

INSURANCE ADVISORS EFFECTIVENESS FOR PUBLIC AND PRIVATE INSURER: A DEMOGRAPHIC STUDY

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Abstract :

Few years back insurance was an arcane word for all of us. Insurance is no longer an unexciting business and the insurance advisor an apologetic salesman. New entries have actually changed the rules of the game in the insurance industry. One such change that has made a huge positive impact in the minds of Indian consumers is the product innovation by the insurance companies. New products are being launched; new distribution channels opened and thousands of sales advisers and managers are being recruited every month. This rapid change is demanding new regulations, new methods of management, new methods of operation and ofcourse considerable development in knowledge, attitude and skills of the workforce. Such times demand business/output focused people who think widely, are confident about taking risks and decisions and prioritise their own and others' actions to achieve the business need. Without these attributes the growth pattern that has begun will not be sustained. So are these attributes being developed in people? People know what they should do but they do not necessarily know how to do it. This study is well ahead to evaluate the effectiveness of Insurance Advisors.

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Introduction

Today's insurance market is increasingly complicated, with a rapid trend toward the diversification and commoditization of insurance products. As insurance companies diversify their product portfolios, agents are pressured to become familiar with a wide variety of strategies and products. Because many agents sell products and services from different providers, companies are strongly motivated to provide an efficient and easy way to sell their services. Agent loyalty is critical to the carrier who relies on independent agents. Meanwhile, industry data shows that competitive differentiation between products continues to decline. Who feels the strain? Both carriers and agents, who compose the key distribution channels, faced with mounting reassures, both agents and providers must focus on gaining a competitive advantage. In this increasingly competitive battle for market share, "it is vital for independent agencies and brokers and their carriers to position themselves as aggressive competitors by making the needed investments in people, technology, branding, advertising and a disciplined Sales process. When it comes to building and maintaining a base of satisfied insurance clients, there's no substitute for face or phone time. In fact, personal service drives profitability for many insurance agencies and agents. In a recent survey of insurance clients, more than half of consumers cited personalized service and human interaction as the factors driving loyalty to their agent. Yet as more customers use alternate channels, such as the Web, call centers, and mobile devices to research insurance options and apply for and manage policies, insurance agencies must find new ways to achieve their ultimate goal of creating loyal and committed clients.

Review of Literature

As a rule, the uninsured do not want to be uninsured. They want insurance; but they either cannot get it or cannot afford it. Higher premiums discourage people from purchasing insurance. An affordable basic benefit policy should be made available. Less expensive policies help the uninsured find affordable coverage and reduce the need for a mandate to buy health insurance (AHIA, 2009). There are two types of investor's socially responsible investors and conventional investors. Socially responsible investors want high returns and low risk, as well as their portfolios to conform their values. Financial advisors knew to ask socially responsible investing important questions (Meir statman, 2007).

Verma, Sushma rani (2007) persuade the study of buyer behavior regarding life insurance policies in the rural areas of Haryana. She found that agents are the most important source of information and motivation as the people take a policy that is suggested by the agent Money-back policy is the most preferred policy in the rural area, followed by Jeevan Anand and Endowment policy, and the rural people have less faith in private players. Mette Hansen (2004) analyzed minimum rate of return guarantees for life-insurance (investment) contracts and pension plans with a smooth surplus distribution mechanism. Reza Vaez-zadeh (2002) argues that an optimal deposit insurance scheme would allow the level of insurance coverage to be determined by the market.

Health insurance is not a necessary condition for access to credit or other resources, the agent cannot easily impose affiliation on its principals. For that reason, the principal-agent relationship in health insurance is significantly different from the relationship under other forms of community-level insurance (David, M. Dror, 2002). Tapen Sinha (2006) examined the determinants of claims for a group health care plan. Since all persons in the group are covered, the premium does not enter the consideration of demand in this case. Hence, it is possible to isolate other variables that affect the demand for health insurance. It shows that income of the employees affect the claims in an unexpected way. Paul Fronstin (2004) examined the status of health insurance coverage in the United States. The report focuses on the nonelderly population (under age 65) because this group can receive health insurance coverage from a number of different sources.

Jonathan G. Blattmachr (2007) described that financial concerns may preclude people of modest wealth from making significant lifetime transfers to achieve estate planning goals. Yet lifetime transfers are among the most effective ways to reduce estate taxes. Sinha Tapen (2005) overviewed the Indian insurance market which highlights the phenomenal growth experienced recently, in line with the country's improving economic fundamentals. Gabriele Susinno (2003) explained life insurance contracts as a portfolio of financial options.

Objective of the Study

1. To design develop and standardize a measure to evaluate effectiveness of insurance advisor.
2. To identify factors underlying effectiveness.
3. To compare the effectiveness of insurance advisor in public and private company.
4. To compare effectiveness of male and female insurance advisor.
5. To open new vistas for further research.

Research Methodology

The Study: The study was Exploratory in nature with survey being used as method to complete the study.

The Study Design: The study was carried out using 2*2 factorial designs in which gender groups were placed in rows and type of employers in columns. The design is placed in the tabular form below :

The Sample Design

Type of Employer		
Gender	Public	Private
Male	40	40
Female	40	40

Population : All the Insurance advisors working at Gwalior for both public and private sector Insurance Companies were included.

Sample Size: Eighty insurance advisors were selected from public and private insurance companies each. Equal numbers of male and female advisors were approached to give their responses on the advisor effectiveness questionnaire.

Sample Element: Individual insurance advisors were taken as sample elements.

Sampling Technique: Quota sampling technique was used to select the advisors.

Tools Used for data Collection: Self designed questionnaire was used to collect responses of the advisors.

Tools Used for Data Analysis: Principal Component Analysis was applied on the responses received on the advisor effectiveness questionnaire to identify the underlying factors. The reliability of individual factors were calculated using Cronbach Alpha. Two way ANOVA was applied to evaluate the differences on advisor effectiveness of private and public sector companies and the differences based on gender. T-test was applied to evaluate the significance of differences between respondents placed in each cell of the research design.

Results and Discussions

Consistency measure: consistency of all the items in the questionnaire was checked through item to total correlation. Under this correlation of every item with total is measured and computed value is compared with standard value (0.15406748) and we found that all computed values are greater than standard value hence all the statements are consistent.

Reliability measure :

Cronbach's Alpha .914	N of Items 30
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Factor Analysis :

Factor Name	Eigen Value		Statements	Loading
	Total	% Variance		
Reliability	1.0116	3.3387	18. Effectiveness Public insurance advisors vs private insurance Advisor.	.882
			8. Gives better facilities to customer	.869
			2. Satisfaction from the company	.843
			3. Satisfaction from the job	.807
			7. People more believe on me	.769
			4. Income satisfaction	.732
			5. Relationship with customer	.727
			19. I always prefer to work in team	.634
			24. Dealing according to education level	.619
Attentive Personality	6.694	2.231	13. Focus on image building	.445
			10. Convincing power	.891
			9. give proper knowledge	.822
			14. Creative thinker	.815
			12. Create good working environment	.801
			11. Good listener	.759
			15. Enthusiastic person	.727
			20. Sincere towards my job	.699
6. Better communication	.630			

Knowledgeable	2.576	8.586	22. Knowledge about the products 28. Better effective product plan 25. Products according to income level 27. Service Quality 1. Goodwill of the company	.792 .730 .674 .661 .611
Believability	2.040	6.801	26. Customer satisfaction through me 29. Trained advisors are more effective	.864 .751
Ultimate	1.705	5.683	17. Maximum satisfaction level	.870
Co-operative	1.215	4.049	16. Act friendly with Customers	.644
Gambler	1.088	3.627	30. Experience effectiveness 21. Risk taking capacity	.762 .877

Discussion of Factors : All items were converged in seven factors namely, reliability, attentive personality, knowledgeable, believability, ultimate, co-operative and gambler.

Two way ANOVA : Two way ANOVA was applied to evaluate the differences on advisor effectiveness of private and public sector companies.

Source of Variation	Sum of Squares	Degrees of Freedom	Mean Sum of Squares	Ratio of F	Tabulated value of F
Between Columns	SSC = 930.25	(C- 1) = 2-1 = 1	SSC/(C-1) = 930.25	F1 = 4.134856	18.5
Between Rows	SSR = 111890.3	(R- 1) = 2-1 = 1	SSR/(R-1) = 111890.3	F2 = 29.08922	18.5
Residual or Error	SSE = 27060.25		SSE/(C-1)*(R-1) = 27060.25	-	-

Here SSC = Sum of Squares between Columns

SSR = Sum of Squares between Rows

SSE = Sum of Squares due to Error

= SST - (SSC + SSR)

Where SST = Total Sum of Squares = 139880.8

T-test: T-test was applied to evaluate the significance of differences between respondents of different gender.

Conclusion

This study has resulted in the standardized and reliable measure to evaluate the effectiveness of insurance advisor on investors. The underlying factors for effectiveness are Reliability, Attentiveness, Personality, Knowledgeability, Believability, Ultimate, Cooperative and Gambler. This study is a gender based study where effectiveness of insurance advisor in public and private company has been found with the help of t-test and ANOVA.

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BRAND VALUE, BRAND ASSOCIATIONS AND REJUVENATION OF BRANDS

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Synopsis

This article attempts to analyze the reasons for brands that were once well known going into oblivion. It also focuses on attempts, both successful and unsuccessful, made by marketers to capitalize on the value of such brands and discusses the pros and cons of rejuvenating such brands. Apart from establishing the reasons for exit or hiving-off of brands, based on empirical research of four well known brands, this article also lays down the frame work for companies to deal with such eventualities. Pitfalls to be avoided while hiving off the brands and strategies for exit (if inevitable) have also been addressed.

Forgotten Brands

Yezdi motorcycles manufactured by Ideal Jawa were a craze among Indian youth in 1970s and 80s. One wonders whether the youngsters of the present times have ever heard of this brand. Tinopal was a very well known brand in 1960s and 70s. Has any one heard about it in the last 20 years? What happened to Sunlight washing soap? Bull Worker? Rita hair oil? Berkley cigarettes? While some of these brands have already become extinct, few have been renamed with mixed results and the others are on the death bed.

This article is an attempt to understand the reasons for brands that were once well known going into oblivion, attempts made by marketers to capitalize on the value of such brands and the pros and cons of rejuvenating such brands.

Introduction

The statement “Products have life cycles. Not the brands” needs to be taken with a pinch of salt. Brands are as eternal as the efforts on the part of marketers to keep them eternal. However a close look at the Indian markets, particularly consumer durables and FMCG goods suggests that brands indeed have life cycles.

In the 1960s Binaca toothpaste was a very well known brand, though it never became the market leader. The famous Binaca Geetmala anchored by Amin Sayani went a long way in increasing the awareness and popularity of this brand. Later on this brand was acquired by Colgate -Palmolive who renamed it as Cibaca. In its new avatar, this brand is only a shadow of what it was during its prime and was used for promoting tooth brushes

After a few years Dabur India acquired the Binaca brand. There was a peculiar situation in the market when both Binaca and Cibaca were present albeit in different incarnations. Under Binaca brand Dabur launched a tooth powder, which has not been very successful.

In hind sight it may appear that it was a strategic blunder to dilute this brand. But the owners had their own reasons for doing so (patents, copy rights, territorial rights and so on)

Take the case of Illustrated Weekly of India, edited by legends like Khushwant Singh and MV Kamath .No doubt the habit of reading books and magazines is dwindling across the globe .But was burying this brand the only option Bennet, Coleman & Co were left with?

As recently as last year the famous Indian Coffee House on MG Road Bangalore was closed down. Apart from being a fast food joint, ICH was a land mark. While commercial reasons might have led to its closure, one wonders why the same commercial reasons did not attract an investor to acquire this brand. After some six months, a new group had taken over this restaurant but its present location in some obscure corner in Church Street is sadly devoid of the charm and energy which the earlier format had.

Before we discuss the pros and cons of brands once famous being marginalized or withdrawn, let us study in detail few such cases which would help us put the things in the right perspective.

Ideal Jawa : Yezdi

Ideal Jawa at its Mysore plant started manufacturing motor cycles in collaboration with their Czechoslovakian partners. Jawa was a big hit among Indian youth and the upgraded version named Yezdi was a much sought after motor cycle. Carving its own niche among biggies like Rajdoot (Escorts) and Bullet (Enfield India) Yezdi had a successful run lasting for almost 20 years.

1980s saw the emergence of second generation two-wheeler manufacturers like Hero Honda, TVs-Suzuki, Bajaj-Kawasaki, Kinetic-Honda etc. All the new players came up with fuel efficient, low weight, sleek models which found favor with the Indian consumers. The traditional players like Ideal Jawa had to face the brunt of the assault by the new generation bike manufacturers. While Enfield India was taken over by Eicher Motors and Escorts forged strategic relationship with Yamaha, Ideal Jawa did not take any proactive action and chose to ride on the popularity of their brand.

The promoters ran into some financial problems in late 80s and after struggling for 5-6 years they decided to close down the operations. While discussing the factors that led to the closure of this unit is beyond the scope of this article, I would like to raise the following questions

1. Was it not possible for any other two-wheeler manufacturer (whether existing or new) to take over Ideal Jawa?
2. Could the brand Yezdi, if not the company as a whole have been acquired by their competitors to exploit it commercially?

Unfortunately none of the above happened and the brand is literally on its death bed. But it is not dead as yet. As recently as in July 2010 8th International Jawa Yezdi Day was celebrated in Kanteerava Stadium, Bangalore when hundreds of Yezdi owners displayed their vintage bikes.¹ Yezdi is also on the Face Book with dedicated fans exchanging their experiences.

Illustrated Weekly Of India

After 112 glorious years “The Illustrated Weekly of India” owned by Times of India group made an exit, never to return, in early 1990s signaling the end of an era .A.S.Raman, Khushwanth Singh, MV Kamath and Pritish Nandy were few famous personalities who had their editorial stint with this magazine. Each of them left his own stamp on this publication, adored by thousands of Indians from all cross sections of the society. Teachers used to advise students in 1960s and 70s to read Illustrated Weekly to improve their English and General Knowledge.²

Features like Crossword Puzzle, Questions and Answers for different age groups, essays on topical issues, short stories gave a unique flavor to this magazine that attracted a large number of middle-class, educated Indians who became addicts for a life time. Some of the senior citizens still ruminate on features like Young Folks League and Aunty Wendy, the elephant “Cutta Parcha” and cartoons by the legendary R.K.Laxman and Mario which used to be the regulars in the Weekly.³

1. <http://www.in.com/news/sports-news/fullstory-bangalore-celebrates-jawayezdi-day-14676067-02ff4b966713ffac9f7e9fe7d9c819f3bd47915b-rhp.html>
2. http://en.wikipedia.org/wiki/The_Illustrated_Weekly_of_India
3. <http://www.busybeeforever.com/viewart.asp?section=roundandabout&filename=roundandabout920200445040.xml&subsec=roundandabout>

What prompted Times Group to take this painful decision? Steady decline in circulation perhaps was one of the main reasons. This magazine suffered from identity crisis and exhausted all positioning options. With the changing tastes and preferences of readers, (reading habits themselves had undergone a sea change), the owners of Times Group had to take this drastic step.

Did no body miss 'The Weekly' as it was popularly known? Did the brand "Illustrated Weekly" have no equity? One does have answers to these questions. But what prompted the owners to ignore the possibility of exploiting the brand value, painstakingly built over a period of more than 100 years is something one can not fathom. It is not that they are totally out of publications business. But they could not figure out as to how to fit the 'Weekly' in to their scheme of things and chose the option of discontinuing its publication.

Sunlight detergent

This famous brand from Hindustan Unilever's stable is still alive. But that is only for records.

Sunlight was launched in India in 1888 as a detergent brand. In the last 122 years Sun Light was one of the most 'tweaked around' brands in India.

Sunlight was originally a detergent cake. With the introduction of powdered detergents like Surf, it had to take a back seat. While it was phased out, brands like Wheel and Rin (both detergents) were promoted aggressively by HUL. In 2004 Sunlight made a come back but in a new *avatar* as a detergent powder. It was priced in between Wheel and Rin.⁴ Barring a few geographical pockets Sunlight detergent is not visible as a national brand. Why a heritage brand, having a history of over 120 years was sidelined by HUL is any body's guess.

When Nirma was giving a run for its money to HUL, they (HUL) could have positioned Sunlight against Nirma. But HUL missed out this opportunity and the rest is history. To further compound the problem, Wheel and Rin were promoted aggressively at the cost of Sunlight. Due to reasons best known to them HUL does not feature Sunlight brand in their web site. How HUL missed out opportunity after opportunity to leverage this strong brand to combat competition and use it as an effective flank for the other brands in the category is still a mystery.

Dalda

Dalda was the brand name of Vanaspati introduced by HUL. It was such a big hit that it assumed the status of a generic brand. Housewives used to ask for Dalda (whatever the actual make be) when they shopped for Vanaspati.

One does not know as to why and how this brand disappeared from the retail shelves. Was it because of consumers' preferring cooking oils with unsaturated fats? A company like HUL with so many resources at its disposal could have easily changed the composition of Dalda and re-launched it as healthy cooking oil, instead of Vanaspati which has a tendency to solidify even at room temperature. But HUL hived off this iconic brand to Bunge, US in 2003. The new owners re-launched it as a refined oil, with limited success. They again changed the positioning by re-launching it as a healthy edible oil in 2009. According to Mr. Adhiraj Sarin, MD (India) of Bunge "Bunge understands that India and Indian consumers have changed significantly in the last few years"⁵.

Apart from fortifying Dalda refined oil with vitamins A, D&E, Bunge have also increased the content of anti-oxidants to ensure its acceptability by housewives who have become more health conscious over the years.

4. <http://marketingpractice.blogspot.com/2006/03/sunlight-sunset.html>

5. "Iconic cooking medium brand Dalda makes a come back" available at http://www.thaindian.com/newsportal/business/iconic-cooking-medium-brand-dalda-makes-a-comeback_100244074.html

Without taking any credit away from Bunge, one can not fail to notice the fact that Dalda is not what it was for over 35 years. It is beyond one's comprehension as to why such iconic brands should be hived off, instead of being re-launched as a healthy edible oil by HUL themselves. How many consumers in India know about the new owners and still continue to patronize Dalda in its new incarnation is not difficult to guess.

How should marketers deal with such eventualities?

In the present era of mergers and acquisitions it may not always be possible for organizations to hold on to their brands, notwithstanding their heritage or iconic status. Business compulsions, need to reorganize businesses or the organization itself becoming sick may precipitate such decisions. In the case studies listed above Yezdi brand's demise was because of the company closing down its operations. One can not be sentimental in business and therefore should be prepared to take certain harsh decisions.

However there are quite a few instances in the annals of Indian business, when companies erred on the wrong side by pulling the plug too early or not exercising the options available while withdrawing/hiving off the brands. The goose that lays the golden eggs should not be killed, even if it does not lay the eggs for some time, without analyzing the pros and cons.

Some of the pitfalls to be avoided while hiving-off brands are:

1. *Resist the temptation of selling the brand for a handsome profit when there is no real need to hive it off.*

While cash in flow arising out of the sale and profits that accrue could be quite attractive in the short-term, hiving off a brand can have long-term strategic implications. Investors could perceive it as a sign of weakness which may affect the company's valuation. Competitors can acquire a company's brand from the third party firm that bought the brand which makes them stronger.

2. *Do not sell-off a brand if it creates an imbalance in the product-mix*

HUL would have been better off keeping the Dalda brand with them, which could have provided them an ideal platform for venturing into health foods. The synergy a balanced product mix provides can not be traded off with temporary gains by selling well established brands

3. *Do not take any decisions to hive-off brands without taking the channel partners and field sales personnel into confidence.* They are the best equipped to evaluate the impact of such decisions on the company's business as a whole and offer the right advise.
4. *Certain brands have strong associations, hiving-off which may adversely affect the other brands in the company's repertoire.* Even if they are not great money spinners, it becomes mandatory to retain them in as much as they lead consumers to the other brands of the company. For instance users of Dabur's Lal Dant Manjan, a low end brand, may later on graduate to Vajradanti/Binaca which are in the middle of the range.
5. *Milking and harvesting a brand in a declining market makes more sense than speeding up its exit.* Lifebuoy still continues to give good returns to HUL as the promotional efforts required for this brand are minimal as compared to other mature brands.

Suggested exit Strategies

In spite of the best of intentions, sometimes it becomes inevitable to withdraw a brand. Strategies to exit a brand, without any adverse impact on the existing brands and businesses are outlined below.

1. While promoting a particular brand may not any more be a viable proposition, whatever the reasons are, killing it is not the only available option. Depending on the equity the brand enjoys, organizations can sell it at the market price. Apart from generating cash, which can be put to some productive use by selling the brand to some other company who will continue to exploit it, the original owners safe guard themselves from the psychological backlash of the customers that have strong emotional attachment with the brand which may adversely affect the sales of other brands marketed by them. A case in point is Amrutanjana

pain balm , a well known brand owned by Amrutanjan Healthcare Limited, which Emami, who have already acquired Zandu Balm, are likely to acquire.⁶

2. Be clear whether in future the brand you are contemplating to hive off need to be re-launched either as a flank or for providing a choice of price-points to customers. If such is the case it would be better to keep the brand (like Sun light) as reacquiring it could be a costly proposition

Explore the possibility of leasing out the brand for a specific period, instead of selling it out right, so as to keep the options open.

3. Just because the brand has reached the decline stage of PLC, one need not be in a great hurry to exit the brand. Milking and harvesting, with minimum required resource allocation will make more sense (e.g. Lifebuoy) instead of killing it. Such a strategy makes one's product line broader and deeper, which could be an effective differentiator.
4. Think of ways to transfer the value of a declining brand successfully to other existing brands. While re-launching and rejuvenating are the obvious options, there could be situations when such strategies may not yield desired results or may not be cost effective. If such is the case, which are the other options to get good mileage for other brands? Can the vintage brand be the umbrella under which new brands can be launched? Can the brand be launched in other emerging markets? There will not be a dearth of options for organizations that are truly global.
5. Retro marketing is the latest fad. Whether it is music or films or bikes, recreating or reliving the past is an experience which lot of youngsters find thrilling. A number of movies are remade (For example 'Devdas') and marketed successfully. Remixes are quite popular among the fun loving youth. It is not just old wine but old automobiles also which command a premium. If you already have a iconic brand commanding lot of vintage value, it makes more sense to resort to retro marketing and give it a fresh lease of life. Further it is not just the younger generation who are enchanted by the magic of the 1960s and 70s. Even senior citizens rediscover their youth and by patronizing brands that are retro-marketed. Mayabazaar, one of the all time greats of Telugu films, produced in 1950s in black and white was converted into color using digital technology and rereleased in 2009 all over A.P fared reasonably well.

Even East India Company is making a come back, this time however for a different purpose. The brand East India, however infamous it was during the *Raj*, still continues to enjoy a strong recall and therefore a fit candidate to be exploited commercially.⁷

Conclusion

Mr. Raghuram, President, TI Cycles, leading manufacturers and marketers of BSA brand of bicycles aptly summarizes their brand strategy as under:

“We now don't sell cycles. We sell cycling”⁸

While nothing is permanent in life, including brands, marketers need to be more sensitive as also levelheaded while dealing with brands that have reached their decline. Whether to keep the brand or hive-it off is something one should decide based on one's business demands and compulsions. However like all other elements of marketing exiting brands also needs a strategic approach. Brands can generate substantial returns even after they reach the decline stage, but a proper assessment of pros and cons and well conceived exit strategies that are properly timed will be in the overall interests of all stake holders, including customers. The pitfalls to be avoided and strategies suggested in this article, it is expected, help marketers deal with brand exits in a more professional and balanced manner.

⁶ “Emami eyeing buy out of Amrutanjan Health”, TOI, 03/04/2010, available at <http://timesofindia.indiatimes.com/business/india-business/Is-Emami-eyeing-buyout-of-Amrutanjan-Health-/articleshow/5755910.cms>

⁷ “The East India Company Rides Again”, The Economist, Aug 2010 available at http://www.economist.com/blogs/schumpeter/2010/08/relaunching_companies

⁸ Sruthi Radhakrishnan, “Many forgotten Indian brands script a comeback”, TOI, 23/09/2010, available at <http://economictimes.indiatimes.com/features/brand-equity/Many-forgotten-Indian-brands-script-a-comeback/articleshow/6601520.cms>

THE IMPACT OF CELEBRITY ADVERTISING IN RURAL AREAS”

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Abstract :

The field of the consumer behaviour is the study of the individuals, groups/organization and the processes. Although, numerous factors affect the buying decision process but the use of right Celebrity has a great influence on the consumers. Marketers pay millions to celebrities hoping that they will bring magic to their brands they endorse and make them more appealing and successful. The effectiveness of using a celebrity to endorse a firm's product can generally be improved by matching the image of the celebrity with the personality of the product and the actual or desired concept of the target market. There is a high correlation between the appearance, knowledge, liking, credibility, advertising believability and purchase intentions. Today celebrity advertising has become a very pervasive element in advertisement and promotions. Let it be chocolates, scooters, motorcycles or banking services, brand managers today bank on the celebrity advertisement as a part of their brand strategy. It helps in creating a positive effect in the minds of the consumers. As an instrument it has been generated, maintain and develop attention towards the brand. The basic idea to conduct this research is to find out “The Impact of Celebrity Advertising on Consumer”. In this research paper we study that the numbers of ads in which a single celebrity features deceptive? Can we actually associate the brand with celebrity? Doesn't it lead to over exposure of the celebrity? Also, does it dilute the impact of the celebrity and lead to confusion about the brands amongst the consumers? For this research we had taken the rural area of Etawah (U.P.). We selected 250 people with simple random sampling from villages of Etawah. Method of Data Analysis is Percentage Method with graphical representation.

KEY WORDS :-

Celebrity Advertising, idealization, celebrity endorsement, purchases intentions.

Introduction

“A sign of a celebrity is that his name is often worth more than his services.”

- Daniel J Boorstin

The need of study here is that the numbers of ads in which a single celebrity features deceptive? Can we actually associate the brand with celebrity? Doesn't it lead to over exposure of the celebrity? Also, does it dilute the impact of the celebrity and lead to confusion about the brands amongst the consumers? For example, although *Amitabh Bachhan* is the brand ambassador for Nerolac Paints, a recent survey revealed that people actually associated him with Asian Paints. In this case celebrity advertisement proved to be counter-productive for Nerolac. Should there then be a number of advertisements done by celebrities, or should the celebrity pledge his loyalty to the brand for life?

Mega brands don't always depend on celebrities to hard sell for them.

A point to consider is whether the celebrity is responsible enough to actually examine the product thoroughly before lending his name to it. Many a time, the monetary factor is the only consideration, and an unsure product endorsed by a celebrity may end up doing harm.

Brand Image and Celebrities :-

Research on image built through endorsement of celebrity show that there are three aspects that influence a consumer's attitude of a brand. These are

- ✓ **Attractiveness**
- ✓ **Trust Worthiness**
- ✓ **Expertise**

Aspects of a brand	Image	Celebrity	Product
Attractiveness	Elegant	Renuka Sahni	Whisper
	Beautiful	Madhuri Dixit	Lux
	Classy	Pataudi	Asian Paints
Trust Worthiness	Reliable	Kapil Dev	Boost
Expertise	Knowledge	Sachin	Rockers shoes
	Qualified	Naina Balsvar	Shampoo

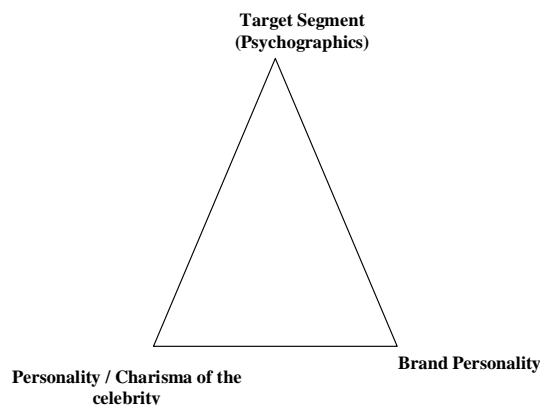
Example of how some celebrities in India have been used in advertising to enhance brand image are listed below:

A film actress like Madhuri Dixit is a credible source of information of soap. The uprightness of Sheshan makes him credible when he commends a frozen vegetable brand claiming that if you are a vegetarian you need not be "soft". Naina Balsavar, well known beautician can credibly advertise for Sunsilk and Sachin Tendulkar for Boost.

In the U.S. perceived expertise mattered more than the other two sources of influence, namely, attractiveness and trustworthiness in shaping a consumer's attitude for a product. Conclusive evidence on this is unavailable in India. However, it is improbable that the above holds true in India. For instance, the attractiveness of the model was a very important reason for the phenomenal success of LUX soap in its introduction stage.

An easy way to develop a brand image is to highlight something unique in a brand. CAPTAIN COOK insists on "free flowing" quality of its salt and promotes it with a comparative advertisement to hit out against TATA SALT. MARLBORO cigarette did a turn around and made itself a 'Macro Man cigarette' largely owing to its Wild West imagery.

Celebrity – Brand Linkage



LITERATURE REVIEW

Advertising

The word advertising originates from a Latin word *advertise*, which means to turn to. The dictionary meaning of the term is “*to give public notice or to announce publicly*”. Advertising may be defined as the process of buying sponsor-identified media space or time in order to promote a product or an idea. It is perhaps the most visible of the entire element in the promotion mix, and is, therefore, subject of much criticism from consumer groups. It is also subject to government regulation.

The American Marketing Association, Chicago, has defined advertising as “*any paid form of non-personal presentation or promotion of ideas, goods and services by an identified sponsor*”.

An analysis of each element of this American definition follows:

Any Form :

Advertising may be in any form of presentation. It may be a sign, a symbol, an illustration, an ad message in a magazine or newspaper, a commercial on the or the television, a circular dispatched through the mail or a pamphlet handed out at street corner; a sketch or a message on a billboard or a poster or a banner on the Net. Any form of presentation, which an advertiser imagines will fulfill the requirements of an ad, can be employed.

Non Personal :

This phrase excludes any form of personal selling, which is usually done on a person-to-person or a people-to-people basic. If it is a person-to-person presentation, it is not advertising.

Goods, services, ideas for action :

It is well known that advertisements are employed to communicate information about products and services. Advertising is necessary for companies to send out information about products that would cost consumers too much to seek out on their own.

What Advertising is :

Advertisement is a mass communication of information intended to persuade buyers to buy product with a view to maximizing a company's profits. The elements of this advertising are:

- 1) It is a mass communication reaching a large group of consumers.
- 2) It makes mass production possible.
- 3) It is non-personal communication, for it is not delivered by an actual person, nor is it addressed to a specific person.
- 4) It is commercial communication because it is used to help assure the advertiser of a long business life with profitable sales.
- 5) The communication is speedy, permitting an advertiser to speak to millions of buyers in a matter of a few hours.
- 6) Advertising is identified communication. The advertiser signs his name to this advertisement for the purpose of publicizing his identify.

Advertising is impersonal and is addressed to groups. An identified sponsor pays for advertising. Each advertising message indicates who the sponsor is. Further, this means of promotion is paid for. Unlike publicity, it is not free. Advertising is a means of reaching groups.

Advertising is only one element of the promotion mix, but it often takes special prominence in the overall marketing mix design. Because of the high visibility and pervasiveness, it is an important social and economic topic in Indian society.

Main Ideas in the definition :

- i) First, advertising is a paid form and hence is commercial in nature. Publicity is not paid for by the sponsor. Advertising is a paid form of publicity. Thus, any sponsored communication designed to influence buyer behavior is advertising.
- ii) Second, advertising is non-personal. Whatever the form of advertisement (visual, spoken or written), it is directed at a mass audience, and not directly at the individual, as in personal selling.
- iii) Third, advertisements are identifiable with their sponsoring authority, which is not always the case with publicity.

In other words the **simplest definition of advertisement** is that it is a **‘public announcement’**. In earlier times, to ‘advertise’ meant merely to announce or to inform. Some advertisements today still do just that: Provide information about ‘birth’ ‘deaths’, engagements, with little or no intention to persuade. The majority of classified advertisement provides useful information about jobs, accommodation, sales of secondhand vehicles and furniture, etc. Matrimonial advertisements recruitment advertisements, and tenders notices and similar types of public announcements also provide the public with valuable information, which would otherwise be difficult to obtain easily. The earliest advertisements in the first English newspapers published in India in the eighteenth century were little more than ‘public announcements’ about the arrival of ships and merchandise from abroad.

Basically, then, an advertisements is an announcement to the public of a product, service or idea through a medium to which the public has access. The medium may be print (such as newspapers, posters, banners, and hoardings), electronic (radio, television, video, cable, phone, internet) or any other. An advertisement is usually paid for by an advertiser at rates fixed or negotiated with the media.

Previous studies are conceptually more analytically more important about advertisement. Here a very substantial portion of total advertising is directed to the buyers of consumer products who purchase them either for their own use for their households.

Robert B. Erans in his book “*production and creativity in advertising*” asserts, debility still than absence of connection between the endorsee and that he/she is about the product.

Further he says, the use of celebrities if they don’t have a distinct and specific relationship consumer believe that the celebrity has been bought, and handsomely paid to say fine things about the product, the audience remember the celebrity but not the product.

Experts testimonials are quite effective. For the food item begin endorsed by an expert like *Sanjeev Kapoor* will have a significant effect, as he is considered being an expert in this field as *Alastain Crompton* in the craft of copy writing assert. “If you choose a star, be sure he or she has some kind of a relationship with at least desirable that the star in the commercial should bear resemblance to the image not too different from what is conveyed since credibility is put on trial if there is mismatch”. “*One has to see any attempt to inject more credibility into celebrity consumption of the brand*”.

Thus, the previous study was related to the advertising, types of advertising and need of advertisement.

RESEARCH METHODOLOGY

Research design: Descriptive /Causal Research

Sample Type: The respondents are taken from rural areas of Distt. Etawah.

Sample Size: The questionnaire was given to 250 respondents out of which 200 completed questionnaires were considered for study with a response rate of 80%.

Sampling Technique: Convenience sampling

Data Type: Both primary and secondary

Survey instrument: The survey instrument used was a standardized questionnaire for the quantitative study. The following questionnaires were considered in order to design the questionnaire used in the survey:

Sampling design: A sample of 250 respondents had been drawn from the rural areas of Etawah, at different designation and having different educational qualification and belongs to different age-groups on the line of “Convenience Sampling” method. In this method, the sample units are chosen primarily on the basis of the convenience to the investigator.

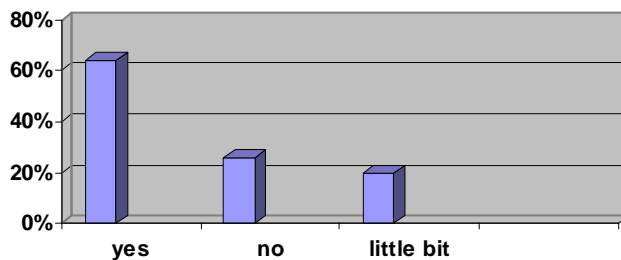
Data Collection: Primary data were collected from a sample of 250 respondents, chosen by convenience sampling method. In order to collect the necessary data the researcher visited the Villages of Distt. Etawah and administered the questionnaire personally to the respondents. The questionnaire was included 09 variables.

Data Analysis and Representation

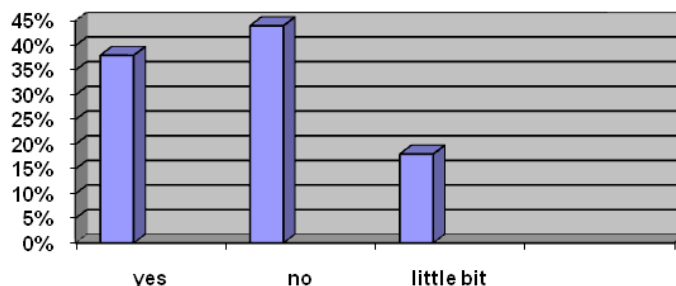
Question no.1 Do Celebrity Advertisement attracts more attention?

Serial No.	Option	No. of Respondent	Percentage
1.	Yes	128	64%
2.	No	52	26%
3.	Little bit	20	10%

Question no.2 Do you like movies stars in advertising?



Serial No.	Option	No. of Respondent	Percentage
1.	Yes	76	38%
2.	No	88	44%
3.	Little bit	36	18%



Question no.3 Do you like T.V. serial personalities in advertising?

