duty, service tax, VAT, central sales tax, etc were paid through their respective online portals.

**GST REGIME**

But in GST regime there is a single portal for filing all tax returns. This portal is named Goods and Services Tax Network (GSTN). GSTN is a non-government private limited company which has been set up with the main motive of providing IT infrastructure to Centre Government, State Governments, various tax payers and other stakeholders for implementation of GST.

**11. STOCK TRANSFERS****PREVIOUS REGIME**

In previous regime stock transfers were not taxable under VAT on furnishing of Form F. Whereas, in case of Central Excise, on making a stock transfer of excisable goods one had to pay excise duty on 100% + 10% of cost of production.

**GST REGIME**

Taxable event in GST is 'supply'. Thus, supply of goods and/or services without consideration between related persons or between distinct persons, made in the course of furtherance of business is subject to tax.

**12. ORIGINATE BASED V/S DESTINATION BASED****PREVIOUS REGIME**

In case of Central Government taxes like Central Excise Duty and Service Tax, there was no question of determining originating state or destination state because no matter what the tax collected always formed part of Central Government revenue. However, in case of State taxes like VAT it was necessary to determine originating state and destination state because tax collected formed part of originating state's revenue.

**GST REGIME**

In GST regime, in case of inter-state supply of goods and services originating state loses revenue and destination state gains revenue. This happens because when inter-state transaction takes place, Central Government collects IGST and transfers certain portion of IGST to the consuming/destination state. That portion of IGST is transferred which the consuming state gives credit to the registered person against subsequent sale within the consuming state.

**CONCLUSION**

GST tax reform will prove to be very beneficial for the country because of its features of easy compliance, transparency, removal of cascading effect of taxes, provision of Input Tax Credit, harmonization of tax rates and easy administration. India will now have a unified common national market with freedom of movement of goods and services and a level playing field for producers and consumers across the country.

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**PRODUCT PERFORMANCE OF LIFE INSURANCE COMPANIES IN INDIA: A LITERATURE REVIEW AFTER 2000**

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**ABSTRACT**

*This Literature review looks at the concept of product performance of life insurance companies of India both in public and private sector. It focuses on the development of available literature in this field and related to the, research area selected. However, the researcher found a very limited amount of research in the area of insurance. It has been universally acknowledged that no work can be meaningfully conceived and soundly accomplished without critically studying – what already exists in relation to it, in the form general literature. It is the study of already established knowledge pertaining to the area that enables us to perceive clearly what is already lighted up in that area and what still remains enveloped in darkness. The planning and execution of any research study should be preceded by thorough review of literature in the related field since it helps the research worker to get better insight into the work done in the related field. Apart from the above consideration, the review of literature goes way in building up and accumulating knowledge over a period of time through the reflection of primarily empirical studies. Whatever may be the mode of building up knowledge, it is invariably realized that no one can embark upon a new venture in any area without critically acquainting himself with-what already exists in the form of knowledge in that area. The study of related literature goes a long way in equipping the research with these understandings and knowledge which is necessarily needed to put one's own problem in a proper perspective and which are essential for a valid interpretation of the findings of one's own research efforts.*

**KEYWORDS**

insurance sector, insurance products, ULIP.

**INTRODUCTION**

**T**his Literature review looks at the concept of product performance of life insurance sector. The literature review draws its contents from various books, articles, research papers, online and printed journals, contributions from various management consultancies as well as from various other sources in print media and the internet. The history of insurance industry in India gets its shape when the both life insurance and general insurance sector were nationalised in the year 1950s and 1960s respectively. Liberalisation movement started in the year 1991 positively affect in the growth of this sector. Reforms in the year 2000 have helped to achieve rapid growth in critical areas and sustain them over a period of time through channelized strategies. A large number of companies have jumped into the field with competitive pricing, services and process, which has not only changed the industry numerically and more policies sold but also in dimensions of competitive pricing, better and fast services, and personal security and so healthy life styles.

