



ISSN : 2231-167X Impact Factor : 2.0778

INSPIRA- JOURNAL OF MODERN MANAGEMENT & ENTREPRENEURSHIP

A National Quarterly Double Blind Peer Reviewed Refereed Journal of IRA

Volume 06

No. 04

October, 2016

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DEBT MUTUAL FUND SCHEMES IN INDIA : AN OVERVIEW

Dr. Soheli Ghose*

Abstract

Now days the financial markets have proven to be more effective and efficient to fight against inflation, and what better way than investing in a fund which helps to earn better return, less risky and also has portfolio diversification. Mutual funds as a part of financial markets are becoming a popularized tool among investors because of their convenient nature and its ability to facilitate easy operations with good returns. It is a general belief that Mutual Fund is a retail product which is so designed for those who do not directly invest in share market because of its unpredictable and volatile nature, but fascinated by the growth and returns given by the same market. During last two decades growth of upper middle and middle class families in India is noteworthy. This is the target group for most of the financial institutions and companies, so that the newly found cash could be utilised for investing to increase the country's GDP and prosperity. But, they are also reluctant to invest in the various schemes for the fear of losing the hard earned income, so what better alternative than mutual funds. The role of Indian mutual fund industry as significant financial service in financial market has really been noteworthy. In fact, the mutual fund industry has emerged as an important segment of financial market of India, especially in channelizing the savings of millions of individuals into the investment in equity and debt instruments. In this context I have studied the annual return generated by 3 randomly selected Debt oriented Mutual Fund Schemes and compared it with the Sensex return over the last 11 years. I have also analysed the correlation between the two and measured the alpha, beta, standard deviation, Sharpe Ratio and Sortino Ratio of the sample schemes over the sample period. It was observed that the volatility of the return generated by these selected schemes was comparatively less than that of the sensex returns.

Keywords: Alpha, Beta, Debt Mutual Fund Schemes, Sharpe Ratio, Sortino Ratio, Standard Deviation.

Introduction

A Mutual fund is a pool of money collected from investors and is invested according to certain investment options. A mutual fund is a trust that pools the savings of a number of investors who share a common financial goal. It is therefore, a pool of investor's fund, i.e. the investors contribute and benefit from the pool. The money thus collected is then invested in capital markets 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. The mutual fund has a fund manager who is responsible for investing the gathered money into specific securities (stocks or bonds) When one invests in a mutual fund, one is buying units or portions of the mutual fund and thus on investing becomes a shareholder or unit holder of the fund. Thus, Mutual fund is a trust that pools money from a group of investors (sharing common financial goals) and invest the money thus collected into asset classes that match the stated investment objectives of the scheme. A mutual fund can not deviate from its stated objectives at any point of time. Mutual funds act as a financial intermediary in

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activities of fund mobilization and investment. When one invests in a mutual fund, one buys units or portions of the mutual fund and thus on investing becomes a shareholder or unit holder of the fund. Every Mutual Fund is managed by a manager, who using his investment management skills and necessary research works invests the gathered money into specific securities ensuring much better return than what an investor can manage on his own. The capital appreciation and other incomes earned from these investments are passed on to the investors (also known as unit holders) in proportion of the number of units they own. The essence of a Mutual Fund is the diversified portfolio of investment which diversifies and reduces the risk by spreading out the investor's money across available or different types of investments. The levels of diversification are to buy multiple stocks rather than just one stock, different kind of stocks, then adding bonds, then international, and so on. It takes less time as mutual funds automatically diversify in a predetermined category of investments by spreading out the investor's money across available or different types of investments. Mutual funds are financial intermediaries concerned with mobilizing savings of those who have surplus and the canalization of these savings in those avenues where there is a demand for funds. These intermediaries employ their resources in such a manner as to provide combined benefits of low risk, steady return, high liquidity and capital appreciation through diversification and expert management. Reforms in the Indian economic system and the opening up of the economy have been the reasons for the tremendous growth in the Indian capital market. Mutual funds are seemingly the easiest and the least stressful way to invest in the stock market. Quite a large amount of money has been invested in mutual funds during the past few years. Any investor would like to invest in a reputed Mutual Fund organization.

Literature Review

The pioneering work on the mutual funds in U.S.A. was done by *Friend (1962)* in Wharton School of Finance and Commerce for the period 1953 to 1958. *Friend (1962)* made an extensive and systematic study of 152 mutual funds and found that mutual fund schemes earned an average annual return of 12.4 percent, while their composite benchmark earned a return of 12.6 percent. Overall results did not suggest widespread inefficiency in the industry. The most prominent study by *Sharpe (1966)* developed a composite measure of return and risk. He evaluated 34 open-end mutual funds for the period 1944-63. The results depicted that good performance was associated with low expense ratio and not with the size. *Sharpe* was one of the first to introduce a measure for the performance of Mutual Funds, popularly known as the Sharpe Ratio. *Treynor* developed the Treynor Ratio that measures returns earned in excess of that which could have been earned on a risk less investment per each unit of market risk. *Treynor (1965)* used 'characteristic line' for relating expected rate of return of a fund to the rate of return of a suitable market average. *Jensen (1967)* derived a risk-adjusted measure of portfolio performance (Jensen's alpha) that estimates how much a manager's forecasting ability contributes to fund's returns. *Fama (1972)* developed methods to distinguish observed return due to the ability to pick up the best securities at a given level of risk from that of predictions of price movements in the market. He introduced a multi-period model allowing evaluation on a period-by-period and on a cumulative basis. *Sarkar (1991)* critically examined mutual fund evaluation methodology and pointed out that Sharpe and Treynor performance measures ranked mutual funds alike in spite of their differences in terms of risk. *Sarkar and Majumdar (1994)* evaluated the performance of five growth oriented schemes between February 1991 and August 1993 using CAPM and Jensen measures. They concluded that the returns generated by the chosen mutual funds schemes were not superior to the market in general during the period of study but the selected funds performed well during the boom period. *Roy and Deb (2003)* deviating a little from the Sharpe Ratio used the Treynor-Mazuy model and Henriksson-Merton model to measure the Conditional Performance of Indian Mutual Funds. They observed that, the traditional techniques use the unconditional moments of the returns. Such techniques cannot capture the time-varying element of return. *Badrinath (2008)* carried out a study on contra funds with a special emphasis on SBI Contra Fund and found that the performance of SBI Contra Fund was superior to that of the general equity diversified market. *Shitole and Thyagarajan (2012)* evaluated the performance of three AMC's, namely, ICICI Prudential AMC, HDFC AMC and Franklin Templeton AMC and opined that most funds were able to provide market related returns and many schemes outperformed their respective benchmark indices. All the three AMC's followed a disciplined approach to investing.

Objectives of the Study

- To Analyse the Response of Mutual Fund Schemes with respect to the price change in BSE-Sensex.
- To Analyse the Correlation between the returns generated by Mutual Fund Schemes and BSE-Sensex (using Pearson's Correlation Coefficient as a measure for comparison).
- To analyse the performance of the various schemes based on the statistical measures of Sharpe Ratio, Sortino Ratio, Alpha Ratio and Beta Ratio.

Data Source, Sample Size and Research Methodology

- **Data**

Secondary Data have been obtained from the official websites of the different mutual fund houses, websites of SEBI, AMFI, RBI (website as well as RBI Handbook of Statistics on Indian Economy), value research online (website as well as Mutual Fund Year Book, Mutual Fund Insight Magazine, Wealth Insight Magazine), BSE-SENSEX, SEBI Annual General Reports, various reports and articles published in financial dailies, finance based magazines and periodicals. The sample has been selected on a random basis from the top 50 (fifty) ranked debt mutual fund schemes as on January 1, 2016. This ranking was done by Value research organisation an authentic and popular Mutual Fund Research organization. (www.valueresearchonline.com). The year 2006 was taken as it is the starting point of the study, thereby 11 years data has been analysed. This ranking was based on the return generated by the Debt Mutual Fund Schemes in that particular year. From these top 50 Mutual Fund schemes 3 schemes were selected at random. From these top 50 Mutual Fund schemes 3 schemes were selected at random. They are: Escorts Short Term Debt Fund, ICICI Prudential Advisor Series - Dynamic Accrual Plan, Escorts Income Fund.

- **Research Methodology**

This is an analytical and empirical study. This study analyzes the relationship between the Mutual Funds Investment and their impact on Indian Stock Market. With the help of MS-EXCEL data was classified and tabulated. Also various charts have been made for facilitating the comparison between the various schemes and the BSE-SENSEX. The Pearson's Correlation (5% Level of Significance) was analysed using SPSS. A simple analysis of the various indices of measuring the performance of mutual fund schemes have been made including Beta Ratio, Alpha Ratio, Sortino, Sharpe and Standard deviation.

Analysis, Results and Inferences**Analysis 1**

To Analyse The Response Of Mutual Fund Schemes With Respect To The Price Change In Sensex: **Sensex Changes**

The price changes and the yield percentage of S&P Sensex are as follows.

Table 1
Showing The Yield Percentage of BSE-Sensex Period : Year 2005 to Year 2016

Year	Open (Rs.)	Close (Rs.)	Difference (Rs.)	Yield Percentage
2006	9,422.49	13,786.91	4,364.42	46.32%
2007	13,827.77	20,286.99	6,459.22	46.71%
2008	20,325.27	9,647.31	-10,677.96	-52.54%
2009	9,720.55	17,464.81	7,744.26	79.67%
2010	17,473.45	20,509.09	3,035.64	17.37%
2011	20,621.61	15,454.92	-5,166.69	-25.05%
2012	15,534.67	19,426.71	3,892.04	25.05%
2013	19,513.45	21,170.68	1,657.23	8.49%
2014	21,222.19	27,499.42	6,277.23	29.58%
2015	27,485.77	26,117.54	-1,368.23	-4.98%
2016	26,101.50	23,709.15	-2,392.35	-9.17%

(Source: bseindia.com)

Yield percentage is calculated as:

$$\text{Yield percentage} = (\text{closing price} - \text{opening price}) / \text{opening price} \times 100$$

It can be observed that the Sensex changes are both positive and negative and highly volatile.

Escorts Income Fund

Open ended & Debt Income based mutual fund scheme NAV- Rs. 50 (as on feb 19,2016); Net assets- Rs. 10.8 crores (Jan 31,2016).

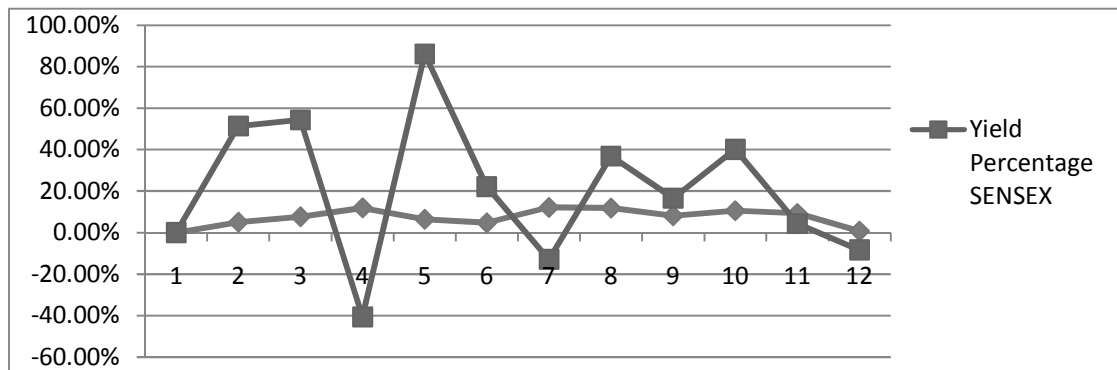
Table 2
Portfolio of the Fund

COMPANY	INSTRUMENT	CR
9.5% Reliance Home Finance 2023	Debenture	AA
11.52% India Infoline Housing Finance 2018	Debenture	AA-
11.25% Muthoot Finance 2016	Debenture	AA-
Dalmia Cement East 91-D 18/03/2016	Commercial Paper	A1+
11.9% India Infoline Finance 2016	Debenture	AA-
9.9% IFCI 2024	Debenture	AA-
12% India Infoline Finance	Debenture	AA
9.8% ICICI Home Finance Company 2018	Bonds	AAA
9.95% State Bank of India 2026	Bonds	AAA
8.23% GOI 2027	Central Government Loan	SOV

Table 3
Comparison Between Return of Fund and Sensex

Year	Escorts Income Fund Return	Sensex Return
2006	5.05%	46.32%
2007	7.65%	46.71%
2008	11.89%	-52.54%
2009	6.39%	79.67%
2010	4.77%	17.37%
2011	12.15%	-25.05%
2012	11.83%	25.05%
2013	8.11%	8.49%
2014	10.52%	29.58%
2015	9.27%	-4.98%
2016	0.81%	-9.17%

Chart 1
Comparison Between Sensex And Escorts Income Fund



2006=2, 2007=3, 2008=4, 2009=5, 2010=6, 2011=7, 2012=8, 2013=9, 2014=10, 2015=11, 2016=12

Inference

- The Escorts Income Fund has shown a positive return all over the tenure of 11 years and the percentage of return was fairly stable during the tenure except in 2016 for the downward trend in the market condition the yield (return) fell to 0.81 %. (Still Positive).
- The changes in the Sensex Conditions are very aggressive as it increases and falls suddenly.
- The performances in the Sensex conditions are very aggressive as it increases and decreases suddenly.
- However due to investment in Debentures, Commercial Paper and Bonds the large portfolio helps to keep a safe and stable income and helps the fund to increase its NAV.
- Due to the lower risk takings of the mutual fund scheme the Fund could not perform in the same dynamism as the BSE-SENSEX.
- One of the major reasons for negative return of Sensex could be that during this Global Meltdown the Financial Markets all over the world were very adversely affected.
- Because the scheme is an open ended one it has to maintain a considerable amount of cash ready at hand, which can be a reason of lower return.

Escorts Short Term Debt Fund

Open-ended and Short Term Debt Income Scheme; NAV: Rs. 23.28 (as on Feb 19, 2016); Net Assets: Rs. 11.3 crores (as on Jan 31, 2016).

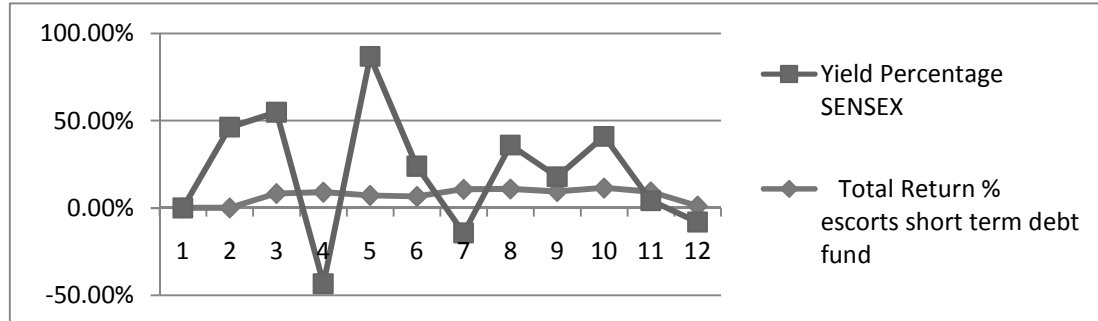
Table 4
Portfolio of the Fund

Company	Instrument	Cr
Bajaj Electricals 53-D 28/03/2016	Commercial Paper	A1
Adhunik Industries 91-D 27/04/2016	Commercial Paper	A1+
Lloyds Line Pipes 90-D 08/03/2016	Commercial Paper	A1
Forbes & Company 90-D 17/05/2016	Commercial Paper	A1+
Religare Housing Development Fin. Corp. 90-D 17/05/2016	Commercial Paper	A1+
Dalmia Cement East 91-D 18/03/2016	Commercial Paper	A1+
RHC Holdings Corp 87-D 20/05/2016	Commercial Paper	A1+
Dalmia Bharat 90-D 17/05/2016	Commercial Paper	A1+
11.52% India Infoline Housing Finance 2018	Debenture	AA-
11.25% Muthoot Finance 2016	Debenture	AA-

Table 5
Comparison Between Return of Fund and Sensex

Year	Escorts Short Term Debt Fund Return	Sensex Return
2006	0.00%	46.32%
2007	8.20%	46.71%
2008	9.06%	-52.54%
2009	7.17%	79.67%
2010	6.54%	17.37%
2011	10.68%	-25.05%
2012	10.88%	25.05%
2013	9.36%	8.49%
2014	11.42%	29.58%
2015	9.21%	-4.98%
2016	1.11%	-9.17%

Chart 2
Comparison Between Sensex and Escorts Income Fund



2006=2, 2007=3, 2008=4, 2009=5, 2010=6, 2011=7, 2012=8, 2013=9, 2014=10, 2015=11, 2016=12

Inference

- The overall performance of Escorts Short Term Debt Fund is much worse as compared to the BSE-Sensex movements on an average. However the returns of the fund are positive all over.
- The negative price movement of Sensex can be due to the downward market conditions due to the global financial crisis.
- The growth rate of the fund is low due to the safe and diversified portfolio.
- Because the scheme is an open ended one it has to maintain a considerable amount of cash ready at hand, which can be a reason of lower return.
- The performance of Sensex in the years 2008, 2011 and 2016 are very poor in comparison the Mutual Fund schemes has maintained a better positive growth trend throughout.

ICICI Prudential-Dynamic Accrual Plan

Open-ended and Debt Income based MFS; NAV: Rs. 22.84 as on Feb 18, 2016; Net Assets: Rs. 5.5 crores as on Jan 31, 2016.

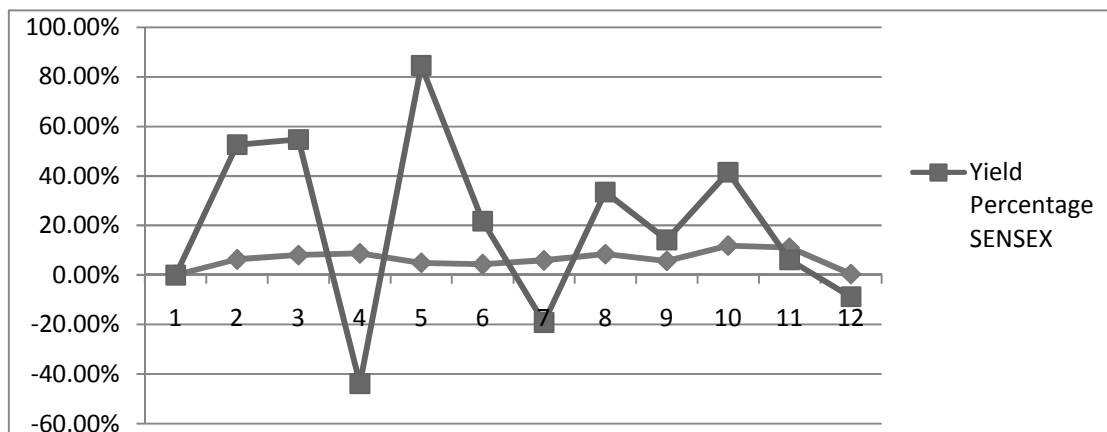
Table 6
Portfolio of the Fund

ICICI Prudential Gilt Inv PF Direct-G	Mutual Funds-Debt
ICICI Prudential Savings Fund - Direct Plan	Mutual Funds-Debt
ICICI Prudential Corporate Bond Fund - Direct Plan	Mutual Funds-Debt

Table 7
Comparison Between Return of Fund and Sensex

Year	ICICI Prudential Dynamic Accrual Plan Return	Sensex Return
2006	6.31%	46.32%
2007	8.04%	46.71%
2008	8.74%	-52.54%
2009	4.93%	79.67%
2010	4.38%	17.37%
2011	5.92%	-25.05%
2012	8.45%	25.05%
2013	5.73%	8.49%
2014	11.92%	29.58%
2015	11.06%	-4.98%
2016	0.36%	-9.17%

Chart 3
Comparison Between Sensex and ICICI Prudential Dynamic Accrual Plan



2006=2, 2007=3, 2008=4, 2009=5, 2010=6, 2011=7, 2012=8, 2013=9, 2014=10, 2015=11, 2016=12

Inference

- The performance of the mutual fund scheme (ICICI Prudential – Dynamic Action Plan) is quite satisfactory in the later years namely from 2011 and onwards. Even in terrible market conditions the mutual fund scheme has maintained a constant growth rate, as compared to the downfall of Sensex.
- However in the initial years Sensex had better performance. This is due to the downward trend in the financial markets.
- The safe and sound portfolio selection has rendered the Mutual fund scheme to reap the benefits of market even in downward market conditions.

Analysis 2

To Analyse the Correlation Between the Percentage Return of Individual Mutual Fund Schemes And Yield of BSE-Sensex.

Hypothesis Testing

H_0 : There is no correlation between Mutual Fund Returns and Sensex yield (Null Hypothesis).

H_1 : There is correlation between Mutual Fund Returns and Sensex yield (Alternate Hypothesis).

Using Pearson's coefficient of correlation formula (5% level of significance),

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n(\sum x^2) - (\sum x)^2][n(\sum y^2) - (\sum y)^2]}}$$

Escorts Income Fund and Sensex

Table 8
Showing Calculations for Correlation Analysis

Escorts Income Fund and Sensex							
Year	(X)	($\sum dx$)	($\sum d^2x$)	(Y)	($\sum dy$)	($\sum d^2y$)	($\sum dx dy$)
2006	5.05	-2.99	8.94	46.32	31.643	1001.262	-94.612
2007	7.65	-0.39	0.152	46.71	32.033	1026.096	-12.493
2008	11.89	3.85	14.823	-52.54	-67.217	4518.162	-258.787
2009	6.39	-1.65	2.722	79.67	64.993	4224.055	-107.238
2010	4.77	-3.27	10.693	17.37	2.693	7.251	-8.805
2011	12.15	4.11	16.892	-25.05	-39.727	1578.256	-163.279
2012	11.83	3.79	14.364	25.05	10.373	107.593	39.313
2013	8.11	0.07	0.005	8.49	-6.187	38.282	-0.433
2014	10.52	2.48	6.15	29.58	14.903	222.091	36.959

2015	9.27	1.23	1.513	-4.98	-19.657	386.408	-24.178
2016	0.81	-7.23	52.273	-9.17	-23.847	568.692	172.416
TOTAL	88.44	0	128.527	161.45	0.003	13678.15	-421.138
MEAN	8.04			14.677			

$r = -0.3176$. There is a statistically weak negative correlation between the return generated by the mutual fund scheme and Sensex return. This may be due to the portfolio diversification of the scheme.

Escorts Short Term Debt Fund and Sensex

Table 9
Showing Calculations for Correlation Analysis

Year	(X)	(Σdx)	(Σd^2x)	(Y)	(Σdy)	(Σd^2y)	($\Sigma dxdy$)
2006	0	-7.603	57.801	46.32	31.643	1001.262	-240.571
2007	8.2	0.597	0.357	46.71	32.033	1026.096	19.132
2008	9.06	1.457	2.124	-52.54	-67.217	4518.162	-97.954
2009	7.17	-0.433	0.187	79.67	64.993	4224.055	-28.124
2010	6.54	-1.063	1.129	17.37	2.693	7.251	-2.862
2011	10.68	3.077	9.47	-25.05	-39.727	1578.256	-122.252
2012	10.88	3.277	10.741	25.05	10.373	107.593	33.994
2013	9.36	1.757	3.088	8.49	-6.187	38.282	-10.873
2014	11.42	3.817	14.572	29.58	14.903	222.091	56.888
2015	9.21	1.607	2.583	-4.98	-19.657	386.408	-31.595
2016	1.11	-6.493	42.156	-9.17	-23.847	568.692	154.834
TOTAL	83.63	-0.003	144.208	161.45	0.003	13678.15	-269.383
MEAN	7.603			14.68			

$r = -0.1918$. There is a statistically weak negative correlation between the return generated by the mutual fund scheme and Sensex return. This may be due to the portfolio diversification of the scheme.

ICICI Prudential Fund and Sensex

Table 10
Showing Calculations For Correlation Analysis

Year	(X)	(Σdx)	(Σd^2x)	(Y)	(Σdy)	(Σd^2y)	($\Sigma dxdy$)
2006	6.31	-0.585	0.342	46.32	31.643	1001.262	-18.497
2007	8.04	1.145	1.312	46.71	32.033	1026.096	36.692
2008	8.74	1.845	3.406	-52.54	-67.217	4518.162	-124.046
2009	4.93	-1.965	3.859	79.67	64.993	4224.055	-127.681
2010	4.38	-2.515	6.323	17.37	2.693	7.251	-6.771
2011	5.92	-0.975	0.95	-25.05	-39.727	1578.256	38.716
2012	8.45	1.555	2.419	25.05	10.373	107.593	16.134
2013	5.73	-1.165	1.356	8.49	-6.187	38.282	7.205
2014	11.92	5.025	25.255	29.58	14.903	222.091	74.893
2015	11.06	4.165	17.351	-4.98	-19.657	386.408	-81.881
2016	0.36	-6.535	42.7	-9.17	-23.847	568.692	155.831
Total	75.84	-0.005	105.273	161.45	0.003	13678.15	-29.405
MEAN	6.894545			14.68			

$r = -0.0245$. There is a statistically weak negative correlation between the return generated by the mutual fund scheme and Sensex return. This may be due to the portfolio diversification of the scheme.

Analysis 3

To Analyse the Performance of the Selected Schemes Based on Statistical Measures.

Statistical Measures

- **BETA:** Beta is a statistical tool, which gives an idea of how a fund will move in relation to the market i.e. how sensitive a fund is to market moves. If the Sensex moves by 25 per cent, a fund's beta number will tell whether the fund's returns will be more than this or less. The beta value for an index itself is taken as one. Equity funds can have beta values, which can be above one, less than one or equal to one. By multiplying the beta value of a fund with the expected percentage movement of an index, the expected movement in the fund can be determined. Thus if a fund has a beta of 1.2 and the market is expected to move up by ten per cent, the fund should move by 12 per cent (obtained as 1.2 multiplied by 10). Similarly if the market loses ten per cent, the fund should lose 12 per cent (obtained as 1.2 multiplied by minus 10). This shows that a fund with a beta of more than one will rise more than the market and also fall more than market.
- **ALPHA:** Alpha tells whether the fund has produced returns justifying the risks it is taking. It does this by comparing its actual return to the one 'predicted' by the beta. In other words, alpha is a measure of selection risk (also known as residual risk) of a mutual fund in relation to the market. A positive alpha is the extra return awarded to the investor for taking a risk, instead of accepting the market return. Alpha can be seen as a measure of a fund manager's performance. This is what the fund has earned over and above (or under) what it was expected to earn. Thus, this is the value added (or subtracted) by the fund manager's investment decisions. A passive fund has an alpha of 0. That's why index funds always have-or should have, if they track their benchmark index perfectly-an alpha of 0. An active fund's alpha is a measure of what the fund manager's activity has contributed to the fund's returns. Alpha is the portfolio's risk-adjusted performance or the "value added" provided by a manager. Mathematically, alpha is the incremental difference between a manager's actual results and his expected results, given the level of risk. A positive alpha indicates that a portfolio has produced returns above the expected level--at the same level of risk--and a negative alpha suggests the portfolio underperformed given the level of risk assumed. So two fund managers may be at the same benchmark, but only one may outperform on a risk-adjusted basis. That one has got the alpha. Alpha is one of the five technical risk ratios used in Modern Portfolio Theory. The other four are beta, R-squared, standard deviation and the Sharpe Ratio. All these statistical measurements help investors determine the risk-reward profile of a mutual fund.
- **SHARPE RATIO:** Mathematically the Sharpe ratio is the returns generated over the risk free rate, per unit of risk. Risk in this case is taken to be the fund's standard deviation. As standard deviation represents the total risk experienced by a fund, the Sharpe ratio reflects the returns generated by undertaking all possible risks. It is thus one single number, which represents the trade-off between risks and returns. A higher Sharpe ratio is therefore better as it represents a higher return generated per unit of risk.

However, while looking at Sharpe ratio a few points have to be kept in mind to obtain an accurate reading of the fund's performance. Firstly, being a ratio, the Sharpe measure is a pure number. In isolation it has no meaning. It can only be used as a comparative tool. Thus the Sharpe ratio should be used to compare the performance of a number of funds. Alternatively one can compare the Sharpe ratio of a fund with that of its benchmark index. If the only information available is that the Sharpe ratio of a fund is 1.2, no meaningful inference can be drawn as nothing is known about the peer group performance. The Sharpe ratio uses standard deviation as its risk component; a low standard deviation can unduly influence results. Thus a fund with low returns but with a relatively mild standard deviation can end up with a high Sharpe ratio. Such a fund will have a very tranquil portfolio and not generate high returns. For an investor who puts in all his/her money in a single fund, Sharpe ratio is a useful measure of risk-adjusted return. This is because standard deviation measures total risk and this is the case with a single portfolio. Measures such as Sharpe ratio provide an unbiased look into fund's performance. This is because they are based solely on quantitative measures. However, these do not account for any risks inherent in a fund's portfolio. For example, if a fund is loaded with technology stocks and the sector is performing then all quantitative measures will give such a fund high marks. But

the possibility of the sector crashing and with it the fund sinking is not calculated. In view of these possibilities quantitative tools should be used along with information on the nature of the funds strategies, its fund management style and risk inherent in the portfolio. Quantitative tools can be used for screening but they should not be the only indicator of a fund's performance.

- **STANDARD DEVIATION:** The total risk (market risk, security-specific risk and portfolio risk) of a mutual fund is measured by Standard Deviation (SD). In mutual funds, the standard deviation tells us how much the return on a fund is deviating from the expected returns based on its historical performance. In other words can be said it evaluates the volatility of the fund. The standard deviation of a fund measures this risk by measuring the degree to which the fund fluctuates in relation to its average return of a fund over a period of time. In other words, it is a measure of the consistency of a mutual fund's returns. A higher SD number indicates that the net asset value (NAV) of the mutual fund is more volatile and, it is riskier than a fund with a lower SD. The commonest measure is based on standard deviation (SD) of returns. To calculate SD, the difference between each return and the mean return is calculated. This is squared (to remove negatives), and averaged to find variance. The SD is the square root of variance. An investor would be pleased with a larger positive difference but SD accounts this as a risk. So it gives a skewed picture and affects risk-adjustment measures.
- **SORTINO RATIO:** One refinement of Sharpe is the Sortino Ratio, which uses only downside variance. Sortino ignores returns higher than the mean (or the risk-free rate, if that is the target). The rest of the calculation is similar. By focusing on downside, Sortino uses semi-variance and semi-standard deviation. The semi-standard deviation is closer to the intuitive definition of risk. These two ratios - Sortino and Sharpe - may be quite different in a healthy economy, where the long-term stock market return is positive. In such cases, the semi-variance will generally be lower than the variance because there will be strongly positive returns that are excluded when calculating semi-variance. Hence, the Sortino ratio will be higher than the Sharpe ratio.

Table 11
Various Ratios for Detailed Comparison of the Mutual Fund Schemes

Standards	Mean	Standard Deviation	Sharpe	Sortino	Beta	Alpha
Escorts Income Fund	8.75	1.44	1.45	2.38	0.48	2.28
Escorts Short Term Debt Fund	9.5	1.03	2.67	8.67	0.26	3.13
ICICI Prudential Advisor Series-Dynamic Accrual Plan	8.94	3.63	0.61	0.92	1.26	2.9

Inference

- **Escorts Income Fund** has a Beta value of 0.48 and an Alpha value of 2.28. This implies that the fund is less volatile to BSE-SENSEX (benchmark indices) and it has performed well by providing a much better return to the investors. Whereas its SD is only 1.44 which implies that the fund's NAV is less volatile and the fund is less risky than most other funds. (Except Escorts short term debt fund). The Sharpe ratio of escorts income fund is better than most of the others indicating that it has generated higher returns for every unit of risk that was taken. Even the Sortino ratio confirms that Escorts Income fund is performing well.
- **Escorts Short Term Debt Fund** has a Beta value of 0.26 the lowest in the group indicating that the fund is least volatile to BSE-SENSEX (benchmark indices) and has an alpha value of 3.13 showing it has performed the best by providing a good return to the investors. Though the SD is lower than some other funds, it only implies that the NAV is less volatile to the sensex changes, and the fund is less risky than most others. The Escorts Short Term Debt Fund has the highest Sharpe ratio implying that it has generated good returns for every unit of risk taken. Even the Sortino ratio confirms that investors should go for Escorts Short Term Debt Fund.
- **ICICI Prudential Advisor Series-Dynamic Accrual Plan** has a Beta value of 1.26 and alpha value of 2.9 indicating that the funds return is volatile and changes with the benchmark i.e. SENSEX changes, and the alpha value showing that the overall performance is quite satisfactory and has performed well in more volatile market. The S.D of 3.63 indicates that the firm has higher risk factor as compared to the

others in the group and yet performed well over the years. The low positive Sharpe ratio is indicative of that the fund is able to earn a return greater than risk free securities however is lagging behind the other funds in the group. The Sortino ratio of 0.92 confirms the results of Sharpe ratio.

Overall Inference

The selected sample has less volatile returns as compared to the sensex and there is a statistically weak correlation between the two. Thus to an extent the sample schemes have been able to remain stable in these fluctuating economic conditions. One of the probable reasons is the portfolio diversification of these funds.

Limitations of the Study

- The sample size can be expanded.
- The time period of 10 years can be expanded.
- The sample size can be extended to equity, only debt funds have been considered in this study.
- The portfolio of the individual Mutual Fund Schemes are not all listed in Sensex.
- Only Annual Returns have been taken, alternatively semi-annual, quarterly or monthly returns could have been taken.

Conclusion

Mutual funds are key contributors to the globalization of financial markets and one of the main sources of capital flows to emerging economies. Despite their importance in emerging markets, little is known about their investment allocation and strategies. The prospective middle class families and investors needs to be made aware of the various prospects of the mutual fund industry. However, only few people invest their money in mutual funds. This is due to lack of market awareness and the fear of losing the hard earned money in the stock market. Mutual Funds markets are constantly becoming more efficient by providing more promising solutions to the investors. Mutual funds industry is responding at a good pace and understanding the investor's perception, still they are continuously following this race in their attempt to differentiate their products responding to sudden changes in the economy. The need of an hour is to analyse investor's perception and expectations, and share important information to support financial decision making of mutual funds. Financial markets are becoming more exhaustive with financial products looking for new innovations and to some extent innovations are also visible in designing mutual funds portfolio but these changes need arrangement in accordance with investor's expectations the risk they perceive, the knowledge they possess about the mutual fund industry. The risk orientation represents the risk bearing capacity and interest of the investors. Even though, the mutual funds are a risk less investment avenues in the capital market, it is also involved with market risks.

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CORPORATE GOVERNANCE : NECESSITY IN NEW AGE INTERNATIONALLY AND NATIONALLY

Dr. Pragya Dheer*

Abstract

"Corporate Governance" is current and most burning topic in India as well as world over. It has gained tremendous importance in the recent past, especially after the second half of 1996. In this scenario, corporate governance has shifted from its traditional focus on agency conflict to address issues of ethics, accountability, transparency and disclosure. Moreover, they provide guidelines as to how the company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term. Corporate Governance is the need for those who are able to distinguish between what are personal and corporate funds while managing a company to gained a lot of importance and momentum the world over. The paper presents the importance and necessity of corporate governance in the fast moving age nationally as well as internationally. In this paper, we tried to focus on the acts, laws and principles developed and enacted by the government of India or outside India regarding corporate governance.

Keywords: *Corporate, Corporate Governance, Principles, International Laws, National Development.*

Introduction

"Corporate Governance is concerned with ways of bringing the interests of investors and managers into line and ensuring that firms are run for the benefit of investors." (F. Mayer (1997))

"Corporate Governance includes the structures, processes, cultures and systems that engender the successful operation of organization." (K. Keasey, S. Thompson & M. Wright (1997))

In a narrow sense, corporate governance involves a set of relationships amongst the company's management, its board of directors, its shareholders, its auditors and other stakeholders. These relationships, which involve various rules and incentives, provide the structure through which the objectives of the company are set, and the means of attaining these objectives as well as monitoring performance are determined. Thus, the key aspects of good corporate governance include transparency of corporate structures and operations; the accountability of managers and the boards to shareholders; and corporate responsibility towards stakeholders.

In a broader sense, however, good corporate governance- the extents to which companies are run in an open and honest manner- is important for overall market confidence, the efficiency of capital allocation, the growth and development of countries' industrial bases, and ultimately the nations' overall wealth and welfare.

Thus, in present scenario of globalization and liberalization, the corporate sector at national and international level have no ways but to seriously and continuously strive for "Excellence in Corporate Governance" to the maximum possible extent.

There are certain benefits of corporate governance such as: (Dheeraj Tiwari (2013))

- It ensures corporate success and economic growth.

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- It maintains investors' confidence as a result of which company can raise capital efficiency and effectiveness.
- It lowers the cost of capital.
- It shows a positive impact on the share price.
- It provides proper inducement to the owners as well as managers to achieve objectives that are in interest of shareholders of an organization.
- It minimizes wastage, corruption, risks and mismanagement.
- It helps in brand formation and development.
- It ensures organization's management in such a manner that fits the best interest of all.

History of Corporate Governance

The seeds of modern Corporate Governance were probably sown by the Watergate scandal in the United States. As a result of subsequent investigations, US regulatory and legislative bodies were able to highlight the control failures that had allowed several major Corporations to make illegal political contributions and to bribe government officials. This led to the development of the Foreign and Corrupt Practices Act of 1977 in USA that contained specific provisions regarding the establishment, maintenance and review of systems of internal control. This was followed in 1979 by the Securities and Exchange Commission of USA's proposals for mandatory reporting on internal financial controls. In 1985, there are series of high profile business failures in the USA (Dharma (2003)).

The Tread way Report published in 1987 highlighted the need for a proper control environment, independent Audit Committees and an objective Internal Audit function. In 1992 stipulated a control framework, which has been endorsed and refined in the four subsequent UK reports: Cadbury, Ruttman, Hampel and Turnbull. These also led the Government in UK to recognize that the then existing legislation and self-regulation were not working.

The issue of corporate governance became particularly significant in the context of globalisation because one special feature of the late 20th century/21st century globalisation is that in addition to the traditional three elements of the economy, namely physical capital in terms of plant and machinery, technology and labour, the volatile element of financial capital invested in the emerging markets and in the third world countries is an important element of modern globalisation and has become particularly powerful.

In practical terms, corporate governance has meant that there should be at the board level non-official directors who are professionals and who have no conflicting interests and who can particularly operate the two key committees, the Ethics Committee and the Finance Committee to see that there is greater transparency in the management of the enterprise.

Review of Literature

Zingales (1998) describes corporate governance as "allocation of ownership, capital structure, managerial incentive schemes, takeovers, board of directors, pressure from institutional investors, product market competition, labour market competition, organizational structure, etc., can all be thought of as institutions that affect the process through which quasi-rents are distributed (p. 4)". The separation of ownership from control is the core of the agency problems facing by the firms (Berle & Means 1932; Jensen & Meckling 1976). This leads towards numerous concerns related to efficient control for the assets of corporations in the interest of all company's stakeholders. A great research has been done in the area of corporate governance by keeping the agency allied problem. Core (1999) firms who have weaker governance to direct and supervise company matter face greater agency problems. The agency problem allows manager to extort more private benefits and the firm ultimately performs badly. Firms therefore, have need for the improved corporate governance in order to endure for long term growth and survival. Garvey and Swan (1994) stated that "governance determines how the firm's top decision makers(executives) actually administer such contracts (p. 139)". Shleifer and Vishny (1997) define corporate governance as "the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment (p.737)". Oman (2001) defined corporate governance as a term refers to the private and public institutions that include laws, regulations and the business practices which govern the relationship between the corporate managers and the stakeholders. The Ministry of Finance, Singapore defines corporate governance as "the processes and structure by which the business and affairs

of the company are directed and managed, in order to enhance long term shareholder value through enhancing corporate performance and accountability, whilst taking into account the interests of other stakeholders. Good corporate governance therefore embodies both enterprise (performance) and accountability (conformance)." (Fin, 2004, pp 13-14). McColgan (2001) gave a very broader view of agency theory and corporate governance. The major interest of his research was to cover the area that where the interests of managers diverge from those of the interests of shareholders. He kept in view the agency relationship and the agency cost which arises from these relationships. He extended the work of Jensen and Meckling (1976) who defined the agency relationship as a type of contract in which the principal keep the agent to carry out the services of the firm on his behalf. Jensen and Meckling (1976) argued that this delegation authority reduces the value maximizing decisions taking by the manager in the firm. Himmelberg, Hubbard and Palia. (1999), argued Jensen and Meckling (1976) by saying that principal agent problem are not similar in all firms rather they are different in different firms, different industries and also in different cultures. Himmelberg et al. (1999) said that Jensen original theory "nexus of contract" suggest the same.

Objectives of the Study

The paper present is basically concerned with the objective of studying necessity and importance of corporate governance in the new age in India (Nationally) and outside India (Internationally).

Research Methodology

As per the objective of the study, researcher has selected the descriptive type of research design. In this researcher has collected the data on available secondary data i.e. from secondary survey method, different news articles, books, web pages, research articles and published and unpublished reports.

Analysis

To observe the necessity and importance of corporate governance in India and all over the world, we should know the timely development of acts, rules, principles and reports developed and enacted by the government of the country in respect of corporate governance.

Major Development at International level: (Smita Jain)

The concept of corporate governance rooted in U.S. and U.K. and then it spread to other countries. After 1990, the transition from central planning to market driven economies, particularly the privatization of state-owned companies and the need to provide governance rules for the emerging Private sector brought the issue of corporate governance to the centre stage. Since the mid-1990s, at international level, various corporate governance reports, guidelines and regulation shave come into existence.

- Cadbury Committee Report
- OECD Principles
- The Sarbanes-Oxley Act
- A Chronological Review of Other International Developments

Cadbury Committee Report On Corporate Governance

In May 1991, Cadbury committee was set up by the London Stock exchange under chairmanship of Sir Adrian Cadbury for raising the standards of corporate governance. In the view of 'Sir Adrian Cadbury', "a code of corporate governance cannot be imported from outside; it has to be developed based on the country's experience. There cannot be any compulsion on the corporate sector to follow a particular code. Equilibrium should be struck so that corporate governance is not achieved at the cost of the growth of the corporate sector". The Committee investigated accountability of the Board of Directors to shareholders and to the society. It submitted its report and associated "Code of Best Practices" in Dec 1992 wherein it spelt out the methods of governance needed to achieve a balance between the essential powers of the Board of Directors and their proper accountability. The Cadbury Code of Best Practices had 19 recommendations. The recommendations are in the nature of guidelines relating to the Board of Directors, Non-executive Directors, Executive Directors and those on Reporting & Control.

Organization for Economic Co-Operation and Development (OECD)-Principles

OECD is a unique forum where the governments of 30 market democracies work together to address the economic, social and governance challenges of globalization as well as to exploit its opportunities. It is a forum where peer pressure can act as a powerful incentive to improve policy and

implement “soft law” –non-binding instruments such as the OECD Corporate Governance Principles–and can on occasion lead to formal agreements or treaties.

In 27–28 April, 1992, OECD principles are developed in conjunction with national government in the meeting at ministerial level in OECD council. In order to fulfill this objective, the OECD established the ad-hoc Task Force on Corporate Governance to develop a set of non-binding principles that embody the views of Member countries on this issue. The Principles contained in this document build upon experiences from national initiatives in Member countries and previous work carried out within the OECD, including that of the OECD Business Sector Advisory Group on Corporate Governance. Such principles were based essentially on the existing legal and regulatory arrangements as well as the best prevailing practices followed by market participants in the OECD countries. The OECD revised its principles of corporate governance in the year 2004, which reflects a global consensus regarding the importance of good governance practices in contributing to economic viability and stability in economics.

Sarbanes-Oxley Act

In July 2002, a combined initiative of U.S. Senator Paul Sarbanes and U.S. Representative Micheal Oxley resulted in enactment of an act known as Sarbanes–Oxley Act (SOX). The Act made fundamental changes in virtually every aspect of corporate governance and particularly in the matters of auditor independence, conflict of interest, corporate responsibility and enhanced financial disclosures. SOX is wide ranging and establishes new or enhanced standards for all US public company Boards, Management, and public accounting firms. SOX contain 11 titles, or sections, ranging from additional corporate board responsibilities to criminal penalties. SOX consists of new standards for Corporate Boards and Audit Committee, new accountability standards and criminal penalties for Corporate Management, new independence standards for External Auditors, a Public Company Accounting Oversight Board (PCAOB) under the Security and Exchange Commission (SEC) to oversee public accounting firms and issue accounting standards.

A Chronological Review of Other International Developments

Hampel Report (1998)

The Hampel Committee was constituted in UK in 1995 after consolidating the recommendations of the Cadbury Report in 1992(focusing on financial reporting) and the Greenbury Report in 1995 (focusing on directors’ remuneration). The committee had prepared a ‘Combined Code’ on corporate governance. The Code, published in 1998, was attached to the listing rules of the stock exchange with the requirement that in order to be listed, companies must either declare their adherence to its provisions or explain any deviation from them.

Blue Ribbon Report (1999)

Blue Ribbon Committee was set up by the Securities and Exchange Commission (SEC), US, in 1998. In February 1999, the Committee published the Report on Improving the Effectiveness of Corporate Audit Committees (the Blue Ribbon Report). The recommendations of this Committee were adopted and declared to be mandatory by the NYSE, the American Stock Exchange (Amex), Nasdaq and the American Institute of Certified Public Accountants (AICPA).

The European Corporate Governance Institute (ECGI) (2002)

The European Corporate Governance Institute (ECGI) was founded in 2002. It has been established to improve corporate governance through fostering independent scientific research and related activities. A proper governance framework is of fundamental importance in strengthening the performance of economies, in particular those in development and transition, and helping to discourage fraud and mismanagement. The ECGI produces high quality independent scientific research while remaining close to the concerns and interests of corporate, financial and public policy makers. The ECGI intends to make a major contribution to the debate on the formulation of policy and development of best corporate governance practice, based on impartial and objective research and the collective expertise of its individual and institutional members.

King Committee on Corporate Governance (2002)

The King Report on Corporate Governance for South Africa (the “King Report 2002”) has been developed as an initiative of the Institute of Directors in Southern Africa. It represents a revision and update of the King Report first published in 1994, in an attempt to keep standards of corporate

governance in South Africa in step with those in the rest of the world. All companies listed on the Johannesburg Stock Exchange have to comply with the provisions of the Report.

ASX Corporate Governance Council Report (2003)

On 15 August 2002, the ASX Corporate Governance Council was formed in Australia with the objective of developing and delivering an industry-wide, supportable and supported framework for corporate governance. In March 2003, the ASX Corporate Governance Council released "Principles of Good Corporate Governance and Best Practice Recommendations".

The Combined Code on Corporate Governance (2003)

This UK based code supersedes and replaces the Combined Code issued by the Hampel Committee on Corporate Governance in June 1998. It is derived from a review of the role and effectiveness of non-executive directors by Derek Higgs and a review of audit committees by a group led by Sir Robert Smith.

Major Development in India:

In India, a small beginning was made by the Confederation of Indian Industry (CII) in the field of Good corporate governance which is explained below. Thereafter, various committees have been constituted to give recommendations in this regard viz.. Kumar Manglam Birla Committee, Naresh Chandra Committee, Narayana Murthy Committee etc. Thus, following are the major developments taken place in India regarding Corporate Governance:

- The Confederation of Indian Industries (CII), the Associated Chambers of Commerce and Industry and the Securities and Exchange Board of India constituted committees to recommend initiatives in corporate governance. The CII, in 1996, took a special initiative on corporate governance. It was the first institutional initiative in Indian industry. The objective being to develop a code for corporate governance to be adopted by the Indian companies (private sector, the public sector, banks and financial institutions which are corporate entities), a code by CII carrying the title "Desirable Corporate Governance" was released.
- The SEBI appointed committee, known as the Kumar Mangalam Birla committee's recommendations led to the addition of Clause 49 in the Listing Agreement. Compliance of provisions of Clause 49 was largely made mandatory by listed companies. The committee recommended that there should be a separate section on corporate governance in the Annual Report of companies. This section was required to detail the steps taken to comply with the recommendations of the committee and thus inform the shareholders of specific initiatives taken to ensure corporate governance. The committee accorded recognition to the three vital aspects of corporate governance, namely accountability, transparency and equality of treatment for all stakeholders.
- The Department of Company Affairs (DCA) appointed a study group on 15.5.2000 under the Chairmanship of the then Secretary DCA to suggest ways and means of achieving corporate governance. The study group appointed a task force. The group study recommended that the setting up of an independent, autonomous centre for corporate excellence with a view to accord accreditation and promote policy research and studies, training and education and awards etc., in the field of corporate excellence through improved corporate governance. It favoured greater shareholders' participation, formal recognition of corporate social responsibility, non-executive directors being charged with strategic and oversight responsibilities, minimization of interest-conflict potential, and also suggested application of corporate governance principles to public sector.
- The Department of Company Affairs also constituted on August 21, 2002 a high level committee, popularly known as Naresh Chandra committee, to examine various corporate governance issues and to recommend changes in the diverse areas such as the statutory auditor-company relationship, rotation of statutory auditors, procedure for appointment and determination of audit fees, restrictions if necessary on non-audit fees, independence of auditing functions, ensuring presentation of 'true and fair' statement of the financial affairs of companies, certification of financial statements and accounts, regulation of oversight functionaries, setting up an independent regulator and the role of independent directors. The committee has made very significant recommendations for changes, inter alia, in the Companies Act.

- Yet another major development includes the constitution of a committee by SEBI under the Chairmanship of Shri N.R. Narayana Murthy, for reviewing the implementation of corporate governance code by listed companies.
- The Department of Company Affairs also has set up a proactive standing company law advisory committee to advise on issues like inspection of corporate for wrongdoings, role of independent directors and auditors and their liability, suggesting steps to enhance imposition of penalties. A High powered Central Coordination and monitoring committee (CCMC) co-chaired by Secretary DCA and Chairman SEBI was also set up to monitor action against vanishing companies and unscrupulous promoters, who misused funds raised from public.
- SEBI has also undertaken a project for development of a comprehensive instrument by a reputed rating agency for rating the good corporate governance practices of listed companies.

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RESEARCH METHODOLOGY AND LITERATURE REVIEW ON INVENTORY MANAGEMENT IN FMCG COMPANIES

Dr. Suchita Sharma*

Abstract

Inventory form a link between production and sale of a product. For most companies inventories are very important investments, often dominating fixed asset investments. With the concern for return on assets expressed by many companies in recent years, there has come ever-increasing focus on the funds committed to receivables and inventories. Whether these current assets are managed efficiently, influences very strongly the amount of funds invested. The stocking of anything that is tangible in order to meet future demand is the subject of inventory theory. In production management and in any type of operations management, the term 'inventory' generally refers to 'materials in stock'. The materials inventory in operation is maintained, typically for the purposes of transaction, precaution and speculation. An inventory is the stock of idle resources in a firm for future use. In an organization, inventories can be of various types. Manufacturing organization, typically have inventories of raw materials, components, sub-assemblies (e.g. the headlight assembly for cars at Maruti Udyog Ltd. is supplied by Lucas-TVS Ltd.), tools and equipments, semi finished goods, finished goods etc. In service organizations, such as banks, financial institutions, hospitals etc., the inventory consists of various items to be used in various service operations. In a manufacturing unit usually about 20 to 30 % of total assets are in the form of inventory and effort in stock control will bring major benefits for the enterprise. Today the efficiency and state of industrialization of a country is known by the method of inventory management because poor or mismanagement of inventory is harmful not only to the industry, but to the country as a whole as it effects the economic, social and political environment of the country. In this paper "Research Methodology and Literature Review on Inventory Management in FMCG Companies" has been discussed.

Keywords: *Inventory, Receivables, Research Methodology, Stock Control, FMCG, MNCs.*

Introduction

A manufacturing company must maintain a certain amount of inventory during production, the inventory known as work in process. Although other types of inventory- namely raw materials and finished goods- are not necessary in the strictest sense, they allow the company to be flexible. Raw material inventory gives the firm flexibility in its purchasing. Without it, a company must exist on a hand to mouth basis, buying raw materials is keeping with its production schedule. Conversely, raw materials inventory may be bloated temporarily because the purchasing department has taken advantage of quantity discounts. Finished goods inventory allows the firm flexibility in its production scheduling and in its marketing. Production does not need to be geared directly to sales. Large inventories allow efficient servicing of customer demands. If a product is temporarily out of stock, present as well as future sales may be lost. Thus, there is an incentive to maintain large stocks of all three types of inventories. Control and maintenance of inventory of physical goods is a problem common to all enterprises. For most

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manufacturing firms, inventory accounts for a large percentage of working capital. There are several reasons for keeping inventory. These include protection against variations in demand, maintaining smooth flow of production by providing a decoupling function between stages of production and lowering total material cost by taking advantage of quantity discount. In addition inventory can actually aid in increasing production rate and lowering manufacturing costs if, through its prudent use, excessive setups at the bottleneck stage of production are avoided. A company can realize substantial savings by using a rational procedure for inventory management.

Inventory management is primarily about specifying the size and placement of stocked goods. The scope of inventory management is broad and it link between replenishment lead time, carrying costs of inventory, asset management, quality management, inventory forecasting, inventory valuation, inventory visibility, future inventory price forecasting, physical inventory measurement, available physical space for inventory, replenishment, returns and defective goods and demand forecasting.

Problems to be Investigated

Due to the quest for efficiency accelerated by the so called financial crisis, inventory management is a vital function in almost all kinds of industries. The literature on inventory management is growing fast. Not only there are numerous publications on inventory management practices, but also, there are many newest publications in the inventory theory as well. One of the critical factors playing a role on the inventory theory in its advance demand information. An important aspect of the current economic scenario in India in the emergence of organized inventory management in FMCG sectors companies. There has been considerable growth in FMCG sector in recent years and it is praised for much faster growth in the future. Major industrial houses have entered this area and have announced very ambitious future expansion plans. Inventory management comprises control of assets that are being produced for the purpose of sale. The objective of inventory management is to minimize total cost both direct as well as indirect. The direct cost include material costs, ordering cost and carrying cost, while the indirect cost comprise the cost of funds tied up in inventory and the cost of running out of goods. As while increase the size of order can decrease the ordering costs, but this will however increase the carrying cost. Therefore a proper balance between the two is required to minimize the total cost of holding inventory.

In the large sized institutions like FMCG sector companies although inventory management usually is not the direct operating responsibility of the finance manager but the investment of funds in inventory is an important aspect of financial management. Consequently, the finance manager must be familiar with ways to control inventories effectively, so that capital may be allocated and employed efficiently in a competitive liberalized global scenario. In every situation, the principal risk is that of fluctuations in market price, lot of price swings etc. So, the FMCG sector companies have to make an objective analysis of the risk associated with the company's investment in inventories. The risk must be considered in determining the appropriate level of inventory the company should carry.

Inventory consists of a list of goods and material held available in stock. Inventory management is a handling function related to the tracking and management of materials. This includes the monitoring of material moved into and out of warehouse, locations and reconciling the inventory balances, setting targets, providing replenishment techniques, reporting actual and projected inventory status. The task of ABC analysis, lot tracking cycle counting support etc. can even be a part of inventory management. It is an evaluation and explanation of a FMCG sector company's performance, positions and operations by properly establishing relationship between financial statements. Working performance practice in Indian FMCG companies is quite varied. The primary and foremost step in inventory management is acquiring accurate information for inbound operations. The information so gained in advance can be a crucial factor in improving the inbound productivity. Setting up of an advanced inbound strategy and action plan, and execution framework can be done without major re-engineering effort for the supply chain. The perfect way to commence is to make the best use of information available to us and establish a set of rules and regulations to harness the information efficiently.

Inventory is the stock of any item or resources used in an organization. An inventory system is the set of policies and controls that monitor levels of inventory and determine what level should be maintained, when stock should be replenished and how large order should be. By convention, manufacturing inventory generally refers to items that contribute to or become part of a firm's product

output. Manufacturing inventory is typically classified into raw materials, finished products, component parts, supplies and work in process. In services, inventory generally refers to the tangible goods to be sold and the supplies necessary to administer the service. The economic benefit from inventory reduction is evident from the fact that the average cost of inventory in FMCG sector in India is 60 to 65 percent of its value. For example, if a firm carries an inventory of `20 million, it costs the firm more than `12 million per year. These costs are due to obsolescence, insurance, opportunity cost and so forth. If the amount of inventory could be reduced to `10 million, for instance the firm would save over `6 million, which goes directly to the bottom line. That is, the savings from reduced inventory shows an increased profit.

The investment in inventory is very high in most of undertakings engaged in manufacturing, wholesale and retail trade. The amount of investment is some times more in inventory than in other assets. In India while study of 29 major industries has revealed that the average cost of material is 64% and the cost of labour and overheads is 36% of the total cost. About 90 percent part of working capital is invested in inventories. There are conflicting interests of different departmental heads over the issue of inventory. The finance manager will try to invest less in inventory because for him it is an idle investment, whereas production manager will emphasis to acquire more and more inventory, as he does not want any interruption in production due to shortage of inventory. The purpose of inventory management is to keep the stock in such a neither way that neither there is overstocking nor under stocking. The overstocking will mean a reduction of liquidity and starving of other production processes; under stocking, on the other hand will result in stoppage of work. Therefore, the investments in inventory should be kept in reasonable limits.

The General Engineering information services points out a major concern of companies, "that inventory, though an asset can be costly if held too long." So, they explain its services, which include advice in setting up electronic links with suppliers, manufacturers, and distributors to help avoiding costly inventory. Inventories are those items of tangible personnel property that are held for sale in the ordinary course of business, are in the process of production for such sale or are due to currently consumed in the production of goods or services to be available for sale. The importance of inventories in the financial statement lies in the fact that it is reflected both in the income statement as well as balance sheet. Complexities arise in the accounting of inventories basically because of the high volume of their activity, the various cash flow alternatives associated with them and their classification. It is industry specific. The effective inventory management with reference to FMCG sector is to minimize the total cost-direct and indirect-that are associated with holding inventories. Some characteristics of inventories are important in the broad context of working capital management. So, if inventory management is not in right path then working capital management is also in adverse path and which affect every industry performance badly.

For past few years distributors were looking forward for a device that can help them control and manage their largest asset, inventory. As a result several software companies developed comprehensive systems. Though the software technique is beneficial aid, yet it cannot provide solutions to inventory management problems. Control over investment in inventory while meeting customer expectations is critical to achieving profitability and maintaining customer satisfaction. Short term tactical success in areas such as preparing accurate revenue forecasts, managing customer relationships, monitoring current shipment performance, monitoring order status and setting customer expectation in the event of product shortages requires the ability to project inventory based on current business conditions. So the project is associated with "Inventory Management" which shows considerable significance in the management of industrial enterprises. It makes significant contribution to the operational efficiency and profitability of an enterprise, and so it is very essential to reduce the amount of capital locked up in inventories. The operating efficiency of the industry can be optimized if inventories are handled properly and effectively.

Effective operation of any manufacturing plant requires inventory control. Business failures are direct consequence of inefficient management of inventory. Inventory management is a continual struggle between too much and too little, too soon or too late. However, for a given items there will be some level of inventory which will yield a total cost which will be lower than the total cost generated by any other level. The industry must determine what the most economical level for each purchased and manufactured items and maintain the inventory at this level. On a more strategic level, companies must

monitor key inventory related metrics, such as consumption turns, returns and frequency of stock out incidents in order to:

- Respond to forecasted market demand and accurately plan staffing, inventory, plant and equipment capacity needs.
- Manage inventory, make an order and assemble to order manufacturing.
- Determine the effect of inventory changes on profitability through purchase price, production volume, and spending and efficiency variance analysis.

So these are the important basic problems which I put in the study and analyze about FMCG sector because just like any investment in business, inventory needs to serve the purpose of maximizing profit.

Review of Literature

On going through internet and central library of ICSSR and Amazon.com site which is one of the biggest book collection libraries, researcher found that some studies have been done related to the aspect of profitability, working capital management and performance on the selected companies by different scholars and various organizations like Chamber of Commerce and Industry etc. but in most of the studies, no attempt has been made for the systematic and scientific study of inventory management pertaining to FMCG sector in India. The place these studies occupy in the realm of inventory management in FMCG sector is too obvious. Studies dealing with materials and inventories on the other hand are few. It appears that this important area of investigation has suffered from neglect. Some of the studies are of recent origin and indicate a growing awareness of the importance of this sector. It may be pointed out that there are few studies which have attempted to relate inventory control and management of FMCG sector in India.

Available studies are mainly based on the published reports of companies. In this connection it has been observed that questionnaires used for collection of various information and data, and views of customers as well as officials of companies for the objectivity in the findings of the research. In the following paragraphs an attempt has been made for the review of literature and existing state of knowledge in the FMCG sector companies in India. An article as a research paper on topic, "Desperately seeking shelf availability an examination of the extent, the causes and the efforts to address retail out of stock" is given by Mr. Daniel Corste in the International Journal of Retail and Distribution Management (Vol.31, Issue 12, page 605-617) whose publisher is MCBUP Ltd. This is basically an efficient consumer response and one would believe that retail out of stocks have gone down over the last 10 year. In this article his finding and provide insight to solving this chronic industry problem mainly in international FMCG Companies. (Keywords: Fast moving consumer goods, retailing, shelf space, stock control, supply chain management).