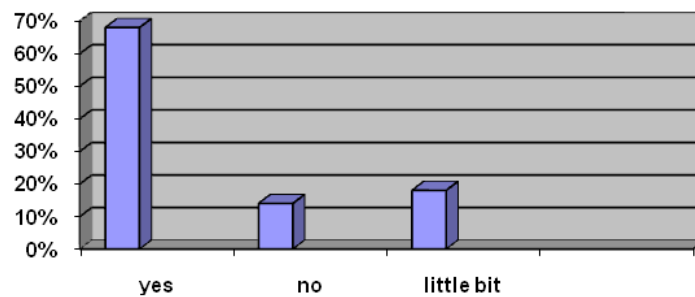
Serial No.	Option	No. of Respondent	Percentage
1.	Yes	36	18%
2.	No	80	40%
3.	Little bit	84	42%

Question no.4 Do you like sports player in advertising?

Serial No.	Option	No. of Respondent	Percentage
1.	Yes	88	44%
2.	No	70	35%
3.	Little bit	42	21%

Question no.5 Before buying does Celebrity Advertising effect your decision?

Serial No.	Option	No. of Respondent	Percentage
1.	Yes	136	68%
2.	No	28	14%
3.	Little bit	36	18%



Question no.6 Do you think Celebrity Advertisement is more effective as compare to general advertisement?

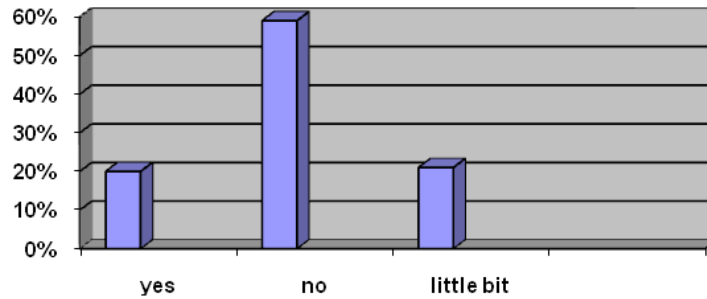
Serial No.	Option	No. of Respondent	Percentage
1.	Yes	144	72%
2.	No	48	24%
3.	Little bit	8	4%

Question no.7 Do you think that Celebrities also buy or use products which they advertise?

Serial No.	Option	No. of Respondent	Percentage
1.	Yes	128	64%
2.	No	46	23%
3.	Little bit	26	13%

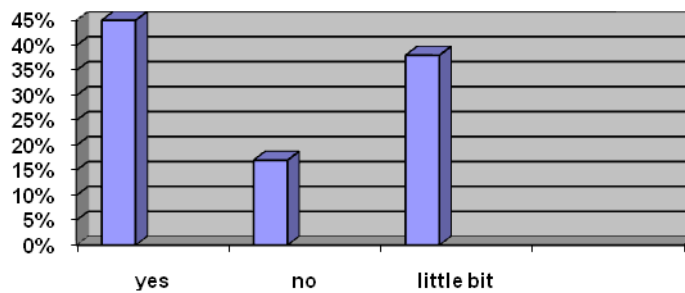
Question no.8 Do you think that Celebrity Advertisements are playing with the consumer emotions?

Serial No.	Option	No. of Respondent	Percentage
1.	Yes	40	20%
2.	No	118	59%
3.	Little bit	42	21%



Question no.9 Do you think that the price of the products price advertised by celebrities is usually higher?

Serial No.	Option	No. of Respondent	Percentage
1.	Yes	90	45%
2.	No	34	17%
3.	Little bit	76	38%



FINDINGS:-

1. As per the data representation our finding is that celebrity advertising attracts consumers (not for buying, only to see advertising). As the 64% consumers are saying yes.
2. Our research finds that many consumers do not like movies celebrities, most of them like to see their regional personalities.
3. Consumers are not very affected by T.V. serial stars.
4. Approx 50% consumers want to see sport celebrity in advertising.
5. The result says that celebrity advertising influences the buying behavior of consumer at the time of purchasing.
6. General advertising is more effective than celebrity advertising. Because that is somewhat genuine or related with some reality.
7. Most of the consumers believe that celebrities purchase and use the products that they endorse.
8. Prices of products are high if company is using celebrity advertising, because celebrity advertising is more expensive than general advertising.

Conclusion

As competition is increasing at greater pace among marketers, the need arises for them to attract consumers and they are adopting various techniques. Celebrity advertisement is one of them. Consumers now-a-day are very much affected by celebrity advertisement. A large number of companies are taking the help of celebrities in advertising their product.

Generally consumers are affected by movie-stars and sport-stars, give more preference to the products of their favorite celebrity. Celebrity advertisement has a major advantage since it improves the product awareness and recognition in the minds of consumers. Now-a-day consumers give first preference to the celebrity then to the brand followed by price and ad style, but at the same time, many consumers do not like their favorite star featuring for products like alcohol & cigarettes. Thus we can say that celebrity advertisement has a great impact on consumer's mind.

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GLOBAL RECESSION & ITS IMPACT ON INDIAN ECONOMY

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Abstract:

Recession is the result of reduction in the demand of products in the global market. It is defined as fall in national or domestic product for consecutive quarters & It leads to a decline in national income & gross domestic product (GDP) of the country. It is indicated by slowing of nation's production, rising unemployment, falling interest rates and decline in national income. The current recession 2007-09 has been linked to reckless and unsustainable lending practices. Resulting from the deregulation and securitization of real estate mortgages in the United States. India was never been impacted largely by the US recession, because. the saving rate of Indians which is comparatively higher than any other economy in the world, because of this the purchasing power of the Indians didn't went down much and as a result the manufacturing industries and demand of goods and services were not much affected. Although Things might slow down a bit in India but it will not be as worst affected as the Americans or Europeans.

Introduction :

Recession is defined as fall in national or domestic product for consecutive quarters. A recession would be indicated by a slowing of a nation's production, rising unemployment and falling interest rates, decline in the demand for money. Investors spend less as they fear stocks value will fall and thus Stock markets fall... In other words Recession is the result of reduction in the demand of products in the global market. It leads to a decline in national income & gross domestic product (GDP) of the country. Recession can also be associated with falling price known as deflation due to lack of demand of products. Again it could be the result of inflation or a combination of increasing prices & stagnant economic growth in the west.

Recession in the west, especially the United States, is a very bad news for our country. Our Indian companies have most outsourcing deals from the US. Even our Exports for January have declined by 22 %. There is decline in employment due to recession in the west. Some companies have laid off their employees and have cut promotions, compensation & perks of the employees .Companies hesitate to take up new projects up to one crore persons lost their jobs. The textile, garment, gems & handicraft industry are worse affected. IT industries, financial sectors, real estate owners, investment banking are confronting heavy loss due to the fall down of global economy.

History of Recession

World faced the several recession started from 1929 to current recession 2008-2009. The main recession & reason for recession are as mention below –

- v The great Recession 1929-1930-It was the longest, widest & deepest depression of 20th century. The depression originated in the United States, triggered by the stock market crash on October 29th 1929 (known as black Tuesdays) & quickly spread over the entire world. Unemployment in the United States loses up to 25 %.
- v The recession of 1981- It was started because of high strength of pound which made export more expensive & reduced the demand. This recession particularly affected British manufacturing. The govt. was committed to reducing the inflation of 27%, so the govt increased the interest rates & tight ened the monetary policy.
- v The recession of 1991- It was caused by BOOM & BUST .In the 1980s economic growth was too fast and unsustainable, therefore inflation increased & to reduce it the govt. deflated the economy. The

govt. wanted to maintain a high value of the pound & this required high interest rates of 15 % which caused a big fall in demand.

- v The current recession (2008-09)-The financial crises has been linked to reckless & unsustainable lending practices resulting from the deregulation and securitization of real estate mortgages in the U S .The emergence of sub-prime loan losses in 2007 began the crisis & exposed other risky loans & over-inflated asset prices. With loans losses mounting and the fall of Lehman Brothers on 15 September 2008, a major panic broke out on inter- bank loan market. As share and housing prices declined & many large and well established investment & commercial banks in the United States & Europe suffered huge losses & even faced bankruptcy, resulting in massive public financial assistance.

The recession in the US market global melt down termed as Global recession have engulfed complete world economy. It can be observed from the fact of fall in stock market, recession in jobs availability and companies facing downsizing in the existing available staff and cutting down of the perks and salary collections. Globally the financial sector is sacking the existing base of employees. The main effects of the current recession are

- v Drop in International trade
- v Falling house prices
- v Financial crises
- v Bankruptcy
- v Reducing disposal income
- v Rising unemployment
- v Fall in share market

Effects of Recession in India

India was never been impacted largely by the US recession, simply because India is not which it was in the 80's-90's. Although it will be immature on my part to say that India will not be impacted by the US recession at all, but the truth is that it will not get impacted adversely in the magnitude of what everyone feels.

- v **Drop in International trade** - In the month of January 2008, our Exports have declined by 22 %.
- v **Rising unemployment** -Because of the recession 50,000 to 1,50,000 (approx) Indian workers, most of them from Gulf countries have returned to the country. Workers those who are working in United Arab Emirates seemed to be most affected.
- v **Increase in oil prices** -oil is extremely important for any country, In 2008 oil price was highest & it was rose to \$147 per barrel from \$ 80 per barrel in a span of 6 month. Due to high oil price food prices also increased significantly
- v India. Some called it the 'rise of the east' or 'a billion under-served customers'. It was the country no one wanted to miss.
- v **Fall in share market** -on 1st January 2008, Sensex was 20,300 and then on 21st January 2008, it has come down 17,605; the total decline was roughly 15% between such a short period.
- v IT industries, financial sectors, real estate owners, car industry, investment banking and other industries in India suffered heavy losses due to the downfall in the global economy.
- v The textile, garment and handicraft market are worse affected as recession is the result of reduction in the demand of products in Indian market.

Indian economy was known as the most intriguing economy for the last three years. There was a lot of hype & hoopla created around. Everyone wanted to ride the

Why the Indian Economy not much effected?

The recession particularly in the capitalist economy had its impact on the Indian economy in certain sectors more particularly in IT sectors, Automobile, Banking and Insurance sectors and export oriented industries. There might not be influx of new jobs and projects at this time. So there may not be a high rate of new job creation but the existing projects will considered.

In the USA and Europe, after the industrial revolution, there was a rise of capital and the role of government reduced in some crucial sectors. The Industrial development and Economic development was opened to the market forces. It's because of this reason colonisation of the continents resulted. When the Colonialism ended due to the Second World War too, the recession occurred.

In India there is mixed Economy. It means, we blend the public sector and the private sector in many ways. Government presence can be found every where at almost every crucial area. The private sector too participated in economic growth. But the private sector just can't control the policies of the Government as happened during Colonisation. If at all there is any recession in the west, the central government is able to control the Indian economy to prevent the trap of recession.

India might possibly be one of the countries least effected by the current world economy. Compared to other nations, Indians save much more of their monthly income. The job market in India has not slowed down. Spending might have decreased a bit but it will not be considerable.

Things might slow down a bit in India but it will not be as worst affected as the Americans or Europeans. IT Industries, financial sectors, real estate owners, car industry, investment banking and other industries in India suffered from losses due to the down fall in the global economy.

The Textile, garment and handicraft market are worse affected as recession is the result of reduction in the demand of products in Indian market.

Measures taken by the Indian government to tackle the global slump:-

To reduce the effects of global slump Indian Government has taken many positive decisions to boost the economy & give relief to the various sectors. The government also release package to various sectors. The following steps are taken by the Indian government to boost the economy.

- v Tax cut are generally the first step any government takes during slump.
- v Government should hike its spending to create more jobs and boost the manufacturing sectors in the country.
- v Government should try to increase the export against the initial export.
- v The way out for builders is to reduce the unrealistic prices of property to bring back the buyers into the market, and thus raise finances for the incomplete projects that they are developing.
- v The falling rupees against the dollar will bring a boost in the export industry. Though the buyers in the west might become scarce.
- v The oil prices decline will also have a positive impact on the importers.

CONCLUSION:-

The recession was marked by serious fall in the production and GDP of an economy. Highly developed nations like US, Europe etc are badly affected by recession. But at the same time India which is a developing country was able to save itself from the ill effects of recession. One of the reasons is the saving rate of Indians which is comparatively higher than many other economies in the world, because of this the purchasing power of the Indians didn't go down much and as a result the manufacturing industries and demand of goods and services were not much affected. This is due to proportionate contribution of both government and private sector. Government had wide control over the economy, instead of leaving control in the hands of private players.

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AFTERMATH OF FUND DEPLOYMENT ON OVERALL BANKING PERFORMANCE-A STUDY ON PSBS

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Abstract :

Deploying funds rather than raising them has become one of the critical issues for the Indian Banks in this post-reforms era. This is so because deployment of funds lay an important impact on the overall performance of the banks. Various tools have been used from time to time to study the performance of the banks but ratio analysis has been accepted globally as an important tool for performance appraisal perhaps, due to its accuracy, comparability and simple calculation. With this in the backdrop, in this study an attempt has been made to analyse the effect of fund deployment on the overall banking performance through ratio analysis technique. On judging the performance of the PSBs from the three angles of liquidity, profitability and efficiency it may be said that their performance in terms of profitability and efficiency is poor. The PSBs must try to strike a balance between liquidity and profitability.

Introduction

Deploying funds rather than raising them has become one of the critical issues for the Indian Banks in this post-reforms era. This is so because deployment of funds lay an important impact on the overall performance of the banks. Various tools have been used from time to time to study the performance of the banks but ratio analysis has been accepted globally as an important tool for performance appraisal perhaps, due to its accuracy, comparability and simple calculation. With this in the backdrop, in this study an attempt has been made to analyse the effect of fund deployment on the overall banking performance through ratio analysis technique.

Data set and Methodology

A review of the existing literature on ratio analysis reveals numerous ratios that have been used from time to time for evaluation of performance of the banks. In this study we have used only 13 key ratios which judge the effect of fund deployment on the performance of PSBs from three important angles i.e., liquidity, profitability and efficiency.

We have selected broadly three categories of ratios for the purpose of our study namely (1) Liquidity ratios (2) Profitability ratios and (3) Efficiency ratios.

- (1) *The liquidity ratios that have been used in the study are:* (i) Current ratio (ii) Liquid ratio and (iii) Absolute liquid ratio.
- (i) Current ratio is the ratio of current assets to current liabilities. Current assets include cash and balance with RBI, balance with banks, money at call and short notice, advances other than term loans and other assets. Current liabilities are, on the other hand, consisted of demand deposits, savings bank deposits, other liabilities and provisions.
 - (ii) Liquid ratio is the ratio of liquid asset to liquid liability. Liquid asset is the summation of cash and balance with RBI, balance with banks, money at call and short notice and advances other than term loans. Liquid liability includes only demand deposits and savings bank deposits.
 - (iii) Absolute liquid ratio is the ratio of quick assets to liquid liabilities. Quick assets imply cash, balance with RBI and money at call and short notice.
- (2) *The ratios that have been computed in the study relating to banking profitability are:* (I) Financial return (ii) Financial cost (iii) Operating expenses (iv) Miscellaneous income and (v) Risk cost. All of these ratios are expressed in percentage form.

$$(i) \text{ Financial return} = \frac{\text{Interest income}}{\text{Average working fund}} \times 100$$

Where, average working fund is the sum total of all assets net of contra items.

$$(ii) \text{ Financial cost} = \frac{\text{Interest spent on deposit \& borrowings}}{\text{Average working fund}} \times 100$$

$$(iii) \text{ Operating expenses} = \frac{\text{Operating expenses}}{\text{Average working fund}} \times 100$$

$$(iv) \text{ Miscellaneous Income} = \frac{\text{Miscellaneous Income}}{\text{Average working fund}} \times 100$$

$$(v) \text{ Risk Cost} = \frac{\text{Provisions made during the year}}{\text{Average working fund}} \times 100$$

(3) *Efficiency ratios that have been considered in our study are as follows:*

$$(i) \text{ Interest cost of deposits} = \frac{\text{Actual interest paid on various deposits}}{\text{Average deposits}} \times 100$$

Where, average deposits do not include demand deposits.

$$(ii) \text{ Interest cost of borrowings} = \frac{\text{Actual interest paid on borrowings from various sources}}{\text{Average borrowings outstanding}} \times 100$$

$$(iii) \text{ Interest yield on loans} = \frac{\text{Actual interest earned on loans \& advances}}{\text{Average loans \& advances}} \times 100$$

$$\text{Actual interest earned on investment and bank balances}$$

$$(iv) \text{ Bank balances} = \frac{\text{Interest yield on investment and}}{\text{Average bank balances and investment}} \times 100$$

$$(v) \text{ CD Ratio (Credit to Deposit ratio)} = \frac{\text{Total loans \& advances outstanding}}{\text{Total deposits outstanding}} \times 100$$

These ratios have been calculated for a period of 18 years, i.e., from 1992 to 2009. The years 1992 to 2000 have been treated as the 1st sub-period and 2001 to 2009 as the 2nd sub-period. As there is no standard norm to be followed the ratio of the industry (All Scheduled Commercial Banks) taken together for the whole period have been taken as the standard norm. For each of these ratios, geometric mean has been considered for calculating average value and co-efficient of variation has been computed for obtaining relative measure of dispersion among banks.

Empirical Results

Liquidity ratios

Liquidity ratios of the banks for the whole period and two sub-periods are presented in Table 1. We have taken here three measures of liquidity, namely current ratio, liquid ratio and absolute liquid ratio. Each of these ratios is presented bank-wise and period-wise in terms of two measures, *viz.* GM (i.e., geometric mean that represents average value of ratios over the years in a particular period) and CV (i.e., coefficient of variation which reflects the stability or instability of a particular bank or bank-group in its liquidity position). It is to be noted in this connection that the degree of liquidity increases as we move to liquid ratio from current ratio or absolute liquid ratio from liquid ratio. On comparing the ratios of the banks group-wise with the industry average values (i.e. the respective ratios of All Scheduled Commercial Banks) for the whole period and the sub-periods, it is seen that the current ratios of the SBI and its Associates and Nationalized Banks, however, are far below the industry average for the whole period as well as for both the sub-periods. It seems that PSBs (Nationalized Banks and SBI and its Associates taken together) are maintaining lower liquidity as reflected by their current ratios. As we know that too much liquidity drains away profitability it may be a step by them in order to enhance their profitability that they are maintaining lower liquidity. Another possible reason may be that the PSBs are maintaining lower liquidity in order to maintain the requisite capital adequacy ratios recommended by the Narasimham Committee II recommendations, particularly so in the matured state of the post-reforms period. On comparing the coefficient of variation of the banks group-wise, it is observed that CV is the least for the Nationalized Banks in the whole period. Therefore, the relative variations in the current ratios of Nationalized Banks are less. It is a good sign of performance by them.

The SBI and its Associates as a group has maintained *liquid ratio* far lower than the industry average. However, the group of Nationalized Banks has maintained a liquid ratio higher than the industry average for the whole period and 2nd sub-period though the liquid ratio of the bank was lower than the industry average in the 1st sub-period of the study. It is further observed that the liquid ratios of the banks group-wise have fallen in the 2nd sub-period in comparison to the 1st sub-period. The coefficient of variation has been the least for the Nationalized Banks in the 1st sub-period though it has considerably increased in the 2nd sub-period, which is undesirable.

The *absolute liquid ratio* of the SBI and its Associates had been lower than the industry average in the whole period as well as in the 1st and 2nd sub-periods, whereas the ratio for the Nationalized Banks had been higher than the industry average in the whole period as well as in both of the sub-periods. In regard to the absolute liquid ratio the coefficient of variation of Nationalized Banks was low.

Profitability Ratios

In general, the financial return and miscellaneous income should be high and the financial cost, operating expenses and risk cost must be low for good performance in banking business. Each of these indicators is measured in terms of a ratio (as defined previously) and presented in Table 2 and Table 3 using two measures namely, GM and CV (like earlier section) to get the idea about its summarized value and stability/instability in its values over the years in any period respectively.

The *financial return* of the Nationalized Banks are found to be higher than the industry average for the whole period. The financial return of SBI and its Associates was a little lower than the industry average ratios in either whole period or two sub-periods. The financial return ratios have decreased for the banks group-wise as a whole in the 2nd sub-period in comparison to the 1st sub-period ratios. Though the financial return ratios in different periods of Nationalized Banks were interestingly high, yet their corresponding coefficients of variation were mostly high, which is undesirable. The coefficient of variation was low for the SBI and its Associates which represents stability in their business.

The *financial cost* of Nationalized Banks was higher than the industry average in the whole period as well as in both of the sub-periods. This is perhaps because the Nationalized Banks mobilize huge amount of

deposits due to which they have to pay huge amount of interest on deposits. Though the financial cost of SBI and its Associates were higher in the whole period and 2nd sub-period, it was below the industry average in the 1st sub-period. The values of co-efficient of variation of the banks were more in the 2nd sub-period in comparison to the 1st sub-period which indicates a high over time variation in the ratios of the 2nd sub-period for the banks group-wise. The coefficient of variation has been low for the SBI and its Associates.

The *operating expenses* of the SBI and its Associates had been high in the whole period and 1st sub-period but not in the 2nd sub-period. The operating expenses of the Nationalized Banks were high in the 1st sub-period though not high in the whole period and 2nd sub-period.

On analysing the *miscellaneous income* of the banks, it is observed that the values of miscellaneous income item of the Nationalized Banks have been higher than the industry average for the whole period as well as for both of the sub-periods. The miscellaneous income of SBI and its Associates, on the other hand had been less than the industry average. We see that the miscellaneous income of the Nationalized Banks has been higher than the industry average and at the same time its coefficient of variation is low, therefore, it has performed well in terms of miscellaneous income.

Risk cost, which is a measure of provisions made during the period, has been lower than the industry average values for SBI and its Associates and Nationalized Banks for the whole period as well as for both of the sub-periods. The coefficient of variation has been high for the Nationalized Banks for the whole period as well as 1st sub-period.

Efficiency Ratios

There are different measures of efficiency. Here we have selected five ratios for representing the state of banking efficiencies. These ratios are interest cost of deposits, interest cost of borrowings, interest yield on loans, interest yield on investment and bank balances and credit-deposit ratio. Instead of calculating interest spread (difference between average interest earned minus average interest paid by a bank), which is an aggregative measure, we have considered here classified analysis on interest yield component by taking first four ratios (two related to bank's payments and next two related to its earnings). Further we have analysed here the credit-deposit ratio of banks, which is a conventional measure of banking efficiency when it is considered that the bank's main role is to channelise idle savings into productive uses. The results of efficiency ratios are presented in Table 4 and Table 5.

On analyzing the *interest cost of deposits* of banks it is observed that the ratio has been high for the Nationalized Banks as well as for SBI and its Associates for the whole period and the sub-periods. The coefficient of variation has been high which is unfavorable.

In the *interest cost of borrowing* the SBI and its Associates have shown a higher ratio than the industry values for the whole period as well as for both of the sub-periods. This ratio for the Nationalized Banks has been low which is favorable but its coefficient of variation has been too high, which is undesirable.

The *interest yield on loans* has been lower than the respective industry average for the SBI and its Associates as a whole with high coefficient of variation (other than 1st sub-period), which is not a good sign of the performance by this group of bank. This ratio for the Nationalised Banks has been lower than the industry average in the whole period as well as for both of the sub-periods, which is undesirable.

In the *interest yield on investment and bank balances*, the SBI and its Associates and the Nationalized Banks have shown higher ratios in comparison to the respective industry average ratios in all periods, though the coefficient of variation of SBI and Its Associates have been high in the whole period and 2nd sub-period. The coefficient of variation of the Nationalised Banks has been favourable except in the whole period.

The *Credit to Deposit (CD) ratio* of the SBI and its Associates as a whole has been lower than the industry average other than the 1st sub-period. Their coefficient of variation also has been higher than the industry average for the whole period. This ratio for the Nationalised Banks too has been unfavourable for the whole period as well as for both of the sub-periods.

Conclusion

It follows from the major findings that the liquidity ratios of the banks, in general, have decreased in the 2nd sub-period in comparison to the first sub-period. The reason of such findings may be due to the fact that the banking sector as a whole has tried to achieve the stringent prudential regulations in the latter stage of the post-reforms era which has been reflected through their lower values of liquidity ratios in the second sub-period. It remains the same for the PSBs too.

In terms of the profitability ratios, in general, it may be said that the Nationalized Banks have earned high financial return and miscellaneous income but their coefficient of variation has been high for the financial return. Their financial cost has been too high with respect to the industry though their operating expenses and risk cost are favourable. For the SBI and its Associates though their risk cost ratios have been low, their miscellaneous income and financial return have also been low and financial cost and operating expenses have been high in the whole period, which is unfavourable.

For the Nationalized Banks as a whole, the interest yield on investments has been high, though the CD ratio and interest yield on loans are found to be low. Likewise, other mixed scenario is that their interest cost of deposits has been high but their interest cost of borrowing has been low. Their CD ratio is low which gives a sign of shift of fund utilization from credit to other avenues and that might lead to loss of interest earnings. Though the interest yield on investment is high for the SBI and its Associates, its interest costs of deposits and borrowings are high and CD ratio is also low. Their interest yield on loans is low too.

To sum up, it may be said that on judging the performance of the PSBs from the three angles of liquidity, profitability and efficiency it may be said that their performance in terms of profitability and efficiency is poor. The PSBs must try to strike a balance between liquidity and profitability.

Table 1: Liquidity Ratios of the Banks for the period 1992to 2009

NAME OF THE GROUPS OF BANKS		CURRENT RATIO			LIQUID RATIO			ABSOLUTE LIQUID RATIO		
		Whole Period	1 st Sub Period	2 nd Sub period	Whole Period	1 st Sub Period	2 nd Sub Period	Whole Period	1 st Sub Period	2 nd Sub Period
STATE BANK & ITS ASSOCIATES	GM	0.9156	1.1554	0.7256	1.1430	1.5245	0.8569	0.3368	0.4722	0.2403
	CV	30.9645	4.0314	42.5914	37.3701	5.1523	54.3103	47.9651	19.3767	66.8929
NATIONALIZED BANKS	GM	1.1276	1.1748	1.0824	1.6331	1.6556	1.6109	0.5284	0.6482	0.4307
	CV	20.1281	5.3243	29.8676	22.3050	5.1429	32.6697	23.7039	8.2054	15.3499
ALL SCHEDULED COMMERCIAL BANKS	GM	1.2694	1.4291	1.0800	1.6015	1.8842	1.3612	0.4272	0.5680	0.3213
	CV	27.4517	29.3599	27.1714	22.4807	21.5507	27.2293	18.3470	14.5081	25.8552

Notes: GM= Geometric Mean and CV= Coefficient of Variation which is (Standard Deviation/ Mean)*100; 1st Sub period = 1992-2000; 2nd Sub period = 2001-2009; Whole period = 1992-2009

Table 2: Profitability Ratios of the Banks for the period 1992- 2009

NAME OF THE GROUP OF BANKS		FINANCIAL RETURN			FINANCIAL COST			OPERATING EXPENSES		
		Whole Period	1 st Sub Period	2 nd Sub period	Whole Period	1 st Sub Period	2 nd Sub Period	Whole Period	1 st Sub Period	2 nd Sub Period
STATE BANK & ITS ASSOCIATES	GM	0.0849	0.0936	0.0771	5.2199	5.7755	4.7177	2.5083	2.8009	2.2464
	CV	12.8734	5.5278	11.5014	16.4789	7.2221	19.5268	14.1395	7.3684	10.2786
NATIONALIZED BANKS	GM	0.0894	0.1021	0.0782	5.4272	6.3134	4.6654	2.4674	2.7393	2.2225
	CV	34.0650	37.3641	12.6710	21.6832	7.7708	25.1434	14.5413	4.0952	15.8416
ALL SCHEDULED COMMERCIAL BANKS	GM	0.0870	0.1004	0.0753	5.1371	6.1752	4.2711	2.4770	2.6781	2.2911
	CV	3.1798	5.6188	3.9218	5.5743	4.4762	12.1506	11.2669	6.4169	18.3146

Notes: Same as those in Table 1

Table 3: Profitability Ratios of the Banks for the period 1992 to 2009

NAME OF THE GROUP OF BANKS		MISCELLANEOUS INCOME			RISK COST		
		Whole Period	1 st Sub Period	2 nd Sub Period	Whole Period	1 st Sub Period	2 nd Sub Period
STATE BANK & ITS ASSOCIATES	GM	0.0982	0.0481	0.2008	1.2982	1.4044	1.2001
	CV	95.0609	61.9111	32.6486	31.4408	35.5526	22.8414
NATIONALIZED BANKS	GM	0.2162	0.1805	0.2590	1.1473	1.1997	1.0973
	CV	26.1533	26.3094	14.3609	47.0914	61.2058	21.9118
ALL SCHEDULED COMMERCIAL BANKS	GM	0.1713	0.1141	0.2571	1.3694	1.4653	1.2799
	CV	53.5893	116.2240	16.8641	36.7502	45.7112	28.3595

Notes: Same as those in Table 1

Table 4: Efficiency Ratios of the Banks for the period 1992 to 2009

NAME OF THE GROUP OF BANKS		INTEREST COST OF DEPOSITS			INTEREST COST OF BORROWING			INTEREST YIELD ON LOANS		
		Whole Period	1 st Sub Period	2 nd Sub Period	Whole Period	1 st Sub Period	2 nd Sub Period	Whole Period	1 st Sub Period	2 nd Sub Period
STATE BANK & ITS ASSOCIATES	GM	6.0464	7.3564	4.9697	4.6139	6.5494	3.4331	9.8281	11.8242	8.1690
	CV	26.9986	6.2473	33.9061	70.2844	54.7610	65.2378	22.7288	9.9244	16.7801
NATIONALIZED BANKS	GM	6.1364	7.0093	5.3723	1.4311	2.7995	0.7316	10.1955	11.9265	8.7157
	CV	18.9387	5.1126	22.2274	109.6520	52.6809	55.3115	19.7110	7.7280	16.9909
ALL SCHEDULED COMMERCIAL BANKS	GM	5.9554	7.1130	4.9862	3.6483	5.7966	2.3278	10.6470	12.8941	8.7914
	CV	5.2825	2.4033	9.7773	58.1551	41.9016	80.6164	10.1888	13.7164	7.0466

Notes: Same as those in Table 1

Table 5: Efficiency Ratios of the Banks for the period 1992 to 2009

NAME OF THE GROUP OF BANKS		INTEREST YIELD ON INVESTMENT & BANK BALANCES			CREDIT DEPOSIT RATIO		
		Whole Period	1 st Sub Period	2 nd Sub Period	Whole Period	1 st Sub Period	2 nd Sub Period
FOREIGN BANKS	GM	29.2181	29.4775	28.9609	49.7047	46.2497	53.4179
	CV	24.1065	21.5097	28.0714	14.8099	16.3196	10.6013
PRIVATE SECTOR BANKS	GM	30.3335	26.7269	34.4268	40.8685	35.7975	46.6577
	CV	25.3378	24.9678	20.1584	18.0771	8.4032	13.1420
STATE BANK & ITS ASSOCIATES	GM	45.1072	36.0610	56.4229	42.1457	42.9577	41.3490
	CV	39.5951	11.4666	34.1237	15.9734	6.1211	22.9331
NATIONALIZED BANKS	GM	35.6452	31.7844	39.9751	41.5937	40.6112	42.5999
	CV	21.8992	7.4694	22.1905	9.6282	7.6972	11.0164
ALL SCHEDULED COMMERCIAL BANKS	GM	34.5505	30.8263	36.7985	43.4401	41.2251	45.7742
	CV	20.9882	12.8133	35.8831	9.4790	10.6617	11.8756

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Review of Corporate Dividend Policy Models – A Prologue

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Abstract

Dividend policy is one of the vital decision areas of corporate finance. At the time of formulation of dividend policy different economic factors, monetary factors, legal factors and other factors considered relevant by the financial experts are to be considered. Many attempts have been made by researchers to explain the dividend behaviour of the companies in different countries over a long period of time. But the “dividend puzzle” still remains. In the present study, we have put forward a sincere effort to review the well-known models as proposed by famous scholars in the field of finance as well as other few prominent studies relating to applicability of different dividend policy models in both the western developed countries and India. From the survey of the existing studies on the applicability of different models on dividend policy, it is evident that the Lintner’s model and Britain’s model are mostly applied by the researchers. However, the other models are also important to explain the dividend behaviour of different firms.

Introduction

The yield or return on capital invested in shares is known as dividend. Preference shareholders get fixed rate of dividend. Ordinary equity shareholders and sweat equity shareholders get variable rate of dividend. Dividend may be paid by issue of dividend warrants (cash dividend), or it may be paid by issue of fully paid-up bonus shares (share/stock dividend). Board of Directors recommend dividend after setting aside proper depreciation and reserves from profits of the company. There must be a fair balance between dividend payment and creation of reserves. Accordingly, dividend policy is one of the vital decision areas of corporate finance. The other two important decision areas of corporate finance are financing decisions and investment decisions. All these decision areas are correlated and decision in one area has a bearing on the other. At the time of formulation of dividend policy different economic factors, monetary factors, legal factors and other factors considered relevant by the financial experts are to be considered. Many attempts have been made by researchers to explain the dividend behaviour of the companies in different countries over a long period of time. But the “dividend puzzle”(F. Black, 1976) still remains. The debate on various aspects of dividend policy still continues. For example, some of the researchers (Gordon 1959) believe that dividends increase investors’ wealth, while others (Miller and Modigliani, 1961 and Miller and Scholes, 1978) believe that dividends are irrelevant as a determinant of investors’ wealth. In Lintner’s Model (Lintner J, 1956) it is proved that firms establish their dividends in accordance with the level of current earnings as well as dividend of the previous year. In the present study, we have put forward a sincere effort to review the well-known models as proposed by famous scholars in the field of finance as well as other few prominent studies relating to applicability of different dividend policy models in the western developed countries and India.

Notable contributions in the field of applicability of different models of dividend policy

A number of studies are available in the field of applicability of different models of dividend policy in both the western developed countries and India. Some notable contributions in this field have been briefly provided here.

Lintner (1956) has developed the theory based on two important things that were observed about dividend policy: (1) Companies tend to set long-run target-dividend payout ratios (=Total dividend paid /Total profits earned), (2) Earning increases are not always sustainable. According to the author, dividend policy remains unaltered until managers could see that new level of earnings is sustainable. The author has also found that

firms pursue a stable dividend policy and gradually increase dividends given the target payout ratio. Many researchers like Fama and Blahnik (1968), Baker et.al (1985) and Baker and Powell (1999) support Lintner's model. Benartzi et.al (1997) has commented, "Lintner's model remains the best description of the dividend setting process available."

Mazumdar (1959) has conducted a study on dividend behavior of Indian companies over the period 1946-1955. Accepting the hypothesis of Dobrovolsky's (1951) the author has concluded that current profit, preceding years dividend (lagged dividend) and current requirement for expansion have significant impact on dividend policy of the firms under study. In fact, in this study current year's profit has turned out to be the most important variable in framing dividend policy.

Brittain (1966) has studied the dividend behavior of firms belonging to all major industries over a period from 1919-1960 and his study reveals that cash flow (i.e., net profit after tax but before charging depreciation) is a better explanatory variable of dividend behaviour than net profit after tax as proposed by John Lintner. The argument put forward in support of his findings is that depreciation does not involve any real cash outflow and hence depreciation does not decrease capital. So, it should be added back to profit after tax.

The study of Sastry (1966) over the period 1955-60 on Indian corporate sector has pointed out that Lintner's findings are important in Indian corporate sector. The two-stage least square technique has been applied by the author to analyse the interaction between dividend and external finance. However, the study reveals that gross profit after tax is better than net profit after tax as explanatory variable and investment expenditure is negatively associated with dividends.

Rao and Sharma (1971) has taken up a study on applicability of Lintner's model for public limited as well as private limited companies in India. Their study depicts that Lintner's model satisfactorily explains the dividend behavior of Indian companies. However, when cash flow is used as a explanatory variable in place of net profit after tax, the model provides a better explanation. So, in this study Brittain's model has turned out to be a refined version of Lintner's model.

Krishnamurthy and Sastry (1974) has studied dividend behaviour of public limited companies in India consisting of firms belonging to cotton and textile, jute, sugar, paper and paper board, chemicals, engineering as well as cement sector. The study has clearly showed that investment expenditure and external finance has negligible impact on dividend policy of the firms taken up for the study. In their study, Lintner's hypothesis significantly explains the dividend behaviour of the firms under study. According to authors, the dividend decisions are largely autonomous of investment and external financing decisions and retained earnings are residual in character.