**REVIEW OF LITERATURE**

**Barathi et al., (2011)**<sup>1</sup> in their study examined the impact factor of reforms on the world fastest growing insurance market. They found that due to private participation entire industry has changed in all regards. The finding of the study suggests that insurance companies may not only focus on developing and improving the variety of products but explore new segments and develop effective strategies to achieve profitable growth.

**Chaudhary and Kiran (2011)**<sup>2</sup> analyzed that life insurance industry expanded tremendously from 2000 onwards in terms of number of offices, number of agents, new business policies, premium income etc. Further, many new products (like ULIPs, pension plans etc.) and riders were provided by the life insurers to suit the requirements of various customers.

As far as a study of insurance products is concerned, an attempt is undertaken to incorporate literature review of empirical work on different aspects of insurance products in this section.

The relevant literature reviewed for the present study is described as under:

**LITERATURE AFTER 2000**

This research done by **Organisation for Economic Co-operation and Development (OECD) Secretariat (2001)**<sup>3</sup> dwells in detail on the benefits of life insurance for an individual and for the economy as a whole. The authors also list down the forces, which drive the development of life insurance industry in the OECD countries. The authors have analysed the impact of key macro indicators like economic growth and regulatory environment in the growth of life insurance industry in an economy. The difficulties to be surmounted by the life insurance industry according to them are inflation, customer awareness, underdeveloped financial markets and lack of actuarial data.

**Chen et al., (2001)**<sup>4</sup> in their study have revealed that insurance demand of baby boomer generation is quite different from that of previous generations using cohort analysis.

**Arora (2002)**<sup>5</sup> highlighted that LIC was likely to face tough competition from private insurers having large established network and their trained intermediaries throughout India.

**Patil Kallinath, S. (2002)**<sup>6</sup> in his thesis on "Life Insurance Corporation of India, Its Products and their Performance Evaluation: A Special Reference to Gulbarga District" conducts a study which covered a period of five years from 1994-95. During this period, the Corporation launched various new plans. It is found that the incidence of insurance coverage of agricultural groups and agricultural labour is very low and the insurance products with fewer premiums and covering more risk are the most preferred policies by the people. The study further reveals that the entire insurance business is urban biased and the demonstration of product features by the agents is not satisfactory.

**Shriram Mulgund (2002)**<sup>7</sup> in his article on "From Single to Sophisticated – Risk Based Solvency Margins for the Indian Life Insurance Industry" discusses the background to the risk-based capital approach for setting up the required solvency margins and its application to the Indian insurance industry. He suggests that the Required Solvency Margin (RSM) level cannot be determined independently of the level of the reserves set up by the insurer. It is the total of the Reserve and RSM which is more important and relevant rather than just the level of RSM.

**Pearson Robin (2002)**<sup>8</sup> in his article "Growth, Crisis and Change in the Insurance Industry: A Retrospect" says that change is often characterized by new internal strategies that organizations use in order to enhance their competitive advantage. Corporate restructuring is an increasingly popular means to attain and retain competitive advantage. An organization is making structural changes as well as adjustments to their products and services to better meet the constantly changing preferences of their customers.

For insurance companies, it is significant to understand the needs of young customers. This concentration on young customers' preferences is due to the fact that understanding and adjusting services to their needs will give an insurance company the possibility to keep these young customers throughout their lives. Incorporating the changes in customers' demands on a regular basis would allow the insurance companies to gain satisfied, loyal customers over time. During the past decades, there has been a rising interest of the insurance industry among business and economic historians. Despite this there is still a gap in the knowledge of insurance demand.

**Sinha Tapen (2002)**<sup>9</sup> The history of life insurance industry starting from the pre independence era has been described in detail. In addition to listing down the grounds for nationalisation of life insurance in India in 1956, the reasons for liberalization of the industry under the current economic reforms have also been spelt out. Insurance industry holds a huge potential in India. It is contended that 312 million middle class consumers in India have enough financial resources to purchase insurance products like pension, health care, accident benefit, life, property and auto insurance. Only 2.5 per cent of this insurable population, however, has insurance coverage in any form.