Another research analysis of supply chain management practices in India FMCG industry was done with the combined efforts of Mr. B.S. Shahay and Mr. Ramneash Mohan in September 2003. Research analysis is also printed in international journal of physical distributions and logistics management in the year 2003, (Volume 33, Issue-7, page 582-606) by MCBUP Ltd. Publishers. This paper is based on a joint survey concerning 156 organizations, carried out by Management Development Institute, Gurgaon and KPMG Ltd. The paper primarily focuses on the status of four major supply chain dimensions. The paper recommends that the Indian industry should align supply chain strategy with business strategy, streamline process for supply chain integration form partnerships for minimizing inventory and focus in infrastructure and technology development to build a India specific supply chain. (Keywords: India, Internet, Inventory, Strategic Evaluation, Supply Chain Management)

Another case study has been evaluated by Mr. M.P. Jaiswal and Ms. Anjali Kaushik on retailing enhanced value due business network redesign through extended ERP systems: Case study of HLL Net. This also printed in Business Process Management Journal in April 2005 (Volume 11, Issue 2, Page 171-184) by Emerald Group Publishing Ltd. This is basically to examine and measure the effectiveness of enterprise systems at business networks level. The paper examines the business potential of enterprise system through a case study one of the largest fast moving consumer good network HLL Net. (Keywords: Consumer goods, India, Manufacture Resource Planning, Supply Chain Management). One of the best researches was been done by Mr. Robert Lowson on the implementation and impact of

operation strategies in fast moving consumer goods supply system. His important analysis is also published in the Journal entitled Supply Chain Management, an international journal in August, 2002 (Volume 7, Issue 3, page 146-163) by MCBUP Ltd. Publisher. The paper provides an empirical contribution to the debate concerning the implementation and impact of operation strategies. The work also offers some quantitative evidence as to the possible impact of these strategies and their contribution to competitive advantage. (Keywords: Customization, Empirical Study, Operations Strategy). The research on "Financial Strategy of Family Business in India" was done and submitted by Mr. Srinivas Shirur under the supervision of Dr. Najeeb Uzznama Khan Sherwani of the Jamia Milia Islamia University. In this he analyzed the market structure based on conditions workable in India. Five components he analyzed about Finance Driven Strategy, Production Driven Strategy, Cost Driven Strategy, Revenue Driven Strategy and Profit Driven Strategy. In case of FMCG sector, where local responsiveness is most important attribute which company should pass, MNCs are in better position to develop this competency compared to Indian Family Business. Main reason he found is the over centralization of decision making power in the hands of patriarch in case of Indian Family Business. MNCs operating in various countries develop a natural tendency to adopt local conditions as cultural, geographical and economic reasons.

Another research by Mr. Mehment Kayhan on Analysis of safety stock for production inventory problem of a company under multiplicative form of forecast evolution and this thesis is submitted to the graduate school of Natural and Applied Science of the Middle East Technical University in August, 2003. In this he focuses on integration issue of manufacturing and sales function from the perspective of aggregate production planning. This study provides theoretical and practical insight into the use of forecast volatility measure to better match supply with demand so as to reduce the cost of inventory and stock outs in the manufacturer buyer relationship under describe master production scheduling environment.

There is an article from Sanjay Jharkharia and Ravi Shankar on Supply Chain Management-Some insight from Indian FMCG companies which was published in Asian Academy of Management Journal (Volume 9, Jan 2004). In this article researchers have analyzed issues such as inventory management, IT-enablement of supply chain, and buyer supplier relationships are at the core of supply chain research. The research results demonstrate that inventory management implementations improves competitive performance by lowering inventory levels. Similarly, a book is written by Mr. A.V. VedPurishwar Dean, ICFAI School of Management about of FMCG sector in the year 2001, publisher is ICFAI Press. He also discuss about the challenges facing by Indian FMCG companies. He observed that global brands start dominating the India Market, the challenge for every Indian FMCG. The Godrej Brands are quite popular. Like Dabur, Godrej Faces competition from powerful MNCs like Hindustan Unilever and Procter and Gamble in its bid to carve out a niche for itself.

After analyzing the above work and consulting with the respondents I felt that there are many hidden facts that are too discovered pertaining to inventory management performance of FMCG companies of our country in a liberalized global business scenario. An advanced study was needed for it. Therefore, I have selected this topic "Inventory Management: A Critical Analysis of FMCG Sector (With Reference to Dabur India Limited and Godrej Consumer Products Limited)." This is a new challenge for further analysis particularly in respect of inventory management with reference to supply chain management and working capital management.

Objectives

The main objective of the present study is to examine, analyze and evaluate the practice prevailing in the management of inventory in FMCG sector companies in India and to assess management performance in this regard and also to look for and suggest the possible remedial measures on the basis of the funds tied up in inventories could be used properly and prospect fully efficiently and effectively. After dealing with the concepts of inventory management, we have discussed its objectives. Two of the primary objectives of inventory management as:

- **These are:**
 - To minimize idling of man and machine which may arise due to shortage of raw materials, supplies and spare parts.

- To provide efficient and smooth service to the customer.
- **To Keep to Minimum**
 - Capital (cash) lockup or investment in inventories.
 - Inventory carrying cost, i.e. expense involved in storing and handling inventories.

The first objective requires holding large inventories, i.e., making inventories (stocks) as big as possible, whereas the second objective requires holding only sufficient inventories. Both these objectives are, therefore, in conflict with each other. The challenge of inventory control is to balance these conflicting objectives. Inventory control tries to solve this problem by striking an optimum inventory holding giving the point of minimum total inventory cost of each organization. Inventory management helps in achieving a balance to optimize these two conflicting objectives. Jannis emphasized this process of balancing as an essence of inventory management as "Big its nature inventory management as the arbitrator between diametrically opposing forces." The following are the other objectives of the present study:

- To diagnose the inventory management of the FMCG sector companies as compared to others.
- To find out within sector which one is standing better in respect of inventory management?
- To trace out the factors responsible for inadequate management of inventories in FMCG sector.
- To ensure continuous supply of materials, spares and finished goods so that production should not suffer at any time and the customers demand should also be met in FMCG sector.
- To avoid both overstocking and under stocking of inventory in FMCG sector.
- To maintain investment in inventories at the optimum level as required by the operational and sales activities of FMCG sector companies like Dabur India Ltd. and Godrej Consumer Products Ltd.
- To keep material cost under control so that they contribute in reducing cost of production and overall costs in FMCG sector.
- To eliminate duplication in ordering or replenishing stocks. This is possible with the help of centralizing purchases in the sector.
- To minimize losses through deterioration, pilferage, wastages and damages in FMCG companies.
- To design proper organization of inventory management, clear cut accountability should be fixed at various levels of the organization of FMCG companies.
- To ensure right quality goods at reasonable prices. Suitable quality standards will ensure proper quality of stocks. The price analysis the cost analysis and value analysis will ensure payment of proper prices in FMCG companies.
- To facilitate furnishing of data for short term and long term planning and control of inventory in FMCG companies.

Thus, the objective of inventory management is to maintain adequate supply of inventories in order to meet expected demand, and at the same time, keeping investment in inventories within the prescribed limits.

Hypothesis

A hypothesis states what we are looking for and it is a proposition which can be put to test and determine its validity. The hypothesis may not be proved absolutely, but in practice it is accepted if it has withstood a critical testing. In the present study, following hypothesis are made to test the research problem:

- **Central Hypothesis**

The selection of the topic has been made with a view to evaluating, analysis and examining the inventory management of the FMCG companies in India. It is true that the FMCG companies have a high capital employment ratio but unfortunately due to certain causes its development has not met the desired needs of the country. Therefore, it is assumed that the inventory management of selected FMCG companies viz Dabur India Ltd and Godrej Consumer Products Ltd. is not up to the mark. The inventory management of the FMCG sector companies under the study is not satisfactory. In the area of purchasing, stores and control techniques are improper and inefficient management of inventory.

- **Sub Hypothesis**

- The size and structure of inventory form are not equally proportion.
- All the components of the inventory are in excessive.

- The working capital locked up in inventory is excessive.
- The capacity utilization is not satisfactory.
- In the procurement of material the lead time is not short.
- Inventory handling system in the FMCG companies is not proper.
- The application of the inventory control techniques in the FMCG companies is still traditional and the modern scientific control techniques are not being used in real sense of the term.

Scope of the Study

The present study cover the following companies of Fast moving consumer goods for the period of 5 years from 2010-2011 to 2014-15:

- Dabur India Ltd.
- Godrej Consumer Products Ltd.

In view of the previous discussions the following scope of inventory management can be listed:

- Defining policies to guide the inventory control programme.
- Determining the most appropriate organization structure.
- Determining the economic order quantities.
- Determination of stock out.
- Determining safety stock.
- Determination of inventory status.
- Minimizing handling and storage cost.
- Effective running of stores which may include effective layout, effective utilization of storage space and equipment, and simplified but efficient receiving and issuing procedures.

Research Methodology

Research methodology is a way to systematically solve the research problem. In it we study the various steps that are generally adopted by me in studying our research problem along with the logic behind them. A research study has been undertaken, how the research problem has been defined, in what way and why the hypothesis has been formulated, what data have been collected and what particular method has been adopted and host of similar other question are usually answered when we talk of research methodology concerning a research problem or study. The research methodology of the study undertaken by me has been discussed dealing with the various aspects such as explanatory work, project planning and project execution as given below:

• Explanatory Work

Inventory Management in India is of great significance in view of imperative need for increasing production and productivity. The problem of study is to know the nature and scope of inventory problem in FMCG sector in India with special reference to two private undertaking i.e. Dabur India Ltd. and Godrej Consumer Products Ltd. Inventory management in FMCG sector is significant because there was inventory holding of more than `20183.36 lakh in 2004-05. It has increased to `38839.05 lakh in 2008-2009. Now the question arises as to what is the actual position of inventory. Inventory can't be treated as idle resources and can't be unlimited resources. We can't run plant efficiently without inventory. Modern requirements and high idle time cost of machines and men are responsible for inventory. Thus, optimum decision with respect to inventory management is needed. Its aim is to minimizing the total cost of inventory. Decisions are made in terms of quantity and time, i.e.

- How much should be added to inventory?
- When should the inventory be replenished?

Thus, we have to balance the cost, so that optimal investment can be made. Literature survey method is used in the context of research design. The survey of concerning literature happens to be the most simple and fruitful method of formulating precisely the research problem. All available literature necessarily be surveyed and examined.

- Annual reports of Dabur India Ltd. issues from 2004-05 to 2008-09.
- Annual reports of Godrej Consumer Products issues from 2004-05 to 2008-09.
- Tandon committee report.

- Book available for the studies on related problems were also consulted for conceptual background.
- Reviewing of research already undertaken on related problem.

With the permission of higher authorities I could have access to certain official records, printed materials as News Letters, and other valuable information. Besides the study of various subject magazines and newspapers also provided great help for the practical knowledge of this subject.

- **Project Planning**

The objective of project planning is to complete the project within scheduled date. We have only broad guideline of the methodology and expected results.

This background helped me in selecting the research problem. The researcher has chosen the FMCG sector for his study of inventory management. The research problem or topic of this work is entitled "Inventory Management: A Critical Analysis of FMCG sector in India (with reference to Dabur India and Godrej Consumer Products Ltd.)". The study of inventory management in FMCG sector has been chosen because at present FMCG is evolving business with high investment. The other reason of choosing this topic is the crucial position of FMCG in modern economy with its numerous forward and backward linkages that continue its rationale. The interest in the problem of the study has arisen on account of my teaching assignment. Moreover, very little work has been done on inventory management in FMCG sector so far. So, keeping this fact in view, this area is taken up for study.

The purpose of the present study is to find out the way and means to solve the research problem. They are given below:

- To study the formal and informal procedure and practices with regard to inventory management in comparative basis.
- To see to what extent modern and scientific techniques of management control of inventory are applied for cost control and cost reduction in the FMCG companies in India.
- To study the favorable and unfavorable factors relating to the performance and effectiveness of inventory planning and policy.
- To suggest measure for the removal of the short comings, if any.

- **Project Execution**

For the project execution the present study goes through collection of data, analysis and interpretation of data and preparation of project report of the work.

- **Collection of Data:** The entire study is mainly based on published reports of FMCG sector companies in India particularly of Dabur India Limited and Godrej Consumer Products limited. Secondary data has been acquired through the study of the annual reports, house magazines, office files, notes and the minutes of the Board of Directors, Inter Departmental Committees and demi official letters of inventory management officials. All the relevant published and net material has procured for the purpose. From the basis of these data inferences have been drawn regarding the various aspect of inventory management like size and structure of inventory, capacity utilization, production, consumption, physical verification and ABC analysis.
- **Techniques of Analysis and Interpretation:** Techniques of interpretation of financial statements through various statistical, quantitative and operation research techniques like inventory analysis, working capital analysis and ratio analysis will be applied to conduct and make the proposed study more objective and fruitful. The data collected has been analyzed in detail and scientifically interpreted through a computer.

- **Non Participant Direct Personal Observation**

Researcher have also make an in-depth and intensive study of inventory management system of prominent FMCG sector companies in India, particularly Dabur India Limited and Godrej Consumer Products Limited through non participant direct personal observation method. The actual observations have done by the researcher himself.

- **Comparative Study**

Performance of an individual FMCG is insignificant for this very purpose, so intra and inter comparisons of companies under study is very essential. Therefore, a comparative study has been made

for the purpose. The stock system, cash flow system, financial system of the FMCG sector in India may be presented in the condensed form. So, that there shall be significant use of the present study. The present study entitled "Inventory Management-A Critical Analysis of FMCG sector (with reference to Dabur India Limited and Godrej Consumer Products Limited)" is an attempt to evaluate the inventory cost management performance of FMCG sector companies established at national level.

Significance of the Study

The present study basically deals with problems of FMCG sector relating to inventory management in India. In the present study an ideal inventory module has been prepared which will help the warehouse managers to efficiently track and control inventory activity in FMCG sector by enabling the warehouse manager to establish controls over inventory items and providing timely information to the warehouse managers about inventory levels.

In FMCG sector, it is basically a problem because due to long supply chain management. So, an ideal inventory module has been developed to manage inventory through:

- Establishing inventory information by establishment of ware house information, item information and access path.
- Replenishing inventory information to evaluate inventory supply for replenishing externally and internally to approve replenishment orders.
- Issuing inventory after processing an internal replenishment on usage order, backorders, internal replenishment or usage order return, issue inventory directly and direct returns.
- Manage inventory through classify and locate using, inventory detail records and document numbers, move and transfer inventory from one warehouse or area to another, adjust inventory status, use cycle counts to reconcile inventory.

In a modern business organizations there are three main operating sub-systems; material, manufacturing and marketing. The material subsystem converts it into finished product and the marketing sub system sells the output. These three sub systems are mutually dependent for their existence. Inventory which is primarily a stock of goods, forms a buffer at these interfaces and enables the smooth transfer of material from one sub systems forms the input of the other. By having adequate stocks the lines can be balanced even if one of the sub systems has a temporary break down, the other need not suffer due to lack of material as these can be supplied from inventory.

From the above discussion it is clear that inventory plays an important role in a business organization and it is only extremely rare condition that a business can operate in absence of inventories. By this study and process FMCG shall be benefited in the inventory management functions which have been discussed above in establishing, replenishing, issuing and managing inventory. And also provide integrated set of financial and inventory management for managing business functions and this will help FMCG sector in India.

Contribution of the Project to the Realm of Knowledge

It is hoped that the present study will provide a valuable contribution to the realm of knowledge pertaining to scientific inventory management, efficient materials management, sound supply chain management, rational investment decision, working capital management, cost control, Profitability and Viability decisions, Management Information System, Time and Resource Management, Development Management, Management of Change and shall serve as a useful guide not merely to the FMCG sector companies and their managers, executive and employees but also to the professional managers of the other sectors, industrialists, entrepreneurs, economists, social scientists, academicians and policy makers concerned with public sector undertakings and painstaking researchers on the above cited subjects. This project is basically related with FMCG sector in India which is one of the important sources of gross domestic product and gross national product. The findings of the present study shall be very useful in enhancing and developing knowledge because it shall be able to analyze and explain various dimensions and aspects of inventory management system which is one of the primary functions of organization. By the conclusions of the present project the scholars shall add into their knowledge about:

- The history of FMCG sector in India with reference to Dabur India Ltd and Godrej Consumer Products Ltd because they are the leaders in the segment and they know about the process of development of FMCG sector.

- The vision, objective and corporate philosophy of each company.
- Their drive to become a FMCG player by corporate restructuring.
- The business segment of the FMCG companies.
- The operation related to each company about environment control system, hygienic, processing system, reduced energy consumption, improved yield etc.
- Their major products or brands.
- Their marketing efforts focused on each segment separately.
- Their advertising and promotion activities by utilizing print and electronic media extensively.
- Their organization structure and how promoter withdrew from the routine functions and concentrated on giving strategic direction to the company.
- Concepts such as customer satisfaction, increased sales and reduced costs, cycle time efficiency, returns on investment and shareholder value. All these are used as yardsticks.
- How they acting on social responsibility by carrying out welfare activities and aimed at improving quality of life of rural people in their area of operation.
- Their financial performance and analysis of financial statements, which give us idea about the changes that they made in accounting policies.
- Competitor profiles for each other and tells how value added in their products and reach to right platform.
- Their future outlook by which they are focused like strengthening brand equity etc.

So in this way project is very much related to the present situation and helpful in the present scenario business management related to inventory.

Findings, Conclusions and Observations

The findings, conclusions and observations of the present project have a great relevance to the present day problems and needs of the society and the country. The problem selected for the present project has a great import for establishing and streamlining the inventory management system of FMCG sector in India for the purpose of accelerating the pace of its productivity, profitability, sustainability, economic viability and efficiency with optimal use of physical and financial resources through proper capitalization in various inventories. It is hoped that after observations, findings and suggestions of the study will be very useful for maintenance of sound control on inventories and other tangible resources in FMCG sector in our country which is the prime requirement for the efficiency in operations, supply chain management and capital utilization which contribute to socio economic development of the country.

The conclusions of the present project will also be useful to bring rational, logical and timely needed modifications and reform in various policies pertaining to the inventory management and working capital management of FMCG sector companies in India and will be useful for managerial reforms in this sector as well as other sectors of the economy and will provide critical appraisal of the working of the various methods, systems, techniques and policies etc in the light of the physical progress, financial performance, economic viability and overall profitability of the FMCG sector a fact which has been emphasized off and on by the Prime Minister for taking up planning and transformation of organizations, enabling them to fulfill the expectations and social responsibilities towards various segments of the society including themselves through efficient resource utilization and achieving economies at every stage and at every moment. If companies are efficiently managing their inventory they not only benefit themselves but they can benefit to the society as well as the country.

- If inventory costs are reduced then cost of production is reduced and ultimately the society needs may be fulfilled, and then ultimately country is benefited.
- Standard of living of society also improved, and then the country may reach at developing stage.
- After the liberalization and globalization policy of the Government, competition has increased globally. So, the competitive spirit is beneficial for the country.
- When export of goods takes place, the quantum of Foreign exchange and currency has to be increased.
- By Foreign Currency country's economy strengthen and income level may also be increased.

Limitations of the Study

The present study has covered only two selected FMCG sector companies viz. Dabur India Limited and Godrej Consumer Products Limited in India. In some more FMCG sector companies like ITC Limited, Nestle etc. left outside the present study. The reason for that in the size and contribution of the above companies, So far, the study of these companies not compare with other companies. Hence, I have tried to compare the production, consumption, capacity utilization and control techniques of inventory management. Secondly, it has not been possible for me to visit personally all these companies because of various constraints such as distance factor, cost factor and time factor. So, they have not been included in present study. Besides, there is no other work on the basis of which I would have drawn comparative inferences regarding the present study. No similar work has been done on the very subject. So far, hence, there was not systematic guideline for carrying out the present work.

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IMPACTS OF LIQUIDITY RATIOS ON PROFITABILITY ASSESSMENT OF PETROLEUM COMPANIES (A CASE STUDY OF INDIAN OIL CORPORATION LIMITED)

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Abstract

The present study aims to reveal the relationship between liquidity and profitability so that every firm has to maintain this relationship while in conducting day to day operations. Liquidity means the ability of a firm to meet its short term financial obligations. Liquidity is very important factor in the business. Liquidity is very necessary for survival of business. The firm should have to maintain balanced liquidity position which means that neither excess nor insufficient liquidity. Excess liquidity position may reduce profitability and insufficient liquidity position may create danger for the solvency of business. The main results of the study demonstrate that each ratio (variable) has a significant effect on the financial positions of petroleum companies with differing amounts and that along with the liquidity ratios in the first place. Profitability ratios also play an important role in the financial positions of organization. Every stakeholder has interest in the liquidity position of a company. Suppliers of goods will check the liquidity of the company before selling goods on credit. Employees should also be concerned about the company's liquidity to know whether the company can meet its employee related obligations—salary, pension, provident fund, etc. Thus, a company needs to maintain adequate liquidity so that liquidity greatly affects profits of which some portion that will be divided to shareholders. Liquidity and profitability are closely related because one increases the other decreases. The main purpose of research work is to measure liquidity position and get idea about financial health and solvency of selected oil and gas refineries of India. The findings show that there is strong liquidity in selected oil and gas refineries of India.

Keywords: *Liquidity Ratios, IOCL, Profitability, Financial Performance, Financial Position.*

Introduction

Liquidity management is very important for every organization that means to pay current obligations on business, the payment obligations include operating and financial expenses that are short term but maturing long term debt. Liquidity ratios are used for liquidity management in every organization in the form of current ratio, quick ratio or acid test ratio, solvency ratio, capital gearing ratio, proprietary ratio and fixed assets ratio that greatly affect on profitability of organization. So business has enough liquid assets (Cash, Bank) to meet the payment schedule by comparing the cash and near-cash with the payment obligations. The near-cash assets mainly include receivables from customers and inventories of finished goods and raw materials. The payment obligations include dues to suppliers, operating and financial expenses that must be paid shortly and maturing installments under long-term debt. Liquidity ratios measure a business' ability to meet the payment obligations by comparing the cash and near cash with the payment obligations. If the coverage of the latter by the former is insufficient, it indicates that the business might face difficulties in meeting its immediate financial obligations. This can, in turn, affect the company's business operations and profitability. The Liquidity versus Profitability Principle: There is a trade-off between liquidity and profitability; gaining more of one ordinarily means giving up some of the other.

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Company Profile

It was incorporated under the Companies Act on 30 June, 1959, with Registered Office as IOCL in Mumbai (Maharashtra). Its market capital ` 10,08,571.46 in million. IOCL is India's flagship national oil company with business interests straddling the entire hydrocarbon value chain—from refining, pipeline transportation and marketing of petroleum products to exploration & production of crude oil & gas, marketing of natural gas and petrochemicals. It is the leading Indian corporate in the Fortune 'Global 500' listing, ranked at the 119 and 161 position in the year 2015 and 2016. Oil India Limited (OIL) and Indian Oil Corporation (IOCL) have jointly acquired a stake in Carrizo's liquid rich shale assets in the Niobrara basin in Colorado, USA through their wholly. Petroleum & Natural Gas and Corporate Affairs launched Indian Oil's Mobile Healthcare Scheme, a Corporate Social Responsibility (CSR) initiative of Indian Oil. IOCL R&D wins National Awards for Technology Innovation. IOCL wins BML Munjal Award for Business Excellence. Indian Oil Corporation commenced construction work on its proposed 4 MW solar power project at Muttam village. The Corporation's objectives in this key performance area are enshrined in its mission statement "to help enrich the quality of life of the community and preserve ecological balance and heritage through a strong environment conscience." which succinctly portrays the commitment of the corporation to its corporate social responsibility. CSR and working with the communities has been the cornerstone of success for IOCL right from inception. The three thrust areas of the corporation's CSR initiatives are 'Clean Drinking Water', 'Health & Medical Care' and 'Expansion of Education'.

Literature Review

Morris and Shin (2010) conceptually defines the liquidity ratio as "realizable cash on the balance sheet to short term liabilities." In turn, "realizable cash" is defined as liquid assets plus other assets to which a haircut has been applied. Ration analysis is one of the conventional way that use financial statements to evaluate the company and create standards that have simply interpreted financial sense (George H.Pink, G. Mark Holmes 2005). A sudden stop in an organization is generally defined as a sudden slowdown in emerging market capital (cash) inflows, with an associated shift from large current account deficits into smaller deficits or small surpluses. Sudden stops are "dangerous and they may result in bankruptcies, destruction of human capital and local credit channels" Calvo, 2008. This concept has a relation with monetary theory because transaction and provision is a main reason in managing cash. In addition, this reason also has an assumption which all the concept of treasury management is in the good judgment of their terms. (Maseda & Iturralde, 2009). Cash conversion cycle shows the relation between liquidity and profitability. It is more important to measured profitability compared to if the company is using current ratio (Eljelly, 2006). The higher the ratio the higher the comfort level. All of the cash flow ratios are not uniform but vary by industry characteristics. The analyst would then adjust his assumptions accordingly to assess the liquidity of a firm. According to many university researchers (Basno & Dardac, 2011), the required liquidity for each business depends on the balance sheet situation of the business. In order to evaluate the liquidity state, special importance is held by the way in which there are classified organizational assets and liabilities (Basno & Dardac, 2007). Liquidity risk is seen as a major risk, but it is the object of: extreme liquidity, 'security cushion' or the specialty of mobilizing capital at a 'normal' cost (Dedu, 2005).

Objectives of the Study

- To know the stability of the company based on the profitability and liquidity.
- To give useful suggestions in light of profitability and liquidity.
- To make analysis of liquidity position of IOCL.
- To measure financial health and solvency of IOCL by using liquidity ratios.

Hypotheses

H₀₁ : Financial Performance of IOCL is not stable in light of profitability and liquidity.

Research Methodology

As the study is related to the Impacts of Liquidity Ratios on Profitability Assessment of financial performance of the company, secondary data is essential part of it. Secondary data has been collected from the annual report of IOCL. The data has been considered for a period of last six financial years from 2009-10 to 2014-15. The data has been analyzed by applying the basic ratios of profitability and liquidity.

Analysis and Interpretation

Data has been analyzed by applying selected profitability and liquidity ratios. It has been presented in tables also. Following is the analysis and interpretation of the data:

Table 1
Analysis of Liquidity Performance of IOCL (2009-10 to 2014-15)

Year	Current Ratio	Quick Ratio
2009-10	0.76	0.45
2010-11	0.79	0.54
2011-12	0.83	0.70
2012-13	0.84	0.78
2013-14	0.81	0.62
2014-15	0.73	0.48
Average	0.79	0.60

Source: Compiled and Computed from Annual Reports of the IOCL from 2009-10 to 2014-15.

In IOCL, current ratio shows an erratic trend, it was 0.76 times in 2009-10. It increased and reached 0.84 times in 2012-13. At this time, the liquidity states that, company's position is not satisfactory because the current ratio is less than 2:1. It continues decreased from 2013-14 onwards and came down to 0.73 times in 2014-15. The quick ratio of IOCL was 0.45 times in 2009-10 then it increased in 2012-13 which was the highest ratio (0.78 times) in all the years of period of study. Having decreased in 2013-14, it fell to 0.62 times. Then again it decreased to 0.48 times in 2014-15. The performance of the company was not so good throughout the period of study as compared to ideal ratio 1:1.

Table 2
Analysis of Liquidity Performance of IOCL (2009-10 to 2014-15)

Year	Solvency Ratio	Capital Gearing Ratio
2009-10	0.65	1.06
2010-11	0.68	1.00
2011-12	0.72	2.42
2012-13	0.73	1.47
2013-14	0.74	1.20
2014-15	0.70	1.15
Average	0.70	1.38

Source: Compiled and Computed from Annual Reports of the IOCL from 2009-10 to 2014-15.

In IOCL the solvency ratio ranged between 0.65 times and 0.74 times. The ratio was 0.65 times during 2009-10 and increased to 0.68 times in 2010-11 and 0.72 times during 2011-12. Again it leads to increase to 0.74 times in 2013-14, which was the highest among all the ratios of study period. The average of this ratio for six years comes to 0.70 times. Thus, the long-term solvency position of IOCL is good as compared to HPCL and BPCL. This ratio indicates that the funds of the company are sufficient to meet its total liabilities. It can be seen from the table 2 that the IOCL company in capital gearing ratio fluctuating trend during the study period. The ratio was 1.06 times in 2009-10. Thereafter, in next two years of study the ratio marked erratic trend. It was 1.00 times and 2.42 times in 2010-11 and 2011-12 respectively, 2.42 times in 2011-12 which was the highest. But in 2012-13 it decreased to 1.47 times and 1.20 times in 2013-14, again it decreased to 1.15 times in 2014-15. Therefore, IOCL had increased its variable cost bearing capital which shows increase in the ratio. Here company enjoyed more profit during the period of study.

Table 3
Analysis of Liquidity Performance of IOCL (2009-10 to 2014-15)

Year	Proprietary Ratio	Fixed Assets Ratio
2009-10	33.91	82.15
2010-11	31.20	76.83
2011-12	27.46	107.49
2012-13	26.52	96.24
2013-14	25.47	99.98
2014-15	29.45	102.43
Average	29.00	94.19

Source: Compiled and Computed from Annual Reports of the IOCL from 2009-10 to 2014-15.

In the IOCL proprietary ratio ranged between 25.47 per cent to 33.91 per- cent during the study period. The ratio was 33.91 per cent in 2009-10. After that it decreased to 31.20 per cent in 2010-11. As the ratio was 27.46 per cent in 2011-12, 26.52 per cent in 2012-13, 25.47 per cent in 2013-14 and 29.45 per cent in 2014-15. Actually, if one can throw a glance, than it finds that the trend was fluctuating. Here the average ratio was 29.00 per cent. In IOCL, the fixed assets ratio ranged between 76.83 per cent to 107.49 per cent during the period under reference. The ratio marked an erratic trend. In the very beginning it was 82.15 per cent during 2009-10 but immediately in the following year it decrease to 76.83 per cent but was corrected during 2011-12 and rose to 107.49 per cent. Again it tended to decrease to 96.24 per cent in 2012-13, which was the near to average 94.19 per cent among all the ratios of study period. After analysis, it is concluded that entire amount of fixed assets was financed by the owner's funds. So here creditors were more safer and showed greater confidence in the company.

Conclusion

From the data collection and statistical data analysis of IOCL the researcher may come to the conclusion that hypotheses (H01) are accepted. It is suggested that IOCL should make some effort to improve current ratio so that short-term liquidity position of the companies may improve. It can be said on the basis of above analysis that IOCL shows good performance as compared to other leading petroleum companies. So that IOCL should try to improve to maintain or increase liquidity position by increasing in liquid assets. When total assets are more than external liabilities then the company is treated as solvency. As the table stated IOCL had average solvency ratio 0.70 times, which shows its better position than other leading petroleum companies viz. HPCL and BPCL. Because IOCL had less external liabilities used for total assets so here all the management policy could be implemented properly without and disturbance. IOCL was having less trading on equity. But they enjoyed major share of profit. IOCL should try to change the ratio as per the market conditions prevailing and try to take more benefit arises due to the changes in the interest rate in the economy. To invest his funds, then obviously creditors would like to prefer IOCL because here its funds are safer as compared to other leading petroleum companies. On the whole it can be concluded that IOCL was having better position throughout the study period. All the liquidity ratios provide information of safety and security to the creditors and encourage or motivate them to invest in such companies.

Suggestions

Keeping review of the above observation relating to the case study of Indian Oil Corporation Limited (IOCL), the following measures are suggested which should go a long way to improve the liquidity performance:

- The petroleum companies should try to bring down its operating expenses which will help in improving the profitability of the organization.
- The petroleum companies were invested more in fixed assets rather diversification of investment will bring more profit of the organization.
- Better sales performance is required. Company should take measure the cost of production in order to overcome the accumulated loss.

- The petroleum companies increases shareholders investment its helps in reducing the long term debts. Therefore, the value of the interest paid to outsiders will be reduced aid the return will be high.
- The petroleum companies should try to reduce the proportion of inventories to current assets to improve liquidity position.

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BEHAVIOURAL ASPECTS IN ACCOUNTING AND THEIR IMPACT ON THE AUDITING PROCESS

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Abstract

There have been conflicting results in studies on the level of consensus in assessing internal controls by individual auditors. The existence of the conflicting results led to the present study of going beyond audit risk comparisons among auditors to investigating the behavioural aspects of individual auditors. This study investigates one aspect of behaviour that is risk propensity. Data collection was experimental in nature. The experimental instruments were carried out for senior auditors of the big four firms. It is hypothesised that there is a negative relationship between individual auditor's risk propensity and their assessment of internal control risk. It was found that there is a negative relationship between an individual auditor's risk propensity and their assessment of internal control risk. The findings provide new insights into behavioural factors that may impede on audit judgment, in turn audit quality.

Keywords: *Internal Controls, Risk Propensity, Audit Judgment, Behavioural Aspects, Auditor's Risk.*

Field of Research: *Auditing and Behavioural Accounting.*

Introduction

Much part of audit research has investigated the audit procedures and audit evidence. The numerous studies carried out on the level of consensus in assessing the strength and risk of internal control by individual auditors as well as level of consensus in evaluating audit program planning have shown mixed results. (Ashton 1974; Ashton and Brown 1980; Hamilton and Wright 1982; Gaumnitz et al. 1982, Han, Jin-Soo 1986) found that that there is a high level of consensus while (Mock and Turner 1981; Joyce 1976; Libby et al 1985; Cohen and Kida 1989; Kaplan 1985) have concluded that there is a low level of consensus when auditors evaluate internal control risk. These discrepancies in studies clearly highlight the need to continuously investigate as to why auditors faced with the same audit scenarios have different assessment of audit risk? Studies have illustrated that certain individual differences among auditors such as their personality characteristics and level of experience are likely to affect their assessment of audit risk (McGhee et al. 1978 and Gul, 1986). This has led to an extensive research being carried out in the last fifty years on judgment and decision-making (Trotman, 2006). Nonetheless, despite these individual differences the International Financial Reporting Standards (IFRS) continuously require auditors to exercise professional judgment when conducting audit planning and audit program. The professional standard has provided the application of the audit risk model (ARM) to address client risks at the initial stage of an audit (Cushing et al. 1995; AICPA 2004). However, the ARM does not provide an objective criteria but calls for professional judgment.

The Auditing profession is one of uncertainty and exposed to high levels of business, financial and litigation risk and with the recent collapses of corporations such as Enron, there has been stringent standards established to ensure that auditors exercise due care when performing audits. The International Financial Standards and the Auditing Standards are said to be principle based, however, it requires

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auditors to exercise professional judgment with no clear objective guidelines set up. Ultimately it is the individual auditor's professional judgment at the audit planning stage that will determine by and large the nature and the extent of the audit procedures employed and implicitly the cost of the audit. Therefore, the requirement for professional judgment in assessing audit risk in this uncertain and risky environment is a prerogative to the auditor employed in the planning stage. In addition to the auditing standards requirement auditors have to abide by, one is faced with continuous fee pressure from client and competition in the market. Thus, a dilemma exists, on one hand auditors are required to abide by the statement of auditing standards, making sure that their audit work is able to hold a strong defence of any litigation claims made. On the other hand auditors are to maintain low audit costs through limiting their audit timeframe to maximize returns on every engagement. These could lead to certain auditors engaging in dysfunctional behaviour. One characteristic of the dysfunctional behaviour is risk propensity and its impact on decision-making. Kahneman and Tversky (1982) stated, "...individuals differ in their attitudes towards risk and towards money.

Literature Review

As noted, prior research has shown mixed results regarding whether the nature and extent of audit tests reflect the level of or change in client risks. For example, Mock & Wright (1993, 1999) find that there is no clear and strong association between client risks and audit plans in the US context. Quadackers et al., (1996) examine the relationships between client risks and program plans in the Netherlands and found that risk assessments and program plans vary across clients, while both vary little over time. On the other hand, Mock & Turner (2005) found evidence that extent, staffing, and nature of audit tests are associated with fraud risk and overall client risk assessments. Also, some studies that examine the relationships between client risks/characteristics and audit resource allocation decisions consistently provide evidence that client attributes such as client size, complexity of the business, financial risk and client status (public/private) influence the mix of audit resources (O'Keefe et al. 1994 and Stein et al. 1994). De Martinis (2005) shows that client business and strategic risks affect audit production outcomes such as aggregate audit hours, disaggregate audit hours and audit fees. Although such studies begin to provide the set of research results needed for the profession to evaluate the extent to which program plans are adjusted to address client risks, additional research in other important behavioural settings such as risk propensity is needed to explain another dimension of why there is mixed results in client risk assessment, especially given the fact that risk assessment is highly subjective in nature.

Decision theorist assume that people's preferences for safety or risk depends on two factors; the value people ascribe to the outcomes of different courses of action and the probability that each of the outcome will occur. Prospect theory posits that individuals are risk-averse with respect to gains and risk-seeking with respect to losses (Tversky and Kahneman 1981; Kahneman and Tversky 1979). In addition, Kahneman and Tversky (1982) mention that —individuals differ in their attitudes towards risk and towards money, thus this in itself justifies why auditors using their professional judgment may assess audit risk differently. Byrnes et al. (1999) defined risk-taking as—the implementation of [goal directed] options that could lead to negative consequences.

Research on audit judgment heuristics and biases (e.g., Smith and Kida 1991; Cohen and Kida 1989; Biggs et al. 1988) may also help explain why some audits involve a higher proportion of planning hours. These studies report conservative behaviour, whereby auditors tend to give more attention to, and to be more influenced by, negative information. Smith and Kida (1991) suggest that this phenomenon probably stems from auditors' loss functions and the wish to minimise economic losses. O'Keefe et al. (1994) indicate that high exposure to litigation risk motivates the auditor to produce a more —defensible audit involving better documentation and tests. Moreover, there has been literature in various other fields with regards to risk; in relation to income-tax research, Schepanski and Kelsey (1990) provide evidence consistent with prospect theory's claim. They suggest that the current asset position may be a relevant reference point, and that individuals are risk averse for gains above that point and risk-seeking for losses that would drop them below that point. Similar behavior in managerial-accounting and financial-management settings were reported (Mowen and Mowen 1986; Lipe 1993; Sullivan and Kida 1995).

Research Issue

The purpose of this study is to understand the impact risk behavior has on determining the level of audit risk. Bonner (2008) has stated that there has been minimum research on the effect of risk attitude in the auditing process, despite the substantial effect differences among individuals can have on auditing outcomes. There have been risks taking tendencies found in other accounting contexts (Schisler 1994; Sullivan and Kida 1995). Kachelmeier and Messier (1990) study found biasness in applying the audit risk model that is auditors were selective in their input elements so as to achieve the desired sample size. Strawser (1990) also found inconsistency in the application of the audit risk model.

In this study the Kahneman and Tversky (1979) prospect theory is used to predict the individual auditor's risk behaviour. Prospect theory assumes that individual frames outcomes in terms of gains and losses and not final states of wealth as predicted by expected utility theory (Von Neumann and Morgenstern 1947). The framings of situations are affected by the decision maker's expectations or the prospects currently being offered. Therefore, this study predicts that auditors who fear facing litigation will assess internal control risk as high in a bid to carry out more audit work. On the other hand, auditors who value profit maximisation on audit engagements will be willing to take the risk of carrying out less audit work, thus, assessing internal control risk as low.

Audit Risk- Component, Model, Concepts, Assessment & Internal Control

In theory, audit risk ranges anywhere from zero (0.0), where there is complete certainty of no material misstatement, to one (1.0), where there is complete certainty of a material misstatement. In practice, however, audit risk is always greater than zero. There is always some risk of material misstatement as it is not possible, (except for the audit of the simplest of financial statements), due to the limitations inherent in both accounting and auditing, to be absolutely certain a material misstatement will not exist. The present article discusses the Audit Risk Model along with the guidance on the same issued by the Institute of Chartered Accountants of India (ICAI) in the form of Engagement and Quality Control Standards on Risk Assessment and Internal Control.

Components of Audit Risk

Audit risk [AR] may be initially decomposed into two components: the risk of a material misstatement of a financial statement item in the unaudited financial statements [RMM] and the risk that the misstatement will not be detected by the auditor (equal to one minus the probability of detection by the auditor, $(1 - \text{Pr}(\text{Da}))$). Thus, if there was a 50% risk of a material misstatement in a financial statement item in the unaudited financial statements and a probability of 80% that the misstatement would be detected by the auditor, audit risk, or the risk of a material misstatement in the audited financial statements would be equal to 10%. i.e.

$$\text{AR} = \text{RMM} \times (1 - \text{Pr}(\text{Da})) = 0.5 \times (1 - 0.8) = 0.10$$

The risk of material misstatement in the unaudited financial statement [RMM] may be decomposed as follows: the inherent risk of a material misstatement occurring (RMMi) and the risk that it will not be detected by the entity (equal to one minus the probability of the entity detecting the misstatement $(1 - \text{Pr}(\text{De}))$). Thus, substituting the two components of RMM, audit risk can be mathematically defined as follows:

$$\text{AR} = \text{RMMi} \times (1 - \text{Pr}(\text{De})) \times (1 - \text{Pr}(\text{Da}))$$

Thus, if there was:

an 80% inherent risk of a material misstatement in a financial statement item, a 30% probability of such a misstatement being detected by the entity, and a probability of 40% that, if not detected by the entity, the misstatement would be detected by the auditor, audit risk, or the risk of a material misstatement in the audited financial statements would be equal to 33.6%. i.e.

$$\text{AR} = \text{RMMi} \times (1 - \text{Pr}(\text{De})) \times (1 - \text{Pr}(\text{Da})) = 0.8 \times (1 - 0.3) \times (1 - 0.4) = 0.336$$

Audit Risk Model

The three components of audit risk (RMMi, $1 - \text{Pr}(\text{De})$, and $1 - \text{Pr}(\text{Da})$), are referred to respectively as inherent risk [IR], control risk [CR] and detection risk [DR]. This gives rise to the audit risk model of:

$$\text{AR} = \text{IR} \times \text{CR} \times \text{DR}, \text{ where}$$

IR, inherent risk, is the perceived level of risk that a material misstatement may occur in the client's unaudited financial statements, or underlying levels of aggregation, in the absence of internal control procedures. In the last example above, inherent risk was 80%.

CR, control risk, is the perceived level of risk that a material misstatement in the client's unaudited financial statements, or underlying levels of aggregation, will not be detected and corrected by the management's internal control procedures. In the last example above, control risk was 70%. DR, detection risk, is the perceived level of risk that a material misstatement in the client's unaudited financial statements, or underlying levels of aggregation, will not be detected by the auditor. In the last example above, detection risk was 60%. In practice, however, auditors evaluate risk components using terms such as LOW, MODERATE or HIGH rather than using precise probabilities. The relationship between different components of audit risks is given in the following table:

Auditors' Assessment of Control Risk				
		High	Medium	Low
Auditors' assessment of inherent risk	High	Lowest	Lower	Medium
	Medium	Lower	Medium	Higher
	Low	Medium	Higher	Highest

Concepts of Audit Risk

Before evaluating audit risk or its components, auditors first determine what they consider to be a material misstatement. Obviously, the likelihood of a material misstatement appearing in the audited financial statements of an entity depends on the value of a material misstatement: the lower the value, the greater the likelihood. It is only after determining the value of reporting materiality that an auditor is able to evaluate whether audit risk is, for example, LOW, MODERATE or HIGH. This is referred to in more detail below:

There are two distinct concepts of audit risk – the acceptable level of audit risk and the achievable level of audit risk. The acceptable level of audit risk [AR*] is the risk of a material financial statement misstatement that is acceptable to the auditor. The achievable level of audit risk [AR] is the risk the audited financial statements will contain a material misstatement. (AR is an *ex ante* concept and thus it is referred to as the achievable level of risk rather than an *ex post* concept of an achieved level of risk).

The acceptable level of audit risk [AR*] is estimated by reference to the expected reliance on the audited financial statements. The greater the expected reliance, the lower is the acceptable level of audit risk. The achievable level of audit risk [AR] is estimated by reference to the *ex ante* value of the components of the audit risk model. That is, the estimated values of inherent, control and (the achievable level of) detection risks. The aim of an auditor is to achieve an acceptable level of audit risk; to achieve a level of audit risk that is acceptable to the auditor. There are similarly two concepts of detection risk – the allowable level of detection risk and the achievable level of detection risk. The allowable level of detection risk [DR*] is the maximum level of detection risk an auditor can allow to occur. On the other hand, the achievable level of detection risk [DR] is, broadly, the risk that a material misstatement in the unaudited information will not be detected by the auditor, (Again, DR is an *ex ante* concept and thus it is referred to as the achievable level of risk rather than an *ex post* concept of an achieved level of risk).

The allowable level of detection risk [DR*] is estimated by reference to specified levels of audit risk, inherent risk and control risk. The greater the acceptable level of audit risk, and the lower the inherent and control risk, then the greater is the allowable level of detection risk. The achievable level of detection risk [DR] is based on such factors as the auditor's independence and ability. The lesser the independence and ability of the auditor, the greater is the level of detection risk that can be achieved (i.e. the greater is the risk that the auditor will not detect a material misstatement).

Risk Assessment and Internal Control

Accounting system refers to the series of tasks and records of an entity by which transactions are processed as a means of maintaining final records. The auditor should obtain an understanding of the accounting system sufficient to identify and understand major classes of transactions, manner of initiation of transactions, significant accounting records, supporting documents and specific accounts in the financial statements and the accounting and financial reporting process. *Internal Control System* refers to all the

policies and procedures adopted by the management of the entity to assist in achieving management's objective ensuring the orderly and efficient conducting the business, the accuracy and completeness of accounting records, the timely preparation of financial information, safeguarding of assets of enterprise and defection of fraud and error in a timely manner. The objectives of internal control can only be reasonably, and not absolutely, achieved due to the following limitations inherent in the system:

- Management's concern about the operating system;
- Transactions of unusual nature may be missed by most controls;
- Potential of human error;
- Circumvention of controls through collusion;
- Abuse of control by the person who is himself responsible for exercising it;
- Inadequacy of procedures due to changes in conditions; and
- Manipulations by management.

Inherent Risk

Inherent risk is the susceptibility of an account balance or class of transaction to a material misstatement either individually or when aggregated with misstatements of other balances or classes, assuming that there were no internal controls. The auditor should study and evaluate the degree of inherent risk in order to determine the audit plan. He should also consider other factors, which might compensate for an otherwise high degree of inherent risk. Some of these factors are:

At the level of financial statements

- The integrity of management;
- Experience of the management;
- Changes in the management team;
- Unusual pressures on management team; and management for example, circumstances that might predispose management to misstate the financial statements

At the level of account balance and class of transactions

- Quality of accounting system;
- Complexity of the transaction and events;
- Degree of judgment involved in determining account balances;
- Susceptibility of assets to losses or misappropriations; and
- Transactions not subject to ordinary processing.

Control Risk

Control risk is the risk that misstatements could occur in an account balance or class of transaction and that could be material, either individually or when aggregated with other misstatements, will not be prevented or detected and corrected on a timely basis by the accounting and internal control system.

Steps in the Assessment of Risks Control

Preliminary Assessment of Control Risk

In order to make a preliminary assessment of the control risk, the auditor should obtain an understanding of the accounting system and related internal controls. This may be done by supplementing his knowledge gained through previous experience with the entity with Enquiries about the composition of the management; Inspection of the documents and records produced by the accounting and internal control system; and Observations of the entity's activities and procedures.

Test of Controls

Tests of controls are performed by an auditor to obtain audit evidence about the effectiveness of the following:

- Whether the accounting and internal control systems are suitably designed to prevent or detect and control material misstatements; and
 - Operation of internal controls throughout the period.
- Test of control may include the following procedures:
- Inspection of the documents and records;
 - Inquiries about and observation of internal controls that leave no audit trail;
 - Redoing on a test basis, activities performed automatically by the system; and

- Testing of internal controls operating on computerised applications.

Final Assessment of Control Risk

On the basis of the results of the test of control the auditor should evaluate whether the preliminary assessment of control risk was correct or do they need to be revised. He should accordingly determine any modification in the nature; timing and extent of audit procedures.

Detection Risk–Detection risk is the risk that an auditor's substantive procedures will not detect a misstatement that exists in an account balance or class of transactions that could be material, either individually or when aggregated with misstatements in other balances or classes. The auditor should consider the assessed levels of inherent and control risks in determining the, nature, timing and extent of substantive procedures required to reduce audit risk to an acceptably low level. There is an inverse relationship between detection risks and the combined level of inherent and control risks. Thus when inherent and control risks are high, acceptable detection risk should be low to reduce the audit risk to an acceptably low level. Any internal weakness in the inherent control noticed by the auditor during the course of his evaluation or audit procedures should be communicated to the management. While communicating it should be made clear that the audit examination had not been designed to determine the adequacy of internal controls.

The Internal Control System comprises of –

The Control Environment–It refers to the overall attitude, awareness and actions of the directors and management regarding the internal control system and its importance in the entity. The control environment has an effect on the specific control procedures and provides the background against which other controls are operated. The internal control environment may be affected by the following factors organisational structure and methods of delegation of authority and responsibility; functions of the governing bodies; management's philosophy operating style; management's control system including the internal audit function, personnel policies and procedures.

Control Procedures–Control procedures are those policies and procedures in addition to the control environment, established by the management to achieve entity's specific objectives. These procedures include the following:

- Reporting and reviewing reconciliations;
- Checking the arithmetical accuracy of the records;
- Controlling applications and environment of computer information systems;
- Approving and controlling access to documents, assets, records etc.;
- Comparing and analysing the financial results with the budgets.

The auditor should make a combined assessment of the inherent and control risks. This is because the management often reacts to inherent risk situations by designing suitable accounting and internal control system to prevent or detect and correct material misstatement. The higher the assessment of inherent and control risks, the more audit evidence the auditor should obtain from the performance of substantive procedures. There is an inverse relationship between detection risks and the combined level of inherent and control risks. For example, when inherent and control risks are high, acceptable levels of detection risk need to be low to reduce audit risk to an acceptably low level. On the other hand, when inherent and control risks are low, an auditor can accept a higher detection risk and still reduce audit risk to an acceptably low level.

Hypothesis Development

Statement on Auditing Standards (SAS) 107 par. 26 provides the ARM as a decision aid to auditors during the planning stage. The conceptualized model is stated as:

$$\text{Acceptable Audit Risk (AAR)} = \text{Risk of material misstatement (RMM)} \times \text{Detection Risk (DR)}$$

Audit risk is determined at the initial stage of audit in order to determine the level of audit procedures the auditors are willing to do at each audit cycle. In this study audit risk is operationalised by assessing internal control risk. In relating the ARM to firm's revenue, audit fees are set prior to audit work and preparation of time budgets. In order to remain profitable audit firms would be seeking to control planned audit tests in order to control audit costs. Fee pressure and the practice of setting fees prior to preparing time budgets create incentives for auditors to emphasize cost control and potentially impair effectiveness by reducing audit investment (Margheim and Kelley 1992; Carpenter and Dirsmith 1992 and

McNair 1991). As Davidson and Gist (1996) found that profit margin was significantly lower for audits with a higher proportion of planning compared to other audits. Accordingly, different auditors placed in a similar situation in a particular point in time may assess a firm's internal control for financial reporting purposes differently. The reason for these different assessments may be due to their different expectation auditors have on the engagement. As stated earlier, auditors who fear the exposure to litigation cases will be more than willing to assess internal control risk as high thus expending on audit firm's resources and securing a defensible audit. Auditors who value high performance reviews and quick audit engagement turn over will be willing to limit internal control risk to avoid unnecessary expending of audit firm's resources and limit audit costs. The preceding point is reiterated by Helliard et al. (1996) who argued that the allocation of scarce audit resources is largely dependent on the levels of IR and CR for a particular audit engagement. If the auditor overestimates these levels, more audit work than necessary will be undertaken and the audit resources will be wastefully consumed. Alternatively, if the auditor underestimates the levels of these risks this can lead to ineffective audits with repercussions, which may be particularly serious in today's litigious environment.

In this study dysfunctional behaviour is operationalised by risk propensity. Harrison et al. (2005) explained that not only is it important to assess risk propensity in persons who have to make the decisions of high responsibility and potential danger, but its effect on decision making must also be investigated. Thus, in this study the effect of risk propensity on assessing internal control will be addressed. Its theoretical concept explained through prospect theory (Kahneman & Tversky, 1979). Auditors who have a high (low) propensity to take risk are willing to assess internal control risk as low (high) even though their client may not have an efficient and effective internal control. By assessing internal control risk as low, they are allowing for lesser audit work to be carried out and in turn higher profits generated. Higher profit from the engagement will be taken into account during the performance appraisal of the auditor. However, despite generating significant returns for the firm, a risk seeking auditor exposes the firm to high risk of litigation. This is because of the limited audit evidence gathered and analysed to justify his audit opinion. Therefore, the following hypothesis is generated:

H₁ : The higher the auditor's propensity to take risk, the lower the assessment of internal control risk.

Limitations of the Study

Firstly, this study only focused on individual auditors. It is understood that audit is carried out through audit teams. Future research needs to consider the impact of behavioural discrepancies on decision making and also assess the behavioural impact of managers and partners alone as they are in key decision roles. Finally, only the internal control component of audit risk assessment was tested. The audit risk model has several components and thus generalization on overall audit risk needs to be done with caution. Future research needs to consider a more integrated audit risk assessment study.

Methodology

Independent Variable

Individual Auditor's Risk Propensity

To measure individual's risk propensity participants were provided with Choice Dilemma Questionnaire, which comprised of twelve everyday life situations providing participants with a choice between two courses of action. One course of action involves a greater risk which if successful is more rewarding in comparison to the alternative course which is safer but less rewarding. The auditors will be required to read each statement and imagine that they were advising the central person facing the dilemma. They will then be asked to indicate the probability of success sufficient for them to select the risky alternative, from one in ten to ten in ten. Respondents' overall risk propensity is obtained by summing the values of each of the twelve scenarios. Higher scores indicate greater conservatism.

Dependent Variable

Internal Control Risk

The dependent variable is the subject's perceived level of internal control risk at each of the twelve independent situations provided in the experimental task. The experimental task presented was a case situation of a hypothetical manufacturing company (Ashton 1974). Participants were informed that they were managers in charge of an audit and they had a set cost budget to adhere to. Based on the

background information and the information given in the twelve independent situations participants were required to provide internal control risk assessment on a scale from one to seven (where one would indicate very weak internal control and seven would indicate strong internal control).

Sample Selection

Senior Auditors with at least four years of audit experience were invited to participate and instructions were given on how to administer the experiment. Senior auditors were requested as these are the individuals who are normally assigned the task to perform the audit program planning. The sample size is 25, consisting of 10 senior auditors and 15 students of final year.

Instruments

The use of scenarios is an accepted method for studying decision-making and this is preferred as it provides sufficient control so that responses by different decision makers can be compared. Data was gathered from the two instruments used; the Kogan and Wallach (1964) Choice Dilemma Questionnaire (CDQ) instrument and internal control risk assessment instrument adopted from Ashton (1974) study.

Procedure

A pilot study was conducted on final year auditing students. The partners of the four firms and audit seniors of each of the Big four firms were contacted through email seeking their approval to be part of this study. To encourage participation and valid replies all, participants were informed that all responses will be treated as confidential and held anonymous. The participants were first given the introductory booklet; this was followed by the risk propensity test. Finally, the participants were requested to complete the internal control risk cases. There was no time limit placed for completion of either test. Time to completion was noted when the participants finished each test. The same procedure and process was conducted at each of the four audit firms.

Control Variable

There are several control variables;

Gender

An important control variable is gender of senior auditors. Prior studies have proven that there are differences in the risk propensity and behaviour of women and men, both in the general population as well as in the specialized populations such as managers, entrepreneurs and business owners (Johnson and Powell, 1994; Williams and Narendran, 1999; Eckel and Grossman, 2008 and Frijns et al., 2008). Moreover, in the domain of business and finance in situations of high confidence, women perceive more risk than men (Mitchell and Vassos, 1997; Weber et al., 2002; Harris et al., 2006; Garbarino and Strahilevitz, 2004) and in situations under moderate and low confidence men perceive higher risk levels than their female counterpart (Wallach and Kogan 1959; Wallach and Caron 1959). Gustafson (1998) qualitative research tried to draw more light as to why these differences eventuated and concluded that women are willing to take on more risk in more certain outcomes because their concerns were more oriented towards risks related to their home and family, whereas men concerns were more directed towards their working ambition. Finally Gustafson (1998) and Schubert (2006) found that women and men have different interpretation of what they regard risk to be.

Professional Experience

Experience was measured by the number of years an auditor has been in the accounting firm and the size of the audit client one has been assigned to. In concurrence with other studies, —experienced auditors relate to auditors with four or more years experience as compared to three years or less with most of the studies (Abdolmohammadi and Wright, 1987; Bonner and Lewis, 1990). Anderson and Maletta (1994) found that less experienced auditors rated internal control risk higher than experienced auditors, and also paid more attention to negative information. However they did not find experience to have an impact on positive information. Furthermore, it was found that less experienced auditors developed a high level of expected errors to the audit population than experienced auditors (Burgstahler and Jiambalvo, 1986).

Level of Education

Higher education has been found to encourage risk taking (MacCrimmon and Wehrung, 1986; Shaw, 1996 and Masters, 1989) and to be associated with increased levels of risk tolerance (Haliassos and Bertaut, 1995 and Sung and Hanna, 1996). Through receiving higher education or increase affiliation with

professional institutions one becomes conversant with auditing standards and audit procedures thus, leading to familiarity with audit planning and increased risk levels.

Model Employed

Linear regression analysis was employed to test the relation between internal control risk and auditor's risk propensity.

The following linear model was applied to test the hypotheses presented:

$$ICR = \alpha + \beta_1 PROPEN + \beta_2 GENDER + \beta_4 EX + \beta_6 EDU$$

Where:

ICR = Internal Control Risk assessment

PROPEN = Auditor's risk propensity

GENDER = Auditor's gender, 0= female; 1= male

EX= Professional Experience, 0= <3 years; 1= >4years

EDU= Level of Education, 0=> 16 years; 1 > 17 years

Results

Table 1
Regression Results of Auditors

	Expected Sign	Coefficient	T-Statistic	P-Value
RISK PRO		5.104	6.655	0.000
EXPERIENCE	-	-3.166	-2.521	0.017
EDUCATION	?	-0.210	-0.457	0.638
GENDER	?	0.162	0.369	0.695

Source: Primary data

Table 2
Regression Results of Students- Pilot Study

	Expected sign	Coefficient	t-statistic	p-value
Intercept		45.510	8.347	0.000
PROPEN	-	-1.279	-2.795	0.006
GENDER	?	4.960	3.139	0.002
GPA	?	0.944	0.584	0.560

Source: Primary data

Table 1 reports the regression results. The results of the model indicate that the model has high explanatory power, with R² of 0.113. This explains that 11.3 percent of variations in the (ICR) can be explained by variations in the independent variables. The F-statistic is 2.077 and is significant (p = .001). The coefficient for PROPEN is negative and highly significant with a t = -2.841 and p = 0.008, thus H1 is supported. However, we do not find significant effect of education levels, professional experience and gender.

No significant association between internal control risk assessment, education, professional years of experience and gender were found. With regards to the pilot study on the final year students the results were conclusive with this present study of auditors. However, with audit students gender had an impact on internal control risk assessment. The results indicate that male students assess internal control risk higher than female students, and thus are willing to take less audit risk. We do not find an association with internal risk assessment and general academic ability.

The results show that accounting and audit education do not impact on or mitigate audit student's individual differences such as risk propensity. Further research needs to be conducted to explore ways in which individual auditors differences can be mitigated in the audit judgment process.

This Result Has Several Implications

- First, audit firms would like to provide training to their auditors to moderate individual's risk propensity and to make audit managers aware of the effect that risk propensities have in the assessment of internal control risk.

- Moreover, audit firms may need to allocate audit work according to auditor's risk propensity, e.g., auditors who are risk averse may be better suited carrying out audit planning whereas auditors who are risk takers may carry out the audit procedures.
- In addition, ethical codes may need to be re-looked at. Audit managers should not be put under any cost pressure prior to audit planning as this can affect their assessment. The pressure to save costs may force managers to assess internal control risk as high in order to carry out less audit work. Therefore, it would be better for audit firms to set cost budgets after their assessment of their clients internal control risk.

Conclusion

The results of the study indicate that there is a negative relationship between an individual's propensity to take risk and their assessment of internal control risk. That is, auditors who are risk averse assess internal control risk as high and therefore willing to carry out more audit work. By carrying out more audit work they are incurring higher audit costs for their firm and in turn generating lesser profits. On the other hand, auditors who are risk takers assess internal control risk as low. Thus, faced with cost pressures they are willing to gamble and carry out less audit work in order to save costs and generate more profits for the firm. Thus, this study proves that risk propensity does have a bearing on the assessment of internal control risk and it is important for regulators to know that the constant calling of professional judgment may have impending negative effects on audit quality.