Ojha (1978) has analysed the dividend behaviour of cotton textile industry in India during the period 1960-67. The author opines that dividend has the most powerful impact on share prices and it is almost two times higher than that of retained earnings. The author also states that the basic Lintner's hypothesis provides a good explanation of the dividend behaviour in Indian cotton textile industry.

Khurana (1985) has conducted a study on sixty eight companies belonging to chemical, electrical goods, sugar, cotton and general engineering industries that were listed in Bombay Stock Exchange during a period from 1962-63 to 1976 – 77. The author estimates the parameters of the Lintner's model to identify and determine their respective significance in the Indian context. The study incorporates share prices, liquidity, investment demand and flow of net debt in the model which have a direct bearing on the dividend decision of the sample companies. The author concludes that Lintner's model captures dividend behaviour precisely than the other models analysed. However, according to the author, among the other determinants, the flow of net debt and the behaviour of share prices have an impact on the dividend decision of the sample companies.

Sharma (1986) has analysed the dividend behaviour of seventy one Indian companies covering six industries for the period of 1967-68 to 1980-81. The author supports Lintner's model on both short term and long term basis in respect of 50% of the firms studied. According to the author, the dividend policy has been considered as crucial decision and it has a major impact on the investment and financing decision of the firm.

Agarwal (1987) has conducted a study in the Indian automobile industry for a period from 1959-60 to 1978-79. The study has revealed that Indian automobile industry generally follows target pay out ratio and the Lintner's model is not applicable in this industry. According to the author, the sales are the prime mover of financial system and profits are the critical factor when deciding the dividend policy.

Jaidev (1992) opines that the Lintner's hypothesis in the determination of dividends is found to be relevant in the sample companies of the manmade fiber industry for the period 1978-79 to 1987-88. However, in case of Brittain's hypothesis, the author has stated that cash flows have more stable and consistent relationship with dividends rather than earnings.

Mahapatra and Sahu (1993) examine the determinants of dividend policy using the models developed by Lintner (1956), Darling (1957) and Brittain (1966) for a sample of 90 companies for the period from 1977-78, 1988-89. They find that cash flow is a major determinant of dividend followed by net earnings. The authors conclude that the Brittain's model explains the movement in dividend better than that of Lintner's model and Darling's model.

Jain and Kumar (1997) has conducted a study on 96 listed companies on BSE over the period 1984-1995 and their study discloses that even in the post-liberalization era Lintner's model explains the dividend behavior of the firms quite well. However, they have found an industry-wide variations so far as the applicability of the Lintner's model is concerned.

Baker, Theodore, and Powell (2001) have made a survey of Nasdaq-listed firms. The authors have found that the managers of Nasdaq firms generally take dividend decisions consistent with the Lintner's model. The authors have also found the presence of industry effects on dividend policy decisions.

Anand (2004) has conducted a survey on 81 chief financial officers' (CFOs) from a broad cross section of 474 private sector and top 51 public sector firms to analyse the factors influencing dividend decisions of corporate India. The findings of the study are also in tune with the findings of Lintner's study

Pandey & Bhat (2004) has conducted the first study on dividend behaviour of Indian companies under monetary policy restrictions. The study reveals that macroeconomic policies have an impact on corporate financing decisions. Their findings disclose that restricted monetary policies caused about a 5%-6% reduction in dividend payout ratios. According to their study, monetary policy restrictions affect the availability and cost of external fund relative to internal fund. They have extended Lintner's framework to examine the impact of these restrictions on dividend payout.

George and Kumudha (2006) in a study on dividend policy of Hindustan Constructions Company Ltd. with special reference to Lintner's model has analyzed seventy-eight years (from 1926-27 to 2003-04) dividend history of the company. The study reveals that dividend decision of a firm is always influenced by the requirement of future capital and the amount of equity capital. The analysis of dividend history of the company has showed the applicability of Lintner's model. However, it is also found that Lintner's argument regarding a tendency to increase their dividend rate over a period of time is not supported by the study. This study also mentions the importance for a firm to maintain steady growing dividend rate.

Kaushik (2009) has examined the determinants of dividend behaviour of corporate India. For this purpose, the author has employed Dobrovolsky's (1951) model, Lintner's (1956) model, Darling's (1957) model, and Brittain's (1966) model on 332 firms. The author concludes that the Lintner's model and Brittain's model work better than that of Dobrovolsky's model and Darling's model in the post-liberalized environment of corporate India.

Das, Samanta and Mazumdar (2010) have tested the dependence of dividend on some well-known factors as proposed by John Lintner and John A. Brittain in the mining and minerals sector in India. The authors conclude that dividend statistically depends on lag dividend for most of the years under study according to Lintner's model and Brittain's model.

Epilogue

From this brief survey of the existing studies on the applicability of different models on dividend policy, it is evident that the Lintner's model and Brittain's model are mostly applied by the researchers. However, the other models are also important to explain the dividend behaviour of different firms. Many theoretical frameworks have been constructed by the eminent experts and empirical studies prove that dividend decision depends on heterogeneous factors. In fact, a particular theoretical model is not successful to analyse dividend behaviour of all firms. There is a countrywide difference in dividend decision due to difference in business environment, regulatory framework, investors' preferences etc. In a particular country dividend decisions vary from time to time and from industry to industry. Even we find difference in dividend policy for firms belonging to the same industry. Empirical evidences also show that there is a remarkable change in the dividend policies of the Indian firms in the post-liberalization era.

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A STUDY ON STRESS IN AIRHOSTESSES OF PRIVATE AND PUBLIC AIRLINES

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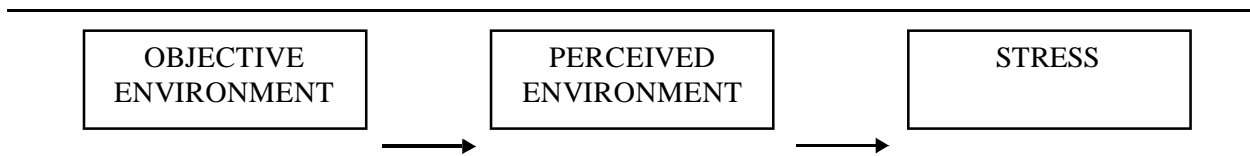
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INTRODUCTION

Organizational stress may be defined as a condition arising from the interaction of people and their jobs and characterised by changes within people that force them to deviate from normal functions.

Organizational factors like task demands, Role demands, interpersonal demands, organizational structure, organizations life cycle may give rise to organizational stress which may give rise to physiological, psychological and behavioral symptoms and productivity in long run will suffer.

Though objective Job Profile is same for all airhostesses, the perceived job may differ from individual to individual. This perceived job may affect the psychological state of airhostesses and may act as a precursor of stress.



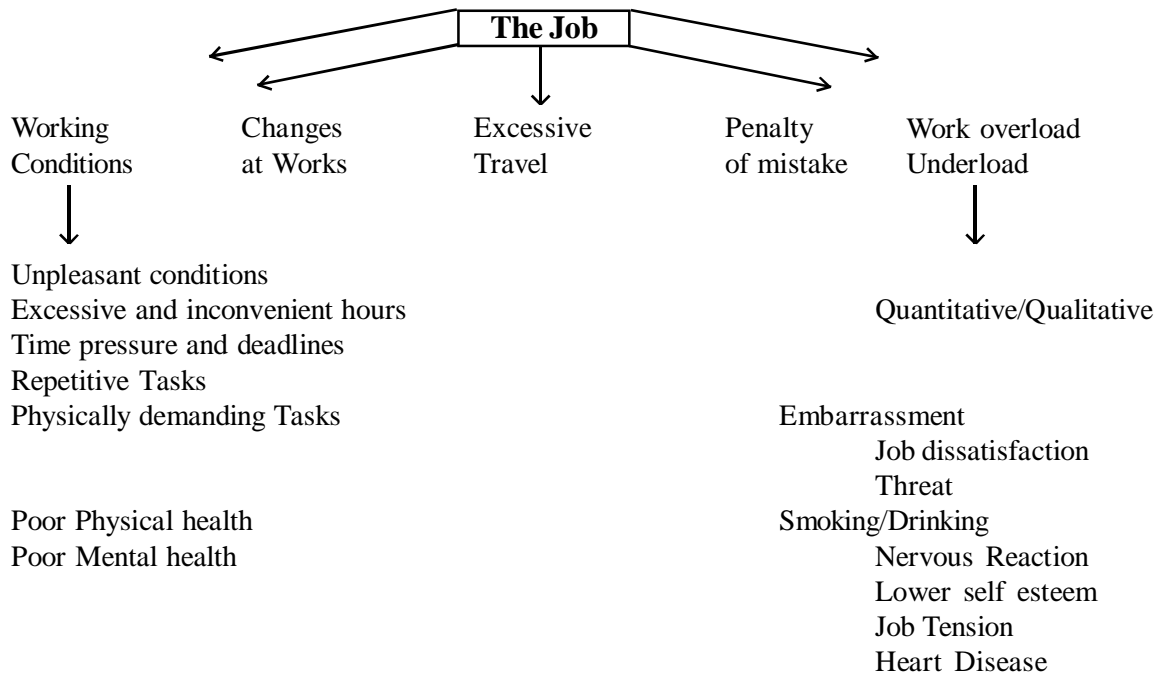
As a pilot and cabin crews play important role in a commercial flight related to safety and security of the passengers, time-bound flight and smooth take-off and landing of the craft, so an airhostess and her team play another important role related to providing quality services to the passengers to overcome monotony during flying hours and a warm hospitality, as a substitute of home comforts of daily routine life of the passengers on board. In spite of enjoying a decent norm of Herzberg's 'hygiene factor' some of them fail to overcome their role stress and become affected by the negative effect of accumulated unresolved stress – which stresses hard on their steady growth of career effectively.

Assuming that Herzberg's 'motivation factor' is responsible for the arousal of that negative effect, the present study has planned to probe in the personality traits and job perception as the antecedents of their role stress, in the light of certain research hypothesis stated below.

It study conducted by Singh (2001) on the domains of emotional intelligence of airhostess titled "Applying Emotional Intelligence in Organizations" revealed that airhostesses scoring high on EQ suffered from less role stress.

A study conducted by Caldwell (2002) on "the Big Five Personality traits and their correlation with the job of Airhostesses" studies revealed that the big five personality traits provide the perfect fit between individual and his job and its relation with stress. A study conducted by Woodman (2002) on "Job Perception of Airhostesses" studies revealed the relationship between job perception and role stress.

Job Profile of Airhostess



Source: Furnham (2001)

Hypothesis :

1. There will be significant relation between Personality Traits and Role stress of airhostesses.
2. There will be significant relation between Job Perception and Role Stress of airhostesses in Private sectors.
3. There will be significant relation between Job Perception and Role Stress of airhostesses in Public sectors.
4. The extent of correlation between Job Perception and Role Stress of airhostesses in Public and Private sectors will be significantly different.
5. There is significant difference in the Job Perception between the airhostesses employed in Public and Private sectors.
6. There is significant difference in Personality Traits between the airhostesses employed in Public and Private sectors.
7. Personality Traits and job perception significantly predicts role stress of airhostesses.
8. There is a relative importance of emotional intelligence, personality traits and job perception in significantly predicting role stress of airhostesses.

Sample : For the present study a representative sample of 100 airhostesses (50 public sector, 50 private sector) had been incidentally selected of age limit (20 yrs. and above), educational qualification (minimum graduate in any discipline), marital status (single/married), experience at least 5 years. Different public sectors include Ethiopian Airlines, Emirates Airways, private sectors include Jet Airways, Sahara Airlines.

Tools : Job perception scale constructed by the author was used. It contains 35 items closely related to the job of airhostess.

The “Big Five” personality trait questionnaire (Strauss et al, 1999) was developed; Organisational Role Stress Scale (Udai Pareek, 1993) was used.

Result and Discussion:-

Table – I

Mean and SD scores of air hostesses on job perception and role stress in private and public sector.

Factors	Sectors	Job Perception
Mean	Private	144.4
	Public	167.96
S.D.	Private	3.40
	Public	1.95
Factors	Sectors	Role Stress
Mean	Private	66.64
	Public	40.48
SD	Private	1.66
	Public	2.28

From Table – I it is depicted that in case of public sectors, the mean score are higher on domains of Job Perception as compared to private sectors. In case of Private sectors the mean scores of airhostesses are higher on role stress compared to public sector airhostess.

Table – II

Mean and SD scores on domains of personality pattern in private and public sectors.

Factors	Sectors	Extraversion (EX)	Emotional Stability (ES)	Agreeableness (AG)	Openness to Experience (OE)	Conscientiousness (C)
Mean	Private	5.40	5.01	6.32	5.40	5.56
	Public	5.24	5.04	5.80	5.12	5.60
SD	Private	1.44	1.55	1.93	1.70	1.50
	Public	1.42	1.33	1.71	2.31	1.75

From Table – II it is depicted that in case of private sectors the mean score are higher on domains of Extraversion, Agreeableness, and openness to experience as compared to public sectors, in case of public sectors the mean scores are higher on domains of Emotional Stability and Conscientiousness.

Table – III :

Correlation Coefficient between job perception, personality pattern with role stress of airhostesses.

Domains		Correlation (r)
a) Job perception and role stress	Sector	
	Private	+ 0.450**
	Public	+ 0.350**
b) Personality Pattern and role stress	a) Extraversion & role stress	- 0.352**
	b) Emotional stability and Role Stress	- 0.328**
	c) Agreeableness and Role Stress	- 0.352**
	d) Openness to Experience and Role Stress	- 0.293**
	e) Conscientiousness and Role Stress	+ 0.258**

df = 50 (Job Perception)

Level of significance 0.01 ** degrees of freedom of personality = 98

Table – III depicts the correlation coefficient between personality patterns, with Role Stress of airhostesses, which are found to be highly correlated. It also depicts the correlation coefficient between job perceptions with Role Stress of airhostesses, which is also found to be highly correlated.

Table – IV:

Significance of difference between two correlation values of Private and Public sector Airhostesses in job perception.

Domain – Job Perception		
Sector	Correlation	Critical Ratio (CR)
Private	+ 0.450	1.23*
Public	+ 0.350	

Insignificant at 0.05 level

Table – IV depicts that there is no significant difference in the extent of correlation between job perception and role stress of airhostesses in private and public sectors.

Table – V:

Significance of Difference between Mean Scores on, Job Perception, Role Stress of Private and Public sector airhostesses.

Variables	Mean Difference	't' ratio
Job Perception	23.56	2.72**
Role Stress	26.16	2.83**

Level of significance '+' values significant at 0.01** level df =49

Table – V depicts that there is significant difference in the nature of job perception and role stress between the airhostesses engaged in private and public sectors.

Table – VI :

Significance of Difference between Mean Scores on Personality Pattern of Private and Public sector airhostesses

Variable	Mean Difference	't' ratio
Personality Pattern		
a) Extraversion	0.16	2.05*
b) Emotional Stability	0.03	0.87*
c) Agreeableness	0.52	2.20*
d) Openness	0.28	2.08*
e) Conscientiousness	0.04	0.88

Level of significance
At 0.05* df = 49

Table – VI depicts that on domains of emotional stability and conscientiousness there is no significant difference between the airhostesses engaged in private and public sectors and on domains of extraversion, Agreeableness and openness to experience there is significant difference between the airhostesses engaged in Private and public sectors.

Table – VII:

Variable as predictors of Role Stress of airhostesses

Effect	Coefficient	Probability
Constant	24.453	0.000
● Job Perception	0.254	0.000
● Personality Pattern	0.515	0.000

Table – VII depicts that personality pattern and job perception significantly predicts role stress of airhostesses.

Table – VIII:

Relative importance of the variables in predicting role stress of airhostesses

Variable in order Importance	Coefficient	R ²	Probability
Constant	24.453		0.000
● Personality Traits	0.515	0.340	0.000
● Job Perception	0.254	0.333	0.000

$$X^{\wedge}_1 = 24.453 + 0.515 PP + 0.254 JP$$

X^{\wedge}_1 = Predicted Role Stress

Table VIII – depicts that personality pattern is the most important variable in predicting role stress of airhostesses. The next important variable is job perception in predicting role stress of airhostesses.

Conclusion

From the above findings it is revealed that there is a relationship in between Personality Pattern with Role Stress. It was found to have inverse relations on four of the Big traits like Extraversion, Emotional Stability, Agreeableness, and Openness to Experience. It is further found that predictive value of ‘P’ in resulting Role Stress is very high and its relative importance to predict stress ranks 1 among the variables considered here. This profession of airhostesses demands such traits of personality to be successful in job. These traits are highly correlated with the nature of the job of an airhostess. High Personality Traits (first four) are found, here, to have influences in developing positive Job Perception of the informants, due to the fact that they resist or control the level of Role Stress to remain within the limits of toleration and coping with. Both of the independent variables exert their influence jointly, almost with equal weight.

In the present study, a relation between Job Perception and Role Stress have been found Job Perception and Role Stress is correlated in positive direction. Moreover its predictive value is much higher and its ranks second in relative importance amongst the other variables considered here. The reason may be that respondents like this job to such an extent that although there is high job stress but they accepted it as a part of their job. They generally prefer to confront with the stress rather than to be bogged down by its pressure. Further they might have a strong coping mechanism by which they combat stress. It is further revealed from the difference of perception of Job Perception between airhostesses of private and public sector airlines that airhostesses of public sector airline perceive their job more positively as compared to airhostesses of private sector airlines. It therefore justifies further that in spite of their perception of high role stress they are expected to have less strain and other consequences due to their positive perception of the job itself which in turn is one of their coping strategies through positive cognitive appraisal.

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- n *Psychological Abstract. Vol.-88, Number 12, December 2008.*

THE INTERPLAY OF POLITICS, HIDDEN AGENDA, ETHNIC STRIFE, MAHOGANY AND THE 2000 COUP

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Abstract

Too often the reasons behind the stringed coups in Fiji is said to be the ethnic divide that too often this divide is used to ignite further racial antagonism for ulterior motives of those instigating the coups. A good case in point is the year 2000 coup in Fiji. Based on various relevant archival data and an interview with an official of the Ministry of Public Enterprises, Tourism and Communication, this paper examines the interplay of politics, hidden agenda, ethnic strife, mahogany and the 2000 coup. In its examination, this paper brings to the forefront the mahogany deal which was the key reason behind the 2000 coup. The paper is a modest attempt to show how ethnic Fijians are incited by a few with hidden agenda for personal gains. The key ignition appears to be what is frequently reported – the divide between the ethnic Fijians and Indo-Fijians. As it is, both races suffer from own stereotypes which may not appear blatant but is deep seated and ongoing. The paper argues that what further heightens the divide leading to coup-like consequences is the difference between the ‘haves’ and the ‘have nots’. For as long as Fiji continues to have the indigenous poor who remain poor, they will continue to be used by the opportunist coup instigators. Unless and until genuine efforts are made to address these ‘have nots’ and to lessen the ethnic divide, Fiji might continue to suffer from the coup syndrome.

Introduction

Fiji is a coup ridden island nation located in the heart of Pacific Ocean, southwest of Honolulu, and midway the equator and New Zealand. Indigenous Fijians (predominantly Melanesian with Polynesian admixture) account to 57.3 per cent; Indo-Fijians account to 37.6 per cent; Rotumans account to 1.2 per cent; Europeans, other Pacific Islanders, and Chinese, amount to 3.9 per cent of the total population (Fiji Statistics, 2009).

Fiji has suffered from four coups; first in May 1987, second in September 1987, third in May 2000 and the fourth in December 2006. The coups of 1987 and 2006 were military-led. 1987 coup leader vowed to prevent Indo-Fijians from ever assuming political power in Fiji, stating this as the reason behind staging the dual coups in 1987 (Associated Press, 1987).

In the first racial violence, more than fifty were reported injured as young Fijians attacked ethnic Indians (Times Wire Services, 1987a). Through his second coup in September 1987, the then military leader aimed to block the political comeback of the elected Indian majority he toppled in the first coup in May (Times Wire Services, 1987b). In a radio announcement, he explained that he usurped power the second time since the then new government did not meet the goal that motivated his first coup which was to ensure that Melanesians control Fiji's government (Times Wire Services, 1987b).

The most recent infamous 5 December 2006 coup was also military-led. According to the current regime, the reason behind the 2006 coup is the deep-seeded corruption in the previous regime, now deposed, not forgetting their very lenient policy towards those who instigated the 2000 coup. This action clearly angered many in Fiji (Fogleman, 2008). The fourth coup once again dimmed the business climate attractiveness (ADB, 2008). As it is, the preceding coups of May and September 1987, and May 2000 had diluted investor confidence, dented the country's tourism image, led to trade bans, and shrunk international funding (ADB, 2008). GDP fell by 6.4 per cent in 1987 and 1.7 per cent in 2000 (ADB, 2008).

Fiji operates under military rule of the self-appointed Prime Minister (PM), Commodore Josaia Voreqe (Frank) Bainimarama post the 2006 bloodless coup. Following this, Fiji suffered a year of negative economic

contraction of 3.9 per cent given declines in tourism, sugar, construction and gold mining earnings (ADB, 2008). A number of funding agencies suspended most new aid proposals but many existing projects have continued (ADB, 2008).

Too often the reasons behind the stringed coups in Fiji is linked to the ethnic divide between the ethnic Fijians and the Indo-Fijians. This maybe so but what is also true is that too often this divide is used to ignite the racial antagonism for ulterior motives of those instigating the coups in Fiji. A good case in point is the year 2000 coup.

Based on various relevant archival data, most of which are empirical in nature, and an interview with an official of the Ministry of Public Enterprises, Tourism and Communication, this paper describes the interplay of politics, hidden agenda, ethnic strife, mahogany and the 2000 coup. In its examination, this paper brings to the forefront the mahogany deal which was the key reason behind the 2000 coup. This paper is a modest attempt to show how ethnic Fijians are incited by a few with hidden agenda for personal gains leading to unfortunate consequences of coups.

The next section describes the green gold - mahogany followed by details on the lead up to the mahogany coup. The paper closes with concluding remarks and recommendations.

THE GREEN GOLD - MAHOGANY

The potential of mahogany has lingered on for sometime. According to analysts, Fiji is in a position to supply up to two-thirds of world demand within the next 10 years. This means a new source of revenue and growth yielding between \$50 million to \$200 million annually (Frank, 2000).

According to Frank (2000), the mahogany trees grew until the late 1990s, but were largely unnoticed until several factors put them on the world stage; factors such as overlogging and increasing pressure from the environmental movement (Frank, 2000) in countries like Brazil (ABC Radio National, 2004) which has put suppliers such as Robinson Lumber (Tabureguci, 2004) and other timber companies under pressure to look elsewhere for “green” alternatives. It is this that put Fiji on the spotlight.

Fiji, with its steamy climate and volcanic soil, far removed from the insects (especially a type of shoot borer that cripples young trees) that plague mahogany in other countries, was seen as the lone place for mahogany plantations on a large scale (Frank, 2000). Because the trees grow on plantations not wild in forests, they are labeled ecologically correct (Frank, 2000) resulting in Fiji’s forest resource being ‘widely regarded as the world’s best mahogany plantation resource’ (The Review, 2004: 13).

‘The word is there’s potential in Fiji’s plantation mahogany as a green-friendly alternative’ (ABC Radio National, 2004). As the natural supply sources in Central and South America dry up, particularly at the upper-quality end of the market which is not readily substitutable even by the closely related African mahoganies, Fiji has an added advantage in growing true mahogany (Joint Australia/Fiji Review Team, 1986). ‘Fiji’s strength is that it has by far the best planted mahogany anywhere’ and its green friendly plantation puts it to an advantage placing it alongside major world suppliers such as Brazil (Tabureguci, 2004: 12) so much so that ‘it’s prompted commentators to say that it won’t be long before the industry takes over from tourism and sugar as the biggest export earning sector in the economy’ (Digitaki, 1999: 27).

The land which the mahogany plantations occupy is the cutover natural forest. Majority of this land is leased from the owners by the government for periods between 10 to 99 years (Food and Agriculture Organisation - FAO, 2002). One of the fourteen mahogany plantations in Fiji is in Nukurua. Nukurua is located just outside the town of Nausori, which is around forty minutes drive north of Fiji’s capital, Suva. This location holds one of the largest and the oldest of all mahogany plantations in Fiji (ABC Radio National, 2004). Here, land is owned by indigenous Fijians but divided among clans. The chief of the Nukurua clans agreed to lease the land to government for planting mahogany at a nominal rent more than forty years ago (ABC Radio National, 2004).

The agency that comes in between the government and landowners, is the Native Lands Trust Board (NLTB). As a custodian for all indigenous land in Fiji (Feizkhah, 2001), NLTB is responsible for leasing out such customary land (FAO, 2002).

There are issues that have given way to regional chaos overtime in the likes of land rights, ethnic strife and widespread corruption (Frank, 2000). Close to the heart of violence are, however, battles over natural resources such as oil, natural gas, gold and timber (Frank, 2000). Fiji's money-spinning mahogany marks the next explosive commodity in this list (Frank, 2000). Holding up a mahogany sapling, a fifty-two year old prawn farmer's wife exclaimed, "this is what everyone is fighting over, we never knew these trees were worth so much money. Fijians call them 'white people's trees' " (FRANK, 2000).

THE MAHOGANY COUP

As many became aware of the value of the world's most coveted commodities (Frank, 2000) - mahogany, fights over claiming and making use of same sky rocketed. One such event is related to the bidding competition of mahogany timber rights.

On 13 September 2000, an article published in the Wall Street Journal by its reporter, Robert Frank took many by surprise and storm as it exposed the pre 2000 coup mahogany negotiations involving the May 2000 coup instigator who at one time was the Chairman of the Fiji Hardwood Corporation Limited (FHCL) Board (The Fiji Times, 2006). The bidding competition for the mahogany timber rights between a US and a British company resulted in legal tussles flying from Suva to Seattle (Frank, 2000).

With billions of dollars at stake many parties became involved such as the government officials of the two countries, Price Waterhouse Coopers (PWC), a Seattle entrepreneur and the former FHCL Board Chairman who staged the May 2000 coup (Frank, 2000). This coup had definite links to mahogany. A former police chief, himself remarked that there were 'possibilities of linkages' between the mahogany and the 2000 coup (Frank, 2000). '... Mahogany had a part to play in the many complex factors and forces behind the coup, including the personal opportunism of coup leader' (ABC Radio National, 2004).

In his article, Frank (2000) reported the following details which explain the lead up to the 2000 coup and the interconnectedness of it to mahogany.

Overseas interest towards Fiji's mahogany plantation grew noticeably by 1998. Encouraged by the heightened interest, the Sogoso Vavulewa ni Taukei (SVT) government appointed Price Waterhouse (now PricewaterhouseCoopers) to search for a foreign logging partner who could not only take a stake in the government owned mahogany company, FHCL, but could also assist in the building of roads, sawmills and sanding, and furniture plants needed to process wood (Frank, 2000). When searching for partners, FHCL earmarked investors who were experts in forestry, logging and in the manufacturing of timber products (Digitaki, 1999: 27). Provided they met the FHCL guidelines, landowners were to be given the priority to start manufacturing businesses (Digitaki, 1999: 27).

Around twenty-six local and overseas investors expressed interest in the bidding process including some 'very big' international timber companies (Digitaki, 1999: 27). Through its analysis within weeks, Price Waterhouse narrowed down the list of six candidates to two finalists - Britain's Commonwealth Development Corporation (CDC) and the American-led Timber Resource Management (TRM) (Frank, 2000). CDC, the British government owned investment company offered \$68 million for the stake and certain cutting rights (Frank, 2000). To many in the Fiji government, this offer was far too low (Frank, 2000). TRM, a newly established consortium led by Marshall W. Pettit placed a bid of \$110 million but with a complex bond offering, involving a Cayman Islands holding company and millions of dollars in banking and transaction fees (Frank, 2000). He was said to be a businessman based in Bellevue, Wash who was a financier with interests in real estate and natural-resource projects (Frank, 2000). The consortium was 65 per cent owned by one Washington-based Anglo-Pacific Resources but was controlled by Mr. Pettit (Frank, 2000).

The remaining of the consortium was said to be owned by various New Zealand and Australian timber companies (Frank, 2000). Upon analysing the two bidders for sometime, Price Waterhouse recommended CDC. It justified that CDC was more established than TRM adding that it would provide Fiji with more direct benefits (Frank, 2000). This British company was also already engaged in the harvesting of the Fijian pine (Feizkhah, 2001: 22). The reigning SVT government disputed Price Waterhouse's recommendation (Frank, 2000). This saw the termination of Price Waterhouse during its presentation which was interrupted by government ministers in a crowded conference room in February 1999 (Frank, 2000). The ministers fired Price Waterhouse saying they could handle the mahogany deal themselves (Frank, 2000). The takeover of the deal by the SVT government saw the entry of a new player in mahogany talks (Frank, 2000). With an MBA from the Michigan based Andrews University, this individual was a Fijian insurance executive with a flair for sales, and someone who had close ties with the then government. He was the Chairman of FHCL, was in charge of the government's mahogany steering committee (Frank, 2000) and was also the Chairman of Fiji Pine Limited (Digitaki, 1999: 27).

The meeting during which Price Waterhouse was fired, it was this Chairman who led the attack on the CDC recommendation arguing that it "didn't meet the government's requirements" (Frank, 2000). A point worth noting. In late 1998 in the eve of the 1999 elections, the SVT government decided on its preferred bidder - the US based, TRM (Interview with Senior Financial Analyst, 2009). The Chairman "aggressively promoted the cause of [the] newly formed American company with no apparent ties to the timber industry" (Feizkhah, 2001: 22). The year 1999 exposed why this was so.

The bank statements revealed that the Anglo-Pacific Funding wired two separate payments each of \$5,000 to the Chairman's Australian bank account (ABC Radio National, 2004; Frank, 2000). What created even more suspicion was the timing of such payments which were made soon after the aforementioned February meeting. What was a further surprise was that the Anglo-Pacific Funding was also controlled by Mr. Pettit (Frank, 2000).

The entire scenario changed with the change in regime after the May 1999 elections¹. The May 1999 elections witnessed a change in regime from SVT to People's Coalition which was led by an Indo-Fijian who was the PM then. Resultantly, the Chairman lost his 'timber positions', and the new government initiated a widespread investigation into fraud and corruption as well as reopened the mahogany talks (Frank, 2000). The Chairman was dismissed for alleged bribe-taking (Feizkhah, 2001: 22).

This new government's decision was in line with the recommendation of Price Waterhouse in terms of the preferred bidder.

Accordingly in July 1999, the new PM wrote to CDC, the British company informing it of its "preferred bidder" status (Frank, 2000). Through its letter the government expressed that it "wishes to proceed to complete the negotiations" (Frank, 2000). Unusual it may seem but the proof that such a letter did exist emerged months later (Frank, 2000).

Unbeknown to the behind the scene activities, TRM continued to make an effort to pursue its bid (Frank, 2000). To this end it spent more than \$2 million on legal fees and other deal-related costs of organising the bond involved in TRM's bid, even to the extent of arranging air-flights of four Fijian government ministers to New York in September to promote the bid (Frank, 2000). Because TRM could not pay for the trip given the Foreign Corrupt Practices Act, the trip was sponsored by the US Trade and Development Agency which paid \$25,000 in air fare, hotel and travel costs for the ministers (Frank, 2000). TRM only came to know about the July 1999 letter and the Fiji government's commitment to CDC months after the delegation returned home (Frank, 2000).

Tempers flared. Mr Pettit reacted, "we feel thoroughly taken advantage of", stating that the Fiji government accepted the trip in bad faith wasting US taxpayer's money (Frank, 2000). Then in April 2000, a travel-agency owner from Virginia charged into the then PM's office and blurted: "No more excuses. You can do what you want with your f—ing forest" (Frank, 2000). He later justified that he did what he did to simply

support the commercial interests of a US company (Frank, 2000). Feeling cheated, TRM filed nine lawsuits (Frank, 2000). In some detail, it filed four lawsuits against a former consultant and a former equity holder, two against the government and three against various Fiji newspapers and newspaper columnists (Frank, 2000). The newspapers and the columnists were also not spared because reports about TRM and the company's bid were libelous and false, according to Mr. Pettit. Mr. Pettit's anger was on reports that put the reputation of TRM to question and those that detailed the payments that TRM would receive from the mahogany deal in addition to usual revenue (Frank, 2000). "All I want is an apology. We were trying to do something good for the people of Fiji, and all we got were lies and a slap in the face" he said (Frank, 2000).

At the home front, the decision of People's Coalition government of accepting the lower bid of the British firm gave rise to growing protests against this government (ABC Radio National, 2004). The People's Coalition government's 'sober plans collided head-on with the ambitions of' the former Chairman (Feizkhah, 2001: 21). The former Chairman could not just sit and watch what transpired. He started touring the villages to get support from the mahogany landowners (ABC Radio National, 2004). He lost no time in inflaming the mahogany landowners by telling them that they were being cheated and that, "the government was trying to harvest the mahogany by itself" (Feizkhah, 2001: 22). That the then PM was an Indo-Fijian added further fuel to the fire, somewhat indicating that he was not in a good position to understand the ethnic Fijian interests. The resulting unease brought many landowning chiefs to the former Chairman's side (Feizkhah, 2001: 22). Incited, the mahogany landowners joined in protest marches in Suva calling on this government to, not to make a decision regarding the future of mahogany without consulting them (ABC Radio National, 2004). Notably, such remonstrations eventuated weeks before the 2000 coup d'état. It was believed that the former Chairman instigated these protests against the People's Coalition government's decision because he was already paid consulting payments by the US company and at that point he stood ousted from the position of the FHCL Board Chairman by the reigning People's Coalition regime (Frank, 2000).

In his article, Frank (2000) exposes the following. Exactly three days before the overthrow of the People's Coalition government, this former Chairman justified his position via a striking advertisement in a local newspaper defending that he was "not on the take" from the US bidding company and that he had acted "in a responsible manner with absolute integrity" during the mahogany negotiations.

The advertisement was placed in a reaction to a Fiji television program that exposed the deal between him and the Anglo-Pacific Funding just before the coup. Amidst the allegations, Mr. Pettit and the former Chairman confirmed the payments but denied that this had anything to do with the mahogany deal. Mr. Pettit defended that the fees were payments for office space and insurance-consulting work carried out by the Chairman for Anglo-Pacific between the years 1997 and 1998 which was well before the mahogany talks began. But Mr. Pettit did say that he was of the view that the payments were being made to an insurance company managed by the Chairman, not to his personal account. He added that he was unaware of any coup, contending that these allegations were fabricated by the political rivals of the former Chairman. He didn't do us any favors, Mr. Pettit continued. He furthered that "since other people involved were in effect constantly inferring that [the Chairman] was carrying our banner", TRM's association with the Chairman worked against it during negotiations (Frank, 2000). Such accusations, claims and defense warranted further investigation. A special unit of the Fijian police was thus set up to scrutinise the mahogany deal (Frank, 2000).

On the day of the coup, that is on 19 May 2000, mahogany landowners were again involved but this time in a gathering in Suva (ABC Radio National, 2004). On this same day leading the coup, the former Chairman and sixteen other rebels stormed the parliament and took the PM of the People's Coalition government and his cabinet hostage (ABC Radio National, 2004, Frank, 2000). 'We have secured a civil coup on behalf of the indigenous people of Fiji', exclaimed the coup leader (ABC Radio National, 2004). In the early morning of 25 May 2000, the FHCL building which was owned by the then Opposition Member of Parliament was burnt to the ground (Ho, 2000) by the supporters of the coup leader (Feizkhah, 2001: 22). Ho (2000) gives the following details. The Head of the National Fire Authority told the Pacific Journalism Online that the cause of the fire was a suspected arson. The police were alerted by a phone call at 2.02 am. By the time the

fire fighters reached the scene, the building was already in flames and in no state to be saved. Nevertheless, the fire fighters did manage to put out the fire by 3.10 am (Ho, 2000).

An article in the Pacific Magazine mentioned that the negotiations for the same mahogany plantations did not cease even after the coup, instead it continued after the 2000 coup (Archibald, 2007). But the developments with respect to the British based strategic partnership were put on hold (Interview with Senior Financial Analyst, 2009).

With People's Coalition government deposed and harvesting deals on hold pending new elections, the mahogany landowners split into many groups (Feizkhah, 2001: 22). Post 2000 coup, Fiji was governed by an interim government – SDL government. As landowners took in their own hands meeting with investors who talked in millions and billions, the interim PM cautioned them to resist eye-popping offers, advising them to consider this treasure a future (Feizkhah, 2001: 22).