The potential premium income is estimated at around US \$80 billion. This will place India as the sixth largest market in the world. Over the next couple of decades Indian insurance industry, which is in a critical stage of development, is likely to witness high growth primarily due to two reasons, i.e. financial deregulation and growth in per capita GDP. Financial deregulation always speeds up the development of the insurance sector. Growth in per capita GDP also helps the insurance business to grow.

**IRDA report revealed (2003)**<sup>10</sup> revealed that the maximum business activities of private life insurers are limited in the urban areas where a fairly good market network of public sector insurance companies already exists. The ratio of agents of urban and rural agents was 100:76 in public company where it was 100:39 only in case of private companies.

**Taneja and Kumar (2004)**<sup>11</sup> highlighted the opportunities and challenges before the insurance industry in India due to liberalization, globalization and privatization. **Vijaykumar (2004)**<sup>12</sup> argues that opening up of the insurance sector will foster competition, innovation, and product variations. However, in this context one has to consider various issues at stake including demand for pension plan, separateness of banking from insurance sector, role of IT, possible use of postal network for selling insurance products and above all, the role of Insurance Regulatory Authority.

**Greene, William H. Segal Dan (2004)**<sup>13</sup> in their research "Profitability and Efficiency in the U.S. Life Insurance Industry" have discussed the relationship between cost inefficiency and profitability in the U.S. life insurance industry. The life insurance industry is mature and highly competitive, and cost efficiency may be the main driver of profitability. The authors derive cost efficiency using the stochastic frontier (SF) method allowing the mean inefficiency to vary with organizational form and the outputs. In addition, the estimation of the cost efficiency measure takes into account the underlying accounting concepts. This study suggests that cost inefficiency in the life insurance industry is substantial relative to earnings, and that inefficiency is negatively associated with profitability measures such as the return on equity.

**Sathya Swaroop Debasish (2004)**<sup>14</sup> has devoted his research to the Customer preference for Life Insurance in India. Using the technique of factor analysis, his study identified the five major factors which are responsible for customer preferences which are stated as risk-return factor, promotional factor, service quality factor, consumer expectation factor and core product factor. The sample covered six hundred policyholders, across five states in North India. The opinion of the customers on twenty reasons for preference of life insurance were measured on a five-point scale (Likert Scale) ranging from least important (1) to most important (5) depending on the importance attached to each reason. The data has been collected through structured questionnaire based on non-probability, convenient sampling held during the period of July 2002 to March 2003. He found that more and more customers are now identifying the newer dimension attached to life insurance, to match their life-cycle needs. The buying intent of a life insurance product by a small investor can be due to multiple reasons depending upon customers risk return trade off. Another important fact was that, due to the reduction in the bank interest rates and high degree of volatility in Indian stock market, investors are looking for an alternate for their short term as well as long term investment which will provide them a higher returns and also safety to their investment. Thus, life insurance offers the best alternative to small investors in India. He also suggests that prudent product design, by adding the feature expected by investors, will make the new life insurance product more attractive for investors.

**Banumathy and Subhasini (2004)**<sup>15</sup> examined and evaluated the attitude of LIC policyholders towards Life Insurance business, at a branch level in Virudhunagar District. In order to collect opinion of policyholders, a well-structured questionnaire was prepared. The sample comprised of 200 respondents selected randomly. The study revealed that educational level, income and financial status of the policyholders are the important factors influencing their decision to take the policy. Most of the policyholders get the information about various plans & schemes of LIC only through its agents. Policies are taken up by the policyholders for various purposes, such as future safety, family welfare, children's education, marriage, tax benefits etc. About 10 components have been identified to measure the level of attitude. A five-point attitude scale had been framed. The components analyzed were: premium rate locating of branch, loan procedure, rate of bonus, services of agents, settlement of claims, advertisement, publicity, safety and social security. This measurement of level of attitude clearly revealed that most of the policyholders were satisfied with the services rendered by the LIC and its agents.