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CORPORATE GOVERNANCE QUALITY AND EARNINGS MANAGEMENT: EVIDENCE FROM BSE-500

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Abstract

Earnings are the powerful indicators of the firms' business activities. Since a company's stock is measured by the present value of its future earnings, investors and analysts look to earnings to determine the attractiveness of a particular stock. Companies with poor earnings prospects will typically have lower share prices than those with good prospects. So, Earnings management plays a key role to determine the share price of a company as well as direct resource allocation in capital market. It serves as a guide to senior management to reduce earnings management through the execution of corporate governance practices. This paper investigates the effect of corporate governance quality on earnings management in India. Using a panel data set of all industrial and service companies listed on BSE-500 during the period 2010-2011 to 2014-15; this paper provides evidence that earnings management is affected negatively by corporate governance quality. In particular; the results show that earnings management is affected negatively by overall categories of governance index represented by board of director, board meeting, audit and nomination and compensation committee. Furthermore, results suggest that corporate governance quality has increased over time. Thus, its ability to constrain earnings management has also increased. It is recommended to industrial and service companies to boost their compliance with corporate governance code to improve the integrity and reliability of financial reports. This paper fills a gap in the literature by providing evidence about the effect of corporate governance quality on earnings management in India as an emerging economy.

Keywords: OECD, IFRSs, Corporate Governance Quality, Earnings Management, Financial Reporting.

Introduction

Corporate governance is a process that aims to allocate corporate resources in a manner that maximizes value for all stakeholders – shareholders, investors, employees, customers, suppliers, environment and the community at large and holds those at the helms to account by evaluating their decisions on transparency, inclusivity, equity and responsibility. The World Bank defines governance as the exercise of political authority and the use of institutional resources to manage society's problems and affairs. The OECD Principles of Corporate Governance states that corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

Earning, sometimes called the 'bottom line' or 'net income' are the single most important item in financial statements. They indicate the extent to which a company has engaged in value-added activities. They are a signal that helps direct resource allocation in capital markets. Earnings management may be referred as "reasonable and legal management decision making and reporting intended to achieve stable and predictable financial results." Earnings management is not to be confused with illegal activities to manipulate financial statements and report results that do not reflect economic reality. These types of

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activities popularly known as “cooking the books” involve misrepresenting financial results. The audit committee is responsible for the external auditing of the firm financial statements. Due to the existence of remuneration and audit committees monitor of board performance, it is expected that board will be motivated to improve performance, and investors will gain more confidence in the value of firm's financial statement. The presence of a nomination committee is expected to improve the quality of financial statements through ensuring that each nominated director has the required skills and experience. Furthermore, Adams suggests that the frequency of board meetings is an important mechanism to ensure the effectiveness of board performance to their duties which includes overseeing the behaviour of the managers.

Literature Review

According to Roman (2009), “Earnings management occurs when firm management has the opportunity to make accounting decisions that change reported income and exploit those opportunities”. He also stated that accounting for business operations requires judgment and estimates. For example, one can't measure revenue without estimating when customers will pay, how many will not pay, how many will return goods for refund and costs to the seller for fulfillment of warranty or maintenance promises. The existing studies have indicated that there is no exact definition for corporate governance (Solomon, 2007) although a number of corporate governance definitions have been discussed in previous. For example, the Cadbury defined corporate governance as: “a system by which companies are directed and controlled”. This definition highlights the main players' roles in an organization that is included shareholders, the board of directors as well as the auditor. As cited in the Cadbury (2002), the shareholders are responsible for appointing directors as well auditors and ensuring the suitable governance system. The function of directors is to govern the firm, whereas the main role of auditors is to provide an independent check on the financial statements to the shareholders. Using a sample of large Indian companies for the period 2003-04, *Sarkar et al. (2006)* documented that the quality of independent directors on the board was effective in constraining earnings management than the independent directors. They found that the busyness of the independent directors was directly related to higher discretionary accruals. The presence of promoters on the board and CEO duality resulted into increased discretionary accruals. The board with independent directors who were more regular in attending the meetings had shown lesser earnings management. The study also reported that the influence of the presence of promoters on the board was compensated by the presence of domestic institutional owners.

Objectives of the Study

The main objective of this study is to focus on techniques, motives and control of earnings management. In the light of this main objective, the specific objectives of the study are as follows:

- To know about earnings management;
- To study which techniques are applied to manage the earnings;
- To know the factors that motivate the manager to manage the corporate governance and earnings; and
- How one can control quality and earnings management.

Research Methodology

This research paper is based on secondary sources. Secondary sources of information include academic journals, books and websites. In this paper we have give an idea about corporate governance quality and earnings management. After that, we have analyzed the techniques that are used to manage the earnings to maximize the personal benefit. The study was carried out for the financial year 2010-11 to financial year 2014-15. The objective of the study pertained to the analysis of the practice of earnings management in the selected Indian companies. The final number of companies included in the analyses is 207 companies of BSE-500 and 1035 firm-year observations after excluding the outliers to avoid the impact of the extreme values where outliers were considered top and bottom 1% of the observations on each of the study variables.

Hypotheses

H₀₁ : The sample companies do not engage in earnings management and there is no significant change in the corporate governance variables over the period of study.

Results & Analysis of Corporate Governance Quality & Earnings Management under Study

The study has investigated the earnings management practices in the following sub-sections put forth the overall earnings management practices on the basis of accrual estimation:

- **Descriptive Statistics:** The analysis begins by examining the characteristics of the sample. Table 1 provides the descriptive statistics for the variables used in the study. Table 1 provides the results of the descriptive statistics for the study variables regarding 1035 firm- year observations of 207 industrial and service companies listed on BSE during the period. As we can be observed from table 1, the governance index ranges from 2 to 10 with an average of 5.396 which indicates that the adoption of corporate governance rules by Companies Act, 2013. On the other hand, the discretionary accruals ranges from 0.0001 to 0.689 with an average of 0.0966 which provided evidence that Indian companies manipulate their results, either by increasing profits to denote a better and higher profitability of the company or, on the contrary, reducing them as fiscal strategy aims to pay less taxes and contributions.

The rate of Sales Growth (SG) of these companies varies from -1 to 1.335 with an average of -0.014 which indicates that companies within the sample face on average a decrease in sales volume comparing with previous years. Furthermore, return on assets ranges from -43.798% to 36.02% with an average of 2.35%, which shows how efficient management is utilizing company's assets to making a profit. The natural logarithm of total assets of these companies varies from 13.06 to 21.292 with an average of 17.034, and the financial leverage of these companies which showed the proportion of company assets that are financed through debt ranges from 0.0002 to 1.029 with an average of 0.346.

Table 1
Descriptive Statistics for the Study Variable

Variables	Minimum	Mean	Maximum	Std. Deviation
DACC	0.0001	0.0966	0.689	0.106
Governance	2	5.396	10	1.761
Size	13.06	17.034	21.292	1.413
Leverage	0.0002	0.346	1.029	0.234
ROA	-43.798	2.35	36.02	9.739
SG	-1	-0.014	1.335	0.307

- **Correlation Matrix:** Table 2 presents the Pearson and Spearman correlations among the magnitude of discretionary accruals, all corporate governance variables and control variables. The coefficients show that the company size is negatively correlated with the discretionary total accruals and positively correlated with board size and multiple directorships.

Table 2 depicts the correlation coefficients between the study variables. There is a significant negative association between governance quality and earnings management. This implies that strong corporate governance quality is associated with lower earnings management. Control variables represented by size, sales growth and return on asset have a significant negative correlation coefficients. However, leverage has a significant positive correlation coefficient. The Pearson correlation coefficients between explanatory variables are also shown in Table 2; which indicate that there are no signs for multi-co linearity because correlation among the set of explanatory variables are mostly low (less than 0.4).

Table 2
Correlation Matrix

Variables	EM	Governance	Size	Leverage	ROA	SG
DACC	1					
Governance	-0.301**	1				
Size	-0.132**	0.133**	1			
Leverage	0.273**	-0.08	-0.339**	1		
ROA	-0.268**	0.138**	0.314**	-0.239**	1	
SG	-0.141**	0.124**	0.156**	-0.044	0.305**	1

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

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

• **Categories of Governance Index:** One could argue that earnings management could be associated with only one or two category of governance index; to examine this argument and to gain more insights about which category of governance index more impact has on earnings management, regression results of each category of governance index are presented in table 3. The results pointed out that earnings management is affected negatively by the four governance categories, and the four categories is statistically significant at 1% level of significance, which imply that strong adoption to overall categories of governance index prevent earnings management practices in India. It can be observed from Table 3 that standards regarding audit and board meetings categories have higher coefficients comparing with the other categories, which suggest that strong adoption to audit standards prevents the distortion of financial statements. Furthermore, the results also indicate that a strong adoption of board meeting standards can also prevent earnings management practices. The results also indicate that strong compliance with standards regarding board of directors category play a role in preventing manipulation of earnings. However, this result contradicts the finding of other studies where a negative relationship was observed between the board of directors and earnings management. The existence of nomination and compensation committees also discourages earnings management practices. Thus, it can be argued that managers are less likely to manipulate earnings where there exists a particular committee that oversees their compensation. However, in case of the non-existence of nomination and compensation committees, managers are more motivated to manipulate earnings, especially when their compensations are associated with the amount of firm earnings.

Table 3
Multiple Regression Results for Categories of Governance Index

Variables	Board of Directors	Board Meetings	Audit	Nomination and Compensation
Governance	0.001** (-3.486)	0.000** (-4.117)	0.000** (-4.644)	0.008** (-2.682)
Size	0.000** (-3.748)	0.000** (-4.553)	0.007** (-2.719)	0.000** (-3.797)
Leverage	0.000** (6.659)	0.000** (6.445)	0.000** (6.504)	0.000** (6.875)
ROA	0.003** (-2.949)	0.028* (-2.197)	0.023* (-2.276)	0.014* (-2.474)
SG	0.151 (-1.437)	0.218 (-1.232)	0.203 (-1.273)	0.141 (-1.474)
Constant	0.000 (6.102)	0.000 (6.012)	0.000 (4.513)	0.000 (5.045)
Significance of F	0.000	0.000	0.000	0.000
Adj-R2	0.159	0.167	0.173	0.152

The numbers in parenthesis are t-value.

** Significant at the 0.01 level (2-tailed)

* Significant at the 0.05 level (2-tailed)

Conclusion and Recommendations

The results of descriptive statistics showed that corporate governance quality for companies within the sample ranges from 2 to 10, which indicate that some companies within the sample violate the rules of corporate governance code. So far Indian companies have not yet reached the phase of full compliance with the corporate governance code. This may mainly refer to the flexibility given to Indian companies through the “compliance or explain” approach rather than the “compliance or penalties” approach. This study examines the effect of corporate governance quality on earnings management controlling for the effect of firm size, financial leverage, sales growth and return on assets, of all industrial and service companies listed on BSE during the period (2010-11 to 2014-15). The findings of this study indicate that the level of earnings management, measured by discretionary accruals, is affected negatively by corporate governance quality. Regarding control variables, the results showed that large companies are less likely tend to engage earnings management practices which may possibly refer to their benefits from their economies of scale; companies that have high return on assets are less likely to

use discretionary accruals; companies that have high leverage are more likely to be motivated to use discretionary accruals and restate their financial statements (which may possibly suggest that these companies are trying to show a margin of safety to their creditors and to avoid debt covenant violation). Sales growth showed a negative significant correlation coefficient at the 1% level of significance, however the overall regression results showed that sales growth is insignificant related to earnings management. Furthermore, the findings also showed that earnings management is affected negatively by overall categories of corporate governance index represented by board of directors, board meetings, audit and nomination and compensation committees.

Earnings management is a tool for satisfying self interest of the managers. But, it can be used for the welfare of the stake holders, if it is ethically used. So, to get the optimum benefit of earnings management, steps should be taken to improve corporate governance. Accounting standards should be revised in accordance to international financial reporting standards (IFRSs) and set in such ways, that there remain no loopholes for manipulate earnings. Auditors should be more careful in detecting earnings manipulation and their independence should be ensured. Finally, the consciousness and the morality of the stake holders can turn this malpractice into a good one if the motivations behind the earnings management are free from evil intentions.

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SUPER BRANDS: AN OVERVIEW

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Abstract

In India the concept of Super Brands(SBs) is relatively new, SBs are not created overnight but undergo a hard and continuous process of delivering good value, quality and a sense of pride of ownership, once consumers understand this concept, he will be more secure to pick up a Brand because then he will not be foolishly mesmerized by the sudden rise of a new product launched by an actor who himself doesn't use it. Super brand status is granted to a Brand after a set of stringent procedures that include the test of sustainability of a product, loyalty it has generated over a period of time among the masses and whether it lives up to the vision it was created with and continues to have a staying power with the changing times. In this contemporary business world the impact of Brand advertising is clearly seen. Brands are no longer considered labels only but unique personality that draw consumers in large numbers and in the process developing a class that expresses its individuality through a famous label. No wonder, over the years Mercedes and Nike acquired a Cult status in India as well. In short, it's the drawing pull of the Brand that brackets it in the Super Brand status. But it's just the beginning. The present study aims to study the role of Super Brands in India.

Keywords: *Super Brands, Sustainability, Mesmerized, Secure, Stringent, Drawing Pull.*

Introduction

In marketing, the Brand name is a major selling tool and one of the most important components of the total product personality. We are, in fact living in an age of brands. The intensive brand promotion undertaken by marketers of various products have made consumers extremely brand - Conscious. These days no consumer asks for just toothpaste. He specifically asks for Colgate or close-up. If one's looking for an Indian brand's relationship status, look no further than most trusted brands. In fact Colgate is considered as most trusted brand and occupied No.1 position, according to the research conducted by Nielsen. The brand image, developed through advertising and other promotional measures, creates strong brand awareness and loyalty among consumers. On the other hand Logo in reality is the face of the emoting the character of the brand. Who isn't familiar with Apple logo lit is the image of an Apple that has been bitten. Some people believe that the logo depicts the forbidden fruit of Adam & Eve and a few even believe that the bite in the Logo refers to 8 bytes, although designer, Rob Janoffdisagrees with these theories.

It took (takes) a few decades, massive advertising campaign and huge investment to create brand awareness in India. The first high profile instance of brand conscious can be traced to the erstwhile Indian royalty during the British era. In India the concept of Super Brands is relatively new and it was launched in the year 2002. Super Brands are the brands which have passed the test of sustainability of a product, loyalty it has generated over a period of time and staying power with the changing times. Once consumers understand the concept of Super Brands they are more secure to pick up a brand.

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In the past it used to take years to establish an international brand, but now it is a very easy job—Hire a world popular personality as the brand Ambassador accompanied with extensive advertising campaign in the virtual environment than your product is a popular one, but how sustainable is it over the period of time is a million dollar question. To safe guard public interest from the onslaught of opportunity and to preserve decades of reputation that a brand earns, the concept of super brands was introduced.

Brands are trade names which abound today and seen as biz norms of different goods and services which are a common public knowledge. One may say what is in a name but they count very much in the biz field. They are reflective of the characteristics and quality of their goods and services. For example, Coca-Cola stands for an eminent soft drink, famous across the world and it means certain colour, flavour and a certain refreshing impact all its own. To take an example, Amul is a famous Indian milk brand, standing for quality. Ford may convey solidity and elegance. It is well-known that there are any number of 'Coco-Colists' Amulists and Fordists and the great Microsoft stands dynamic operating systems and of late, for the gates' fabulous philanthropy the iconic Warren Buffett's Hathaway for golden investment harvestings and never say losses and also for borderless philanthropy. Jack ma's Alibaba stands for wealth and small Finland's great Nokia for strong mobile phones. It is from small Finland, what about India, from the greatly biz-minded China, there is a continuous stream of brands, the latest one being the wave-making Alibaba of Jack ma

Every nation has a stock of nationally and internationally well selling brands, well familiar at home and outside Brands are dear to their companies and consumers. For example, a famous ad-tag of India is 'I love You Rasna' by an enchanting girl-kid. Great actors like Amitabh Bachchan and alluring actresses like Deepika Padukone and Kangana Ranaut are found promoting various brands in the country. In short, Branding is a major management discipline and a big biz in itself.

Brand India

India is a land of an ancient enduring civilization and culture and a land of great diversity which is on the way to full economic development, with the ageing population and its declining growth rates in the developed parts of the world, India's 1.25 billion population is a great biz advantage for the country as well as the others, with the Asian nations it has special trade and cultural links, notwithstanding planning and 12 Five year plans so far, India's is a 'free' model of development open to outside influences, capital, markets and consumption trends. The nation has large middle class of some 300 million, which is high consumption and super or superior goods and brands oriented, as a mark of social and economic distinction with an average growth rate of around 7%, there is a rising stream of incomes and a growing demand for goods of quality and distinction. Needless to say, with economic development and increasing commercialization, there is a rising demand for branded goods and superior brands, which give more not only physical utility but also psychological utility and wellness, which super brands are presumed to confer. They are valued for themselves under demonstrational and other effects, with different sectors of the Indian economy, including the big retail sector thrown open to FDI. Brands and Super Brands follow this development journey. It is very important to note that India has a great tradition and history of manufacturing worldwide trade. The Roman empire is noted to have complained the drain of its gold to India to buy Indian goods from spices to fabrics.

Super Brands

Brands have quite a long history, dating back to the colonial times of the 18th & 19th century, peaking up in the 21st century and the creation of a superior kind of Brands known as Super Brands or Global Brands, in the age of the globalization of the 21st Century. The century it is needless to say, has a stamp of its own and many outstanding features. It is greatly a biz century, with the markets being flooded by a variety of goods and services. It's a consumer and consumption century, with the local to multinational companies bowing to the wishes of the King Consumer, sovereign in the biz domain. The century, notwithstanding adverse climatic changes, the great financial crisis (2008) and the resulting limping world economy, is an exiting biz era, of rising 24/7/365 on-line biz and biz at doorsteps of big malls and bazaars. It is a century of great enterprise and entrepreneurship and every hour start-ups and Marketing Master Kotler called it as an intense or super competitive.

It is a time too of super or mega brands. All over, there are 'new' products of old things, for example, some soaps (Lifebuoy) claims not only to be bathing soap but also means of abolishing disease causing germs of all varieties. They are promised to give 'more value for money'. The super brands are the products of these new biz factors and the new biz environment. In every country if they wish to go ahead with super Brands, it elects a super brands council which in turn awards them the status of Super Brands. It is not so easy to get a Super Brand tag and it involves a series of stringent steps to attain that status and the criteria consists of the following aspects :

- Test of sustainability of a product
- Loyalty generated among the masses
- Whether it lives up to the expected vision
- Sustainability with respect to changing times
- Market Dominance
- Longevity
- Goodwill
- Customer Loyalty
- Market Acceptance
- Familiarity



Super Brands are not created overnight but undergo a hard and continuous process of delivering good value, quality and a sense of pride of ownership, the idea is to protect the consumers and not to bemerized by the popular brand ambassadors who themselves doesn't use it. Super Brands India has chosen 101 Indian Brands from 700 entries across 98 sectors for its inclusion in the first ever consumer super brands (2004). The list of the Indian Super Brand, 2004 includes ACC, Air Sahara, Airtel, Allen Solly, American Express, Apollo Hospitals, Aqua guard, Ashok Leyland etc., justto name a few and with respect to Super Brands 2015, the list is as follows:

Super Brands 2015

1 ACC	15 BOROLINE
2 AEROCON	16 CARTOON NETWORK
3 AMARON	17 Castrol India
4 ANCHOR	18 CENTURY PLYBOARDS
5 AO SMITH	19 CHARMINAR
6 Apollo Hospital	20 CLUB MAHINDRA
7 Aquaguard	21 CNBC TV-18
8 AXIS BANK	22 Crizal
9 BaidyanathChyawanprash	23 DainikJagran
10 Bharat Potteries	24 DHL
11 BIG BAZAAR	25 Dulux
12 BILT	26 Enamor
13 BIRLA WHITE	27 Euroclean
14 BLUE DART	28 Everest Spices

29	FENESTA	57	Max Bupa
30	FOGG	58	MICROMAX
31	FORTUNE (Adani Wilmar)	59	MONTE CARLO
32	GODREJ INTERIO	60	MOTHER'S PICKLES
33	Godrej Refrigerators	61	NATUREFRESH
34	HDFC Life	62	OLX.In
35	HONDA 2-WHEELERS	63	ORIENT FANS
36	HP GAS	64	Parryware
37	ICICI <u>DIRECT.COM</u>	65	POLYCAB
38	NDANE (INDIAN OIL CORPN)	66	REVITAL
39	JAQUAR	67	SARIDON
40	JK Tyre	68	SERVO (INDIAN OIL CORPN)
41	JOYALUKKAS	69	SHAPOORJI PALLONJI
42	KAJARIA	70	SHOPPERS STOP
43	KEI Industries	71	TATA SHAKTEE
44	KEO KARPIN	72	Tata Sky
45	KINDER JOY (FERRERO)	73	TATA TISCON
46	KISSAN	74	TIMES NOW
47	KNORR	75	TTK Prestige
48	Kohinoor	76	TUPPERWARE
49	KURLON	77	ULTRATECH
50	LACTO CALAMINE	78	V-Guard
51	LIC	79	VIP INNERWEAR
52	LUMINOUS	80	VLCC
53	LUXOR	81	VOGUE (Luxottica India)
54	MAHINDRA POWEROL	82	VOLINI
55	MAHINDRA SUVs	83	Wills Lifestyle
56	Mahindra Tractors		

Source – Superbrands India Pvt Ltd, Haryana, 2015

Even though certain well-known brands are not included in the above list due to some or the other reason, their eminence cannot be denied, for instance, Amul, a famous milk brand, which even according to RBI is responsible for the white or milk revolution in the country and putting the nation on the world map, is somehow not appearing in the above list of Super Brands numbering 83. It is a different matter whether a country of the size of India should be satisfied with a list of 83 Super Brands. Another, the famous tooth paste brand of Colgate, which in many families is being used in the third generation, is also not found in the above list of Super Brands. From this, it seems India can easily claim Super Brands numbering more than 100 and anyway near to 150. Hence, it seems, a consumer need to be adopted for the selection of Super Brands. For, after all, it is the king consumer who decides which is Super Brand and which is not or which is his most favourite brand and which is not.

Cult Worship

There is worship, cult worship of certain brands, Cult brands like the Vespa or Volkswagen's Beetle or Harley Davidson are all linked by a few common threads – like they have a strong loyal following, they are seen as lifestyle enablers and that they are a means of transport is incidental. These Iconic brands always stand for something unique. They have a code that underpins a strong point of view on culture, society and values for example Harley Davidson has always been associated with inspiring freedom, self-expression, boldness, passion and power. It acquired iconic status during the first and Second World War. Today it has built a community of enthusiasts from diverse groups coming from all over the globe.

Advertising Vs Boot camps

Advertising, today, is mostly brand and super brand advertising, to keep the super brands in constant public view. Brand advertising is a specialized itself. Advertising in most of these cases is not

the answer to brand building or even launching them, an innovation is the best way to launch these brands, innovation helps attract attention to the fact that the brand is now in India, thus generating interest among target consumers. On the other hand boot camp is a brand introduction event in which prospective customers come and learn about the history, heritage and lifestyle of a super brand, in a carnival like atmosphere they get a firsthand brand experience. No wonder, over the years Mercedes and Nike acquired a cult status in India as well. But it's just the beginning, For instance, in just 2 years of its launch we have Harley Davidson enthusiasts. In short, it's the drawing pull of the brand that brackets it in the super brand status.

Conclusion

In the end, it is opined that against brands, the importance of unbranded goods of local production cannot be underestimated like the milk of animal dairy, against Amul and other milk brands. Thus, it is unbranded goods that dispense to the needs of the have-nots, which still abound in India to the extent of 300 + million BPL–Below the poverty line, Mahatma Gandhi, the father of the nation, whom the late covey hailed as a model of leadership, called independence India to keep the have not sat the centre of Indian Economy and polity. However, meanwhile, brands and super brands have to prove their mettle internally and externally in creating a competitive, dynamic Indian economy and turn the tide of nations trade balance from minus to plus or Break Even. The brands need to prove their worth as national assets.

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POPULATION GROWTH ANALYSIS – BASE FOR THE MARKET POTENTIALITY OF VARIOUS PRODUCTS AND SERVICES: A STUDY FROM MARKETING VIEW POINT

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Abstract

Normally population growth is liability on the part of government in any country as it creates pressure on government to spend more on different heads. It is also called that population growth is curse in the society but if we think from the marketing perspective it offers lots of opportunities for marketers in the country. As population increase there will be rise in demand of various products and services. In this research paper researcher has tried to analyze the population growth from the marketing perspective that focus on the aspect that population growth open the doors for marketers to do various types of business in the country.

Keywords: Population Growth, Market Potentiality, Customers, Marketing Opportunities, Demand.

Introduction

When Population increase in any country government has to think it positive from future view point as it brings pressure on the government to plan / think about their future but from the marketing view point population explosion brings many marketing opportunities .In the marketing population means customers. When there is rise in customers they will demand new and better products from the marketers. In this paper researcher has tried to analyze the population from the marketing perspective on different parameters like population growth, age structure, sex ratio, religion of population, rural and urban population, density of population, literacy of population and no of states, districts, towns and villages.

Methodology

This study is based on secondary data published by government of India.

- **Utility:** This secondary data based l study will be useful to common people to understand population growth from the marketing perspective.
- **Analysis:** The following part of the research paper focuses on explanation of population tables on different parameters from the marketing subject view point.

Table 1
Customer Growth in India: 1901-2011

Census Year	Customers	Decadal Growth		Change in Decadal Growth		Average Annual Exponential Growth Rate	Progressive Growth Rate Over 1901
		Absolute	%	Absolute	%		
1901	23,83,96,327		-	-	-	-	-
1911	25,20,93,390	1,36,97,063	5.75	-	-	0.56	5.75
1921	25,13,21,213	-7,22,177	(0.31)	-14469240	-6.05	-0.03	5.42
1931	27,89,77,238	2,76,56,025	11.00	28428202	11.31	1.04	17.02
1941	31,86,60,580	3,96,83,342	14.22	12027317	3.22	1.33	33.67

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1951 ¹	36,10,88,090	4,24,27,510	13.31	2744168	-0.91	1.25	51.47
1961 ¹	43,92,34,771	7,81,46,681	21.64	35719171	8.33	1.96	84.25
1971	54,81,59,652	10,89,24,881	24.80 ⁶	30778200	3.16	2.20	129.94
1981 ²	68,33,29,097	13,51,69,445	24.66 ⁶	26244564	-0.14	2.22	186.64
1991 ³	84,64,21,039	16,30,91,942	23.87	27922497	17.12	2.16	255.05
2001 ⁴	1,02,87,37,436	18,23,16,397	21.54	19224455	10.54	1.97	331.52
2011 ⁵	1,21,01,93,422	18,14,55,986	17.64	-860411	-0.47	1.64	407.64

Source: Census 2011 : Provisional Customers Total - INDIA

Notes:

1. In working out "Decadal Growth" and 'Percentage Decadal Growth' for India 1941-51 and 1951-61 the Customers of Tuensang district for 1951 (7,025) and the Customers of Tuensang (83,501) and Mon (5,774) districts for 1961 Census of Ngaland state have not been taken into account as the areas were censured for the first time in 1951 and the same are not comparable.
2. The 1981 Census could not be held owing to disturbed conditions prevailing in Assam. Hence the Customers figures for 1981 Census of Assam have been worked out by 'interpolation'.
3. The 1991 Census could not be held owing to disturbed conditions prevailing in Jammu and Kashmir. Hence the Customers figures for 1991 Census of Jammu and Kashmir have been worked out by 'interpolation'.
4. Includes estimated Customers of Paomata, Mao Maram and Pural sub-divisions of Senapati District of Manipur for 2001.
5. Includes estimated Customers of Paomata, Mao Maram and Pural sub-divisions of Senapati District of Manipur for 2011.
6. The percentage decadal growth shown in column 4 of Statement 2 indicates a decline from 24.80 percent during the decade 1961-71 to 24.66 percent during this decade 1971-81, while the average annual exponential growth rate presented in column 7 of this statement shows an increase from 2.20 to 2.22. This is because the percent decadal variation has not been adjusted for the shift in reference date in 1971. The decadal variation for 1961-71 relates to 121 months while that 1971-81 relates to 119 months. If we adjust for this difference, the percentage decadal growth works out of 24.59 percent for 1961-71 and 24.87 percent for the decade 1971-81.

The growth rate of the customers is one of the important factors that determine the present as well as the future market potentiality of various products and services. If we look at the growth rate of the customers from 1901 to 2011 it will be noted that it shows an increasing trend (Refer above mentioned table). It means that greater number of person will take employment that would inflate the markets for a wide variety of items like shopping, convenience and specialty product. Future change in the social and economic environment and employment of women would swell the market of variety of goods and services, be it the case of kitchen equipment, Utensils, ready to eat and cook items furniture, electrical items or in the case of services like hotels, insurance, bank, beauty parlour, gymnasium, and other financial services.

Table 2
Age-Structure of Indian Customers as per Census 2011

Residence	Sex	Broad Age Groups (Years)							
		0-4	5-9	10-14	0-14	15-59	60+	15-64	65+
Total	Total	9.7	9.2	10.5	29.5	62.5	8.0	65.2	5.3
	Male	9.4	10.7	30.0	62.2	65.0	7.7	65.0	5.0
	Female	9.5	9.0	10.3	28.8	62.8	8.4	65.5	5.7
Rural	Total	10.3	9.5	11.0	30.9	61.0	8.1	63.7	5.4
	Rural	10.5	9.7	11.3	31.5	60.7	7.8	63.4	5.1
	Female	10.1	9.4	10.8	30.3	61.3	8.4	63.9	5.8
Urban	Total	8.2	8.3	9.0	25.5	66.6	7.9	69.4	5.1
	Male	8.3	8.6	9.2	26.1	66.2	7.6	69.1	4.8
	Female	8.0	8.1	8.8	24.9	66.9	8.2	69.7	5.5

Note: Total percentage may not add to 100 on account of rounding in broad age groups

Source : http://www.censusindia.gov.in/vital_statistics/SRS_Report/9Chap%202%20-%202011.pdf

Age of the customers is the most significant factor that has profound influence on the buying behaviour. The table indicates that maximum number of the customers were in the age group of 15 to 59 and also the projection reveals that more than 60% of total customers will fall in this age group so like the earlier years in Indian the marketers would be required to focus attention on three important segments of the market that are adult, teenager and the market for the middle aged persons. Really it is a challenging task to serve these market segments as their needs are radically different from one another. In such circumstances it would be desirable for the marketer to concentrate on teenagers and adult market segments as they are more profitable in comparison to other market segments.

Table 3
Sex Ratio (Females Per 1.000 Males) : 2011 - 2001

S. No.	State	2011 Census		2001 Census	
		Sex Ratio	Child Sex Ratio	Sex Ratio	Child Sex Ratio
	India	943	919	933	927
1	Kerala	1084	964	1058	965
2	Puducherry	1037	967	1001	913
3	Tamil Nadu	996	943	986	959
4	Andhra Pradesh	993	939	978	896
5	Manipur	992	936	978	975
6	Chhattisgarh	991	969	990	868
7	Meghalaya	989	970	975	932
8	Orissa	979	941	972	979
9	Mizoram	976	970	938	883
10	Goa	973	942	960	963
11	Karnataka	973	948	964	973
12	Himachal Pradesh	972	909	970	957
13	Uttarakhand	963	890	964	967
14	Tripura	960	957	950	960
15	Assam	958	962	932	845
16	West Bengal	950	956	934	957
17	Jharkhand	948	948	941	966
18	Lakshadweep	946	911	947	960
19	Arunachal Pradesh	938	972	901	798
20	Nagaland	931	943	909	926
21	Madhya Pradesh	931	918	920	965
22	Maharashtra	929	894	922	953
23	Rajasthan	928	888	922	946
24	Gujarat	919	890	921	964
25	Bihar	918	935	921	908
26	Uttar Pradesh	912	902	898	942
27	Punjab	895	846	874	961
28	Sikkim	890	957	875	938
29	Jammu and Kashmir	889	862	900	964
30	Haryana	879	834	861	964
31	Andaman and Nicobar Islands	876	968	846	941
32	Delhi	868	871	821	942
33	Chandigarh	818	880	773	819
34	Dadra and Nagar Haveli	774	926	811	909
35	Daman and Diu	618	904	709	916

Source: Census 2011

The table reveals that the sex ratio of the India customers has changed considerably. It shows that the number of female customers per 1000 male customers is reducing and this trend is likely to continue. Further with the increase in women education and their working pattern would be certainly influence the consumer goods market in a big way. That is to say that demand for kitchen equipments, Labour

saving devices ready to eat and cook items, fashionable clothing and other items are likely to go up and this will be further accelerated by mass media and invasion of foreign T.V. Channels.

Table 4
Customers By Religion: 1951-2011

Religious Group	Customers % 1951	Customers % 1961	Customers % 1971	Customers % 1981	Customers % 1991	Customers % 2001	Customers % 2011
Hindu	85%	83.45%	82.73%	82.30%	81.53%	80.46%	79.6%
Muslim	9.9%	10.69%	11.21%	11.75%	12.61%	13.43%	14.2%
Christian	2%	2.44%	2.60%	2.44%	2.32%	2.34%	2.34%
Sikh	1.79%	1.79%	1.89%	1.92%	1.94%	1.87%	1.87%
Buddhist	0.74%	0.74%	0.70%	0.70%	0.77%	0.77%	0.77%
Jain	0.46%	0.46%	0.48%	0.47%	0.40%	0.41%	0.41%
Parsi	0.13%	0.09%	0.09%	0.09%	0.08%	0.06%	0.06%
Animist, others	0.43%	0.43%	0.41%	0.42%	0.44%	0.72%	0.72%

Source: http://en.wikipedia.org/wiki/Religion_in_India

The religion of the consumers is also one of the important factors that shape the market of variety of items. The table focuses on the percentage of the consumers of various religions in India. It also shows that a major portion of the consumers is Hindu that is 79.6% in the year 2011 and looking to the table it is clear indication that this percentage will decrease in years to come where as percentage of the consumers of others religion is 20% in the year 2011 and this percentage will increase in future from the present percentage. So it is clear indication that in years to come the demand for variety of items used by the consumers of Muslims, Christians, Sikhs and other religions will increase at a very fast pace and marketers can concentrate in the market accordingly..

Table 5
Rural and Urban Customers in 2011

CODE	India/ State/Ut	Total Customers	Rural Customers	Urban Customers	Rural Customers %	Urban Customers %
00	India	1,21,01,93,422	83,30,87,662	37,71,05,760	68.84	31.16
01	Jammu & Kashmir	1,25,48,926	91,34,820	34,14,106	72.79	27.21
02	Himachal Pradesh	68,56,509	61,67,805	6,88,704	89.96	10.04
03	Punjab	2,77,04,236	1,73,16,800	1,03,87,436	62.51	37.49
04	Chandigarh #	10,54,686	29,004	10,25,682	2.75	97.25
05	Uttarakhand	1,01,16,752	70,25,583	30,91,169	69.45	30.55
06	Haryana	2,53,53,081	1,65,31,493	88,21,588	65.21	34.79
07	Nct Of Delhi #	1,67,53,235	4,19,319	1,63,33,916	2.50	97.50
08	Rajasthan	6,86,21,012	5,15,40,236	1,70,80,776	75.11	24.89
09	Uttar Pradesh	19,95,81,477	15,51,11,022	4,44,70,455	77.72	22.28
10	Bihar	10,38,04,637	9,20,75,028	1,17,29,609	88.70	11.30
11	Sikkim	6,07,688	4,55,962	1,51,726	75.03	24.97
12	Arunachal Pradesh	13,82,611	10,69,165	3,13,446	77.33	22.67
13	Nagaland	19,80,602	14,06,861	5,73,741	71.03	28.97
14	Manipur	27,21,756	18,99,624	8,22,132	69.79	30.21
15	Mizoram	10,91,014	5,29,037	5,61,977	48.49	51.51
06	Haryana	2,53,53,081	1,65,31,493	88,21,588	65.21	34.79
16	Tripura	36,71,032	27,10,051	9,60,981	73.82	26.18
17	Meghalaya	29,64,007	23,68,971	5,95,036	79.92	20.08
18	Assam	3,11,69,272	2,67,80,516	43,88,756	85.92	14.08
19	West Bengal	9,13,47,736	6,22,13,676	2,91,34,060	68.11	31.89
20	Jharkhand	3,29,66,238	2,50,36,946	79,29,292	75.95	24.05

21	Orissa	4,19,47,358	3,49,51,234	69,96,124	83.32	16.68
22	Chhattisgarh	2,55,40,196	1,96,03,658	59,36,538	76.76	23.24
23	Madhya Pradesh	7,25,97,565	5,25,37,899	2,00,59,666	72.37	27.63
24	Gujarat	6,03,83,628	3,46,70,817	2,57,12,811	57.42	42.58
25	Daman & Diu	2,42,911	60,331	1,82,580	24.84	75.16
26	Dadra, Nagar Haveli	3,42,853	1,83,024	1,59,829	53.38	46.62
27	Maharashtra	11,23,72,972	6,15,45,441	5,08,27,531	54.77	45.23
28	Andhra Pradesh	8,46,65,533	5,63,11,788	2,83,53,745	66.51	33.49
29	Karnataka	6,11,30,704	3,75,52,529	2,35,78,175	61.43	38.57
30	Goa	14,57,723	5,51,414	9,06,309	37.83	62.17
31	Lakshadweep	64,429	14,121	50,308	21.92	78.08
32	Kerala	3,33,87,677	1,74,55,506	1,59,32,171	52.28	47.72
33	Tamil Nadu	7,21,38,958	3,71,89,229	3,49,49,729	51.55	48.45
34	Puducherry	12,44,464	3,94,341	8,50,123	31.69	68.31
35	A & N Islands	3,79,944	2,44,411	1,35,533	64.33	35.67

Source: <http://indiafacts.in/india-census-2011/urban-rural-Customers-o-india/>

The locality or place where a person lives has a lot to do with his buying behaviour as it determines his standard of living. Persons living in urban area especially those who are wage earners or salaried people or engaged in business will affect the market of various goods and services in comparison to people living in rural area. From the table it is clear that the urban customers are increasing which clearly indicates that in years to come the urban market will get a big boost but it is interesting to note that with the impact of mass media the rural culture is witnessing a radical change. Their needs are no more confined to Roti, Kapada aur Makan. Like urban consumers they too prefer to enjoy television, radio, fridge, coolers and motor cycles etc. No doubt this trend is presently confined to prosperous villagers but it is bound to trickle down with the passage of time and thereby change the whole marketing scenario.

Table 6
Density of Customers: State wise in India

Sr. No.	State	Area Sq. Km	Density 2011	Density 2001
-	India (Average)	3,287,240	382	324
1	Delhi	1,483	11,320	9,340
2	Chandigarh	114	9,258	7,900
3	Puducherry	490	2,547	2,034
4	Daman and Diu	111	2,191	1,413
5	Lakshadweep	30	2,149	1,895
6	Bihar	94,163	1,106	881
7	West Bengal	88,752	1,028	903
8	Kerala	38,852	860	819
9	Uttar Pradesh	240,928	829	690
10	Dadra and Nagar Haveli	491	700	449
11	Haryana	44,212	573	478
12	Tamil Nadu	130,060	555	480
13	Punjab	50,362	551	484
14	Jharkhand	79,716	414	338
15	Assam	78,438	398	340
16	Goa	3,702	394	364
17	Maharashtra	307,713	365	315
18	Tripura	10,486	350	305
19	Karnataka	191,791	319	276
20	Andhra Pradesh	275,045	308	277
21	Gujarat	196,244	308	258
22	Orissa	155,707	270	236

23	Madhya Pradesh	308,252	236	196
24	Rajasthan	342,239	200	165
25	Uttarakhand	53,483	189	159
26	Chhattisgarh	135,192	189	154
27	Meghalaya	22,429	132	103
28	Himachal Pradesh	55,673	123	109
29	Nagaland	16,579	119	120
30	Manipur	22,327	115	103
31	Sikkim	7,096	86	76
32	Jammu and Kashmir	222,236	56	46
33	Mizoram	21,081	52	42
34	Andaman and Nicobar Islands	8,249	46	43
35	Arunachal Pradesh	83,743	17	13

Source: <http://www.census2011.co.in/density.php>

Concentration of the consumers in a particular state indicates that this is only possible due to the peculiarity of that state. The table reveals that in few states density of consumers per sq. kilometer is much more while other states it is near to 10. In state and U.T. like Kerala, Pondicherry, Lakshadweep, Delhi and Chandigarh density of population is between 500 to 11,320 while in states / U.T. like Arunachal Pradesh Himachal Pradesh J & K, Mizoram, Nagaland and A & N Islands density of consumer per sq. Kilometer is below 100. This situation tells us that in states / U.T. where density of consumers per sq. kilometer is higher there are a more demands of all types of items and marketers can expand their market share by making product differentiation in comparison to other states/ U.T.

Table 7
Literacy Rate of Indian Consumers in India

Census Year	Total (%)	Male (%)	Female (%)
1901	5.3	9.83	.60
1911	5.92	10.56	1.05
1921	7.16	12.21	1.81
1931	9.50	15.59	2.93
1941	16.10	24.90	7.30
1951	16.67	24.95	9.45
1961	24.02	34.44	12.95
1971	29.45	39.45	18.69
1981	36.23	46.89	24.82
1991	42.84	52.74	32.17
2001	64.83	75.26	53.67
2011	74.04	82.14	65.46

Source :http://en.wikipedia.org/wiki/Demographics_of_India

Education or literacy rate is one of the most important factor that affects the buying behaviour. Looking to the table in each decade the literacy rate has been increasing in India which will create a market of variety of products like costly clothing, cosmetics, automobiles, labour saving devices, ready to cook and eat items and recreational facilities. It will also affect positively the market of services like bank, transport and others demand for customers of particular segments will also increase.

Table 8
Number of States, Districts, Towns and Villages Markets in India- 2001 & 2011 (In Number)

Particulars	2001	2011	Increase
Sates	35	35	---
Districts	593	640	47
Sub- Districts	5463	5924	461
Towns	5161	7935	2774
Statutory Towns	3799	4041	242
Census Town	1362	3894	2532
Villages	638588	640867	2279

Source: G O I, Census of India 2011, Provisional Population Totals, Paper-1 of 2011, Registrar General, India.

Looking to the above table we can conclude that there is rise in the Districts, Sub- Districts, Towns, Statutory Towns, Census Town, Villages markets that is good for marketers offering various products and services in the country. No of village markets has increased by 2279 as per census 2011 compare to census 2001 so marketers can manage their resources accordingly to enter in a new village (Rural Market) markets. Like this it is same for other markets where marketers can design their new strategy accordingly.

Concluding Remarks

Since 1901 there is increasing trend in population which indicates that there will be demand for various type of products in the country. Age is the factor that has profound influence on the buying behavior. The table indicates that maximum number of the customers were in the age group of 15 to 59 and also the projection reveals that more than 60% of total customers will fall in this age group so like the earlier years in Indian the marketers would be required to focus attention on three important segments of the market that are adult, teenager and the market for the middle aged persons. With the increase in women education and their working pattern would be certainly influence the consumer goods market in a big way. That is to say that demand for kitchen equipments, labour saving devices, ready to eat and cook items, fashionable clothing and other items are likely to go up and this will be further accelerated by mass media and invasion of foreign T.V. Channels. The religion of the consumers is also one of the important factors that shape the market of variety of items. So it is clear indication that in years to come the demand for variety of items used by the consumers of Muslims, Christians, Sikhs and other religions will increase at a very fast pace and marketers can concentrate in the market accordingly. The locality or place where a person lives has a lot to do with his buying behavior as it determines his standard of living. Persons living in urban area especially those who are wage earners or salaried people or engaged in business will affect the market of various goods and services in comparison to people living in rural area. Education or literacy rate is one of the most important factor that affects the buying behavior. Looking to the table in each decade the literacy rate has been increasing in India which will create a market of variety of products like costly clothing, cosmetics, automobiles, labour saving devices, ready to cook and eat items and recreational facilities. It will also affect positively the market of services like bank, transport and others demand for customers of particular segments will also increase.

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NON PERFORMING ASSETS OF PUBLIC, PRIVATE AND FOREIGN BANKS IN INDIA: A COMPARATIVE STUDY

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Abstract

Post reform era has changed the whole structure of banking sector of India. The emerging competition has resulted in new challenges for the Indian banks. Hence, parameters for evaluating the performance of banks have also changed. This paper considers the aggregate data of Public Sector, Private Sector and Foreign Banks and attempts to compare analyze and interpret the NPA management from the year 2010-11 to 2014-15. On the conceptual side, it gives an overview of NPA, Types of NPA, causes and on the calculation side, it covers Gross NPA to Gross Advances ratio, use of Least square method for estimating Gross NPAs in the year 2017-18, and also application of ANOVA test to judge the presence of any significant difference between ratio of Gross NPAs to Gross Advances. The findings reveals the percentage of Gross NPAs to Gross advances is increasing for public banks, ratio of Loss Advances to Gross Advances are higher in Foreign Banks, the Estimated Gross NPAs for 2017-18 is also more in public banks as compared to private and Foreign Banks and from the ANOVA test, it is concluded Ratio of Gross NPAs to Gross Advances for Public Sector, Private Sector and Foreign Banks does not have significant difference between 2010-11 to 2014-15.

Keywords: Gross NPAs, Public Banks, Private Banks, Foreign Banks Gross Advances.

Introduction

The incidence of non-performing assets (NPAs) is affecting the performance of the credit institutions both financially and psychologically. Non-performing asset (NPA) is not only non-performing but also makes the banker and the bank non-performing as it:

- Prevents or delays recycling of funds.
- denies income from the asset by way of interest
- Erodes profit by way of provisions.

NPA is a disorder resulting in non-performance of a portion of loan portfolio leading to no recovery or less recovery / income to the lender. NPAs represent the quantified "Credit Risk". It also plays havoc on the mental make-up of the banker where in the banker tries to go slow on lending, fearing future NPAs, it may lead to delay and denial of credit resulting in low off- take of lendable funds. NPAs are an inevitable burden on the banking industry. Hence, the success of a bank depends upon the methods of managing NPAs and keeping them within tolerance level.

Review of Literature

Nonperforming assets are an unavoidable burden for each banking industry. The success of banks depends upon methods of managing NPAs and keeping them within tolerance level. Hence, to change the curve of NPAs, there is only one technique that an effective monitoring and control policy should be planned and executed which is aided by proper legal reforms. The problem of NPAs has been studied over the years to bring insight into the problem of NPAs, its cause and solution. Main focus of the study is NPA incidence and its management in India (Kumar R., 2000; The Price water house Coopers Limited, 2002 and Pradeep, 2007).

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In the Indian context, the lending policy and credit policy have crucial influence on non-performing loans (Reddy, 2002 and Karunakar et al., 2008). Confederation of Indian Industry, 1999, refers the changing perspective about non-performing assets for the betterment of Indian financial system. Some studies observed that the problem of NPAs is related to several internal and external factors, which affected the performance of the banks. Khedekar Pooja S. (2012) A strong banking sector is essential for a flourishing economy. The level of NP is act as an indicator showing the credit risks and efficiency of allocation of resources. This not only affects the banks but also the economy as a whole. This paper deals with understanding the concept of NPA, the causes and overview of different sectors in India.

Objectives of the Paper

- To study the concept, types, causes of Non Performing Assets (NPA) in Banks.
- To analyze and interpret Gross NPA to Gross Advances ratio for aggregates of Public Sector, Private Sector and Foreign Banks in India from Financial year 2010-11 to 2014-15.
- To use Least Square method for projecting the amount of NPA in the year 2017-18 for Public Sector, Private Sector and Foreign Banks in India and interpret the same.
- To test that is there any significant differences between ratio of Gross NPA to Gross Advances for aggregates of Public Sector, Private Sector and Foreign Banks in India from Financial year 2010-11 to 2014-15.

Hypothesis

Our Null Hypothesis (H_{01}) is the Ratio of Gross NPA to Gross Advances for Public Sector, Private Sector and Foreign Banks does not differ significantly under study.

Research Methodology

The Analysis in the paper is done on the total i.e. aggregate data starting from 2010-11 to 2014-15 for making comparison between Public Sector Banks and Private Sector Banks and Foreign Banks on the overall basis. This helped us to derive the findings and conclusion-sector wise. Banking industry is taken for the study, where aggregate data related to NPA for Public Sector Banks, Private Sector Banks and Foreign Banks is used. Descriptive research design is used for the study. Data used in the paper is secondary, which is compiled from Reserve Bank of India (RBI) website, and from review of Literature.

Conceptual Frame Work of NPAs

Banking business is mainly that of borrowing from the public and lending it to the needy persons and business at a premium. Lending of money involves a credit risk. When the loans and advances made by banks or financial institutions turn out as non - productive, non-rewarding and non - remunerative, they become Non Performing Assets (NPA). According to SARFAESI 2002, NPA is an asset or account of a borrower, which is classified by a bank or financial institution as sub-standard asset, doubtful asset and loss asset. The definition of an NPA as given by RBI and its various categories is as under:

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. A non performing asset (NPA) is a loan or an advance where;

- Interest and / or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,
- The account remains 'out of order' in respect of an Overdraft / Cash Credit (OD/CC),
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
- The installment of principal or interest thereon remains overdue for one crop season for long duration crops,
- The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction,
- In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Banks should, classify an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

Categories of NPAs

Banks are required to classify non-performing assets further into the following three categories based on the period for which the asset has remained non-performing and the reliability of the dues:

- **Substandard Assets:** A substandard asset would be one, which has remained NPA for a period less than or equal to 12 months. In such cases, the current net worth of the borrower / guarantor or the current market value of the security charged is not enough to ensure recovery of the dues to the banks in full. In other words, such an asset will have well defined credit weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that the banks will sustain some loss, if deficiencies are not corrected.
- **Doubtful Assets:** An asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months. A loan classified as doubtful has all the weaknesses inherent in assets that were classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values - highly questionable and improbable.
- **Loss Assets:** A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

Factors Contributing to NPAs

- Diversification of funds for expansion/ modernization, undertaking of new projects and also for helping associate concerns. This is coupled with recessionary trends and failure to tap required funds in the capital and debt market.
- Business (Product, marketing, financial) failure, inefficient management, strained labor relations, inappropriate technology, outmoded machinery, technical problems and product obsolescence.
- Recession, input and power shortage, price escalation, accidents, natural calamities, external problems in other countries leading to non-payment of over dues.
- Time and cost overrun during project implementation stage.
- Government policies like changes in excise duties, pollution control, poor credit decisions, and priority sector lending and outdated legal systems
- Willful default, siphoning off funds, fraud and misappropriation by promoters and directors dispute.
- Deficiencies on the part of banks like delay in release of funds and delay in release of subsidies by government.
- Delay in finalization of rehabilitation package.
- Absence of portfolio concentration limits, poor industry analysis, cursory financial analysis of borrowers.
- Excessive reliance on collateral, absence of follow-up action by banks, poor control on loan documentation.

Impact of NPAs on Banking Operations

The efficiency of a bank is not reflected only by the size of its balance sheet but also by the level of return on its assets. The NPAs do not generate interest income for banks. At the same time, banks are required to provide provisions for NPAs from their current profits. The NPAs have deleterious impact on the return on assets in the following ways:

- The interest income of banks will fall and it is to be accounted only on receipt basis.
- Banks profitability is affected adversely because of the providing of doubtful debts and consequent to writing it off as bad debts.
- Return on investments (ROI) is reduced.
- The capital adequacy ratio is disturbed as NPAs enter into its calculation.
- The cost of capital will go up.
- Asset and liability mismatch will widen.
- It limits recycling of the funds.

Analysis and Interpretation of NPAs Under Study

We are analyzing and interpreting Gross NPA to Gross Advances ratio of Public Sector, Private Sector and Foreign Banks in India from Financial Year 2010-11 to 2014-15. The Ratio of Gross NPAs to Gross Advances for Public Sector banks is increasing and decreasing ratio of Private Sector Banks, while the phenomenal decrease in ratio is observed for Foreign Banks too, it can be seen the ratio in Private Sector banks for 2014 and 2015 as compared to other banks is less, showing the efforts taken by Private Banks.

Table 1
Total Gross NPAs to Total Gross Advances as on 31st March

(₹ In Billions)				
Bank Name	Financial Year	Gross NPAs	Total Gross Advances	Percentage of NPAs
Public Sector Banks	2011	550.4	26232.91	2.1
	2012	716.16	31405.49	2.28
	2013	888.5	38249.41	2.32
	2014	1406.11	44379.86	3.17
	2015	1948.60	50698.42	3.84
Private Sector Banks	2011	211.12	6500.96	3.25
	2012	216.25	7313.87	2.97
	2013	224.68	9161.91	2.45
	2014	229.01	11015.2	2.08
	2015	249.09	13083.31	1.91
Foreign Banks	2011	91.17	2121.42	4.3
	2012	89.1	2092.51	4.26
	2013	63.31	2491.51	2.54
	2014	78.65	2934.15	2.68
	2015	99.65	3357.65	2.97

Source: Compiled & Computed From Annual Reports For Respective Financial Yeas 2010-11 To 2014-15.

Least Square Method

We are using Least square method for estimating Gross NPA in the year 2017-18 for Public Sector, Private Sector and Foreign Banks

Table 2
Predicting Gross NAPs for 2017-18 (Public Sector Banks)

(₹ in Billion)				
Financial Year	Gross NPAs(Y)	X (Year - 2013)	XY	X²
2011	550.4	-2	-1108.8	4
2012	716.16	-1	-716.16	1
2013	888.5	0	0	0
2014	1406.1	1	1406.1	1
2015	1948.62	2	3897.24	4
	5510.22		3486.38	10

$$n = 5$$

Straight line Equation

$$y = a + b x$$

$$b = \frac{\sum XY}{\sum X^2} = 348.638$$

$$a = \frac{\sum y}{n} = 1102.044$$

$$y = a + b x$$

$$y = 1102.44 + 348.638 x$$

$$y \text{ 2017-18} = 1102.44 + 348.638 (5)$$

$$y \text{ 2017-18} = ₹ 2845.63 \text{ Billion}$$

Interpretation

From the use of least square method of Gross NPAs for Public Sector Banks will rise by ₹ 2845.63Billion for the year 2017-18, which was ₹ 1948.62 Billion for the financial year 2015.

Table 3
Predicting Gross NPAs for 2017-18 (Private Sector Banks)

Financial Year	Gross NPAs(Y)	X (Year - 2013)	XY	X ²
2011	211.12	-2	-422.24	4
2012	216.25	-1	-216.25	1
2013	224.68	0	0	0
2014	229.01	1	229.01	1
2015	249.9	2	499.8	4
	1139.96		160.32	10

$$n = 5$$

Straight line Equation

$$y = a + b x$$

$$b = \Sigma XY / \Sigma X^2 = 16.032$$

$$a = \Sigma y / n = 227.99$$

$$y = a + b x$$

$$y = 227.99 + 16.03 x$$

$$y_{2017-18} = 227.99 + 16.03(5)$$

$$y_{2017-18} = ₹ 308.14 \text{ Billion}$$

Interpretation

From the use of least square method of Gross NPAs for Private Sector Banks will rise by ₹ 308.14 Billion for the year 2017-18, which was ₹ 249.9 Billion for the year 2014-15.

Table 4
Predicting Gross NPAs for 2017-18 (Foreign Banks)

Financial year	Gross NPAs (Y)	X (Year - 2013)	XY	X ²
2011	91.97	-2	-182.34	4
2012	89.1	-1	-59.1	1
2013	63.31	0	0	0
2014	78.25	1	78.25	1
2015	99.65	2	119.3	4
	421.48		6.11	10

$$n = 5$$

Straight line Equation

$$y = a + b x$$

$$b = \Sigma XY / \Sigma X^2 = 0.611$$

$$a = \Sigma y / n = 84.296$$

$$y = a + b x$$

$$y = 84.296 + 0.611 x$$

$$y_{2017-18} = 84.296 + 0.61(5)$$

$$y_{2017-18} = ₹ 87.346 \text{ Billion}$$

Interoperation

From the use of least square method of Gross NPA for Foreign Sector Banks will rise by ₹87.346 Billion for the year 2017-18, which was ₹ 99.65 Billion for the year 2014-15.

Analysis of Variance (ANOVA)

We are concluding our null hypothesis by ANOVA test

Table 5
Ratio of Total Gross NPAs to Total Gross

Years	Public Sector Bank	Private Sector Bank	Foreign Sector Bank
2011	2.1	3.25	4.3
2012	2.28	2.97	4.26

2013	2.32	2.45	2.54
2014	3.17	2.08	2.68
2015	3.84	1.91	2.97

Table 6
ANOVA for Ratio of Gross NAP to Gross Advances

	Sum of Squares	df	Mean Square	F	F Critical Value (5% Level)
Between Groups	1.805	2	0.902	1.672	2.29
Within Groups	6.478	12	0.540		
Total	8.283	14			

Interpretation

It is evident from the table 6 that the calculated value of F (1.672) is less than the F Critical Value at 5% level (2.29). Hence, the **null hypothesis is accepted**. Therefore, it is concluded that Ratio of Gross NPAs to Gross Advances for Public Sector, Private Sector and Foreign Banks does not have significant difference between the year 2010-11 to 2014-15.

Findings

- The Ratio of Gross NPAs to Gross Advances is decreasing for Private Sector Banks, which was 3.25 in 2010-11, and has decreased to 1.91 and it is in better situation than Foreign Banks and Public Banks.
- From the least Square Method, the estimated NPA for the year 2017-18 is `2845.63 Billion for Public Sector Banks, for Private Sector Banks it may rise by `308.14 Billion for the year 2017-18 and in case of Foreign Banks it may rise by ` 87.346 Billion for the year 2017-18. The Highest NPAs is predicted for Public Sector Banks in the year 2017-18.
- From ANOVA test it is found, Ratio of Gross NPA to Gross Advances for Public Sector, Private Sector and Foreign Banks does not have significant difference from 2010-11 to 2014-15 and it does not reject our null hypothesis.

Recommendations

- Arresting slippage of accounts through relentless monitoring and focus on the continuous viability of the borrowing concern with improved asset classification is must. At the same time all accounts in the Standard category should not be taken for granted and should be subjected to periodical and in-depth review in a systematic manner through a sound adequate loan review mechanism in place.
- Categorization of standard accounts into A, B, C based on actual recovery of interest and installments due, will help a focused and strengthened monitoring.
- Banks should ensure that they should move with speed and charged with momentum in disposing off the loss assets. This is because as uncertainty increases with the passage of time, there is all possibility that the recoverable value of asset also reduces and it cannot fetch good price. If faced with such a situation than the very purpose of getting protection under the Securitization Act, 2002 would be defeated and the hope of seeing a must have growing banking sector can easily vanish.
- Bank should adhere to "Know Your Customer" norms for identification of borrower, guarantor and verification of their addresses to minimize the risk of default in case of housing sector lending. In respect of agricultural advances, recovery camp should be organized during the harvest season.
- Ongoing monitoring of bank's borrowers is important to understand the primary cause of corporate decline and to be able to identify the symptoms of a potential distress situation. Loan Officers and staff should be alert and diligent for signs of borrower distress. It is essential to identify signs of distress which diminish the Borrowers capacity to repay debt. Early recognition followed by appropriate action is essential if the bank is to minimize NPAs.

- Loan Workout Unit should be created which should be exclusively responsible for managing non-performing and under performing loans to maximize the recovery value from a portfolio of distressed loans, through the employment of an equitable and professional workout process.

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WORKING CAPITAL ANALYSIS OF BALL BEARING COMPANIES (A STUDY OF TIMKEN INDIA LTD. AND SKF INDIA LTD.)

Madhubala Tanwar*

Abstract

A well deliberate and implemented working capital management is expected to donate absolutely to the creation of a firm's value. Management of Working Capital is one of the most significant functions of every company. Every business whether public or private, profit organization or non profit organization, irrespective of its size and nature of business, requires enough amount of working capital. The competent working capital management is most critical factor in maintaining continued existence, liquidity, solvency and profitability of the any business organization. The purpose of this paper is to observe the tendency in working capital management and its effect on company's performance. Keeping in sight the worth of working capital management for organizations ,an attempt has been made to study the working capital trends and practices particularly in Ball Bearing companies in India by selecting top two Ball Bearing companies (names as TIMKEN Indian Ltd. and SKF India Ltd.). The study is based on secondary data i.e. Annual Reports of the selected companies from the respective websites. The period of study is five years and conventional method of financial statement analysis has been adopted for examine the efficiency of working capital management in the selected units. Finally a statistical test is also applied for significance testing.

Keywords: Working Capital, Deliberate, Liquidity, Solvency, Student's t-test.