CONCLUDING REMARKS & RECOMMENDATIONS

This paper described and examined the interplay of politics, hidden agenda, ethnic strife, mahogany and the 2000 coup. In its examination, the paper brought to the forefront the mahogany deal which was the key reason behind the 2000 coup. The paper is a modest attempt to show how ethnic Fijians are incited by a few with hidden agenda for personal gains. The key ignition appears to be what is frequently reported – the divide between the ethnic Fijians and Indo-Fijians. As it is, both races suffer from own stereotypes which may not appear blatant but is deep seated and ongoing.

The paper argues that what further heightens the divide leading to coup-like consequences is the difference between the 'haves' and the 'have nots'.

In view of these, the recommendations of the paper are twofold. One, attention should be paid to those who seem to be quickly incited and persuaded. They seem to be the 'have nots' and their 'have not' situation encourages them to readily agree with opportunist coup perpetrators. For as long as Fiji continues to have the indigenous poor who remain poor, they will continue to be used by the opportunist coup instigators. Improvements in their living standards should be prioritized. In the absence of any advancements, the remarks of the coup instigators seem to make much sense to them. Regular dialogue must commence and continue to inform and engage them in economic developments.

With an eye to the future, the second recommendation suggests that a compulsory subject be added onto the curricular of all primary and secondary schools, and universities – the subject of Racial Tolerance, Moral and Ethics. Whereas it may appear strong from the outside, racial hatred is more under cover than blatant experiences in everyday living in Fiji. At the first glance, all religions teach individuals to be good human beings. It may seem that being good, fair and tolerant is common sense, but what has been witnessed overtime is that such common sense is fast becoming uncommon. Within the suggested compulsory subject, the reasons why Fijians did not work on the sugar cane plantations and why and how Indians toiled the land must be revealed to increase understanding and to reduce the common stereotypes of Fijians being lazy and Indians being greedy.

In addition, the cultural differences on Indians being individualistic and Fijians being communal must be spelt out. The subject should also touch on language skills. The justification behind adding the said subject in the curricula is that, just as we are able to instil into individuals from a very early age the teachings of Social Science, Basic Science, Maths, English and just as it takes root from a very tender age, a similar instilling and understanding may take place through this subject. But, it should not be treated as a one-off subject, instead it should continue every year and at the higher university level, should be made a part of every degree. For it is not enough to teach skills and impart knowledge, it is equally important to mould students character-wise. Also, there should be continuous and extensive TV, radio programmes, newspaper articles (in both languages) and visits to the rural areas to foster racial harmony/understanding Fiji-wide. Too often politics created a further divide but the good news is that the current government is itself championing racial harmony. Thus, the timeliness of this paper.

Of course, the hatred and discriminatory feelings deep down will never completely fade, however, this should not discourage us from trying to reduce the feelings of hatred, from trying our best to understand each other. For unless and until genuine efforts are made to address these 'have nots' and to lessen the ethnic divide, Fiji might continue to suffer from the coup syndrome.

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MANAGING ORGANIZATIONAL CHANGE

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Abstract

Today's business environment produces change in the workplace more suddenly and frequently than ever before. Mergers, acquisitions, new technology, restructuring and downsizing are all factors that contribute to a growing climate of uncertainty. Jobs, health, even marriages can be placed at risk, jeopardizing productivity and profitability. By nature, anything transformative requires changing both what we do and how we do it. New business imperatives call for new organizational management behaviors. The present paper explores the areas of transitions and its repercussions within the organization.

MANAGING ORGANIZATIONAL CHANGE

“Successfully leading and managing change is and will continue to be front-burner responsibility for executives. Prospects are grim for enterprises that either cannot or will not change. Indeed, no industry member is quite so welcome as the one that steadfastly refuses to keep up.”

John S. McCallum wrote in the Ivey Business Journal

INTRODUCTION

Managing change is probably the single most important issue today for all those who have undertaken the difficult task of managing organizations. Technological changes and increased global competition caused by liberalization and deregulation has placed greater demands on organizations to be flexible, responsive and efficient. Around the world, organizations big and small face the inevitable prospect of change.

Organizational change comes in many forms, like some organizations may grow bigger, they may become better without becoming bigger, or they may shrink and become smaller or they may even die. Given these kinds of manifestations of change, it is not surprising that it evokes a myriad of emotions. Some find the prospect and experience of change exciting, challenging and fulfilling. Others find it daunting, stressful and unpleasant. It can cause both hope and despair. Managing change also involves simultaneously managing resources, processes and emotions. This is what makes ‘change’ a complicated and challenging task.

Today, India is poised on the threshold of a major transformation, because India is the only country in the world with the thriving democracy of approximately 937 million people, and the size of its middle class exceeds the population of the European Union. According to the World Bank forecast, by 2025 Indian will be the world's fifth largest economy. Following the liberalization of the Indian economy in 1991, Indian businesses were exposed to the realities of both domestic and global competition. Organizational change refers to processes of growth, decline and transformation within the organization

The changes that swept the organizational winds across the world reached the Indian continent in 1991. For more than 40 years, the government policies sheltered Indian businesses from competition and never expected that the Indian companies would transform and adopt the global mindset. Subsequently, the Indian Government liberalized a series of policy measures aimed at removing restrictions and barriers to economic activities. Such liberalization made Indian business houses to increase local as well as global competition. By and large, the Indian organizations responded vigorously and positively to the changes in the economic environment. Number of the Indian companies saw these changes as opportunities rather than as threats.

As the field of organizational change began to flourish, it became abundantly clear that planned change was only one mechanism of change, and that there were several processes of change in organizations. However, there are two differences in source of organization change like internal and external, which is illustrated, in the following figure:

See Exhibit 1: A TYPOLOGY OF ORGANIZATIONAL CHANGE

Organizations require resources to survive and to control the changing winds of organizational environment, which subsequently leads to the question of strategies. Organizations can employ the following several strategies to manage their environmental pitfalls.

1. Organizations can comply with their environment. However, organizations require some flexibility to adjust to contingencies as they develop.
2. Organizations avoid influence by others by restricting the flow of information about themselves and their activities, denying the legitimacy of demands made on them, diversifying their dependencies, and manipulating information to increase their own legitimacy.
3. Organizations can seek stability and certainty in resource flows by collective actions.

This resource dependence can be summarized in the following figure:

See Exhibit 2 : RESOURCE DEPENDENCE MODEL

AREAS OF ORGANIZATIONAL CHANGE

There are four major areas of organizational change. They are:

1. Strategy
2. Technology
3. Structure
4. People.

All four areas are related and organization often must institute changes in the other areas when they attempt to change one area.

Technological changes are often introduced as components of larger strategic changes; an important aspect of changing technology is determining who in the organization will be threatened by the change. Structural changes can also occur due to strategic changes- as in the case where an organization decided to acquire another business and must integrate it – as well as due to operational changes or changes in managerial style. For example, an organization that wished to implement more participative decision-making might need to change its hierarchical structure.

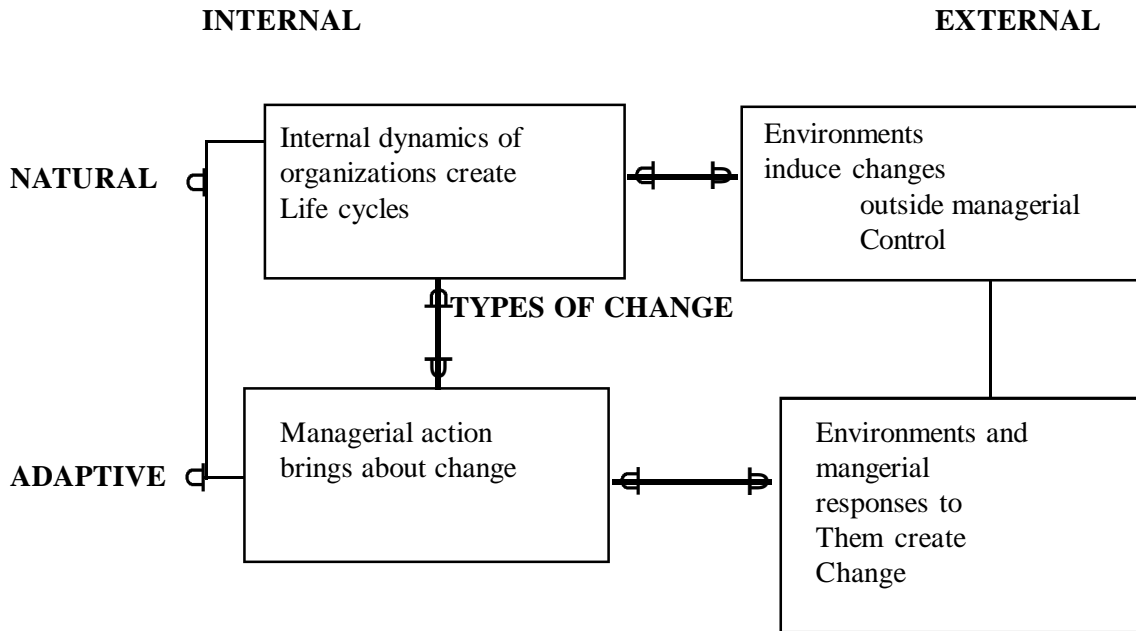
In order to Conclude, Change is inevitable and we will be surfing on this wave of transition. Without change we would run the risk of becoming stale and unresponsive. The challenge we face is to learn to move through this wave of transition as easily and creatively as possible.

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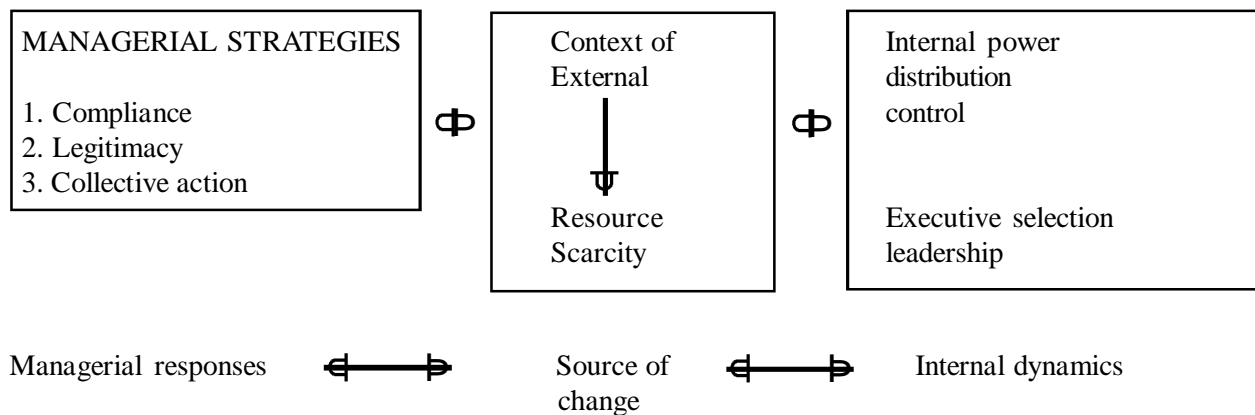
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**EXHIBIT 1
A TYPOLOGY OF ORGANIZATIONAL CHANGE**

SOURCE OF CHANGE



**EXHIBIT 2
RESOURCE DEPENDENCE MODEL**



* Adapted from *Organization Theory: A Strategic Approach*; V. K. Narayanan and Raghunath; 1993.

The Shifting Trends & Environment in Organised Retailing

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Abstract

Indian Retail Industry is emerging as one of the world's fastest growing markets and is presently dominated by the unorganized sector. The organized retail sector is growing at more than 35% per annum as a result of high economic growth and globalization of Indian Markets and changing consumer life styles. Similarly there has been a shift towards more and better job opportunities. As a result the consumer shopping behavior is also changing in favor of organized-modern retails.

These changes have attracted a large number of Indian businesses to foray into organized retailing. However in the race to grab this emerging opportunity, the early entrants overlooked the market realities and did not undertake market research before designing their retail formats.

This lack of focus on research leads to many failures. Those lacking financial resources and liquidity had to quit the sector owing to increasing liabilities. The mighty ones could remain afloat but with the new retail formats.

The entry of foreign retailers added to the competition in an already crowded market. But the consumer has been benefitted with lots of choice, improved service and new shopping experience.

This paper, therefore, tries to highlight the evolution of organized retailing in India, the new formats emerging and the challenges that lie ahead.

THE INDIAN RETAIL MARKET

Retail investment in India is positioned as the leading destination according to this year's Global Retail Development Index. The saturation in western retail markets has made it follow and big western retailers like Wal-Mart and Tesco are found entering into Indian market. India's retail industry accounts for 10% of its GDP and 8% of the employment to reach \$17 billion by 2010. Tremendous growth of supermarkets, malls and departmental stores are expected around the cities in the near future.

Retail industry in India is expected to rise 25% yearly being driven by strong income growth, changing lifestyles, and favorable demographic patterns. A further increase of 7-8% is expected in the industry of retail in India by growth in consumerism in urban areas, rising incomes, and a steep rise in rural consumption. This has resulted in huge international retail investment and a more liberal FDI. It is expected that by 2016 modern retail industry in India will be worth US\$ 175- 200 billion.

The golden age for the Indian retail industry has begun.

TRADITIONAL RETAILING IN INDIA

Past centuries we have been purchasing goods from small local vendors like Kiranas: Traditional Mom and Pop Stores, Kiosks, Street Markets, Exclusive/ Multiple Brand Outlets, etc. Mostly small individually owned businesses, average size of outlet equals 50 s.q. ft. Though India has the highest number of retail outlets per capita in the world, the retail space per capita at 2 s.q. ft per person is amongst the lowest. They are generally referred to as the unorganised retail sector which is about 97% of the total Indian retail industry. People support this due to, buyer proximity, personal service and monthly credit facility, etc. Even though it is small, traditionalists understand their customer base and only stock goods suitable for them. There are around twelve million traditional retail outlets (Kirana Stores) in India. Nearly two thirds of the stores are located in rural areas. Rural retail industry has typically two forms: "Haats" and "Melas". Haats are the

weekly markets: serve groups of 10-50 villages and sell day-to-day necessities. Melas are larger in size and more sophisticated in terms of the goods sold (like TVs).

MODERN RETAIL - ORGANIZED CHANNELS

Shopping in India has witnessed a revolution with the change in the consumer buying behavior and the whole format of shopping also altering. The emphasis has shifted from reasonable pricing to convenience, efficiency and ambience. The major factors fuelling this change are the increase in disposable income of the people, improving lifestyles, increasing international exposure and increasing awareness among the customers. India has a large middle class as well as youth population, which has contributed greatly to the success of retail industry. The middle class is considered to be a major potential customer group. The youth are perceived as trend setters and decision makers. The organised retail sector is also getting a positive push with the rising number of foreign tourists in India. The share of organized retail is less than 3% of the total retail market; the size of modern retail is about US\$ 8 Billion and has grown by 35% CAGR in last five years.

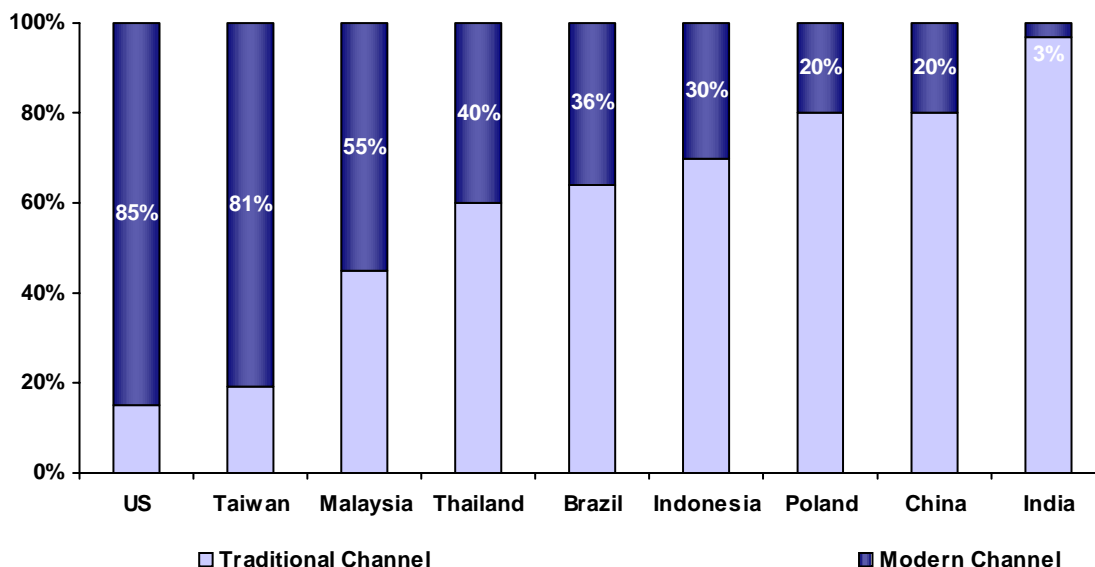


Figure 1

Adapted from: eHow.com

EVOLUTION OF ORGANISED RETAILING IN INDIA

The origins of retailing in India can be traced back to the emergence of Kirana stores and mom-and-pop stores. These stores used to cater to the needs of consumers in the vicinity of the local people. Initially the government supported the rural retail and many indigenous franchise stores came up with the help of Khadi & Village Industries Commission. The economy began to open up in the early 1990s resulting in the change of retailing. The first few companies to come up with retail chains were in apparel sector, for example, Bombay Dyeing, S Kumar's, Raymonds, Madura Garments. Titan also got into retailing in the organized retail sector subsequently. Many of the young Manufacturing companies shifted into pure retailing understanding the market. The two categories in the Indian retail sector which offer the most promising opportunities are food and grocery. Apart from this, jewellery, apparel and consumer durables are the other areas where there are vast possibilities for Indian retailers. In areas such as books, gifts and music Indian retailers are also trying to create a niche for themselves.

Retail outlets such as Foodworld in FMCG, Planet M and Musicworld in Music, Crossword in books entered the market before 1995. With the changing needs of the customers Shopping malls emerged in the urban areas giving a world-class experience. Eventually Supermarkets, Hypermarkets, Department Stores, Specialty Chains, have emerged. As life is becoming more and more complex the need for a one stop shop has come into vogue leading to evolution of supermarkets like: Big Bazaar, Vishal Mega Mart, V-Mart.

Retailing in India is still evolving and the sector is witnessing a series of experiments across the country with new formats being tested out like, Quasi-mall, sub-urban discount stores, Cash and carry etc. Biggest challenge for organized retailing to create a “customer-pull” environment that increases the amount of impulse shopping. Research shows that the chances of senses dictating sales are upto 10-15%. Retail chains like MusicWorld, Baristas, Piramyd and Globus are laying major emphasis & investing heavily in store design. This also makes the way for continuous improvement in the supply chain management, distribution channels, technology, back-end operations, etc. this would finally lead to more of consolidation, mergers and acquisitions and huge investments.

To meet the challenges of organized retailing such as large Cineplex’s, and malls, which are backed by the corporate house such as ‘Ansals’ and ‘PVR’ the unorganized sector is getting organized. 25 stores in Delhi under the banner of Provision mart are joining hands to combine monthly buying. Bombay Bazaar and Efoodmart formed which are aggregations of Kiranas. Emergence of discount stores are expected to spearhead the organised retailing revolution. Stores are trying to emulate the model of Wal-Mart. Ex. Big Bazaar, Bombay Bazaar, RPGs

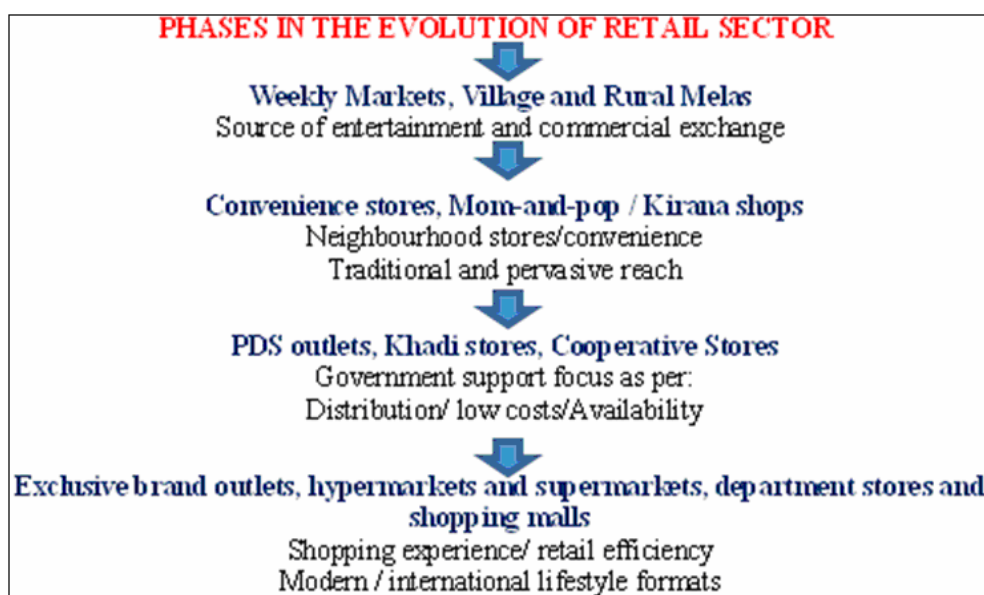


Figure 2

Adapted From: retaildude.com

CHANGING ORGANISED RETAILING ENVIRONMENT

SMALLER CITIES: THE LAND OF UNTAPPED OPPERTUNITY

Smaller cities and rural areas have become the future hot beds of growth with the Changing demographics, higher disposable income and improve agricultural produce realization. Hence almost all the leading Indian retailers are targeting these areas and are in no mood to miss out this big, untapped growth opportunity. Disposable income in smaller towns have risen significantly in the recent past as they were largely unaffected by the slow down. The rush towards the smaller town is triggered mainly by the low availability of the property at right prices in the bigger cities. According to a recent study by audit & consultancy firm ‘Earnst & Young’, small towns are fueling India’s economic expansion and leading the league for marketers.

A few years ago the top eight cities accounted for almost 40% of India’s domestic expenditure, the six top metros today account only for 27% of the countries urban consumption, Therefore it is clearly understood that all the roads lead to small town & cities. Today rural market accounts for almost half of the rupees seventy thousand crore durable retail market. In the last decade there has been 50% increase in per capita income in the semi urban & the rural markets, driven mainly by rising commodity prices & employment guarantee schemes. Leading retailers of consumer durables & electronics like ‘Videocon’s Next & Future

group's Ezone are also tapping into emerging consumer groups in smaller cities. Almost 60% of durables sales are generated from rural India and an exponential growth is seen in rural clusters. (*Asia Report by Business Analytics Group, Asia Pacific- India's Retail Possibilities*)

Aspirational purchases have gained momentum as the modern retail formats have raised the visibility of products across markets. It is seen that the consumers are having more disposable income & a greater awareness about the products they want to buy. Even though small towns may be a golden bird retailers are waiting to catch, but they have to keep their ears to the ground. Merchandise strategy, store layout and even hiring would change for small town's stores in any district or state.

	Population in Crores 2008 -2025 (EST)		Proportion of the Total Retail Market (in %)			
	2008	2025	2004	2010	2015	2025
Metros of Mini Metros & Cities	6.7	13	15	13	25	20
			6	6	7	10
Top Cities (Pop: > 1mn) 27 cities	3.7	7.2	2	3	3	4
Large Cities (Pop: 0.5-1 mn) 32 Cities	2.4	4.5				
Rest of 5500 Towns +6 lakh Villages	87.4	11.5	77	73	69	57
Total	100.2	140.0	2004	2010	2015	2025

Table 1 Adopted from NCEAR, CSSO. 2009

REBRANDING & RECONSTRUCTING FORMATS: THE NEW MANTRA

Organised retail sector is seeing a new flavor of the season, repositioning of business. The new generation of customers with keen insight and good judgment capacity have taken birth whose main criteria for purchase is value-for-money and hence, the old marketing concept will need to be modified from “satisfying” customers to “wowing” customers.

A slew of the country's top retailing chains, both national & regional are rebranding their stores, restructuring categories & formats to gear up in a market recovering from shadows of slowdown & cater to emerging niches. So the trend of rebranding is done to either re-emphasise their position or reposition them as a brand and attract newer audience. To catch up with the changing landscape of modern retailing the Indian industry claims such changes in business & repositioning exercise is undertaken. Future Group, Spencer's Retail, Café Coffee Day & Gitanjali are some of the examples.

The changing external environment is making the modern retail & food services to respond which is no struggle but healthy signs. Both modern retail & food services are at early stages of evolution. They have to keep pace with fast changes in the demography & consumption pattern, & make adjustments as they grow in size, categories, merchandise mix or brand positioning.

The Future Group which is India's largest retail has repositioned its apparel & home fashion categories by rationalising assortment & improving quality. The overall customer satisfaction, sales, ticket sizes, margins have improved with the repositioning. Future Group is now working on its value retail formats, with plans to scale up the fashion range. They are also working on to introduce fresh fruit categories across Big Bazaar & food bazaar stores across metros. Upgrade products in home-ware & luggage are also being introduced in such stores.

Spencer's Retail changed its merchandising strategy by introducing products at lower price points, across categories and changed the tagline of the brand from "Taste the World" to "Makes Fine Living Affordable". The main idea behind doing all this was to change the perception that it was a high-priced store to value for money store, as Spencer's have always stood for quality in the consumers' mind.

Café Coffee Day, which runs a chain of 1,000 cafes, recently rolled out a new brand identity to make the brand geographically and culturally neutral. It has seen sales grow by nearly 50% since then in the cafes where the exercise has been implemented. It has already re-branded 750 of the cafes and a huge spending is seen by the customers in the cafes where the new identity has been rolled out.

Mumbai based jewellery major Gitanjali Group is restructuring its lifestyle retail business. It is removing both food and non-food FMCG categories from its 'Maya' chain of stores to turn it into a specialized lifestyle format focusing mainly on women. At the same time Gitanjali is also repositioning its luxury watch segment 'Bezel' into a store which will sell both economical and mid-segment watches. The move is aimed at increasing sales from the format and increase consumer base. The company now plans to rapidly scale up this format from 12 stores at present to 350-400 outlets by 2012.

Kirtilal Kalidas Group a jewellery retailer which is perceived as a traditional brand, has done its corporate rebranding. With this rebranding Kirtilal gave it a youthful positioning, complete with a change in logo, store design and merchandise mix. After this more youth have started visiting and the overall diamond sales have gone up by 30%.

In the recent past Shoppers Stop got huge success when they decided to position themselves as a 'bridge to luxury' brand, this made the brand image to go up and youth started visiting in huge numbers. With all these efforts customer satisfaction has gone up from 62% to 80%, luxury products share seen growth from 2% of sales to 15-20% of sales. Ladies' share in apparels has gone up from 25% to 33% and share of youth purchase has gone up from 39% to 44%. (*Economics Times 15 September 2010*)

FREEBIES: A NEW MARKET REALITY

Indian customers are very deal oriented, focused on price and expects something free thrown in to sweeten the deal. In the categories like durables the freebie craze grew to become a mass market phenomenon after the global economy went into a freeze in September 2008.

Everything that goes in the shopping cart is a careful examination of what else is in offer and the concern for calorie content or the list of ingredients. This free component can be seen with almost all the products of different sectors like FMCG, consumer durables, airlines, telecom, auto, food, etc.

This shopping behavior of the customers emerged out of the recession which brought layoffs, salary freezes, inflation and negative sentiment as its by-product. It is seen that consumers do what circumstances allow and so they reacted to the impending slowdown via an immediate urge to spend wisely. It translated into an active search for bargains, buying discounted products and choosing them on the basis of special offers or deals. Even when the situation was not that bad as compared to the foreign countries, the Indian market was no stranger to slashed family budgets and necessity-driven down-trading. To make the consumers feel that they are smart shoppers, marketers doled out a new way called freemium. (*Source: Economics Times, Brand Equity 30 June 2010*)

Offering a new compelling proposition to the growing band of value seekers required a lot of creativity. In the discount versus extra debate, companies decided the second one was a better proposition. The former

could be misconstrued as detrimental to quality, but the latter favoured the brands. They came up with a clever mix of genuine freebies, apparent freebies and pretty much everything in between. An invariably popular ruse was an unannounced cut back on grammage in packaged goods and food as input cost corkscrewed. As soon as prices stabilized, marketers would make a huge song and dance about giving customers more for the same, making sure that no increase in grammage went by unnoticed. The value chain was tightened to source better and produce more effectively. Stripped down versions of products were launched along with added freebies that held a strong appeal to consumers due to their novelty factors.

CHALLENGES FACING ORGANISED RETAILING IN INDIA

The Indian retail industry is getting stopped to reach to its full potential due to the various challenges it is facing. The Indian consumers have undergone a major change in their behavioral patterns. The reason for this change being, the Indian consumer is earning more now, western influences, women working force is increasing, desire for luxury items and better quality. He now wants to eat, shop, and get entertained under the same roof. All these have lead the Indian organized retail sector to give more in order to satisfy the Indian customer.

The biggest challenge facing the Indian organized retail sector is the lack of retail space. Infrastructure does not have a strong base in India. With real estate prices escalating due to increase in demand from the Indian organized retail sector, it is posing a challenge to its growth. With Indian retailers having to shell out more for retail space it is affecting their overall profitability in retail.

Trained manpower shortage is a challenge facing the organized retail sector in India. The Indian retailers have difficulty in finding trained person and also have to pay more in order to retain them. This again brings down the Indian retailers profit levels.

The Indian government has allowed 51% foreign direct investment (FDI) in the India retail sector to one brand shops only. This has made the entry of global retail giants to organized retail sector in India difficult. This is a challenge being faced by the Indian organized retail sector. But the global retail giants like Tesco, Wal-Mart, and Metro AG are entering the organized retail sector in India indirectly through franchisee agreement and cash and carry wholesale trading. Many Indian companies are also entering the Indian organized retail sector like Reliance Industries Limited, Pantaloons, and Bharti Telecoms. But they are facing stiff competition from these global retail giants. As a result discounting is becoming an accepted practice. This too brings down the profit of the Indian retailers.

Transportation, including railway systems, has to be more efficient. Highways have to meet global standards. Airport capacities and power supply have to be enhanced. Warehouse facilities and timely distribution are other areas of challenge. To fully utilize India's potential in retail sector, these major obstacles have to be removed.

CONCLUSION : THE WAY AHEAD

With the relaxation on foreign direct investment by the government the process of the growth of the Organised retail sector has picked up. It is anticipated that the growth of the Organised retail sector will be heavier than the growth of the gross domestic product. This sector is getting accepted in a great way due to the changing lifestyle of people, growth in income level and encouraging conventions of demography.

Organised retail sector's success would lie in the degree of penetration into the lower income strata to tap the possible customers in the lowest levels of society. With more access to credit facility the demand of the buyers would also be enhanced.

The Retail sector will undergo a transformation with the arrival of the Transnational Companies (TNC). At present the Foreign Direct Investments (FDI) is not encouraged in the Organised retail sector but once the TNC'S get in they inevitably try to oust their Indian counterparts with their hyper-marts. This would be challenging to the retail sector in India.

The boom in the retail market will fuel the growth of the logistic market. It is estimated the market will reach around US\$20 billion by 2011. Rural market is estimated to lead the Indian retail industry landscape in the future. Shopping malls are expected to increase at a CAGR of more than 18.9 percent by 2015.

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THE ROLE OF MICRO FINANCE IN REDUCING THE POVERTY OF WOMEN IN INDIA

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Abstract

Microfinance programs are increasingly discussed among academicians and scholars as an effective strategy to reduce poverty and increase living standard of the poor. For reducing poverty, microfinance operates through formation of groups, thrift and savings and income generating activities. It has played a major role in improving the economic and social conditions of the poor and disadvantaged especially in rural areas. In India, microfinance has grown through a mix of models like Grameen Model, Joint liability group model, franchisee model and more importantly Self Help Group (SHG) model. The SHG- Bank Linkage model, initiated by NABARD in 1992, is considered to be the prominent model in India. The productive use of microcredit will lead to reduction of poverty and increase in standard of living of the poor, especially women in rural areas. But, the operation of micro credit is largely criticized for not serving the poorest of the poor and needy. The article is an attempt to find the impact of microfinance in reducing the poverty of women in India. The study analyses whether microcredit support is sufficient to promote women's income and subsequently to reduce poverty. It also cites some suggestions for the improved performance delivery.

Introduction

“Microfinance is not a charity. It is a way to extend the same rights and services to low-income households that are available to everyone else. It is recognition that poor people are the solution, not the problem.”

- Kofi Annan, Secretary General, United Nations in 2004.

The incredible growth and spread of Indian Microfinance in both rural and urban areas across the country has gained national and international attention. India's microcredit has swelled through increased number of self help groups and the amount of savings mobilized by these groups. Similarly, the number of microfinance lending institutions has also shown an upward trend during this decade. State and Central government Agencies, Non-governmental Organizations, commercial banks and external (both national and international) donors are playing a vital role in the extension of micro credit. Using this credit, the groups with entrepreneurial talent would make profit and leads to poverty reduction.

Microfinance is a credit methodology, where effective collateral substitute for short term and working capital loans for micro entrepreneurs. Micro enterprises play an important role as it generates income to the rural household and thus the economic development. Such enterprises utilize the unutilized and underutilized talent of poor women. Of course, a few of them are involved in different income generating activities like bamboo work, pottery work, net making or farming. But they work in an unorganized way. If these rural women get enough training, financial and technical expertise and assistance, they would be able to initiate and run microenterprises in a very good way. Hence, microfinance in general, can be a potential instrument for alleviating poverty of women folk in India. The study aims to measure whether the microcredit programs are able to reduce poverty in India.

Objectives of the study

1. To outline the present position of microfinance in India
2. To analyze the impact of microcredit in reducing the poverty among rural women

Microfinance in India and its efficiency in Poverty Alleviation

Poverty alleviation schemes based on micro credit system has been implemented successfully in many developing countries. The microfinance programs basically aim at removing poverty by establishing micro enterprises and encouraging productive activities (Mohindra, 2003). Such activities are commonly undertaken by community groups and local authorities. Many microfinance programs target women as they are the most vulnerable and powerless. A special emphasis was given to women in such poverty alleviation activities in the first International Women's Conference in Mexico in 1975. This was further strengthened by the Micro Credit Summit Campaign in 1997, which had 'reaching and empowering women' as the second important goal after 'poverty reduction'.

Microfinance is being considered as a tool to attack poverty all over the world. The term "Microfinance" can be defined as "provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas, for enabling them to raise their income levels and improve living standards" (NABARD 99). Microfinance Institutions (MFIs) are those, which provide thrift, credit and other financial services and products of very small amounts mainly to the poor in rural, semi-urban or urban areas for enabling them to raise their income level and improve living standards.

The major reason cited for huge growth of such MFIs is the lack of access to the formal financial institutions by the poor especially women in rural areas. As the poor would be able to borrow small amount of loans, the transaction costs of the bank would be very high. The processing and supervision of such small loans would bring in huge administration cost and result in less profit or even loss. Complicated paper works, documentation and other loan procedures combined with a lack of financial discipline have also kept formal financial institutions out of reach by the poor (Mayoux , 1999a). Microfinance has been emerged as a solution to this scenario. Microfinance in particular has grown through four distinct developmental periods.

Period	Features
Early 1980s	Many MFIs has better repayment policy
Early 1990s	Only few MFIs began covering all the costs
Mid 1990s	Good MFIs began to get significant contributions from commercial channels.
Today	MFIs try to satisfy both objectives

Table No. 1 Table Showing the Developmental Periods of Microfinance

Source: Compiled by the author.

It is observed by very many experts that, if professionally managed, microfinance through the operation of Self Help Groups (SHGs) can compliment formal as well as informal financial institutions. The major characteristics of microfinance programs are listed below:

- (a) To promote the habit of saving and thrift
- (b) To encourage proper repayment habit among the rural poor
- (c) To organize the women in different units and teach them to handle collective responsibility
- (d) Educate the poor and illiterate to handle issues with banks, government offices and other agencies professionally
- (e) To encourage lending and proper repayment among the poor
- (f) To establish a financial discipline
- (g) To impart training in the required field like paddy cultivation, poultry farm, self employment etc
- (h) To mobilize and utilize optimally the available resources like capital, intellectual potential, space etc

Thus the financial inclusion helped to shift the focus of commercial banking from ‘Class banking’ to ‘Mass banking’. This has even strengthened with the introduction of SHG - Bank Linkage programme of NABARD in 1992. Under the 1992 guideline, the SHG functions as a joint liability group, replacing other collateral for the loans. The collateral free loans increase progressively to up to four times the level of the group’s savings deposits. SHG thus linked became ‘micro-banks’ able to access funds from the formal banking system. Launched in 992 in India, early results achieved by SHGs promoted by NGOs such as MYRADA, led NABARD to offer refinance to banks for collateral-free loans to groups. The programme envisages three broad models of linkage:

Model	Name of the Model	Description
Model I	Bank – SHG – Members	Bank itself promotes and nurtures the SHG until they reach maturity.
Model II	Bank-Facilitating Agency-SHG-Members	Groups are formed and supported by NGOs or government agencies
Model III	Bank- NGO- MFI- SHG-	NGO acts as both facilitators and Microfinance intermediaries. NGOs federate SHGs into apex organizations to facilitate inter group lending and larger access to funds.