**Bhattacharya (2005)**<sup>16</sup> advocated that bank assurance provided the best opportunities to tap the large potential in rural and semi urban areas as banks have a strong network of more than 40000 branches in these areas. He suggested that the insurers should focus on Single Premium policies, Unit Linked Insurance, Pension Market and Health Insurance.

**Krishnamurthy et al., (2005)**<sup>17</sup> in their paper tried to explain the status, growth and impact of insurance sector after liberalization and reforms. They revealed that growth of insurance sector depends on penetration which depends on awareness and quality services of insurance companies. Satisfaction of customer and increased saving will give pace to growth.

**Kumar (2005)**<sup>18</sup> highlighted that private insurance players introduced a wider range of insurance products and set up brand promotion as a part of their new strategy. These new covers had flexibility and added benefits to suit the needs of customers who were dissatisfied with the traditional and rigid plans.

**Rajeshwari and Moorthy (2005)**<sup>19</sup> observed that investors demand inter-temporal wealth shifting as they progress through the life cycle. Taneja and Kumar (2004) highlighted the opportunities and challenges before the insurance industry in India due to liberalization, globalization and privatization. Vijaykumar (2004) argues that opening up of the insurance sector will foster competition, innovation, and product variations. However, in this context one has to consider various issues at stake including demand for pension plan, separateness of banking from insurance sector, role of IT, possible use of postal network for selling insurance products and above all, the role of Insurance Regulatory Authority.

**Sukla (2006)**<sup>20</sup> reviewed that in last six years into competitive market, the Indian insurance industry exhibited a healthy growth trend of new business and market share. He also viewed that with liberalization, India is penning the script of "insurance convergence (catch up) and not insurance divergence (falling behind)".

**Kulshresth (2006)**<sup>21</sup> highlighted that demand for life insurance in rural India was expanding at the annual rate of 18 per cent as compared to 3.9 per cent in urban areas which provided good opportunity for life insurers to perform.

**Omar et al., (2007)**<sup>22</sup> stressed the importance of life insurance and regarded it as a saving medium, financial investment, or a way of dealing with risks.

**Praveen Kumar Tripathi (2008)**<sup>23</sup> in his summer training project report titled "customer buying behavior with a focus on market segmentation" conduct a research based study on buying pattern in the insurance industry with a special focus on HDFC Standard Life Insurance. The various segments of the markets divided in terms of insurance needs, age groups, satisfaction levels etc were taken into account to know the customer perception and expectation from private insurers.

**Kamble et al. (2009)**<sup>24</sup> in their study, analyzed the perception of customers toward e-service quality dimensions. They also evaluated how well these dimensions were being perceived by the customers so as to provide an objective measure of service performance. The first phase of the study identified 10 important dimensions of online service quality, viz. reliability, responsiveness, competence, ease of use, product portfolio, security, website features and access, credibility, completeness of information and sensation. The results indicated that the extent to which current online retailers provided online service attributes were analyzed to be low or moderate on most of the dimensions for both the e-travel and e-mart service providers. The model tested for the relationship between the service quality dimensions and customer satisfaction was found to be conciliated at a low level.

**Sen Subir (2008)**<sup>25</sup> in his article "An Analysis of Life Insurance Demand Determinants for Selected Asian Economies and India" has tried to understand economic and other socio-political variables, which may play a significant role in explaining the life insurance consumption pattern in Greater China Region and six ASEAN countries for the 11-year period 1994-2004 and also tried to re-assess whether or not the variables best explaining life insurance consumption pattern for twelve selected Asian economies in the panel are significant for India for the period 1965 to 2004. This research has highlighted that in India the economic variables such as income, savings, prices of insurance product, inflation and interest rates & demographic variables like dependency ratio, life expectancy at birth, crude death rate and urbanization are few significant determinants which effect the insurance consumption.