Introduction

Working capital management is to manage the firm's current assets and current liabilities in such a way that the satisfactory level of working capital is maintained, i.e. it is neither inadequate not excessive. Working capital management is concerned with the management of all the aspects of both the current assets and current liabilities, so as to reduce the risk of insolvency while maximizing return on assets. The main aim of working capital management is to guarantee that a firm is capable to carry on its operations and that it has adequate ability to assure both maturing short term debt and forthcoming operational expenses. The management of working capital includes managing inventories, accounts receivable and payable, and cash. Working capital management is used for addressing two essential issues- (i) how much of current assets should an organization hold and (ii) how to finance such investment in current assets. It is presumed that organisations which could undertake these two issues sensibly are competent to fight liquidity problems comparatively more powerfully.

Ball Bearing

A bearing is an equipment to allow controlled relative motion between two or more parts, typically rotation or linear section. Jules Suriray, a Parisian bicycle mechanic, designed the first radial style all bearing in 1869, which was then fitted to the winning bicycle ridden by James Moore in the world's first bicycle. The purpose of a ball bearing is to reduce rotational friction and support radial and axial loads. Widely used bearings are Plain bearings and they use surfaces in rubbing contact. They regularly give entirely acceptable life and friction with lubrication. On the other hand, for efficiency, to reduce wear and to facilitate extended use at high speeds, low friction bearings are useful. Fundamentally, a bearing can reduce friction by good

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quality of its shape, by its material, or by introducing and containing a fluid between surfaces or by separating the surfaces with an electromagnetic ground. Research is done in the ball bearing company. Here researcher selected two ball bearing companies namely:

- Timken India Limited
- SKF India Limited

Profile of the Companies Selected for the Study

Under this topic a brief profile of all the five concerns selected for study has been provided which as follows:

- **TIMKEN India Ltd:** The Company was established in 1899 by Henry Timken, who secured two patents on the design of a tapered roller bearing. Timken later became, and continues to be, the world's largest manufacturer of tapered roller bearings, leveraging its knowledge to develop a full assortment of industry-leading products and services. Timken built its status as a global leader by applying its knowledge of metallurgy, friction management and mechanical power transmission to increase the consistency and efficiency of its customers' equipment across a varied range of industries. Today, the Company's global path consists of 61 manufacturing amenities service centres, 12 technology and engineering centres and 23 distribution centres and warehouses, supported by a team comprised of approximately 16,000 employees. Timken works in 28 countries and territories around the globe.
- **SKF India Ltd.:** Svenska Kullagerfabriken (SKF) is a Swedish bearing company founded in 1907, supplying bearings, seals, lubrication and lubrication systems, power transmission products and related service globally. Today SKF is the largest bearing manufacturer in the world and employs approximately 48,600 people in 140 production and manufacturing sites, which in addition to 15,000 worldwide distribution locations encompasses 130 countries worldwide.

Objectives of the Study

The study objectives are to examine the working capital management of the sample companies, and in particular to:

- To analyze the short term solvency position through working capital
- To examine the use of working capital through the activity ratios
- To use student T test for hypothesis testing.

Literature Review

Before starting the research work, researcher had studies several articles, books, research papers and books etc. Few of them are as follows:

- **Deloof, (2003):** discussed that most firms had a large amount of cash invested in working capital. It can therefore be expected that the way in which working capital is managed will have a significant impact on profitability of those firms. Using correlation and regression tests he found a significant negative relationship between gross operating income and the number of days accounts receivable, inventories and accounts payable of Belgian firms. On basis of these results he suggested that managers could create value for their shareholders by reducing the number of days' accounts receivable and inventories to a reasonable minimum. The negative relationship between accounts payable and profitability is consistent with the view that less profitable firms wait longer to pay their bills.
- **Shin and Soenen, (1998):** highlighted that efficient Working Capital Management was very important for creating value for the shareholders. The way working capital was managed had a significant impact on both profitability and liquidity. The relationship between the length of Net Trading Cycle, corporate profitability and risk adjusted stock return was examined using correlation and regression analysis, by industry and capital intensity. They found a strong negative relationship between lengths of the firm's net-trading Cycle and its profitability. In addition, shorter net trade cycles were associated with higher risk adjusted stock returns.
- **Oberholzer and Van der Westhuizen (2004):** investigated the efficiency and profitability of ten banking regional offices of one of South Africa's larger banks. This study demonstrates how conventional profitability and efficiency analyses can be used in conjunction with DEA. Although their study concentrated on banking regions, The conclusions were that there are significant relationships between conventional profitability and efficiency measures and allocative, cost and scale efficiency and no significant relationship with technical efficiency.

Research Methodology

For the purpose of present paper two ball bearing companies have been selected and for the purpose of analysing the working capital the financial statements have been used to ascertain the amount of working capital. With the help of working capital various ratios have been calculated. The statistical techniques such as average, standard deviation and coefficient of variation have been used. The hypothesis has been tested by using t test.

Hypothesis

The following hypotheses have been formulated and have been tested by the application of t test:

- H₀₁** : There is no significant difference in the Current ratio of Timken India Limited and SKF India Limited under study.
- H₀₂** : There is no significant difference in liquid ratio of Timken India Limited and SKF India Limited under study.
- H₀₃** : There is no significant difference in Fixed Assets Turnover ratio of Timken India Limited and SKF India Limited under study.
- H₀₅** : There is no significant difference in Total Assets Turnover ratio of Timken India Limited and SKF India Limited under study.
- H₀₆** : There is no significant difference in Working Capital Turnover ratio of Timken India Limited and SKF India Limited under study.
- H₀₇** : There is no significant difference in Inventory Turnover ratio of Timken India Limited and SKF India Limited under study.

Data Analysis

The collected data is analyses through ratio analysis and only important tables are used for data discussion as per research need and which are taken for data analysis For analysis researcher is used ratios for study purposes. These are as follows:

- Current Ratio
- Quick Ratio
- Fixed Assets Turnover Ratio
- Total Assets Turnover Ratio
- Working Capital Turnover Ratio
- Inventory Turnover Ratio
- **Current Ratio:** Current Ratio establishes the relationship between current Assets and current Liabilities. This ratio is an indicator of the firm's commitment to meet its short – term liabilities. It is expressed as follows:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

The two basic components of this ratio are current assets and current liabilities. Current assets mean assets that will either be used up or converted into cash within a year's time or during the normal operating cycle of the business, whichever is longer. Current liabilities mean liabilities payable within a year or during the operating cycle whichever is longer out of the existing current assets or by creation of current liabilities. The following table shows the Current ratio of the companies under study:

Table 1
Current Ratio of Ball Bearing Companies under Study (From 2009-10 to 2013-14)

Year	TIMKEN India Ltd.	SKF India Ltd.
2009-10	2.56	2.23
2010-11	1.98	2.31
2011-12	2.29	2.28
2012-13	3.05	2.63
2013-14	3.29	2.77
Average ($\bar{x}$)	2.63	2.44
S.D. (σ)	0.48	0.21
C.V.(%)	18.34	8.79

Source: Annual Reports and Accounts of the Companies under study from 2009-10 to 2013-14

From the above table it can be noted that the current ratio of both the companies showed a mixed fluctuating trend during the period of study. However, the current ratio of TIMKEN India Ltd. was higher than the current ratio of the SKF India Ltd in each of the year of study except in the year 2010-11. The average of the current ratio for TIMKEN India Ltd. was 2.63 against the average of 2.44 of Here, current ratio is much better than the standard. The situation is very comfortable for the creditors but it indicates that the company is not in a position to use its funds effectively. It is suggested that the management of TIMKEN India Ltd. should try to increase their funds effectively. The current ratio showed a consistent trend for SKF India Ltd against a variable trend for TIMKEN India Ltd as the coefficient of variation was 8.79 percent for SKF India Ltd and 18.34 percent for TIMKEN India Ltd.

Test of Significance (t test) for Current Ratio: The test of significance has been carried out by applying t test for which following hypothesis has been formulated and tested-

Null Hypothesis (H₀): There is no significant difference in the average current ratio of the companies under study.

Computed Value of t = 0.513

Critical value of t at 5 percent level of significance (For V=8) is 2.306

Inference: The null hypothesis is accepted as the computed value of t is less than the critical value of t at 5 percent level of significance. Hence, it can be concluded that the difference in the average current ratio of the companies under study is not significant.

- **Quick Ratio:** This ratio is also termed as acid test ratio or liquid ratio. It is supplementary to the current ratio. This ratio is ascertained by comparing the liquid assets (i.e., assets which are immediately convertible into cash without much loss) to current liabilities. Prepaid expenses and stock are not taken as liquid assets. The acid test ratio is a more strict and tough test of a firm's ability to pay its short-term obligations 'as and when they become due. Quick Ratio establishes the relationship between the quick assets and current liabilities. The ideal quick ratio is 1:1. In order to compute this ratio, the below presented formula is used:

The ratio may be expressed as :

$$\text{Quick Ratio} = \frac{\text{Quick Assets (Cash + Bank + Cash Equivalents + Debtors + Bills Receivables)}}{\text{Current Liabilities}}$$

The following table shows the Quick ratio of the companies under study:

Table 2
Quick Ratio of Ball Bearing Companies under Study (From 2009-10 to 2013-14)
(Ratio in Times)

Year	TIMKEN India Ltd.	SKF India Ltd.
2009-10	1.42	1.67
2010-11	1.01	1.76
2011-12	1.16	1.68
2012-13	1.80	1.99
2013-14	2.03	2.14
Average ($\bar{X}$)	1.48	1.85
S.D. (σ)	0.38	0.19
C.V.(%)	25.86	10.06

Source: Annual Reports and Accounts of the Companies under study from 2009-10 to 2013-14

From table 2 it can be identified that the Quick ratio of TIMKEN India Ltd. showed an increasing but a mixed fluctuating trend and ratio fluctuated within the range of 2.03 times in 2013-14 to 1.42 times in 2009-10 and SKF India Ltd. also showing varying trend during the whole period of study. The average of the Quick ratio for TIMKEN India Ltd. was 1.48 which can be regarded much satisfactory. In the case of SKF India Ltd. the average of Quick ratio was 1.85 which is of course, better than TIMKEN India Ltd. but also showed in lot of idle funds. It is suggested that the management of SKF India Ltd should try to manage the lot of idle funds in the company. The coefficient of variation of both the companies showed a fluctuating trend as it was 25.86 and 10.33 percent respectively which should be controlled.

Test of Significance (t test) for Quick Ratio: The test of significance has been carried out by

applying t test for which following hypothesis has been formulated and tested-

Null Hypothesis (H₀): There is no significant difference in the average quick ratio of the companies under study.

Computed Value of t = 1.95

Critical value of t at 5 percent level of significance (For V=8) is 2.306

Decision: Since the computed value of t is less than the critical value of t at 5 percent level of significance, therefore, the null hypothesis may be accepted and it can be said that the difference in the average Quick ratio of the companies under study is not significant.

- **Fixed Assets Turnover Ratio:** This ratio indicates the extent to which the investment in fixed assets contributed towards sales. If compared with a previous period, it indicates whether the investment in fixed assets has judicious or not. The ratio is calculated as follows:

$$\text{Fixed Assets Turnover Ratio} = \frac{\text{Net sales}}{\text{Fixed Assets}} \times 100$$

The following table shows the Fixed Assets Turnover ratio of the companies under study:

Table 4
Fixed Assets Turnover Ratio of Ball Bearing Companies under Study (From 2009-10 to 2013-14)
(Ratio in times)

Year	TIMKEN India Ltd.	SKF India Ltd.
2009-10	5.83	7.57
2010-11	8.28	6.04
2011-12	10.68	3.42
2012-13	8.77	3.61
2013-14	7.57	3.72
Average ($\bar{x}$)	8.23	4.87
S.D. (σ)	1.58	1.65
C.V. (%)	19.22	15.91

Source: Annual Reports and Accounts of the Companies under study from 2009-10 to 2013-14.

From the above table it is concluded that the fixed assets turnover ratio of TIMEKEN India Ltd. showed an increasing cum decreasing trend during the period of study while it showed a decreasing trend throughout the period of study except in the year 2013-14. The average of the fixed assets turnover ratio for TIMKEN India Ltd. was 8.23 percent while for SKF India Ltd. it was 4.87 percent denoting that the management of SKF India Ltd. has not provided investment while in the case of TIMEKEN India Ltd. the use of funds was appropriate. The coefficient of variation in TIMKEN India Ltd was 19.22 percent while in SKF India Ltd. the coefficient of variation was 15.91 percent showing a moderate fluctuating trend which should be reduced.

Test of Significance (t test) for fixed assets turnover Ratio: The test of significance has been carried out by applying t test for which following hypothesis has been formulated and tested-

Null Hypothesis (H₀): There is no significant difference in the average fixed assets turnover ratio of the companies under study.

Computed Value of t = 3.29

Critical value of t at 5 percent level of significance (For V=8) is 2.306

Inference: The null hypothesis is rejected as the computed value of t is greater than the critical value of t at 5 percent level of significance. Hence, it can be concluded that the difference in the average fixed assets turnover ratio of the companies under study is significant.

- **Total Assets Turnover Ratio:** it is the ratio of sales to total assets. It is intended to reflect the intensity with which assets are employed. This ratio focuses on the use of assets made by a company and it is considered to be a prime determinant of the level of future income inflows. The ratio is calculated as follows:

$$\text{Total Assets Turnover Ratio} = \frac{\text{Net sales}}{\text{Total Assets}} \times 100$$

The following table shows the Total Assets Turnover ratio of the companies under study:

Table 5
Total Assets Turnover Ratio of Ball Bearing Companies under Study (From 2009-10 to 2013-14)

	(Ratio in Times)	
Year	TIMKEN India Ltd.	SKF India Ltd.
2009-10	0.76	1.62
2010-11	0.91	1.60
2011-12	1.73	1.37
2012-13	1.51	1.31
2013-14	1.46	1.23
Average ($\bar{X}$)	1.27	1.43
S.D. (σ)	0.34	0.14
C.V.(%)	26.45	10.02

Source: Annual Reports and Accounts of the Companies under study from 2009-10 to 2013-14.

From the above table it can be said that the total assets turnover ratio in TIMKEN India Ltd. showed an increasing cum decreasing trend during the period of study while in the case of SKF India Ltd. the total assets turnover ratio showed a decreasing trend throughout the period of study. This ratio in TIMKEN India Ltd. fluctuated within the range of 1.73 times in 2011-12 to 0.76 times in 2009-10 while in the case of SKF India Ltd. it varied within the range of 1.62 times in 2009-10 to 1.23 times in 2013-14. The average of the ratio for TIMKEN India Ltd. was 1.27 while for SKF India Ltd. it was 1.43 denoting that the management of TIMKEN India Ltd. was not making an effective use of working capital as well as the capital invested in assets. In Timken India Ltd. the total assets turnover ratio showed the weak management of the company and the assets of the company are not being effectively and properly utilized while it was better for SKF India Ltd. as compared to. It is therefore, suggested that the management of TIMKEN India Ltd. should optimise the use of assets while the management of SKF India Ltd. should continue with the same policy but try to control the decreasing trend of the ratio.

Test of Significance (t test) for total assets turnover Ratio: The test of significance has been carried out by applying t test for which following hypothesis has been formulated and tested-

Null Hypothesis (H₀): There is no significant difference in the average total assets turnover ratio of the companies under study.

Computed Value of t = 0.973

Critical value of t at 5 percent level of significance (For V=8) is 2.306

Inference: The null hypothesis is accepted as the computed value of t is less than the critical value of t at 5 percent level of significance. Hence, it can be concluded that the difference in the average total assets turnover ratio of the companies under study is not significant.

- **Working Capital Turnover Ratio:** This ratio indicates whether or not working capital has been effectively utilised in making sales. The ratio is calculated as follows:

$$\text{Working Capital Turnover Ratio} = \frac{\text{Net sales}}{\text{Working capital}} \times 100$$

The following table shows the Working Capital Turnover ratio of the companies under study:

Table 6
Working Capital Turnover Ratio of Ball Bearing Companies (From 2009-10 to 2013-14)

	(Ratio in Times)	
Year	TIMKEN India Ltd.	SKF India Ltd.
2009-10	3.58	4.56
2010-11	4.55	3.36
2011-12	5.03	4.18
2012-13	3.46	3.64
2013-14	3.10	2.78
Average ($\bar{X}$)	8.23	3.70
S.D. (σ)	0.17	0.62
C.V.(%)	35.25	15.91

Source: Annual Reports and Accounts of the Companies under study from 2009-10 to 2013-14.

From table 6 it can be judged that the Working Capital Turnover ratio of TIMKEN India Ltd. showed an increasing but a mixed fluctuating trend and ratio fluctuated within the range of 5.03 times in 2011-12 to 3.58 times in 2009-10 while in the case of SKF India Ltd. the working capital turnover ratio showed a decreasing trend during the whole period of study excluding 4.18 in the year 2011-12. The average of the working capital turnover ratio for TIMKEN India Ltd. was 8.23 percent which shows the lesser investment in working capital and the greater are the profits. In the case of SKF India Ltd. the average of working capital turnover ratio was 3.70 percent which is of course, less than 50 percent of TIMKEN India Ltd. It is suggested to the management of the SKF India Ltd to make proper use of working capital. In the company working capital is not effectively used. The coefficient of variation of both the companies showed a fluctuating trend as it was 35.25 and 15.91 percent respectively which should be controlled.

Test of Significance (t test) for Working Capital Turnover Ratio: The test of significance has been carried out by applying t test for which following hypothesis has been formulated and tested-

Null Hypothesis (Ho): There is no significant difference in the average working capital Turnover ratio of the companies under study.

Computed Value of t = 15.75

Critical value of t at 5 percent level of significance (For V=8) is 2.306

Inference: The null hypothesis is not accepted as the computed value of t is higher than the critical value of t at 5 percent level of significance. Hence, it can be concluded that the difference in the average working capital turnover ratio of the companies under study is significant.

- **Inventory Turnover Ratio:** The ratio indicates whether investment in inventory is efficiently used or not. It, therefore, explains whether investment in inventories is within proper limits or not. The ratio is calculates as follows:

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}} \times 100$$

The following table shows the Inventory Turnover ratio of the companies under study:

Table 7

Inventory Turnover Ratio of Ball Bearing Companies under Study (From 2009-10 to 2013-14)

Year	TIMKEN India Ltd.	SKF India Ltd.
2009-10	2.67	9.58
2010-11	2.69	6.68
2011-12	4.42	7.22
2012-13	3.70	8.14
2013-14	4.17	7.21
Average ($\bar{X}$)	3.53	7.76
S.D. (σ)	0.67	0.93
C.V.(%)	18.93	12.01

Source: Annual Reports and Accounts of the Companies under study from 2009-10 to 2013-14.

It can be understood from the above table that the inventory turnover ratio of both the companies showed a fluctuating trend. Timken India Ltd varied within the range as 4.42 times in the year 2011-12 from 2.67 times in the year 2009-10 while SKF India Ltd. showed from 9.58 times in the year 2009-10 to 7.22 times in 2011-12. Average of the ratio of Timken India Ltd. is 3.53 during the period of study which showed a blocking of funds in inventory which may ultimately result in heavy losses due to inventory becoming obsolete or deteriorate in quality while the SKF India ltd. showed an average is 7.76 which indicates the sales on high risk. Co-efficient of variation of SKF Ltd is 12.01 percent as against the 18.93 percent of Timken India Ltd. during the study period.

Test of Significance (t test) for Inventory Turnover Ratio: The test of significance has been carried out by applying t test for which following hypothesis has been formulated and tested-

Null Hypothesis (Ho): There is no significant difference in the average Inventory Turnover ratio of the companies under study.

Computed Value of t = 8.252

Critical value of t at 5 percent level of significance (For V=8) is 2.306

Inference: The null hypothesis is rejected as the computed value of t is more than the critical value of t at 5 percent level of significance. Hence, it can be concluded that the difference in the average inventory turnover ratio of the companies under study is significant.

Limitations of the Study

From Starting of this study some factor has confidential the area of study, which may disturb the accuracy.

- Study completely depends on the published financial data, so it is focus to all limitations that are inborn in the abridged published financial statements.
- The study is restricted to five years data only (2009-10 to 2013-14). Comprehensive analysis covering a long period, which may give to some extent different results, has not been made.

Major Findings

The working capital analysis of TIMKEN India Ltd. and SKF India Ltd. is satisfactory but has some trouble. There have also some problems in balance sheet others area. The presentation of data can be summarized as of the following findings:

- Quick ratio is also greater than the standard of 1:1, which presents that the company has good liquid position.
- Current ratio trend shows that the ratio is above the standards of 2:1. Based on this data, company has a sufficient amount of current assets to meet short term obligations.
- Total assets turnover ratio needs the effective use of assets as well as working capital.
- Working Capital turnover ratio indicates the under trading situation of the companies.
- Inventory turnover ratio shows that the companies are working on comparatively on high margin of profit due to low inventory turnover ratio.

Summary and Conclusion

The different computation has identified significant management practices and is likely to support managers in identifying areas where they might get better the financial performance of their operation. The results have provided owner-managers with information regarding the basic financial management practices. The working capital desires of an organization change over time as does its internal cash generation rate. As such, the small firms should ensure a good management of its assets and liabilities. This study has shown that the paper and ball bearing company has been able to achieve high scores on the various mechanism of working capital and this has positively impact on its profitability. On this principle this industry may be referred as the 'hidden champions' and could thus be used as best practice.

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CUSTOMER SATISFACTION AND RELATIONSHIP MARKETING

(AMONG CUSTOMERS OF PUBLIC AND PRIVATE SECTOR BANKS ON THE BASIS OF EDUCATION)

Dr.Vandana Sharma*

Abstract

The modern commercial banks perform a number of functions. Entry of new banks both in public as well as private sector and the other financial institutions has increased competition. Apart from traditional functions banks nowadays provides many other facilities as an advisor, as an agent and in many other forms. Nowadays terms like customer satisfaction and relationship marketing are gaining popularity in retail banking sector because of the awareness among the customers in regards to the services provided by them. It has been realized that more the customer is aware the best of all services he wants. The paper seeks to study the level of satisfaction among the customers of respective banks on the basis of their of education.

Keywords: Customer Satisfaction, Relationship Marketing, Financial Institutions, Financial Literacy.

Introduction

Over the last four years, India's economy has been on a high growth trajectory creating unprecedented opportunities for its banking sector. Most banks have enjoyed high growth and their valuations have appreciated significantly during this period. Indian retail banking seems to be a highly active area. The major product segments of retail credit include housing finance, auto finance, personal loans, consumer durable loans and credit cards. Initiatives for improving financial literacy and inclusion in seven focus states formed an important part of the policy agenda. At the same time, focused attention was placed on improving customer service and the efficiency of payments and settlement system. Retail banks provide various products and services to individuals and small businesses. Increasingly retail banks are providing a much wider range of products/services including insurance products, pension schemes, stock broking services etc. In an increasingly competitive and deregulated environment, superior distribution strategies concerned with how to communicate with, and deliver products to the consumer can provide institutions with significant competitive advantage in the marketplace. Traditionally, retail banks provided banking services to individuals and small businesses dealing in large volumes of low value transactions. It is becoming more and more difficult to define a retail bank. The Retail Banking environment today is changing fast. The changing customer demographics demand to create a differentiated application based on scalable technology, improved service and banking convenience. Higher penetration of technology and increase in global literacy levels has set up the expectations of the customer higher than never before. Increasing use of modern technology has further enhanced reach and accessibility. Retail banking has immense opportunities in a growing economy like India. As the growth story gets unfolded in India, retail banking is going to emerge a major driver. The rise of Indian middle class is an important contributory factor in this regard. The percentage of middle to high-income Indian households is expected to continue rising. The Indian banking industry is presently in a situation of great flux. There are various developments, changes within the Indian economy and deregulations occurring that have the potential to drastically

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change the way this industry functions in the future. Major product segments of retail credit include housing finance, auto finance, personal loans, consumer durable loan and credit cards to name a few which have increased participation of major part of population in retail banking. People in developing countries have fewer options for transferring money and accessing banking services, because there is less deployed formal banking structure: fewer branches and ATMs generally co-located to relieve branches, low internet penetration and easy access to fast and immediate sources of loans but at high cost. As a result of globalization and technological advancements, today, the competition has peaked. In this environment, only those banks can survive which offer the best services and products to the customers. Due to so many options available to the customers in the same place, attracting customers has become a tough job for the companies. Banks should possess knowledge about consumer behavior and customer satisfaction in order to survive in the market.

Perspective

Banks under almost all the economies offer similar kind of services and try to quickly match their competitor's innovations. It can be noted that customers can perceive differences in the quality of services. With the help of the study banking institutions will be able to identify the problems faced by customers, find better marketing solutions to solve the problems and then consider it while framing their policies. Thus the present study will help in deciding the best policies to the institutions helpful in expanding their market and profits thereby. It will prove to be beneficial for the different sections of the society like customers and bankers in finding out the problems of the customers and the difficulties faced by them. The study will also be beneficial for the researchers, students, general public and the society as a whole. New dimensions will be found for the banking sector- Retail banking-Customer Satisfaction and Relationship Marketing in public and private sector banks.

Objectives

- To delineate the level of Customer Satisfaction and in public and private sector banks with respect to the level of education.
- To delineate the level of Relationship Marketing in public and private sector banks with respect to the level of education.

Hypotheses

- There will be a significant difference in the level of customer satisfaction among the customers of public and private sector banks with respect to the level of education.
- There will be a significant difference in the level of relationship marketing among the customers of public and private sector banks with respect to the level of education.

Rationale of the Sample

The aim of the study is to identify the parameters on which the banking industry thrives and try to build insight into the customer satisfaction and relationship marketing in private and public sector banks on the basis of level of education of its customers. In this research the focus is on customer with various parameters and various services provided by the banks in terms of their marketing strategies.

Selection Criteria

- Two banks of Public and Private sector banks each were selected namely S.B.I. and P.N.B. from public sector and I.C.I.C.I. and H.D.F.C. from private sector.
- Age ranges between 35-65 years.
- Informed consent of the customers.

Tools Employed

Two questionnaires consisting of 20 items each were prepared in order to measure customer satisfaction and relationship marketing respectively.

Description of the test and Scoring

Questionnaires of customer satisfaction and relationship marketing were prepared having 20 items each. Items in both the questionnaires were answered in 5 options namely- Not Experienced, Needs Improvement, Satisfactory, good and Excellent which were scored as 1, 2, 3, 4, 5 respectively.

Review of Literature

- Muller (1991) believed that customer satisfaction is the key to future corporate success. The evidences regarding the changing nature of competition (decreasing brand loyalties and buyer

focus on price versus quality) and the increasing emphasis of companies on keeping customers happy were presented.

- Bhattacharyya et. al (1997) in their studies examined the productive efficiency of 70 Indian commercial banks during the early stages (1986–1991) of the ongoing period of liberalization. They found publicly-owned Indian banks to have been the most efficient, followed by foreign-owned banks and privately-owned Indian banks.
- Madhukaret.al (1999) examined the applicability of alternative measures of service quality in the developing economy of India and assessed the related issues in that context.
- Sathye (2003) found in his study, the measure to find the productive efficiency of banks in a developing country, that is, India. The measurement of efficiency was done using data envelopment analysis.
- Gupta (2008) examined that internet banking had attracted the attention of banks, securities trading firms, brokerage houses, insurance companies, regulators and lawmakers in developing nations since the late 1990s.
- Saha (2010) studied that banks play an important role in development of Indian economy.

Statistical Analysis

Scores obtained were calculated and Mean, SD, T-ratio were analyzed.

Table 1 depicts the difference on the selected variables among the customers of public and private sector banks on the basis of education.

Table 1 : Mean, S.D., SED, t Ratio and Significance level of Customer Satisfaction and Relationship Marketing between the Illiterate (N=39) and Literate (N=41) Customers of Public and Private Sector Banks

Variables	Category	N	Mean	S.D.	SED	t	Sig
Customer Satisfaction	Illiterate	39	61.79	5.06	2.49	1.86	.07
	Literate	41	58.20	8.79			
Relationship Marketing	Illiterate	39	61.36	5.88	2.49	1.89	.07
	Literate	41	57.44	8.66			

* = significant at 0.01 level ** = significant at 0.05 level

Diagram 1 : Diagram Representing Mean of Customer Satisfaction and Relationship Marketing Between the Illiterate and Literate Customers of Public and Private Sector Banks



Table 2 : Mean, S.D., SED, t Ratio and Significance Level of Customer Satisfaction and Relationship Marketing between the Illiterate (N=39) and Graduate (N=50) Customers of Both Public and Private Sector Banks

Variables	Category	N	Mean	S.D.	SED	t	Sig
Customer Satisfaction	Illiterate	39	61.79	5.06	2.09	.37	.72
	Graduate	50	61.20	7.49			
Relationship Marketing	Illiterate	39	61.36	5.88	2.03	1.71	.10
	Graduate	50	58.32	7.15			

* = significant at 0.01 level ** = significant at 0.05 level

Diagram 2 : Diagram Representing Mean of Customer Satisfaction & Relationship Marketing Between the Illiterate & Graduate Customers of Both Public & Private Sector Banks

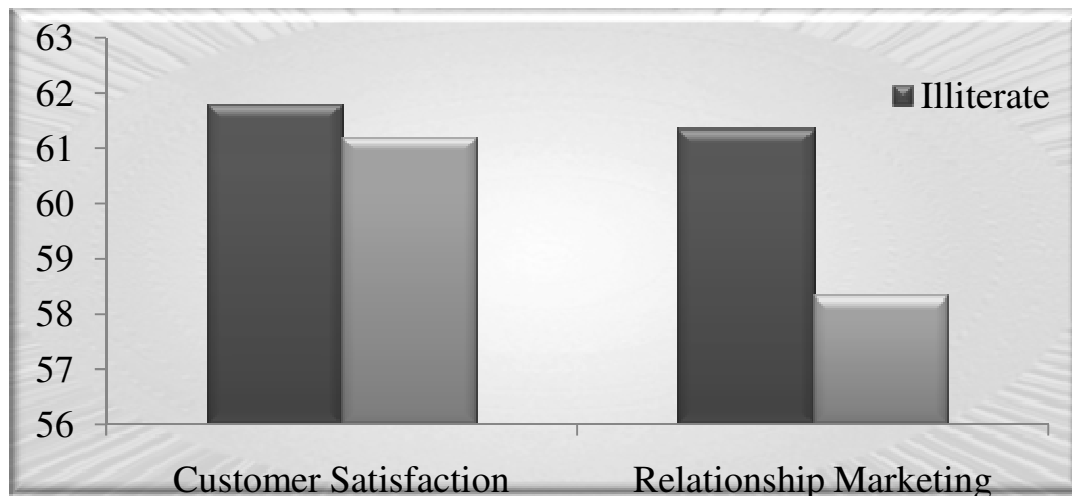


Table 3 : Mean, S.D., SED, t Ratio and Significance Level of Customer Satisfaction and Relationship Marketing Between the Illiterate (N=39) and Professional (N= 70) Customers of Both Public and Private Sector Banks

Variables	Category	N	Mean	S.D.	SED	t	Sig
Customer Satisfaction	Illiterate	39	61.79	5.06	1.94	.94	.36
	Professionals	70	60.30	6.86			
Relationship Marketing	Illiterate	39	61.36	5.88	1.94	1.74	.09
	Professionals	70	58.29	6.74			

* = significant at 0.01 level ** = significant at 0.05 level

Diagram 3 : Diagram Representing Mean of Customer Satisfaction & Relationship Marketing Between the Illiterate & Professional Customers of Both Public & Private Sector Banks

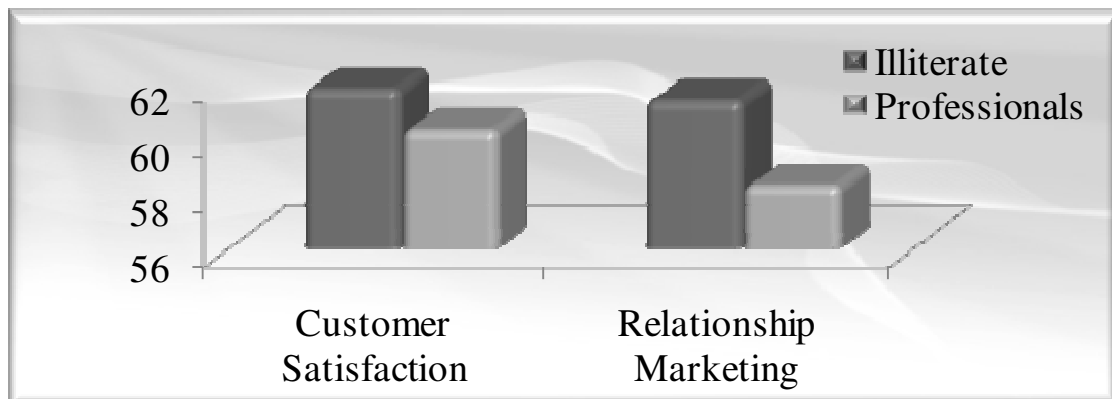


Table 4 : Mean, S.D., SED, t Ratio and Significance Level of Customer Satisfaction and Relationship Marketing Between the Literate (N=41) and Graduate (N=50) Customers of Public and Private Sector Banks

Variables	Category	N	Mean	S.D.	SED	t	Sig
Customer satisfaction	Literate	41	58.20	8.79	1.62	-1.85	.06
	Graduate	50	61.20	7.49			
Relationship Marketing	Literate	41	57.44	8.66	1.58	-.56	.56
	Graduate	50	58.32	7.15			

* = significant at 0.01 level ** = significant at 0.05 level

Diagram 4: Diagram Representing Mean of Customer Satisfaction & Relationship Marketing Between the Literate & Graduate Customers of Public & Private Sector Banks

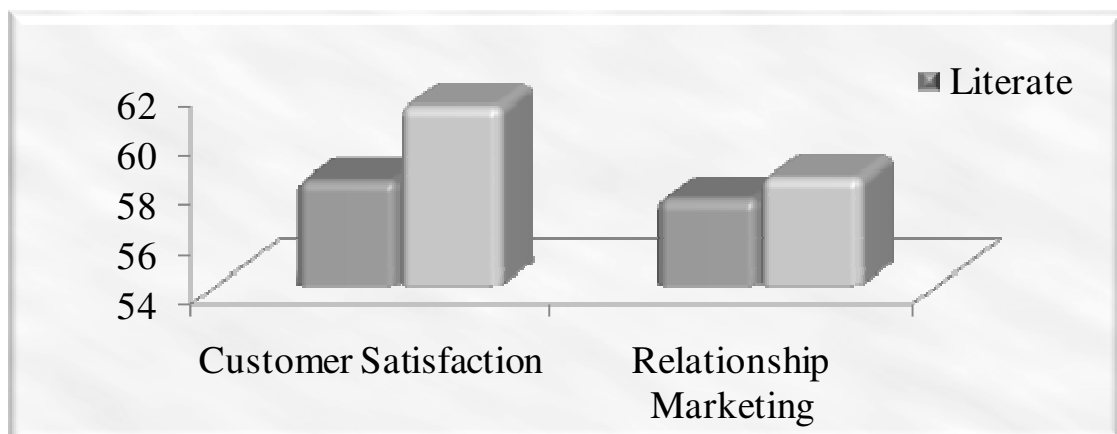


Table 5: Mean, S.D., SED, t Ratio and Significance Level of Customer Satisfaction and Relationship Marketing Between the Literate (N= 41) and Professional (N=70) Customers of Both Public and Private Sector Banks

Variables	Category	N	Mean	S.D.	SED	T	Sig
Customer satisfaction	Literate	41	58.20	8.79	1.60	-1.32	.03**
	Professionals	70	60.30	6.86			
Relationship Marketing	Literate	41	57.44	8.66	1.48	-.54	.08
	Professionals	70	58.29	6.74			

* = significant at 0.01 level ** = significant at 0.05 level

Diagram 5: Diagram Representing Mean of Customer Satisfaction & Relationship Marketing Between the Literate & Professional Customers of Both Public & Private Sector Banks

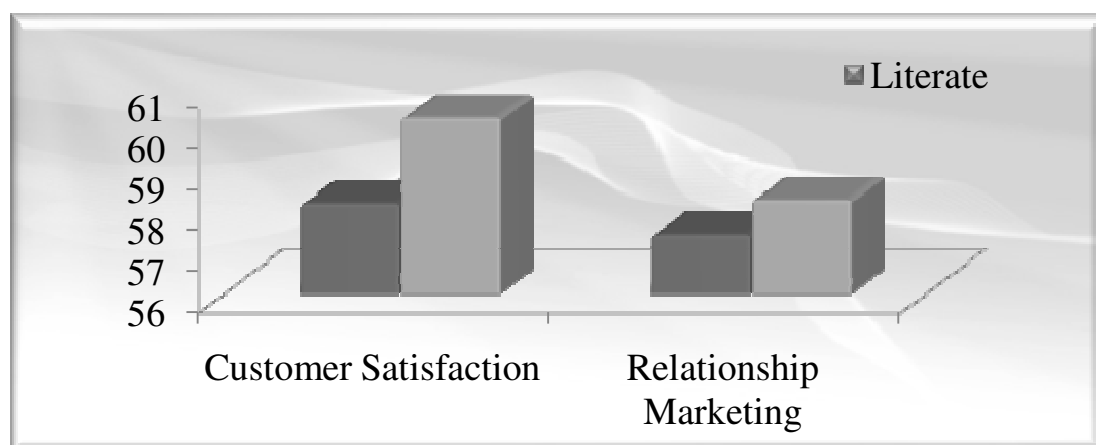
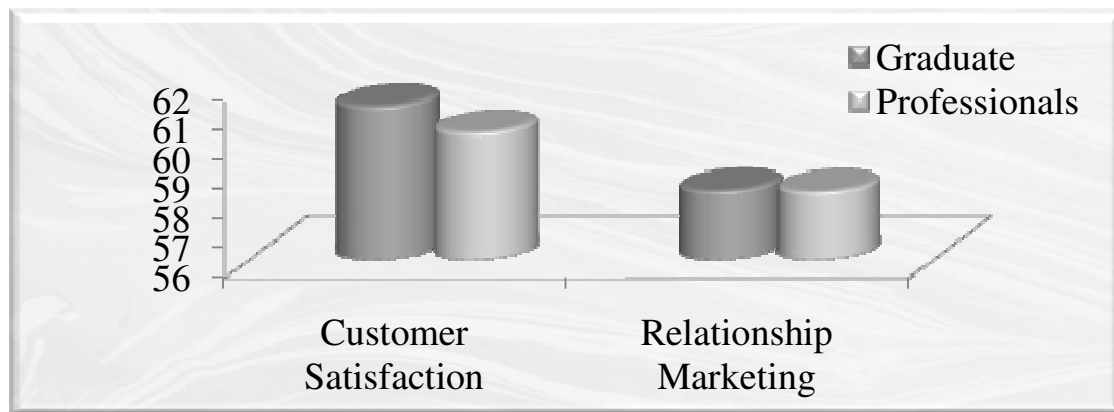


Table 6: Mean, S.D., SED, t Ratio & Significance Level of Customer Satisfaction & Relationship Marketing Between the Graduate (N=50) & Professional (N=70) Customers of Public & Private Sector Banks

Variables	Category	N	Mean	S.D.	SED	T	Sig
Customer Satisfaction	Graduate	50	61.20	7.49	1.19	.76	.45
	Professionals	70	60.30	6.86			
Relationship Marketing	Graduate	50	58.32	7.15	1.16	.03	.98
	Professionals	70	58.29	6.74			

* = significant at 0.01 level ** = significant at 0.05 level

Diagram 6: Diagram Showing Mean of Customer Satisfaction and Relationship Marketing Between the Graduate and Professional Customers of Public and Private Sector Banks.



Interpretation

Table 1 reveals Mean, S.D., SED, t ratio and significance level of customer satisfaction and relationship marketing between the illiterate (N=39) and literate (N=41) customers of public and private sector banks. There is no significant difference found in the customer satisfaction. A difference at the mean level may be seen in the customer satisfaction of Illiterate (M=61.79) and Literate (M=58.20) sector employed customers of the banks. At significant level no difference was observed in the illiterate (N=14) and literate customers. A difference at the mean level of the Illiterate (M=61.36) and Literate (M=57.44) was found regarding relationship marketing.

The difference between the customer satisfaction and relationship marketing has been calculated in the table among the illiterate and literate customers of the banks. It may be said that there is no significant difference found among the illiterate and literate customers in customer satisfaction and relationship marketing. At mean level differences were observed between both of the variables. In the variable customers the illiterate customers perceived higher customer satisfaction than the literate customers. Mean scores also indicates that in the relationship marketing of the public and private sector banks the illiterate customers perception was greater in literate customers than the literate customers.

Table 2 illustrates Mean, S.D., SED, t ratio and significance level of customer satisfaction and relationship marketing between the illiterate (N=39) and graduate (N=50) customers of both public and private sector banks. It may be noted that there is no significant difference in any of the variables of customer satisfaction (t=.72) and relationship marketing (t=.10). Difference among the variables may be seen at the mean level in the customer satisfaction of the illiterate (M=61.79) and graduate (M=61.20) customers. At significant level no differences can be seen among the illiterate and graduate customers in customer satisfaction and relationship marketing. In relationship marketing the mean scores were found to be different among illiterate (M=61.36) and graduate (M=58.32) customers.

In the table the difference between the illiterate and graduate customers in customer satisfaction and relationship marketing has been calculated. It may be observed that there is no significant difference between the variables named customer satisfaction and relationship marketing. At the mean level minor difference can be seen among the illiterate and graduate customers. The illiterate customers perceived

greater customer satisfaction both public and private sector banks as compared to the customers who are graduates. But this difference is negligible. The difference was also seen at the relationship marketing where the illiterate customers were found to be more satisfied with the marketing techniques of the banks than graduate customers.

Table 3 shows Mean, S.D., SED, t ratio and significance level of customer satisfaction and relationship marketing between the illiterate (N=39) and professional (N= 70) customers of both public and private sector banks. It may be observed that there is no significant difference in the customer satisfaction ($t=.36$) of illiterate and professional customers of the banks. A difference at the mean level may be seen in the customer satisfaction of illiterate ($M=61.79$) and professional ($M=60.30$) sector employed customers of the banks. A difference at the mean level of the illiterate ($M=61.36$) and professional ($M=58.29$) was found regarding relationship marketing. Significant difference was not seen among the illiterate and professional ($t=.09$) customers regarding relationship marketing strategies of the banks.

The difference between illiterate and professional customers of both public and private sector banks on customer satisfaction and relationship marketing was taken into account in table, it was stated that there was no significant difference between the variables. There was a difference at the mean level which indicated that illiterate customers perceived higher customer satisfaction than professional customers. In relationship marketing also the results shows that the illiterate customers feel more satisfied than the professionals.

Table 4 Mean, S.D., SED, t ratio and significance level of customer satisfaction and relationship marketing between the literate (N=41) and graduate (N=50) customers of public and private sector banks. No difference was found at significant level among the literate and graduate ($t=.06$) customers in customer satisfaction. It may also be seen in the table that in relationship marketing no difference at significant level was observed among the literate and graduate ($t=.56$) customers. There were differences seen in the customer satisfaction among the customers who are graduate ($M=61.20$) or just literate ($M=58.20$). At mean level difference was seen in graduate ($M=58.32$) and literate ($M=57.44$) customers.

The difference between literate and graduate customers on customer satisfaction and relationship marketing was taken into account, it was stated that there was no significant difference between the customer satisfaction and relationship marketing of the banks. But as differences are always found at mean level it can be seen that the graduate customers perceive higher customer satisfaction than the literate customers. When relationship marketing was taken into account it was seen that again the graduate customers were more satisfied with the marketing of the banks whereas among literate customers satisfaction was less than the graduates.

Table 5 Mean, S.D., SED, t ratio and significance level of customer satisfaction and relationship marketing between the literate (N= 41) and professional (N=70) customers of both public and private sector banks. It may be observed that there is a significant difference among the literate and professional customers in their customer satisfaction ($t=.03$). A difference at the mean level may be seen in the customer satisfaction of literate ($M=58.20$) and professional ($M=60.30$). A difference at the mean level of the literate ($M=57.44$) and professional ($M=58.29$) was found regarding relationship marketing. The difference at the level of relationship marketing of the banks among the literate and professional ($t=.08$) customers, was not found up to the significant level.

The difference between literate and professional customers of both the sectors was calculated on customer satisfaction and it was found that there was a significant difference between the literate and professional customers. But no such difference was found in the satisfaction from relationship marketing of the banks among both literate as well as professional customers. The difference seen at the mean level was very less and it indicated that professionals perceived higher satisfaction in relationship marketing than the literate customers on the other hand while observing customer satisfaction also it was found that the perception of professionals was higher than literate customers.

Table 6 reveals Mean, S.D., SED, t ratio and significance level of customer satisfaction and relationship marketing between the graduate (N=50) and professional (N=70) customers of public and private sector banks. There was no difference at significant level observed in the customer satisfaction ($t=.45$) among graduate and professional customers but at the mean level there was difference observed

among the graduate ($M=61.20$) and professional ($M=60.30$) customers of the banks. As can be seen in the table there was also difference found at the mean level of relationship marketing among graduate customers ($M=58.32$) and professional customers ($M=58.29$). In relationship marketing the difference at significant level between graduate and professional ($t=.98$) customers was not considerable.

The difference between customer satisfaction and relationship marketing of public and private sector banks among graduate and professional customers was calculated in table above and it was found that there was no significant difference among both the variables. Slight differences were observed at mean level which states that graduate customers perceived higher customer satisfaction than the professional ones. It may also be observed in relationship marketing also graduates were found to be more satisfied than the professional customers with a very minor difference.

Education plays a very important role in enhancing one's abilities. Education is the fourth necessity for man after food, clothing and shelter, in today's competitive world. The education is the process of instruction aimed at the all-round development of individuals, providing the necessary tools and knowledge to understand and participate in day to day activities of today's world. It was seen that the customer satisfaction was highest among illiterate customers then comes the graduates after that comes the professionals and at last comes the graduates. These differences among the customers in both public and private sector banks may be due to the expectations of the customers. It may be there that the illiterate person is less concerned about the additional services which the banks are providing. Education brings knowledge with itself. Expectations are high among the literates, graduates and professionals regarding the services, returns, loan rates, amenities provided. They want themselves to be updated by the banks about all the latest information which can help them get maximum return with minimum risk. The illiterate customers felt satisfied from the services they were getting from the banks as they are ignorant about the other better options available to them in the banking industry. An educated customer is independent, self-reliant and aware of opportunities and rights which they are getting to plan for their future and hence they feel that the present banking system needs to improve in terms of technology, services provided, employees recruited and infrastructure in both public sector and private sector banks.

Conclusion

While observing the customers in the level of education it was seen that the educated and the professional expected much more from the products and services offered by the banks than the illiterates and the literates who were found to be satisfied by them. Hence, it may be said that though our banks are providing lots of products and services to their customers but still lot has to be done to improve them. The infrastructure needs to be improved, the customers are to be made aware of all the products and services timely and through proper means so that they can get best returns from their investments, the loan rates are to be checked as it will help in raising the standard of living of people.

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TACTICAL GREENING IN A NUTSHELL: POSITIONING GREEN IN INDIA AND ABROAD

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Abstract

Environmentally-responsible or "green" marketing is a business practice that takes into account consumer concerns about promoting preservation and conservation of the natural environment. The entire world is facing one single question to be answered, "Who is responsible for all environmental issues occurring today." The answer is "We-The Civilisation". Increasing awareness on the various environmental problems has led a shift in the way consumers go about their life and world-wide evidences prove us that people have become more concerned about the environment and changing their behaviour accordingly which has made the entire world to take up the policy "go green". Organisations and business have however seen this change in consumer attitudes and are trying to meet the market competition which has led to the sustainable growth of green marketing. The current study will throw light on the concept of Green Marketing and looks into the various reasons for adopting it. The paper also reviews various eco-friendly products in the market made available by the Indian Companies and attempts to analyse the challenges in green marketing.

Keywords: *Green Marketing, Eco-Friendly Product, Eco-Friendly Consumers, Civilisation, Eco-Friendly.*

Introduction

Over the last decade environmentalism has emerged to be a vital aspect due to increasing issues relating to acid rains, depletion of the ozone layer and degradation of the land and many more pressing environmental issues. This has given rise to the word "green", a buzzword that is gaining popularity among current generation. Going green has resulted in increased consumer concern with regards to restoration of ecological balance by presenting demands for eco-friendly products in countries around the world. Green Marketing is a phenomenon which has developed importance in the modern market. This concept has enabled for the re-marketing and packaging of existing products which already adhere to such guidelines. Additionally, the development of green marketing has opened the door of opportunity for companies to co-brand their products into separate line, lauding the green-friendliness of some while ignoring that of others. Such marketing techniques will be explained as direct result of movement in the minds of the consumer market. While the shift to "green" may appear to be expensive in the short run, it will definitely prove to be indispensable and advantageous, cost-wise too, in the long run. According to

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the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are Environmental Marketing and Ecological Marketing. Thus "Green Marketing" refers to holistic marketing concept wherein the production, marketing, consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc., and hence both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services.

Review of Literature

Mulchand Sen (2007) investigated that Green Marketing covers more than an association's marketing claims. It has called attention to that Green Marketing ought not to disregard the financial part of promoting. Advertisers need to comprehend the ramifications of Green Marketing. In this way Green Marketing is a bright goose, and can be an effective promoting technique though when it is done well. The study by Moloy Ghoshal (2011) analyzed that green promoting was still in earliest stages. In the view of showcasing researchers, green marketing alludes to eco-level and market division and the part of auxiliary components and monetary motivating forces in impacting buyer conduct. The green advertisers must comprehend to fulfill two goals: enhanced natural quality and consumer loyalty. Robert Dahlstrom (2011) analyzed that Green Marketing has optimistic impacts on numerous participants in the economy. The environment, developing economies, buyers, corporate practice, the product, production procedures, and supply chain benefit from green advertising. Green marketing firms set up key unions with government, nearby groups, nongovernmental associations (NGOs), industry specialists, and contenders. Saranya (2011) analyses that Green Marketing chiefly concentrates on advancing the utilization of green products. Advertisers additionally have the obligation to make the customers realize the requirement for and advantages of green products than non-green products. The study by Ann Kronrod et al (2012) highlighted and clarified the astonishing frequency of decisive ecological messages in the media. Ecological agencies, which are populated with individuals who see ensuring the earth as a very critical issue, ought to comprehend that not all purchasers are as educated and worried about nature.

Statement of the Problem

As society becomes more concerned with the natural environment, businesses have begun to modify their behaviour in an attempt to address society's "new" concerns. Some businesses have been quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organisational activities. Thus, the paper attempts to study about some of the green marketing strategies and eco-friendly products and services of Indian companies and abroad.

Objectives of the Study

- To study the concept and importance of Green Marketing.
- To review green marketing strategies followed by selected companies in India and abroad.

Eco-friendly Companies in USA:

Hewlett Packard

Hewlett Packard is considered as the world's biggest technology companies, producing computers, servers and many other tech products for home, business and government use. HP engaged in eco-marketing with its "Motherboard ad," which showcased the company's priorities of sustainability and energy efficiency. The company also flaunted its recycling program, which had recycled over one billion pounds of electronic waste since 1987. The reason for this type of advertising, according to Gary Elliot, HP Vice President of Brand Marketing, was that the company feels its customers are socially and environmentally conscious and would prefer to buy from a company that conducts business in a responsible way.

Toyota

Toyota, one of the world's largest auto manufacturers, unleashed their Prius model in 2000, and it has since become the best-selling hybrid vehicle in the United States. While the introduction of a hybrid

vehicle is itself a sign that the company seeks to appeal to an environmentally conscious customer base, Toyota also engaged in eco-marketing to promote its environmentally friendly image. In 2005, Toyota budgeted 50 million dollars into its hybrid vehicle advertising campaign, which dwarfed any other auto maker, according to Advertising Age. Another example of Toyota's eco-marketing came through a commercial that aired during the 2007 Super Bowl, showcasing Toyota's "Hybrid Synergy Drive." This system allows the driver to constantly monitor the amount of energy drawn from its electric motor, as opposed to the less eco-friendly gas motor. Toyota has engaged in eco-marketing by promoting products that allow consumers to drive in an environmentally conscious way.

Ben & Jerry's

Ben & Jerry's started as an ice cream stand in Burlington, Vermont, in 1978 and has grown to a leader in the premium ice cream market. You will not see high-profile advertising like Super Bowl commercials for Ben & Jerry's, but the company takes other steps to market it as environmentally conscious. Campaigns such as the "Lick Global Warming" campaign are advertised on Ben & Jerry's ice cream website to inform people about the company's stance on the effects of carbon emissions on the environment. Ben & Jerry's also promotes its environmentally conscious business practices like sourcing paper for its pints from paper companies with responsible and sustainable business practices. Ben & Jerry's most well-known eco-marketing may come from their marches on Washington to protest various issues.

Eco-friendly Companies in UK:

Preserve

Preserve is famous for producing stylish, high performance, eco-friendly products for the home. It believes that choosing eco-friendly products doesn't mean it has to sacrifice its quality, price or performance. The products are made from 100% recycled plastics and 100% post-consumer paper. By using such products the company's products help in saving energy, preserving natural resources and create an incentive for communities to recycle.

Elvis & Kresse

Elvis & Kresse creates stunning life-style accessories by re-engineering seemingly useless wastes. The innovative and pioneering Fire-Hose range is made exclusively from genuine de-commissioned British fire brigade hoses which, after a distinguished career fighting fires and saving lives, were otherwise destined for landfill. The company also donates 50% of profits from the fire-hose line to the Fire Fighters Charity.

Remarkable

Remarkable is an innovative UK eco-manufacturing company. The company was established in 1996 and is considered a UK iconic business for inventive and dynamic recycled products. Driven by a passion and belief that the environment needs to be treated with care, Remarkable make economically viable, good quality 'new life', cool everyday products, in their red brick UK based factory: UK waste, UK made.

Eco-friendly Companies in Germany

The 2014 BMW i3 electric city car is part of the BMW iSeries. This series of electric cars has zero emissions and an affordable price tag. The i3 is a four-door made out of carbon-fiber-reinforced plastic (CFRP). About 25 percent of the plastics used inside the car are recycled, and the eucalyptus wood veneers used on the trim are "responsibly harvested." The door trims and instrument-panel surround also use fibers from the kenaf plant, an increasingly popular sustainable element in car interiors. As reported in Hybrid Cars, the BMW Group has also achieved its best ever result in the Global 500 ranking of the Carbon Disclosure Project (CDP) published. Scoring 99 out of a possible 100 points, the company is Sector Leader, underscoring its leading position as the most sustainable automotive manufacturer in the world. The BMW Group was recognized for its leadership in transparent reporting, carbon performance and action on climate protection. BMW is also getting in on hydrogen fuel cells. To this end the group has signed an agreement with Toyota to develop a fuel cell system.

Munich Re

One State Street, the 24-story headquarters for The Hartford Steam Boiler Inspection and Insurance Company (HSB), has been LEED® certified by the U.S. Green Building Council (USGBC) and

verified by the Green Building Certification Institute, the company announced today. Built in 1983 with 500,000 square feet of space overlooking the Connecticut River in Hartford, One State Street is LEED certified to the Silver level for energy use, lighting, water and material use as well as incorporating a variety of other sustainable strategies. LEED-certified buildings save money, reduce greenhouse gas emissions and contribute to a healthier environment for residents, workers and the larger community. LEED certification of One State Street was based on a number features, including:

- The installation of a central heating, ventilation and air conditioning plant.
- The reduction of energy demand and usage through the building's operation policies, procedures and controls.
- Upgrades to the building's lighting in various locations to LED or other types of efficient lighting technologies.

Eco-friendly Companies in India

Wipro

Wipro strives for sustainable tomorrows which reduce costs, reduces carbon footprints and became more efficient - all while saving the environment. Wipro's Green Machines, Wipro InfoTech was India's first company to launch environment friendly computer peripherals. For the Indian market, Wipro has launched a new range of desktops and laptops called Wipro Green ware. These products are RoHS (Restriction of Hazardous Substances) compliant thus reducing e-waste in the environment.

State Bank of India

SBI uses eco and power friendly equipment in its 10,000 new ATMs, the banking giant has not only saved power costs and earned carbon credits, but also has set the right example for others to follow. SBI has also entered into green service known as "Green Channel Counter". SBI provides many services like; paper less banking, no deposit slip, no withdrawal form, no checks, no money transactions form all these transaction are done through SBI shopping & ATM cards.

Indian Oil

Indian Oil has accomplished target of reaching EURO-III compliant fuels to all parts of the country and major cities have upgraded to Euro-IV compliant fuels. Indian Oil has invested about ₹ 7,000 crore so far in green fuel projects at its refineries; ongoing projects account for a further ₹ 5,000 crore. The R&D Centre of Indian Oil is engaged in the formulations of eco-friendly biodegradable lube formulations. The Centre has been certified under ISO-14000:1996 for environment management systems. A survey conducted by BT- AC Nielsen ORG-MARG, ranked Oil and Natural Gas Company (ONGC) the greenest company in India followed by Reliance Industries. BPCL, Castrol India and HPCL are other companies in this sector that were rated green companies in the survey. India's software companies are considered green companies. India is a world leader in green IT potential, according to a recent released global enterprise survey conducted by Green Factor. HCL is duty bound to manufacture environmentally responsible products right from manufacturing of products to till it is recycled at the end. Apple, HP, Microsoft, IBM, Intel, Sony and Dell, HCL have a comprehensive policy designed to drive its environment management program ensuring sustainable development.

Johnson and Johnson Ltd., Chill breeze, IBM, LG Electronics, PNB, Tata Motors and Hero Honda Motors are some of the other green companies in India. The private sector companies were in a majority (13 out of 20) in the list of Top 20 greenest companies in India. As per study about 25% of the Indian consumers in India consider environment friendly products to be safe for nature, 28% are concerned with safety to human health and happiness and protective to nature. With above figures, it can be assumed that firms which are marketing or thinking to market goods with environmental characteristics will have a competitive advantage over firms which are marketing non-environmentally responsible alternatives. The growth rate of Indian economy is high and incredible, and will continue to sustain its growth in future.

Benefits to be Green

Opportunity: In India, around 25% of the consumers prefer environmental-friendly products, and around 28% of the consumers are highly health conscious, which clearly states that people are not bothered about money, rather only about health. This is the biggest opportunity for the companies to go green and be environment friendly. Ex: Xerox introduced high quality recycled photocopier paper to satisfy the demands of the firms for less environmentally harmful products.

Social-Responsibility: Every company has responsibility towards society and environment which has to be treated seriously in order to have a sustainable and successful growth. Ex Mc Donald's is not using straws made of plastics after government restriction on use of plastic in India. So every company has some responsibilities, restrictions, rules, regulations to be followed and abide by in order to survive in different geographies.

Governmental-Pressure: Government also has some responsibilities to protect its consumers, society, environment and natural resources. Government appreciates and apprises those companies which follow green and eco-friendly practices. Government also establishes regulations to protect consumers and environment. Ex: Prohibition of smoking in public areas, etc. ban of plastic bags.

Competitive-Pressure: Green marketing promotes healthy competition. The other companies are forced to follow green marketing practices if there is a stiff competition from eco-friendly companies. Ex: Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins. The other companies followed the suit.

Cost-Reduction: Reduction of harmful waste may lead to substantial cost savings. For example, the fly ash generated by thermal power plants, which would otherwise be contributed to a gigantic quantum of solid waste, is used to manufacture fly ash bricks for construction purposes.

Best Examples of Green Marketing

Best Green IT Project: State Bank of India

By using eco and power friendly equipment in its 10,000 new ATMs, the banking giant has not only saved power costs and earned carbon credits, but also set the right example for others to follow SBI. SBI has also entered into green service known as "Green Channel Counter". SBI is providing many services like paper less banking, no deposit slip, no withdrawal form, no checks, no money transactions form all these transactions are done through state bank of India shopping and ATM Cards.

The State Bank of India became the first Indian bank to harness wind energy through a 15 megawatt wind farm developed by Suzlon Energy. The wind farm located in Coimbatore uses 10 Suzlon wind turbines, with a capacity of 1.5 MW. The wind farm is spread across three states- Tamil Nadu, with 4.5 MW of wind capacity; Maharashtra with 9MW; and Gujarat with 1.5MW.

Philips Light's CFL

Philips Lighting's first shot at marketing a standalone compact fluorescent light (CFL) bulb was Earth Light, at \$15 each versus 75 cents for incandescent bulbs. The product had difficulty climbing out of its deep green niche. The company re-launched the product as "Marathon," underscoring its new "super long life" positioning and promise of saving \$26 in energy costs over its five-year lifetime. Finally, with the U.S. EPA's Energy Star label to add credibility as well as new sensitivity to rising utility costs and electricity shortages, sales climbed 12 percent in an otherwise flat market.

Introduction of CNG in Delhi

New Delhi, capital of India, was being polluted at a very fast pace until Supreme Court of India forced a change to alternative fuels. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution.