Table No. 2 Table Showing Types of SHG- Bank Linkage Models

Source : Information compiled by the author.

Major Concerns about Indian microfinance:

Though, Indian microfinance gained a lot of attention and appreciation from all over the globe, it suffers from some serious limitations. These pitfalls deserve a lot of concern from scholars, practioners and academicians. There should be some policy amendments and practice improvements in all the aspects of microfinance delivery. The major drawbacks in the microfinance delivery have been listed below:

- v Imposition of exorbitant rate of interest: Though the programs are meant for the poor, the interest rate charged by the intermediaries is condemned to be quite high (Rutherford, Stuart (2000a)
- v Persistence of poverty after microfinance programs: It is to be noted that, a majority of the poor are the beneficiaries of microfinance in these countries (Imran, David and Rutherford (1999) .
- v Exclusion of the poorest of the poor: The microfinance programs is designed for the social and economic upliftment of the poor, it is highly censured for not including the deserved poor.
- v Bankers’ responsibility shifting of priority sector lending
- v Diversion of attention: In some countries, many civil society organizations which are highly engaged in microfinance activities show a diversion from their original welfare programs like anti HIV activities. NGOs in countries like Kenya, devote much attention and interest in microfinance functions.
- v Slow graduation from microcredit to micro enterprises: Many researchers have found that, there is either no or slow graduation from micro credit to micro enterprises. The financial aid received as micro credit is not fully utilization for developing small but productive enterprises.
- v Lack of a multi-dimensional view: Most of the programs are viewing poverty from only one angle - on money terms. But there are other aspects like children’s education, healthcare of the family, social security, equal opportunity and gender empowerment.

Suggestions for the Improved Performance Delivery :

Often, microfinance is meant for entrepreneurial initiatives. But there are problems found during its implementation. Certain suggestions have also come up from a primary analysis. These suggestions or recommendations can also be considered for their improved performance.

1. The survival and success of the micro enterprises depend upon the individual capability of the micro entrepreneur. Hence, along with micro credit, non- micro credit initiatives should also be imparted and encouraged.
2. A concept of synergy can be introduced among the participants and encourage them to act in union. Not only the beneficiaries, but the MFIs and SHGs in general also should be given proper training in this regard.
3. MFIs need to be incorporated with sustainable entrepreneurial development activities. NGOs have a very vital role to play in channelizing the resources received from MFIs into productive, entrepreneurial activities for returns and savings which in turn will reduce the poverty.
4. A micro entrepreneurship Strategy should be developed based on :
 - (a) Molding an entrepreneurial culture in the project area
 - (b) Starting up of micro enterprises
 - (c) Setting linkages with resource agencies and input – output market
 - (d) Developing micro products marketing strategies.
5. Besides women, microfinance agencies can focus on rural youth, who are very energetic, hardworking and risk taking.
6. The success of any microfinance activity depends mostly upon the formation and operation of self help groups. The major purposes of SHGs include routing of micro credit and allied services. Group activities initiated and solving of issues at the group level will enhance the sense of belongingness. The main role of SHGs is based on the principle 'Help people to help themselves'
7. Encourage NGOs to promote SHGs as autonomous bodies which would help the women to work for poverty alleviation, gender equality, work discrimination, injustice and exploitation at home, village and wider levels.

Conclusions

No room for doubt, that the poor is economically and psychologically helped with the introduction of microfinance activities. The health and education of the children are also improved with this. Other clear indicators are progress in nutrition and sanitation, school attendance of children of those covered by microfinance. The collective action and social mobilization have also brought positive impacts on empowerment of poor women. Although absolute poverty is not eradicated, the program could bring in considerable positive impact in reduction of poverty. Better results are expected if the academicians and authorities discuss and implement the indicative suggestions listed above. Acknowledging the shortcomings, the community or group based initiative holds tremendous potential for poverty eradication and empowerment of poor women, especially living in rural parts of the country.

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WOMEN ENTREPRENEURSHIP IN INDIA

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Entrepreneurship is the act of being an entrepreneur, which is a French word meaning “one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods”. This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity. The most obvious form of entrepreneurship is that of starting new businesses (referred as Startup Company); however, in recent years, the term has been extended to include social and political forms of entrepreneurial activity. When entrepreneurship is describing activities within a firm or large organization it is referred to as intra-preneurship and may include corporate venturing, when large entities spin-off organizations.

According to Paul Reynolds, entrepreneurship scholar and creator of the Global Entrepreneurship Monitor, “by the time they reach their retirement years, half of all working men in the United States probably have a period of self-employment of one or more years; one in four may have engaged in self-employment for six or more years. Participating in a new business creation is a common activity among U.S. workers over their course of their careers.” Entrepreneurship in recent years has been documented by scholars such as David Audretsch to be a major driver of economic growth in both the United States and Western Europe.

Entrepreneurial activities are substantially different depending on the type of organization that is being started. Entrepreneurship ranges in scale from solo projects (even involving the entrepreneur only part-time) to major undertakings creating many job opportunities. Many “high value” entrepreneurial ventures seek venture capital or angel funding (seed money) in order to raise capital to build the business. Angel investors generally seek annualized returns of 20-30% and more, as well as extensive involvement in the business. Many kinds of organizations now exist to support would-be entrepreneurs, including specialized government agencies, business incubators, science parks, and some NGOs. In more recent times, the term entrepreneurship has been extended to include elements not related necessarily to business formation activity such as conceptualizations of entrepreneurship as a specific mindset (or entrepreneurial mindset) resulting in entrepreneurial initiatives e.g. in the form of social entrepreneurship, political entrepreneurship, or knowledge entrepreneurship.

OPTIMAL ROLE

A system of entrepreneurship has evolved in the U. S. that has been quite successful and that may have considerable applicability to some other technologically advanced countries, such as Germany and Japan, which appear to need more economic dynamism. The system needs modification however, for underdeveloped economies like India’s. In particular, the beliefs are that the optimal roles for individual entrepreneurs – and the public policies necessary to support this role – are somewhat different in India than in an advanced economy.

In advanced countries, most resources are already in or near their highest-valued use. Any increase in their productivity requires new technologies. Without new technologies, economic growth winds down and business life stagnates. In the U.S., small businesses started by individual entrepreneurs and the initiative of large established companies play complementary roles in developing new technologies. Startups have advantages in conducting low budget experiments on novel ideas. Although the results achieved by any single startup are not dramatic, their collective efforts transform novel yet primitive ideas into technologies of demonstrable commercial viability. And as these technologies appear ready for prime time, large established companies (or transitional companies seeking to become large) mobilize the resources required for these technologies’ mass use. It’s pointless to argue about whether the contributions of the small or the large companies are more important. Technological progress in advanced economies requires both types of contributions. In an

under-developed economy, however, increases in living standards do not require U.S.-style technological innovation. Almost by definition, the actual productivity of its resources is below that in developed economies since the technologies in wide use in it are inferior to the technologies already introduced and in extensive use in developed economies.

Rapid growth can be achieved merely through the introduction into and diffusion through the economy of such superior technologies. (A contrary view is that poor countries need to evolve “appropriate” technologies of their own to raise their productivity.) Moreover, the returns from investing in new technologies are generally lower than the returns from acquiring and implementing existing technologies from the developed countries. This is because existing technologies can be acquired at lower costs since the outlays required for their development have already been incurred. And although there is some uncertainty about the fit of transplanted technologies with the local environment, the basic technical and market risks are long gone. Therefore resources devoted to innovation would actually impair growth by diverting resources from the more valuable tasks of adopting known-to-be superior technologies. This has implications for the role of wealth-constrained individual entrepreneurs in an underdeveloped economy and their relationship to large organizations. An ample supply of applicable, unexploited technologies from the developed world will, barring perverse policy interventions, supplant most of the demand that would otherwise have existed for innovations from indigenous entrepreneurs. Therefore, one of the important roles that entrepreneurs play in the U.S., namely, their role in early-stage innovation, has relatively little value in India.

Moreover, individual entrepreneurs do not have the capital and personnel required to acquire technologies from abroad. Proven technologies usually require large-scale operation. New technologies often start-out in niche markets; their subsequent application to mass use turns on the realization of significant economies of scale, through mass production techniques, for instance. So by the time many technologies become proven they are no longer suited for entrepreneurs’ small startup businesses. In addition, the acquisition of proven technologies, even when it is just a matter of copying or reverse engineering, involves fixed costs. These costs are more easily amortized by a large enterprise. And, large, established organizations (including wealthy family groups) have natural advantages in mobilizing the resources required to operate a large-scale enterprise. So, much of the low-hanging fruit offered by proven overseas technologies lies outside the reach of wealth-constrained individual entrepreneurs.

This does not mean, though, that small entrepreneurs cannot contribute to underdeveloped countries’ progress in catching up. Even in the U.S., experimenting with completely new technologies is only one of the contributions that individual entrepreneurs make to economic growth. The entrepreneurs’ capacity to try out highly novel ideas has value not just in the very early stages of a new technology; even after the basic elements of a new technology have been proven, considerable trial and error is necessary for its widespread diffusion. Thus, low budget entrepreneurs played the preeminent role in the development of the personal computer between 1975 and 1980. Yet, their contribution didn’t end after IBM entered the market in 1981. In the decades that followed, entrepreneurs helped develop a host of complementary products and services that made the PC a ubiquitous artifact. Similarly, the successful implementation of technologies that are ‘new’ to India will almost certainly require a host of new complementary goods and services to make them suitable for local use. Individual entrepreneurs who have a comparative advantage in conducting low budget experiments can play a critical role in developing such small-scale complements, many of them unique to the less developed economy. For instance, large companies may have an advantage in acquiring and implementing modern technologies to build automobiles; however the widespread diffusion of the new automobiles requires a host of new distribution and servicing outlets. Individual entrepreneurs may enjoy advantages in starting these outlets.

FAILURES TO PLAY OPTIMAL ROLES

The on-going field research suggests that in Bangalore – supposedly the Silicon Valley of India – individual entrepreneurs (and large companies too) are not pushing the technological envelope. That according to the analysis above is no bad thing. (In contrast, the state-financed scientific establishment does attempt cutting-edge research, though with questionable results.)

The Indian entrepreneurs did not even claim to focus on different customer segments, provide more customized products and services or rely on different kinds of inputs. Nor were the Bangalore entrepreneurs attempting to reach the size of their large competitors: Less than a quarter expected to grow significantly in the next five years. The entrepreneurs preferred to diversify into new businesses rather than expand. In the U.S. too we find ‘serial entrepreneur’s but there is an important difference. The U.S. serial entrepreneurs sell their prior businesses, often to parties who believe they can realize greater economies of scale or scope. Or they may simply liquidate the prior business. In Bangalore, entrepreneurs continue to operate their prior businesses and thus created conglomerates comprising many small units. By competing with instead of complementing the activities of large organizations, Indian entrepreneurs are likely to hinder economic development. As I have mentioned, small units lack the scale to acquire and use advanced technologies. For instance, the productivity of the Indian garment industry is estimated to be well below Chinese (and of course developed country) standards. Closing the gap will require, besides more advanced machinery, the acquisition of know-how by, for instance, hiring local industrial engineers and expatriate garment industry experts. A small-scale garment unit cannot however afford the necessary costs; and to the degree that small units compete for scarce resources (such as skilled tailors) with large units, they hinder improvements in productivity growth of the industry. The Bangalore entrepreneurs we interviewed also seemed unable to perform a role that would contribute to dynamism, namely by starting and growing businesses with limited funds.

The limited – and possibly negative – contribution of Bangalore entrepreneurs is reflected in their low contribution to job creation. In the U.S., although there is some dispute about the precise numbers, there seems little doubt that small high growth companies have made an important contribution to the tens of millions of new jobs created in the past quarter-century. Our preliminary estimates suggest that in Bangalore, the number of jobs created by legitimate businesses – small or large – has been modest. A noteworthy exception to the overall pattern of stagnant employment has been in the software and software related services sector. And within this sector, large public companies, and subsidiaries of multi-nationals and wealthy Indian family groups rather than small entrepreneurial companies have been responsible for most of the growth in employment and value added.

POSSIBLE EXPLANATIONS FOR THE FAILURES

Historically & ironically, the government has reserved only certain sectors for small units. Today however, many of these reservations have been removed. But, several other factors continue to encourage entrepreneurs to start subscale units and to avoid growth. The tax system appears to play a major role. From colonial times, indirect taxes (such as excise duties and sales taxes) have been a major source of the government’s revenues. Today such indirect taxes account from about 20 to 40 percent of final prices. The tax regime exempts small businesses from paying some of these taxes; small units apparently can also evade indirect taxes more easily than large businesses through off the books transactions. These tax effects can more than offset the disadvantages of operating below technologically efficient scale. The tax system encourages the formation of sub-scale businesses in other ways as well. The black money that it engenders can be more easily recycled into the assets of many small units rather than one small unit. The government also periodically grants indirect tax exemptions and holidays to promote causes it deems to be worthy or in response to lobbying. But tax benefits for particular businesses can make competing businesses unviable. And the unpredictable grant of benefits increases the risks of making large scale investments.

Rules intended to protect workers also contribute to the reluctance to operate on a large scale. In particular, our respondents expressed concerns that employing more than 20 workers makes them liable for inspections under the Factories Act and requires them to contribute to health insurance and retirement plans that increase their labor costs. Restrictions on layoffs and terminations however, did not seem to concern any of the entrepreneurs we interviewed. One entrepreneur said that as workers see signs of business failure they leave for greener pastures of their own accord: this explanation would be consistent with the widespread unwillingness of employers to pay efficiency wages. Another entrepreneur claimed that when employers run short of funds, they often stop contributing to their employees’ insurance schemes and retirement plans

and may even stop paying salaries. The employers' subsequent inability to clear these unpaid dues (which can lead to criminal prosecutions) then makes it impossible to terminate unwanted employees.

In India, entrepreneurs usually :

- v Pay a deposit equal to 11 months of rent to lease space (instead of one month in the U.S).
- v Extend credit for 90 days or longer, (instead of 30 days).
- v Acquire their own premises as soon as they can, instead of renting them. I do not recall interviewing a single *Inc.* entrepreneur who had purchased real estate to house his or her business. The acquisition of real estate obviously ties up capital. More subtly, it can also limit the entrepreneur's ability to grow (if that requires more space) and thus limits the revenues the business can achieve.
- v Have a thin or non-existent market.
- v 'Make' goods and services that the US entrepreneurs routinely 'buy'.
- v Face Defects in the regulatory and legal system.
- v Poorly maintained land records, the shortages of plots with access to basic municipal services (i.e. roads, water and electricity) and the sale of plots (with clean titles and utilities) at below market prices to favored individuals and organizations create incentives for businesses to buy instead of renting their premises.
- v Have Dysfunctional beliefs and conventions.

Indian women have basic characters in themselves in the present sociological and cultural setup as follows.

- v Indian women are considered as Shakti, which means source of power.
- v Effectively coordinating the available factors and resources.
- v Efficient execution of decisions imposed on them
- v Clear vision and ambition on the improvement of family and children.
- v Patience and bearing the sufferings on behalf of others and
- v Ability to work physically more at any age.

Women comprise nearly 45% of the Indian population. The literary and educational status of women improved considerably during the past few decades. More and more higher educational and research institutions are imparting knowledge and specialisation. At this juncture, effective steps are needed to provide entrepreneurial awareness, orientation and skill development programmes to women.

The institutions available at present are very limited. Moreover, their functions and opportunities available with them are not popularised much.

QUALITIES REQUIRED FOR AN ENTREPRENEUR

An effective entrepreneur requires certain basic qualities, which can be listed as follows.

- v Innovative thinking and farsightedness.
- v Quick and effective decision making skill.
- v Ability to mobilise and marshal resources.
- v Strong determination and self confidence.
- v Preparedness to take risks.
- v Accepting changes in right time.
- v Access and alertness to latest scientific and technological information.

Matching the basic qualities required for entrepreneurs and the basic characters of Indian women, reveal that, much potential is available among the Indian women on their entrepreneurial ability. This potential is to be recognized, brought out and exposed for utilisation in productive and service sectors for the development of the nation.

ACTION PLAN

Proper planning and execution are required at all levels. Proper training in right direction is to be planned meticulously.

The steps to be taken can be listed as follows:

- v identifying women with different literary levels in proper groups.
- v creating awareness about entrepreneurship and its importance as job providing avenues rather than job seeking ventures.
- v identifying skills to be imparted to different groups of women
- v making them realise the income generation and social status and
- v giving orientation and skill training on selected trades on their choice and suitability
- v assisting them in preparation of project reports for their own proposed units
- v helping them to follow up the venture to start the new enterprise.
- v providing consultancy and guidance, continuously.
- v A training capsule of around 15 days may be provided by expert institutions, voluntary agencies and Govt. departments.

The financial resources are to be mobilised to provide this type of programmes, by the government organizations like banks, public sector organizations and voluntary agencies. The higher education institutions, which are spreading throughout the country, may conduct programmes like this, regularly, in addition to their academic programmes, with or without govt. aid. Young graduates of that area and the final year students of U.G/P.G courses may also be provided with such training. Normally, infrastructures are available with such institutions. Getting expertise and mobilizing other requirements will also be easier for such institutions, since they are already having good establishment facilities.

Voluntary agencies like Rotary clubs, Lions clubs, Govt. sponsored institutions like UGC, Science and technology Councils may interact with the colleges/universities, through financial assistance, to carry out the programmes. With proper financial assistance and effectively using them, each college/university may train 300 to 1000 youths, in the area of entrepreneurship development. When women are going to be the target groups, the benefit will reach a larger section of the society. The programmes combining, technical skill and entrepreneurship skill, to selected groups, will make the Indian women more self reliant and confident and would lead them to be envied by people at the international level.

TRAINING COMPONENTS

Even though there are very efficient institutions at the national level, like EDI, Ahmadabad, NSTED BOARD, New Delhi, NISIE, Hyderabad and at State level, CED in Madurai and Chennai, TANSTIA in Chennai, such programmes are to be conducted at regional level, at the residential area of the women, in their vernacular language and to the specific requirement of the people of that area.

The essential components of such training may be listed as follows.

- v Awareness, career building and attitudinal change towards enterprise formation.
- v Effective training on building up self-confidence and communication skills.

- v Skill training on specific trades suitable to their option.
- v Training on quick and effective decision making techniques and managerial skills.
- v Training on marketing strategies.
- v Training on effective financial management.
- v Training on project formulation and implementation.
- v Scope for increasing access to new technologies and scientific knowledge.
- v Information on persons/offices to be contacted.
- v Interaction with successful entrepreneurs for sharing their experiences

Training in such areas are not going to have much financial burden to the govt., when compared to other developmental projects. This type of programmes can be conducted in all the parts of the country. A consistent and continuous effort in this project will add more dimensions to Indian women and their empowerment. and to the economic development of the nation as a whole.

Suggested list of appropriate areas suitable to Indian women entrepreneurs:

- v Food products manufacturing
- v Food processing and preservation.
- v Catering services and fast food centres.
- v Interior decoration.
- v DTP and Book binding.
- v Maintenance of Dairy, Poultry and their products.
- v Maintenance of house-hold appliances.
- v Stationeries retailing.
- v Manufacturing of note books and pads.
- v Packing & packaging
- v Diagnostic lab & pathology clinics.
- v Communication centers with telecom, fax, browsing, and Photocopying facilities.
- v Readymade garments, embroidering and fashion designing.
- v Retail selling through different methods.
- v Art and painting works on commercial decorations.
- v Hiring of warehouses and godowns.
- v Floral decorations.
- v Jewellery
- v Beauty centers
- v Running old-age homes, And so on.

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IS EXCESSIVE SHOPPING A REAL ADDICTION

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ABSTRACT

Shopping generally refers to the act of buying products. Sometimes this is done to obtain necessities such as food or clothing; sometimes it is done as a recreational activity. To many, shopping is considered a recreational and diversional activity in which one visits a variety of stores with a premeditated intent to purchase a product. Recreational shopping often involves window shopping (just looking, not buying) and browsing and does not always result in a purchase. “Window Shopping” is an activity that shoppers engage in by browsing shops with no intent to purchase, possibly just to pass the time between other activities, or to plan a later purchase. To some, shopping is a task of inconvenience and vexation. Shoppers sometimes go through great lengths to wait in long lines to buy popular products as typically observed with early adopter shoppers and holiday shoppers. More recently compulsive shopping has been started to be recognized as an addiction. Also referred as shopping addiction, “Shopaholism” or formally oniomania, these shoppers have an impulsive uncontrollable urge to shop.

INTRODUCTION

Compulsive buying disorder (CBD) is characterized by an obsession with shopping and buying behavior that causes adverse consequences. Most persons with CBD meet the criteria for an axis II disorder. CBD is found in 5.8% of the United States population, of which approximately 80% are female. It is frequently comorbid with mood, anxiety, substance abuse and eating disorders. Onset of CBD occurs in the late teens and early twenties and is generally chronic. CBD is similar to, but distinguished from OCD hoarding and mania. Compulsive buying is not limited to people who spend beyond their means, it also includes people who spend an inordinate amount of time shopping or who chronically think about buying things but never purchase them. Promising treatments for CBD include medication such as selective serotonin reuptake inhibitors (SSRIs), and support groups such as Debtors Anonymous

Oniomania

Oniomania is the psychiatric term for compulsive shopping, or shopping addiction. People with oniomania shop on impulse as a way of coping and find it difficult to control their spending or shopping behaviors.

Oniomania (the word is derived from the Greek Words: onios = “for sale” and mania = “insanity”), is a medical term for the compulsive desire to shop more commonly referred to as compulsive shopping, compulsive buying, shopping addiction or shopaholism. Another common version of this syndrome is credit card addiction, also can take the form of compulsive credit card use. All of these are considered to be either clinical addictions or impulse control disorders, depending on the clinical source: First described by Kraepelin in 1915, and then Bleuler in 1924, compulsive buying went largely ignored for nearly sixty years.

It is perhaps the most socially reinforced of the behavioral addictions.

We are surrounded by advertising, telling us that buying will make us happy. We are encouraged by politicians to spend as a way of boosting the economy. And we all want to have what those around us have — consumerism has become a measure of our social worth.

Although widespread consumerism has escalated in recent years, shopping addiction is not a new disorder. It was recognized as far back as the early nineteenth century, and was cited as a psychiatric disorder in the early twentieth century.

Normal Shopping vs. Shopping Addiction

So what makes the difference between normal shopping, occasional splurges, and shopping addiction? As with all addictions, shopping becomes the person's main way of coping with stress, to the point where they continue to shop excessively even when it is clearly having a negative impact on other areas of their life. As with other addictions, finances and relationships are damaged, yet the shopping addict feels unable to stop or even control their spending.

The Controversy of Shopping Addiction

Like other behavioral addictions, shopping addiction is a controversial idea. Many experts balk at the idea that excessive spending can constitute an addiction, believing that there has to be a psychoactive substance which produces symptoms such as physical tolerance and withdrawal for an activity to be a true addiction.

There is also some disagreement among professionals about whether compulsive shopping should be considered an obsessive-compulsive disorder (OCD), impulse control disorder (like pathological gambling), mood disorder (like depression), or addiction. It has been suggested that, along with kleptomania (compulsive stealing) and binge-eating disorder (BED), it be viewed as an impulsive-compulsive spectrum disorder.

How Is Shopping Addiction Like Other Addictions?

There are several characteristics that shopping addiction shares with other addictions. As with other addictions, shopping addicts become preoccupied with spending, and devote significant time and money to the activity. Actual spending is important to the process of shopping addiction; window shopping does not constitute an addiction, and the addictive pattern is actually driven by the process of spending money.

As with other addictions, shopping addiction is highly ritualized and follows a typically addictive pattern of thoughts about shopping, planning shopping trips, and the shopping act itself, often described as pleasurable, ecstatic even, and as providing relief from negative feelings. Finally, the shopper crashes, with feelings of disappointment, particularly with him/herself.

Compulsive shoppers use shopping as a way of escaping negative feelings, such as depression, anxiety, boredom, self-critical thoughts, and anger. Unfortunately, the escape is short-lived. The purchases are often simply hoarded unused, and compulsive shoppers will then begin to plan the next spending spree. Most shop alone, although some shop with others who enjoy it. Generally, it will lead to embarrassment to shop with people who don't share this type of enthusiasm for shopping.

What If I Have a Shopping Addiction?

Research indicates that around three-quarters of compulsive shoppers are willing to admit their shopping is problematic, particularly in areas of finances and relationships. Of course, this may reflect the willingness of those who participate in research to admit to having problems. Fortunately, although not yet well-researched, compulsive shopping does appear to respond well to a range of treatments, including medications, self help books, self help groups, financial counseling, and cognitive-behavioral therapy (CBT). It should be noted, however, that although some medications show promise, results are mixed, so they should not be considered a sole or reliable treatment.

If you believe you may have a shopping addiction, discuss possible treatments with your doctor. You may also find it helpful to get financial counseling, particularly if you have run up debts by spending. It is recommended that you abstain from use of checkbooks and credit cards, as the easy access to funding tends to fuel the addiction.

Shopping only with friends or relatives who do not compulsively spend is also a good idea, as they can help you to curb your spending. Finding alternative ways of enjoying your leisure time is essential to breaking the cycle of using shopping as way of trying to feel better about yourself. Remember, you are a worthwhile person, no matter how much or how little you own.

Is Shopping Addiction or Overspending a Real Addiction?

Since the popularity of the movie, *Confessions of a Shopaholic*, it is not uncommon to hear people, particularly young — and young at heart — women talk of being “shopaholics.” As shopping addiction has become associated with wealthy, attractive celebrities, and characters such as Carrie Bradshaw in *Sex and the City*, who overspent on shoes, it has almost become fashionable to “admit” to uncontrolled spending. But is overspending, or shopping addiction, a real addiction, like alcoholism or drug addiction?

Shopping addiction is not currently recognized in the *Diagnostic and Statistical Manual of Mental Disorders* (4th edition), and there is no agreement among experts on whether it should be included in future editions. However, that doesn’t mean overspending isn’t a problem.

People with serious problems with overspending can be diagnosed with Impulse Control Disorder, Not Otherwise Specified, a diagnostic label that can apply to a range of excessive, impulsive behaviors, including compulsive buying. Excessive shopping is also given as an example of a behavior that can be a characteristic of a manic episode, as part of bipolar disorder.

It is clear that whether it is called “shopping addiction,” “compulsive shopping,” “compulsive buying,” or “overspending,” it shares many features of other addictions, including spending a lot of time thinking about, planning, and repetitively engaging in the behavior, even when it becomes harmful; having difficulty controlling the behavior; and experiencing distress or disruption to other areas of life as a result.

Keep in mind that shopping addiction is only an addiction if it is problematic or harmful in some way, it is not a label that can simply be applied to anyone who enjoys shopping or who spends a lot of time and/or money shopping.

While “shopping addiction” is not officially recognized, there are several treatments that may help with problematic aspects of these behaviors. Effective treatments include individual therapy, group cognitive-behavioral therapy, marital and couples counseling, credit counseling and debt management. In some cases, medication can help, particularly if the behavior is stemming from mania related to bipolar disorder, or from depression, which occurs in around 50% of shopping addicts. Research is still emerging, so in the years to come, we can expect approaches to treating shopping addiction and overspending more effectively.

The bottom line: While shopping addiction isn’t officially recognized as a disorder, that doesn’t mean it doesn’t exist. As shopping addiction can be a symptom of serious mental illness, if you or someone you know has “shopping addict” like behavior, you should talk with your doctor as soon as possible.

What’s the Difference Between Compulsive Shopping and Impulsive Shopping?

Experts who have looked into this issue say that the difference between compulsive shopping and impulse buying rests with the internal motivation, or reason, for the making the purchase.

While impulse buying is largely unplanned, and happens in the moment in reaction to an external trigger — such as seeing the desired item in the shop — compulsive shopping is more inwardly motivated. A compulsive shopper will plan the shopping experience as a way to avoid or relieve uncomfortable internal feelings, such as anxiety.

Compulsive shoppers are also more likely to experience negative consequences as a result of their shopping than impulse buyers, such as running into financial difficulties, having arguments with family members, and experiencing emotional confusion. They are also more likely to fall into a pattern of addictive behavior, in which they shop more and more in an attempt to stave off stress and anxiety. This is how shopping addiction develops

Taking Shopping Addiction Seriously

Shopaholics, their friends, families and supporters, are often confused about the nature of the problem. Lots of people like to shop, and payment by credit card is a way of life, so when does it cross the line and become an addiction?

Generally, as with all addictions, shopping becomes an addiction when it is used to avoid other problems in life, and is relied upon more and more as a coping strategy, even when it causes further problems. This is a cycle seen in all behavioral addictions. But there is some controversy over whether shopping addiction is really an addiction, given the fact that it can crop up as part of a manic episode in people who have bipolar disorder, and some feel it is part of the spectrum of obsessive compulsive disorders, rather than an addiction.

Furthermore, with shopping addiction being trivialized in the media, by stereotypical “girly” characters, such as Rebecca in *Confessions of a Shopaholic*, many wonder whether shopping addiction should be taken seriously as a real addiction. In an increasingly materialistic society, it has become almost fashionable to call yourself a “shopaholic,” and so many people feel overspending is a natural offshoot of the move towards credit cards and a self-indulgent society.

But shopping addiction can be serious, and should be taken seriously. Not only can it be a sign of other mental health problems, it can lead to serious consequences for finances and relationships. So if you think you or a loved one might be a shopaholic, don't be shy in asking your doctor for help.

SYMPTOMS

Similar to other compulsive behaviors, sufferers often experience the highs and lows associated with addiction. Victims often experience moods of satisfaction when they are in the process of purchasing, which seems to give their life meaning while letting them forget about their sorrows. Once leaving the environment where the purchasing occurred, the feeling of a personal reward has already gone. To compensate, the addicted person goes shopping again. Eventually a feeling of suppression will overcome the person. For example, cases have shown that the bought goods will be hidden or destroyed, because the person concerned feels ashamed of his/her addiction and tries to conceal it.

Shopaholism often begins at an early age. Children who experience parental neglect often grow up with low self-esteem because throughout much of their childhood they experienced that they were not important as a person. As a result, they used toys to compensate for their feelings of loneliness. Adults that have depended on materials for emotional support when they were much younger are more likely to become addicted to shopping because of the ongoing sentiment of deprivation they endured as children. During adulthood, the purchase instead of the toy is substituted for affection. Shopaholics are unable to deal with their everyday problems, especially those that alter their self-esteem. Most of the issues in their lives are repressed by buying something.

This disorder is often linked to emotional deprivations in childhood, an inability to tolerate negative feelings, the need to fill an internal void, excitement seeking, excessive dependency, approval seeking, perfectionism, general impulsiveness and compulsiveness, and the need to gain control. Compulsive buying seems to represent a search for self in people whose identity is neither firmly felt nor dependable. Most shopaholics try to counteract feelings of low self-esteem through the emotional lift and momentary euphoria provided by compulsive shopping. These shoppers, who also experience a higher than normal rate of associated disorders—depression, bipolar disorder (also known as manic depression), anxiety, substance abuse, eating disorders, and impulse-control disorders—may be using their symptom to self-medicate.

RETAIL THERAPY

Retail therapy is shopping with the primary purpose of improving the buyer's mood or disposition. Often seen in people during periods of depression or transition, it is normally a short-lived habit. Items purchased during periods of retail therapy are sometimes referred to as “comfort buys”. Retail therapy was first used as a term in the 1980s with the first reference being this sentence in the Chicago Tribune of Christmas Eve

1986: “We’ve become a nation measuring out our lives in shopping bags and nursing our psychic ills through retail therapy.”

In 2001, the European Union conducted a study finding that 33% of shoppers surveyed had “high level of addiction to rash or unnecessary consumption”. This was causing debt problems for many with the problem being particularly bad in young Scottish people. Retail *therapy* is a term for buying things in order to cheer up, boost self confidence, or avoid a depressing or stressful situation. It is a very common practice in modern society, and is not necessarily harmful in moderation. Obsessive retail therapy is sometimes referred to as retail or shopping addiction, and may indicate severe depression or psychological problems, as well as leave shopping addicts with mountains of debt.

Since the advent of credit lines, shopping has become easier and far less need-based. People shop to stay up on trends, impress others, or affect their own feelings. The abundance of products and effectiveness of advertising both send the message that shopping can be entertaining and fulfilling as well as simply resulting in purchasing necessities. The culture of shopping as an activity can be said to have created the concept of retail therapy.

People seeking retail therapy are usually trying to brighten their mood or improve their lives, even if only temporarily. The practice can take many forms, with both positive and negative effects. Some people shop to reward themselves for losing weight, getting a promotion, or scoring high on a test. People in unsatisfactory relationships may indulge in the practice to cheer themselves up, and also to anger significant others about spending money. Still others enjoy retail therapy as a way to escape stress in daily lives; problems at work, impending finals, or difficult family situations may all seem more manageable after a break to go out and have a shopping treat.

Retail therapy usually involves purchasing items for personal use. Clothing, electronics, gadgets, and beauty products are all examples of products that may provide mood boosts and instant gratification. Some people may get a kick out of purchasing luxury designer items, while others will feel better and more gratified if they come away with a great bargain or unexpected sale items.

The line between occasional retail therapy and shopping addiction is somewhat blurry. People that are addicted typically will accept the short-term mood boost in the face of long-term, more devastating consequences. Without a realistic budget, people can quickly overspend and turn to credit cards, delaying payment but usually increasing the total amount paid when interest is included. Worse, overspending can actually amplify stress and unhappiness, leading to a greater compulsion to temporarily avoid pain by shopping.

People suffering from shopping addiction may need financial and psychological counseling before they destroy their credit, savings, and future. Although it is easy to think of shopping addicts as vain and out of touch, they are often suffering genuine pain and feel that there is no escape other than to shop. Through professional therapy and discipline, shopping addicts can overcome their spending problem and find new outlets to relieve pain and depression.

In order to indulge in retail therapy without venturing toward debt or addiction, set realistic guidelines. Make a monthly budget to determine how much spending money can be used for non-essential shopping, and stick to it. Try to indulge the desire to shop during yearly sales; post-Thanksgiving and Christmas sales are legendary, and can be a good way to shop all day but not overspend. Take friends with similar budget restrictions and challenge one another to find the best deals.

If there is no money in the budget for extra spending, look for other forms of personal reward or mood enhancement. A long walk, free yoga class, or hot bath can help some people de-stress. Arrange a closet-switch with a group of friends and walk away with a whole new wardrobe. Take old books to a secondhand bookstore and trade them for a brand new library. Even going to the pound or pet store and hugging a lonely puppy can give a temporary mood boost.

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EFFECTIVENESS OF COMPETENCY MAPPING IN BANKS

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Abstract

This paper focuses on effectiveness of competency mapping in banking sector. Competency mapping is a process an individual uses to identify and describe competencies that are the most critical to success in a work situation or work role. Study also emphasizes on facilitating competencies among their employees. The paper also provides a brief elucidation on the performance improvement attained through the application of Competency Mapping. Improved performance translates directly in to greater organizational competitiveness. Several positive changes are noted that support the efficacy of the Competency Mapping approaches.

Introduction

Various companies, hospitals, educational institutions, and other service providing organizations are adopting different measurements in their quest for improvement. All organizations, especially nationalized banks, identified the influence of their competitors in their business improvement; they recognized the improvement on the knowledge, skills, and understanding.

Competency mapping is important and is an essential exercise. Every well managed organisation should: have well defined roles and list of competencies required to perform each role effectively. Such list should be used for recruitment, performance management, promotions, placement and training needs identification.

Definition and History of competency mapping

Any underlying characteristic or feature required for performing a given task, activity, or role successfully can be considered as competency. Competency may take the following forms: Knowledge, Attitude, and Skill, Other characteristics of an individual including: Motives, Values, Self concept etc.