**Rao LavanyaVedagiri (2008)**<sup>26</sup> in article, "Innovation and New Service Development in Select Private Life Insurance Companies in India" try to examine how service firms actually innovate by interviewing Zonal managers of select 10 private life insurance companies in India. The research stated that Private Life Insurance organizations use systematic procedures in the areas of New Service Development (NSD) Strategies and deploy that for new services & the study also reports on how the organizations involve their customers in the service innovation process. Another observation from the study was that the top executives of all the ten companies participate in the idea generation stage. This research strongly concluded that liberalization of the life insurance industry, the customer will be the single most important factor forcing changes in the life insurance business and on life insurance company part NSD is an ongoing activity in the organization. Finally, the research positively states that there is an effective system of innovation in these service organizations in India.

**J. Arulsuresh & S. Rajamohan, (2010)**<sup>27</sup>, suggested that in order to persuade people to take more number of policies, the corporation may introduce prize scheme and give aggressive publicity to these schemes. It also concluded that there is significant difference between the responses of the respondent in awareness of products and there is significant difference in mean ranks of after sales service provided by the agents.

**Barbara Culiberg and Ica Rojsek (2010)**<sup>28</sup>, explored a service quality in retail banking in Slovenia and its influence on customer satisfaction. Through factor analysis and regression analysis, result suggests that all four dimensions of service quality as well as service range influence customer satisfaction. The information provided by this research can be used while designing marketing strategies to improve customer satisfaction in retail banking.

*The entry of private players increased the competition in the insurance market. The private players introduced a wider range of innovative insurance products in order to set up brand promotion as a part of their new strategy. The products have flexibility and added benefits to suit the needs of customers who were dissatisfied with the traditional and rigid plans.*

**Peong Kwee Kim and Devinga Rasiah, (2011)**<sup>29</sup>, investigates the ethical investment behavior which is new field of study among a General Insurance Fund Managers in Malaysia in order to refine in an ethical behavioral scope. Throughout this research, there were three major aspects investigated namely personal, social and demographic factors of fund managers who were involved in investment activities. The major finding shows that social factors had played the biggest effect in conducting ethical investment behavior in the insurance industry.

**C. Meera and D. M. Eswari (2011)**<sup>30</sup>, explored a study on customer satisfaction towards cross selling of insurance products and supplementary services in Coimbatore district, centers around the dependent variable customer usage behavior and their relationship with the related independent variables such as Age, Gender, Marital status, Education, Occupation, Family Income, No. of years banking and Frequency of Visit to bank. Statistical tools ANOVA and Garrett ranking were used and revealed that cross selling of insurance product is not influenced by age of respondent but have strong opinion on cross selling of insurance product is associated with education (UG), occupation (Business), and frequency of bank visit.

**Timira Shukla, (2011)**<sup>31</sup>, did an empirical investigation of customer perception of brand LIC in Delhi. SERVQUAL scale was used to discern the different dimensions of service quality and mean scores were used to find out if there is any gap between customer expectations and perceptions. The result shows that LIC is focusing on the dimensions which are not important to customer and LIC needs to make substantial investment to improve their score on tangibility dimension.

**R. Serenmadevi, M. G. Saravananaraj and M. Lathe Natajan (2011)**<sup>32</sup>, conducted a study on the insurance product pattern and consumer preference for ULIP Life Insurance Product with reference to Delhi City to find out how much the consumer in Delhi city prefer for ULIP Life Insurance. The collected data were analyzed by using simple percentage analysis, weighted average method, ranking method, Analysis of variance, chi-square, F-test and correlation and it is found that most of the customer are satisfied with ULIP and enjoys an excellent perception of brand value.

**Anand Prakash, Sanjay Kumar Jha and S. P. Kallurkar (2011)**<sup>33</sup> the research describe Indians attitude towards service quality for life insurance business presented through different demographical factors. This research reveals that, type of customer personality, age, gender, levels of education, and monthly income influence the attitude towards the service quality and also provides the research implications useful for business transformation and further development of research on service quality.