ITC

- ITC has been 'Carbon Positive' three years in a row (sequestering/storing twice the amount of CO2 than the Company emits).
- 'Water Positive' six years in a row (creating three times more Rainwater Harvesting potential than ITC's net consumption).
- Close to 100% solid waste recycling.
- All Environment, Health and Safety Management Systems in ITC conform to the best international standards.
- ITC's businesses generate livelihoods for over 5 million people.
- ITC's globally recognized e-Choupal initiative is the world's largest rural digital infrastructure benefiting over 4 million farming families.
- ITC's Social and Farm Forestry initiative has greened over 80,000 hectares creating an estimated 35 million person days of employment among the disadvantaged.

- ITC's Watershed Development Initiative brings precious water to nearly 35,000 hectares of dry lands and moisture-stressed areas.
- ITC's Sustainable Community Development initiatives include women empowerment, supplementary education, integrated animal husbandry programs.

Maruthi: Greening of Supply Chain

The company has remained ahead of regulatory requirements in pursuit of environment protection and energy conservation at its manufacturing facilities, and in development of products that use fewer natural resources. The company adopted the 'Just-in-Time' philosophy and internalized by the employees as the prime reason that helped to excel in this direction. The company has been promoting 3R since its inception. As a result the company has not only been able to recycle 100% of treated waste water but also reduced fresh water consumption. The company has implemented rain water harvesting to recharge the aquifers. Also, recyclable packing for bought out components is being actively promoted.

Green Marketing Initiatives in India

- McDonald's restaurant's napkins, bags are made of recycled paper.
- Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year.
- Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.
- Barauni refinery of IOC is taken steps for restricting air and water pollutants.
- HCL's Environment Management Policy under HCL eco-Safe.
- HP's promise to cut its global energy use 20 percent by the year 2010.
- E-commerce business and office supply company Shoplet which offers a web tool that allows you to replace similar items in your shopping cart with greener products.
- Walt Disney World, have instituted environmentally responsible behavior in their processes and systems.
- The refrigerator industry has shifted from chlorofluorocarbons (CFC) gases to more environmentally friendly gases.
- Plantation and cultivation activities taken up by Intel India is an example of socially responsible firms contributing to preservation of environment.
- Supreme Court of India forced a change to alternative fuels. In 2002, a directive was issued to completely adopt CNG in all public transport systems to curb pollution.
- In India, the green building movement, spearheaded by the Confederation of Indian industry (CII) - Godrej Green business Center.
- Recycling used products also acts as a step towards minimizing wastes.
- Tata Steel, HLL, Jindal Vijaynagar Steel, Essar Power and Gujarat Flurochemicals Ltd. etc have got clearance to undertake specifically designed projects in order to gain benefits from carbon trading (Kyoto Protocol).
- Plantation and cultivation activities taken up by Intel India is an example of socially responsible firms contributing to preservation of environment.
- ITC's Bhadrachalam paper unit has invested in a Rs. 500 crore on technology that makes the unit chlorine free.
- At Jubilant Organosys's Distillery at Gajraula, the treated wastewater is piped to farmers and CO₂ is sold to cola majors.
- Atlas Cop co in India claims to use safer compressor condensate disposal practices including a step that removes oil from the water that is discharged into rivers.
- Proctor and Gamble has introduced refills for its cleaners and detergents in Europe that comes in throwaway packs.
- Kirloskar Copeland Limited (KLC) claims to have recently introduced the eco-friendly R404A gas compressor.
- New Surf Excel (Do Bucket Paani... Ab Rozana Hai Bachana) that produces lesser froth but is as effective as before, thus reducing water consumption.

- Lifebuoy (a brand of soap from Unilever in India) had an advertising campaign encouraging children to keep their streets clean and not worry about germs as Lifebuoy protects them.

Conclusion

"If not now, then it will be never." This is the right time to implement the word green in the marketing aspect. This study has clearly identified the importance and need of green marketing concept. This concept holds the company socially responsible and also maintains ecological balance. At present there are very few companies which are implementing this concept and coming up with green products and services. Very few companies taking up this decision is not enough, it would be better if more and more companies come up with eco-friendly products and services to take the advantages of environmental safe policies enforced by the government and also to line up with the market competition. Green marketing in India is still in its infancy and a lot of research is to be done on green marketing to explore its full potential. Marketers need to understand the implications of green marketing. With the threat of global warming looming large, it is extremely important that green marketing becomes the norm rather than an exception or just a fad. Recycling of paper, metals, plastics, etc., in a safe and environmentally harmless manner should become much more systematized and universal. Green marketing methods produce highly effective results. Lead to cut costs, raise response rates and increase growth. Businesses are entering the green marketplace at breakneck speed to keep pace with customer and societal demands to reduce their environmental impacts. But greening one's business is no small feat. While clear opportunities abound in this new economy, business leaders pursuing a green strategy are finding few roadmaps and established rules and plenty of hidden twists and turns.

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WHAT AILS MANAGEMENT EDUCATION ?

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Abstract

Based on a small survey, the author has identified issues and directions for management institutions so that they can prepare themselves for tomorrow. These issues are relevant to the business schools in preparing themselves for tomorrow. Based on findings, the author contends that industry connection, startup ecosystem, sustainable development, self management training, industry oriented research and investment in technology are crucial for survival and growth of business schools. The business schools of tomorrow should have infrastructure and support systems for Startups. They should change their orientation by giving live projects to students to work upon. They should take up live data from industry and should prepare students for the real issues of the corporate world.

Keywords: Business Schools, Management Education, Institution Building.

Introduction

Every night is a waiting time to prepare for a bright day. The time of darkness ends with a ray of sunshine, a ray of hope and a ray of opportunity. Every difficulty should therefore be taken up as an opportunity, a time to prepare, a time to assess and improvise. There are periods of difficulties in every sector. The issues of the difficulties should be taken up as a feedback to assess and improvise. Management education has been passing through tough time. There are many problems and challenges these days. Students have lost their confidence from business schools, similar situations exist from other stakeholders also. There are negative news all around. This is the right time to undertake a research on management education.

Challenges

The challenges of tomorrow are visible today. Most of the business schools are finding it difficult to get good response from students. The number of applicants are reducing and this is a clear indicator that business schools should start a brain storming about how to solve the problems. Considering the challenges of the management institutions, the writer carried out a research to identify the problems and probable solutions.

Research and Findings

A small survey (survey was carried out among thirty management professors and thirty corporate executives, who have fairly good understanding of the present scenario in management education) was carried out to identify the problems and possible solutions. There was a mixed response. Professors in different business schools and equally numbered senior executives from corporate world expressed their observations on different aspects relating to management education. Survey followed by questions and answers enabled following observations:

- **Research with focus on industry linkage is crucial** : most of the respondents expressed that there is a need of industry connect and this can come only if there is strong research, which is focused on industry requirements. A strong research will equip faculty with the current status and this

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will also assist industries in improving their performance. Institutions should therefore change their role. They should now consider themselves as supporters of the industry.

- **Practical Projects** : students in business schools must be given practical projects and these projects should be on real life corporate issues. These projects will enable students to focus their studies on real life problems and they will develop skills that are really required in the corporate world. This will also introduce pragmatic approach among students. The students will also be able to prepare themselves for the real world problems.
- **Investment in Technology is Crucial**: Technology is evolving and the pace of technology evolution is faster than expected. The business schools of today are not teaching about the technologies of today or tomorrow, but they are training students in outdated technologies and principles. Most of the books in libraries are now outdated. Software's have changed. Data have changed. Thus there is a need to focus on latest tools and techniques. Outdated books cannot help institutions. They must get tuned with the live data of the corporate world and prepare students for the tools and techniques that will be used in the next decade.
- **Discussions and Brain Storming Oriented Education**: Most of the business schools have failed to open the minds of their students. This is due to closed approach of teaching. There is a need to introduce discussions and brain storming, where students can explore all the possibilities. This will improve the performance of the students and will enable them to prepare for the future. There is an urgent need to introduce management education in open classrooms where faculty remain silent and convert the class rooms into open debate houses to discuss, solve and apply the concepts to real life problems.
- **Start Up Exposure**: most of the students of today fail to have exposure of the corporate world due to lack of proper industry-institute connection. There is a rising expectations among students for better understanding of the Start UP scenario. Most of the Start Ups are information, communication, internet based business and other related sectors. There is a need to have a connection between business schools and Start Up organizations. This will enable students to start their own Start Ups. The students want to jump into Start Ups, but there is a need of ecosystem in the business schools, which can happen only if there is proper connection through the institution's initiatives. The institution should also provide space, infrastructure, support and faculty timings to the students who are willing to start UPs. Incubation centre's should be there in every business school.
- **Innovation and Inclusive Growth Orientation**: every business school should now foster innovation and creativity among student with a clear focus to introduce inclusive growth orientation. This will enable students to think and find solutions that can help the poorest of the poor. The business education should lead towards creation of managers, who consider it their duty to solve the problems of the poor by introduction of innovative products and services.
- **Sustainability the Key Driver**: it is now agreed that sustainable development should be the top priority in every education and therefore business schools should also assign it the top priority.
- **Self Management** : Every business school should introduce self management courses (through Yoga, meditation, self-management training and similar concepts) and ensure that every student is given proper individualized personalized counseling on self management, which is crucial for the success of the student.

Conclusion

The management education of today needs transformation. There is a need to create a clear path about how to proceed further and about the direction to be taken up. Most of the business schools are preparing themselves for the challenges of tomorrow. The present research is an attempt to bring to light the issues for tomorrow. These issues will help the policy makers in preparing a strategy for tomorrow.

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IMPACT OF DERIVATIVE COMMODITY MARKET ON RETAIL CONSUMER OF RAJASTHAN : A STUDY

Murari Lal Khandelwal*

Abstract

This study analyses the Impact of Derivative Commodity Market on Retail Consumer of Rajasthan, India. The commodity market in India has witnessed a phenomenal growth. The futures trading have ecosystem linkages which results in employment generation process. Commodity markets have a crucial role in developing agriculture dominated economies. A review of the institutional and policy constraints facing this market demands more focused and pragmatic approach from government, regulators and exchanges for making it a vibrant segment for agriculture supply chain. Commodity markets have a significant role in the price risk management process especially in case of Rajasthan, India being an agricultural dominated economy. Traditionally agricultural commodities in Rajasthan, India are in the domain of federal states and each states has its own tax and relief package for the commodities. Agricultural marketing has also been in the domain of federal States. In Rajasthan, India agriculture has registered impressive growth over last few decades. It is also the largest consumers having a large population base and hence it should take a leadership role at national and international level.

Keywords: *Commodity Derivatives Market, Futures Market, Forward Markets, Commodity Exchange.*

Introduction

Globally, commodity markets have occupied a very important place in the economic growth and progress of countries. The concept of organized trading in commodities evolved in the middle of the 19th century. In 2008, the world experienced a dramatic surge in the prices of commodities. The prices of traditional staples such as maize, rice and wheat increased significantly, reaching their highest levels in nearly thirty years. Rajasthan, India is a commodity based economy where two-third of the total population depend on agricultural commodities, startlingly has an under developed commodity market and futures market trades are merely used as risk management mechanism. Agricultural commodity futures are market-based instruments for managing risks and they help in orderly establishment of efficient agricultural markets. Instability of commodity prices has always been a major concern of the producers as well as the consumers in an agriculture dominated country like India. Indian commodity future market was relatively popular till early 70s but its growth was fraught due to diverse restrictions and regulations introduced by Government of India. Commodities actually offer immense potential to become a separate asset class for market-savvy investors, arbitrageurs and speculators. Retail investors, who claim to understand the equity markets, may find commodities an unfathomable market. But commodities are easy to understand as far as fundamentals of demand and supply are concerned. Retail should understand the risk advantages of trading in commodities futures before taking a leap. Historically, pricing in commodities futures has been less volatile compared with equity and bonds, thus providing an efficient portfolio diversification option.

Throughout the last decade the commodity futures market has developed significantly in terms of both network and volume. At present, there is a two-tier structure for Commodity Exchanges in India:

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Regional and Country-Wide. Regional exchanges are permitted to have only a limited number of contracts whose membership is local. Countywide national exchanges are multi commodity electronic exchanges with a demutualized ownership pattern. The total value of trade in the Commodity Futures Market has risen substantially in the last few years. Table 1 shows the Annual growth of commodity derivative in India for period 2007-08 to 2014-15. The total number of commodities traded on Futures Exchanges is categorized into two major groups, viz., Agricultural Commodities and Non-Agricultural Commodities. Non-agricultural commodities are further categorized into bullion/ precious metals, base metals, energy and polymer products. Agricultural commodities are further categorized into cereals, oil and oilseeds, pulses, fibers", plantations, spices and others that include guar seed, potato, sugar, etc.

Derivative Commodity Market

Any product that can be used for commerce or an article of commerce which is traded on an authorized commodity exchange is known as commodity. The article should be movable of value, something which is bought or sold and which is produced or used as the subject or barter or sale. In short commodity includes all kinds of goods. Forward Contracts (Regulation) Act (FCRA), 1952 defines "goods" as "every kind of movable property other than actionable claims, money and securities". Need of Commodity Market & exchanges in India:-To develop active trading interest across commodities, it is necessary to have a common platform of commodity futures exchange where demand and supply forces can act together in bringing out the best price for any commodity. The main economic purpose of futures commodity exchanges as a market place is to enable commodity Producers and processors to sell their produce in advance to protect them against possible price fall for their commodities and allow consumers, traders, processors to buy in advance to protect against possible price increase. In this way they are able to „hedge“ their price risk, by locking the price, which they will receive, and which they will pay respectively. In this regard, National Commodity & Derivatives Exchanges Limited (NCDEX):- National Commodity & Derivatives Exchanges Limited (NCDEX) located in Mumbai is a public limited company incorporated on April 23, 2003 under the Companies Act, 1956 and had commenced its operations on December 15, 2003. It is promoted by ICICI Bank Limited, Life Insurance Corporation and National Bank for Agriculture and Rural Development (NABARD) and National Stock Exchange of India Limited (NSE).

Objectives of the Study

The objectives of this study are as follows:

- Impact of Derivative Commodity Market on Retail Consumer of Rajasthan
- To study the performance of Impact of Derivative Commodity Market on Retail Consumer of Rajasthan (2010-11 to 2014- 2015).

Review of Literature

Not much work has been existing in literature pertaining to commodity exchanges. As such, effort has been made in this chapter to review available studies pertaining to any aspect of commodity exchanges. A brief review of some of the major studies in recent years is given below:-

- **Alibekov (1994)** found that Commodity exchanges are envisaged as a key element. There is a need for widespread education of agricultural producers in fundamentals of business and marketing, and also essential for organization of futures trading in grain, sugar, and vegetable oils, creation of proper futures market infrastructure, introduction of clearing accounts for participants, and provision of adequate information services.
- **Kunnal and Shankarmurthy (1996)** studied that the critically analyses the performance of the Karnataka State Seed Corporation (KSSC) with respect to its seed marketing activity. KSSC has adopted a mixed distribution network to sell seeds in the state. The quantity of seeds of different crops marketed by the KSSC increased during the study period. Though sales of seeds showed fluctuating trends, sales turnover showed an increasing trend. The share of cooperatives in the distribution of seeds of KSSC was not appreciable.
- **Booth and Ciner(1998)** investigated the return and volatility spillovers of corn futures between the CBOT and the Tokyo Grain Ex- change (TGE). They found significant return and volatil- ity spillovers between the two markets. Booth,Brockman, and Tsestudied the wheat futures traded on the Chi-cago Board of Trade (CBOT) of US and the Winnipeg Commodities Exchange (WCE) of

Canada and found one way information spillover from CBOT to WCE. Low, Muthuswamy, and Webb examined the futures prices for storable commodities, soybeans and sugar, which are traded on the TGE and the Manila International Futures Exchange (MIFE), and found no co-integration between these two markets.

- **Lin and Tamvakis (2003)** examined the information transmission mechanism and price discovery process in crude oil and refined oil products traded on the New York Mercantile Exchange (NYMEX); and London's International Petroleum Exchange (IPE). They found substantial spillover effects between two markets where IPE morning prices seem to be considerably affected by the closing price of the previous day on NYMEX.
- **Jairatt and Kamboj (2005)** reported that the total commodities traded in the agricultural commodities accounted for nearly 95 per cent during 2002-03, which hovered around 92 per cent in 2004-05. He mentioned that the removal of ban, share of national commodity exchanges increased from nearly 6 per cent and that of regional exchanges declined from 94 to 27 per cent during the period. In commodity futures context.

However, in 2007-08, GOI removed all restrictions on commodities, which could be traded on commodity exchanges. Currently, there are 6 national exchanges, The National Multi Commodity Exchange Ltd. (NMCE), Ahmedabad; was the first exchange to be granted permanent recognition by the Government. The Multi Commodity Exchange of India Ltd. (MCX), Mumbai; the National Commodity and Derivatives Exchange Limited (NCDEX), Mumbai; Indian Commodity Exchange Limited (ICEX), Mumbai, as nation-wide multi-commodity exchanges; Ace Derivatives and Commodity Exchange Ltd. (ACE), Ahmedabad; and Universal Commodity Exchange Limited (UCX), Mumbai. The commodity exchanges are regulated by the Forward Markets Commission (FMC), which was established in 1953.

Research Methodology

The present study is conducted on Impact of Derivative Commodity Market on Retail Consumer of Rajasthan. The study is descriptive in nature. The literature and data are mainly based on secondary a source, which has been collected from commodity market and their various publications, books related topics, magazines, reputed journals, research paper, news paper & various internet sources, commodity market bulletins, annual reports of Forward Market Commission (FMC) and other publications. The various reports and records issues and maintained by the Government of India (GOI) are also used in the study. There is no tool applied to values and volumes fluctuations of agricultural commodity market. The study is based on the data collected from Directorate General of Commercial Intelligence and Statistics, Government of India from 2007-2008 to 2014-15 of value of commodity trading. The data were collected from electronic data base of Ministry of Commerce, Government of India, Commodity Trade Statistics (COMTRADE) of United Nations, Economic survey 2014-15 and Foreign Trade and Balance of payment published by Centre for Monitoring Indian Economy.

Agricultural Commodities in Rajasthan, India

Indian economy has witnessed mini resolution in commodity Future market since 2003 as a result of the revival of commodity futures in a big way. Farmers in rural areas are not able to patronize the benefits of commodity futures market. There are various reasons responsible that are accountable for the ineffective growth of commodity futures market in India. The efficient and modern infrastructural facilities are the major bottleneck in growth of agricultural commodity futures market in India.

Broadly speaking agricultural commodities can be divided in two categories: Soft and Hard Soft commodities are typically grown. Corn, wheat, soybean, Soybean oil, sugar are all examples of "soft" commodities. The Hard commodities are typically mined from the ground or taken from other natural resources: gold, oil, aluminum. Agriculture provides the principal means of livelihood for over 70% of India's population. It contributes approximately one-fifth of total gross domestic product (GDP). Agriculture accounts for about 10 per cent of the total export earnings and provides raw material to a large number of industries. Being the third largest land mass in world it is number top producer of many agriculture commodities. And yet Indian agriculture has one of the lowest yields in most commodities, nearly 55.7% of area sown is dependent on rainfall. Clearly while there are challenges there are huge potentials as well.

Performance of Agricultural Commodities in Indian Commodity Market

The Government of India in 2007-08 had initiated major steps towards introduction of futures trading in commodities, which included removal of prohibition on futures trading in all the commodities by issue of a notification and setting up of the National Level Commodity Exchanges. The momentum gathered in 2010-11 continued in 2014-15 and manifested itself in increases in volumes, participation, number of commodities traded and various new initiatives taken by the National Exchanges (Table 3). The major agricultural commodities traded at these exchanges were soya oil, guar seed, guar gum, chana/gram, rubber, potato, chillies, jeera (Cuminseed), cardamom, pepper, turmeric, wheat, maize, kapas (cotton) etc.

Conclusion

In its long history of trading in commodities and related derivatives, Indian commodity market has seen several developments between two extreme scenarios: protection of the essential commodity market through government intervention and the opening up of the sector and getting the necessary protection through market based instruments like commodity futures contract. After a long period of suspension commodity derivative market was reintroduced in India in early 2000s. Since its resumption, however, the market has been growing at a very high pace. The growth is evident in the spread of market network as well as in volume of trade. Commodity futures and derivatives market have a crucial role to play in the price risk management process, especially in agriculture. However, they have been utilized in a very limited scale in India. The production, supply and distribution of many agricultural commodities are controlled by the government and only forwards and futures trading are permitted in certain commodity items. But there is always been a doubt, as expressed by different bodies, on the usefulness and suitability of futures contract in developing the underlying agricultural commodity market, especially in agricultural based economy like India.

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AGRICULTURAL CLIMATIC ZONES AND POSSIBILITIES IN RAJASTHAN : A STUDY

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Abstract

Agriculture is a main source of raw material for economy of Rajasthan. Agriculture occupies an important role in providing industrial raw material, employment and can break the poverty circle in the villages and towns of Rajasthan. The economy of state is mostly depended on agriculture. The climate of Rajasthan has varied contrasts and presence of Aravallis is the greatest influencing factor. The state can broadly be divided into Arid, Semi-Arid and Sub-Humid regions on the basis of rainfall intensities. This research paper study is based on secondary data and is an effort to understand the situations, conditions and possibilities of agro-climatic zones. The uncertainty of such magnitude leads to sub-optimal resource allocation in primary agricultural sector with repercussions in other sectors of the economy. A long-term solution needs to draw on improving the efficiency of resource use to develop agriculture sector in Rajasthan. Agricultural policies pursued during nineties have focused mostly on the price policy with much less emphasis given to the non price factors. A good monsoon and well planned activities can booster up production growth and performance of agriculture economy.

Keywords: *Agriculture, Climate, Arid, Corps, Rainfall, Economy, Agro-climatic Zones.*

Introduction

Rajasthan is the largest state of India constituting 5.67% of total population and 10.4% of total geographical area of India. Rajasthan is divided into 7 divisions, 33 districts, 244 tehsils, 249 panchayat sammittees and 9168 gram panchayats. Rajasthan can be divided into 4 physio-graphical regions namely:-

- The Western Desert,
- The Aravalli Hills,
- The Eastern Plains, and
- The South-Eastern Plateau.

Climate change is one of the big challenges because it affects physically and socio-economically. In recent decades Rajasthan has experienced severe and drought than any other region in India. The environmental and atmospheric status has been changed due to natural and human activities. Rajasthan is divided in 10 agro-climate zone namely:

- Arid western zone,
- Irrigated north-western zone,
- Hyper arid partial irrigated zone,
- Internal drainage dry zone,
- Transitional plain of luni basin zone,
- Semi-arid eastern plain,
- Flood prone eastern plain,
- Sub-humid southern zone,
- Humid southern zone, and

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- Humid southern-eastern zone with different-different climatic characteristics.

Chambal, Banas, and Mahi are the three main rivers of the state for its water resources. The state is endowed with diverse soil and weather conditions comprising of several agro-climatic atmosphere, warm humid in south-eastern areas to dry cool in western areas of the state. The average size of agriculture land-holding is largest in dualistic in nature. Agriculture depends on rainfall, which in most parts of Rajasthan is minimal and irregular. Agriculture and allied sector plays an important role in State's economy. Rajasthan's economy is based on agriculture and animal husbandry in nature with high level of fluctuation in agricultural production and productivity where 75.1% of the total population resides in rural area and largely dependent on agriculture as the source of their livelihood. About 65% population of state is dependent on agriculture and allied activities for their livelihood.

Objectives

The main objectives of this study are:

- To know present status of agricultural climatic zones in Rajasthan.
- To know what kind of issues and challenges facing in agriculture sector.
- To suggest ideas for improving agriculture skills.

The study is to introduce the climatic zones of agriculture in Rajasthan. It covers the impacts of agriculture development in Rajasthan. This study method is to document the movements that have been recognized as determining development of agricultural production.

Review of Literature

- **S. N. Sukumar**, "**Indian Agriculture in the Global Environment**", (2009), stated that agriculture is the predominant occupation in all the developing countries. In India the available food stock is inadequate due to a rapid growth of population as well as low productivity in agriculture. So this is the high time to involve a strategy to make agriculture attractive. Capital formulation, enhance production incentives, welfare of farmers agricultural productivity can increase. Government should develop overall economic development for that.
- **Babita Agrawal**, "**Impact of Reform Process on Indian Economy**", (2008), stated that agricultural sector has very high priority for an overall development of Indian economy. The government initiated a large number of programs for the development of agriculture and allied sectors. Impact of WTO (World Trade Organization) on Indian economy is an issue of paramount national importance with having both positive and negative aspects. The author criticized that the reforms have not focused sufficiently on what needs to be done for agriculture. She suggested imbalance needed to be corrected. In new agricultural policy author focused on use of fertilizers, pesticides, HYV (High Yielding Variety) seeds and new strategies for high productivity of agriculture.
- **Suresh C. Babu and Pramod K. Joshi**, concluded that the agriculture sector in India is becoming increasingly knowledge-intensive. The reforms needed to meet this emerging need for knowledge at the farm level and the associated services remain slow. While serious efforts have been made in revitalizing the extension and advisory services in the last ten years, a review of the current approaches and interventions leave much to be desired. The reforms continue to be dictated from the center and the funding largely depends on central sources. This is not much different (for the states) from depending on external funding. There is a danger that these reforms will collapse from their own weight if the states do not take ownership and responsibility for the reforms process and emphasize the specific innovations needed in their communities.
- **P.V. Srinivasan**, and **Shikha Jha**, in their paper, "Globalization and Public Agricultural Research in India", published in Indira Gandhi Institute of Development Research, examined the impact of globalization on the agricultural sector of India. The resulting negative effect on the agricultural growth rates was partly offset by efficiency gains as an effect of trade liberalization measures. It identified various options and strategies that may be used to meet the challenges posed by globalization. Rajasthan is located in north-western region of India. A hostile climate and unfavorable geographical features are main characteristics of Rajasthan. About two-third of its area is arid or semi-arid, with low and irregular rainfall. Here is a table of an overview about Rajasthan's geographical features.

Table 1 : An Overview of Rajasthan (According to Census 2010-2011)

Serial No.	Indicators	Rajasthan	Proportion of
1	Area	3,42,239sq. km.	10.40
2	Population	56.5 million	5.49
3	Rural population	43.2 million	5.80
4	Rainfall	57.5 cm (annual average)	
5	Net irrigated area	62,94,000 hectare	10.46
6	Livestock	49 million	10.13
7	Food grain	1,14,45,000 tonnes	5.49
8	Oilseed production	59,64,000 tonnes	21.31
9	Total forest cover	32,627 sq. km.	4.19
10	Gross cropped area	2,16,99,000 hectare	11.25
11	New sown area	1,68,36,000 hectare	11.87

Source: Census of India 2011

This table shows geographical and economic features of Rajasthan state like area, population, rural population, rainfall, livestock, food grain, forest cover area etc. Rajasthan is a largest state of India in area but it has not covered a minimum level of forestry area which is 33% of total area. It has 10th rank out of 29 states in population. Due to irregular and uncertain rainfall agriculture sector have many deviations and up-down conditions.

Agro-climatic Zones of Rajasthan

The state is divided into 10 agro-climatic zones on the basis of geographical features and characteristics like rainfall, temperature, humidity, weather, soils, mountains, rivers and others. Rajasthan is endowed with diverse soil and weather conditions comprising of several agro-climatic situations, warm humid in south-eastern parts to dry cool in western parts of the state. Rajasthan is primarily covering 13.27% rain fed of country's available land. The diversity in climatic zones and atmosphere creates potentiality to develop certain combinations of crops. These climatic zones are described in detailed table below:

Table 2

S. No.	Zone	Rainfall (mm)	Major crops	Districts
1	Arid western zone	200-370	Bajara, Kharif pulse, Gwar, Rabi-Wheat, Rape-seed and Mustard.	Barmer, Jodhpur
2	Irrigated north-western zone	100-350	Kharif- Cotton, Sugarcane, Pulse Rabi- Wheat, Mustard, Gram, Vegetables, Fruits.	Sriganganagar, Hanumangarh
3	Hyper arid partial irrigated zone	100-350	Bajara, Kharif pulse, Gwar, Rabi-Wheat, Rape-seed and Mustard	Bikaner, Jaisalmer, Churu
4	Internal drainage dry zone	300-500	Bajara, Pulse, Sesamum, Wheat, Barley, Mustard.	Nagaur, Sikar, Churu
5	Transitional plain of luni basin zone	300-500	Bajara, Maize, Pulse, Sesamum, Gwar, Wheat, Barley, Mustard.	Jalor, Pali, Sirohi
6	Semi-arid eastern plain	500-700	Bajara, Pulse, Sesamum, Sorghum, Maize, Wheat, Barley, Gram, Mustard	Jaipur, Ajmer, Dausa, Tonk
7	Flood prone eastern plain	500-700	Bajara, Sugarcane, Pulse, Sesamum, Sorghum, Maize, Wheat, Barley, Gram, Mustard	Alwar, Dholpur, Bharatpur, Swai-Madhopur, Karauli
8	Sub-humid southern zone	500-900	Kharif crops and Paddy, Wheat, Barley, Gram, Mustard	Bhilwara, Rajsamand, Chittorgarh
9	Humid southern zone	500-1100	Cotton, Sugarcane, Maize, Sorghum, Paddy, Groundnut, Sesamum, Mustard, Rape-seed	Dungarpur, Udaipur, Banswara, Pratapgarh
10	Humid southern-eastern zone	650-1000	Paddy, Sorghum, Wheat, Barley, Mustard	Kota, Jhalawar, Bundi, Baran

Source: Directorate of Agriculture, Government of Rajasthan

The arid part of the state which receives not more than annual rainfall of 25cm thrives on agriculture that is done with irrigation systems and thorough labors of the poor farmers of Rajasthan. As a major portion of the state is arid and semi-arid, the risk and instability in agricultural production and productivity are quite high. Arid western zone, hyper arid partial irrigated zone have many problems in agriculture sector. Farmers have to face various types of challenges such as low budget, irregular rainfall, irrigation sources, lack of knowledge and awareness, seeds, techniques, natural disasters and other problems in production and development of farming which is their livelihood source. They struggle due to natural and other uncertainties in agriculture production processing. In south eastern zones climatic characteristics are favorable to agricultural conditions. Agriculture growth is a requirement for inclusive growth, reduction of poverty levels, development of the rural economy and enhancing of farm incomes and to achieve double digit GDP growth in the country. The growth with inclusiveness can be achieved only when agriculture growth accelerates and is also widely shares amongst people and regions.

Findings

Agriculture in Rajasthan is mostly reliant on monsoon, which is not only irregular and uncertain but also has a short period. In terms of agro-climatic characteristics, the state ranges from arid to semi-arid. The state has been categorized into 10 agro-climatic zones for development. The major Kharif crops of the state are Bajra, Jowae, Maize, Pulses, Guar, Cotton and Soyabeen and the Rabi crops are Wheat, Gram, Rapeseed and Mustard. Rajasthan has made considerable improvement in crop production, especially after the green revolution. The area and production of crops like Wheat, Rapeseed, Mustard, Cotton and Rabi Pulses have increased. There has been negative growth in coarse cereals and Kharif Pulses whereas Rabi crops have recorded positive growth. The utilization of fertilizers is nearly half of national average and use of organic manure is very low. Horticulture development and agro-processing in the state are very feeble and reliable information on the production of fruits and vegetables is also not obtainable. The rainfall is irregular so agricultural possibilities are full of risks and uncertainties. Due to climate change and global warming, frequent drought leading to decline in productivity, reduced performance and decrease in livestock. Many problems have been facing by state's agricultural sector. In recent years there are many fluctuations in rainfall in all the climatic regions of agriculture. Sometimes farmers wait for good monsoon and sometimes they are affected by flood and this affects agriculture directly.. Low productivity, unfavorable prices and rising cost of cultivation, lack of efforts for stabilization of sand dunes, lack of integrated farming approach, lack of up-scaling of farm validated modern technologies and agricultural innovation are major challenges of agro-climatic regions.

Suggestions

Agro-climatic planning can decide marketing, agro development and infrastructural support required in the region. Features like soil conservation, ground water development, water shed management can be initiated after recognizing basic characteristics of each climatic zone so that both public and private investment can be possible for land and water development and management. More balanced and planned growth can be attained by appropriate utilization of local resources and contribution of local people.

Conclusion

This paper concludes that there are positive and negative results in 10 agro-climatic zones because each zone has a different atmosphere and climate characteristics. To survive and contribute in state's economy through developing agro-climatic regions central and state government has announced new policies time to time. There is a need to increase crop production, productivity and income through improved seed management and cultivation practices by perspective of agro-climatic regions so that agriculture problems facing by farmers can be sort out. After applying new policies and steps this sector can contribute a major role for development of Rajasthan's economy.

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AGRARIAN CRISIS IN RAJASTHAN: CAUSES AND REMEDIES

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Abstract

Rajasthan is the largest state of India with diverse weather condition. Rajasthan is an agrarian state. Agriculture plays an important role in the development of the state and continues to be the backbone of state's economy. Around two-third of its population is still dependent on agricultural activities for their livelihood. The agriculture scenario in the state is characterized by its dependence on the monsoon, is highly inadequate, aberrant and erratic in the nature of the state. Irrigation is an essential input for agriculture production but the surface of water resources is scarce in the state. Only 34.5% of the net cultivated area is irrigated. Dry climate of western part, lack of irrigation facilities, defective land tenure system, common droughts and famines, indebtedness in farmers are the major problems of the agriculture in Rajasthan. In the Rajasthan, small and marginal farmer's condition is not good. They are suffering from lack of knowledge for modern technology in agriculture and inadequate financial assistance. It means there is agrarian crisis in the state. So, this study covers the agricultural economy of state and reasons of agrarian crisis in state and remedies to solve agrarian crisis.

Keywords: *Agrarian Crisis, Small and Marginal Farmer's, Irrigation, Agriculture Production.*

Introduction

India is primarily an Agrarian country. Agriculture is the backbone of Indian Economy. There are two reasons that make agriculture as the most important part of the economy. 1) Two-Third of India's population still depend on agriculture for their livelihood and 2) Agriculture is contributes a major share (26 %) to national income. But there are many problems in agriculture sector in Indian economy such as; low commercialization of agriculture, low productivity, weak market orientation, preponderance of small and marginal uneconomical operational landholding, lack of infrastructure and dependence on monsoon. Rajasthan is also an agrarian state. Rajasthan is situated in Northern-Western part of India and it has four- squared shape. Its climate often remains hot and there are far distance between disentrails extent and sea - base. There are many complication and diversity in Rajasthan. Rajasthan Agro-Climate divided into four parts such as- Arid, Semi-Arid, Humid, Sub-Humid. The average rainfall in arid part is 33.2 cms. and states average rainfall is 56 cms. The average rainfall of humid part is 82.7 cms. it shows that states agro-climate is very diverse.



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In Rajasthan, seventy percent of the total population resides in rural area and largely dependent on agriculture as the source of their livelihood. The economy of state is mostly depended on agriculture. 22.5 percent of state's GDP comes from agriculture. Recognized as the largest state of India, Rajasthan has cultivated area of almost 20 million hectares but due to some unavoidable circumstances on about 35 % of the total cultivated area is irrigated. This really is a tense situation. Again the tensest area is: the weather is arid and hot. Droughts are common in Rajasthan. Due to unstable weather conditions, farmers have to depend on both rained and ground water for agriculture. Adverse weather entails a risk through drought, floods, hailstorm, occurrence of pests and diseases hampers the agriculture production. Farmer's debt is increasing and a suicide in certain parts is a daily occurrence now. This means that there is now an agrarian crisis in Rajasthan. In this context this study is cover the problems of agriculture in, causes of agrarian crisis and its remedies in Rajasthan.

Objectives and Methodology

The main objectives of the study are as follows:

- To discuss the problems of agriculture in the Economy of Rajasthan,
- To know the causes of agrarian crisis in Rajasthan,
- To find out which factors are responsible behind these causes,
- To suggest some remedies to reduce the agrarian crisis in Rajasthan.

The present study covered the Rajasthan's Agricultural Crisis and based on completely secondary data, which collects from journals, books, internet, newspapers etc.

Review of Literature

R.V. Ramana Murthy in his paper "**Political Economy of Agrarian Crisis and Subsistence under Neoliberalism in India**" (2013) stated that the growing number of small and marginal farmers -self-exploiting subsistence 'petty producers in a thriving capitalist system is perhaps the paradox to stay here for a long time to come.

Swain, Mrutyunjay & others in the report of **AERC 145 "State of Rajasthan Agriculture"** (2012) stated that some of the major challenges of agriculture sector in Rajasthan include the expansion of irrigation provision and efficient, water management and low productivity, unfavorable prices and practically very little addition, distress sales, rising cost of cultivation, proper institutional mechanism etc.

A. Narayanamoorthy in his article "**Why Do Farmers Commit Suicide?**" (2011) stated that the Indian agriculture has been going through a serious crisis 1990s, driving farmers to the point of ending their lives. The number of such cases is disturbingly high.

Uma Kapila, in her publication "**Indian Economy Since Independence**", (2010) observed that the main reason for deceleration and stagnation in agricultural output after 1995-96 are a slowdown in growth of fertilizer use, irrigation and energy in some cases, a stagnation or even a decline in other cases.

Yadav, Vijay Kumar in his paper "**Agrarian Crisis in Bihar**" (2009) stated that technological and institutional factors like input crisis low level of fertilizer use, low level of farm mechanization, low crop productivity, lack of irrigation facility, inequality landholding pattern, weak agricultural extension and research system, these are some issues behind low productivity of agriculture in Bihar.

Causes of the Agrarian Crisis in Rajasthan

- **Uncertainty of Monsoon:** Agriculture in Rajasthan has been mostly dependent on monsoon and irrigation. Due to uncertainty of monsoon losses the seasonal crop production by farmers. Fertilizer use in Rajasthan is very low due to uncertainty of monsoon, impeded drainage, lack of irrigation facilities, desert soil, lack of awareness about the fertilizer in time, non-availability of fertilizer in time.
- **Unsatisfactory Environment:** The most important cause of decline in growth rate of agricultural production is the inadequacy of favorable environment for agricultural growth. Most of the part in State is suffer from infrastructural facilities such as electrification, market storage, road map in rural areas. Credit facilities are also not easily available to the farmers.
- **Lack of Moisture in Soil:** Rajasthan has a lack of soil moisture in a large part. Soil is one of the most important natural resources because the mankind has depended on soil for food and agricultural production is also depended on quality of soil. The Rajasthan soil has developed

under the arid and humid climate. Moisture is not available in the soil in large part of state, which may support multiple cropping. The crop production in state is influenced by this factor also.

- **Problems of Agriculture Finance:** Agriculture finance is one of the major inputs in all agricultural activities. Agriculture is not economically viable for small farmers. Farmers require finance for the purpose of making some improvement of land, buying cattle, paying debts, purchase costly agriculture machinery etc. But the financial needs of rural farmers cannot fulfill by finance provided by the financial institutions. Farmers in Rajasthan are not utilizing the financial assistance provided by them. The repayment of loans from farmers is very poor. The lack of awareness among the rural people leads to many problems in rural area credit.
- **High Cost of Modern Inputs in Agriculture:** The cost of modern inputs required for agricultural production, such as chemical fertilizers, pesticides, agriculture machinery and high yield varieties seeds; all these are not easy to reach the poor, small and marginal farmers. The new technology of agriculture is so expensive and risky. The financial assistance is also not sufficient for using of modern technology to small and marginal farmers. Thus, the states agriculture growth rate has been declining rapidly.
- **Lack of Irrigation Facilities:** Rajasthan has 3.42 crore hectares geographical area, out of which 260.01 lakh hectares area is cultivable. The agriculture production of the state mainly depends upon monsoon rain. The average rainfall for the state is 58.64cms. All the resources of irrigation in state are very scarce and irrigation is a permanent problem of the state.
- **Lack of Fertilizer and Modern Technology:** Rajasthan's 70% population depends on the agriculture and the large number of farmers in Rajasthan does not have the knowledge to use of fertilizer, seeds, pesticides, new farming technology. The low level of fertilizer consumption and lack of knowledge of new farming technology is the major problem of agriculture in Rajasthan. Per hectare consumption of fertilizers is very low in state. In 2012-13 it was 51.70 kg., while it was 128.34 kg. in India.
- **Dry Climate of State:** The dry climate of western part of Rajasthan is the major problem for agricultural production. The scanty and irregular rainfall has converted large areas into desert and semi-desert which have become unfit to cultivation and influences the agricultural production.
- **Droughts and Famines:** The southern part of Rajasthan is frequently visited by famines. The famine prone nature of Rajasthan becomes evident from the fact that during the period between 1984-85 to 2011-12 state of famine was witnessed here in almost all the years except for 1990-91, 1994-95 and the worst year was 2002-03, when all 32 districts were affected by famine. Agricultural production is directly affected by droughts and famines.
- **Others**
 - Low education and high percentage of illiteracy among farmers is also responsible for crisis in agriculture in Rajasthan.
 - Widespread poverty among farmers prevents them from adopting developed techniques of agriculture.
 - High percentage of illiteracy and low education among farmers also impedes faster development of scientific and technical skills necessary for agricultural development.
 - Distribution of agricultural land is so defective that major share of it is with non-cultivating owners.
 - The lack of proper management of available water supply to cultivated areas in Rajasthan.

Remedies to Reduce Agrarian Crisis in Rajasthan

- **More Irrigation Facilities and Proper Water Management:** The State of Rajasthan is only state in India which hardly has only 1.16% of water resources. To boost up the irrigation growth all type of irrigation project must be completed at per schedule time and more efforts should be made to increase irrigation facilities. Proper management of water supply is also essential for agricultural production. In modern agriculture technology, water requirement is an essential step.
- **Supply of High Yield Variety Seeds:** The high yield variety seeds are not supplied in time by the government and not in required quantity. In this situation farmers go to the private dealers for

their supply, but private dealers do not supply good quality of seeds on every demand. Therefore, the state government should proper management of distribution of good quality of seeds and also should appoint conducting agencies for decide the purity and quality of seeds.

- **Proper Arrangement of Agriculture Finance:** The management of rural credit should be operated by efficient, able and dedicated persons Providing credit at time should be ensured that the farmers sale their production through co-operative marketing societies. The implementation of integrated programmes should be made simplified and this will help in improving the economic condition of small and marginal farmers. The agriculture credit to the farmers should be provided at the lowest rate of interest. In this matter credit needs of the small and marginal farmers should be given priority by government.
- **Proper Management of Training Programme:** Present time is a modern time. So, it is required that the all farmers are given proper training in the farm management by the agriculture experts in an uncertainty condition. The upcoming days of agriculture will more technological, therefore agriculture sector will requires more proper management. Farmers should be trained in scientific and technical skills of improved farming.
- **Quick and Systematic Implementation of Plans:** All projects and plans which are prepared for agriculture development by the state government should be implemented at proper time without any delay.
- **Provision for Trained Technical Staff:** The state government's agriculture department should make effective efforts to increase a knowledge of new agriculture technology to all categories of farmers. For this purpose the technical should be appointed by the state government.
- **Using Advance Agricultural Technology:** Technology is the prime mover of change. By the using of advance agricultural technology farmers can increase per hectare agricultural production. The small and marginal farmers should be encouraged to adopt advance technology. The government should provide technical financial assistance to them.
- **Agricultural Marketing:** Appropriate marketing facilities are essential for the development of agriculture. The farmers will be encouraged to produce more if they gets appropriate price of his produce. The government should make efforts for agriculture marketing.
- **Priority Given to Drought Prone Area:** High priority should be given to drought prone area and waste land development by the state government. The remaining work of Indira Gandhi Canal Project should be completed as early as possible so that the large desert area covered under this project may be permanently relieved of its sufferings. The state government should be established proper coordination between the different rural development programmes.
- **Dry Farming:** The government should encourage to farmers for dry farming. Agriculture output increase through dry farming in the areas not having the facilities of irrigation. In this condition a varieties of crops can developed which requires less water.
- **Others**
 - Land tenure system should be improved through suitable legislation.
 - More effective effort should be made by Co-operative and Commercial Banks for providing financial help in the form of loan to farmers.
 - Larger credit help, better and improved seeds, agricultural implements, sufficient fertilizers and necessary pesticides be made available to the farmers.

Findings and Suggestions

The Economy of Rajasthan is mostly dependent on agriculture. Agriculture is a largest private sector in India and in Rajasthan also. Government should concentrate on various agriculture problems in state, because states economy still depend on agriculture development. Industries importance is increases day to day in states economy and again industries depend on agriculture sector for their raw material. So the development of agriculture sector is necessary to overall development of state's economy. There are several problems in agriculture sector in Rajasthan, such as lack of irrigation facilities, dependent on monsoon, inadequate financial assistance to small and marginal farmers, indebtedness in farmers, lack of knowledge to use fertilizer etc. The State Government and farmers both have to conscious about agriculture problems.

Conclusion

Agriculture has most important place in economy of India and in Rajasthan also. Regularly facing agriculture crisis, the agriculture of Rajasthan is not achieving so much. The states environment is hot and arid. Droughts and famines are common in the state. States GDP share is 22.5% from agriculture and regularly decline. But the share from agriculture in states GDP is the important part of economy of state. So the agricultural production of state is extremely affecting the overall GDP. In a modern and globalized economy, the government should develop appropriate policies and proper management of agriculture sector to make security of the livelihood of 70 % of our state's population. Small and marginal farmers always need help to income security. So the state government should ensure them through appropriate institutional support.

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ROLE OF MICRO FINANCE IN EMPOWERING WOMEN : AN OVERVIEW

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Abstract

"Empowering is a multi-dimensional process that helps women to gain authority and self realization in improving their life standers." Empowerment of women is one of very important issue in developing countries. As women are integral parts of society. Women's status and participation in decision making as well as economic actions is very low. Micro-finance plays very important role in improving women decision making by contributing in economic actions. Over the years, different efforts have been made by many Government and Non-Government organizations to encourage women empowerment especially in rural areas. One such effort is the micro-finance intervention. Micro finance institution aims to provide credit to the poor women who have no access to commercial Banks. The present paper is an effort to study the role of Micro finance in women empowerment and intervention in promoting women empowerment in rural India and to check the various policies under the micro finance and the progress of this program. On the basis of this study, it is suggested that education facilities and family protection must be provided in proper way. Micro finance institutions should strengthen and expand their support to resource poor women.

Keywords: *Micro Finance, SHG's, NGOs, Empowerment, Women Empowerment, Micro Credit.*

Introduction

Micro finance through Self Help Group has been acknowledged internationally as the modern tool to poverty alleviation and rural development. Micro finance and SHGs are useful in reducing poverty, empowering women and creating awareness which finally results in sustainable development of the nation. Women have been the most disadvantaged and discriminated strata of the society. In the recent times, Micro finance has been emerging as a powerful instrument for empowering women particularly, the rural women. Apart from the informal sector of finance the formal and semi formal sectors like commercial banks, NGOs etc. are taking much interest in providing Micro finance to women considering it to be a profitable commercial activity. Women are also participating in the Micro finance movement by availing the Micro finance services being provided by the various financial channels.

The main aim of Micro finance is to empower women. Micro finance is the provision of financial services to low-income clients, including consumers and the self employed, who usually lack access to banking and related services. Micro-finance is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people. Who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient security? Women make up a large ratio of Micro finance beneficiaries. Usually, women have been unable to willingly participate in

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economic activity. Micro finance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision making, thus encouraging gender equality. The most of the microcredit institutions and agencies all over the world focuses on women in developing countries. Observations and experience shows that women are a small credit risk, repaying their loans and tend more often to benefit the whole family. In another portion it's also viewed as a method giving the women more status in a socio-economic way and changing the current traditional relationship between gender and class, men and women.

A recent World Bank report confirms "societies that differentiate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance, and a lower living standard for all people". At a macro level, it is because 70 percent of the world's poor are women. Women have a higher unemployment rate than men in almost every country and make up the majority of the informal sector of most economies. They constitute the bulk of those who need Micro finance services. Giving women access to microcredit loans therefore generates a multiplier effect that increases the impact of a Micro finance institution's activities, benefiting multiple generations.

Review of Literature

Biswas Pathania Manju and Rao Rama Mathur (2014) concluded that Empowerment also systematizes women lives and resources. Micro Finance has helped women to gain economic empowerment and improve quality of their life. Development of Micro Entrepreneurship through Micro finance can help reduce the problem of unemployment and several social problem that go with it.

Medatwal Chandan (2013) found that progress of Micro Finance Institution's (SHGs) is not up to the mark it should be through various scheme and programmes and there is need to find the factors in SHGs programmes, which have greater impact on the empowerment of women.

Sibhatullah Nasir (2013) found the contemporary issues and challenges in Micro finance.

Roodman (2012) concluded the need of extended support for deposit taking, insurance, and money transfers, which involve management, training, regulation and policies. He discovered the prevailing gap in the functioning of Micro Finance Institutions. As asserted by

Mohanty (2011) Micro Finance Institutions have been providing funds and opportunities to the rural poor to have a better life and has not only increased the saving habit but also helped reducing intensity of poverty.

Tiyas Biswas (2007) has stated that Empowerment of women required long term strategic process because credit alone cannot enable poor women to overcome their poverty.

Ranjula Bali Swain (2008) concluded that many strides have been made in the right direction and women are in the process of empowering themselves and Non Government Organizations that provide support in financial services and specialized training, have a greater ability to make a positive impact on women empowerment.

Malhotra (2002) concluded a list of the most commonly used dimensions of women's empowerment, drawing from the frameworks developed by various authors in different fields of social sciences.

Objectives of the Study

The major objectives of the study are:

- To study the role of micro finance in women empowerment.
- To examine the performance of micro finance in women empowerment.
- To compare the status of women after providing Micro-Finance.
- To offer suggestion for betterment of women's empowerment through Micro finance.

Micro-Finance and Empowering Women

Micro-finance empowers women has concerned attention in both academic and policy circles. The answers variety from Micro finance having the potential to empower women but Micro finance alone cannot empower women. The logic of Micro finance's potential for empowerment is similar to the economic model of empowerment. Micro-finance makes women economically independent by putting capital and financial resources in their hands. Economic independence results in higher bargaining power for women in their households and communities, and subsequently results in higher prestige and self-esteem. Here the functions of Micro finance are synchronous with its potential to empower.

Micro finance has been seen as contributing not only to poverty reduction and financial sustainability, but also to a series of 'virtuous spirals' of economic empowerment, increased well-being and social and political empowerment for women themselves, thereby addressing goals of gender equality and empowerment through micro-finance is identified and measured in various dimensions: impact on decision-making, on self-confidence of women, on their status at home, on family relationships and the incidence of domestic violence, on their involvement in the community, on their political empowerment and rights. Although it is difficult to measure the exact impact of access to microcredit on different dimensions – such as impact on decision-making and on self-confidence – studies have shown that MFIs indeed have a positive effect on each of these different dimensions of women's empowerment. Various helping hands are available for women to provide finance as classified below:

- **Formal Sector:** It covers the entire banking industry including all public, private, regional rural banks, NABARD and RBI.
- **Semi-formal Sector:** It covers all exclusive Micro financing institutions (MFIs), NGOs and various Self Help Groups (SHG).
- **Informal Sector:** It covers family, friends, relatives, moneylenders, pawnbrokers, traders and landlords etc.

The micro finance products are classified into 3 categories -Micro Credit, Micro Savings and Micro Insurance. Different credit products are available ranging from consumption to production besides savings products. However, micro insurance is still in experimental stage.

Features of Micro Finance

"**Micro finance** is the provision of financial services to low-income women clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services."

- Borrowers are from the low income group
- Loans are of small amount called as micro loans
- Short duration loans
- Loans are offered without Collateral
- High frequency of repayment
- Loans are generally taken for income generation purpose

Discussion

Mostly, Micro finance programmes focus women with a view to empower them. There are unreliable essential motivations for pursuing women empowerment. Some dispute that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority. A more feminist point of view stresses that an increased access to financial services represent an opportunity for greater empowerment. Micro Finance Institutions explicitly perceive Micro finance as a tool in the fight for the women's rights and independence. Finally, keeping up with the objective of financial possibility, an increasing number of Micro finance institutions prefer women members as they believe that they are better and more reliable borrowers. Self-help groups intermediated by microcredit have been shown to have positive effects on women, with some of these impacts being current effects. They have played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self-worth and knowledge. Several recent assessment studies have also generally reported positive impacts. First of it is crucial to know what kind of facilities provided by Micro-Finance to women's. Then we can say about women status. The points are stated as the advantages and benefits of Micro Finance Institution:

- Protects the interest of the women depositors
- Put in place prudential norms, values and practices
- Provides sufficient information about the true risks faced by the Micro-Finance
- Promotes systemic stability and thereby sustain public confidence in the Micro-Finance
- Provides invaluable advisory inputs for problem-solving and overall improvement of the Micro-Finance

- Promotes safe, strong and banking facility and Micro-Finance Institutions policies and enhances orderly economic growth and development

Women Status after Providing Micro Finance

- Micro-Finance improved the literacy levels of women and also improved their awareness on child education.
- Micro-finance has brought economic development directly and indirectly and thus happiness and peace in the family.
- Women are getting economically and socially empowered after getting micro finance
- Women's play an important role in decision making and they were consulted for making important decisions of the family. This is an important factor of economic empowerment.
- There is a significant improvement in the income of the respondents after joining SHG.

Culture and Organizational Challenges for Women Empowerment

The financial sustainability of Micro Finance Institutions is considered unsuited with concern for women's empowerment. There is perhaps some justification in this principle. However, as there are different routes to achieving women's empowerment, mainstreaming gender in the following areas can actually enhance the efficiency and sustainability of MFIs, while ensuring gender equality and empowerment:

- Understanding and valuing women's activities, strategies, priorities and challenges;
- Making information available in language that is user-friendly to women;
- Including women in design plans through participatory research programmes;
- Integrating gender into core group mobilization for savings and credit;
- Giving women access to non-financial services, such as involving them in the application process;
- Recognizing women's talents and giving them loans in amounts that would help them expand a business and increase its quality through the purchase of superior equipment and materials;
- Including women in value and supply chains so as to promote markets for services used by women; and
- Providing smaller loans with quick returns, targeted at productive activity, and making savings and services available in locations that women frequently access.

Future of Micro Finance and Women Empowerment

Developing women's guidance is important to distribute the promise of micro-finance in poverty alleviation. Increasing women representation in micro-finance and helping women develop the leadership skills to become innovators in their sector. That is the key to moving micro-finance to a new level. Strategies should be put in place targeting women flexible micro-finance delivery, services that complement gender; structures for participation; mechanisms for representation; inter-organizational links and institutionalized gender guidelines gendering all policy; gender equality within institutions; incentives for equity.

The high illiteracy rate among women in India requires governments and micro-finance institutions to be pro-active in organizing forums for cultivating women about their rights. To get fully empowered economically, women need to do more than just access finance services. They need gender parity, insurance, education, healthcare and housing to help them spiral upwards. Although micro-finance can make a contribution to empowerment of women, this cannot be assumed to be an automatic outcome. There underlies the course of a good approach to solving the incapacitation of the poor women in rural and disadvantaged areas of India to move out of poverty. For this to materialize, the women must develop the capacity to generate and maintain their means of livelihood and produce excess that will eventually lead to savings. Poor women in rural, backward and disadvantaged areas of India to move out of poverty. For this to materialize, the women must develop the capacity to generate and maintain their means of livelihood and produce excess that will eventually lead to savings.

Findings and Suggestions

- Women are getting economically and socially empowered after getting Micro-finance.
- It is found that Micro-finance improved the literacy level of the women and also improved their awareness on child education system.
- Micro-Finance has boost up the morale and improved self confidence of Women.

- Women accepted that Micro-finance has brought economic development and happiness and peace in the family.
- There is a significant improvement in the income of women after Micro-finance facility.
- Women play an important role in decision making after financial independence.
- There is still a gap which is fulfilled by Micro Finance Institution.

Conclusion

Thus it can be concluded that micro-finance is playing a vital role in the social, economical empowerment of women. Micro-finance loan availability and its productive utilization found to be having an insightful role and impact on women empowerment. The empirical findings of the study, suggests that micro-finance has a profound influence on the economic status, decision making power, knowledge and self worthiness of women. Micro-finance is accepted as a key mantra for attaining and maintaining the sustained and long-term economic growth in all over the world. Reaching poor people on massive scale with popular products on a continuous basis involves rethinking the basic assumptions and making the changes. Today micro-finance is ruthless to match the convenience and flexibility of informal sector while adding flexibility and continuity.

Many transformed to for-profit legal forms and Micro-Finance Institutions overall continue their efforts to become more efficient and productive. Through different studies concluded that various levels show different conclusions, it can be acknowledged from the present study that despite of bottlenecks. Micro-finance is capable of helping the poor to upscale themselves to a better living and playing a significantly positive role in upgrading women empowerment.

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TRANSFORMATION OF FINANCIAL STATEMENTS THROUGH IFRS

Dr. R. K. Tailor*

Abstract

In recent times, investment markets have become universal and continue to enlarge. Moreover, there has been significant globalization of production and trade. Investors can trade shares and securities worldwide. Entities are in a position to access the funds globally in the most profitable markets. For this purpose, investors from all over the world rely upon financial statements before taking financial decisions. They require to be influenced that the financial statements are true and fair and what they understand from the statements is what the person preparing them intends to convey. However, different countries adopt different accounting treatments and disclosure patterns with respect to the same economic affair. This may create confusion among all the users while interpreting the financial statements. In this article, the conceptual framework has been explained in a layman style.

Keywords: IFRSs, MCA, IASs, IFRIC, ICAI, ABS, GAAP, Investment Markets.

Introduction

Financial statements that are based on a single, universally accepted and used GAAP will enable the world to exchange financial information in a meaningful and trustworthy manner. This will accelerate the globalization of finance. India has set a roadmap for convergence with International Financial Reporting Standards (IFRS) commencing from 1 April, 2011. The convergence with IFRS standards is set to change the landscape for financial reporting in India. IFRS represents the most commonly accepted global accounting framework as it has already been adopted by more than 100 countries in the world. With the growth of Indian Economy and increasing integration with the global economies, Indian corporate are raising capital globally. Under the circumstances, it would be imperative for Indian corporate to adopt IFRS for their financial reporting. While, the Core Group of Ministry of Corporate Affairs (MCA) has recommended convergence to IFRS in a phased manner from 1 April, 2011 Indian corporate having global aspirations should consider earlier voluntary adoption. While there are several similarities between Indian GAAP and IFRS, still there are differences which can have significant impact on the financial statements.

At present, accounting standards in India are formulated and issued by the Accounting Standards Board (ASB). The standards issued by the ASB are more or less in line with IFRS except for a few instances where departure is necessary to comply with the legal, regulatory and economic environment. In May 2006, the Council of the Institute of Chartered Accountants of India (ICAI) expressed its opinion of adopting IFRS which was considered and supported by the ASB in a meeting held in August 2006. With a view to set up a road map for convergence and provide the necessary approach for convergence, ASB set up an IFRS Task Force. In this paper, meaning of IFRS has been explained in easy manner using a layman language so that every body can understand it easily. Apart from this, other contains related to IFRS i.e. needs, challenges, adoption and differences in Indian GAAP and IFRS have also been explained.

IFRS

The International Accounting Standards Board (IASB) founded on July 1, 2000 is the successor of the International Accounting Standards Committee (IASC) founded in June 1973 in London. On April

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1, 2001, the IASB took over from the IASC the responsibility for setting International Accounting Standards. It is responsible for developing the International Financial Reporting Standards (new name for the International Accounting Standards issued after 2001) and promoting the use and application of these standards.

The IASB (International Accounting Standards Board) is an independent standard-setting board, appointed and overseen by a geographically and professionally diverse group of Trustees of the IASC Foundation who are accountable to the public interest. It is supported by an external Standards Advisory Council (SAC) which advises the IASB on various technical and strategic issues, for example; selection of topics for future development into standards. In addition the IASB is also supported by the International Financial Reporting Interpretations Committee (IFRIC) which is mandated to interpret the standards and produce binding guidance when divergences occur in the application of the standards.

In the public interest, the IASB is developing a single set of high quality, understandable and enforceable International Financial Reporting Standards (IFRSs) for general purpose financial statements. The standards developed by the IASB follow a rigorous due process involving various stakeholders that include accountants, users of financial statements and regulators to mention but a few. The due process ensures through public debate and exposure that the views of the various stakeholders are incorporated in the requirements mandated by the IASB in the form of the final standards. Many countries committed to the objective of global "harmonization".

The aim of the IASB is to issue principles based standards that can be applied across the globe. Convergence with International Accounting Standards (IASs) / International Financial Reporting Standards (collectively referred to as IFRSs), issued by the IASB has gained momentum in recent years all over the world. The reason for this is obvious as the capital markets become increasingly global in nature; more and more investors see the need for a common set of International Accounting Standards. About 109 countries presently require or permit use of IFRSs in preparation of financial statements in their countries. By 2011 the number is expected to reach 150.

Why Adopting IFRS?