Competency mapping is the process of identification of the competencies required to perform successfully a given job or role or a set of tasks at a given point of time. It consists of breaking a given role or job into its constituent tasks or activities and identifying the competencies (technical, managerial, behavioural, conceptual knowledge, attitudes, skills, etc.) needed to perform the same successfully.

Dubois (1993), a leading expert in the applied competency field, defines competence as “the employee’s capacity to meet (or exceed) a job’s requirements by producing the job outputs at an expected level of quality within the constraints of the organization’s internal and external environments.”

Boyatzis (1982), defines competency as “an underlying characteristic of the person” which could be “a motive, trait, skill, aspect of one’s self-image or social role, or a body of knowledge which he or she uses”.

David McClelland the famous Harvard Psychologist has pioneered the competency movement across the world. His classic books on “Talent and Society”, “Achievement Motive”, “The Achieving Society”, “Motivating Economic Achievement” and “Power the Inner Experience” brought out several new dimensions of the competencies.

Latter McBer a Consulting Firm founded by David McClelland and his associate Berlew has specialized in mapping the competencies of entrepreneurs and managers across the world. They even developed a new and yet simple methodology called the Behaviour Event Interviewing (BEI) to map the competencies.

Application of Competency mapping in banks

Competency mapping can play a significant role in the following activities of an organisation –

- v Recruitment and selection

- v Performance management
- v Training and Development
- v Succession planning
- v Job enrichment and job enlargement
- v Organizational development analysis

Background of the Study and Problem Statement

For most of the nationalized banks, many private banks and banking sector leaders, improvement is a very common word in the nature of their work. The focus on the competencies of people is becoming the main strategy of the banking sector to facilitate the promotion of services. Different approaches are being given to the bankers to improve their skills and knowledge in terms of facilitating the customers. Therefore, the main issue of the research study is “what is the effectiveness of the competency mapping when it is applied in the area of banking sector?”

Research Objectives

The objectives of the study are divided into three parts. First is to learn effectiveness of the competency mapping in the banking sector. Second is to help the banks to provide strategies in facilitating the competencies among their employees. And third is to give importance to competency mapping as being a part of the entire system of the employees training and development.

Research Questions

The study is guided by the following questions.

1. What are the roles of the employees (bankers) in providing banking services?
2. What are the impacts of competency mapping on banking sector?
3. How does competency mapping improve the quality of services?

Literature Review

Competency mapping can be done through comprehensive training programs, skill development, and meeting the target. Because of rapid changes in the banking sector such as development of technology, changes in the system and so on, the need for identification of competencies became a priority of the banking industry leaders. Competency mapping is addressed as a systematic method that is applied in the banks service settings to determine the core actions and emergency readiness of the providers, most especially the employees who are the first attendants for the customers. The effectiveness of competency mapping reflects everyday in the working procedure of the employees and can be formulated through the initiative of the employees to provide the concept on their work. The banking sector leaders believe that through competent services, the people can maintain and enhance the knowledge skills, attitudes, and their judgment in the service providing procedure. It actually became part of the guideline for the banking training institutes to improve the curriculum and produce qualified employees. In this issue, the bank executives have an increasing interest in the competency based development. Even the leaders are also part of the continuous renewal of training and development. Its effectiveness reflects on the decision making of the leaders and the initiative of the company to focus on career aspirations.

Methodology

The applied methodology in the study is through the use of the questionnaires. The participants are bank employees and customers. The questionnaires are related mostly to the skills of bank employees, their actions in facilitating the services, and the outcome of their service/care. The age, gender, position of the

employees, and status of living of the customers are also identified for it might take an effect on the analysis of the study.

Analysis

Based on the provided method, the bank employees answered that the use of the competency mapping in their training enhanced their ability in providing services. Most of the employees agreed that through the mapping, the employees recognized the other important factors that might have effect on the services to their customers. On the other hand, customers believe that there are improvements on how the bank employees facilitate their services and their continuous promotion to establish the idea towards services.

Conclusion

Competency does not mean expertise. There exist various levels of competence but each of these has a minimum acceptable level or standard. Beginners are rarely experts, but they can be competent. They perform a wide range of banking activities with skill and speed. Competencies needs result, it also needs strategies.

To survive in a turbulent and dynamic business environment banks, especially the nationalized ones, have to adopt competency based human resource management practices, which are vital to productivity and performance excellence. Human Resource Management in the banks has to give keen importance to these processes since competency determines the organisations effort to compete with quality and quantity. Employees in the banking industry are more concerned about their advancement in their career. In addition to the competency mapping, career planning also has to be considered by the Human Resource managers at the individual planning level. Career-based and competency-based approaches of Human Resource Management have productive result in the productivity and business surplus in many banks. Human Resource Managers have to look more in the area of CCHRM (Career Competency – Based HRM) effort as a universal remedy to productivity and quality assurance in the wake of acute business competition.

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REDUCING WORKPLACE STRESS

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This study was done at various workplaces across different industries. The study was done with the objective of finding different stress causes at work place and how to remove it by the managers and the employees itself. Leicestershire County Council's STRESS BUSTER TOOLKIT for Sources of Workplace Stress - Questionnaire was used in this study.

Introduction

Stress in the workplace can make people dread walking in to the office every morning, and then make them worry about their jobs at night. When staff is unhappy, they are less efficient, less effective and more likely to squander work hours or quit. Stress affects not just morale, but a company's bottom line.

The HR department is often charged with creating and promoting corporate culture. Yet in the day-to-day scramble of running a business, it is employees and management themselves who create the climate — of stress or calm, discontent or satisfaction. Even so, Human Resources can step in and play a critical role in managing workplace attitudes and behaviors. By maintaining open lines of communication between the HR division and other departments, policies can be implemented and early action can be taken to prevent critical issues from arising.

Warning signs of excessive stress at work

When people feel overwhelmed, they lose confidence and become irritable or withdrawn, making them less productive and effective and their work less rewarding. If the warning signs of work stress go unattended, they can lead to bigger problems. Beyond interfering with job performance and satisfaction, chronic or intense stress can also lead to physical and emotional health problems.

Signs and symptoms of excessive job and workplace stress

- | | |
|--|-------------------------------------|
| • Feeling anxious, irritable, or depressed | • Apathy, loss of interest in work. |
| • Problems sleeping | • Fatigue, |
| • Trouble concentrating | • Muscle tension or headaches |
| • Stomach problems | • Social withdrawal |
| • Loss of sex drive | • Using alcohol or drugs to cope |

Common causes of excessive workplace stress

- v Fear of layoffs
- v Increased demands for overtime due to staff cutbacks
- v Pressure to perform to meet rising expectations but with no increase in job satisfaction
- v Pressure to work at optimum levels – all the time!

What managers or employers can do to reduce stress at work

It's in a manager's best interest to keep stress levels in the workplace to a minimum. Managers must act as positive role models, especially in times of high stress. All of the tips mentioned in this article are twice as important for managers to follow. If someone that we admire remains calm, it is much easier to remain calm ourselves – and vice versa! There are also organizational changes that managers and employers can make to reduce workplace stress.

Improve communication

- ✓ Share information with employees to reduce uncertainty about their jobs and futures.
- ✓ Clearly define employees' roles and responsibilities.
- ✓ Make communication friendly and efficient, not mean-spirited or petty.

Consult your employees

- ✓ Give workers opportunities to participate in decisions that affect their jobs.
- ✓ Consult employees about scheduling and work rules.
- ✓ Be sure the workload is suitable to employees' abilities and resources; avoid unrealistic deadlines.
- ✓ Show that individual workers are valued.

Offer rewards and incentives

- ✓ Praise good work performance verbally and institutionally.
- ✓ Provide opportunities for career development.
- ✓ Promote an "entrepreneurial" work climate that gives employees more control over their work.

Cultivate a friendly social climate

- ✓ Provide opportunities for social interaction among employees.
- ✓ Establish a zero-tolerance policy for harassment.
- ✓ Make management actions consistent with organizational values.

Support Management

In many organizations, managers are overworked, stressed out, and frustrated by competing demands and pressure from their peers. Ironically, an overworked manager may also neglect his staff, which as a result is underutilized or inefficient because they do not have enough responsibility or information to perform their tasks to the best of their abilities. The situation can be confusing to both staff and managers, but HR is in a uniquely objective position to step in and help the department start working together as a team and improve its practices. HR can train overworked managers to improve their ability to delegate or guide staff or hire freelancers or staff who are qualified to absorb the managers' extra workload. In addition, HR can work with staff to help them learn how to ask their managers for guidance or take the initiative when appropriate.

Support a Healthy Lifestyle

In addition to regular corporate training, employees should also be trained for safety and encouraged to seek help if a task appears unsafe or causes pain. Ergonomic and safety consultants should evaluate individuals' workspaces, and the organization should commit to purchasing equipment that will help reduce physical strain and injury. This investment pays for itself by preventing the lost productivity and worker's compensation claims that can arise in a poor work environment.

Wellness programs can also improve overall employee health and cut back on stress and sick-day losses. Wellness programs might involve nutrition support, such as bringing in a nutritionist to speak with staff, sponsoring a cooking class or installing health food in vending machines. Or, they may involve a lunchtime yoga class or running group or subsidized gym memberships. Organizing a company sports team can also give employees something fun to do together after work that can build friendly teamwork and competition.

Encourage Staff to Create Fun

Parties and activities are a common way for staff to bond outside of their comfortable roles and given duties, and such events allows time for some fun. But controlling fun from the top down doesn't always work. HR can get employees involved at the ground level by organizing a Spirit or Activities Committee and inviting

representatives from various departments to serve. Spirited staff will help bring suggestions to the table, such as organizing social events, sports or talent competitions, or community-service fund-raisers, and these individuals are more likely to get everyone involved in the fun.

Reducing job stress by taking care of yourself

When stress on the job is interfering with your ability to work, care for yourself, or manage your personal life, it's time to take action. Start by paying attention to your physical and emotional health. When your own needs are taken care of, you're stronger and more resilient to stress. The better you feel, the better equipped you'll be to manage work stress without becoming overwhelmed.

Get moving

Aerobic exercise –perspiring -is an effective anti-anxiety treatment lifting mood, increasing energy, sharpening focus and relaxing mind and body. For maximum stress relief, try to get at least 30 minutes of heart pounding activity on most days but activity can be broken up into two or three short segments.

Make food choices that keep you going and make you feel good

Eating small but frequent meals throughout the day maintains an even level of blood sugar in your body. Low blood sugar makes you feel anxious and irritable. On the other hand, eating too much can make you lethargic.

Drink alcohol in moderation and avoid nicotine

Alcohol temporarily reduces anxiety and worry, but too much can cause anxiety as it wears off. Drinking to relieve job stress can also start you on a path to alcohol abuse and dependence. Similarly, smoking when you're feeling stressed and overwhelmed may seem calming, but nicotine is a powerful stimulant – leading to higher, not lower, levels of anxiety.

Get enough sleep

Stress and worry can cause insomnia. But lack of sleep also leaves you vulnerable to stress. When you're sleep deprived, your ability to handle stress is compromised. When you're well-rested, it's much easier to keep your emotional balance, a key factor in coping with job and workplace stress.

Reducing workplace stress by improving emotional intelligence

Even if you're in a job where the environment has grown increasingly stressful, you can retain a large measure of self-control and self-confidence by understanding and practicing emotional intelligence. Emotional intelligence is the ability to manage and use your emotions in positive and constructive ways. It's about communicating with others in ways that draw people to you, overcome differences, repair wounded feelings, and defuse tension and stress.

Emotional intelligence in the workplace:

Emotional intelligence in the workplace has four major components :

- v **Self-awareness** – The ability to recognize your emotions and their impact while using gut feelings to guide your decisions.
- v **Self-management** – The ability to control your emotions and behavior and adapt to changing circumstances.
- v **Social awareness** – The ability to sense, understand, and react to other's emotions and feel comfortable socially.
- v **Relationship management** – The ability to inspire, influence, and connect to others and manage conflict.

Recommendations :

The following five recommendations to reduce workplace stress are offered as a beginning step.

1. **Clarify** : Be sure each employee has a job description, and fully understands everything on it. If you are the employee, request a job description. Know WHO is responsible for a task, and WHAT the task is, and you will reduce workplace stress.
2. **Control** : Give employees as much control as possible, since control directly impacts reactions to high stress situations. An employee who is allowed, within reason, to control his or her workflow will be much more able to handle workplace stress.
3. **Communicate** : Make communication easy among workers. Employees and employers alike should be comfortable with conversations about positive and negative situations. Comfortable communication on small matters can lead to communication on workplace stress, thereby reducing the problem.
4. **Condition** : Physical exercise is an essential recommendation to reduce workplace stress. If you are an employee, recommend this to your boss. If you are the boss, recommend it to employees. Then take action to be sure there is a TIME and a PLACE where exercise can take place.
5. **Counsel** : Every employee, at whatever level in a company, should be counseled regarding the WHY of recommendations to reduce workplace stress. If everyone recognizes the impact of stress-related illness and injury on the bottom line, and realizes the impact of that on individual salaries, greater adherence can be expected to the first four recommendations to reduce workplace stress.

Research studies have shown that workplace stress impairs a worker's ability to function intellectually, emotionally, and in his or her interactions with others. He or she is rendered incapable of meeting the requirements of the job.

According to CNN-Money.com, Americans spent more than \$17 billion for anti-depressants and anti-anxiety drugs in 2002, up 10% from the year before and nearly 30% over a two year period.

We cannot do much about the skyrocketing costs of medical care and prescription drugs, but we can take immediate action to control the top ten causes of stress as identified by The Global Business and Economic Roundtable on Addiction and Mental Health.

The countdown is :

- v "Workload" - Employees report that they are often stressed when they have too little or too much to do. Managers need to divide responsibilities and help employees prioritize work that must be done. Make sure you understand the impact before shifting responsibilities. Take into account the cost of stress before you increase anyone's workload or hire more people.
- v "Random interruptions" - Telephones, pagers, walk-in visits, and spontaneous demands from supervisors all contribute to increased stress. Time management, delegation of responsibilities and clarification of expectations can reduce these stressors.
- v "Pervasive uncertainty" - Stress levels increase rapidly when we are confronted by new requirements and procedures. Finding out what's going on and keeping staff informed helps control stress and increases productivity. Write out the information in a memo so you can review the facts.
- v "Mistrust and unfairness" - These situations keep everyone on edge, create bad attitudes, and lower productivity. It is important to keep an open line of communication to avoid misunderstanding and know what people are thinking about your decisions. Managers must consistently build trust and give equal treatment - just do the right thing.
- v "Unclear policies and no sense of direction" -Lack of focus causes uncertainty and undermines confidence in management. You need more than a well-written policy manual. Enforcement of policies and clear communications are essential.

To make sure everyone gets the message, you can repeat your explanation in a variety of ways - repetition and feedback are important. Reinforce policies through memos, articles, bulletin board postings, personal meetings, and small group discussions.

- v “Career and job ambiguity” - If people are uncertain about their jobs and careers, there is a feeling of helplessness and of being out of control. In addition to the trusted job descriptions and annual personnel reviews, people need to understand a broad range of issues that affect the company.

News of mergers, consolidations, plant closings, and restructuring contribute to a feeling of helplessness. Management must keep people informed about situations that will affect their jobs, or the rumor mill will add to an already stressful situation.

- v “No feedback - good or bad” - People want to know whether they are meeting expectations. Consistent, written and verbal, personalized feedback is required. Some people need more attention than others, but everyone’s performance is enhanced if leaders frequently affirm individual efforts.
- v “No appreciation” - Failure to show appreciation generates stress that endangers productivity throughout the company. There are many ways to demonstrate appreciation, but the most effective is a sincere comment about how much the person means to you and the company.
- v “Lack of communications” - Poor communication leads to decreased performance and increased stress. Management memos and announcements work well for distributing information, but two-way conversation improves communication and solicits ideas and suggestions while reducing stress and complaints.
- v “Lack of control” - Workplace stress is at its greatest when employees have no say regarding things that affect them. You can decrease sensitivity to all the other stressors and give a sense of being in control by involving employees in operating and administrative decisions and acting on their input. Frontline employees know what they are talking about. Listening to what they have to say reduces stress and increases productivity.

Effective managers understand that stress control is a leadership responsibility and give it just as much attention as any other management function.

Grasping the concepts and reducing stress one step at a time can have an amazing impact on your bottom line —and on the lives of those who do the heavy work.

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SUSTAINABLE DEVELOPMENT IN INDIA

(Linking Poverty and Sustainable Development: Certain Issues and Suggestions)

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Abstract

In the developing countries, the quest for sustainable development is the quest for development itself. The development is not only growth but also the transformation of economic, social and infrastructure with the objective of raising the population's quality of life and achieving the gradual formation of new ethical values. Much of what is needed is to stream line poverty and sustainable development issues in day to day economic decision-making; to include poverty issues in sustainable development policy-making and vice-versa. If these measures and reforms in economic management are carried out, I believe we will move substantially in the right directions.

In the last sixty years since independence, our country has undoubtedly achieved Considerable growth. India's first Prime Minister Pt. Jawaharlal Nehru recognized that "It is an inherent obligation of a great country like, with its traditions of scholarship and original thinking and its great cultural heritage, to participate fully in the march of science, which is probably mankind's greatest enterprise today". The gross national product of the country, which was just around 9547 crore in 1950-51 that, has gone up to 2519785 crore in 2005 just 263.9 time in real terms. The annual output of food grains has increased from a mere 50.08 million tones to over 212.2 million tons in 2005. The total irrigated land areas have increased from 20 m. ha. to 212m. ha. During last 60 years. A country which was facing the specter of hunger and starvation in the 60's has today not only attained self sufficiency in food production, but also has become marginal net exporter of food grains. In the industrial sector from 1.7 million tones to 36.9 million tones and commercial energy production from 2 GW to 238.4 GW.

Cement production, which was 2.7 million tons in 1950, has attained the level of 123.6 million tons by the end of 2005. The production of crude oil has reached from 0.3 million tons to 33.4 million tons in sixty years. The population statistics reveal that population in 1950-51 was 35.9 crore which has grown to 107.3 crore around three times and at the same time, Birth rate which was 39.9 per thousand has reduced to 25 per thousand. Death rate per thousand in 1950-51 was 27.4 is now 8.1 per thousand seems to be substantial. Literacy rate in 1950-51 was 18.33% (Male 27.16% and Female 8.86%) as per 2001 census literacy rate has increased up to 65.38% (Male 75.85% and Female 54.16%). In India public health sector has shown almost five times growth in 1950-51. Doctors available for around 10,000 people were 1.7 only but this availability has increased to 5.6 doctors per 10,000 persons of the country. Where as the rate of falling sick per thousand is 152 persons on an average. Availability of beds in private and government hospitals is 16.6 per thousand people; at the same time per person availability of milk per day in India is 232 grams. Per day in 2005 (Annual data for milk production in 1950-51 was 17.0 million tones and in 2005 it was estimated to 239 million tons). Infrastructure related data reveals some facts as follows:

Table - 1
Development Rate of Industrial (Infrastructure) Sector

(Growth Rate in %)

S.No.	Sector	2000-01	2005-06	2006-07	2006-07
01.	Energy	3.9	5.1	7.3	662.52 BU
02.	Coal	3.6	6.4	5.9	425.11 MT
03.	Steel	6.7	10.8	8.0	50.58 MT
04.	Railway Revenue	3.7	10.7	9.2	728.41 MT
05.	Port	3.4	10.4	9.5	463.84MT
06	Communication				
	(a) Switching Capt.	6.4	85.8	-23.0	96.03 LL
	(b) New Telephone	-20.5	123.3	-19.6	125.02 LN
	(c) Cell phone	-	89.4	85.4	522.33 LN
07.	Fertilizer	2.9	1.1	3.3	16.09 MT
08.	Cement	-2.8	10.7	9.1	161.31 MT
09.	Petroleum				
	(a) Crude Oil	1.5	-5.3	5.6	33.99 MT
	(b) Refinery	20.3	2.4	12.6	146.55 MT
10.	Civil Aviation				
	(a) International	4.6	12.8	12.1	18884 LN
	(b) Domestic	7.7	27.1	34.0	405.48 LN
11.	Road				
	National Highway	32.9	30.1	-11.0	2322 KM
	BU-Billion Unit,	MT-Million Tone	,LL-Lakh Line,	LN-Lakh Number,	KM-Kilo Meter.

Table - 2

Particular	1990-91	2000-01	2005-06	2006-07	2007-08
Energy Sector					
Coal (million tone)	211.73	309.63	407.40	430.85	266.71#
Electricity (Total) (Billion KWH)	289.4	554.5	697.4	744.3	588.03*
Petroleum (Million tone)	51.27	102.51	128.88	146.18	155.67
Crude Oil (Million tone)	33.02	32.43	32.19	33.98	34.11
Natural Gas (Bn. Cub. Mtr.)	17.998	29.477	32.202	31.747	32.274

As on Nov. 2007,

* Jan. 2008 (588.03 Billion Unit)

Economic studies have formulated various models on the issue of socio-economic enlistment of the weaker section of the society. Efforts were made to achieve social up gradation in human life with the inputs of consistency in the nature of development of weaker section of the society. A number of schemes were launched to cope-up with socio-economic status of weaker section and different economic models were launched to support the weaker section of the society all over the country at all levels of society. But in spite of many efforts being made the poverty level could not be brought down or if it was brought down for some time it reached to the same height again. The concept of sustainability and the concept of sustainable

development suggested socio-economic consistency and strength, as well as physical and mental support over a long period of time, continuously maintaining a developed status for future.

In economics, development measures provide one of the important tools of measuring economic growth in the study of eradication of poverty, increase of per capita income and improvement of living standard. At the same time other steps are taken to measure the achievements. But, do we really attain this, the answer is Not! It is because the process of growth also follow problems and if synchronization between the problems and their doctrine is not maintained the growth data is brought back to its previous state. Hence, the process of solving the problems of poverty elimination requires the study of all those factors that are directly or indirectly connected to either improving the poverty or strengthening it from time to time.

Problems in eradication of poverty

Poverty is a result of many deficiencies in an economy. The influencing factors may differ in their areas of weights towards certain issues and their importance. The following are considered to be important and dominating factors responsible for increasing poverty in an economy:

(A) Explosive Growth of population :

Explosive growth in India's population has resulted in an imbalance between resources and their demand. Demographical imbalance has resulted in disproportionate existence of unproductive population. Indian demographical analysis provides data having higher ratios of under age (below 15 years) and over age people (above 65 years) who represent the category of consumers and also the category of unproductive population.

The table given blow provides a clear picture of population estimates of India's population that country will hold by the end of 2026:

Table - 3
(Population in million)

Year	2001	2006	2011	2016	2021	2026
Total	1027	1114	1197	1275	1347	1411
Below						
15 yrs	363	360	351	343	377	328
15-64	622	702	780	854	916	967
Above						
65 (+)	42	52	66	78	94	116

(A) Illiteracy :

The percentage of illiteracy in the country today is around 64% in which women illiteracy includes around 49% of the population. The concept of literacy has substantial effect on the quality of human resources available for the purpose of economic development of any nation. Indian literacy mission needs to reframe its literacy norms as we are heading towards global competitiveness. Technical understanding and economical understanding need to be included in the norms and parameters of literacy measurement. On this front, women literacy percentage is very poor where as women represent 50% of the population. Poverty and sustainability can be correlated only when literacy rate is expedited on priority level. It is natural that the entire population of the country must participate in development exercise and should be brought at par to match the concept of economic growth and well being of the society.

(B) Management of poverty eradication programs :

In spite of so many poverty eradication programs that have been carried down from the past sixty years, the available success in this field does not satisfy the input and output theory.

Suggestions:

Linking of poverty and sustainable development is a continuous process through which poverty eradication takes place by developing models to improvise the situations of all those factors, which are firmly responsible for the increasing poverty.

1. **Effective Management and Good Governance:** Poverty eradication and sustainable development requires an effective management and a good – governance. Success of various project and programs requires strategic efforts and motivational managerial skills because such eradication programmers or development programs since success is subjected to good governance at all levels at the center as well as at the state levels.
2. **Management of quality of population** from the point of view of literacy and technical awareness should be the focus of population control and development programs. The quality of population plays an important role in eradication of poverty. The quality of population can only be improved if the man power management schemes are met through strategic planning and are managed by a team of local, influential and dedicated personnel's. Poverty is the out come of mismanaged demographical population.
3. **Approach of micro and macro level planning** need to be reconstituted keeping in view the changing scenario of India's economy, and its future needs. Restructuring of industrial policy for the purpose of catering necessities and basic needs in the country. Regional resources and regional quality of manpower needs to be taken care while preparing any short term or long term plans.
4. **Strategic approaches** with regard to poverty eradication with time bound programs may result in some consistency in the economic enlistment of people in the country.
5. **In rural India** role of Grampanchyats and local self governments should be made effective and for this short term training modules be prepared regionally. The role of Grampanchyat authorities can be made constructive and future visionary only by giving them training of management of resource and training of local development plans. Case studies should be framed as models. We cannot deprive the democratically elected people from having effective trainings. If political awareness is increasing the economical developmental understanding will also increase, and this will help in eradication of poverty.
6. **Monitoring of different developmental programs** run by governments must be done from the point of view of regional satisfaction. Effective control system can ensure proper delivery of the goods. Social audit, Rural audit and structural audit on village basis by professional agencies may be very helpful regarding the realization of the shortcomings and can also help to increase the scopes for working on new plans and strategies.

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ONLINE BANKING : A STUDY OF INDIAN CONSUMERS

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Abstract

With the advent of technology there are waves of changes in the society. The kind of the lifestyle people are used to, it gives them no time for themselves. This is finally making them to spend more time on the Internet. Thus, this has given the marketers a wonderful opportunity and a new media to tap the market as well to promote their products and services by advertising on the Internet. Banking Sector is no exception. Banks are using Internet technology as a strategic weapon to revolutionize the way they operate, deliver, and compete against each other. As a result Online Banking is growing at a fast pace. Online banking has become the hottest new customer service trend for financial institutions. Therefore it becomes necessary to analyse why banking consumers will like to go online and why they show (if any) their resistance to change to online banking system. The paper highlights the relevance of online banking in today's scenario having major focus on its working and conceptual framework.

The paper is a modest attempt to examine the behaviour of the respondents toward the online banking. This research paper has implications for both academicians and the different practitioners which includes the Marketers specially who are practicing bank marketing. The paper also highlights the future research directions in this area for Indian marketing managers and academicians.

INTRODUCTION

The process of globalization, economic refund and deregulation of banking sector has changed the concept of Bank marketing. Earlier the customer had a choice of banks to choose but now scenario has changed. As a result, banks have started exploring new approaches for satisfying the needs of customers. Therefore customers are now choice-empowered and marketing strategy of the banks should be such as to be able to differentiate the key areas. Given the vast number of products and providers available to clients, financial services marketers are challenged to differentiate themselves from the competition.

Increased emphasis also will be placed on ways to enhance the customer experience and relationship via new products and emerging banking channels, such as the bank's new mobile phone banking, on-line account opening and remote capture services. Banks are using savvy marketing strategies to attract consumer interest in their products and services. Many financial institutions are giving customers a little extra something along with their monthly statements and other financial documents, personalized advertisements and promotions tailored just for that customer and delivered either online or in print. This type of customization is similar to traditional direct marketing, except that with this type of communication, generation of customization, banks are not typically looking for new customers, but communicating in new ways with their existing customers.

Going online is one of the key tools used by the Banks not only in India but around the world. Banks used the Internet technology as a strategic weapon to revolutionize the way they operate, deliver, and compete against each other. As a result Online Banking was introduced as a channel where bank customers could perform their financial transactions electronically via their banks web sites or by using emails. From a bank's perspective, using the Internet is more efficient than using other distribution mediums because banks are looking for an increased customer base. Using multiple distribution channels increases effective market coverage by enabling different products to be targeted at different demographic segments. Mass customization happens effectively through Online Banking. It reduces cost and replaces time spent on routine errands with spending time on business errands.

Online Banking means less staff members, smaller infrastructure demands, compared with other banking channels. From the customers' perspective, Online Banking provides a convenient and effective way to manage finances that is easily accessible 24 hours a day, seven days a week. In addition to this information is also up to date.

Banking in India

Banking business is one of the oldest service businesses in India. It was 1786, when the first Indian bank i.e., The General Bank of India was set up. During the years various banks like Bank of Bengal (1809), Bank of Bombay (1840) and Bank of Madras (1843) were came into existence. With establishments of more banks, it had become necessary to streamline the functioning and activities of commercial banks. Therefore the Government of India came up with The Banking Companies Act, 1949 which was later changed to Banking Regulation Act 1949 as per amending Act of 1965 (Act No. 23 of 1965). Eventually it was the formation ground for Reserve Bank of India. RBI was vested with extensive powers for the supervision of banking in India as the Central Banking Authority. (www.rbi.org.in).

Over the years banking sector had undergone many changes including nationalization, use of technology, and liberalization. Banking sector has been going through constant changes during the last decade. These changes were caused by establishment and insolvency of new commercial banks; the changes of monetary policy; establishment of foreign capital banks, bank mergers and acquisitions. Over the years banking market has been undergoing a constant change with intense competition in growing demand for banking services and products. Banking sector is an increasingly competitive industry where the differentiation level of banking products and services is still very low. Currently, banking in India is generally fairly mature in terms of supply, product range and reach shown in the following table.

1 Report on Trend and Progress of Banking in India

Bank Group	No. of Banks#	Number of Branches									
		As on June 30, 2008@					As on June 30, 2009@				
		Rural	Semi-urban	Urban	Metro-politan	Total	Rural	Semi-urban	Urban	Metro-politan	Total
1	2	3	4	5	6	7	8	9	10	11	12
1. State Bank of India and Associates	7	5,399 (35.1)	4,620 (30.0)	2,879 (18.7)	2,492 (16.2)	15,390 (100.0)	5,609 (34.5)	4,907 (30.2)	3,094 (19.0)	2,650 (16.3)	16,260 (100.0)
2. Nationalised Banks	19	13,176 (35.1)	8,118 (21.6)	8,362 (22.3)	7,889 (21.0)	37,545 (100.0)	13,363 (34.2)	8,646 (22.1)	8,842 (22.6)	8,244 (21.1)	39,095 (100.0)
3. Other Public Sector Banks	1	54 (10.8)	95 (18.9)	164 (32.7)	189 (37.6)	502 (100.0)	56 (9.9)	112 (19.8)	196 (34.6)	202 (35.7)	566 (100.0)
4. Old Private Sector Bank	15	819 (18.1)	1,509 (33.4)	1,298 (28.7)	891 (19.7)	4,517 (100.0)	846 (18.0)	1,564 (33.3)	1,354 (28.8)	937 (19.9)	4,701 (100.0)
5. New Private Sector Banks	7	237 (6.3)	974 (25.7)	1,220 (32.2)	1,359 (35.9)	3,790 (100.0)	275 (6.4)	1,116 (26.2)	1,389 (32.6)	1,484 (34.8)	4,264 (100.0)
6. Foreign Banks in India	32	- (-)	2 (0.7)	50 (17.9)	227 (81.4)	279 (100.0)	4 (1.4)	4 (1.4)	53 (18.0)	234 (79.3)	295 (100.0)
7. Regional Rural Banks	86	11,501 (77.6)	2,641 (17.8)	616 (4.2)	66 (0.4)	14,824 (100.0)	11,632 (76.8)	2,750 (18.2)	671 (4.4)	91 (0.6)	15,144 (100.0)
8. Non-Scheduled Commercial Banks (Local Area Banks)	4	11 (25.0)	20 (45.5)	13 (29.5)	- (-)	44 (100.0)	11 (25.0)	20 (45.5)	13 (29.5)	- (-)	44 (100.0)
Total	171	31,197 (40.6)	17,979 (23.4)	14,602 (19.0)	13,113 (17.1)	76,891 (100.0)	31,796 (39.6)	19,119 (23.8)	15,612 (19.4)	13,842 (17.2)	80,369 (100.0)

Source: www.rbi.org.in

Online Banking in India

Modernization has changed the way of life for the people in different parts of the world. Technological development has brought with its new ideas and modern ways of living life. Introduction of the Internet has revolutionized the whole world. The case is similar for banking system. Online banking has become the hottest new customer service trend for financial institutions. New proposals for consumer privacy regulations have put the heat on an issue that has simmered for banks ever since landmark legislation last fall changed the way banks and other financial institutions can operate. Now a days banker are facing an increasingly competitive market, and are looking to tap into podcasts, social networking sites and other channels as part of a non-traditional marketing strategy. Online banking (or Internet banking) allows customers to conduct financial transactions on a secure website operated by their retail or virtual bank, credit union. Providing Internet banking is increasingly becoming a “need to have” than a “nice to have” service. Internet banking is the term used for new age banking system. Internet banking is also called as online banking and it is an outgrowth of PC banking. Internet banking involves consumers using the Internet to access their bank account and to undertake banking transactions. At the basic level, Internet banking can mean the setting up of a Web page by a bank to give information about its product and services. At an advance level, it involves provision of facilities such as accessing accounts, funds transfer, and buying financial products or services online. This is called “transactional” online banking.

There are two ways to offer Internet banking. First, an existing bank with physical offices can establish a web site and offer Internet banking in addition to its traditional delivery channels. Second, a bank may be established as a branchless, Internet only or virtual bank without any physical branch. Broadly, the levels of banking services offered through Internet can be categorized in three types:

- (i) The Basic Level Services use the banks websites which disseminate information on different products and services offered to customers and members of public in general. It may receive and reply to customers queries through e-mail,
- (ii) In the next level are Simple Transactional Websites which allow customers to submit their instructions, applications for different services, queries on their account balances, etc, but do not permit any fund-based transactions on their accounts,
- (iii) The third level of Internet banking services are offered by Fully Transactional Websites which allow the customers to operate on their accounts for transfer of funds, payment of different bills, subscribing to other products of the bank and to transact purchase and sale of securities, etc. (RBI, 2001)

Most of the banks providing Internet banking products and services offer, to a large extent, an identical and standard package of banking services and transactional capabilities. In general, Internet banking products are offered in a two-tiered structure. A basic tier of Internet banking products includes customer account inquiry, funds transfer and electronic bill payment. A second or premium tier includes basic services plus one or more additional services. The list of Internet banking products and services is not inclusive.

Basic: 1) Account inquiry. 2) Funds transfer. 3) Electronic bill presentment and payment.

Literature Review

Technology has a definitive role in fascinating transactions in the banking sector. The impact of the technology implementation had resulted into the introduction of new series by various banks in India. Internet banking, Tele-banking and mobile banking have created a win-win situation as they offer convenience, information and knowledge to customers and cost advantages to the banks. According to Joseph (1999), internet has a major influence on banking. According to him, there are six underlying dimensions of e-banking service quality such as convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization. As per the IAMAI report on online banking (2006), 43% of online banking user haven't started online financial transaction because of security reasons, 39% haven't started because they prefer face to face, 22% haven't started because they don't know how to use, for 10% sites are not user friendly and for 2% banks are not providing the facility of internet banking. According to

research 68% of the customers cannot say that when they will be starting the financial transactions through internet. Maximum numbers of online banking users are male and maximum of them are in age the group of 25-35. Numbers of female users are very less i.e. 17% only. More than 60% of the people who are having account with have accounts in 3-4 banks. Only 37% of Indian Internet users come from Top 10 cities i.e. Mumbai, Bangalore, Delhi, Calcutta, Chennai, Pune, Hyderabad, Ahmadabad, Surat and Nagpur.

Objective of the Study

The objectives for the study are as follows:

- v To analyse the usage of online banking by the banking customers
- v To ascertain the relationship between age and online banking usage
- v To find out the reason of using online banking

Research Methodology

There are lakhs of consumers having concern for online banking. Out of the lakhs, 100 consumers were randomly selected from the sample area of Kanpur. Sampling fundamentals of the population are conceptualized on the basis of “Consumers” as the sampling unit. The sampling study had provided sufficient flexibility to have data on the various aspects including demographics and other such qualitative features under study. The respondents were surveyed through non disguised, structured surveys, which was personally administered by the researcher.

Findings and Analysis

v Usage of Online Banking Services

Table 2 shows the usage of Online Banking among the respondents

	Awareness	Frequency	Percent	Valid Percer	Curnulative Percent
Valid	Yes	62	62.0	62.0	62.0
	No	38	38.0	38.0	38.0
	Total	100	100.0	100.0	

It can be interpreted that many of the respondents are using online banking services provided by the banks. As banks are now focusing on providing more services through online, masses are supposed to be positive in adoption of these services by the online channel.

v Usage of Online Banking across Age

Table 3 shows that there was difference among the age groups regarding the usage of Online Banking

Table 3: Chi-Square Test for the usage of Online Banking across Age

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	32.823(a)	3	.000
Likelibood Ratio	25.286	3	.000
Linear-by-Linear Association	5.819	1	.016
No. of Vaild Cases	100		

It can be seen that there exists difference, because more of the respondents who prefer to go online are mostly in the age group of 20-40 and some of in the age group of 41-59, making it clearly indicative that youngsters are more internet savvy and found this method of banking more suitable.