**J. N. Mojekwu, (2011)**<sup>34</sup>, studied modes of exit – trends and patterns of insurance policy holders in Nigeria. According to this research, most life insurance policy-holders complain of adverse effect of inflation on the policy values at the time of payment on the happening of the contingencies. This has resulted in a high rate of lapse, surrender and conversion to paid-up status. Based on the findings, the study recommends that life insurance companies should enlighten the public more on the benefits of life insurance and evolve some incentives to avoid the negative impact of these modes of decrement on life assurance portfolios.

**Nissim (2011)**<sup>35</sup> examined the accuracy of relative valuation methods in the U.S. insurance industry, using price as a proxy for intrinsic value. The study found that unlike for non-financial firms, book value multiples perform relatively well in valuing insurance companies and are not dominated by earnings multiples. However, the gap between the valuation performance of forecasted EPS and the conditional price-to-book approach was relatively small during the last decade. Jagendra (2008) pointed out the development of Indian life insurance industry during the globalization phase. He also mentioned about the reasons of high awareness, low penetration, and untapped potential of the industry.

**Abdalelah S. Saaty & Zaid Ahmed Ansari, (2011)**<sup>36</sup>, attempts to find out the important factors in developing marketing strategy for insurance companies in Saudi Arabia. It investigates the reason for buying and not buying insurance. The result of study shows that the social and regulatory factor played crucial role in consumer's purchase. It was also found that the public at large is unaware about the benefits and types of insurance products.

**D. Kandavel, (2011)**<sup>37</sup>, presented study looking at the perception level of the retail investors towards investment in mutual funds. The small investor purchase behavior does not have a high level of coherence due to the influence of different purchase factors. The study reveals that the buying intent of a mutual fund product by small investor can be due to multiple reasons depending upon customer risk return trade off.

**Sanjay Kanti Das, (2011)**<sup>38</sup>, has analyzed preferred investment avenues of the household. The study reveals that insurance products still remain the most preferred investment avenues of the household. The results also highlight that certain factors like education level, awareness about the financial system, age of investors etc make significant impact while deciding on the avenues for investment.

**Mohammad Karimi & Behzad Hassannezhad Kashani, (2011)**<sup>39</sup>, aimed to identify reasons by which customer prefer private insurance covers to public ones. This paper considered product, service, human and comfort factors as antecedents of customer preference in private insurance covers. The results showed that human and economic factors are antecedents of private insurance preference.

**P. Varadharajan and P. Vikkraman, (2011)**<sup>40</sup>, the research focused to identify the investor's perception towards investment decision in equity market. The study reveals that there exists an independency between the demographics, majority of the factors and the returns obtained. It is also evident that investment strategies of people keep on changing as well as the factors that influence the decision making keeps changing.

**Kambiz Heidarzadeh Hanzae & Fereshteh Lotfizadeh, (2011)**<sup>41</sup>, attempted to demonstrate the impact of marital roles and family structure on consumer decision-making style within an Islamic culture. The finding finds that family structure (male-dominated, wife-dominated, joint decision-making style or egalitarianism style) and also Islamic norms and Iranian culture have profound impact on decision-making style on Iranian families.

**K. Sai Kumar & A. S. Gousia Banu, (2011)**<sup>42</sup>, the gender analysis of customer satisfaction with respect to toiletries reveals that both male and female customers are highly satisfied with quality, while the gender analysis of customer satisfaction with respect to packaged food items reveals that male customers are highly satisfied with free gifts and female customers are highly satisfied with cheapest price.

**S. H. Ashraf & Dhanraj Sharma, (2011)**<sup>43</sup>, provide an overview of global financial crisis and its impact on Indian insurance industry. This paper is concluded with the remark that the impact of the slowdown on India's growth rate is certainly not alarming. India still is one of the fastest growing economies in the world. India has the potential to emerge from this global recession stronger than before.