The past few decades have seen the advent of globalization whereby many entities have and are expanding or making significant acquisitions in the global arena, for which huge capital is required. One of the key challenges that faced by all such entities is the compliance requirements imposed by various stock exchanges across the world for financial information. Today majority of stock exchanges across the world will accept or require financial statements to be prepared under IFRS. India being one of the key global players, migration to IFRS will enable Indian entities to have access to international capital markets without having to go through the cumbersome conversion and filing process that is currently required. Migration to IFRS will lower the cost of raising funds, as it will eliminate the need for preparing a dual set of financial statements. It will also reduce accountants' fees and enable faster access to all major capital markets as IFRS is globally acceptable.

IFRSs by bringing in a global language for accounting, that is understood by all reduces the risk premiums charged by markets on capital raising as information barriers are removed. Consequently, adoption of IFRS by India will allow Indian entities to raise capital without the risk premium involved in Indian GAAP financial statements. Adoption of IFRS will enable Indian entities to gain a broader and deeper understanding of the entity's relative standing by looking beyond country and regional milestones. Further, adoption of IFRS will facilitate companies to set targets and milestones based on global business environment, rather than merely local ones. Convergence to IFRS, by all group entities, will enable company managements to get all components of the group on one financial reporting platform. This will eliminate the need for multiple reports and significant adjustment for preparing consolidated financial statements or filing financial statements in different stock exchanges.

The Role of IFRS in Indian Scenario

The Institute of Chartered Accountants of India (ICAI) has announced convergence with IFRS issued by IASB from accounting periods commencing on or after April 1, 2011. All listed entities and public interest entities such as banks, insurance entities and large sized entities are required to adopt IFRS. This is subject to regulatory endorsements. The Business Organizations need to apply accounting

policies in its IFRS financial statements that are in compliance with IFRS principles/norms, effective as of the balance sheet date of the first IFRS financial statements. IFRS requires minimum one year of comparatives to be presented. Therefore, when an entity follows IFRS for the first time in its financial statements for the year ending March 31, 2011, it needs to give the financial information for the year ending March 31, 2010 as a comparative. The date to follow IFRS is actually 2010 since comparatives of previous year also have to comply with IFRS.

Transformation and Associated Challenges in Adoption IFRS

IFRS adoption should not be looked as a mere technical exercise limited to change from one set of accounting principles to another. The consequences are far more than financial reporting issues and extend to significant business and regulatory matters including implications on performance indicators, compliance with debt covenants, structuring of ESOP schemes, training of employees and modification of IT systems, implication of mergers and acquisitions and tax planning and solvency capital for regulated entities. With IFRS, basic definitions could change. Premium income could go direct to balance sheet, preference equity might become loans, and dividends could become interest while hedge accounting and fair value will arrive in all its glory and complexity to mention but a few of the areas that would be impacted by IFRSs.

As of date, there are differences between Indian GAAP and IFRS that will need to be addressed by entities on adoption. As per the study done by the ICAI only two of the existing Indian accounting standards are in compliance with IFRSs. All other standards will require amendment in varying degree to achieve convergence with IFRSs. IFRS can be considered as being based on tripod of principles that address recognition, measurement and disclosure. While, this will present minimal challenges in certain areas, other areas will require substantial modification, even at the conceptual level to achieve compliance. One such area is business combinations. Under Indian GAAP, business combinations, with few exceptions, are recorded at carrying values and not at fair values of net assets taken over. Purchase consideration paid for intangible assets not recorded in the acquirer's books is usually not reflected separately in the financial statements; instead the amount gets added to goodwill. Hence, true value of the business combination is not communicated through financial statements. IFRS will overcome this issue as it mandates accounting for net assets taken over in a business combination at fair value. It also requires recognition of intangible assets, even though they have not been recorded in the acquiree's financial statements. IFRS requires significant additional disclosures – particularly in the areas of enterprise risk management, asset liability matching, management commentary on profitability drivers and sensitivity thereof. In order to comply with the disclosure requirements, significant changes would be required to the IT systems to capture additional information. Another area that will undergo significant change will be the accounting for financial instruments. Current Indian GAAP has limited guidance in the area, while IFRS contains a substantial body of literature on the topic. Current practice varies when it comes to accounting for derivative products under Indian GAAP. Under IFRS this is an area that will have significant implications as it introduces fair value accounting for such products. In addition IFRS will also require significant changes to current accounting practice for investments and other financial assets. IFRS follows a classification system that is different from the one that is currently followed under Indian GAAP e.g. Available for Sale (AFS), Held to Maturity (HTM) and Held For Trading (HFT). Consequently, measurement of such investments and financial assets will change on adoption of IFRSs by Indian entities. Even areas as mundane as accounting for property, plant and equipment will be impacted as IFRS requires componentization of fixed assets to much a greater degree. Current practice does not require a fixed asset to be broken down to its individual components to determine useful life and residual value, which is a requirement under IFRSs. In addition cost that can or cannot be capitalized under fixed assets differs between IFRS and Indian GAAP. Several legislative changes will have to be made such as amendments to the Companies Act, the Income-Tax Act, SEBI Regulations, IRDA Regulations, etc. Further, current accounting and presentation guidance that's not in line with the IFRS requirements would need to be amended.

On a Structural Level there are Two Key Challenges for India in the Changeover to IFRS:

- Firstly, understanding the accounting and regulatory landscape that will prevail in 2011. Accounting framework in India has multiple influencers and accounting standard-setters, such as the ICAI, SEBI, Companies Act (NACAS), Income-tax Authorities, and industry regulators such

as the RBI, IRDA, etc. All of them need to work in tandem and see the broader picture of the proposed accounting landscape in 2011 and work towards that in a concerted manner.

- Secondly, there is limited availability of a large pool of trained resources. The changeover to IFRS brings about significant changes in terms of complexities of accounting standards, requiring significant use of judgment in applying new and complex requirements. To achieve the end objective of comparability in financial reporting, all of these requirements need to be understood and applied in a consistent manner by a wide group of accountants, both within the industry and the profession. In sum followings are the main challenges:

In spite of the various benefits of adopting IFRS, implementation of IFRS is a phenomenal task in India. Following are a few challenges faced during adoption and implementation of IFRS:

- **Awareness about International Practices:** Adoption of IFRS means that the entire set of financial statements will be required to undergo a drastic change. There are a number of differences between the two GAAP's (discussed below). This may cause the users of financial statements to look at them from a new perspective. It would be a challenge to bring about awareness of IFRS and its impact among the users of financial statements.
- **Training:** Professional accountants are looked upon to ensure successful implementation of IFRS. The biggest hurdle for the professionals in implementing IFRS is the lack of training facilities and academic courses on IFRS in India. As the implementation date draws closer (2011), it is observed that there is acute shortage of trained IFRS staff. The solution to this problem is that all stakeholders in the organisation should be trained and IFRS should be introduced as a full time subject in the universities.
- **Amendments to the Existing Law:** It is observed that implementation of IFRS may result in a number of inconsistencies with the existing laws which include the Companies Act 1956, SEBI regulations, banking laws and regulations and the insurance laws and regulations. Currently, the reporting requirements are governed by various regulators in India and their provisions override other laws. IFRS does not recognise such overriding laws. Although steps to amend these laws have been initiated, the authorities need to ensure that the laws are amended well in time.
- **Taxation:** IFRS convergence would affect most of the items in the financial statements and consequently the tax liabilities would also undergo a change. Thus the taxation laws should address the treatment of tax liabilities arising on convergence from Indian GAAP to IFRS. It is extremely important that the taxation laws recognise IFRS-compliant financial statements otherwise it would duplicate administrative work for the organisations.
- **Fair Value:** IFRS uses fair value as a measurement base for valuing most of the items of financial statements. The use of fair value accounting can bring a lot of volatility and subjectivity to the financial statements. It also involves a lot of hard work in arriving at the fair value and valuation experts have to be used. Moreover, adjustments to fair value result in gains or losses which are reflected in the income statements. Whether this can be included in computing distributable profit is also debated. Management compensation plan. The terms and conditions relating to management compensation plans would also have to be changed. This is because the financial results under IFRS are likely to be very different from those under the Indian GAAP. The contracts would have to be re-negotiated which is also a big challenge.
- **Reporting Systems:** The disclosure and reporting requirements under IFRS are completely different from the Indian reporting requirements. Companies would have to ensure that the existing business reporting model is amended to suit the reporting requirements of IFRS. The information systems should be designed to capture new requirements related to fixed assets, segment disclosures, related party transactions, etc. Existence of proper internal control and minimizing the risk of business disruption should be taken care of while modifying or changing the information systems.

IFRS v\ Indian GAAP

The major focus of IFRS is on getting the balance sheet right. This can bring significant volatility in the income statement. There are quite a lot of differences between the Indian GAAP and IFRS with respect to the presentation of financial statements, disclosure requirements, and accounting policies: it is

difficult to summarise all the differences here. However a few of the major differences are given below for your reference.

S. No	Subject	IFRS	INDIAN GAAP
1	Components of Financial Statements	Comprises of: • Statement of Financial Position, • *Statement of Comprehensive Income • Statement of Cash flow • Notes to Accounts • Statement of Changes in Equity (Note*- Also includes items of other comprehensive income such as revaluation gains, foreign exchange fluctuations, etc)	Comprises of • Balance sheet • Profit and Loss A/c • Cash flow statement and • Notes to Accounts
2	Format of Income Statement	IAS 1 prescribes the format of income statement.	According to the format prescribed in Schedule VI to the Companies Act 1956, Banking Regulation Act for Banks etc.
3	Format of SOFP	No particular format prescribed. However, IAS prescribes disclosure on the basis of current and non-current assets and liabilities.	According to the format prescribed in Schedule VI to the Companies Act 1956, Banking Regulation Act for Banks etc.
4	Statement of Cash Flows	Mandatory for all entities	Exempted for Level 3 entities as prescribed by ICAL.
5	Presentation of extraordinary items	IFRS prohibits the presentation of extraordinary items in the statement of comprehensive income or in the notes.	Indian GAAP requires extraordinary items to be presented in the profit and loss statement of the entity distinct from the ordinary income and expenses for the period. As a result, extraordinary items are considered to determine the profit/loss for the period.
6	Dividends proposed after the end of the reporting period	Dividends declared after the end of the reporting period but before the financial statements are authorized for issue are not recorded as liability in the financial statements.	Dividends declared after the end of the reporting period but before the financial statements are approved are recorded as liability in the financial statements.
7	Depreciation rates	Allocated on a systematic basis to each accounting period during the useful life of the asset.	Depreciation is based on the higher estimate of useful life of the asset, or the rates prescribed by Schedule VI of The Companies Act 1956.
8	Change in the depreciation Method	Treated as a change in the accounting estimate and hence is accounted for prospectively.	Treated as a change in the accounting policy and is accounted for retrospectively (i.e. for all the relevant previous years). Any excess/ deficit in the case of this kind of recalculation must be adjusted in the period in which the change is effected.
9	Entire class to be revalued	If an item of property, plant and equipments revalued, the entire class of assets to which that asset belongs should be revalued.	An entire class of assets can be revalued, or selection of assets for revaluation can be made on a systematic basis.

10	Component accounting	Mandates component accounting.	Recommends component accounting.
11	Functional and foreign Currency	Functional currency is the currency of the primary economic environment in which the entity operates. Functional and presentation currencies may be different. The standard contains detailed guidance on this.	No concept of functional currency.
12	Goodwill	Goodwill is not amortized under IAS 38 but is subject to annual impairment test under IAS 36.	AS 14 provides that goodwill arising on amalgamation in the nature of purchase is amortized over a period of 5 years.
13	Measurement of intangible Assets	It can be measured at cost or revalued amount.	Are measured at cost only.
14	Actuarial gain or loss	IAS 19 gives three choices for the treatment of actuarial gains or losses arising on measurement of employee benefits.	Actuarial gains and losses should be recognized immediately in the statement of profit and loss as an income or expense.
15	Contingent asset disclosure	Contingent assets are disclosed in the financial statements only if the inflow of economic benefit is probable. (Para 37)	Contingent assets are disclosed as part of the director's report (approving authority) and are not disclosed in the financial statement.
16	Entities operating in hyper inflationary economies	IAS 29 - Financial Reporting in Hyperinflationary Economies prescribes reporting requirement for entities operating in hyperinflationary economies.	There is no equivalent standard.

List of IFRS

Followings are the main IFRS and IAS currently issued:

S. No	Name	Subject
1	IFRS 1	First time Adoption of International Financial Reporting Standards
2	IFRS 2	Share-based Payment
3	IFRS 3	Business Combinations
4	IFRS 4	Insurance Cost
5	IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
6	IFRS 6	Exploration for and Evaluation of Mineral Resources
7	IFRS 7	Financial Instruments: Disclosures
8	IFRS 8	Operating Segments
9	IFRS 9	Financial Instruments
10	IFRS 10	Consolidated Financial Statements
11	IFRS 11	Joint Arrangements
12	IFRS 12	Disclosure of Interests in Other Entities
13	IFRS 13	Fair Value Measurement

List of IAS

Followings are the main IAS currently issued:

S.No	Name	Subject
1	IAS 1	Presentation of Financial Statements
2	IAS 2	Inventories
3	IAS 3	Consolidated Financial Statements (originally issued 1976, effective 1 Jan 1977. Superseded in 1989 by IAS 27 and IAS 28)
4	IAS 4	Depreciation Accounting (withdrawn in 1999, replaced by IAS 16, 22, and 38, all of which were issued or revised in 1998)

5	IAS 5	Information to Be Disclosed in Financial Statements (originally issued October 1976, effective 1 January 1997. Superseded by IAS 1 in 1997)
6	IAS 6	Accounting Responses to Changing Prices (superseded by IAS 15, which was withdrawn December 2003)
7	IAS 7	Cash Flow Statements
8	IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
9	IAS 9	Accounting for Research and Development Activities (superseded by IAS 38 effective 1 July 1999)
10	IAS 10	Events After the Balance Sheet Date
11	IAS 11	Long-Term Construction Contracts
12	IAS 12	Income Taxes
13	IAS 13	Presentation of Current Assets and Current Liabilities (superseded by IAS 1)
14	IAS 14	Segment Reporting (superseded by IFRS 8 on 1 January 2008)
15	IAS 15	Information Reflecting the Effects of Changing Prices (withdrawn December 2003)
16	IAS 16	Property, Plant and Equipment
17	IAS 17	Leases
18	IAS 18	Revenue
19	IAS 19	Employee Benefits
20	IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
21	IAS 21	The Effects of Changes in Foreign Exchange Rates
22	IAS 22	Business Combinations (superseded by IFRS 3 effective 31 March 2004)
23	IAS 23	Borrowing Costs
24	IAS 24	Related Party Disclosures
25	IAS 25	Accounting for Investments (superseded by IAS 39 and 40 effective 2001)
26	IAS 26	Accounting and Reporting by Retirement Benefit Plans
27	IAS 27	Consolidated Financial Statements
28	IAS 28	Investments in Associates
29	IAS 29	Financial Reporting in Hyperinflationary Economies
30	IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions (superseded by IFRS 7 effective 2007)
31	IAS 31	Interests in Joint Ventures
32	IAS 32	Financial Instruments: Presentation (financial instruments disclosures are in IFRS 7 and no longer in IAS 32)
33	IAS 33	Earnings Per Share
34	IAS 34	Interim Financial Reporting
35	IAS 35	Discontinuing Operations (superseded by IFRS 5 effective 2005)
36	IAS 36	Impairment of Assets
37	IAS 37	Provisions, Contingent Liabilities and Contingent Assets
38	IAS 38	Intangible Assets
39	IAS 39	Financial Instruments: Recognition and Measurement
40	IAS 40	Investment Property
41	IAS 41	Agriculture

Conclusion and Suggestions

Ensuring a high quality corporate financial reporting environment depends on effective Control & Enforcement Mechanism. Merely adopting International Financial Reporting Standards is not enough. Each interested party, namely Top Management and Directors of the Firms, Independent Auditors and Accountants and Regulators and Law Makers will have to come together and work as a team for a smooth IFRS adoption procedure. Top Management should ensure that the Financial Statements are prepared in compliance with the IFRS. Auditors and Accountants should prepare and audit Financial Statements in compliance with IFRS. Regulators and Law Makers must implement efficient monitoring system of regulatory compliance of IFRS. Along with this the Regulators should ensure that proper changes are to be made in existing laws for IFRS adoption process. Some other ways to tackle the obstacles in adoption of IFRS can be summarized as follows:

- The lawmakers in India will have to make necessary changes in the existing Companies Act 1956, Tax Laws, Foreign Exchange Management Act, Insurance Act etc. These changes are required to

bring Indian Accounting Practices in line with IFRS. In July 2009, a committee has been formed by Ministry of Corporate Affairs Government of India, with a view to identify the various legal and regulatory changes required for convergence and to prepare a road map for achieving the same.

- In order to ensure timely adoption of IFRS in India, trained Accountants and Auditors in IFRS are required in large number. India currently does not have the sufficient number of IFRS trained Accountants and Auditors. The Institute of Chartered Accountants of India (ICAI) has started IFRS Training programmes for its members and other interested parties. Yet there exists a large gap in the Trained Professionals required and trained professional available.
- To ensure that all the Firms are complying with adoption procedure, Indian lawmakers and Accounting Body (ICAI) should have a Financial Reporting Compliance Monitoring Board. Other than the job of monitoring the compliance part, the board can play the advisory role also for the firms on IFRS Adoption Procedure.

To conclude, IFRS adoption in India is inevitable. Indian Government and Accounting Body are taking every possible step for a smooth transition process. In this regard, self-regulation is the answer which will ensure a complete and smooth adoption procedure. Awareness and proper Training should contribute to that process. Only enforcement mechanism will not help the procedure but an Advisor is also required. With all these systems in places, the IFRS adoption in India will become very smooth and accurate.

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AN INFLUENCE OF TELEVISION ADVERTISEMENT ON PURCHASING BEHAVIOUR OF WOMEN (WITH SPECIAL REFERENCE TO COSMETIC PRODUCTS)

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Abstract

Television Advertisement is most effective way to reach large viewer's at the time when they are relaxed and enjoying some time watching their favorite programs. It helps to create awareness among women customers about to cosmetic products. This study aims to know the influence of TV advertisement on purchasing behaviour of women customers about cosmetic products. The data collected from educated women customers of rural and urban area of Shivpuri district. For this 200 questionnaires were circulated out of them 140 questionnaires returned with suitable response of the respondents. To check influence of TV advertisement I apply regression analysis and find that TV advertisement is more effective to change the perception and purchasing behaviour of women customers about cosmetic products. Independent sample t-test also apply to know the difference of TV advertisement in rural and urban area and found that TV advertisement have same influence on the women customers of cosmetic products of rural area as well as urban area.

Keywords: *Purchasing Behaviour, Women Customers, Cosmetic Products, Rural Area, Urban Area.*

Introduction

Television advertisement is most effective way to reach among large viewers at the time when they watching their favorite programs on television. It plays a significant role to change the perception and buying habits of customers. Advertising is a part of marketing policy. Many companies taking services of famous celebrity to endorsement of their product because most of customers likes to purchase those products which advertised by their favourite celebrity. TV advertisement is a more effective medium for transfer of information to customers about products and services. It is a marketing concept which aims to effect the buying behaviour of customers. Long time ago marketer's used different techniques of advertising to give information about their products and services, with the help of print media, and wall painting advertisement but in modern era all these medium are not more effective. because most of organization likes to advertise their products through television. TV advertisement is a simple way to connect the women customers to products as most of women see their favorite programs on television, when they free for their domestic work. It is generally seen that lots of women regularly see their favorite program and together see advertisement also. So, TV advertisement inspire to them to purchase their favorite beauty products, because every woman want to look beautiful.

Review of Literature

Briney (2004) describes an interesting trend among Indian cosmetic consumers, while other global countries are taking to the traditional Indian herbal and ayurvedic applications for beauty solutions, Indian consumers are increasingly looking to international personal care brands as lifestyle enhancement products, in the belief that the association with and use of an international brand confers one with a sophisticated and upper class image.

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Sondoh Jr., Stephen L et al (2007), examined the impact of brand image benefits on satisfaction and loyalty intention for color cosmetic product. Results revealed that brand image benefits viz. functional, social, experiential and appearance enhances are positively related to overall satisfaction and loyalty intention is significantly influenced by functional and appearance enhance.

Hamza Salim Khraim (2011), analysed how factors of brand loyalty towards cosmetic brands influence the consumer buying behaviour. The findings of this study disclose that there is positive and significant relationship between factors of brand loyalty namely brand name, product quality, price, design, promotion, service quality and store environment with cosmetics brand loyalty.

Debiprasd Mukherjee (2012) conducted a study entitled, „ Impact of celebrity endorsement on Brand Image“. This study shows that consumers report higher self-brand connection for brands with images that are consistent with the image of a celebrity that they aspire to be like, particularly in the case when the image of the celebrity and the brand match.

Yousaf, Usman et al (2012) tried to know the brand loyalty and affirmed that brand credibility, brand awareness, brand association, perceived quality and product knowledge are important to build brand loyalty. Result of this research indicated that there is a positive relation between brand credibility, brand awareness, brand association, perceived quality, product knowledge (independent variables) and brand loyalty (dependent variables). It has also been concluded that brand awareness has the highest impact on brand loyalty and L'Oreal consumers are more than other brands.

Anjali Sharma et al. (2013), made an attempt to investigate the impact of brand loyalty on consumer buying behaviour for beauty products and aspects involved while purchasing cosmetic products. Majority of respondents opined that quality is the most important factor at the time of purchasing of the beauty products followed by brand and price. However, small group of women feel packaging is the key factor for decision making. Researchers concluded that these factors are generally responsible for switching to other brands and friends are the most powerful reference group.

K. G. Sankaranarayanan & Nandakumar Mekoth (2014), found significant difference between the usage and attitude of the clusters. This analysis resulted into the formation of three clusters viz. medium self-directed, heavy other-directed & occasional nonbelievers with varying characteristics. In addition, brand preference for body spray was found to vary by cluster and brand preference for face wash, shaving cream and face cream was not varying by cluster. Surprisingly, heavy other directed were reported to be the lowest spenders while occasional non believers were the highest spenders.

Objectives of the Study

- To know the influence of TV advertisement of cosmetic products on women customers.
- To know the impact of TV advertisement of cosmetic products on purchasing behaviour on women customers.
- To know the difference of TV advertisement on rural and urban women customers.

Research Methodology and Collection of Data

The data used in this study are primary and secondary, primary collected from rural and urban area of Shivpuri district of Madhya Pradesh through questionnaires and secondary from various research journal, books and internet etc.

Reliability Test

Reliability test for the variable were carried out by SPSS software (Statistical package for social sciences) and measures of reliability test are given below.

Reliability Statistics

Test variable	Cronbach's Alpha	N Of Items
All variables	.865	10

The computed value of Cronbach's alpha is .865, this value is more than to standard value of Cronbach's alpha value .70, it means our questionnaires has been reliable and provide exact information to us as we want from data.

Normality Test:

To apply any statistical tool it is compulsory assumption that data should be normally distributed.

Test of Normality

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
TV Advertisement	.392	140	.246	.823	140	.165

a. Lilliefors Significance Correction

It is being considered that the computed Sig. value of kolmogorov-smirnov is .246 which is higher than .050. It means our data is normally distributed and fit for to apply any statistical tool. Regression analysis between TV advertisement and purchasing behaviour of women customers computed with the help of SPSS software (statistical package for social sciences). This study considered TV advertisement as a independent variable and purchasing behaviour of women customers as a dependent variable.

Hypothesis

H_0 : There is no significant influence of TV advertisement on purchasing behaviour of women customers.

H_1 : There is significant influence of TV advertisement on purchasing behaviour of women consumers.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.825	.680	.679	5.8237	1.4273

c. Predictors: (Constant), TV advertisement

d. Dependent Variable: Purchasing behaviour of women customers

ANOVA^b

Model	Sum of Squares	df	Mean square	F	Sig.
1 Regression	289.624	1	289.624	121.793	.000a
Residual	328.183	138	2.378		
Total	617.807	139			

a. Predictors: (Constant), TV advertisement

b. Dependent Variable: Purchasing behaviour of women customers.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.835	.524	.683	3.780	.000
Advertising	.712	.246		5.078	.000

Dependent Variable: Purchasing Behaviour of Women Customers

In this research we are considered TV advertisement as a independent variable and purchasing behaviour of women customers as a dependent variable. Both the variables have significant association that indicated by F test value which is 121.793 at 0.000 level of significance. Result of Regression shows by coefficient table that TV advertisement has directly influence to Purchasing behaviour of women customers having beta value .683 tested through t- test having t-value 5.078 which is significant at 0.000 level of significance. Model summary table shows that TV advertisement has 68% effect on purchasing behaviour of women customers about beauty products. In the model summary table the value of r square is .680. It means our null hypothesis is rejected and alternative hypothesis is accepted. Hence, we concluded that TV advertisement effected to mindset of women customers and inspired them to purchase those products which seen by them in the advertisement on television.

Independent samples T-Test:

To find out the difference between purchasing behaviour of women customers of rural are as well urban area.

Group Statistics

Gender	N	Mean	Std. Deviation	Std. Error Mean
Ad effectiveness Rural	73	1.974	.695	.038
Urban	67	1.867	.816	.069

The table of group statistics shows the mean value of the women customers whose lives in rural area is 1.974 with standard deviation of .695 and standard error .038. similarly, the mean value of the women customers whose lives in urban area is 1.867 with standard deviation .816 and standard error .069.

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	sig.(2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
TV Advertisements Equal variances assumed Equal variances not assumed	4.078	.024	1.863	138	.037	-1.3742	1.0125	4.7832	.01827
			1.742	136.43	.032	-1.4874	1.1830	4.6238	.02964

The table of independent sample test shows that levene's test for equality of variance are assumed or equality of variance are not assumed. Value of F in the above table is 4.078 > .500 (more than) with level of significance .024. It means equal variance are not assumed. Value of t in equal variance are not assumed is 1.742 which is significant at .032 level. It indicates that there is no significant difference in purchasing behaviour of women customers in rural area and urban area. On other hand we can say that TV advertisement has same influence on purchasing behaviour of women customers of cosmetic products in rural area as well as urban area.

Conclusion

It is being considered on the basis of above results that TV advertisement effected to purchasing behaviour of women customers. Most of women likes to purchase only those products which they seen in the advertisement on television. It is proved by regression analysis. Television advertisement has equal impact on purchasing behaviour of women customers of rural area as well as urban area. In other words we can say that there is no difference between purchasing behaviour of women customers in rural and urban area. it is proved by independent sample t-test.

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WOMEN EMPOWERMENT THROUGH SELF HELP GROUPS: SOCIO ECONOMIC DEVELOPMENT OF RURAL WOMEN

Santosh Paliwal *

Abstract

As Mahatma Gandhi said; "India lives in their villages". The development of villages is a requirement for balanced economic development. Poverty is often the cause of low economic growth; high population growth and extremely unequal distribution of resources and reducing poverty require creating self-employment. This paper makes an effort to access the socioeconomic impact of self help group on rural women development. Women empowerment is a process in which women challenge the existing norms and customs to successfully promote their well-being. Self-help groups (SHGs) have emerged as popular way of working with people in recent years. The membership of women in Self Help Groups (SHGs) made a significant impact on their empowerment both in social and economic aspects this study addresses women empowerment through self-help groups. Self-Help Groups are formed as a means of socioeconomic empowerment of rural women. Due to their active involvement in Self-Help Group activities, now rural women are participating in mobilization of savings, started earnings generating activities, making profits and also making the decisions related to economic activities. As a result, the rural women have also got decision making in their families and society.

Keywords: *Self Help Groups (SHGs), Women Empowerment, Socio Economic Development, Poverty.*

Introduction

Self-Help Group (SHG) is a small voluntary association of poor people, preferably from the same socio-economic background. They come together for the reason of solve their general problems through self-help and mutual help. The SHG promote small savings among its members. The savings are reserved with a bank. This common fund is in the name of the SHG. Usually, the number of members in one SHG does not exceed twenty. NABARD defines SHGs as "small, economically homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute to a common fund to be lent to its members as per the group members' decision". They are usually formed by peers who have come together for mutual help in fulfilling a common require overcome a common handicap or life-disrupting problem and bringing about desired social or personal change. It plays an essential role in the rural development and groups reduce the emphasis of the unorganized sector and build up individual skill of the community and members.

Purpose of the Study

The purpose of this study is to know the status of SHG in rural India and its impact on socio-economic development of rural women.

Origin of SHG's in India

The origin of SHG is originally the brain child of Grameen Bank of Bangladesh, which was founded by the economist, Prof. Mohammed Yunus, SHGs were started and formed in 1975. India

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adopted Bangladesh's model of SHG after making changes, mostly with the purpose of reducing the poverty and to empower the rural women. In India NABARD is initiated in 1986-87. But the real effort was taken after 1991-92 from the linkage of SHGs with the banks.

In other words, the micro finance movement is the result of NABARD'S work that started in February 1992 through an initial pilot project promote 500 SHGs. RBI had advised Commercial Banks in July 1991 to extend finance to SHGs as per NABARD guidelines. Subsequently, the linkage project was complete to RRBs and cooperatives.

Objectives

The present paper aims to study the following aspects of SHGs:

- To study the role of Self Help Groups in the overall growth of rural women with their socioeconomic empowerment.
- To evaluate the changes, if any in the socio-economic, cultural, and behavioral conditions of the members after participation in the SHGs.
- To analyze the socio economic background of the members of Self Help Groups.
- To evaluate the political and entrepreneurial empowerment of SHG members.

Research Methodology

This is a descriptive research paper based on secondary data. Data have been finding out by goggling in different websites research paper and magazines.

Review of Literature

D. Amutha (2011) found that Empowerment signify increased participation in decision-making and it is this process through which people feel themselves to be able of making decisions and the right to do so. Women's participation in decision-making in family is essential indicator for measuring their empowerment the socio-economic conditions of women have established that their status has better since the joining of SHG's and availing microfinance.

Dr. K. Rajendran (2012) analyzed that micro finance and Self Help groups, by and large contribute to the growth of core poor in terms of economic well being, alleviate poverty and empowerment leading to over all development of rural poor.

DR. REJI (2013) concluded Empowerment of women has emerged as an important issue in our country. In India nearly half of the population consists of women. The role of women in the development of nation is very significant nowadays. So women should be respected both in the society as well as in the family. To increase the status of women, they must be empowered economically.

Basavaraj Biradar (2014) in his paper highlighted that the main reason for joining SHG is not be merely to get just credit, it in an empowerment process. After joining the self-help group the women are economically and socially empowered. Empowerment of women has emerged as an important issue in our country. In India nearly half of the population consists of women. Joining after SHGs has helped in the significant reduction of poverty, have made the women members feel more independent; has increased their standard of living.

Jayanta Das (2016) in his study concluded that SHGs brought psychological and social empowerment than economic empowerment. Impact of SHG is substantial in bringing self-confidence, courage, skill development and empowerment. The SHG can contribute to changes in economic conditions, social status, decision making and increases women in outside activities. In other words, it also apply to the changes in the material aspect of life as well as in the thoughts ethics and attitude of the people.

Socio-Economic Empowerment of Rural Women in India through SHGs

In India and in many other developing countries women plays a very important role in the upliftment of the nation in all the aspects like social, political, economical and legal. Empowerment means control over material assets, intellectual resources & ideology which involves ability to get what one wants & to influence others on our concerns. Government of India had declared the year 2001 as the "Women's Empowerment Year", with focus of women's equal status with their partners. SHGs grew to become a powerful instrument in alleviating poverty and empowerment of women in rural economy. They created awareness in self-employment, entrepreneurial development and well-being of women.

A study held that the NGO sector effectively works towards uplifting the socio-economic status of the poor. However, for a significant impact in the present era of liberalization and globalization wherein

market forces adopt a key role, it becomes essential for the NGO sector to take a lead in helping poor fight the challenges posed by the system. NGOs in India played an intermediary part to the Government in rural development and many SHGs in rural areas have improved the socio-economic conditions of the rural families. Banks with the help of NGOs and SHGs can reach out the needy with a small amount of credit as loans without having the fear of non-performing assets. Social status of women has changed and their economic status has also improved. Economic activities like income, expenditure and savings of SHGs are quite successful. Micro credit check through SHGs plays a major role in the overall development of rural women. Women have creative ability, easy adaptability and ability to cope with setbacks.

SHGs Current Position in India

The SHGs progress is stable in number since the launch. The SHG programme in India is the world's largest microfinance programme. SHG Bank Linkage Programme (SHG-BLP) introduced by NABARD about two decades ago, started from a pilot of linking 500 SHGs of rural poor has crossed 8 million groups. This programme claims group savings of ₹37,000 crores and credit outstanding of ₹57119.23 crores. Thus this model has emerged as the most successful model in the financial services. This saving model is a successful empowerment tool which has covered almost 10 crore households in the country. About 86% of the groups are totally women groups, which is a big momentum to women empowerment. The SHG members have also learnt to become a good customer of banks with the training given under this programme.

Table 1 gives the progress of SHGs from 2013-14 to 2015-16. The number of SHGs having savings linkage increased to 79.03 lakh as on 31 March 2016 from 76.97 lakh a year back. There was a net addition of 2.06 lakh SHGs during the year. During the year, 18.32 lakh SHGs were disbursed bank loan of 37, 287 crore.

Table 2 gives the progress of Women SHGs from 2013-14 to 2015-16. The share of exclusive women SHGs in the total number of SHGs linked to banks grew from 84% to 86% (NABARD Report 2015-16).

Table 1. Overall Progress under SHG-Bank Linkage Programme (2013-2016)

(No. in Lakhs / Amt. in crore)

Particulars	2013-14		2014-15		2015-16		% Growth (2014-15)		%Growth (2015-16)	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Savings of SHGs with Bank	74.30	9897.42	76.97	11059.84	79.03	13691.39	3.59	11.74	2.68	23.79
Bank Loan Disbursed	13.66	24017.36	16.26	27582.31	18.32	37286.90	19.03	14.84	12.67	35.18
Bank Loans Outstanding	41.97	42927.52	44.68	51545.46	46.73	57119.23	6.46	20.06	4.59	10.81

Source: Status of Microfinance in India (2015-16), NABARD

Table 2. Progress of Women SHGs (2013-2016)

(No. in Lakhs / Amt. in crore)

Particulars	2013-14		2014-15		2015-16		%Growth (2014-15)		%Growth (2015-16)	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Savings of SHGs with Bank	62.52	8012.89	66.51	9264.33	67.63	12035.78	6.38	15.31	1.68	29.92
Bank Loans Disbursed	11.52	21037.97	14.48	24419.75	16.29	34411.42	25.69	16.07	12.50	40.92
Bank Loans Outstanding	34.06	36151.58	38.58	45901.85	40.36	51428.91	13.27	26.97	4.61	12.04

Source: Status of Microfinance in India (2015-16), NABARD

Findings

From the study it has been found that after joining the SHGs the poor people mainly the women have not only increase their income but also develop their living standard by performing various economic activities independently. The result of the data analysis revealed that the SHGs have been playing a significant role in social-economic development and performing their savings and credit functions with the help of Rural Financial Institutions.

Conclusion

SHGs have recognized ways for women empowerment and reduce of poverty. They have contributed by developing their social and economic status. They also empower women by increasing their income, expenditure and saving habits. The key reasons for the success of SHGs are its link with the poor people, its innovative practices, its capacity to facilitate people's participation in development and trust building at different levels between stakeholders. SHGs also help in the financial status of the households. They have developed self-confidence and independence among rural women, which in turn increased the livelihood of the rural people.

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ASPIRATION LEVEL OF CHILD LABOUR IN JAIPUR DISTRICT

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Abstract

Aim of the Study-To find out the aspiration level of child labour of NCLP schools and Govt. schools in Jaipur district and to compare the child labourers' aspiration level on the basis of gender and school type. **Methodology:-** , 200 child laborers were selected from the rural and urban NCLP and Govt. schools in Jaipur district for the study. **"Test of aspiration level"** developed by Dr. Mahesh Bhargava was used as a research tool. Mean, median, standard deviation and t-test were used for statistical analysis. **Results:-**Results were calculated on the basis of t test of hypothesis. All the values were compared on .01(2.88) and .05(2.10) value of t. The results revealed that the aspiration level of child labour is high and their wills and dreams are like common children. The aspiration level of the NCLP's and government school's child child labour is high. There is no difference in aspiration level of child labour on the basis of gender and school type (NCLP and government schools). **Discussion and Conclusion:-**It is concluded that all the desires and dreams of child laborers are like other common children and they will also become good citizens of India, so we should make some policies for welfare and development of child labour.

Keywords: ILO, UNICEF, CRC, NCLP's, Child Labour, Aspiration Level, Education.

Introduction

Child labour is the practice where children engage in economic activity, on part-time or full-time basis. The practice deprives children of their childhood, and is harmful to their physical and mental development. Poverty, lack of good schools and growth of informal economy are considered as the important causes of child labour in India. International Labour Organization (ILO) states that child labour may be defined in a number of different ways, and a different definition yields a different estimate of child labour in India as well as other countries. According to ILO, children or adolescents who participate in work that does not affect their health and personal development or interfere with their schooling, is not child labour; rather it may generally be regarded as being something positive. Such harmless work includes activities such as helping their parents around the home, assisting family or earning pocket money outside school hours and over holidays. These kinds of activities, suggests ILO, may contribute to children's development by providing them with skills and experience, and help to prepare them to be productive members of society during their adult life. The term child labour, suggests ILO is best defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. It refers to work that is mentally, physically, socially or morally dangerous and harmful to children, or work whose schedule interferes with their ability to attend regular school, or work that affects in any manner their ability to focus during school or experience healthy childhood. UNICEF defines child labour as child between 5 to 11 years of age involved in child labour activities, he or she did at least one hour of economic activity or at least 28 hours of domestic work in a week, and in case of children between 12 to 14 years of age, he or she did at least 14 hours of economic activity or at least 42 hours of economic activity and domestic work per week. UNICEF in another report suggests, "Children's

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work needs to be seen as happening along a continuum, with destructive or exploitative work at one end and beneficial work - promoting or enhancing children's development without interfering with their schooling, recreation and rest - at the other. Between these two poles are vast areas of work that need not negatively affect a child's development." India's Census 2001 office defines child labour as participation of a child less than 17 years of age in any economically productive activity with or without compensation, wages or profit. Such participation could be physical or mental or both. This work includes part-time help or unpaid work on the farm, family enterprise or in any other economic activity such as cultivation and milk production for sale or domestic consumption. Indian government classifies child laborers into two groups: Main workers are those who work 6 months or more per year and marginal child workers are those who work at any time during the year but less than 6 months in a year. Some child rights activists argue that child labour must include every child who is not in school because he or she is a hidden child worker. UNICEF, however, points out that India faces major shortages of schools, classrooms and teachers particularly in rural areas where 90 percent of child labour problem is observed. About 1 in 5 primary schools have just one teacher to teach students across all grades. In many countries children lives are plagued by armed conflict, child labour, sexual exploitation and other human rights violations. Children living in rural areas have fewer opportunities to obtain good quality education. They have less access to services than children living in cities. The UN Convention on the Rights of Children (CRC) (Article 38) has explicitly prohibited person under age 18 being recruited into the armed forces or direct participating in hostility. In spite of this special provision under CRC, many countries still involve children below 18 years in hostilities. Child labour keeps children out of school and is a major barrier to development. To make the anti child labour law a reality, poverty and unemployment need to be eliminated. Unless the standard of living improves at the lower levels of the society, children will be forced to work. Many middle and upper class families do not hesitate to engage young boys and girls to help them with household chores. The middle class family feels by employing a child below 14 years they are helping poor families to increase their earnings for daily livelihood.

Age of the Child

According to the Convention on the Rights of the Child article (i) defines "The child as every human being below the age of 18 years unless under the law applicable to the child, majority is attained earlier". The Indian Penal Court (IPC) defines the child as being 12 years of age. Indian Traffic Prevention Act 1956 defines a "Minor" as a person who has reached the age of 16 years. Section 376 of IPC which punishes the perpetrators of the crime of rape defines the age of consent to be 16 years of age. Section 82 and 83 of the IPC states that a child under the age of 7 years cannot be guilty of an offence and further a child less than 12 years is not considered to have attained sufficient maturity to have an understanding of the nature of the Act and the consequences of his conduct. Juvenile justice Act 2002 defines a male minor as being below 16 years and a female minor as being below 18 years of age. From the above definitions, it could be seen, in the Indian context the age of an Individual in order to be determined as a "Child" is not uniformly defined. "The consequences of this are that it offers various gaps in legal procedures which are used by the guilty to escape punishment."

Indian Scenario of Child Labour & Legislation

According to the UN Study about 150 Million children of age group five to 14 are working in various industries in India. They are found working in road-side restaurants, tea stalls and shops, at construction sites and in factories. Girls suffer labour exploitation to such a degree that million of girls die before they reach the age of 15. They are paid a pittance as low as Rs. 20 per day and many live in shops or work places where they are subjected to various forms of exploitation. Besides the work they are abused physically, mentally and sexually by the scurrilous task masters. Mafia gangs bring children for "Begging" in urban cities. A child beggar of aged between five and ten collects the maximum. With a burn scar or decapitation they can earn more. As they grow older their earnings decrease. As a consequence they graduate to be big - time traders involved in drug peddling, pick pocketing, robbery and prostitution. A child beggar will only be paid 10% of his earnings of Rs.300 to 500 a day. If he fails to meet the target fixed by the contractor he is punished brutally. The girls by the time they reach 13 years switch over to prostitution. Begging is used as a profession by antisocial elements forcing children in begging. Begging is prohibited in some cities of India by local governments. The Indian government ratified the UN Convention on the Rights of the Child in

1992 and introduced various pieces of legislation to curb child labour. The Labour Ministry of India has imposed a ban on children under age 14 from working as domestic help in hotels. Under this law any employment of children under 14 will invite imprisonment up to two years and a fine of Rupees twenty thousand. India has also banned employment of children in hazardous industries including the manufacture of fire crackers, carpet making, glass making etc. under Child Labour Act 2002 Although India has the second largest child population in the world, and there is no single unified separate legislation to deal with all the offences against children. It is high time India introduced an all encompassing common act to safeguard the rights of a child.

Child labour laws in India

After its independence from colonial rule, India has passed a number of constitutional protections and laws on child labour. The Constitution of India in the Fundamental Rights and the Directive Principles of State Policy prohibits child labour below the age of 14 years in any factory or mine or engaged in any other hazardous employment (Article 24). The constitution also envisioned that India shall, by 1960, provide infrastructure and resources for free and compulsory education to all children of the age six to 14 years. (Article 21-A and Article 45) India is a federal form of government, and child labour is a matter on which both the central government and state governments can legislate, and have. The major national legislative developments include the following:

- **The Factories Act of 1948:** The Act prohibits the employment of children below the age of 14 years in any factory. The law also placed rules on whom, when and how long can pre-adults aged 15-18 years be employed in any factory.
- **The Mines Act of 1952:** The Act prohibits the employment of children below 18 years of age in a mine.
- **The Child Labour (Prohibition and Regulation) Act of 1986:** The Act prohibits the employment of children below the age of 14 years in hazardous occupations identified in a list by the law. The list was expanded in 2006, and again in 2008.
- **The Juvenile Justice (Care and Protection) of Children Act of 2000:** This law made it a crime, punishable with a prison term, for anyone to procure or employ a child in any hazardous employment or in bondage.
- **The Right of Children to Free and Compulsory Education Act of 2009:** The law mandates free and compulsory education to all children aged 6 to 14 years. This legislation also mandated that 25 percent of seats in every private school must be allocated for children from disadvantaged groups and physically challenged children.

India formulated a National Policy on Child Labour in 1987. This Policy seeks to adopt a gradual & sequential approach with a focus on rehabilitation of children working in hazardous occupations. It envisioned strict enforcement of Indian laws on child labour combined with development programs to address the root causes of child labour such as poverty. In 1988, this led to the National Child Labour Project (NCLP) initiative. This legal and development initiative continues, with a current central government funding of ₹ 602 crores, targeted solely to eliminate child labour in India. Despite these efforts, child labour remains a major challenge for India.

Aspirations

Aspirations have two distinctive aspects. First, they are future oriented. They can only be satisfied at some future time. This distinguishes them from immediate gratifications. Secondly, aspirations are motivators. They are goals individuals are willing to invest time, effort or money in to attain. This distinguishes them from idle daydreams and wishes. The frame of reference advanced in this paper incorporates these aspects in its definition of an aspiration: Any Goal an Individual is Willing to Invest in Beforehand.

Aspiration Level

According to C. V. Good- Aspiration level is a goal or achievement in a particular activity by an individual or group. Aspiration decides individual goals for life. In this study aspiration level can reflect goals, education, position, economic condition and social power of child labour. The present study was under taken with the following objectives:

- To know the aspiration level of child labour of NCLP schools and Govt. schools in Jaipur District.
- To compare the child labourers's aspiration level on the basis of gender and type of schools.

Method

For probing the objectives of “aspiration level of child labour of Jaipur district”, the study was done on the following steps-

Participants

200 child laborers between the ages of 8 to 14 years were selected from NCLP and govt. schools of Jaipur. 100 children were selected from NCLP schools and 100 were selected from the govt. schools situated in the child labour area.

Measures

In order to evaluate the objectives of aspiration level of child labour “The consumable booklet of measurement of level of aspiration” developed by Dr. Mahesh Bhargava was used. First section yielded personal information about the subject i.e. name, sex, age, caste, rural/urban, education level, percentage, occupation, fathers income. In second section, instructions were given to fill the booklet in which 10 trials containing 50 circles in each, were given for the test. In every circle, students were asked to draw 4 lines to make a human face containing both eyes, nose and mouth. For every trial, 30 sec. were given. Every child was asked to make a human face as maximum as he/she can do. After this, the NTRS value was calculated of which the norms are shown in given table 1

Table 1

Sr. No.	NTRS VALUE	RANK
1	0 to 2	LOW
2	3 to 6	MEDUIM
3	7 to 10	HIGH

Procedure

Two NCLP and two govt. schools situated in child labour area (rural and urban) were selected for the study. Permission was taken from Principals and project director of NCLP. The tool was filled by the students. For every trial, 30 seconds were given to the students. Ten sheets were filled in booklet and results were analyzed.

Data Analysis

- Mean, median, S.D.
- G.D.S., A.D.S., NTRS value
- Karl person co-efficient Co-relation
- T-test

Results

The data obtained were subjected to suitable and sensitive statistical treatment. The result shows that value of mean, median, G.D.S. (Goal Discrepancy Score), A.D.S. (Attainment Discrepancy Score), reflects the level of aspiration level. On the NTRS value, more than 50% of child labour got the high value score, thus indicating child laborers have high aspiration level. In the t value researcher took the comparative value of .01 and .05, after the statistical calculation we found that there is no difference between the level of aspiration on the basis of gender and school.

Table 1 (Aspiration Level)

NTRS Value	No. of Child Labour	Rank
0 to 2	22	LOW
3 to 6	77	MEDUIM
7 to 10	101	HIGH

Above table describes the results of aspiration level of child labour, 22 child labour were low aspirants, 77 were medium aspirants and 101 among the 200 child labour were high aspirants so this is clear that child labour are also high aspirants like other common children.

Table 2 (T-Value)

N	M	S.D.	T VALUE
100 (male)	3.98	11.79	
100 (female)	3.53	22.79	0.78**

**correlation is significant at the 0.01 and 0.05 level (2-tailed)

The above table reflects the difference between male and female child labour. Male got mean 3.98 and female with 3.53 mean shows that they don't have any difference in aspiration on the basis of gender which is also reflects on t value on significant level of 0.01 and 0.05 (2-tailed) so there is no aspiration level difference found between male child labour and female child labour.

Discussion

The results show that aspiration level of child laborer is high like common children. Due to lack of education and unhealthy environment they are not able to do anything. If a child gets motivation, he can also live his life like a common child. The common reasons for child labour are poverty and illiteracy. So education should be a part of their life as well as some scholarships should be given to them. In year 2006 chief research manager of CRY Mr. Pradeep said that education is the only object by which we can remove the child labour problem. Jai Prakash, Laxmi Rani, D. Roy, Manvendra nath (2005) said in their research that causes of child labour are poverty and illiteracy, they suggested that child laborers should get education and realize the value of education. Govt. should make special programmes and free education for child laborers. Jutsi (2002) also suggested special programmes, schools, and employment opportunities for child labour. Bukhari, Fozia (1999) stated in their study that value of education should be explained to child labour. Informal education program and other development programmes should be run for child labour. So to kill the problem of child labour govt. and NGO's should take some decisions, make welfare policies, give special education and after them give employment to these children to change their life.

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POTENTIAL APPRAISAL : AS AN EMERGING TOOL IN HRM

Dr. Saurabh Agarwal*

Abstract

Good Potential Appraisal system is vital for a success of the organization in the ever changing competitive business. An appraisal is not the corporate performance of the employees but of the individual's potential, the mantra of every organization. The human potential is the crux of organization effectiveness. Appraising human potential in systematic and scientific manner paves way for enhance corporate performance. A new system of developing employees for occupying higher positions in an organization is called Potential Appraisal. Potential Appraisal is to identify the potential of a given employees to occupy the higher positions in the organizational hierarchy and undertake higher responsibilities. Potential Appraisal data provides a sound base for determining the promotion and training and development needs it works as ideal tools to identify potential of workers if it is implemented with real spirit. In this paper an attempt has been made to clearly define the meaning of potential appraisal, its purposes and suggestions for nurturing the potentialities of the employees in an organization.

Keywords: Systems, Creating New Roles, Assigning New Responsibilities.

Introduction

The Main Question

Whether or not the employees have the ability to handle positions in the future which involve considerably more responsibility than what they have right now?

Organizational development, increased productivity and fulfillment of corporate objectives can be accomplished only if the employees of the organization get a feeling of satisfaction and achievement, and consider themselves as a part of the organization. Normally, employees have aspirations to advance and grow in their organization, and a desire to achieve higher and more satisfying performance. The employees become an active agent, and therefore, he is no longer a pawn in the chess game of the manager. The role of the superior accordingly has changed from that of the administrator the helper/guide. The superior could have the subordinate visualize the need to link his career to the needs of the organization. Based on the job related knowledge, the superior could have the subordinate in setting the goal and determining the ways to achieve them. This calls for improvement and knowledge and skills for contributing to the organizational effectiveness. A dynamic and growing organization needs to continuously review its structure and systems, creating new roles, and assigning new responsibilities. It is imperative to say that a good Potential Appraisal system is vital for a success of the organization in the ever changing competitive business. An appraisal is not the performance of the employees but of the individual's potential, the mantra of every organization. The human potential is the crux of organization effectiveness. Potential represents latent capacities and qualities in a person which manifests while performing the job. Potential refers to the abilities present but not currently utilized. Characteristics representing potential are:

- Ability to foresee future opportunity and assess impact of any initiative
- Ability to identify resources gaps by the use of basic intelligence / knowledge / skill

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- To display high degree of personal and intellectual integrity at all times
- Ability to function in varied departments with confidence

Appraising human potential in systematic and scientific manner paves way for enhance corporate performance. A new system of developing employees for occupying higher positions in an organization is called Potential Appraisal. Potential Appraisal is to identify the potential of a given employees to occupy the higher positions in the organizational hierarchy and undertake higher responsibilities. The Potential Appraisal refers to the appraisal in which identification of the hidden talents and skills of a person is given importance. The person might not be aware of them. Potential Appraisal is a future oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy. Potential Appraisal may also be defined as a process of determining and employees strengths and weaknesses with a view to use this as a predictor of his future performance. This would help determine promo ability of an individual to a higher position and help chalk out his career plan..Potential Appraisal is a future oriented appraisal whose main objective is to identify and evaluate the potential of the employee to assume the higher positions and responsibilities in the organizational hierarchy.

Potential Appraisal is a forward looking process whereas performance appraisal is backward looking process. Any good or worse assessment result of performance appraisal may not be a good factor for Potential Appraisal. But current performance of an employee could show evidence some where, whether they are flexible for new working conditions or not. Potential Appraisal is an important part of the appraisal process. Appraising employees' potential helps to evaluate their capability for growth and development to greater challenges responsibilities and positions in the organizational hierarchy. Most organization in corporate Potential Appraisal in their appraisal processes for identifying and developing suitable employee base for succession planning.

Potential Appraisal Serves the Following Purposes:

- To advice employees about their overall career development and future prospects.
- To track the potential of the employees to rise up in the organizational structure.
- To determine whether the employees has the managerial potential to execute added responsibilities in the future in taking decision making of promoting candidates and making a career plan for them.
- Analyzing their strengths and weaknesses, and the need to improve their skills or knowledge related to the job.
- To generate data about employees and their potential.
- To help management to make decision about the suitable persons for a given job.

How Nurturing Turns Potential into Performance: Some Suggestions

Senior administrators and programme heads have an important role to play in creating an organizational culture that promotes potential development. Preparing subordinates for taking up new roles, new activities, new challenges is away of developing potential of people and keeping their motivation high. So how much initiative be encouraged, how potential can be spotted in subordinates, how he develop them, how new ideas can be used and how old things be experimented with new ways of doing things is a challenge. Following suggestions can be used to nurture the potentialities of the employees in a better way:

- Proper understanding of Potential Appraisal system through workshops and seminars is important form proper implementation.
- The system should be bi-directional (i.e.) subordinate to superior and vice versa for the system to be effective.
- Psychological tests, performance appraisal records, assessment by outside experts can be done for the improvement of potentiality of the faculty.
- Group exercise, presentation, psychometric tests, written exercise and case studies can be done for the department to test adaptability, persuasion, prioritization and problem solving capabilities.
- Effective performance appraisal requires equal standards against which employees can be assessed. In the absence of equal standards, employees are assessed with subjectivity which may destroy the process of appraisal and leave it as a body without soul.

- Ensure that the appraisal criteria are job oriented and communicating performance expectation to the employees before the appraisal review can minimize the problem of unequal standards.
- Managers can increase the effectiveness by scheduling periodic informal appraisals of subordinates on regular bases.
- Mini appraisal encourages honest communication. It gives the manager and opportunity to monitor the employees' progress. It provides the employee with an on going source of feedback and address small problems before they snow ball into major crises.
- More comprehensive approaches can be provided by the use of assessment centers. These incorporate a range of assessments techniques and typically have the following features.
 - The focus of the center is on behavior.
 - Exercises are used to catch and stimulate the key dimensions of the jobs. These include one to one role plays and group exercises.
 - Interviews and tests will be used in addition to group exercises.
 - Potential should be measured in several dimensions in terms of the competencies. In order to achieve the target level of performance.
 - Several candidates can be assessed together to allow interaction and to make the experience more open and participative.
 - Several assessors are used in order to increase the objectivity of assessments. Assessors must be carefully trained.
- Assessment centers can provides the opportunities for the indicating the extends to which candidates match the culture of the organization. This will be established by observation of their behavior in different but in typical situation.
- Assessment center can also give candidates a better feel for the organization and its values so that they can decide for themselves whether or not they are likely to fit.
- A dynamic and growing organization need to continually review its structure and systems, creating new role and assigning new responsibilities and capabilities to perform new roles and responsibilities must continually be developed among employees.
- The identification of employees potential to ensure the availability of people to do different jobs helps to motivate employees in addition to serving organizations need.
- Every year or two, the supervisor of a group of employee assess the potential of each of them to perform different functions on the basis of the supervisors' observations and experiences during that period.
- The ideal way to judge a persons' potential would be to try the person on each job for which his potential is being assessed. This is not feasible in most organizations so simulation activities are prepared to provide some information about the potential of employees in specific areas.

Conclusion

Appraisal has been the silent weapon which is mainly used to uplift the confidence and also provide great sense of belonging. Potential Appraisal is the best form to credit the employee. Potential Appraisal system acts as a cause and effect of institutional development. Potential Appraisal data provides a sound base for determining the promotion and training and development needs it works as ideal tools to identify potential of workers if it is implemented with real spirit. Moreover the maturity level should develop to absorb the facts of potential and an attitude of change in self management in the long term interest of the organization. It is again reinforced that Potential Appraisal system is the newest model of Human Resource Management and the ultimate aim is to attain organizational development in the next millennium. Though Potential Appraisal has its own merits but how far the employee accepts it is a million dollar question which is to be answered.

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GROWTH AND CHALLENGES OF CORPORATE GOVERNANCE IN INDIA

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Abstract

Corporate governance conceptually is related with ethical business. Corporate managements are required to adopt a broad vision of their duties with good governance practices. Corporate governance is a system to direct a company in the moral frame work such that it can become accountable for share holders, employees, management. It is based on complete transparency of all transactions towards all stakeholders. Management should follow the path of dynamic success to achieve corporate competence in the corporate world. An ethical approach is becoming necessary for corporate competence. Business ethics is the use of general ethical ideas which arises in business environment and applied in every aspect of business behavior. Ethical business behavior is expected by public, prevents damage to stakeholders, inappropriate profitability, making new business relations and employee productivity, reduces criminal penalties, protects business against unscrupulous employees and competitors, protects employees from harmful actions by their employer, and allows people in business to act consistently with their personal ethical beliefs. This paper complies the concept of corporate governance with some challenges as well as some opportunities.

Keywords: Corporate Governance, Business Ethics, Transparency, Compliance.

Introduction

Corporate governance ethical code of business of companies. It is a procedure by which companies are directed and controlled. Corporate governance is a method of governing the company like a sovereign state, instating its own customs, policies and laws to its employees from the highest to the lowest levels. Corporate governance is intended to increase the accountability of the company and to avoiding massive disasters before they occur. It is a process set up for the firms based on certain systems and principles by which a company is governed. The guidelines provided ensure that the company is directed and controlled in a way so as to achieve the goals and objectives to add value to the company and also benefit the stakeholders in the long term. Corporate governance is a process by which companies are supervised and controlled under legal and non legal principles and practices. It affects overall firm's value and performance directly or indirectly. It also includes the set of relationships between management and stake holders which determine corporate direction and performance. It ensures:

- Transparency in business transaction.
- Statutory and legal compliances.
- Adequate disclosure and effective decision making to attempt government goals.
- Commitment to ethical values of business.
- Protection of interest of share holders.

Evolution of Corporate Governance

Corporate governance in India gained importance in the stir of liberalization during the 1990s and was introduced, by the industry association Confederation of Indian Industry (CII), as a voluntary measure to be adopted by Indian companies. It soon acquired a mandatory status in early 2000s through the introduction of

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Clause 49 of the Listing Agreement, as all companies (of a certain size) listed on stock exchanges were required to comply with these norms. In late 2009, the Ministry of Corporate Affairs has released a set of voluntary guidelines for corporate governance, which address a myriad corporate governance issues. These voluntary guidelines mark a reversal of the earlier approach, signifying the preference to revert to a voluntary approach as opposed to the more mandatory approach prevalent in the form of Clause 49. However in a parallel process, key corporate governance norms are currently being consolidated into an amendment to the Companies Act, 1956 and once the Companies Bill, 2011 is approved the corporate governance reforms in India would have completed two full cycles - moving from the voluntary to the mandatory and then to the voluntary and now back to the mandatory approach.

Challenges to Good Corporate Governance

There are some practices prevalent in the market and in our society which are posing challenges to corporate governance in our country.

- Primitive equity market exposed to manipulation and with undeveloped, traditional analyst activity.
- Dominations and monopoly of family firms.
- Non-visible corruption.
- Pathetic and non-transparent monitoring system.
- Lack of respect for shareholders and low financial disclosure.

Objectives

The Present paper is basically concerned with the objective of studying the Issues and Challenges for Corporate Governance in India.

Research Methodology

The study is of descriptive type. Keeping in view of the set objectives, this research design is adopted to have greater accuracy and comprehensively analysis of the research study. Available secondary data was broadly used for the study. The investigator procured the required data through secondary survey method. Different news articles, Books and Web were used which were enumerated and recorded.

Key Legal Framework for Corporate Governance in India

The Companies Act, 2013

The Government of India has recently notified Companies Act, 2013 ("New Companies Act"), which replaces the erstwhile Companies Act, 1956. The New Act has greater emphasis on corporate governance through the board and board processes. The New Act covers corporate governance through its following provisions:

- New Companies Act introduces significant changes to the composition of the boards of directors.
- Every company is required to appoint 1 (one) resident director on its board.
- Nominee directors shall no longer be treated as independent directors.
- Listed companies and specified classes of public companies are required to appoint independent directors and women directors on their boards.
- New Companies Act for the first time codifies the duties of directors.
- Listed companies and certain other public companies shall be required to appoint at least 1 (one) woman director on its board.
- New Companies Act mandates following committees to be constituted by the board for prescribed class of companies:
 - Audit committee
 - Nomination and remuneration committee
 - Stakeholders relationship committee
 - Corporate social responsibility committee

Listing Agreement–Applicable to the Listed Companies

SEBI has amended the Listing Agreement with effect from October 1, 2014 to align it with New Companies Act. Clause 49 of the Listing Agreement can be said to be a bold initiative towards strengthening corporate governance amongst the listed companies. This Clause intends to put a check over

the activities of companies in order to save the interest of the shareholders. Broadly, Clause 49 provides for the following:

- **Board of Directors:** The Board of Directors shall comprise of such number of minimum independent directors, as prescribed. In case where the Chairman of the Board is a non-executive director, at least one-third of the Board shall comprise of independent directors and where the Chairman of the Board is an executive director, at least half of the Board shall comprise of independent directors. A relative of a promoter or an executive director shall not be regarded as an independent director.
- **Audit Committee:** The Audit Committee to be set up shall comprise of minimum three directors as members, two-thirds of which shall be independent.
- **Disclosure Requirements:** Periodical disclosures relating to the financial and commercial transactions, remuneration of directors, etc, to ensure transparency.
- **CEO/ CFO Certification:** To certify to the Board that they have reviewed the financial statements and the same are fair and in compliance with the laws/regulations and accept responsibility for internal control systems.
- **Report and Compliance:** A separate section in the annual report on compliance with Corporate Governance, quarterly compliance report to stock exchange signed by the compliance officer or CEO, company to disclose compliance with non-mandatory requirements in annual reports.