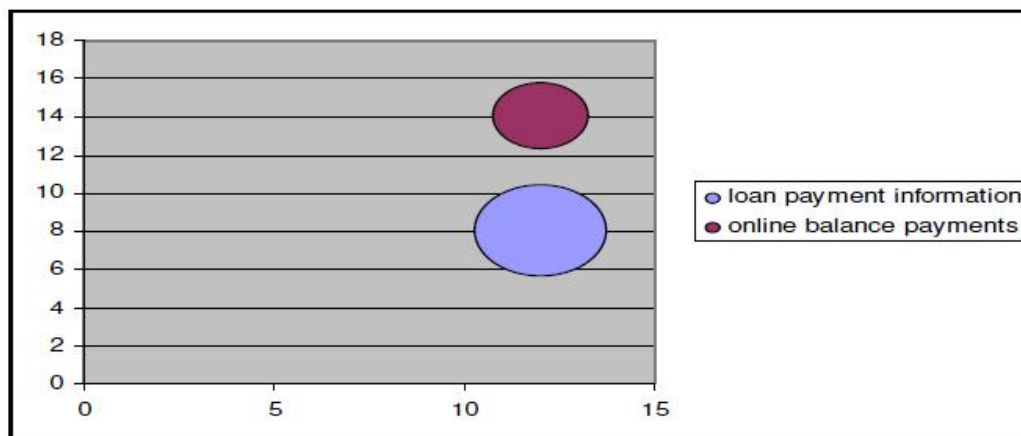
v *Reasons for Usage of Online Banking Services*

Table 4 shows the various reasons for which the respondents use Online Banking services.

Seeking product rate and information	12
Loan payment information	8
Check balances online	18
Online balance payments	14
to seek new updations	10

It can be seen from the following chart no. 1, that majority of the respondent uses online banking for their balance checking and making online payments of utility bills and others.

Chart no. 1: Major reasons for online banking



CONCLUSION

Banks are providing free internet banking services also so that the customers can be attracted. It can be well concluded that maximum numbers of internet bank account holders are young customers and are using banking services for balance checks and payments. Further it can be concluded that banks are offering their customers more options, giving more flexibility and choice for all customers who are ready to use online banking services. Therefore banks must constantly and continually be involve in researches and development to determine the likely trend in bank marketing using online banking and other technologies, so that they will be in forefront in acquiring, upgrading and implementing result oriented systems that will assist them to remain efficient and cost effective.

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RETAINING AND ENGAGING TOP TALENT IN TURBULENT TIMES

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ABSTRACT

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee. Employees today are different. They are not the ones who are not having good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. If they don't, they would be left with no good employees. A good employer should know how to attract and retain its employees. This paper explores the ethical practices in Retention of employees in the New Millennium. It aims to create an approach to understand the employees'.

Introduction

The attention of most of the business leaders is at protecting the revenue and it is focused at cost cutting. This increased focus on business efficiency is both natural and appropriate. However, turbulent times can erode employee trust in the organization and increase insecurity, leading to reduced commitment, effort and performance. At that point in the business cycle when you need employees to be flexible, adaptable and fully committed, you run the risk of creating the opposite reaction from employees.

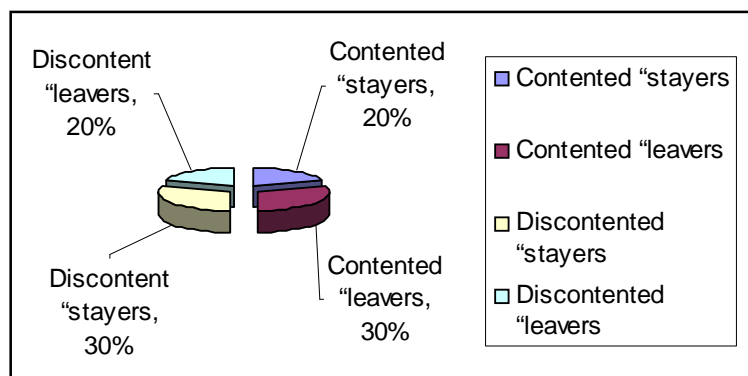
So what happens to employees in times of uncertainty, why does this matter to you, and how can you minimize the risk of disengagement and productivity loss of your top performers?

Employee Engagement

It is important to start with an understanding of “employee engagement” and its affect on performance. Engaged employees are enthusiastic about and highly committed to their jobs and their organizations. They take pride in the quality of work, are more likely to give you extra effort, and bring an infectious, “can do” attitude to the workplace. Engaged employees persist at difficult tasks and constantly look for ways to improve quality and productivity. Engagement is the state of mind that leads to maximum performance! During periods of economic uncertainty, there are many signals in the media and the workplace that challenge an employee's trust in his employer and heighten fears like

1. Am ,I going to be paid well?
2. Will ,I get the basic increment?
3. Will our company be in business a year from now? Are there merger/acquisition rumors?
4. Will we need to downsize our business and workforce?
5. Is my pension plan secure? Should I expect a bonus for the next couple of years?

There are various Categories of Employees as illustrated in the below pie chart



a) Contented “stayers”20%

Low risk of leaving

- v Highly engaged and not inclined to seek a better opportunity.
- v Probably giving 100% effort and commitment and are contented with the returns

b) Contented “leavers”30%

Moderate risk of leaving

- v Highly engaged but always looking for a better opportunity.
- v Probably giving 100% effort and commitment and are not contented with the returns.

c) Discontented “stayers”30%

Moderate risk of leaving

- v Disengaged but not inclined to seek a better opportunity
- v Will suffer for a long period before deciding to leave
- v Probably underperforming and not giving 100%

d) Discontented “leavers”20%

Highest risk of leaving

- v Disengaged and inclined to seek a better opportunity
- v Will not suffer for very long before leaving
- v Probably underperforming and spending time plotting their departure

Finally, there is the paradox of the **Contented “leavers”**, the employees who are highly engaged, committed and productive, yet still might leave you for a better opportunity. So, even though you are doing all the right things to engage **Contented “leavers”**, there is never a guarantee that he or she will decide to stay with you. They are forever on the lookout for something better due to their ambition and marketability.

Frequent drawbacks of the Employer

Failure to hold scheduled meetings, lack of clarity about expectations, lack of feedback about performance, failure to provide a framework within which the employee perceives he can succeed. The ability of the employee to speak his or her mind freely within the organization is another key factor in employee retention. Does your organization solicit ideas and provide an environment in which people are comfortable providing feedback? If so, employees offer ideas, feel free to criticize and commit to continuous improvement. If not, they bite their tongues and are insecure.

One must not forget that the Top Talent Is Always In Demand!

You might be tempted to believe that your employees are at low risk of leaving during an economic downturn and that they will feel lucky to have a job. This might be true for your weaker performers or those whose skills are not easily transferable. However, your top performers are always in demand. They are well known to the recruiters in your industry and probably receive regular calls regarding career opportunities elsewhere.

Detecting the Employees looking for a change over

The risk of any employee leaving is a function of many factors, and requires an awareness of the employee’s personal makeup, marketability and current level of employment satisfaction. Following are suggested steps to evaluate the flight risk of your critical contributors:

Step 1- Mission critical employees

Mission critical employees are those whose departure would result in a significant loss of technical/process knowledge, customer relationships or management/leadership capacity. Their loss would be difficult for the organization to replace in the near term and would cause noticeable damage to the organization. Depending on the nature of your business, your mission critical employee list would total between 5-15% of your workforce.

Step 2- Evaluate the “potential” of your mission critical employees

“Flight potential” is a measure of the willingness and ease with which an employee could leave if unhappy with his/her current employment. High flight potential would be characterized by the degree to which the employee has shown the following traits a) Ambitious- always on the look-out for more responsibility/status/money. b) Upgrades oneself and tries to remain the best. c) Mobile- has shown willingness to change jobs in the past. d) Unsettled- has not yet “bonded” with the current organization, team, management, colleagues. e) In Demand- possesses skills and knowledge that are in demand and easily transferable to another employer.

If an employee demonstrates several of these traits, then his/her potential to seek “greener pastures” is high.

Step 3- Checking the frustrated Employee

i) Is he being forced to do what he is not liking to do. Is he/she getting the job of his or her choice? ii) Under-challenged- has been doing the same job for more than two years, or has been voicing a desire for a new challenge. iii) Underpaid- has been paid conservatively based on level of responsibility and performance, or has voiced concerns about pay. iv) Strained Relationships- has stressful relationships with colleagues or boss which has created conflict and tension. v) Under-recognized- has received little recognition, perhaps taken for granted. vi) Overworked- has been working long hours for a long period of time, or has been complaining about work-life balance. vii) Lack of Career Progression- has not progressed for a period of time and has started to complain about current career level

If an employee demonstrates several of these traits, or even one of them at a high level, then he/she is probably at risk of being disengaged. Coming to work in this state feels more like an obligation or financial necessity and less like a place to learn, be challenged and feel good.

Retention of the Best of Employees

- c Take a personal interest in your top talent and find out what motivates them and what they are looking for in their careers.
- c Offer competitive vacation and holiday benefits.
- c Offering competitive salaries.
- c Keep your employees challenged and stimulated with new assignments and situations.
- c You probably lean on your high performing employees to take on the most difficult and important assignments. Monitor their workload and make sure that they do not “burn out”.
- c Take a personal interest in your top talent and find out what motivates them and what they are looking for in their careers.
- c Provide employment to their children.
- c Developing growth oriented policies.
- c Fair appraisals by paired comparison.
- c Maintain a frequent and honest communication flow with your employees, especially in turbulent economic times. Employees will appreciate being told about developments in the business and the marketplace, as well as the opportunity to ask questions.
- c Providing job security.

Why retention is necessary?

Is it just to reduce the turnover costs? Well, the answer is a definite no. It's not only the cost incurred by a company that emphasizes the need of retaining employees but also the need to retain talented employees from getting poached

Loss of Company Knowledge: When an employee leaves, he takes with him valuable knowledge about the company, customers, current projects and past history (sometimes to competitors). Often much time and money has been spent on the employee in expectation of a future return. When the employee leaves, the investment is not realized.

Interruption of Customer Service: Customers and clients do business with a company in part because of the people. When an employee leaves, the relationships that employee built for the company are severed, which could lead to potential customer loss.

Turnover leads to more turnovers: When an employee terminates, the effect is felt throughout the organization. Co-workers are often required to pick up the slack. The unspoken negativity often intensifies for the remaining staff.

Goodwill of the company: The goodwill of a company is maintained when the attrition rates are low. Higher retention rates motivate potential employees to join the organization.

Regaining efficiency: If an employee resigns, then good amount of time is lost in hiring a new employee and then training him/her and this goes to the loss of the company directly which many a times goes unnoticed. And even after this you cannot assure us of the same efficiency from the new employee

Surveys- You should conduct regular surveys for feedbacks from employee about their superiors as well as other issues like food, development plans and other suggestions. This will make them feel of their importance and the caring nature of the company. Some of the suggestions might be of real good use for the company.

For a company, the workforce is like an intellectual property, both in terms of skills and money. A trained and content workforce can lead a company to new heights while a opposite one can hamper it badly. So, every resignation saved is every dollar earned.

Employee Retention in Reliance

MUMBAI : Anil Ambani-promoted Reliance Capital is planning a stock purchase plan for all its employees and intermediaries (agents) shortly, according to a senior management official. One of the options being contemplated is to pay employees their bonus in the form of shares in the group's unlisted subsidiaries, or as a mix of shares and cash.

ONGC: At a time when inflation threatens to burn a crater in nearly every corporate pockets and early recessionary signs have induced most companies to tighten salary packets, state-owned explorations major ONGC is swimming against the tide. For starters, ONGC plans to offer its near 10,000 officials new cars with a Rs 7 lakh to Rs 8 lakh price tag. There is a catch though. ONGC will own the cars since it will be procuring them. But the vehicles will be available to eligible executives 24x7. The move, claim top ONGC officials, is part of a new employee retention drive to prevent flight of top talent to the private sector.

Conclusion : It is said that for the growth and wellbeing of an organisation retention of employees is a must. Even during the turbulent times such as recession when the company/organisation is undergoing financial crisis the top management should keep top talents in mind and seek their cooperation accordingly following the basic strategy of employee engagement and by providing the conducive atmosphere by checking the potential, frustration ,work load, detecting the employees looking for change and hence by providing them required remuneration. Exit interviews also give valuable information.

WEALTH CREATION THROUGH INVESTING IN MUTUAL FUNDS

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ABSTRACT

Banking intermediaries today cannot afford to reduce their margins but the household Sector demands better returns. All these factors have spawn the success of a new Intermediary namely Mutual funds. There is an increased sense of product differentiation by the investor community. The new breed of Mutual funds has brought in quite a number of positive features like transparency, accounting standards, frequency of disclosures, context of disclosure have contributed enormously in all these areas.

Mutual Fund assets are growing so fast and consumer bank deposits so slow that Americans believed that by the turn of the 21st century that individuals may well have more money in mutual funds than in savings bank accounts. At present the US Mutual fund is spread over 30,000 funds commanding investments to the tune of 25% of the household income and having over 50 million shareholders account. The mutual fund industry in USA now occupies the premier portion in the financial sector while banking and insurance companies lag behind.

The Indian industrial sector wants cheaper funds to face global competition. Investors in the Mutual fund industry today have a choice of around 40 mutual funds, offering nearly 600 products. Though these categories of products offered could be classified under about a dozen generic heads, competition in the industry has led to innovative alterations to standard products. This paper helps to understand the concept of Mutual funds and how it attracts the investors to prefer Mutual funds over a multitude of investment options

Introduction

Investing is an important part of the financial planning process. Yet, information overload and busy lives make managing finances successfully a challenge for almost everyone at some point. This paper is designed to help you understand the basic idea of sound financial management.

Wise investing requires knowledge of key financial concepts and an understanding of your personal investment profile and how these work together to impact investing decisions.

Saving provides funds for emergencies and for making specific purchases in the relatively near future (usually three years or less). Safety of the principal and liquidity of the funds (ease of converting to cash) are important aspects of savings.

Investing, on the other hand, focuses on increasing net worth and achieving long-term financial goals. Investing involves risk (loss of principal) and is to be considered only after you have adequate savings.

Total return is the profit (or loss) on an investment. It is a combination of current income (cash received from interest, dividends, etc.) and capital gains or losses (the change in value of the investment between the time you bought and sold it). The published **rate of return** for a selected investment is usually expressed as a percentage of the current price on an annual basis. However, the **real rate of return** is the rate of return earned after inflation, which is further reduced by income taxes and transaction costs.

ALL investments involve some **risk** because the future value of an investment is never certain. Risk, simply stated, is the possibility that the *Actual return* on an investment will vary from the *Expected return* or that the initial principal will decline in value. Risk implies the possibility of loss on your investment.

You can do several things to offset the impact of some types of risk. Diversifying your investment portfolio by selecting a variety of securities is one frequently used strategy. Done properly, diversification can reduce about 70% of the total risk of investing. Think about it. If you put all of your money in one place, your return will depend solely on the performance of that one investment. Alternatively, if you invest in several assets,

your return will depend on an average of your various investment returns. Here are some basic ways to diversify the investments:

- v By choosing securities from a variety of asset classes, Like, Financial assets, Physical assets and marketable securities.
- v By choosing a variety of securities or funds within one asset class, e.g. stocks from large, medium, small companies in different industrial sectors
- v By choosing a variety of maturity dates for fixed-income (bond) investments that is open-ended and close-ended and interval nature of investments

By diversifying, you won't lose as much as if you invested in just one security right before its market value goes down. However, if the market goes straight up from the time you started, you won't make as much in a diversified portfolio either. However, historically, most people are concerned about protection from dramatic losses.

A diversified investment plan begins with a well-defined philosophy and encompasses strategies designed to specifically accomplish financial goals as well as there are tailor made investment schemes (e.g., children's education and funding retirement, tax advantage and pension schemes etc.,) without having to sacrifice one goal for the other.

Mutual Fund Industry

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank The history of mutual funds in India can be broadly divided into different phases:

An Act of Parliament established Unit Trust of India (UTI) on 1963. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978 UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988 UTI had Rs.6, 700 crores of assets under management.

Entry of Public Sector Funds

1987 marked the entry of non- UTI, public sector mutual funds set up by public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first non- UTI Mutual Fund established in June 1987 followed by Can bank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). LIC established its mutual fund in June 1989 while GIC had set up its mutual fund in December 1990.

At the end of 1993, the mutual fund industry had assets under management of Rs.47, 004 crores.

Entry of Private Sector Funds

With the entry of private sector funds in 1993, a new era started in the Indian mutual fund industry, giving the Indian investors a wider choice of fund families. Also, 1993 was the year in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993.

The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996.

The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003,

there were 33 mutual funds with total assets of Rs. 1,21,805 crores. The Unit Trust of India with Rs.44, 541 crores of assets under management was way ahead of other mutual funds.

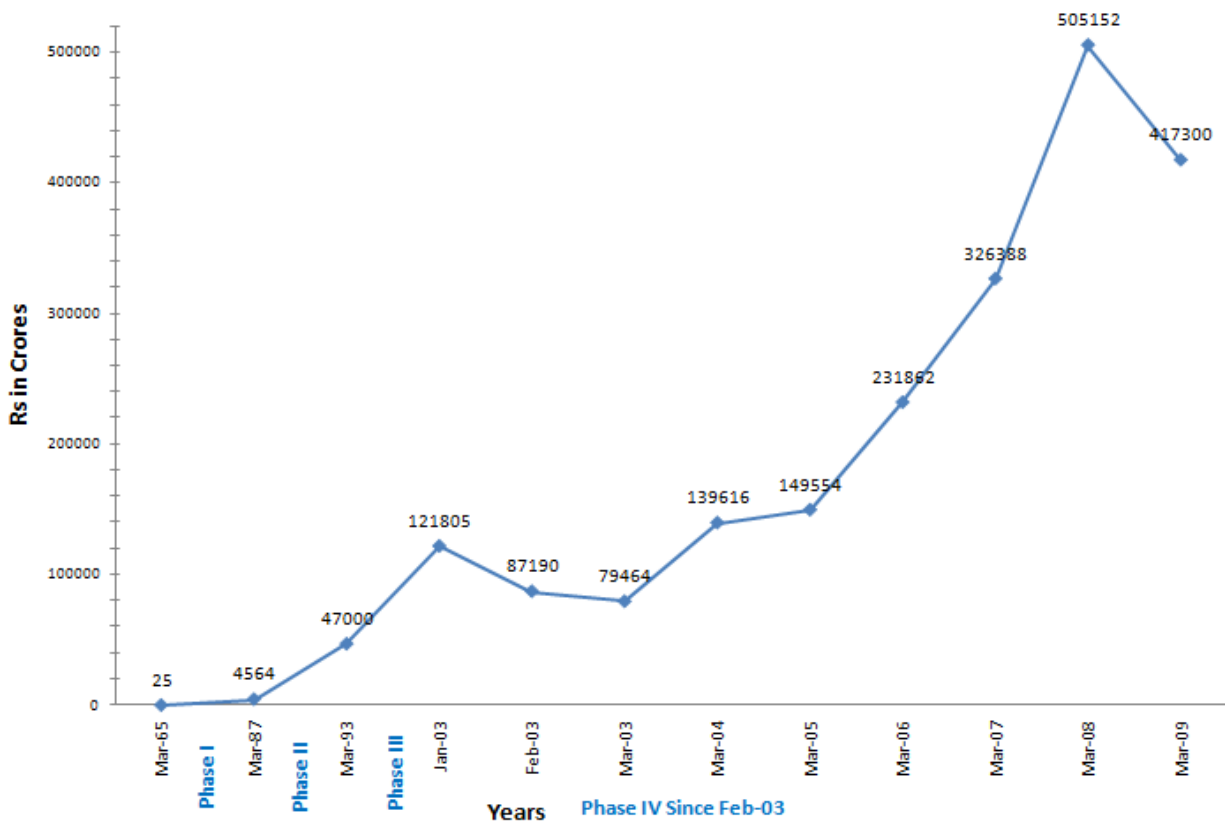
In February 2003, following the repeal of the Unit Trust of India Act 1963 UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with assets under management of Rs.29,835 crores as at the end of January 2003,

representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The Specified Undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations.

The second is the UTI Mutual Fund Ltd, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than Rs.76, 000 crores of assets under management and with the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its current phase of consolidation and growth. As at the end of September 2004, there were 29 funds, which manage assets of Rs.153108 crores under 421 schemes.

The graph indicates the growth of assets over the years.

GROWTH IN ASSETS UNDER MANAGEMENT



Source: AMFI

Investors in the Mutual fund industry today have a choice of around 40 mutual funds, offering nearly 600 products. Though these categories of products offered could be classified under about a dozen generic heads, competition in the industry has led to innovative alterations to standard products. This fast growing industry is regulated by the Securities and Exchange Board of India (SEBI).

Concept of Mutual Fund

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciations realized are shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The flow chart below describes broadly the working of a mutual fund:

Constituents of a Mutual Funds

- _ Sponsor
- _ Trustee
- _ Asset management companies
- _ Registrars and Custodians.

ADVANTAGES OF MUTUAL FUNDS

1. **Professional Management:** can avail of the services of experienced and skilled professionals who are backed by a dedicated investment research team which analyses the performance and prospects of companies and selects suitable investments to achieve the objectives of the scheme.
2. **Diversification:** Mutual Funds invest in a number of companies across a broad crosssection of industries and sectors. This diversification reduces the risk because seldom do all stocks decline at the same time and in the same proportion. You achieve this diversification through a Mutual Fund with far less money than you can do on your own.
3. **Convenient Administration :** Investing in a Mutual Fund reduces paperwork and helps you avoid many problems such as bad deliveries, delayed payments and unnecessary follow up with brokers and companies. Mutual Funds save your time and make investing easy and convenient.
4. **Return Potential:** Over a medium to long-term, Mutual Funds have the potential to provide a higher return as they invest in a diversified basket of selected securities.
5. **Low Costs:** Mutual Funds are a relatively less expensive way to invest compared to directly investing in the capital markets because the benefits of scale in brokerage, custodial and other fees translate into lower costs for investors.
6. **Liquidity:** In open-ended schemes, you can get your money back promptly at net asset value related prices from the Mutual Fund itself. With close-ended schemes, you can sell your units on a stock exchange at the prevailing market price or avail of the facility of direct repurchase at NAV related prices which some close-ended and interval schemes offer you periodically.
7. **Transparency:** You get regular information on the value of your investment in addition to disclosure on the specific investments made by your scheme, the proportion invested in each class of assets and the fund manager's investment strategy and outlook.
8. **Flexibility:** Through features such as regular investment plans, regular withdrawal plans and dividend reinvestment plans, you can systematically invest or withdraw funds according to your needs and convenience.
9. **Choice of Schemes:** Mutual Funds offer a family of schemes to suit your varying needs over a lifetime.
10. **Well Regulated:** All Mutual Funds are registered with SEBI and they function within the provisions of strict regulations designed to protect the interests of 'investors. The operations of Mutual Funds are regularly monitored by SEBI.

Professional Approach

- Fund managed by professionals with adequate qualification and experience.
- In-house research to aid the fund managers
- Top management involvement to guide the investment policy and the fund house philosophy.
- Competitive performance resulting in constant improvement.
- Portfolio and NAVs are disclosed at record timings.
- Lower costs due to multiple choice for investors.

FINANCIAL PLANNING AND MUTUAL FUNDS

A Professional financial planner understands the universe of investment options. He is well informed on the risk and return attributes of these options. He uses this knowledge to be able to advise investors in financial planning and enables them to choose investment options that suit their needs best. Mutual fund help in financial planning in the following ranges;

- n Mutual funds offer a range of products which can be combined to create tailor-made solutions for the needs of investors.
- n Mutual fund accommodate a variety of saving and investment patterns from regular to ad-hoc from smaller sums to lump-sum, and enable creation of effective solutions for financial needs.
- n Financial planner can focus on asset allocation among Mutual Fund products, rather than the individual securities themselves, this enables easier and cost-effective solution.
- n Since Mutual fund portfolios are driven by pre-stated investment objectives, it is easier to match investor objectives with the mutual fund product.
- n Mutual fund enables flexible options to invest and withdraw funds and alter the investment portfolio by changing the mix of funds held by the investor.

Financial planners choose mutual fund products based on their suitability to the investment objectives on the investor.

Investment decision influencers

- n Age
- n Risk appetite (ability to bear capital loss)
- n Return frequency (regular / capital appreciation)
- n Time horizon of investment
- n Liquidity
- n Need to save tax.

Transparency

- n Every product is vetted by the regulator
- n Three tier structure to ensure better accountability
- n Regulatory policy determines the valuation, fairness, disclosures etc.
- n Portfolios are disclosed on daily, weekly and monthly basis.

Computations

NAV = Net Assets/ Total no. of Units

· Net Assets = Market value of investment + accrued income – accrued expenditure/liabilities.

TYPES OF MUTUAL FUND SCHEMES

There are a wide variety of Mutual Fund schemes that cater to your needs, whatever your age, financial position, risk tolerance and return expectations. Whether as the foundation of your investment programme or as a supplement, Mutual Fund schemes can help you meet your financial goals.

(A) By Structure

Open-Ended Schemes

These do not have a fixed maturity. You deal directly with the Mutual Fund for your investments and redemptions. The key feature is liquidity. You can conveniently buy and sell your units at Net Asset Value (“NAV”) related prices.

Close-Ended Schemes

Schemes that have a stipulated maturity period (ranging from 2 to 15 years) are called close-ended schemes. You can invest directly in the scheme at the time of the initial issue and thereafter you can buy or sell the units of the scheme on the stock exchanges where they are listed. The market price at the stock exchange could vary from the schemes NAV on account of demand and supply situation, unit holders’ expectations and other market factors. One of the characteristics of the close-ended schemes is that they are generally traded at a discount to NAV; but closer to maturity, the discount narrows. Some closeended schemes give you an additional option of selling your units directly to the Mutual Fund through periodic repurchase at NAV related prices. SEBI Regulations ensure that at least one of the two exit routes is provided to the investor.

Interval Schemes

These combine the features of open-ended and close-ended schemes. They may be traded on the stock exchange or may be open for sale or redemption during predetermined intervals at NAV related prices.

(B) By Investment Objective

Growth Schemes

Aim to provide capital appreciation over the medium to long term. These schemes normally invest a majority of their funds in equities and are willing to bear short-term decline in value for possible future appreciation. These schemes are not for investors seeking regular income or needing their money back in the short term.

Ideal for :

- Investors in their prime earning years.
- Investors seeking growth over the long-term.

Income Schemes

Aim to provide regular and steady income to investors. These schemes generally invest in fixed income securities such as bonds and corporate debentures. Capital appreciation in such schemes may be limited.

Ideal for:

- a) Retired people and others with a need for capital stability and regular income.
- b) Investors who need some income to supplement their earnings.

Balanced Schemes

Aim to provide both growth and income by periodically distributing a part of the income and capital gains they earn. They invest in both shares and fixed income securities in the proportion indicated in their offer documents. In a rising stock market. The NAV of these schemes may not normally keep pace, or fall equally when the market falls.

Ideal for:

- Investors looking for a combination of income and moderate growth.

Money Market/Liquid Schemes

Aim to provide easy liquidity, preservation of capital and moderate income. These schemes generally invest in safer, short-term instruments such as treasury bills, certificates of deposit, commercial paper and interbank

call money. Returns on these schemes may fluctuate, depending upon the interest rates prevailing in the market.

Ideal for:

- Corporate and individual investors as a means to park their surplus funds for short periods or awaiting a more favorable investment alternative.

Other Schemes

Tax Saving Schemes

These schemes offer tax rebates to the investors under tax laws as prescribed from time to time. This is made possible because the Government offers tax incentives for investment in specified avenues. For example, Equity Linked Savings Schemes (ELSS) and Pension Schemes The details of such tax saving schemes are provided in the relevant offer documents.

Ideal for :

- Investors seeking tax rebates.

Special Schemes

This category includes index schemes that attempt to replicate the performance of a particular index such as the BSE Sensex or the NSE Nifty, or industry specific schemes (which invest in specific industries) or sectoral schemes (which invest exclusively in Segments such as 'A' Group shares or initial public offerings).

Index fund schemes are ideal for investors who are satisfied with a return approximately equal to that of an index.

Sectoral fund schemes are ideal for investors who have already decided to invest in a particular sector or segment. Keep in mind that anyone scheme may not meet all your requirements for all time. You need to place your money judiciously in different schemes to be able to get the combination of growth, income and stability that is right for you. Remember, as always, higher the return you seek higher the risk you should be prepared to take.

SYSTEMATIC INVESTMENT PLAN (SIP)

- SIP is the process of investing regularly at fixed intervals, say, monthly, quarterly and annually.
- This process of investment vehicle allows an investor to build wealth over a long period of time and get the benefit of compounding of returns
- The investor need not keep track over the portfolio nor does he have to worry about timing the market.
- Avoid sentiments drives and urge to keep track of the market
- Disciplined and forced savings.

Usefulness of SIP :

1. Rupee cost averaging
2. Allows investments in small amount (Like RD)
3. Simple and convenient
4. No entry load in any of the schemes
5. Good return
6. SIP allows you to build your portfolio by contributing a fixed sum on a monthly regular basis.
7. Risk of loss is minimal

Indian budget

The Indian government budget for 2007-08 presented the Capital Market-friendly, but the budget contained some policy initiatives for the capital market that would enhance its vibrancy and efficiency in the long term.

1. Proposal to allow institutional short selling and create a proper securities lending and borrowing mechanism.
2. Exchangeable bonds are a good idea, both as an additional financial instrument in the market place and as a mechanism for unwinding interlocked corporate holdings.
3. The budget proposal signaling a willingness to improve access of Indian investors to foreign securities both directly and through mutual funds.

All of these mean that we will have a cleaner, stronger and deeper capital market in the year to come.

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Challenges for Small Entrepreneurs – A Case study of Indore Hosiery Industry

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Abstract :

This paper (abstract) is an attempt to highlight the challenges faced by Indore Hosiery Entrepreneurs which is the backbone of the state Economy.

Entrepreneurship is more than the mere creation of business. Entrepreneurs are individuals who recognize opportunities where others see chaos or confusion. They are aggressive catalysis within the market place. They have been compared to Olympic athletes challenging themselves to break new barriers, to long distance runners dealing with the agony of the miles. The Indian Economy has been revitalized because of the efforts of the entrepreneurs and the world has turned how to free enterprise as a model for Economic development. The passion and the drive of entrepreneurs move the world of business forward. They challenge the unknown and continuously create the future.

Despite all this contribution Indore Hosiery Industry is facing immense challenges and some of the entrepreneurs have dubbed the government as anti-exporter and anti-entrepreneurs, because of many procedural problems. Government is totally following the instructions of bureaucrats, instead of making them follow the guidelines. It is like cart before the horse and not horse before the cart. Non-availability of raw material at international prices is another challenge.

INTRODUCTION

The textile Industry of India is one of the largest and oldest industries in the country and ranks third to the U.S.A. and China in the world. The origin of textile mills dates back to 1813 when first cotton mill was set up in Calcutta. But barring this and a few other isolated instances, the industry came to be established only in 1854, when the first textile mills, established by a Parsi pioneer, Mr. Kavasji Nanabhai Davar, started production of cotton cloth in Bombay. The Indian textile industry comprises of cotton, jute, hemp, woolen, silk and synthetic textile sectors.

The woolen textile industry of India, although much smaller than the giant sized cotton and jute industries occupies a very important place in the world of textiles. Although the use of wool had been known to Indian since Vedic ages but there is evidence that wool fibres were woven by the Babylonians as early as 4000 B.C. i.e. six thousand year ago. It is interesting to note that there exists in the British Museum a piece of woven cloth stated to be four thousand years old, and found buried in a cave at Rylston in Yorkshire where it is presumed the cloth was made. Wool is the only fibre devised by nature for the purpose of clothing a human being to keep it dry and warm.

INDIAN HOSIERY INDUSTRY: THE PRESENT SCENARIO

The woollen industry in India is critically dependent on imported raw materials for meeting the requirements of both domestic and export production.

*“The import of apparel wool amounted to 30 million kg. Greasy while carpet wool import was 20 million kg. During the year, some special fibres such as angora, Mohair and Cashmere are also being imported for the manufacturing of specialized products in the industry. Natural fibres like flax and silk are also used in admixture with wool by this industry for the manufacture of quality products. These also need to be imported”.*¹

Between 1955 and 1965 a major transformation took place in the industry and the focus was shifted to the worsted side using fine wool and making suiting fabrics. Till 1977 from foreign exchange considerations wool was restricted for imports. Till 1991 import of machinery and expansion of capacities and establishing of new units were restricted by the licensing system in force. Today the industry has considerably enlarged its market share in suitings in the Indian market with wool blends.

India does produce wool, but this wool is coarse and can be used only in manufacturing carpets. Even Indian wool is blended with New Zealand wool to ensure quality. The woollen operations in India are directed to the cheaper end of the market using reclaimed fibres from old clothing and mainly produce blankets.

“Fine Apparel Wool is not produced in India and in view of the pressure on land for food, there is no chance of producing such wool in the near future. All the fine wool that India needs is imported from Australia and although trade has now opened with South Africa, prices are found to be not competitive enough. Logistics is standing in the way of imports from South Africa. Hence, if we look at the next 10 years scenario, Australia will be the principal supplier of fine apparel wool to India, which is used in four major areas – Fabrics, Yarn, Knitwear and Shawls? Currently about 41% of the wool is used in the fabric sector about 29% in the knitwear sector, 19% in the yarn sector and 11% in the shawl sector”.

RESEARCH METHODOLOGY

The Managing Directors of 50 export oriented units were interviewed personally. (The list was obtained from Wool and Woollen Export Promotion Council). The total number of units registered with WVEPC was 142. Units actually in exports were 100 and 70 units were dealing in woollen/blended knitwears. 20 units did not give any response despite persistent efforts so 50 units were taken into account.

EXPORT MARKET

Textile is a labour intensive industry and labour cost constitutes a fairly big element in the manufacturing cost. Today, average labour cost in India is around 76 Australian cents per hours against 15-25 Australian \$ in Western Countries.

*“The global demand for knits and knitwears has been expanding at a faster pace compared to demand for woven because of knitwear being less expensive and more comfortable. As a result an estimated 45% of the clothing needs in developed countries are met by the knitwear industry. The major international producers of knitwear are China (including Hong Kong) Taiwan, Italy, Germany, Korea, Thailand, Brazil and Israel”.*³

India currently exports apparel wool products worth \$ 244 million per annum. These include worsted fabrics, shawls, scarves, knitwear, and yarn. An overall 10% growth rate is considered quite feasible and can be achieved if industry is aggressive in its marketing efforts.

HOSIERY INDUSTRY IN INDORE

In view of the existence of large scale cotton textile industry at Indore a number of hosiery knitting units have also come into existence, all of them being located at Indore proper.

The first unit in this industry was started as early as 1905 known as Mahajan Hosiery Factory. In the year 1956 the number of units registered under the factories Ac. 1948 was 14. in the years 1957,1958 and 1959 the number was 13, while in 1960 the number was 12. in the year 1961 the number came upto 13 again but two factories remained closed during the year. In the year 1964, the number had fallen to 12. in this year also there was one unit reported closed.

The machine in these factories are Japanese and Indian manufacture. All the hosiery goods produced are of cotton variety but sometimes there is a mixture of rayon also. The yarn used by these factories is of Madura Mills (16's to 20's) and from local mills (12's to 14's). the products of these factories are baby coats, sweaters, pull-overs etc. there are some manually operated hosiery manufacturing units also but these units mainly produce socks and mufflers.

Since India is a small but growing domestic market for wool apparel with the potential to become a medium sized market by 2010. The Indian apparel wool textile industry also has the potential to become a growing exporter of wool textiles and apparel to the international market between 1994 and 2005 the volume of apparel wool consumption by Indian Mills has the potential increase by a minimum of 130 percent. The

growth may go up to 200% if the major challenges to the industry are met successfully. A deeper investigation shows a growing economy in steady transformation with further reforms and liberalization promised. An emerging urban middle class is also increasing the demand for affordable higher quality clothing.