**N. Rajasekar Rathod & R. N. Padma, (2011)**<sup>44</sup>, identified culture as an organizational feature that supports learning and explore how different types of culture stimulate different levels of learning. The findings of the study show a better understanding of the relationship between 4 types of culture and 2 levels of learning. The results of the study also provide insights for both the organization as well as the researcher to understand the need to create a strong culture that facilitates a higher level of learning and that which enhances organizational value to gain competitive advantage.

**T. V. Mallick, V. Selvam & N. Abdul Nazar, (2011)**<sup>45</sup>, attempted to highlight the robust growth and the potential in the Indian Life Insurance Industry, the role played and customer's awareness on the private life insurance players in Vellore District, Tamil Nadu. This survey reveals that the insurance sector has plenty of

growth opportunities for private Insurer, moreover, it also reveals that majority of the respondents still viewed insurance as tax saving device and risk coverage becomes a secondary objective.

**Aurelija Albinaite, Marija kucinskiene & Yannick Le Moullec, (2011)**<sup>46</sup>, described an agent based model simulation environment that enables the analysis of consumer behavior towards insurance service. They have proposed a three-tier model that includes its core features as well as internal and external influencing factors.

**Dr. Dhiraj Jain & Ruhika Kothari, (2012)**<sup>47</sup>, attempted to identify the awareness, preferences, problems and attitude of investors towards various deposit schemes offered by the post office. The study reveals that demographic factors have no significant influence over the opinion towards post Office Deposits Schemes except monthly income and educational qualification.

**N. Namasivayam, S. Rajendran and R. Eswaran (2012)**<sup>48</sup> studied the influence of socio-economic factors on attitude of policyholders towards SBI life insurance schemes. The study revealed that socio-economic factors such as age, gender, occupation, nature of family and income levels, play a major role in influencing the preference of policyholders whereas factors like educational level, caste and marital status of the respondents showed that they do not influence the preference of policyholders.

**Dr.P.Sheela and G.Arthi (2012)**<sup>49</sup> stressed that the insurance companies have to understand the changing needs of customers. They have to develop viable and cost-effective distribution channels, build consumer awareness and confidence which will together contribute in further strengthening the insurance business in India. The study revealed that though majority of the respondents are aware of life insurance and its significance, only 41.7% of them have opted for insurance coverage. The study indicated that saving element was the main element that made them to purchase life insurance policies.

**Negi and Singh (2012)**<sup>50</sup> in the study of demographic analysis of factors influencing purchase of life insurance products in India have concluded that, 'Product Quality and Brand Image' has got the highest mean. The insurance companies thus should try to maintain the timely and satisfactory service along with maintaining their reputation and goodwill. The companies should pay more attention timely and hassle free settlement of the claims. Further customer relationship management should be of utmost importance for such companies. 'Brand Loyalty' has been rated lowest among customers while selecting and purchasing insurance product which signifies the healthy competition among the insurance industry (IRDA Annual Report, 2011-12).

**Shanmuganathan and Muthian (2012)**<sup>51</sup> has done a comparative analysis on standing of ULIP's in an individual investment portfolio and concluded that Investment in ULIP with equity investment options is better than that of traditional investment. If investment horizon is long and equity should generate decent returns in the long run. Simultaneously, if we can think of investing in Mutual Funds, ULIPs are the smart choice for people who want to enjoy market returns and keep the controls in their hands. In addition, it gives insurance cover with the flexibility to adapt changing lifestyle needs. This is a viable option for those who want a convenient, economical, one-stop solution.

**Abdul Karim, (2012)**<sup>52</sup>, conducted the research on consumer buying behavior of Two-Wheelers in Tirunelveli City (Tamilnadu). The objective was to study the brand preferences, brand loyalty and also to analyze the factors that motivate the two-wheeler consumer's buying behavior. The study reveals that the time gap between intuition and actual purchase for the majority of sample consumer is less than one month and Comfort & Convenience is the driving force for the purchase of two-wheeler.