Benefits of Corporate Governance

Good Corporate Governance secures an effective and efficient operation of a company in the interest of all stakeholders. Some of the benefits of good corporate governance are listed below:

- Creation of Corporation's Competitive Advantage.
- Prevention of Fraud and Malpractices.
- Protection of shareholder's interest.
- Increasing valuation of enterprise.
- Ensuring compliance of laws and regulations.

Need of Corporate Governance

There are few features of effective corporate governance:

- Access to external financing which will lead to greater investment, growth and employment.
- Lower the cost of capital to reduce risk of financial crisis.
- Better resource allocation to win trust of stock holders, to improve social and labour relations and for environmental protection.
- Transparency in all financial and non- financial matters.

Corporate governance is about ensuring that a business performs well through the adoption of fair and ethical principles and those investors receive a reasonable return. The governance framework provides the overall direction to management and ensures accountability to shareholders and other stakeholders. Corporate governance exists at a complex intersection of law, morality and economic efficiency. Corporate governance is expected to follow the principles of fairness, transparency, accountability, responsibility, maximising business performance and global competition. Corporate governance deals with effective strengthening of the investors and creditors rights. According to the noble laureate Milton Friedman, "Corporate governance is to conduct the business in accordance with owner or shareholders desire, which generally will be to make as much money as possible, while conforming to the basic rules of the society embodied in law and local customs". Corporate governance is concerned with holding the balance between economic and social goals and between individuals and company goals. The corporate governance frame work is there to encourage the efficient use of resources and accountability for the stewardship of these resources. Its aim is to align as nearly as possible to the interest of individuals, corporations and society.

Principles of Corporate Governance

(or Major Issues Involved in Corporate Governance)

The fundamental or key principles of corporate governance are described below:



- **Transparency**

Transparency means the quality of something which enables one to understand the truth easily. In the context of corporate governance, it implies an accurate, adequate and timely disclosure of relevant information about the operating results etc. of the corporate enterprise to the stakeholders. In fact, transparency is the foundation of corporate governance; which helps to develop a high level of public confidence in the corporate sector. For ensuring transparency in corporate administration, a company should publish relevant information about corporate affairs in leading newspapers, e.g., on a quarterly or half yearly or annual basis.

- **Accountability**

Accountability is a liability to explain the results of one's decisions taken in the interest of others. In the context of corporate governance, accountability implies the responsibility of the Chairman, the Board of Directors and the chief executive for the use of company's resources (over which they have authority) in the best interest of company and its stakeholders.

- **Independence**

Good corporate governance requires independence on the part of the top management of the corporation i.e. the Board of Directors must be strong non-partisan body; so that it can take all corporate decisions based on business prudence. Without the top management of the company being independent; good corporate governance is only a mere dream.

SEBI Code of Corporate Governance

To promote good corporate governance, SEBI (Securities and Exchange Board of India) constituted a committee on corporate governance under the chairmanship of Kumar Mangalam Birla. On the basis of the recommendations of this committee, SEBI issued certain guidelines on corporate governance; which are required to be incorporated in the listing agreement between the company and the stock exchange.

An Overview of SEBI Guidelines on Corporate Governance is Given Below, Under Appropriate Heads:

Board of Directors

Some Points in this Regard are as Follows:

- The Board of Directors of the company shall have an optimum combination of executive and non-executive directors.
- The number of independent directors would depend on whether the chairman is executive or non-executive.

In case of non-executive chairman, at least, one third of the Board should comprise of independent directors; and in case of executive chairman, at least, half of the Board should comprise of independent directors. The expression 'independent directors' means directors, who apart from receiving director's remuneration, do not have any other material pecuniary relationship with the company.

Audit Committee

Some points in this regard are as follows:

- **The company shall form an independent audit committee whose constitution would be as follows:**
 - It shall have minimum three members, all being non-executive directors, with the majority of them being independent, and at least one director having financial and accounting knowledge.

- The Chairman of the committee will be an independent director.
- The Chairman shall be present at the Annual General Meeting to answer shareholders' queries.
- **The audit Committee Shall Have Powers Which Should Include the Following:**
 - To investigate any activity within its terms of reference.
 - To seek information from any employee.
 - To obtain outside legal or other professional advice.
 - To secure attendance of outsiders with relevant expertise, if considered necessary.
- **The Role of Audit Committee Should Include the Following:**
 - Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - Recommending the appointment and removal of external auditor.
 - Reviewing the adequacy of internal audit function
 - Discussing with external auditors, before the audit commences, the nature and scope of audit; as well as to have post-audit discussion to ascertain any area of concern.
 - Reviewing the company's financial and risk management policies.

Remuneration of Directors

The following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the Annual Report:

- All elements of remuneration package of all the directors i.e. salary, benefits, bonus, stock options, pension etc.
- Details of fixed component and performance linked incentives, along with performance criteria.

Board Procedure

Some Points in this Regards are:

- Board meetings shall be held at least, four times a year, with a maximum gap of 4 months between any two meetings.
- A director shall not be a member of more than 10 committees or act as chairman of more than five committees, across all companies, in which he is a director.

Management

A Management Discussion and Analysis Report should form part of the annual report to the shareholders; containing discussion on the following matters (within the limits set by the company's competitive position).

- Opportunities and threats.
- Segment-wise or product-wise performance.
- Risks and concerns.
- Discussion on financial performance with respect to operational performance.
- Material development in human resource/industrial relations front.

Shareholders

Some points in this regard are:

- In case of appointment of a new director or reappointment of a director, shareholders must be provided with the following information:
 - A brief resume (summary) of the director
 - Nature of his expertise
 - Number of companies in which he holds the directorship and membership of committees of the Board.
- A Board Committee under the chairmanship of non-executive director shall be formed to specifically look into the redressing of shareholders and investors' complaints like transfer of shares, non-receipt of Balance Sheet or declared dividends etc. This committee shall be designated as 'Shareholders / Investors Grievance Committee'.

Report on Corporate Governance

There shall be a separate section on corporate governance in the Annual Report of the company, with a detailed report on corporate governance.

Compliance

The company shall obtain a certificate from the auditors of the company regarding the compliance of conditions of corporate governance. This certificate shall be annexed with the Directors' Report sent to shareholders and also sent to the stock exchange.

Following companies exercised Good Corporate Governance

In India, the 'Corporate Governance' standards for listed companies are stipulated by the Securities and Exchange Board of India (SEBI) through a special provision- Clause 49 of the Listing Agreement.

- As a conscious and vigilant organization, Maruti Suzuki had initiated good 'Corporate Governance' practices even before Clause 49 became applicable. These practices form an integral part of the company's governance culture. Maruti Suzuki strives to foster a corporate culture in which high standards of ethical behaviour, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its Board of Directors, Management and Employees. The company has established systems & procedures to ensure that its Board of Directors is well-informed and well-equipped to fulfill its overall responsibilities and to provide the management strategic direction it needs to create long-term shareholder value. On its Board, the company has four non-Executive- Independent Directors of high stature from varied backgrounds, who bring with them rich experience and high ethical standards.

In recent years, the company has evolved a Control Self Assessment mechanism to evaluate the effectiveness of internal controls over financial reporting. Key internal controls over financial reporting were identified and put to self assessment by control owners in the form of Self Assessment Questionnaires through a web based online tool called "Control Managers". With the successful implementation of the online Controls Self Assessment framework, the company has become one of the few companies in India to have a transparent framework for evaluating the effectiveness of internal controls over financial reporting. The initiative further reinforces the commitment of the company to adopt best corporate governance practices.

- Tata Consultancy Services (TCS) has People embedded as one of the 3 Pillars of Corporate Sustainability. TCS has 300,464 employees. It conducts a wide range of CSR initiatives in the areas of education & skill building, health environment and affirmative action using volunteering, sponsorships and pro bono leveraging of its IT resources. TCS engages in sustainable green development along with its supply chain partners. It is continually engaged in reducing its energy, water, material and carbon footprint. To ensure profits, it tries to ensure sustainable marketplace by working across industry verticals to provide next generation sustainable services to customers.

Recommendations

- **There Must Value based Corporate Customs:** For any organization to run in effective way, it needs to have certain ethics, values. Long run business needs to have based corporate culture. Value based corporate customs is good practice for corporate governance. It is a set of beliefs, ethics, principles which are inviolable.
- **Holistic view:** This holistic view is more or less godly, religious attitude which helps in running organization. It is not easier to adopt it, it needs special efforts and once adopted it leads to developing qualities of nobility, tolerance and empathy.
- **Companies should act with Laws:** Those companies which really need progress, have high ethical values and need to run long run business they abide and comply with laws of Securities Exchange Board of India (SEBI), Foreign Exchange Regulation Act, Competition Act 2002, Cyber Laws, Banking Laws etc.
- **Disclosure, Transparency, and Accountability:** Disclosure, transparency and accountability are important aspect for good governance. Timely and accurate information should be disclosed on the matters like the financial position, performance etc. Transparency is needed towards corporate bodies so that due to tremendous competition in the market place the customers having choices don't shift to other corporate bodies.

- **Corporate Governance and Human Resource Management:** For any corporate body, the employees and staff are just like family. For a company to be perfect the role of Human Resource Management becomes very vital, they both are directly linked. Every individual should be treated with individual respect, his achievements should be recognized. Each individual staff and employee should be given best opportunities to prove their worth and these can be done by Human Resource Department. Thus in Corporate Governance, Human Resource has a great role.
- **Innovation:** Every Corporate body needs to take risk of innovation i.e. innovation in products, in services and it plays a pivotal role in corporate governance.
- **Need of Judicial Reform:** There is necessity of judicial reform for a good economy and also in today's changing time of globalization and liberalization. Our judicial system though having performed salutary role all these years, certainly are becoming obsolete and outdated over the years. The delay in judiciary is due to several interests involved in it. But then with changing scenario and fast growing competition, the judiciary needs to bring reforms accordingly. It needs to speedily resolve disputes in cost effective manner.

Conclusion

Good Corporate Governance secures an effective and efficient operation of a company in the interest of all stakeholders. Some of the benefits of good corporate governance are creation of corporation's competitive advantage , prevention of Fraud and Malpractices, protection of shareholder's interest increasing valuation of enterprise and ensuring compliance of laws and regulations. Although it faces some challenges from time to time. But if companies mould effective corporate culture in their organization and government support will be provided to the respective companies then principles of corporate governance will be well implemented.

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KEY AUDIT ISSUES GOVERNING QUALITY OF AUDIT: A PERCEPTUAL STUDY

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Abstract

Perception of Chartered Accountants (CAs) and Students pursuing Chartered Accountancy course on select variables concerning key audit procedures are main area of study of this current paper. There are several audit procedures in an audit engagement. A few significant procedures are audit engagement, audit planning, audit sampling and audit documentation. The Institute of Chartered Accountants of India (ICAI) issued separate standards for these 4 issues. Based on those standards and consultation of practicing CAs, 19 variables have been identified which are related to any one of those 4 aspects. Opinions of 227 CAs and 146 Students on these issues have been collected and empirically analysed. The findings suggest that respondents asserts different provisions of respective SAs and do not question their sufficiency. However, their appropriate implementation should be achieved. As CAs obtain an edge over the students in terms of their professional experience, their opinions to the select variables are not same as that of the Students.

Keywords: *Audit Engagement, Audit Planning, Audit Sampling, Audit Documentation, Chartered Accountant, Students, Chi-Square Test of Homogeneity.*

Introduction

Quality of audit depends upon the pervasiveness and efficacy of audit procedures. Statutory financial audit is basically performed to collect sufficient and appropriate evidences to form conclusions on the financial statements on which the auditors' opinion is based. Audit report certifies the mathematical accuracy, appropriateness of managerial judgments in financial statements. However, the entire procedure begins with agreeing with the terms of audit engagement and ends with issuance of audit report (Gupta, 2005). The Institute of Chartered Accountants of India (ICAI) issued 37 Standards on Auditing (SAs) till date. Each of those SAs deals with different aspects of an audit procedure.

An audit process begins with agreeing with the terms of audit engagement. Audit engagements may be accepted when the auditor is satisfied that the particular engagement can be taken up with applicable ethical requirements such as independence and professional competence and when financial reports are prepared as per the applicable financial reporting framework (Emby & Davidson, 1998). There are certain other preconditions that must be fulfilled for the auditors to accept the audit engagement (ICAI, SA-210). After accepting the audit engagement, the auditors obtains an understanding of the entity's environment including its internal control mechanism. Based on such understanding, the auditor prepares an audit plans which is dynamic, updated and continuous in nature. Auditors' professional judgement plays an important role while formulating audit plans (ICAI, SA-300). Risk of material misstatements in financial reports, probable responses to assessed risks, applicable accounting policies followed while preparing financial statements, areas with high audit attentions, need for analytical procedures, sufficiency and appropriateness of audit evidences are some of the important issues which may influence audit plans of the

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auditors. Time is one of the biggest impediments of the audit process. The whole audit procedures must be completed within a given time frame. Hence, it may not be possible for the auditors to check each and every aspect of the financial statements. Naturally, they go for audit sampling. However, sampling always involves certain risks of leaving some items with the risk of material misstatements. Hence, the auditors have to apply their professional judgement while selecting the right sample (ICAI, SA-530). Generating adequate and relevant audit documentation on a timely basis improves the quality of audit and aids the efficient review and appraisal of the audit evidences collected and conclusions formed before the finalization of audit report (Purvis, 1989). Hence, it is always advisable to prepare the relevant documentation while a process is being performed (ICAI, SA-230).

However, the present paper is an attempt to empirically analyze the opinions of professional accountant and students pursuing professional accounting course on select issues concerning key audit procedures, such as audit engagement, audit planning, audit sampling, and audit documentation.

Review of Literature

S. No.	Author(s)	Theme of the Study Pertaining to Current Research	Main Findings of the Study
1.	Emby & Davidson (1998)	This paper examined sources and consequences of several external influences on the relative negotiating power of auditors and their clients.	Auditors' disclosure of material misstatements is directly related to economic power of clients and nature of advisory services provided by the auditors to client.
2.	Craswell & Francis (1999)	The study examined initial engagement pricing in Australia based on two competing theories on audit pricing.	It is observed that the accounting firm provides discounts in audit price to their clients only when they are upgraded from non-Big 8 auditors to Big 8 auditors.
3.	Kizirian, et. al. (2005)	The authors used audit documentation of 60 clients of a Big 4 auditing firm to analyse the impact of auditor-assessed management integrity on auditor's assessments of risk of material misstatement, audit planning, and audit outcomes.	Management integrity is related to initial risk assessments and persuasiveness, timing, and extent of planned audit procedures.
4.	Messier, et. al. (2001)	Based on a sample of 149 experienced auditors, the authors tested the effects of the new guidance on auditors' sample-size judgments issued by the American Institute of Certified Chartered Accountants (AICPA).	It was observed that the current guidance results in significantly smaller sample sizes than the previous one.
5.	Purvis (1989)	This study considered the impact of different methods of documenting internal accounting control systems upon the quantity and type of data collected during the auditor's initial examination of internal control.	The best method of initial examination of internal accounting control system was internal control questionnaire.

- **Summary of Past Studies**

Following areas have been covered in literature reviewed:

- (i) Impact of different engagement factors on auditors' independence has been studied;
- (ii) Competing theories of audit pricing in initial audit engagements have been empirically examined;
- (iii) Impact of management integrity on audit planning process has been evaluated;
- (iv) Recent guidance issued by professional institutes relating to audit sampling has been critically examined; and.
- (v) Effect of audit documentation on the process of collecting audit evidences has been enumerated.

- **Research Gap**

There is a need for an empirical study considering different aspects of audit procedures due to the following reasons:

- Number of empirical researches in this field is not that high;

- A holistic study considering different facets of audit procedures, such as audit engagement, audit planning, audit sampling, audit documentation, etc. has not been made in studies so far;
- Opinions of professional accountants and students pursuing professional accounting course together have not been considered in prior literature.

Objectives

Key objectives set for the current study are enumerated below:

- To analyse opinions of CAs and Students on each variable concerning key audit procedures (Refer to Section 5.2);
- To examine homogeneity of opinions of CAs and Students on the variables selected (Refer to Section 5.3).

Data and Methodology

Nature of Study	Empirical		
Nature of Research	Exploratory Research Design		
Nature of Data	Primary as well as Secondary		
Secondary Data	Books, Journal Articles, Legislations collected from several reputed libraries in Kolkata		
Primary Data	Perceptions of Respondents		
Number of Variables	19 (Refer to Table-1)		
Survey Tool	Pre-tested Close Ended Structured Questionnaire		
Measurement Scale	Likert 5 Point Scale [1: Strongly Disagree (SD); 2: Disagree (D); 3: Neutral (N); 4: Agree (A); and 5: Strongly Agree (SA)] (Kothari, 2010)		
Survey Area	Kolkata, West Bengal, India		
Survey Period	June, 2015 to December, 2015		
Respondents	(a) Chartered Accountants in Practice; (b) Students pursuing Chartered Accountancy Course		
Method of Sampling	Non-Probability Convenience Sampling Technique (Ho, et. al., 1997)		
Data Collected	Respondent Groups	Initial Sample	Final Sample
	Chartered Accountants	250	227
	Students	200	146
	Total	450	373
Data Analysis	Objectives		Statistical Test
	♦ Analysing respondents' perceptions on select variables concerning audit processes.		♦ Percentage (%) Analysis
	♦ Analysing homogeneity of opinions of CAs and Students for the variables selected		♦ Chi-Square Test of homogeneity
Statistical Software	SPSS 20.0		

Table 1: Variables Selected

Variable Code	Variables
V ₁	Restricted access to client's information
V ₂	Acceptance of engagement subject to fulfilment of preconditions
V ₃	Clarification on difference in the form of Audit Report
V ₄	Involvement of all members of the engagement team in the planning process
V ₅	Possession of necessary competence and independence for formulating effective plan
V ₆	Investigation into client's ethical orientation for updating of plan
V ₇	Allotment of more resources in high risk areas
V ₈	Assessment of nature, time and scope of audit before formulating plans
V ₉	Maintaining documentation of audit strategy, audit program, and audit completion
V ₁₀	Involvement of another partner of the firm to review audit strategy
V ₁₁	Sampling in audit procedure

V ₁₂	Constant change in nature, timing and scope of audit procedure to gather reliable samples
V ₁₃	Acquiring adequate knowledge in statistical application to design appropriate sample
V ₁₄	Selection of large audit sample subject to risk tolerance of statutory auditors
V ₁₅	Necessity of audit documents to address further queries
V ₁₆	Proper documentation of regulatory requirement of audit procedure
V ₁₇	Documentation of professional skepticism by statutory auditors
V ₁₈	Documentation of basis for auditors' conclusion
V ₁₉	Documentation of additional procedure taken by statutory auditors

Analysis and Discussion

- **Demographic Profile of Respondents**

A brief demographic profile of respondents for this chapter is given in the following table.

Table 2 Demographic Profile of Respondents

Demographic Profile Based on Gender					
Male	%		Female	%	
367	98.4		6	1.6	
Demographic Profile Based on Age					
Young (Age less than 30 years)	%	Middle Aged (Age between 30 and 50 years)	%	Experienced (Age more than 50 years)	%
159	42.6	125	33.5	89	23.9
Demographic Profile Based on Occupation					
CAs	%		Students	%	
227	60.9		146	39.1	

(Source: Compilation of Primary Data using SPSS 20.0)

Inferences

- Majority of respondents in the final sample are male, though it is not intentional;
- Maximum percentage of respondents belong to the middle aged group;
- Majority of respondents in the final sample are CAs.
- **Analysing respondents' perceptions on select variables concerning audit processes using Percentage (%) Analysis**

As stated in 'Data and Methodology' (Refer to Section 4) the questionnaire is designed on a 5-point scale. Each variable in the questionnaire corresponds to 5 different levels of agreement. They are Strong Disagreement (SD); Disagreement (D); Neutral Approach (N); Agreement (A); and Strong Agreement (SA). Each respondent have marked their level of agreement with a particular statement in the appropriate field. This marking by respondents represent their opinions on a particular variable. After collection of data, proportion of respondents under each level of agreement for a particular variable is calculated using simple arithmetical technique. The level of agreement at which the proportion of total final respondents is highest is considered to be the opinions of the sample. The following table represents respondents' opinions on select variables:

Table 3 Percentage of Respondents in Different Agreement Levels

Variable Code	Variables	Category	SD	D	N	A	SA
V ₁	Restricted access to client's information	CAs	0.40%	7.50%	5.30%	59.00%	27.80%
		Students	2.10%	3.40%	2.10%	32.90%	59.60%
		Total	1.10%	5.90%	4.00%	48.80%	40.20%
V ₂	Acceptance of engagement subject to fulfilment of preconditions	CAs	0.00%	4.40%	4.00%	74.00%	17.60%
		Students	0.70%	2.10%	3.40%	39.70%	54.10%
		Total	0.30%	3.50%	3.80%	60.60%	31.90%
V ₃	Clarification on difference in the form of Audit Report	CAs	0.00%	10.10%	5.30%	71.80%	12.80%
		Students	0.70%	2.10%	8.90%	58.20%	30.10%
		Total	0.30%	7.00%	6.70%	66.50%	19.60%

V ₄	Involvement of all members of the engagement team in the planning process	CAs	0.0%	15.4%	5.3%	67.4%	11.9%
		Students	4.1%	10.3%	4.8%	41.1%	39.7%
		Total	1.6%	13.4%	5.1%	57.1%	22.8%
V ₅	Possession of necessary competence and independence for formulating effective plan	CAs	0.0%	0.0%	0.0%	71.8%	28.2%
		Students	0.0%	0.7%	2.1%	58.2%	39.0%
		Total	0.0%	0.3%	0.8%	66.5%	32.4%
V ₆	Investigation into client's ethical orientation for updating of plan	CAs	0.9%	13.7%	4.4%	66.5%	14.5%
		Students	0.0%	63.7%	1.4%	22.6%	12.3%
		Total	0.5%	33.2%	3.2%	49.3%	13.7%
V ₇	Allotment of more resources in high risk areas	CAs	0.0%	4.0%	3.5%	75.8%	16.7%
		Students	0.7%	10.3%	6.2%	45.9%	37.0%
		Total	0.3%	6.4%	4.6%	64.1%	24.7%
V ₈	Assessment of nature, time and scope of audit before formulating plans	CAs	0.0%	0.9%	0.4%	85.5%	13.2%
		Students	0.7%	8.9%	6.8%	47.3%	36.3%
		Total	0.3%	4.0%	2.9%	70.5%	22.3%
V ₉	Maintaining documentation of audit strategy, audit program, and audit completion	CAs	0.0%	3.1%	3.5%	85.5%	7.9%
		Students	1.4%	16.4%	11.0%	48.6%	22.6%
		Total	0.5%	8.3%	6.4%	71.0%	13.7%
V ₁₀	Involvement of another partner of the firm to review audit strategy	CAs	0.4%	5.7%	9.3%	72.2%	12.3%
		Students	3.4%	15.8%	13.7%	42.5%	24.7%
		Total	1.6%	9.7%	11.0%	60.6%	17.2%
V ₁₁	Sampling in audit procedure	CAs	5.7%	54.6%	15.4%	21.6%	2.6%
		Students	4.1%	24.7%	14.4%	43.2%	13.7%
		Total	5.1%	42.9%	15.0%	30.0%	7.0%
V ₁₂	Constant change in nature, timing and scope of audit procedure to gather reliable samples	CAs	0.0%	4.0%	1.8%	82.8%	11.5%
		Students	0.7%	2.1%	3.4%	63.7%	30.1%
		Total	0.3%	3.2%	2.4%	75.3%	18.8%
V ₁₃	Acquiring adequate knowledge in statistical application to design appropriate sample	CAs	0.0%	7.0%	3.1%	81.1%	8.8%
		Students	0.0%	6.2%	11.6%	60.3%	21.9%
		Total	0.0%	6.7%	6.4%	72.9%	13.9%
V ₁₄	Selection of large audit sample subject to risk tolerance of statutory auditors	CAs	0.0%	9.7%	7.9%	76.7%	5.7%
		Students	2.1%	11.0%	11.6%	56.8%	18.5%
		Total	0.8%	10.2%	9.4%	68.9%	10.7%
V ₁₅	Necessity of audit documents to address further queries	CAs	0.0%	0.0%	0.4%	74.0%	25.6%
		Students	1.4%	2.1%	1.4%	34.9%	60.3%
		Total	0.5%	0.8%	0.8%	58.7%	39.1%
V ₁₆	Proper documentation of regulatory requirement of audit procedure	CAs	0.0%	0.0%	0.0%	81.5%	18.5%
		Students	0.7%	2.7%	1.4%	48.6%	46.6%
		Total	0.3%	1.1%	0.5%	68.6%	29.5%
V ₁₇	Documentation of professional skepticism by statutory auditors	CAs	0.0%	0.9%	5.3%	80.2%	13.7%
		Students	1.4%	3.4%	12.3%	56.2%	26.7%
		Total	0.5%	1.9%	8.0%	70.8%	18.8%
V ₁₈	Documentation of basis for auditors' conclusion	CAs	0.0%	2.2%	4.4%	74.4%	18.9%
		Students	0.7%	0.7%	4.1%	58.2%	36.3%
		Total	0.3%	1.6%	4.3%	68.1%	25.7%
V ₁₉	Documentation of additional procedure taken by statutory auditors	CAs	0.0%	4.8%	3.5%	76.7%	15.0%
		Students	2.1%	2.1%	4.1%	54.8%	37.0%
		Total	0.8%	3.8%	3.8%	68.1%	23.6%

(Source: Compilation of Field Survey Data using SPSS 20.0)

Inferences

- Most of the CAs and Students believed that if clients' information cannot be accessed, the audit engagement should not be accepted;
- An engagement should be accepted only when all the preconditions are fulfilled;
- If format of the Audit Report as required under the particular law and regulation governing the client's company is different from that suggested by standards, it should be clarified by the auditors;
- All member of the engagement should take part in an audit plan;
- The person responsible for formulating a plan should have necessary competence and independence;
- Plan should be updated based on investigations into client's ethical orientation. However, students do not seem to believe this aspect;
- However, majority of both the groups mutually agree that more resources should be allocated to the high risk areas.
- A wide range of CAs and Students consider assessing the nature, time and scope of audit before formulating audit plan.
- A higher percentage of both the groups also advocated maintaining documentation of audit strategy, audit program and audit completion in a thorough basis.
- Greater proportion of CAs and Students also support the suggestion of involving another partner of the firm to review audit strategy of the engagement team.
- Majority of CAs do not believe that audit sampling reduces audit quality. However, most of the Students seem to believe in the opposite direction;
- In order to gather sufficient and reliable sample, the auditor must change the nature, timing and scope of auditing;
- Knowledge in statistical application of designing appropriate sample could help the auditor in audit sampling;
- Risk tolerance of individual auditors is different for different engagements. Hence, majority of CAs and Students have proposed selection of a large audit sample subject to risk tolerance of auditors;
- Audit documents are necessary to address future queries;
- The professional skepticism by statutory auditors should also be documented;
- Basis for auditors' conclusion on a financial statement should be documented;
- Highest proportions of CAs and Students recommended documentation of additional procedures taken by statutory auditors.
- **Examining homogeneity of opinions between CAs and Students using Chi-Square Test of Homogeneity**

In an empirical research based on respondents' perception, it is imperative to recognise as to whether the population of respondents are homogenous in their responses for the select variables. It is tested using Chi-Square test of homogeneity (Malhotra & Dash, 2011). The variables must be categorical in nature for conducting this test (Kothari, 2010). However, major considerations for this test are cited below:

Hypothesis	• H_0: Opinions of CAs and Students are homogenous for a particular variable • H_1: Opinions of CAs and Students are not homogenous
Underlying sampling distribution	Chi-Square
Test statistics	$\chi^2 = \sum [(F_O - F_E)^2 \div F_E]$ Where, • F_O = Observed frequency of respondents in different levels of the categorical variable; • F_E = Expected frequency of respondents in the different levels of the categorical variable. • $F_E = N_r \times N_c \div T$ • Where, • N_r = Total number of observations from population r for a particular variable;

	• N_c = Total number of observations from treatment level c for a particular variable; • T = Total sample size
Degree of Freedom (DF)	$(r-1) \times (c-1)$ Where, • r = Number of populations = 2; and • c = Number of treatment levels = 5. $DF = (2-1) \times (5-1) = 4$
Level of significance	5%
Decision Rule	If the P-Value is less than 0.05, H_0 is not accepted and vice versa.

Result of Chi-Square Test for all the select variables is shown below:

Table 4 Result of Chi-Square Test of Homogeneity

Variable Code	Variable	Chi-Square	P-Value	Decision Rule	Decision on H_0
V ₁	Restricted access to client's information	41.804	0.000	P-Value<0.05	Rejected
V ₂	Acceptance of engagement subject to fulfillment of preconditions	57.348	0.000	P-Value<0.05	Rejected
V ₃	Clarification on difference in the form of Audit Report	27.758	0.000	P-Value<0.05	Rejected
V ₄	Involvement of all members of the engagement team in the planning process	52.094	0.000	P-Value<0.05	Rejected
V ₅	Possession of necessary competence and independence for formulating effective plan	11.909	0.008	P-Value<0.05	Rejected
V ₆	Investigation into client's ethical orientation for updating of plan	105.819	0.000	P-Value<0.05	Rejected
V ₇	Allotment of more resources in high risk areas	35.558	0.000	P-Value<0.05	Rejected
V ₈	Assessment of nature, time and scope of audit before formulating plans	67.823	0.000	P-Value<0.05	Rejected
V ₉	Maintaining documentation of audit strategy, audit program, and audit completion	60.767	0.000	P-Value<0.05	Rejected
V ₁₀	Involvement of another partner of the firm to review audit strategy	36.642	0.000	P-Value<0.05	Rejected
V ₁₁	Sampling in audit procedure	48.463	0.000	P-Value<0.05	Rejected
V ₁₂	Constant change in nature, timing and scope of audit procedure to gather reliable samples	24.419	0.000	P-Value<0.05	Rejected
V ₁₃	Acquiring adequate knowledge in statistical application to design appropriate sample	26.435	0.000	P-Value<0.05	Rejected
V ₁₄	Selection of large audit sample subject to risk tolerance of statutory auditors	24.671	0.000	P-Value<0.05	Rejected
V ₁₅	Necessity of audit documents to address further queries	59.207	0.000	P-Value<0.05	Rejected
V ₁₆	Proper documentation of regulatory requirement of audit procedure	48.614	0.000	P-Value<0.05	Rejected
V ₁₇	Documentation of professional skepticism by statutory auditors	26.960	0.000	P-Value<0.05	Rejected
V ₁₈	Documentation of basis for auditors' conclusion	16.685	0.002	P-Value<0.05	Rejected
V ₁₉	Documentation of additional procedure taken by statutory auditors	31.065	0.000	P-Value<0.05	Rejected

(Source: Compilation of Field Survey Data using SPSS 20.0)

Inferences

- H_0 is not accepted for any of the variables considered in the study;
- Opinions of CAs and Students are not homogenous for key audit related issues;
- The heterogeneity of opinions between two respondent groups may be attributed to the professional experiences that the CAs have but Students do not. Students consider the select issues based on their academic knowledge, while CAs examine them from practical aspect.

Conclusion

A successful completion of audit procedures involves different activities, such as accepting an audit engagement, planning an audit, deciding on audit sample, collecting audit evidences, documentation of audit findings, preparing audit report, etc. The current study takes into consideration 4 integral aspects of audit procedures. They are, audit engagement, audit planning, audit sampling and audit documentation. While CAs and Students are not homogenous in their opinions, their individual opinions and the opinions of the final sample have been observed. Respondent groups basically assert different provisions of the respective SAs. They believe that preconditions of audit should be fulfilled before accepting an audit engagement. As per majority of CAs and Students, a holistic audit plan can be formulated if all the members of the engagement team participate in the planning process. They should have necessary competence and independence. The entire plan should also be validated by another member of the accounting firm. The team should change their plans in accordance with changing circumstances in the client company. Respondents also believe that sampling is an important consideration of audit process. While, it does not reduce audit quality, a successful sample must take into consideration the risk tolerance of the engagement team. The auditor should have sufficient knowledge in statistical applications to form a reasonable sample. Audit documentation has been given significant importance by both the groups. However, in addition to the statutory documentation, CAs and Students are in favour of documenting professional skepticism and additional procedures performed by statutory auditors. The study recommends that the existing SAs governing key audit issues should be properly implemented keeping in view the quality control policies and procedures of the accounting firm.

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FINANCIAL LITERACY AMONG WORKING WOMEN IN HIGHER EDUCATION SECTOR OF RAJASTHAN

Blessy Roy *

Abstract

Today's financial world is highly complex when compared with that of a generation ago. Forty years ago, a simple understanding of how to maintain a current and savings account at local banks and savings institutions may have been sufficient. Now, consumers have to differentiate between a wide range of financial products and services, and providers of those products and services". Women constitute almost half the human race. Education has been recognized as an essential agent of social change and development in any society and any country. Education considered as a potent instrument through which processes modernization and social change come into existence. Education exposes people to new thoughts and ideas and provides necessary skills hence, to think harmonies development without educating women is impossibility. Moreover it is rightly said that to educate the women is to educate the whole family. With rapidly changing financial markets and increasing individual responsibility for being make informed financial decisions has become of paramount importance. Not only is financial illiteracy widespread, but it is particularly severe among women.

Keywords: OECD, Financial Education, Financial Products, Financial Literacy, Financial Services.

Introduction

According to the OECD, "Financial literacy is a combination of awareness, knowledge, skill, attitude and the behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing". Similar to literacy, it can be viewed as an expanding set of knowledge, skills and strategies, which individuals build on throughout life, rather than as a fixed quantity. Consumer understanding of financial concepts and ability to correctly interpret financial data is what is generally referred to as financial literacy in the field of consumer finance. According to the World Bank, the term financial literacy is associated with financial knowledge, while financial capability is a broader term encompassing behaviour and the interaction of knowledge, skills and attitudes. Studies related to financial literacy in general measure three specific concepts:

- Knowledge of fundamental financial concepts.
- Awareness of products and services offered by different financial service providers and an understanding of the risks associated with using these products and services.
- Understanding how to manage personal finances or use financial services.

Importance of Financial Literacy

Financial literacy improves ability of the people in availing financial services, planning their own finances and optimal utilization of resources which in turn promotes economic development. It is a lifelong process, related to the knowledge and to life situations. Its main characteristic is that basics of it can be improved through teaching. Financial literacy increases confidence and self-control of the people,

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which in turn facilitates their participation in the formal economic system. It will finally lead to empowerment and well-being. Researchers have concluded that financial literacy is necessary for wellbeing of individuals and for development of economy. Financial education will increase the knowledge of consumers, which is may be actual or perceived. Actual knowledge promotes such desirable behaviour as explained above. However, perceived financial knowledge is an illusion of being aware and would also promote the same desirable behaviour that may result in bad decisions and irreversible financial mistakes. Contrary view apart, there is a lack of consensus amongst the researchers, as to what constitutes financial literacy. So also relationships between financial education, financial literacy and financial behaviour are not fully known. In ultimate analysis, the financial behaviour is important. It is an outcome of additional factors such as attitudes and experiences which are personal in nature.

Women Specific Needs for Financial Education

Both women and men need to be sufficiently financially literate to effectively participate in economic activities and to take appropriate financial decisions for themselves and their families, but women often have less financial knowledge and lower access to formal financial products than men. Women therefore have specific and additional financial literacy needs. Women are likely to take primary responsibility for childrearing, to make important and daily decisions about the allocation of household resources, and to have a major role in the transmission of financial habits and skills to their children. Hence, they need to have adequate financial skills not only for themselves but also for future generations. In addition, women have a weaker labour market position with respect to men. In 2011, on average across OECD countries, 60% of women were in the labour force compared to 72% of men. Around 25% of women in employment worked part-time, compared to only 9% of employed men. Among full-time employees, women earned on average 15% less than men. As women also live longer than men, and yet have shorter working lives and lower average incomes from which to save for old-age, they need to be sufficiently financially literate to manage the greater financial risks that they face.

Objectives of the Study

- To study the level of financial literacy of working women in Rajasthan.
- To analyze the money management skills of a working women.
- To examine how women's knowledge influence his/her personal opinion and decision on issue related with finance.
- To examine the awareness level of working women about various financial products.
- To measure the gap between financial literacy and present education system of India.

Hypotheses of the Study

- H₀₁** : There is no significant difference between the financial literacy of working women.
- H_{A1}** : There is significant difference between the financial literacy of working women.
- H₀₂** : There is no significant difference between the knowledge of various financial products and services among working women on their opinion and decision making ability related to finance.
- H_{A2}** : There is a significant difference between the knowledge of various financial products and services among working women on their opinion and decision making ability related to finance.

Relevance of the Study

- This study is significant in view of the fact that education sector constitute a sizeable portion of the country. The purpose of this research is to assess the level of financial literacy among working women of Rajasthan.
- The specific objectives of the study are to examine working women's understanding of and knowledge in finance, money management activities such are general knowledge in finance, knowledge in savings and borrowing, personal financial management practices and financial management challenges.
- The earlier studies are mostly conducted outside Rajasthan. Hence, this study is precisely conducted in Rajasthan state only.

Conclusion

There is strong need of financial literacy awareness all across the India, in which rural area individuals have low level of literacy as well as inclusion which shows that there is lack of awareness and low access to financial services. Women are not aware about their financial rights, not financial services; they have to take part in their finances in the family. For boosting financial literacy stakeholders are working towards it and now they have realized that financial literacy can be done effectively by education to schools and education institutes. Financial Literacy of women is inarguably a key determinant of financial independence of women. Women empowerment and prosperity of the nation the women also have less occupation choices and in fact less time in the occupation due to child bearing and restriction to them through various social norms. In case of urban women banking facilities are very near to them but they are resistant to take part in these services and consider this as men works, in case of rural women it is also a constraints because rural areas lack the banking facility availability everywhere, sometimes women are not given freedom to manage their finances.

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ROLE OF MEDIA IN ENTREPRENEURSHIP DEVELOPMENT

Dr. Govind Rawat *

Abstract

Entrepreneur, initially starts income generating activity is titled as enterprise and an effective control on such commercial activity may be termed as Entrepreneurship. Federal and local government spent a lot of money promoting entrepreneurship. New goods, services, raw materials and production technologies are used so as to prepare and sold a product at more than the cost of production. Phenomena involved in innovation, start-up, small business, family business, new business, and self employment. Media is used to publicize material product through picture, articles in magazine, newspaper, radio, video, film, music, recording, television, entertainment, and broadcast. Media have profound effect in influencing public perceptions about product generated and its marketing. Many national governments use mass media as a source to promote entrepreneurship. Economic Survey, 2013 revealed that the Indian entrepreneurs prefer trade and marketing business. There were about 1.6 crores of retail shops involving about 2.7 crores people. Second to retail is Manufacturing sector with exceeding 1crore units and employing near about 3 crores people. Transport, companies, warehousing, restaurant, hotels, food crafts, health care related enterprises are other major occupations.

Keywords: Entrepreneurship, Start-Up, Warehousing, Food Crafts, Health Care.

Introduction

Entrepreneurship has received enormous attention, during last couple of decades. After the oil crises in 1970, it was acknowledged that large businesses no longer could be seen as the sole driver of economic development. A stronger focus was devoted to entrepreneurship, new business formation and the role of small business growth (Bolten Report 1971, Storey; Birch 1979). Politically many resources are devoted in order to promote entrepreneurship, many national governments use mass media as a source to promote entrepreneurship and how mass media have influential effect on Entrepreneurship. Throughout the world and especially in the western world, federal and local government spent a lot of money promoting entrepreneurship based on the idea of Secondary socialization through mass media. Today it is not ascertained whether mass media initiative is working and if so how do they influence?

Entrepreneur and Entrepreneurship

An Entrepreneur conceptualizes and starts any income generating activity, and his effective control on such commercial activity may be termed as entrepreneurship. It includes innovations, startups, small business, family business, ventures, new business and self employed income generating activity. . Entrepreneurship is concerned with exploration of profitable opportunities with regards to competitive behavior that derives market process.

An entrepreneurship study is structured with ideal of search of new business ventures. Casson (1982) pronounced as "those situations in which new goods, services, raw materials and production technologies are used so as to prepare and sold a product at more than the cost of production. The entrepreneurial process includes risk taking and competitive marketing practices and decisions that decides to launch a new product in the market. According to Shane and Venkataraman (2000), who gave

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one of the most cited definitions, "entrepreneurship is concerned with the discovery and exploitation of profitable opportunities". However, it is also necessary to make a distinction between the terms entrepreneurship and entrepreneurship research. Davidsson (2004) proposes that entrepreneurship be defined as "the competitive behaviors that drive the market process". While the domain of entrepreneurship study is structured around the idea of the emergence of new business ventures. Shane in 2003 defines entrepreneurship as "An Entrepreneurial opportunity as a situation in which a person can create a new means –ends framework for recombining resources that the entrepreneur believes will yield a profit. Based on Casson (1982), they defined entrepreneurial opportunity as "those situations in which new goods, services, raw material, and organizing methods can be introduced and sold at greater than the cost of production." everyone agrees it is a multi-faced phenomenon, which comprehends from the discovery of opportunities, to the start-up of new companies and, to the carrying out of new strategic initiatives within existing business (corporate entrepreneurship). Entrepreneurship is concerned with exploration of profitable opportunities with regards to competitive behavior that derives market process.

Media

Media is a means of communication, referring to the means of dissemination of facts, opinion and entertainment such as newspapers, magazines, cinema films, radio, television and World Wide Web (Wikipedia, Krippendorff, 1986). The impact of publicizing a product to a role model is a key factor in Entrepreneur development. The role model can be a family member, a story of successful entrepreneurial individuals conveyed through media. We are familiar with a few media entrepreneurs like Freedman (1996) depicts News Corp's main Stockholder and chairman Rupert Murdoch as a modern Corporate entrepreneur, Ted Turner founder of CNN, Bill Gates founder of Microsoft, Steve Jobs founder of Apple, Mark Zuckerberg founder of Facebook, Gordon Moore & Robert Noyce founder of Intel.

Initially they were or they are young entrepreneurs who met with risk taking challenges but succeeded in promoting their product. The word media has been defined in many ways to accommodate different criteria or settings. For instance, media is defined as "a contraction of the term media of communication, referring to those organized means of dissemination of fact, opinion, and entertainment such as newspapers, magazines, cinema films, radio, television, and the World Wide Web" (Wikipedia). It is also defined as "a generic term for systems of production and dissemination of information and entertainment and of exertion of various kinds of social controls. Unlike a channel which is limited to a contiguous physical medium between the sender and a receiver of communications, media include the institutions which determine the nature, programming and form of distribution" (Krippendorff, 1986). Most often, the media are lumped together as a single entity, while the media actually refers to any forms of communication, including newspapers, magazines, and billboards, radio, television, videocassettes, video games, and computer games. The essential of media is that it can be used to store or deliver information or the mass usage, so the most common use in this sense is mass media. According to Krippendorff (1986) "mass media is the generic term for newspapers, book publishing, radio and television. Other media include the recording industry, movie industry and theatre.

As the nature of media is the format to store or the carrier to deliver information for the mass people, media products have profound effect in influencing public perceptions on entrepreneurship and entrepreneurial phenomenon. In the entrepreneur development the effect of the role model is significant. The role model plays an influential role in the entrepreneurship development. The role model could be a member of the family, but mostly, it could also be stories of successful entrepreneurial individuals conveyed by the media. The positive images of entrepreneurs delivered by the media may promote the development of entrepreneurship in the society. In short entrepreneurship is a phenomena involved in innovation, start-up, (opportunity and opportunities), small business, family business, (venture and venturing), new business, and self employment and media is used to identify articles related to media were media, magazine, newspaper, radio, video, film, music, recording, television, entertainment, and broadcast.

The earliest study on media and entrepreneurship was published in 1971 (Peterson & Berger, 1971) according to the identified articles and book chapters. However, we were unable to find more articles in that decade, and a few studies (7) appeared in the 1980s. During the 1990s, 25 articles were

published, but the major body of research did not really emerge until the 2000s. It seems that the new millennium brought the interest in entrepreneurship and media, since many relevant topics have been studied by a large number of scholars from various perspectives in a total of 43 articles and books.

Media formats such as newspapers, TV and radio are important mediums to transmit cultural values and ideas. They can also help to structure people's perception of entrepreneurship so as to foster an entrepreneurship spirit through society. In 1982, Gumpert published an article in the Harvard Business Review describing the emergent market of publications directed toward entrepreneurs, including a classification of the existent magazines and books.

Freedman (1996) depicts News Corp's main stockholder and Chairman Rupert Murdoch as a modern corporate entrepreneur. Guthey (1997) turns his view to Ted Turner, the founder of CNN, describing him as a risk-taking entrepreneur, and tries to establish some comparisons and contrasts among Turner's life, businesses and the image generated by the media. The study of media's impact on entrepreneurship can be very helpful to encouraging the entrepreneurial spirit. There is no shortage of evidences for the role of media in influencing political decision-making, the public and individual conception and attitude.

Nowadays, many issues confronted with media industries in a dynamic and changing environment can be discussed and handled through studies and research in the entrepreneurship domain. Also, entrepreneurship activities can be encouraged and enhanced by the means of media. Therefore, a future research agenda needs to be made to investigate the way by which media and entrepreneurship can promote the development of each other reciprocally and successfully. Due to low number of employees, entrepreneurs are often the ones to communicate, a good and successful communication between entrepreneurs and media contributes to overall positive and prosperous business or trade management.

The purpose of this article is to have an overview of relation between entrepreneur and media influence on Entrepreneurial activities. In shaping attitudes and positions in engaging an activity, how active are the media and do they contribute to the development of entrepreneurs? Media are particular with reports of Celebrities, violence, crime, corruption, Government's decisions and numerous scandals. At the same time should have adequate coverage about to inform and educate wide audience from Entrepreneurial economic activities? Entrepreneurs in developed countries enjoy broad public respect. Many successful entrepreneurs have become National heroes of sorts, in the United States of America. Henry Ford for example, Ray Kroc and also Bill Gate Successful American entrepreneurs who have attained in a defined period of time impressive Business empires in a defined period of time, which realize over 100 billion US dollar revenue annually and employ tens of thousands of people. According to Economic Survey 2013, the Indian entrepreneurs preferably begin with opening of trade and marketing business as there were about 1.6 crores of retail shops where about 2.7 crores people get their lively hood. Second to retail is Manufacturing sector with exceeding 1crore units employing near about 3 crores people and it is considered one of the backbone of prosperous economy for developing country. Transport companies, warehousing, restaurant, hotels, food crafts,, health care related enterprises are other major occupations, whereas educational and construction business have been flourishing with rapid growth during last decade besides, marketing and repair workshops of automobile and the mobile phones. It is empirically estimated that most of these enterprise engage from one to five persons at a time as compared to only 1.6% enterprises deploying more than 10 employees. Putting altogether almost near about 3.2 crores people directly and indirectly are getting their partial and/or whole time employment.

Conclusion

Research in communication between entrepreneurs and media and their impact on business activities, as well as on general social development is difficult to conduct because it is a very dynamic economic category that expediently and clearly reflects all changes in business conditions and market disorders.

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THE ROLE OF SOCIAL INTELLIGENCE IN MANAGERIAL EFFECTIVENESS

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Abstract

Now-a-days leading organizations are arranging sessions for their employees to evaluate the pre and post training effect of intelligence on their employee's effectiveness. Social intelligence is the skill to understand, recognize, and effectively manage employees to achieve common objective. These competencies/ skills help the managers to communicate smart goals, construct problem solving attitude, delegating, supporting, and increase the coordination among team players. This study aims at analyzing those factors of social intelligence which can foster effectiveness in managers. This study aims at knowing the relationship between social intelligence and managerial effectiveness and its impact on managerial effectiveness.

Keywords: Social Intelligence, Managerial Effectiveness, Social Skills, Organisations.

Introduction

The concept of managerial effectiveness has been a major concern for academicians and practitioners for several decades. This issue is, of course important, for both public and private sectors in all economies, where there is a desire to capitalize on strong economic growth opportunities (Analoui, 1999). Due to its complexity and wide scope, managerial effectiveness has been defined in diverse ways. In the literature, a great deal of misunderstanding and vagueness exists regarding: "What is Effectiveness?", "Who is an effective manager?", and "How to gauge and quantify effectiveness?" (Analoui, 1999; Bamel et al., 2011; Bao, 2009; Braithwaite, 2004; Brodie and Bennett, 1979; Hamlin et al., 2011). A number of scholars have investigated managerial effectiveness in terms of job roles and job behaviours (Hamlin and Patel, 2012; Harrow and Willcocks, 1990; Linna et al., 2010; Martinko and Gardner, 1990; Metts, 2007; Pareek, 2008; Rastogi, 2009; Wang, 2011; Willcocks, 2002), whereas, others correlate it with the skills and required competencies (Allen et al., 2006; Boyatzis, 1982; Harley, 1995; Narayan and Rangnekar, 2011; Nwukah and Ahiauzu, 2007; Shipper et al., 2003; Spencer et al., 1990; Verbeek-Heinsman et al., 2008). However, parallel to this research a third body of research has developed. This has centred on the belief that individual job behaviour is a function of his/her skills and competencies and the idea that job behaviour invariably predicts job performance at work place (Analoui, 1999, 2007; Analoui et al., 2010; McClelland's, 1971; Nwukah and Ahiauzu, 2007). Moreover, this is interlinked with social learning theory which supports the fact that managers can be more effective by developing their behaviour through social skill enhancement (see Porras and Anderson, 1981). These developments established managerial effectiveness as a subjective and socially constructed concept (Willcocks, 1998). Therefore, managerial effectiveness can be postulated as the product of the interactions among individual, behaviours and contextual factors (Hamlin, 2002; Hamlin et al., 2011; Miron et al., 2004; Raelin and Cooledge, 1995; Shao and Webber, 2006).

Social Intelligence

For long, intelligence quota has been regarded as the main index of success for managerial effectiveness. Social intelligence as one of the new areas in psychology, in the recent decades, owing to its

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appealing and widespread aspects has attracted the attention of psychologists, and psychiatrists, as well as other experts in various fields such as organization and management. Social intelligence is an inclusive term that embraces a wide range of skills and personal characteristics and usually refers to those interpersonal and intrapersonal skills that transcend specific areas of the previous knowledge such as intelligence and technical or professional skills (Rezayee, and Khalilzadeh, 2009:25). According to research done, the percentage of IQ role in an effective performance has not been reported more than 10% and even sometimes it has been about 4% (Sobhani nejad and Yuzbashi, 2006: 27). When the point stands out that one wants to move up the hierarchy. And it is in the higher levels that the essentiality of social intelligence compared to IQ rises. In this regard, Goleman and his colleagues hold that social intelligence is of considerable use in all the organizational classes, but it takes on vital importance when it comes to the managerial hierarchy (Babayee, and Mo'meni, 2005: 35). Social intelligence has been defined as the ability to establish relationship with others, intrapersonal knowledge, ability to judge about others' feelings, temperaments and incentives, effective social performance/function, ability to sympathize, and being skilled in decoding nonverbal signs. Thus, the researchers have concluded that social intelligence embraces abilities beyond general intelligence (Shot et al, 1998: 169).

Literature Review on Social Intelligence

As defined in standard dictionaries, intelligence has two rather different meanings. In a familiar sense, Intelligence refers to the ability of people to learn and reasoning. This meaning underlies the common psychometric concepts such as intelligence tests, IQ and like it. In the less common sense, intelligence means as body of information and awareness. Similarly, social intelligence encompasses both means (Cantor & Kihlstrom, 2000.) Recently renewed interest has emerged in most researchers that have claimed about the concept of social intelligence,. Means of social intelligence are closely connected with concepts such as competencies and social skills and has a lot in common with concepts such as emotional intelligence and interpersonal intelligence (Bjorkqvist, et al.2000: Weis & Sub,2007). People in social situations are not acted at the same way. Social intelligence refers to individual differences in the psychological literature. Social intelligence, for the first time in 1920 when Thorndike defined intelligence as social, mechanical and intellectual intelligence seriously were discussed (Dogan & Çetin, 2009). However, since then many studies have been conducted in this area. However, these studies have always been associated with problems. One of the main problems in the study of social intelligence is the fact that researchers, have been defined these structures in many ways over the years for example, Barnes & Sternberg, 1989; Ford & Tisak, 1983, Keating, 1978). Some of this definitions focus on cognitive components or in other words focus on the ability to understand the other people (eg, Barnes & Sternberg, 1989) and other researchers focus on behavioral factors such as the ability to interact successfully with others (Ford and Tisak, 1983). Some of them focus on psychometric foundations and consider social intelligence as equivalent to the ability of act good in tests that can be used to measure social skills. (Keating, 1978).

The second problem is related to various aspects of social intelligence (Goleman, 2006). The initial research were analyzed the social intelligence based on both cognitive and behavioral aspects, however, in future studies researchers insist on the fact that social intelligence has a multidimensional construct. However, various proposals have been raised about various aspects of it. For example, Marlowe (1986) in her model of social intelligence suggests four-dimensional construct: a) social interest, b) social self-efficacy, c) empathy skills (the ability to understand others in terms of cognitive and emotional), and d) the social skills (observable social behaviour. According to Buzan (2002) social intelligence is composed of eight factors: a) reading a person's mind, understanding people through the use of data from non-verbal and verbal communication and their physical symptoms, (b) active listening skills, c) socialization, d) to influence others, e) be active in social media, and discuss, negotiation and resolve social problems, g) encourage and persuade (having desirable behavior in social situations).

Literature Review on Managerial Effectiveness

Drucker (1974) highlighted the importance of managerial effectiveness very aptly and said, "Even the most efficient businesses cannot survive, let alone succeed, if it is efficient in doing the wrong things, that is, if it lacks effectiveness". Effectiveness is the foundation of success. Efficiency is a minimum condition for survival after success has been achieved. There are numerous studies which dealt with the

issue of managerial effectiveness studies, for instance, Drucker (2006 cited in Analoui et al. 2010) claimed that effective managers have eight common practices. They:

- recognize what needs to be done.
- understand the nature of the enterprise.
- develop action plans.
- take responsibility for decisions.
- take responsibility for communicating.
- focused on opportunities rather than problems.
- run productive meetings.
- think and say “we” rather than “I”.

Hamlin et al. (2011) aimed to investigate the managerial effectiveness within a UK third sector (non-profit) organization. The study identified forty two indicators of effective manager, and thirty four indicators of ineffective manager. A managers is perceived effective when he/she cares for others, interests with others, recognizes good performance, involves others in decision making, chooses the right people to the right position, acknowledges achievements, interacts with others, provides teams with information, does not delay tasks, respects values, performs what he promises, expresses clearly, supports team members, encourages participation, immediately responds to shortfalls, provides clear and constructive feedback, solves problems positively, induces thinking, creates a vision of the bigger picture, identifies priorities and tasks, manage meetings effectively, listens to customers complaints and staff issues, verifies the understandings of messages, directs others kindly, builds strong relationships with customers and staff, communicates well, allocates resources appropriately, demonstrates attention to details, enthuses others, reflects deeply, flexible, receives feedback positively, endures stresses, uses language positively.,

Bamel et al. (2011) conducted a study to explore the dimensions of managerial effectiveness of Indian managers at senior, middle, and junior level. Results highlighted that Indian managers perceive effectiveness as a function of productivity, adaptability, and quality and flexibility. Indian Managers perceived productivity as the most important constituent of effectiveness, followed by adaptability, quality and flexibility. According to the study, productivity includes four variables: 1) production output of products and services, 2) optimum utilization of resources, 3) problem anticipation, and 4) adoption of new method of production. While adaptability includes two variables: 1) acceptance of changes, and 2) adjustment to the new situations. Finally, quality and flexibility include two variables: 1) quality of services and products, and 2) copes with new emergencies readily and successfully.

Statement of the Problem

In spite of the great attention given to the effectiveness of managers worldwide in the last few decades, to the researcher's knowledge, few research, have addressed the managerial effectiveness in relation to social intelligence. This research attempts to shed lights on the dimensions of managerial effectiveness on social intelligence and helps in filling the literature gap in this field. This research could be a reference for future researchers concerned in this topic.

Objectives of the Study

- To study the importance of social intelligence skills for managers
- To study the relationship between social intelligence and managerial effectiveness
- To know the impact of social intelligence on managerial effectiveness

Importance of the Study

The manager of a company by and large is responsible for the success of any organization. Depending on the kind of organization a manager is involved with different kinds of skills he needs to possess. Due to the various changes taking place in organizations in terms of distribution, size and decentralization, the managers need to be aware and educated in order to be able to handle the competition and situations arising due to it. The research paper also helps managers to focus on social intelligence skills that are helpful and very much needed in achieving success at their workplace.

Social Intelligence and Managerial Effectiveness

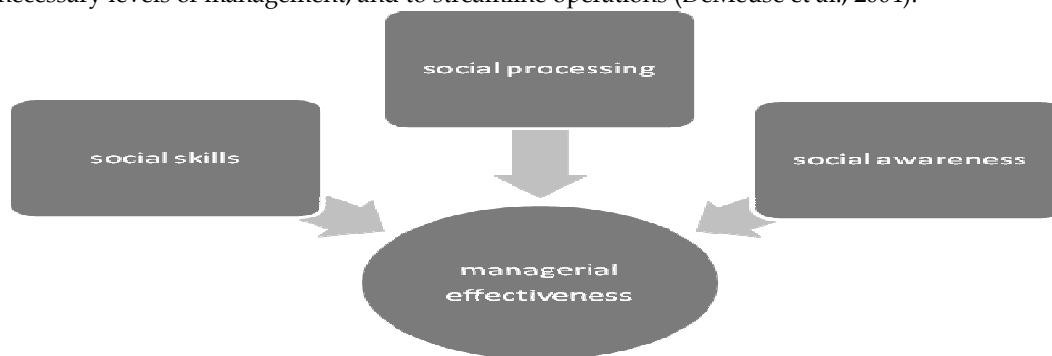
Few studies have explored a positive and significant relationship between managers' social intelligence and the manager's satisfaction with their job which directly works on the effectiveness. Among

three components of social intelligence the component of 1. Social skills, and 2. social processing 3. social information are the best predictors of job satisfaction (Rezayee & Khalilzadeh, 2009:122). Zaccaro, Gilbert, Thor and Mumford (1991) described Social Intelligence as comprised of two aspects: (a) social understanding and (b) situationally appropriate behaviour. Socially intelligent individuals are aware of the social situation, including the problems and needs of others (social perceptiveness). Socially-intelligent individuals are also able to behave appropriately for different situations (behavioral flexibility). It was suggested that Social Intelligence links behavioral flexibility and social perceptiveness to leadership situations, enabling leaders to be effective. In a study the emotional intelligence has been taken equal to social intelligence, a significant relationship has been explored between managerial effectiveness and social skills. Morris (1997) studied the role of Social Intelligence in managerial effectiveness. The 3 components of Social Intelligence investigated in the study were cognitive social structure accuracy, person perception accuracy, and self perception accuracy. The findings revealed that the 3 components of Social Intelligence were independent. Cognitive social structure accuracy, person perception accuracy, and self perception accuracy were found to be positively correlated with managerial effectiveness.

Dr. Abolfazl Ghadiri Moghaddam, 2013 investigated the effects of social intelligence of managers and performance of brokerage firms in Tehran Stock Exchange. The data were collected based on field and library approach, by using Tromso Social Intelligence Scale (TSIS) consists of 21 questions. The study population consisted of 87 managers of brokerage firms have been selected based on the ranking by Tehran Stock Exchange. The results indicated that, aspect of social intelligence of managers have a positive and significant impact on the performance of brokerage firms, which shows the importance and validity of ratings is provided by Tehran Stock Exchange

Relationship Between Social Intelligence and Managerial Effectiveness

From the above literature it is clear that social intelligence of managers have positive and significant impact on their performance. . There is reason to believe that skills once deemed important for managers may have adjusted in relative importance since much has changed in the world of work since these studies. One can assume that the changes in the world of work may coincide with possible changes in the importance of different managerial skills. Organizations have become flatter and less hierarchical with fewer levels and more responsibilities (Allen et al., 2001; McKinley et al., 2000; Miller, 1990). Also, organizational downsizing is commonplace due to the increasing need to reduce costs, to eliminate unnecessary levels of management, and to streamline operations (DeMeuse et al., 2004).