SIGNIFICANCE OF THE STUDY

Although the knitwear industry is widely dispersed and well entrenched in the developed world, the forecasting is that there will be a gradual shift of the industry to the developing countries particularly in Asia. At present about 40 percent of the knitting capacity is located in Asia. One can hope that by 2010 Asia would account for more than 50 percent of the knitting capacity.

In the context of the liberalized policy enunciated by the Government the matter of export promotion has assumed great significance for Indian woollen industry. This study has generated a wealth of useful data relating to export marketing policies and practices of hosiery manufacturers. The present study undertakes a comprehensive idea about this industry which can be made a truly export oriented industry and has a great potential in marketing and exports. This is so because this industry has depended to imports for its raw materials and machinery. As the home market is limited and saturated so the export promotion seems to be the only answer to the future development of this industry.

Another reason of taking up this study is that the developments in the former USSR countries had precipitated considerable dislocating in export of knitwears from the Indian woollen industry, viewed against this backdrop of dislocation of trade, an attempt has been made to study the alternate markets, which has been tapped by the hosiery manufacturers, resulting in the expansion of the industry in European countries.

Besides, this study gives broad areas where there is need for proper Government policies. Very candid information has been provided by the doyens of the industry regarding the government's policies which can prove an eye opener to the government. This information may be gainfully used by the upcoming hosiery manufacturers who want to enter in the export market by formulating suitable marketing mix policies. In 1987 the knitwear accounted for 19.5 percent for the total garment exports. This increased to about 34 percent in 1997. According to an estimate this sector would at least investment of the order of R.5000 crores in the coming 10-15 years.

The infrastructure and supporting industries also determine the growth rate of any industry. The stress has been laid in this study on the state of infrastructure, as infrastructure in Indore is crumbling. The state of roads, power, industrial parks/estates, water, and training of skilled labour, R&D support and technical institutions needs strong attention.

Another reason for taking up the study is to enlighten the knitwear manufacturers. If and when globalization actually happens in its completeness what will happen to the knitwear industry. Countries like China and Taiwan are emerging as competitors. In Angora segment China has already captured Indore share in CIS. The international market has seen the entry of big foreign players in the recent past. If products from China and Taiwan enter, where does the Indore industry stand?

FUTURE OF HOSIERY INDUSTRY AND CHALLENGES BEING FACED BY THE ENTREPRENEURS

At least 80% of the respondents sharply criticized the government's policies and dubbed the government as anti-exporter. The respondents complained that there are so many procedural problems, virtually it is inspector Raj. Bureaucrats do not want that government should announce such policies which are favorable for the exporters.

President of Wool and Woollen Export Promotion Council Mr. Raj Choudhary told that Government is totally following the instructions of Bureaucrats instead of making them follow the guidelines. It is like cart before the horse and not horse before the cart.

President of the Knitting Club stressed the need to abolish inspector Raj immediately. This inspector Raj gives birth to corruption. If the government really wants to remove corruption, government has to remove the controls. Where there is control and more permissions have to be taken, there is corruption. One of the biggest exporters of knitting industry suggested that there should be a single window clearing system.

Mr. Ashok Kapoor, Chairman of Wool Club (India), complained of the non-availability of raw material at international prices. Since the woollen industry in India is critically dependent on imported raw material for meeting the requirements of both domestic and export production, the import duty on wool is very high at 20% compared to the import duties in most of the wool consuming countries where the duties are very low.

The Indian Woollen Industry is relatively small compared to the large cotton and synthetic fibre industries and is distinctly different in that it has to depend on imports of essential raw materials and machinery for meeting its requirements of the domestic market and exports.

It was also found that inspite of the fact that the industry has been burdened with very heavy import duties on raw materials and machinery, a significant part of the industry has been modernized which is capable of meeting the challenges in the export market.

The performance could be much better if the industry could get raw materials and machinery at or near international prices so that it could rapidly undertake modernization and meet the challenges of fierce competition in the domestic market and in exports.

Under the WTO agreements, imports of foreign goods are increasing and there are reports of sizeable clandestine imports. The industry has been asking for a level playing field in that the imported goods should also be subjected to stamping of the name of the manufacturer and fibre composition in line with the demands made on the local industry.

A level playing field is also necessary for the industry to get raw materials and machinery at competitive prices so that the Indian woollen industry can compete against some of the sophisticated countries who have no duty on imported raw materials and machinery which are locally accessible and for which they do not have to pay any duty.

There is an urgent need to take these measures immediately if the concept of a level playing field has to be implemented in the real sense of the term. Time is running out for the local industry and the sooner these problems are redressed the better it would be for the survival of the Indian industry.

The organized woollen industry was hoping to generate a larger base for increased exports taking advantage of the shrinking industry in the Western European countries. But due to circumstances beyond its control it has not been possible for the industry to bring down the cost of production and fulfill its objectives. Besides the industry has been facing severe recession all over the world as a result of which some units have closed down and many others have been forced to cut down their production. The remedy lies in facing these problems on a war-footing with the cooperation and assistance of the government.

The industry has an import bill of Rs.700 crore against which the industry is able to generate exports of RS.2000 crore. A net foreign exchange earner it is not unreasonable for the industry to seem some relief in the cost of raw materials and machinery. The excise and custom duties from this industry have been estimated at Rs.800 crore. It will not be difficult for this industry to give as much revenue to the government or even higher revenues or an expanded production base and become a larger foreign exchange earner on increased activities in exports. The generation of employment is an important question. The shoddy industry sector for instance which is a part of the organized woollen industry, generates employment at diversified levels including employment of the weaker sections of society.

Majority of the respondents also sought government help in reducing duty on woollen machinery. At present 30-35% duty is charged on woollen machinery with the result that modernization process is not being undertaken.

Strong need was also felt to have consistent and long term policy formulations by the government. Like all of a sudden government in the year 1997 government announced the decrease of duty drawback from 21% to 13% exporters suffered huge losses who had anticipated profits only by way of duty drawbacks. Many respondents also complained of high interest rates. It should be brought down and fixed at international level. It was also noticed that 76% respondents termed the future of Indian woollen industry as bright.

Mr. Peter Siretz, Director, IWS, Europe, Africa, Asia region gave his views on the prospects of woollen industry:

“India is small but growing domestic market for wool apparel with the potential to become a medium sized market by 2005. The Indian apparel wool textile industry also has the potential to become a growing exporter of wool textiles and apparel to the international market. Between 1997 and 2005 the volume of the apparel wool consumption by Indian mills has the potential to increase by a minimum of 130%. The growth may go upto 200% if the major challenges to the industry are met successfully”.

It was also observed that liberalization policy enunciated by the government does not have much effect when asked to many respondents that how liberalized policy has helped you. They vehemently denied any help from the liberalized policy and were of the view that liberalization is only on paper. Same policies are being followed which were 10 years back. It is still the Inspector Raj and every where there are controls and permissions. Government is not treating the exporters in a well manner.

The respondents were of the view that:

- v Availability of raw material at international prices, duty on capital goods should be rationalized
- v Infrastructural sector should work effectively.
- v More liberalization is required

It was also observed that with the developments in USSR, hosiery industry was badly hit; but it also proved as a blessing in disguise. Previously, Indian hosiery industry was entirely dependent on Russia but after the developments in USSR hosiery Industry tapped the new markets particularly Europe, South America and Middle East. Secondly, previously when the trade was from government to government only selected persons were getting benefits, now the market is open and anyone can sell his products and it is like that ‘only fittest will survive’. Indian woollen industry should keep on exploring different markets all over the world.

Modernization process is a continuous process & so manufacturers keep on adding new computerized machines. Manufacturers understand that if they have to withstand against the onslaught of China, South Korea, Indonesia, Taiwan, modernization is a necessity and they are resorting to International manufacturing process.

Some of the manufacturers told that despite the fact they are well aware that their existence is based on modernization but due to very costly imported machinery and high tax structure on machinery. We are deprived of modernization but still, it is ‘on top priority’ of our agenda.

Manufacturers showed their disinclination towards starting any joint venture but still some of the manufacturers were not averse to the idea of joint venture and they made their choice clear that if the opportunity comes they would like to go in for joint venture particularly for technical know how. All medium and large scale units showed their extreme readiness to go in for joint venture for technical know how. A few small scale units also expressed their willingness for technical know how.

Indian manufacturers are capable of producing world class apparels. Some of the respondents told that quality suffer only when customer himself wants cheap garments. 90% respondents told that Indians are capable of producing world class apparels.

Manufacturers told that they have taken the following steps to have a competitive edge over the competitors:

- v Imported new machinery.

- v Engaging top most designers
- v Using latest yarns
- v Modernisation
- v Identifying the buyer's need and strictly making that product
- v Raw material only from standardized suppliers
- v Using standardized threads
- v Following International manufacturing process
- v Keeping monitoring at every stage when Raw material is being converted into finished product.

IMPACT OF RECESSION ON HOSIERY INDUSTRY

While the export of hosiery, particularly woolen, has been hit hard due to global meltdown, the local sales of the same have not picked up as yet. The hosiery industry continues in a state of doldrums and the captains of the industry say that it is becoming sick. The export of woollen and cotton industry was going on well till May. The main markets for the export of hosiery goods are U.S.A. and Europe. The annual export of hosiery goods to these countries is estimated as Rs. 1000 crore and this is going to fall this year.

Ashok Jaidka, chairman, Wool and Woollen Export Promotion Council, told The Tribune that they were trying to explore new markets but due to international recession, no much headway was expected. The exports to U.S.A. were positive till May and things started deteriorating after August, he said.

Ashwani Dhawan, a leading exporter of woolen and cotton hosiery, said that the exports were hit due to depreciation of the US dollar and now when dollar has started showing signs of improvement, there was global meltdown.

HOW THE HOSIERY INDUSTRY CAN MEET THE CHALLENGES?

Mr. Ian Hilton, Director, Information and planning explain how the wool industry can meet the challenges successfully.

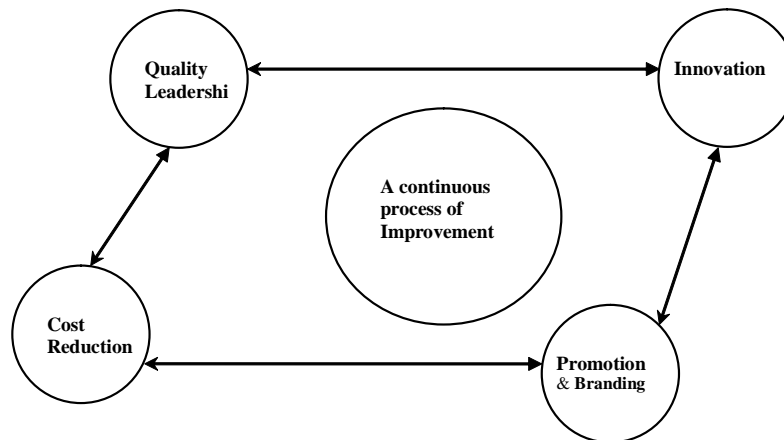


FIG.1 – Suggested Model to Meet the Challenges

The model is a function of four factors, quality improvement, innovation, cost reduction, promotion and branding. Wool industry can achieve magnificent result if it adopts and implements these four factors.

There is little doubt that India and Madhaya Pradesh, particularly Indore, have great potential to take off knitwear industry to new horizons. This potential has to be converted into reality by a combination of policies, strategies and entrepreneurial drive.

The industry has a part to play, so does the Government for achieving the targets in the course of the next decade. The Indian woollen industry is not pessimistic as it has excellent entrepreneurship skills. Most of the

knitwear entrepreneurs in Indore belong to Jain Community. Most of the entrepreneurs do not possess formal, technical education and training. However, their knowledge of machinery and products is considerable.

While one look through the crystal ball with optimism and enthusiasm one must remember that the potential has to be converted into reality by a combination of policies, strategies and entrepreneurial drive, some of the critical success factors are listed below :

CRITICAL SUCCESS FACTORS

- ❖ Market Responsiveness
- ❖ Service credibility
- ❖ Manpower training and development
- ❖ Rationalization
- ❖ Upgrade
 - a) Technology; b) Quality and c) Design
- ❖ Development rebate to scrap old machines
- ❖ Export infrastructure

It is hoped that in the next 15 years, the demand for knitwear would grow at a higher rate than the overall textile industry. The new demand for knitwear will come more from the emerging economies in Asia, South America and Africa. India and Madhaya pradesh, particularly Indore has great opportunity to let the knitwear industry take off to new horizons.

RECOMMENDED STRATEGY FOR THE UPLIFTMENT OF THE WOOLLEN INDUSTRY

A very pragmatic approach has been devised for the upliftment of woollen industry. The following are the recommended strategies:

- ❖ Consumer Research
- ❖ Focused Technology development and Transfer
- ❖ Product Innovation and Marketing
- ❖ Branding and retail promotion linked to product innovations
- ❖ Consumer advertising linked to branding retail promotion and innovations
- ❖ Global commitment

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A STUDY ON SPENDING BEHAVIOUR OF CREDIT CARD HOLDERS

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Introduction

With the advent of globalization and privatization, there has been a sea change in the lifestyles of people and the concept of credit card gained popularity, customers no longer need to carry huge sums in their wallet. Further, credit cards are perceived to be status symbols, along with the other modern instruments credit cards have flooded the Indian markets and have become an essential accessory for individuals. It is prophesied that India will be the largest card market outside US by the year 2020. This figure seems to be palpable owing to the increasing size of the middle class and its growing purchasing power. With the growing popularity of credit cards, “the buy now par later” mantra is firmly entrenched. Therefore, it is imperative for all the cardholders to understand the mechanism and techniques of handling the little plastic thing.

Steve Worthington (1992) discussed changes in credit card terms and feels societal attitudes may further reduce the borrowing. He also suggests debit card will become increasingly important as a means of payment in the UK. Plastic cards in general will be used more as paper transactions decline. In Europe there may be convergence of plastic card usage with eventual reduction in the number of credit card issuers observed. Hye-jung Park. Leslie Davis Burns’ study (2005) indicated that fashion interest significantly influenced compulsive buying directly and indirectly by influencing credit card use. Further, James F. Devlin, Steve Worthington and P. Gerrard (2007) examined why most multiple credit cardholders have a “man card (i.e. a card) used more often than other and “subsidiary” cards (i.e. cards used less often or only in an emergency) and the spending patterns associated with main and subsidiary cards.

The growth of credit card culture in India has been predominant in the last three years. Three good reasons support the growth of credit culture. One, this will help in driving cash out of economy and bring more income and spending into the open with positive results for taxation. Second, it facilitates commerce, particularly cyber commerce. Third and foremost, it reduces the cost of printing currency notes.

The number of nationalized and private banks issuing credit cards in India has increased significantly and credit cards are now an integral part of people’s life not only in metros, but also people of small cities and towns have taken them.

Purpose of Study

Almost all the commercial banks have issued credit card to the people who desire. In almost a decade, credit cards have been used by a large segment of our society. Therefore, the need to study the spending behaviour of users of credit cards with various angles arises. Here, the researcher aims to find out the relationship between spending behaviour with different parameters.

Objective

The objectives of this research study is to examine the spending behaviour of credit card holders in respect to

- a. Educational background.
- b. Occupation.
- c. Number of dependents.
- d. Credit card issuing bank/ authority.
- e. Employment of Spouse.

Research Methodology

The study covers both the primary and secondary data. The primary data was collected by using a structured questionnaire. For the purpose of the study the data has been collected from the people belonging to different profession, background, and different salary structure. One hundred customers using credit cards of different banks were selected for the study as sample. The secondary data was collected from the published records, journals, magazines and web portals.

Non - probability convenience sampling technique was used in the research study.

Chi-square test was applied for testing the hypotheses.

Hypotheses

1. There is no influence on buying behavior because of educational background.
2. There is no influence on buying behavior because of occupation.
3. There is no influence on buying behavior because of number of dependents.
4. There is no influence on buying behavior because of credit card issuing bank.
5. There is no influence on buying behavior because of employment of spouse.

Tabulation, Analysis & Interpretation

Table 1

Relationship between Education and Spending Behaviour

Education	Spending Behaviour				Total
	Excellent	Very Good	Good	Poor	
Graduation	6 16.22%	9 22.33%	20 54.05%	2 5.4%	37 100.0%
PG	6 15%	10 25%	20 50%	4 10% Sq	40 100.0%
Professionals	—	8 53.3%	7 46.7%	—	15 100.0%
Others	6 75%	—	2 25%	—	8 100.0%
Total	18 18%	27 27%	49 49%	6 6%	100
Pearson Chi-Square	Value = 38.293	d.f = 9	—	—	—

Interpretation

It is clear from the Table 1 that 37% of the respondents were Graduates, 40% of the respondents were Post Graduate, 15% of the respondents were having professional qualification (BE, MBA, CA, etc.) and rest 8% of the respondents were having other qualifications (diploma, 10th, 12th, etc.).

Chi-Square_{tab} = 23.60 at 5% level of significance with 9 d.f

The calculated value of chi – square is greater than the tabulated value hence, the formulated hypothesis is rejected & it is concluded that there is a significant relationship between Education of person and Spending Behaviour.

Table 2
Relationship between Occupation and Spending Behaviour

Occupation	Spending Behaviour				Total
	Excellent	Very Good	Good	Poor	
Professor	–	12 37.5%	15 46.88%	5 15.63%	32 100.0%
Business Person	4 57.14%	2 28.57%	1 14.28%	---	7 100.0%
Managers	---	5 50%	3 30%	2 20%	10 100.0%
Government Employees	10 33.33%	8 26.67	9 30%	3 10%	30 100.0%
Others	8 38.09%	8 38.09%	5 23.80%	---	21 100.05
Total	22 22%	35 35%	33 33%	10 10%	100 100.0%
Pearson Chi-Square	Value = 25.207	d.f = 12	---	---	---

Interpretation

It is clear from the Table 2 that 32% of the respondents were Professors, 7% of the respondents were Business persons, 10% of the respondents were Managers, 30% of the respondents were Government employees and rest 21% of the respondents were having other occupation.

Chi-Square_{tab} = 28.30 at 5% level of significance with 12 d.f

The calculated value of chi – square is less than the tabulated value hence, the formulated hypothesis is accepted t is concluded that there is no significant relationship between Occupation and Spending Behaviour.

Table 3
Relationship between Number of Dependents and Spending Behaviour

Dependants	Spending Behaviour				Total
	Excellent	Very Good	Good	Poor	
0	10 40%	10 40%	7 23.33%	3 10%	32 100.0%
1	5 16.67%	15 50%	3 10%	7 23.33%	30 100.0%
2	1 4%	4 16%	10 40%	10 40%	25 100.0%
3 or more	0	4 26.66%	5 33.33%	6 40%	15 100.0%
Total	16 16%	33 33%	25 25%	26 26%	100 100.0%
Pearson Chi-Square	Value = 30.388	d.f = 9	---	---	---

Interpretation

It is clear from the Table 3 that 30% of the respondents were not having any dependent on them, again 30% of the respondents were having single (1) dependent on them, 25% of the respondents were having 2 dependents on them, and rest 15% of the respondents were having 3 or more number of dependents on them.

Chi-Square_{tab} = 23.60 at 5% level of significance with 9 d.f

The calculated value of chi – square is greater than the tabulated value hence, the formulated hypothesis is rejected & it is concluded that there is a significant relationship between Number of Dependents of a person and his Spending Behaviour.

Table 4
Relationship between Credit Card Issuing Bank and Spending Behaviour

Issuing Bank	Spending Behaviour				Total
	Excellent	Very Good	Good	Poor	
State Bank	8 26.67%	10 33.33%	10 33.33%	2 6.67%	30 100.0%
Other Nationalized Bank	6 24%	10 40%	9 36%	---	25 100.0%
Private Sector Banks	3 12%	10 50%	4 20%	3 15%	20 100.0%
Other Societies	3 12%	5 20%	7 28%	10 40%	25 100.0%
Total	20 20%	35 35%	30 30%	15 15%	100 100.05
Pearson Chi-Square	Value = 21.68	d.f = 9	---	---	---

Interpretation

The Table 4 indicates that 30% of the respondents were having credit card from State bank or its ancillary banks, 25% of the respondents were having credit card from other Nationalized banks, 20% of the respondents were having credit card from Private sector banks, and rest 25% of the respondents were having credit card from societies other than banks ().

Chi-Square_{tab} = 23.60 at 5% level of significance with 9 d.f

The calculated value of chi – square is less than the tabulated value hence, the formulated hypothesis is accepted it is concluded that there is no significant relationship between Card Issuing Bank and Spending Behaviour.

Table 5
Relationship between Employment of Spouse and Spending Behaviour

Employment of Spouse	Spending Behaviour				Total
	Excellent	Very Good	Good	Poor	
Spouse Working	7 12.73%	30 54.55%	16 29.09%	2 3.63%	35 100.0%
Spouse not Working	1 2.22%	14 31.11%	20 44.45%	10 22.22%	45 100.0%
Total	8 8%	44 44%	36 36%	12 12%	1000 100.0%
Pearson Chi-Square	Value = 21.68	d.f = 3	—	—	—

Interpretation

The Table 5 indicates that all among the total respondents, the spouse (either husband or wife) of 55% of the respondents were working. Hence, 45% of the respondents were not having a working spouse.

Chi-Square_{tab} = 12.8 at 5% level of significance with 3 d.f

The calculated value of chi – square is much greater than the tabulated value hence, the formulated hypothesis is rejected & it is concluded that there is highly significant relationship between Employment of Spouse and Spending Behaviour.

Conclusion

A person's value system, beliefs, upbringing, family pattern, education, occupation and other factors influence his personal finance. Out of the study we could understand that there is a relationship between credit card spending behaviour and educational qualification, Number of dependents & employment of spouse. On the contrary, this sort of relationship was not found between the spending behaviour and Credit card issuing bank & spending behaviour and occupation.

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Liquidity and Profitability Analysis : A Case Study of IOCL and BPCL

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Liquidity is an essential element for the survival of any business concern. It has utmost importance for the favorable and smooth working conditions which may indirectly affect the profitability of the firm. An attempt has been made to examine the effectiveness of working capital management of Bharat Petroleum Corporation Limited and Indian Oil Corporation through correlation matrix, multiple regression and correlation between the short term funds of the business in order to judge the liquidity management and profitability of the companies.

Introduction

Adequate liquidity is an important aspect that every business concern should keep in mind. Liquidity is a pre-requisite for the survival of a firm. The short term creditors of the firm are interested in the short term solvency or liquidity of a firm. But liquidity implies, from the viewpoint of utilization of the funds of the firm that funds are idle or they earn very little. A proper balance between the two contradictory requirements, i.e. liquidity and profitability is required for efficient financial management.¹

Profit on the other hand, is the mirror of company's efficiency. The investors judge the company's profit earning capacity for further investments. The profitability position of the company is helpful to many outsiders for judging the progress of the firm and also is matter of concern for the business itself. Every business, has to do this big task of maintain a balance between sufficient profits and adequate liquidity. Deficiency as well as excess of both may show negative impact on the company's well being.

Objectives of the study

1. To analyze the liquidity of IOCL and BPCL.
2. To examine the working capital management and profitability.
3. To assess the regression and correlation coefficient between important Working Capital ratios and Profitability of IOCL and BPCL.

Methodology of the study

The study is mainly based on secondary data. Annual reports of last ten years have been used extensively. The data from these reports have been analyzed using appropriate financial and statistical tools with a view to evaluate the performance of the companies. Some of the tools used are ratio analysis, correlation coefficient, correlation matrix and multiple correlation and regression.

Company profile

(a) Indian Oil: IOCL is the giant of India's hydrocarbons industry. Its refining and retail operations are the focus of IOCL's business, although it maintains highly diversified commercial operations including significant upstream Exploration and Production (E&P) (in India as well as internationally) and petrochemicals and fertilizer businesses. IOCL's large size and diversified operations have meant that it has weathered the GoI's product pricing policies somewhat better than the smaller OMCs. In the downstream sector IOCL has over 50% market share in marketing and retail. It also has an impressive portfolio of refineries, making up about 32% of Indian refinery capacity. IOCL operates 10 refineries across India with a combined capacity of about 1.2 million bbl/d.

(b) Bharat Petroleum Company: BPCL is India's second largest OMC by sales, marginally larger than Hindustan Petroleum Corporation, and approximately the 300th largest corporation in the world. BPCL operates a retail network of over 8000 outlets – the smallest retail presence of the major OMCs. Compared to its small automotive fuel retailing

operations, however, BPCL has large industrial and jet fuel and other industrial products fall outside the GoI's price controls. BPCL maintains three refineries: its 300 000 bbl/d Mumbai refinery; the 150 000 bbl/d Numarlingarh refinery in North-Eastern India; and the 150 000 bbl/d Kochi refinery in Southern India.

Result and Discussion

Exhibit 1

Working Capital Management and Profitability Correlation Analysis

In Exhibit 1, the Correlation coefficient has been calculated between the selected ratios of working capital management and ROI in order to analyse the performance of profitability and working capital management. In this link ROI has been taken as the profitability measure as it is the best indicator of overall profitability of the business.

IOCL

The correlation coefficient between WCR and ROI is 0.15 which is insignificant at both the levels 0.05 and 0.05 level of significance, the correlation coefficient between ATR and ROI is 0.017 which is also insignificant at both the levels 0.05 and 0.05 level of significance, thirdly the correlation coefficient between CTTR and ROI 0.30 which is insignificant at 0.05 level of significance but significant at 0.5 level of significance, the correlation coefficient between CTSR and ROI is 0.48 and it is also insignificant at both the levels 0.05 and 0.05 level of significance, coming to the turnover ratios the correlation between WTR and ROP is 0.56 which is insignificant at 0.05 level of significance but significant at 0.5 level of significance, the inventory turnover ratio shows negative correlation between the two it is insignificant at 0.05 level of significance at 0.5 level of significance, and the correlation coefficient between DTR and ROI is 0.41 which is again insignificant at 0.05 level of significance but significant at 0.5 level of significance and lastly the correlation between CTR and ROI is 0.68 is and it significant at both the levels of significance 0.05 and 0.5 level of significance.

BPCL

The correlation coefficient between WCR and ROI is 0.08 which is insignificant at both the levels 0.05 and 0.05 level of significance, the correlation coefficient between ATR and ROI is 0.051 which is also insignificant at both the levels 0.05 and 0.05 level of significance, thirdly the correlation coefficient between CTTR and ROI 0.19 which is insignificant at 0.05 level of significance but significant at 0.5 level of significance, the correlation coefficient between CTSR and ROI is -0.04 which shows negative corelato between the two variable and it is also insignificant at both the levels 0.05 and .05 level of significance, coming to the turnover ratios the correlation between WTR and ROP is 0.56 which is insignificant at 0.05 level of significance but significant at 0.5 level of significance, the inventory turnover ratio shows negative correlation between the two it is insignificant at 0.05 level of significance at 0.5 level of significance, and the correlation coefficient between DTR and ROI is 0.405 which is again insignificant at 0.05 level of significance but significant at 0.5 level of significance and lastly the correlation between CTR and ROI is 0.68 is and it significant at both the levels of significance 0.05 and 0.5 level of significance.

Exhibit-2

Correlation Matrix of Working Capital Management and Profitability.

For the purpose of selection of variables for multiple correlation and regression, this analysis has been done. The correlation matrix represents the correlation coefficient between the explanatory variables conducted in the table. It assists us to know the relationship between the dependent variable ROI and independent variable taken on account of profitability of the company

IOCL

This table shows that there is very high degree of correlation between DTR and ITR (0.999) and CTTR and CTSR (0.840) and between CTTR and WCR (0.727). For this cause DTR, ITR, CTTR, CTSR has not been taken into consideration for the calculation of multiple regressions.

BPCL

This table shows that there is very high degree of correlation between DTR and ITR (0.999) and CTTR and WCR (0.936) and between CTSR and WCR (0.698). For this cause DTR, ITR, WCR, CTSR has not been taken into consideration for the calculation of multiple regressions.

Exhibit-3

Multiple Correlation and Regression Analysis:

In this table the multiple correlation and multiple regression techniques have been applied to study the joint influence of the selected ratios indicating company's position and performance on the profitability of the company and the regression coefficient have been tested with the help of the most popular "t" test.

IOCL

In the study of IOCL the dependent variable taken is ROI and WCR, ATR, WTR, CTR are taken as explanatory variable. For the selection of the variable correlation matrix analysis has been done between the dependent and independent variable of the company's ratios.

The Table of Multiple Regression and Correlation reveals that when one unit of WCR is increased the ROI is increased to 4.467 which is satisfying the 0.05 level of significance but when one unit increased to ATR it to -11.937 which is insignificant at 0.05 percent level of significance but when one unit is increased to CTR it increased to 1408.775 which is significant at 0.05 level of significance.

BPCL

For the study of BPCL the dependent variable taken is ROI and ATR, CTR, CTSR, WTR, are taken as explanatory variable. For the selection of the variable correlation matrix analysis has been done between the dependent and independent variable of the company's ratios.

When ATR increased by one unit, the ROI increased by 30.171 which was significant at 0.05 percent level. For one unit increased in CTSR the profitability of the company decreased negative to -68.164 which is not satisfying the critical value. And when WTR increased by one unit it shows a huge negative downfall of -0.006. Moreover when CTR increased by one unit the ROI of the company increased to 549.793, which is significant at 0.05 level of significance.

*(Critical value at 0.05 percent level of significance at degree of freedom 4 is 2.78)

Conclusion

From the above analysis it can be concluded that the working capital of oil corporations is not adequate during the period of study, the working capital ratios calculated shows short position in both the companies and the correlation coefficient between ROI and other variable also shows not good position during the study period and lastly the Multiple correlation and regression table also disclosed both the positive and negative association. Therefore it can be concluded that both the companies need to recuperate its management to develop its working capital.

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Exhibit- 1
Simple Correlation analysis between selected ratios relating to working capital management and profitabilitiy
Indian Oil Corporation Limited

Year	WCR	ATR	CTTR	CTSR	WTR	ITR	DTR	CTR	ROI
2001	1.62	0.84	0.52	0.22	11.75	25.25	25.89	0.006	9.53
2002	1.1	0.44	0.39	0.19	56.7	25.36	26.15	0.006	11.3
2003	1.3	0.49	0.48	0.23	18.9	28.42	29.99	0.008	15.89
2004	1.25	0.4	0.48	0.23	22.39	30.27	32.04	0.005	16.44
2005	1.39	0.44	0.49	0.23	15	29.55	30.75	0.003	9.29
2006	1.37	0.36	0.46	0.21	17.58	30.09	30.89	0.004	9.19
2007	1.32	0.39	0.43	0.18	22.2	33.28	34.21	0.004	12.25
2008	1.25	0.41	0.49	0.22	22.42	36.69	37.7	0.003	10.19
2009	0.95	0.34	0.38	0.15	-124	46.53	47.81	0.002	6.08
2010	1.2	0.36	0.45	0.24	24.99	44.29	45.85	0.005	10.49
Mean	1.28	0.45	0.46	0.21	8.79	32.97	34.13	0.005	11.06
correlation	0.15	0.017	0.30	0.48	0.56	-0.44	-0.405	0.68	
t test	0.429	0.048	0.894	1.56	1.91	-1.39	-1.25	2.62	
<i>Table value (n-2) i.e. 8 degree of freedom at 0.05 level of significance is 2.31</i>									

Source: Annual reports of Company

Note- Calculation is done through systat

Note-WCR-Working Capital Ratio

ATR-Acid Test Ratio

CTTA- Current Assets to Total Assets Ratio

DTR-Debtors Turnover Ratio

ROI- Return on Investment

CTSR- Current Assets to Sales Ratio

WTR-Working Capital Turnover Ratio

ITR- Inventory Turnover Ratio

CTR- Current Assets Turnover Ratio

Bharat Petroleum Corporation Limited

Year	WCR	ATR	CTTR	CTSR	WTR	ITR	DTR	CTR	ROI
2001	1.13	0.42	0.46	0.13	66.48	45.11	46.26	0.008	11.77
2002	0.97	0.33	0.37	0.12	-287.6	37.68	38.81	0.008	12.37
2003	0.99	0.37	0.44	0.15	-453.3	43.49	44.88	0.013	14.55
2004	0.98	0.37	0.41	0.14	-323.9	49.14	50.92	0.012	15.62
2005	1.09	0.29	0.45	0.15	81.22	62.43	62.27	0.006	7.96
2006	1.18	0.29	0.44	0.15	44.56	68.48	68.98	0.006	2.77
2007	0.94	0.27	0.38	0.12	-127.4	65.97	67.43	0.008	10.53
2008	1.01	0.42	0.44	0.16	497.4	68.76	69.65	0.008	8.27
2009	0.52	0.22	0.27	0.09	-12.14	84.12	85.49	0.003	6.52
2010	0.85	0.31	0.36	0.15	-37	57.38	58.16	0.003	6.52
Mean	0.97	0.33	0.40	0.14	-55.17	58.3533	59.29	0.008	9.688
correlation	0.08	0.51	0.19	-0.04	-0.61	-0.76	0.703	0.82	
t test	0.24	1.67	0.54	0.11	2.18	3.31	2.80	4.03	

Table value (n-2) i.e. 8 degree of freedom at 0.05 level of significance is 2.31

Source: Annual reports of Company

Note Calculation is done through systat

Note-WCR-Working Capital Ratio

ATR-Acid Test Ratio

CTTA- Current Assets to Total Assets Ratio

DTR-Debtors Turnover Ratio

ROI- Return on Investment

CTSR- Current Assets to Sales Ratio

WTR-Working Capital Turnover Ratio

ITR- Inventory Turnover Ratio

CTR- Current Assets Turnover Ratio

Exhibit-2

Correlation Matrix Indian Oil Corporation Limited

Pearson Correlation Matrix									
	WCR	ATR	CTTR	CTSR	WTR	ITR	DTR	CTR	ROI
WCR	1.000								
ATR	0.727	1.000							
CTTR	0.840	0.572	1.000						
CTSR	0.548	0.243	0.790	1.000					
WTR	0.468	0.180	0.405	0.639	1.000				
ITR	-0.621	-0.556	-0.423	-0.311	-0.648	1.000			
DTR	-0.627	-0.566	-0.413	-0.287	-0.642	0.999	1.000		
CTR	0.315	0.460	0.260	0.442	0.541	-0.573	-0.555	1.000	
ROI	0.153	0.018	0.301	0.483	0.556	-0.441	-0.405	0.680	1.000

Source: Annual reports of Company ; Note Calculation is done through systat

**Correlation Matrix
Bharat Petroleum Corporation Limited**

Pearson Correlation Matrix									
	WCR	ATR	CTTR	CTSR	WTR	ITR	DTR	CTR	ROI
WCR	1.000								
ATR	0.550	1.000							
CTTR	0.936	0.688	1.000						
CTSR	0.698	0.557	0.779	1.000					
WTR	0.111	0.151	0.169	0.243	1.000				
ITR	-0.471	-0.597	-0.436	-0.258	0.563	1.000			
DTR	-0.490	-0.595	-0.453	-0.277	0.548	0.999	1.000		
CTR	0.427	0.603	0.534	0.304	-0.489	-0.623	-0.610	1.000	
ROI	0.084	0.508	0.190	-0.040	-0.610	-0.723	-0.703	0.823	1.000

Source: Annual reports of Company

Note Calculation is done through systat

**Exhibit-3
Multiple Correlations and Multiple Regression Analysis
Indian Oil Corporation Limited**

Effect	Regression Coefficients $B = (X'X)^{-1}X'Y$					
	Coefficient	Standard Error	Std. Coefficient	Tolerance	t	p-Value
CONSTANT	4.166	9.097	0.000	.	0.458	0.666
WCR	4.467	8.756	0.254	0.298	0.510	0.632
ATR	-11.937	10.727	-0.552	0.301	-1.113	0.316
WTR	0.007	0.027	0.105	0.443	0.256	0.808
CTR	1,408.775	693.331	0.798	0.481	2.032	0.098

Source: Annual reports of Company

Note Calculation is done through systat

**Multiple Correlations and Multiple Regression Analysis
Bharat Petroleum Corporation Limited**

Effect	Regression Coefficients $B = (X'X)^{-1}X'Y$					
	Coefficient	Standard Error	Std. Coefficient	Tolerance	t	p-Value
CONSTANT	4.596	4.985	0.000	.	0.922	0.399
ATR	30.171	16.939	0.495	0.346	1.781	0.135
CTSR	-68.164	38.212	-0.361	0.651	-1.784	0.135
WTR	-0.006	0.004	-0.378	0.424	-1.506	0.192
CTR	549.793	372.749	0.450	0.286	1.475	0.200

Source: Annual reports of Company

Note Calculation is done through systat.

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