**Sanjay Kanti Das, (2012)**<sup>53</sup>, made an effort to study the investment habits and preferred investment avenues of the household. This study examines the investment attitude, their preferences & knowledge about capital market institutions and instruments. This study also reveals that in most cases investors across all categories found them to be safer in taking up the insurance policies.

**Venkatesh M (2013)**<sup>54</sup> in his research article "a study of Trend analysis in insurance Sector in India" had analysed the world insurance density and related it with India density. He has also studied the premium trend analysis for understanding improvement of insurance in India. He has used trend analysis. And conclude that Indian insurance sector is having increasing growth rate. The trend percentages are increasing and improving year to year.

**NenaDr.Sonal (2013)**<sup>55</sup> in her research article "Performance Evaluation of Life Insurance Corporation (LIC) of India" has analysed the major source of income (premium earned) of the sampled unit as well as the significant heads of expenses of LIC to measure the performance during the period of the study. He has used secondary data. The F-test has been applied as statistical technique. And found that the performance is unchanged and LIC has maintained the market value of their product.

**Choudhuri (2014)**<sup>56</sup> analysed that the customers are very much conscious about their needs and requirements towards insurance. Based on the several factors, customers are now selecting different kinds of products in their life where their awareness about the several existing life insurance products varies situation wise, culture wise, nation wise, sector wise, industry wise and obviously over times. On the other hand, like any other company, Life Insurance Corporation of India (LIC) is adopting various strategies to develop customers' awareness about the various products as well as involving in the fulfillment of various needs and requirements of the customers through their selection of different life insurance policies available in the market. Observing present scenario of the LIC customers' product awareness and their current transactional life insurance policies, in this study the investigation of customers' product awareness and transaction gap in Life Insurance Corporation of India has been conducted in Burdwan district, West Bengal. In this study, accepted 221 usable responses were considered as the sample size and statistical package SPSS 16 was used to perform the analyses.

**S. Subramanya et al (2014)**<sup>57</sup> in their paper "A study on the life insurance sales force perspective on new guidelines issued by IRDA on Jan 2014" had focused on understanding the perceptiveness of the sales force on the guidelines issued by IRDA in Jan 2014. And found the new guidelines is accepted by the sales force but they fear that the implementation is a challenging task and it requires time and effort from all stake holders to implement the same.

**Tripathy, Chandan Kumar (2014)**<sup>58</sup> in his research article "An empirical study on the buying motives of an insurance policy holder and the impact of demography on the insurance buying decision process" has attempted to make the customers aware of various aspects of life insurance product. The primary data and secondary data were analysed using SPSS 19.0 and Excel 2010. ANOVA and T-test used to examine the differences among various groups and found tax saving plan, saving scheme with good return are positively accepted.

**Rao P Divakara (2015)**<sup>59</sup>, in his research article "Recent Trends in Life Insurance Business in India: A Comparative Study of LIC and private players in post-liberalisation era", has examined the context of liberalisation in Indian life insurance industry. The research paper is based on secondary data had followed descriptive and analytical method. And found that life insurance industry has been achieved a remarkable growth in the premium income after the entry of private insurer.

**Meyr and Tennyson (2015)**<sup>60</sup> provide the first investigation of information markets as a reaction to deregulation of product forms in insurance markets. The article included the case of Germany, where insurance product ratings entered the market after relaxation of product regulation in 1994. The ratings' potential for enhancing the performance of a deregulated insurance market is analyzed by considering both market structure and governance characteristics of the rating market. Results suggest that market governance and competition characteristics are favourable for the production of unbiased and informative ratings. Ratings for disability insurance support this interpretation, since the characteristics of the ratings conform to theoretical predictions about ratings in well functioning rating markets.

*During these years the cut throat competition made the public and private insurance players more active in satisfying the customers. Not only the private sector but also the public sector insurance companies are coming with various products according to the taste, preference and purchasing power of the customer.*

## RESEARCH GAP

The past related literature reviews shows that, there is no specific and in depth study relating to the product performance of Life Insurance Company during the study period. This enabled the Researcher to carry out the research during this particular period.

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In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

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