As organizations become less hierarchical, there is reason to believe that the skills managers thought were important in the past may have changed in scope. Flexible work patterns and the ability to work in geographically dispersed teams is now a common reality in the workplace (Wallace, 2004). These changes have cultivated the need for better communication, coordination, improved performance, team monitoring, and more interdependence and trust, empathy (Salas et al., 2004, 2005; Zaccaro et al., 2004). Teams and organizations are increasingly becoming more global or virtual in nature. As a result, social intelligent skills are essential to have an awareness of different cultures and attention to multiculturalism and globalization is vital for the success of many managers.

Impact of Social Intelligence on Managerial Effectiveness:

To be effective is the job of the executive", this is what was very justifiably stated by Peter F. Drucker in the very beginning of his book entitled, "The Effective Executive". Today those organizations

are successful and can achieve their goals that have strong and committed managers, accentuate customer-orientedness and profitability rise, and regularly improve their systems and processes (Hsien, 2008:525).. Managers at the helm of affairs in any organization are charged with the responsibility of mobilizing appropriate human and material resources available, for the purpose of achieving the organizational goals. It is clear that the quality of management and directors of organizations will follow downturn or social progress. Managers with high social Intelligence possess magnetic powers that attract others collaboration, reduce conflicts at work place, which will support to have a better organizational climate , ultimately leading to the mutual success of both the individuals and the organization .social intelligence in employees reduces deviant behaviour. But Lack of social intelligence skills leads to toxic behaviour that leads to conflicts among employees and it leads to poor performance and it will have ill effects on the performance of the organization.

Conclusion

Social intelligence gives managers realistic confidence to perceive challenges. As a result of this they constantly grow and improve their quality, quantity, speed and the capacity of Work force, which can be illustrated from results of the current research. Socially intelligent managers will strive to build personal relationships with their teams. Employees are more likely to exceed expectations when they trust their manager. When managers establish a relationship with employees, it builds trust and employees feel valued. Valued employees are more willing to get the job done right if an individual can win the hearts of the people and are well aware about oneself then the managerial effectiveness is positively affected. Social intelligence of employees/managers has a positive relationship with their performance at work in organizations. They are socially stable, self-motivated and are able to express their emotions, empathize with others and have good social skills. To perform well in all the responsibilities in the workplace, social and emotional skills are important, only then one can perform well and can take work out of the others. Lastly social intelligent managers are able to understand, decipher, and relate the organization's vision back to their employees in order to maintain organisational sustainability.

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CORPORATE SOCIAL RESPONSIBILITY : CHALLENGES AND ISSUES OF RETAIL SECTOR IN INDIA

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Shivi Saxena**

Abstract

The purpose of this article is to evaluate the study of Corporate Social Responsibility status in India, and it provides an understanding to the extent companies follow the Corporate Social Responsibility (CSR) practice. Corporate Social Responsibility of Indian organizations is helpful in both the social and economic interest. The aim of this research paper is to provide a general outline of the value propositions marked in the research on the business case for Corporate Social Responsibility (CSR). Over the last couple of years, there has been a constant hike in alarm expressed about CSR, and the information provided by small and large organizations in context to their social and environmental impacts. It has been very well understood by the organizations that government alone will not be able to succeed in its effort to improve the downtrodden society. The organizations have understood that the compulsion of Corporate Social Responsibility (CSR) is the long term survival mantra for them, the final goal of any organizations is not profit making, but trust building is necessary with societal relationship. This research paper is purely based on the secondary data and highlights the findings of the issues and challenges faced by Indian Retail Sector with reference to Corporate Social Responsibility (CSR).

Keywords: *Corporate Social Responsibility, Indian Retail Sector, CSR, Economic Growth.*

Introduction

Corporate Social Responsibility (CSR) is a concept in which the organizations incorporate social and environmental alarms into their business operations and in their dealings with their stakeholders like—customers, employees, investors, shareholders, government and local communities voluntarily. CSR program helps businesses to attract their customers, invite and retain talent, ensure investors, decrease operational costs, boost up employee morale and increase the company's image. However, stakeholders should understand the profits and limits of corporate social responsibility programs in order to select an initiative that profits the society and the organization. The top management must embrace and support the corporate social responsibility programme and it should be interlinked into the organization culture and operations. Shareholders will not be convinced of onetime initiatives or programs that are not able to last longer. Convincing stakeholders and other decision makers to assign finances to a program formulated to benefit something else than the organization's bottom line can be the first hindrance a small business owner must foresee. Small organizations should not assume that clients and society members are aware about their firm's investment in socially responsible programs. India has one of the richest cultures of working towards Corporate Social Responsibility. Corporate Social Responsibility in India has yet not received wide recognition, in spite of the awareness created in the Indian Entrepreneurs

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about the importance of social responsibility. To attain this objective, the Corporate Social Responsibility attitude of organizations has to be in line with their approach towards majority of organizations setting clear objectives, undertaking potential investments, measuring and reporting performance publicly.

Objectives

The main objective of this study is to study the challenges and issues faced by the Indian Retail Sector towards Corporate Social Responsibility.

Present Status of CSR in Indian Retail Sector

Corporate Social Responsibility is the trust that an organization needs to be responsible for its actions: socially, ethically, and environmentally. CSR has become the need of the hour for growing corporate. Organizations should exercise their actions to get a good image. Giant corporate houses are involved in serving the community through their social responsibility programmes, like Reliance Industries, Tata Group, Aditya Birla Group, The Coca Cola Group, and Indian Oil Corporation. These organizations are completing their responsibilities towards the society by working towards various causes for the upliftment of the society. There are many other organizations as well, which are contributing to the society through donations and charity events. Today, Corporate Social Responsibility programme in India has risen up above charity and donations, and is followed in a more structured manner. It has become an important and fundamental part of the corporate planning. The organizations have CSR groups that formulate precise policies, strategies and targets for their Corporate Social Responsibility programs and allocate specific budgets for their funding. The employees of the contributing organizations become the strength of these initiatives and programmes and volunteer their time and contribute their skills, to implement them. CSR Programs ranges over the overall development of a community to supporting specific causes like education, environment, healthcare etc.

Challenges and Issues

Most of the organizations have a perception that corporate social responsibility is an unimportant issue for their company and customer satisfaction towards their business is their highest priority. They think that the customer can be satisfied only by price and service, but they are not able to understand the importance of the social change happening in the organizations worldwide, which is Corporate Social Responsibility. Some of the major challenges in implementing CSR are:-

- **Lack of Awareness :** The general public lacks interest in contributing and participating in to the CSR activities carried out by the companies, due the lack of knowledge in the community. The companies also lack effective communication, which can communicate their CSR programmes to general public.
- **Requirement of Building Local Capacity :** There is a dearth of trained and effective organizations which can contribute to the CSR activities. Hence, there is need of local non-government organizations to build the capacity.
- **Lack of Transparency :** The smaller organizations do not maintain transparency in terms of their CSR policies, programme information and utilization of funds. This creates negative impact in the process of trust building.
- **Absence of well-organized Non-government Organizations (NGO) :** The rural and remote areas do not have well organized NGOs that can assess and identify the needs of the community so that the companies can work along with them for their CSR activities.
- **Media Presence and Visibility :** The media highlights the CSR initiatives adopted by the company and spread the awareness in the community about the CSR initiatives taken by that company. This many times leads to the NGOs to involve themselves only in media based programmes.
- **Narrow outlook for the CSR :** Government and Non-government bodies have a narrow outlook towards CSR initiatives. They consider these initiatives more as donor driven. This result in the organizations to not participate in such activities for a longer time.

Conclusion

The large no. of corporate houses across the world have started to promote their business through Corporate Social Responsibility policies because they know that through this they can behave responsible and sustainable in front of their customers, the public and the investors. Although some organizations are taking good efforts for the CSR, some critics are still not satisfied with the concept of CSR. CSR cannot be anything extra imbibed into the system, but it has to function into the core of every company

ethics and within its employees and customers. CSR is not a strategy for brand building for any organization; however, it helps in creating an internal brand among its employees.

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INDIA DREAMED EMPLOYABILITY THROUGH SKILL DEVELOPMENT

Dr. Arti Jaiswal*

Abstract

India has one of the largest manpower in the world. However, compared to its population is not significant and there is a tremendous scope of improvement in this area. In India the emphasis has been on general education, with vocational education at the receiving end. This has resulted in large number of educated people remaining unemployed. This phenomenon has now been recognized by the planners and hence there is greater thrust on vocational education. Various Ministries are trying to impart vocational courses through innovation institutions, specially launched for the purpose. In doing so, the government is trying to maintain quality of these courses. Vocational education has received a boost with more funds being allocated for the purpose. Besides, it is also being ensured that the marginalized section of the society, including women, get adequate representation in these courses. It can thus be hoped that Technical and vocational education and training (TVET) will play a major role in improving the lives of the people of India.

Keywords: TVET, NSSO, NSDC, Vocational Education, Skill Development, Employability.

Introduction

India has seen rapid growth in recent years, driven the growth new-age industries. However, there is a large shortage of skilled manpower in the country. As per Labour Bureau Report, 2014, the current size of India's formally skilled work environment, it is necessary to focus on advancing the skill set of the young population of the country. India lags far behind the imparting skill training as compared to other countries (Chart-1.). Only 10 % of the total workforce in the country receive some kind of skill training in which only 2% with formal training and 8% with informal training. Further 80% of the entrants into the workforce do not have the opportunity for skill training. The accelerated economic growth has increased the demand for skilled manpower that has highlighted the shortage of skilled manpower in the country. India is among the top countries in which employers are facing difficulty in filling up the jobs (Chart-2.). For India, the difficulty to fill up the jobs is 48%, which is above the global standard of 34% in 2012. The shortage of hard skills and shortage of suitable employability, including soft skills, are some of the key reasons in finding a suitable candidate for available jobs in the country. The expected ten important industries facing shortfall in 2022 (Chart 3).

According to the NSSO survey (2004-05), only 6% of the total workforce (459 million) is in the organized sector. The World Economic Forum indicates that only 25% of the total Indian professionals are considered employable by the organized sector. The unorganized sector is not supported by any structured skill development and training system of acquiring or upgrading skills. The skill formation takes place through informal channels such as family occupations, on-the-job training under master craftsmen with no linkages to formal education training and certification.

Skill Development Capacity of India

At present the capacity of skill development in India is around 3.1 million persons per year. In India about 12 million people join the workforce each year comprising highly skilled, skilled, semi-skilled and unskilled workforce. The last category constitutes the majority of the population entering the

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workforce. The XI Five Year Plan envisions an increase in that capacity to 15 million annually. It is therefore required to enhance skilling and technical education capacity to about 15 million considering that even sections of the existing workforce would have to train. India has target of creating 500 million skilled workers by 2022. Thus, there is a need for increasing capacity and capability of skill development programme.

Why India Needs Skill Development?

Skills and knowledge are the engine of economic growth and social development of any country. India is in transition to a knowledge based economy and its competitive edge will be determined by the abilities of its people to create, share and use knowledge more effectively. The transition will require India to develop workers into knowledge workers who will be more flexible, analytical, adaptable and multi skilled. There are some points mentioned here why needs skill development in India as:

- **Skilled Workforce:** is essential for the success of recently launched missions - Make in India, Digital India, and Smart Cities.
- **Demographic Dividend:** With most of the major economies of world having sizeable ageing population, India has huge opportunity of serving the booming market.
- **Demographic Disaster:** The skilled youth is required to save demographic dividend from becoming demographic disaster.
- **Demographic Challenge:** Internal demographic challenge of too few young people, India has an opportunity to become a factory of the world.
- **Sectoral Mobilization:** Less number of people will be required to work in farming as productivity improves. This would result in sectoral mobilization of workforce from agriculture to secondary and tertiary activities.
- **Better Employment:** Skills are needed to those currently in colleges for them to be better employed.
- **Skill Capital of World:** To convert this vision into reality, India needs to create a skilled and productive workforce matching international standards of quality and productivity through integration of skills and training along with education.

Employability

Employability is the ability to perform a job, a set of tasks related to that job or a set of jobs, at an acceptable level of productivity set by an employer. Employability develops once a person starts working. In other words, a majority of skills needed to do a job are learnt on the job. Employability is not about doing any job in a sub-standard way but doing it in productive way.

India's Employability Challenge

- India must accommodate an additional 14 million students, on top of the current higher education enrolment of 26 million, in order to hit its 2020 participation targets.
- The system, however, is pressed by widespread quality challenges; the vast majority of graduates as many as 75% by some estimates- are not considered employable.
- Chart A and B Showing Higher Education in India: Moving towards Global Relevance and Competitiveness.

Technical and Vocational Education in India

Technical and Vocational Education plays a vital role in human resource development of the country by creating skilled manpower, enhancing industrial productivity and improving the quality of life. The term Technical Education and vocational Training are sometimes used synonymously. However as per present practice, the term Technical Education (TE) refers to post secondary courses of study and practical training aimed at preparation of technicians to work as supervisory staff. The term of Vocational Training (VT) refers to lower level education and training for the population of skilled or semi-skilled workers in various trades and it does not enhance their level with respect to general education.

TVET Policy Formulation in India: An overview Figure -C

The main agencies involved in formulation TVET programme in India.

Central Government

- **National Skill Development Corporation (NSDC)**

- **Ministry of Human Resource Development**
 - Department of School Education and Literacy (for TVET Programmes in senior secondary school)
 - Department of Higher education (for Technical Education)
- Ministry of Labour and Employment
- Directorate General of Employment and Training (for vocational training)
- Some other 20 central Ministries and Departments running some small TVET programmes.

State Government

Private Sector

NGOs

National Skill Development Corporation (NSDC)

The National Skill Development Corporation, (NSDC) is a Public Private Partnership in India, under the Ministry of Skill Development & Entrepreneurship. The overall objective of NSDC is to create training capacity in the country; fund vocational training initiatives and create a market ecosystem for skill development. The mandate of NSDC was to train 150 million people by 2022.

National Policy on Skill Development

A National Policy on skill Development has been formulated by the Ministry of Labour & Employment. The objective is to create a workforce empowered with improved skills, knowledge and internationally recognized qualification to gain access to decent employment and ensure India's competitiveness in the dynamic Global Labour Market. It aims at increase productivity of workforce both in the organized and the unorganized sectors, seeking increased participation of youth, women, disabled and other disadvantaged sections and to synergize effort of various sectors and reform the present system. Skill development policy will be an integral part of comprehensive economic, labour and social policies and programmes. It will promote excellence and will meet the requirements of knowledge economy. Skill development initiative support employment generation, economic growth and social development process. A framework for better condition between various stakeholders – Ministries, States and Industry etc. will be established.

Skill Development

Skill Development can be defined as proficiency that is acquired or developed through training or experience. Skill building could also be seen as an instrument to empower the individual and improve his/her social acceptance or value. At national level, the future prosperity of any country depends ultimately on the number of persons in employment and how productive they are at work. Skilled human resource is essential for growth of economy.

National Policy on Skill Development and Entrepreneurship, 2015

Government policy on "Sabka Saath, Sabka Vikas" and its commitment to overall human resource development to take advantage of the demographic profile of our country's population in the coming years. This requires a fresh look at the already National Policy on Skill Development, (NPSD), 2009.

Objective of NPSD, 2015

- Skilling at scale with speed and standard.
- Provide to all skilling activities being carried out within the country.
- Link the skilling with demand centres'.
- Policy will link skills development to improved employability and productivity.

Two Major Skill Development Institutions

- **Ministry of Skill Development** : The Ministry is responsible for co-ordination of all skill development efforts across the country, bridge demand and supply gap of skilled manpower, building the vocational and technical training framework, skill up gradation, building of new skills, and innovative thinking not only for existing jobs but also jobs that are to be created. The Ministry aims to Skill on a large Scale with Speed and high Standards in order to achieve its vision of a 'Skilled India'. It is aided by its functional arms –National Skill Development Agency (NSDA), National Skill Development Corporation (NSDC), National Skill Development Fund (NSDF) and 33 Sector Skill Councils (SSCs) as well as 187 training partners registered with NSDC.
- **National Skill Development Corporation (NSDC)**: The National Skill Development Corporation, (NSDC) is a Public Private Partnership in India, under the Ministry of Skill Development &

Entrepreneurship. The overall objective of NSDC is to create training capacity in the country; fund vocational training initiatives and create a market ecosystem for skill development.

For Employability, Steps Taken by Government

- Skill India
 - National Skill Development Mission (NSDM)
 - Pradhan Mantri Kaushal Vikas Yojana (PMKVY)
 - Skill Loan Scheme
 - National Policy for Skill Development and Entrepreneurship, 2015
- Apprenticeship Protsahan Yojana (APY)
- Creation of Union Ministry
- Creation of India Skill Development Service
- Deen Dayal Upadhyaya –Grameen Kaushal Yojana (DDUGKY)
- Other Schemes:

Skill India

Skill India is an initiative of the Government of India. It was launched by Prime Minister Narendra Modi on 16 July 2015 with an aim to train over 40 crore people in India in different skills by 2022. The initiatives include National Skill Development Mission, National Policy for Skill Development and Entrepreneurship 2015, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) scheme and the Skill Loan scheme etc.

- **National Skill Development Mission:** The National Skill Development Mission was approved by the union cabinet on 01.07.2015, and officially launched by the hon'ble The Prime Minister on 15/07/2015 on the occasion of "World Youth Skill Day". National Skill Development Mission was launched to provide strong institutional framework at the Central and States for implementation of skilling activities in the country. The Mission has been developed to create convergence across sectors and States in terms of skill training activities. Further, to achieve the vision of "Skilled India" the National Skill Development Mission would not only consolidate and coordinate skilling efforts, but also accelerate decision making across sectors to achieve skilling at scale with speed and standards. Skill Development Mission, has Governing Council, chaired by the Prime Minister, provide overall guidance and policy direction. The Steering Committee, chaired by Minister in Charge of Skill Development, review the Mission's activities in line with the direction set by the Governing Council. The Mission Directorate, with Secretary, Skill Development as Mission Director, ensures implementation, coordination and convergence of skilling activities across Central Ministries/Departments and State Governments. Skill Development Mission will be implemented by The Ministry of Skill Development and Entrepreneurship (MSDE). For achieving the objective of the mission have been divided into three tiers:
 - Governing Council- for Policy Guidance
 - Steering Committee- for execution
 - Mission Directorate- for execution

Mission Directorate will be Supported by three Other Institutions:

- * National Skill Development Agency (NSDA)
- * National Skill Development Corporation (NSDC)
- * Directorate General of Training (DGT)

- **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**

Pradhan Mantri Kaushal Vikas Yojana approved for another four years (2016-2020) to benefit 10 million youth. It is a flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE). The scheme is being implemented by The Ministry of Skill Development and Entrepreneurship through the National Skill Development Corporation (NSDC). The objective of the Skill Certification Scheme is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood. It will cover 24 lakh youths. The Skill training would be based on the National Skill Qualification Framework (NSQF) and industry led standards. For imparting skill training to youth, focusing on improved curricula, better pedagogy and trained instructors. The training includes soft skills, personal grooming, behavioral change and the rest.

- **Skill Loan Scheme**

A 'Skill Loan' initiative is-1.5 lakhs launched will be in available to whom who seek to attend skill development programmes, over the next five years. The idea is to remove financial constraints as a hindrance to accessing skill training programmes.

- **National Policy for Skill Development and Entrepreneurship, 2015**

The Policy acknowledges the need for an effective roadmap for promotion of entrepreneurship as the key to a successful skills strategy. The Vision of the Policy is "to create an ecosystem of empowerment by Skilling on a large Scale at Speed with high Standards and to promote a culture of innovation based entrepreneurship which can generate wealth and employment so as to ensure employability, Sustainable livelihoods for all citizens in the country" Sustainable livelihoods for all citizens in the country".

Apprenticeship Protsahan Yojana

It is a major initiative to revamp the Apprenticeship Scheme in India. The major components of this initiative are:

- Amendment to the Apprentices Act, 1961 to making the legal framework friendly to both, industry and youth.
- Enhancing the rate of stipend and indexing it to minimum wages of semi-skilled workers.
- Government of India shares 50% of stipend for the first two years of training engaged by eligible establishments particularly in manufacturing.
- Basic training curricula being restructured on scientific principles to make it more effective.
- The Apprentice Protsahan Yojana will support 1, lakh apprentices during the period up to March 2017.

Creation of Union Ministry

The government notified the creation of the first dedicated Department of Skill Development and Entrepreneurship in 2014, which later became a full-fledged Ministry with NSDA, NSDC and NSDF under its purview.

Creation of India Skill Development Service

The Union Cabinet has approved the formation of development. It will be called the Indian Skill Development Service.

- It is a dedicated skill development cadre under Ministry of Skill Development & Entrepreneurship.
- The officers will be recruited by UPSC possibly by next year (2016 - 17).
- The new cadre of officers will run the skill development and entrepreneurship ministry, help implement various skill and apprenticeship schemes conducted by the ministry as well as those by the Directorate General of Training.
- The new service will help formulate skill policies, devise a road map for improving the apprenticeship system, revamping ITIs and also help revamp course work for various schemes.
- The new service cadre will enhance the capacity and efficiency of the organization.
- It will attract the best talent to the skill development administration.

However, the officers need to be posted in rural India for a couple of years which will enable them to take decisions with enough subject knowledge.

Deen Dayal Upadhyaya -Grameen Kaushal Yojana

The Ministry of Rural Development implements DDU-GKY to drive the national agenda for inclusive growth, by developing skills and productive capacity of the rural youth from poor families. Features of Deen Dayal Upadhyaya Grameen Kaushal Yojana:

- Enable Poor and Marginalized to Access Benefits: Demand-led skill training at no cost to the rural poor.
- Mandatory coverage of socially disadvantaged groups (SC/ST 50%; Minority 15%; Women 33%).
- Shifting Emphasis from Training to Career Progression: Providing incentives for job- Retention, career progression and placements.
- Post-placement support, migration support and alumni network.
- Regional Focus: Greater emphasis on projects for poor rural youth in Jammu and Kashmir (HIMAYAT), the North-East region and 27 Left-Wing Extremist (LWE) districts (ROSHINI).

- Standards-led Delivery: All program activities are subject to Standard Operating Procedures that are not open to interpretation by local inspectors. All inspections are supported by geo-tagged, time stamped videos/photographs.

Other Schemes

- Under the Deen Dayal Upadhyaya Antyodaya Yojana (DAY)scheme, Ministry of Housing and Urban Poverty Alleviation will undertake skill development of 5 lakh urban poor per year. The first phase of DAY in urban areas is to be implemented from 2016-17. The Ministry has signed a Memorandum of Undertaking (MoU) with NSDC to assist in training.
- Other new programmes include Nai Manzil for education and skill development of dropouts;
- USITTAD (Upgrading Skills and Training in Traditional Arts/Crafts for Development) to conserve traditional arts/crafts and build capacity of traditional artisans and craftsmen belonging to minority communities;
- Nai Roshni, a leadership training programme for minority women; and MANAS for upgrading entrepreneurial skills of minority youth.

The Policy Recognized Four Driving Force Areas: Chart-4

- **Inhibiting Factors:** It addresses key obstacles to skilling, including low inspirational value, lack of integration with formal education, lack of focus on outcomes, low quality of training infrastructure and trainers, etc.
- **Demand and Supply Gap:** The Policy seeks to align supply and demand for skills by bridging existing skill gaps, promoting industry engagement, operationalising a quality assurance framework, influence technology and promoting greater opportunities for apprenticeship training.
- **Impartiality:** The Policy targets skilling opportunities for socially/geographically marginalized and disadvantaged groups and especially women.
- **Entrepreneurship:** The Policy seeks to educate and provide potential entrepreneurs, both within and outside the formal education system. It also seeks to connect entrepreneurs to mentors, incubators and credit markets, advance innovation and entrepreneurial culture, improve ease of doing business and promote a focus on social entrepreneurship. Except government industries are also responsible for skill development that can never ignore in respect of employability.

Role of Industry in Skill Development

The skill development in India is imperative but the government cannot accomplish this task alone. The World Bank Enterprise Surveys 2014 reveal that the percentage of firms offering formal training programmes for its permanent, full-time employees in India is just 36 percent, compared to 80 percent in China's. The Chairman of NSDA and NSDC, describe where the employers are not investing to skill employees, and employees do not have the ability and willingness to pay for skilling.

However, the industry is gradually witnessing increased participation from Corporatist and PSUs who are coming forward and supporting skill development through their CSR initiatives. They are getting involved in range of activities such as financing, providing infrastructure, recognition of prior learning, adoption of national qualification framework and occupational standards etc. The organizations like Power Grid, NTPC, Coal India, Ambuja Cements, Essar and Coca-Cola are some of the leading examples. It is necessary to catalyze investments from the industry and support candidates in raising resources for training. This would need a functioning credit market with security guarantees for students, as well as planned coordination with the private sector. For any skill development effort to succeed, markets and industry need to play a large role in determining courses, curriculum and relevance. For this, employers need to be put in the driving seat, with the government acting as a regulator and not the implementer.

Conclusion

Education opens the door to lead a life of liberty but skills make that liberty meaningful by allowing one to achieve props pyramid is expected to bulge across the 15-59 age groups over the next decade. This demographic advantage is predicted to last only until 2040. India therefore has a very narrow time frame to harness its demographic dividend and to overcome its skill shortages. So, it is imperative to take coordinated efforts to skill its population and made India Skill Capital of World. Everybody is employable, but not for any job. Now, the problem is this how we should assess one's

employ ability is employ ability. I think assessment. Learning and ability development happens mainly in the first job and only 5-10% of the graduation course knowledge is useful on the job. So assessment should measure whether the graduate can learn and deal with with the job after induction training, not whether the student is employable as is where is. Before induction training student performed in their job only 10% but after training those performance rates has jumped 10 to directly 90 % these facts are disclose an empirical study by TMI Group Chairman. Recognition of Prior Learning of Construction Workers government launched a national scheme for consideration of that fact by the Ministry of Labour & Employment which includes is:

- Providing National Council of Vocational Training (NCVT) Certificate.
- Construction sites to be designated as Testing Centre.
- Providing skill gap training of about 15 days.
- Wage compensation for attending training classes and assessment.

Suggestions

- To achieve skilled employability's goals, India needs flexible education and training system that will provide the foundation of learning, secondary and tertiary education and to develop required competencies as means of achieving lifelong learning.
- Providing lateral mobility by giving equivalence to vocational students especially at 10+2 level so they can pursue graduate programs.
- Creating a vertical mobility from certificate to diploma to degree courses in the vocational education.
- Providing options right from school level up to PG level. Establishing a Skill Development University to offer specialized degree programs which will provide advance skills.
- Establishing a Skill Development University to offer specialized degree programs which will provide advance skills.
- Industry should emphasize on formal vocational training and certification at the time of hiring and for career advancement.
- Increasing role of industry in all aspects of vocational training –providing latest machinery for training, governance, providing trainers from industry and doing assessment to ensure quality at each stage.
- Creating standard curricula and assessment across various agencies offering vocational courses.
- It is important to vocationalize the current education system by developing curricula in the lines with industry needs, creating infrastructure for skill training, involving the industry in all aspects of curricula development, training delivery, student assessments and creating a model where students can obtain skills and at the same time get a degree.
- Formal training programs for vocational faculty and trainers so that they understand this pedagogy.
- Online learning system could be utilized to impart skill/craft along with using fixed infrastructure. An open platform for e-content on skill development should be created where content can be crowd source.
- Skill development alone is not sufficient to address the unemployment problem; there is need for availability of job opportunities for those skills.
- To provide quality education and counseling to children and parents about advantages of education and training in accessing good jobs.
- And most important option is the finishing school model- students are selected at campus based on their score in the course and soft-skills. Post offer, the college gives them a refresher course on topics relevant to the job and the employer can re-assess the student after that.
- Recognition of Prior Learning, There is need to restructure the informal training so as to certify the skills level of workers who have inherited those skills from their ancestors. It will enable them to take up decent jobs, receive financial services and provide livelihood security.
- Rural India: Given that in India around 70 percent of population reside in rural setting, there is need to skill them in agriculture and related activities with appropriate linkages with product, finance and labour market. This would facilitate increase in women participation and restrict

distress migration from rural to urban areas.

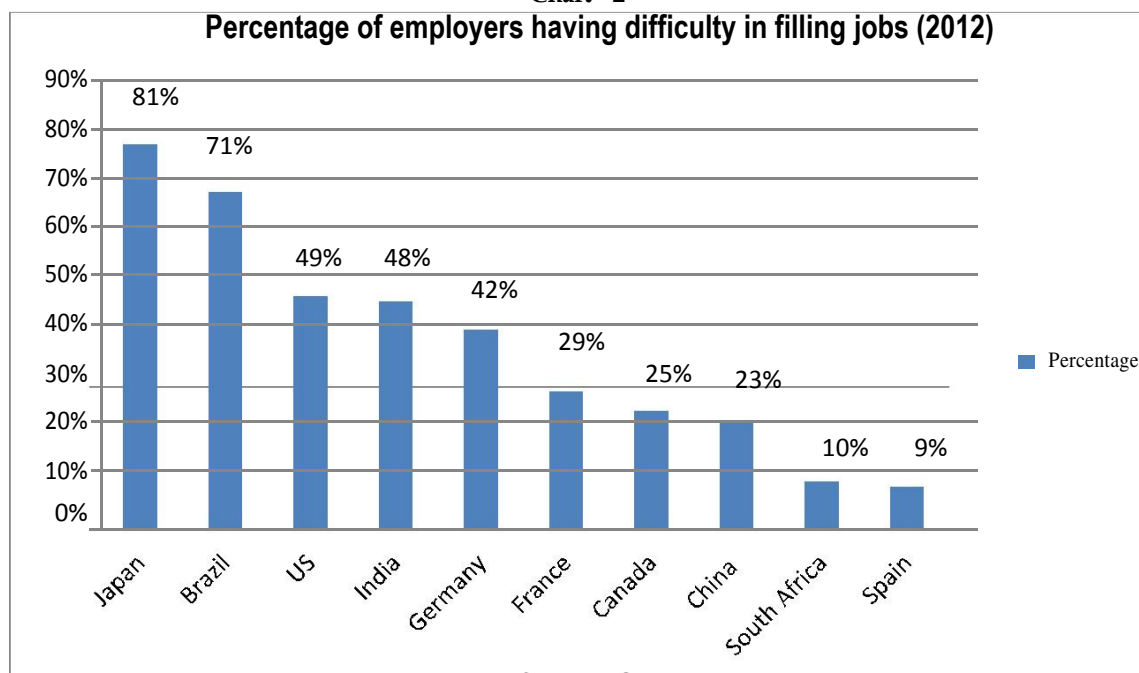
- The other sections of society viz. women, marginalized, tribal's etc. need tailor made training programmes to suit their diverse and specific needs. While being illiterate family issues and social restrictions may be barrier in their employability in case of providing skill training to women with are marginalized sections of society.

Chart- 1

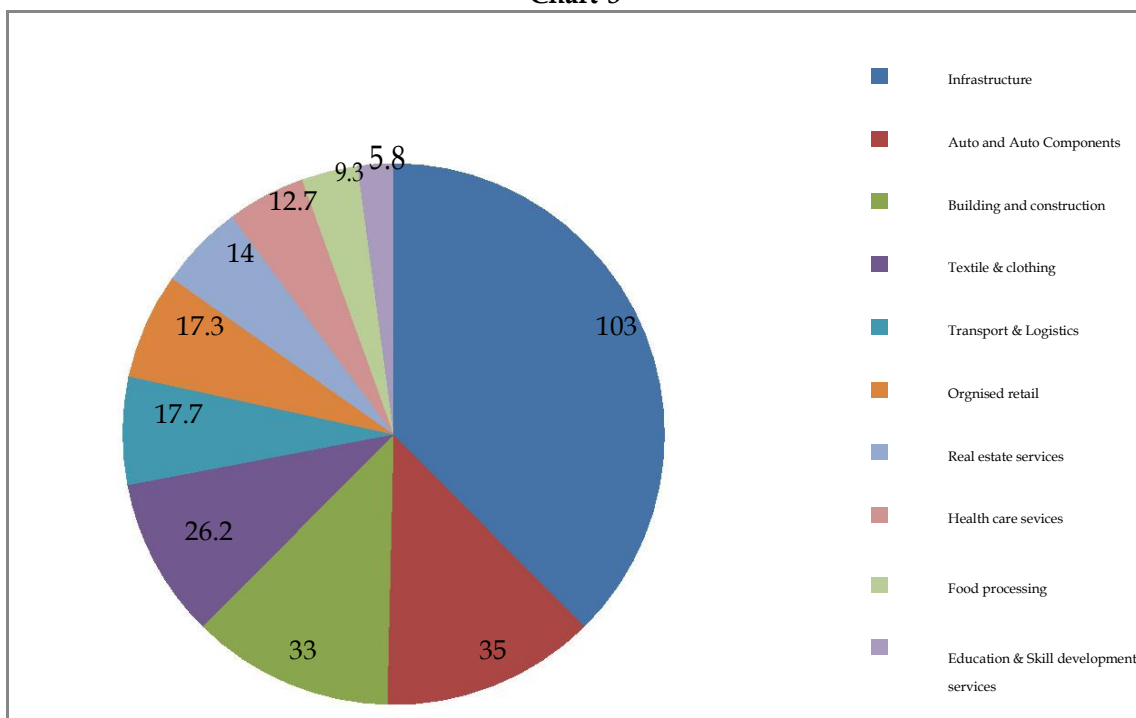


Source: Planning Commission Report (2008)

Chart - 2



Source: ILO

Chart-3

Source: IMaCS Aon Hewitt & NSDC

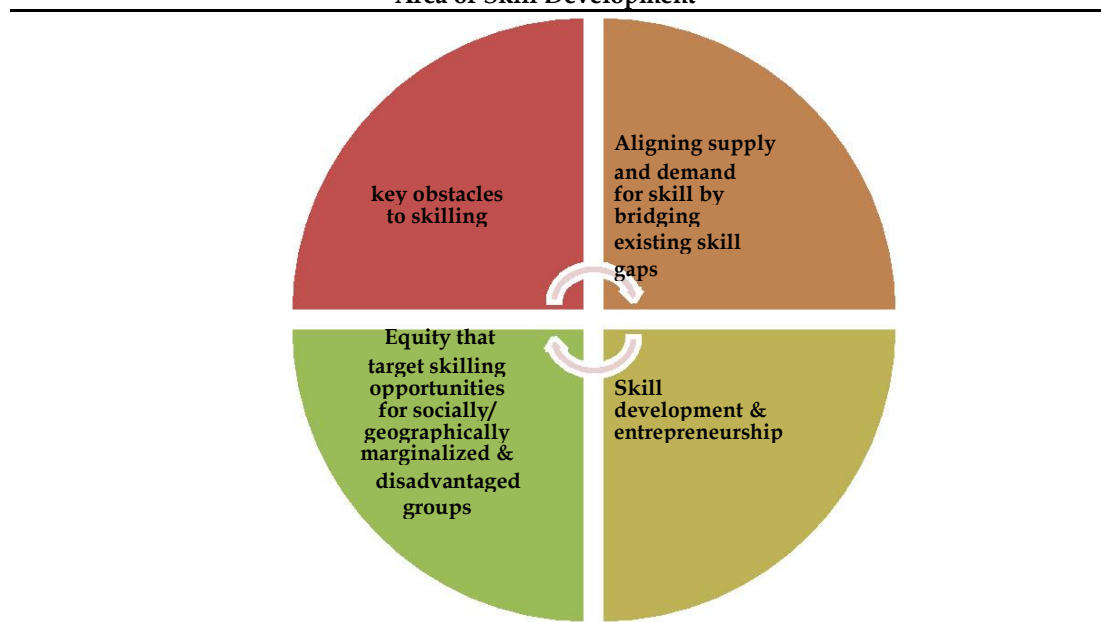
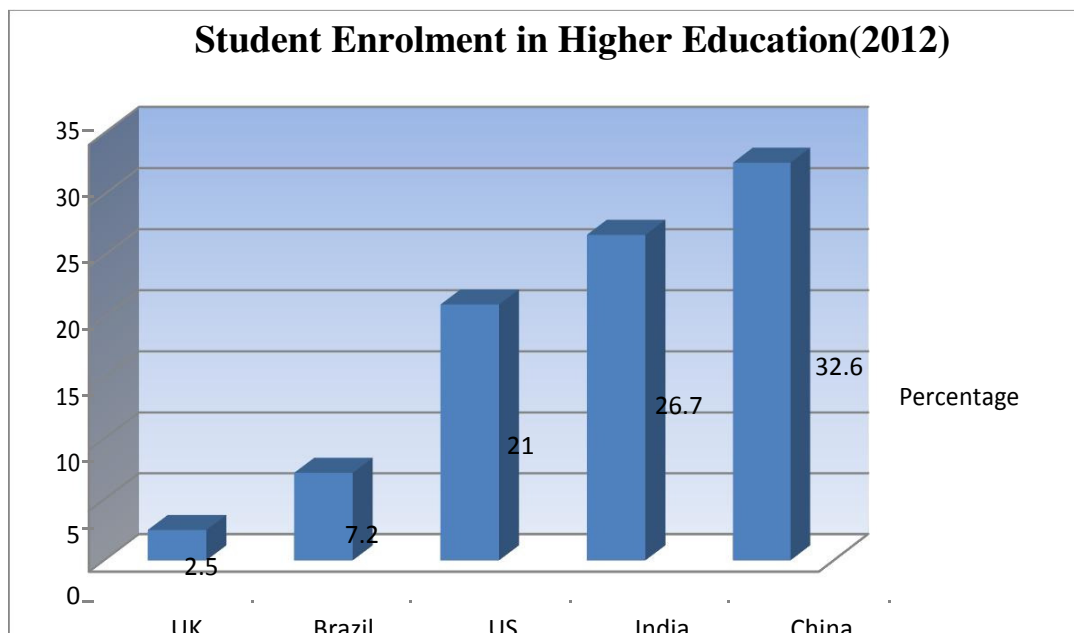
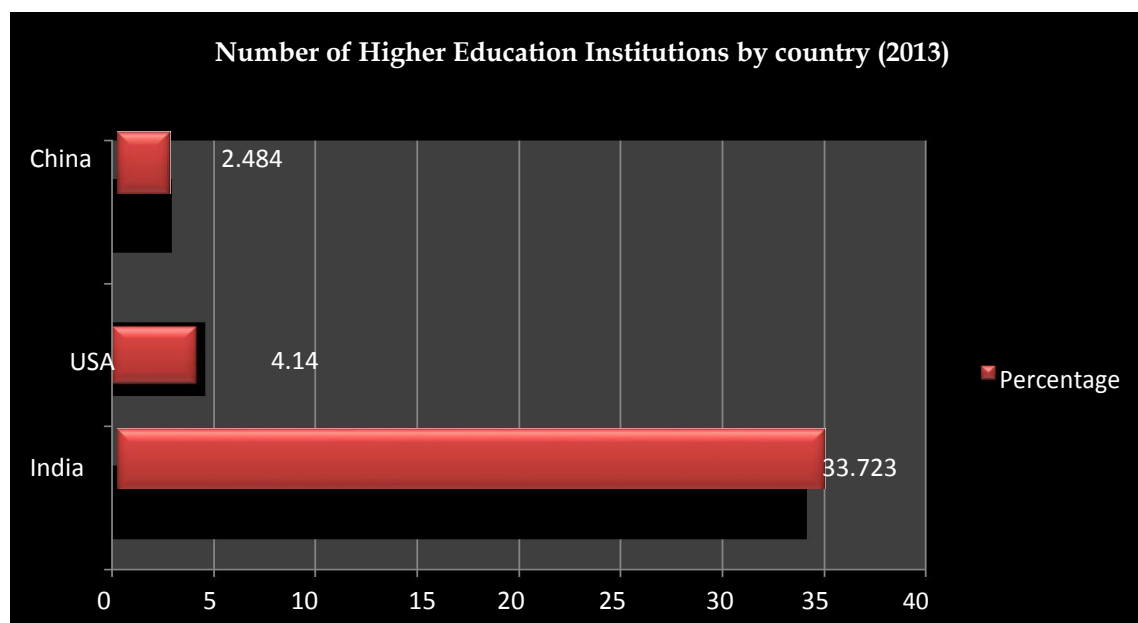
Chart-4**National Policy for Skill Development and Entrepreneurship 2015****Area of Skill Development**

Chart-A

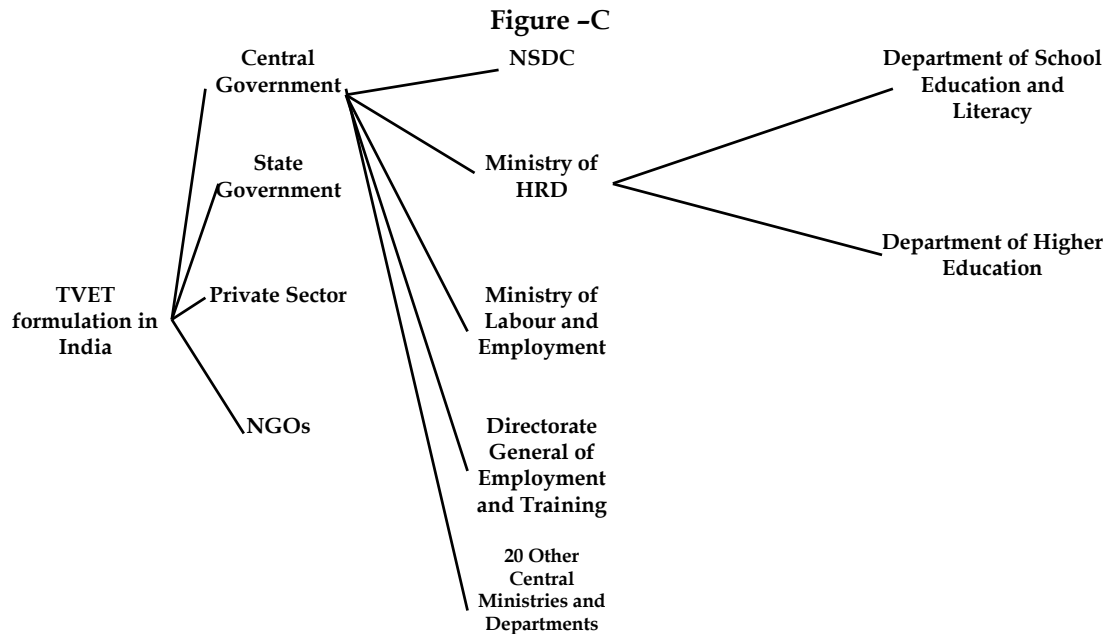


Source: UNESCO

Chart-B



Source: EY Analysis



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GROWTH OF INDIAN TELECOM SERVICES AND FDI

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Abstract

The Telecommunications Industry of India is one of the vast and leading industries in the world connecting different parts of the country through various modes like telephone, radio, television, satellite and internet. The Telecom Regulatory Authority of India governs this industry by providing a regulatory framework and favorable environment for its efficient operation. The Indian telecom industry stands as the second- largest in the world due to its rapid advancement and is in cut-throat competition with the telecom industries of the other developed countries. The telecommunication services offered by this industry are easily accessible at affordable prices to the customers of urban and rural areas of India. India's telecom network encompasses a highly developed and unique technology in the world. This study has been conducted to depict the history, present trends and future opportunities in the Telecom Industry of India.

Keywords: DoT, FDI, NTP, Tele-density, Government Telecom Policies, Indian Telecom Industry.

Introduction

Since the year 1850 when postal was the only source of communication in India. During the year 1850, the first experimental electric telegraph line was commenced between Calcutta (now Kolkata) and Diamond Harbour. In 1851, this telegraph line was made open for the use of British East India Company. Subsequently, the telegraph lines were extended throughout India. During the year 1881, the Oriental Telephone Company Ltd. of England launched the telephone services in India by setting up telephone exchanges at Calcutta, Bombay, Madras and Ahmadabad. The telephone services were combined with the postal system in 1883. The capital of India got shifted to New Delhi in 1911 up till when Calcutta remained the Indian capital. The Public Works Department was then the in charge for administering the telecom operations in India. From the year 1902 to 1930, there had been a lot of progress in the Indian Telecom Industry in the form of cable telegraph, wireless telegraph, radio telegraph and radio telephone system. Radio Broadcasting was introduced in India in 1927 which was given the name All India Radio in 1937. After the year 1947, when India attained independence all foreign telecommunication companies were nationalized to form the Posts, Telephone and Telegraph (PTT), a body governed by the Ministry of Communication. The Indian Telecom Industry was completely owned by the Government till 1984, during which year private sector was allowed to manufacture telecom equipment in this industry. The actual progression of the Telecom Industry started after the year 1985 when the Government separated the Department of Posts and Telegraph by setting up the Department of Posts and Department of Telecommunications (DoT). DoT managed the planning, engineering, installation, maintenance, management and operations of telecom services for the whole of India. In order to make the operations of DoT easier, two new Public Sector corporations, namely Mahanagar Telephone Nigam Limited

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(MTNL) and Videsh Sanchar Nigam Limited (VSNL) were set up under the DoT in 1986. MTNL looked after the operation of basic telephone services in Delhi and Mumbai whereas VSNL provided international telecom services to subscribers in India. DoT looked after the basic telephone operations in areas other than Delhi and Mumbai.

The Indian Telecom Industry is considered to be a vital tool for the development of the country on the whole by contributing towards the immense growth, quick expansion and up gradation of various sectors of the nation. This industry increases the GDP of India, earns profit for the Indian Government and creates employment opportunities for a great number of people. The Indian Telecom Industry is very huge consisting of companies that make hardware and also produce software. Presently, it contributes to revenue of US\$ 33, 500 million. Along with the Government owned telecom units, the Indian Telecom market has also attracted many private operators to enter here who started offering their telecom services as fixed communication, mobile communication and data services to the customers at the most reasonable prices. The Government of India has adopted several measures to provide a business friendly environment for companies in the Indian Telecom market while competing with each other. The Indian Telecom Industry has undergone a considerable transformation from being a Government owned enterprise to a competitive environment after its liberalization in 1991. The rapid escalation in the telecom sector of India has been made possible due to the active participation of private service providers, revenue generated through Foreign Direct Investment (FDI), series of reforms instigated by the Government and through the adoption of latest technologies. The objectives of the research study are:

- To review the Government Telecom policies.
- To identify the present trends in of Indian Telecom.
- To analyze the growth and inflow of FDI in Indian Telecom services.

The present study is based on secondary data obtained from the Telecom Regulatory Authority of India (TRAI), Department of Telecommunication (DoT) and the reports from Government of India and other sources. In order to achieve the objectives of the study, year- wise annual growth of the industry in its various segments, percentage share of different service providers per year has calculated. This study has been conducted to depict the history, present trends and future opportunities in the Telecom Industry of India. The demand for telephones was rapidly increasing in the 1990s and the Government was under increasing pressure to allow the private sector to invest in the Indian Telecom Industry as a part of Liberalization- Privatization- Globalization (LPG) Policies. Thus, the private investment in the sector of Value Added Services (VAS) was allowed by the Government and cellular telecom sector was opened up for competition from private investments. After this period, the Government announced the National Telecommunications Policy (NTP) in 1994 which defined certain objectives, including availability of telephones on demand, provision of world class services at reasonable prices, improving India's competitiveness in global market and promoting exports, attracting FDI and stimulating domestic investments, ensuring India's emergence as a major manufacturer of telecom equipment and universal availability of basic telecom services to all villages. The entry of private service providers in the telecom industry created an indispensable need for independent regulation. The Telecom Regulatory Authority of India (TRAI) was thus, established on 20th Feb 1997 to regulate the telecom services of India including fixation of tariffs for telecom services which were earlier regulated by the Central Govt. TRAI's mission was to create conditions for the growth of telecommunications in the country in a manner that would enable India to play a leading role in the global information society. In order to carry out the above objectives, TRAI has issued a large number of regulations, orders and directives from time to time to deal with issues coming before it and has helped the Indian Telecom Industry to evolve from a Govt. owned sector to a multi-operator multi-service open competitive market. Further in 1998, the Government declared the policy for Internet Service Provision (ISP) by private operators and the licensing for the same had begun from then. Consequently, the Global Mobile Personal Communications by Satellite (GMPCS) was also opened up for the private operators. Although the private players had been allowed participation in many telecom service segments, the results of privatization were not satisfactory. Therefore, a New Telecom Policy (NTP-99) came into existence from 1st Apr 1999. The NTP-99 emphasized upon the opening of all the segments of the telecom industry for private sector participation. It recognized the need for resolving the prevalent problems of the operators to restore their confidence

and improve the investment climate. This policy provided the much needed relief to private players who were earlier burdened with huge debts that they had to pay owing to the license fee. After this, two new departments, viz. Department of Telecom Services (DTS) and the Department of Telecom Operations were carved out of the Department of Telecommunication (DoT) to separate the service provision and operational functions of DoT. Later in 2000, DTS was corporatized and renamed as Bharat Sanchar Nigam Limited (BSNL). DoT is now responsible for policy- making, licensing and promoting private investments in both telecom equipment manufacturing and in telecom services. Subsequently in 2002, even VSNL was privatized and its monopoly in International Long Distance (ILD) services was terminated from 31st March, 2002.

FDI and Growth of Telecom Sector

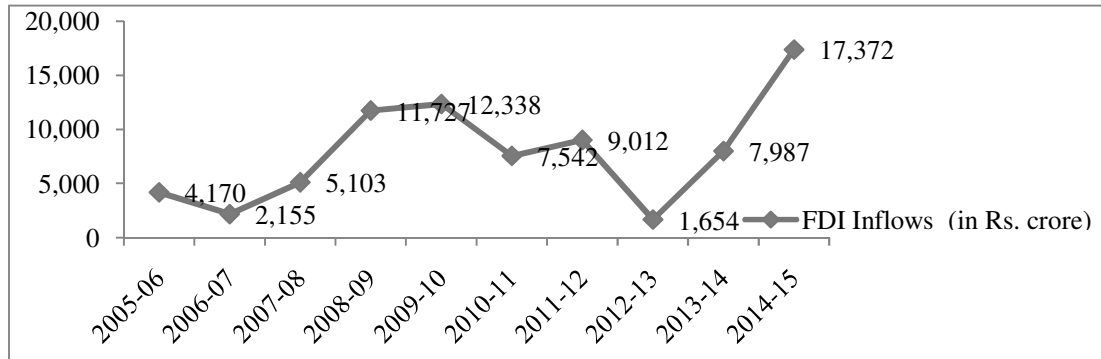
A series of reform measures by the Government, the wireless technology and active participation by private sector played an important role in the exponential growth of telecom sector in the country. National Telecom Policy-2012 (NTP-2012) has been announced during the current year with the primary objective of maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country. Foreign Direct Investment has been one of the major contributors in the growth of the Indian economy and therefore, the need for higher FDI is felt across sectors in the Indian economy. The telecom sector has played a crucial role in attracting FDI in India. The telecom industry of India requires huge investments for its expansion as it is capital-intensive and FDI plays a vital role in meeting the fund requirements for its expansion. The relaxation in FDI norms has attracted many foreign telecom majors to this industry. The presence of foreign players has not only encouraged faster infrastructure development and up gradation but also has opened up the telecom industry to foreign competition. The rise in FDI has also enabled technology transfer, market access and has improved organizational skills. FDI is also used for providing telecom services to rural areas, where tele-density is still very low. During August 2013, the Telecom Commission raised the FDI cap from 74% to 100% in order to encourage foreign investors to invest in the Indian Telecom industry. This has made telecom one of the major sectors attracting FDI inflows in India.

Table 1
FDI Inflows to Telecommunication Services

Financial years	FDI Inflows (in Rs. croress)
2005-06	4,170
2006-07	2,155
2007-08	5,103
2008-09	11,727
2009-10	12,338
2010-11	7,542
2011-12	9,012
2012-13	1,654
2013-14	7,987
2014-15	17,372

Sources: Department of Industrial Policy and Promotion (various issues)

According to the data released by the Department of Industrial Policy and Promotion the industry has received FDI of US\$ 16,994.68 million from April 2000 to January 2015 which contributes to 7% of overall FDI inflow. During the study period FY 2005-06 to FY 2014-15 the total inflow of FDI was amounted to Rs.79,060 crores according the data provided by DIPP. In FY 2005-06 the total inflow of FDI was Rs. 4,170 crores whereas it fell down in next FY 2006-07 amounted to Rs. 2,155 crores. This decrease in investment was very serious for the growth of the telecom sector but this inflow rapidly increased in FY 2007-08 amounted to Rs. 5,103 crores (Table 1).

Chart 1 (Based on Table 1)

This is reflected by the chart 5.4 the trends of inflow of FDI in the telecom sector touched a new height in FY 2014-15 amounted to Rs. 17,732 crores, this was a new height since from the beginning of the study period FY 2005-06. This also can be analyzed by the chart 5.4 and the table 5.5 that the lowest FDI inflow was amounted to Rs. 1,654 in this sector but in next FY 2013-14 and 2014-15 this inflow became amounted to Rs. 7,987 crores and Rs. 17,372 crores respectively. Finally the total inflow of FDI was amounted to Rs. 79,060 crores during my study period. During this period there were various trends in inflow of FDI and density of Telecommunication services which shows the number of telephones per 100 populations is an important indicator of telecom penetration in the country. Tele-density, which was 78.66% at the end of March 2012, increased to 85.58% by the end of March 2015. At present there are around 15 tele service providers in the Indian telecom market with their appropriate market share (Table 2).

Table 2

Telecom Service Provider	Market Share (in per cent)
Bharti Group	23.30
Vodafone	18.95
Reliance	13.41
Idea	12.40
BSNL	10.51
Tata	8.77
Aircel	6.93
Telenor	4.85
Sistema	1.75
Videocon	0.67
MTNL	0.60
Loop	0.35
HFCL	0.16
Estisalt	0.00
Stel	0.00

Source: TRAI annual report 2014-15

Future Growth Opportunities in Indian Telecom Industry

The Indian Telecom Industry has been considered as an essential tool for the socio- economic development and for growth of GDP in the country. The Indian mobile economy is growing rapidly. The Government had raised the FDI limit from 74% to 100% during August 2013 which has made the telecom industry one of the fastest growing and a top five employment opportunity generator in the country. The increase in FDI has been done to ensure continuous flow of investments in the industry to expand the reach of mobile operators. The Indian Telecom industry has undergone a progressive shift from voice services to data services, thereby creating a new direction for the future of this industry. The Ministry of Communication and IT is planning to extend basic mobile coverage, including voice calling, in far flung

areas of eight north eastern states, creating a more inclusive telecom network across the country. This industry is expected to provide more than 4.1 million jobs in the coming five years. Therefore, this will be favorable to professionals who aspire to pursue their career in this industry. The Indian Government has also decided to expand the basic telecom services in the rural areas for increasing rural tele-density in future. The Indian Telecom industry has been growing at an average of 35% a year for close to two decades which is beneficial to the country. The industry has touched the lives of millions of Indians and will continue to remain a significant growth driver in the future also. It can be concluded that the Indian Telecom Industry contributes significantly to the overall socio- economic development of India. It is an essential tool for the growth of the nation. The various telecom service providers offer voice and data services to the customers across different regions of the country including both urban and rural areas thereby facilitating the growth of this industry.

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DRIVING FORCES OF INVESTMENT DECISIONS IN MUTUAL FUNDS

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Abstract

Investment is a commitment of funds in real assets or financial assets that involves risk and gain. In the present dynamic global environment, exploring investment avenues are of great relevance. The success of an investment activity depends on the knowledge and ability of investors to invest, the right amount, in the right type of investment, at the right time. Small investors face a lot of problems in the share market, limited resources, lack of professional advice, lack of information on different investment options, etc. Thus, people began opting for portfolio managers with expertise in stock markets who would invest on their behalf. As mutual funds are managed by professionals, they are considered to have a better knowledge of market behaviors. Thus, investors choose mutual funds as their primary means of investing, as they provide professional management, diversification, convenience and liquidity that leads to high returns with low risk.

Keywords: Global Environment, Stock Market, Market Behavior, Mutual Fund, Diversification.

Introduction

Financial service is a segment of financial system that facilitates the transformation of savings of individuals, Government as well as business into investment and consumption. The investment in the financial system interacts in two financial markets i.e. Money Market and Capital Market. Money Market deals in financial assets with a short-term which is regulated by RBI. Capital Market is where financial assets have long tenure. Capital market for corporate sector has been growing in strength and diversity and is being regulated by SEBI. An average Indian Investor is like ignorant child when it comes to financial markets, the cause may be lack of knowledge and conceptual understanding or the influence of a fixed income orientation in the Indian culture. The market potential can be tapped by scrutinizing investor behavior to identify their expectation and articulate investor's own situation and risk preference and then apply to an investment strategy.

Investment Avenues & Investment Decisions

In choosing specific investments, investors will need definite ideas regarding features, which their investment avenue should possess. These features should be consistent with the investors' general objectives and in addition, should afford them all the incidental conveniences and advantages, which are possible under the circumstances. The following are the suggested features as the ingredients from which many successful investors compound their selection policies:

- **Safety of Principal**

The investor, to be certain of the safety of principal, should carefully review the economic and industry trends before choosing the types of investment.

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- **Liquidity**
Every investor requires a minimum liquidity in his investment to meet emergencies. Liquidity will be ensured if the investor buys a proportion of readily saleable securities out of his total portfolio.
- **Income Stability**
Regularity of income at a consistent rate is necessary in any investment pattern. Not only stability, it is also important to see that income is adequate after taxes.
- **Appreciation and Purchasing Power Stability**
Investors should balance their portfolios to fight against any purchasing power stability. Investors should judge price level inflation, explore their possibility of gain and loss in the investments available to them, limitations of personal and family considerations.
- **Legality and Freedom from Care**
All investments should be approved by law. Law relating to minors, estates, trusts, shares and insurance not studied will bring out many problems for the investor.
- **Tangibility**
Intangible securities have many times lost their values due to price level inflation, confiscatory laws or social collapse. Some investor prefers to keep a part of their wealth invested in tangible properties like building, machinery and land.

Mutual Funds: A Financial Instrument

Mutual Fund Industry is growing at a faster pace. Mutual Funds are the most appropriate and preferred investment avenue for individual investors as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. A fund is “mutual” as all of its returns, minus its expenses, are shared by the investors of the fund. To state simply, a mutual fund collects the savings from small investors, invest them in Government and other corporate securities and earn income through interest and dividends, besides capital gain. It works on the principle of ‘small drop of water makes a big ocean’. The factors which can be largely attributed to impressive growth in the Indian Mutual fund industry are increased household savings, advantageous tax policies, and introduction of several new products, investor education and the role of distributors. A Mutual Fund Industry is undoubtedly a must for future growth of the economy as they are the most preferred investment avenue for variety of small as well as big investors.

Driving Forces

The performances of Mutual funds are influenced by the performance of the stock market as well as the economy as a whole. Equity Funds are influenced to a large extent by the stock market. The stock market in turn is influenced by the performance of the companies as well as the economy as a whole. The performance of the sector funds depends to a large extent on the companies within that sector. Bond-funds are influenced by interest rates and credit quality. As interest rates rise, bond prices fall, and vice versa. Similarly, bond funds with higher credit ratings are less influenced by changes in the economy.

Net Assets Value (NAV)

NAV is the actual value of one unit of a given scheme on any given business day. The NAV reflects the liquidation value of the fund's investments on that particular day after accounting for all expense.

$$\text{Net Asset Value (NAV)} = \frac{\text{Assets} - \text{Debts}}{\text{Number of Outstanding Units}}$$

where Assets = Market value of the fund's Investments + Receivables + Accrued Income
Debts = Liabilities + Accrued Expenses

Expense Ratio

The Expense Ratio of a fund indicates the efficiency and cost effectiveness of the fund. The expenses are incurred to meet the general running expenses of the fund. Mutual funds charge fees, sometimes high fees. A mutual fund's Expense Ratio is the most important fee to understand, and is made up of the investment advisory fee or management fee and administrative costs.

$$\text{Expense Ratio} = \text{Total Expenses} / \text{Average Net Assets of the Fund}$$

Risk

Risk can be a great ally when trying to estimate the reward potential of a stock investment. The greater the stock volatility or risk, the greater also is the reward. There are several new risk measurements that give guidance for selecting mutual stocks that provide higher returns for lower risk.

Time Horizon

The time horizon of an individual will also influence the performance measures he/she will look at more closely. If you are investing for less than four years, you need a fund with consistent performance, so all your money will be there when you need it. Conversely, if you plan to invest your money for 30 years, neither consistency nor load is very important: you have plenty of time for the market to recover. With a long-term horizon, your biggest enemies are poor performance and high annual expenses, both of which can erode that all-important compounding.

Risk Tolerance & Attitude of Investors

Investors always look for safer investment avenues. Investors wish to maximize their returns in accordance with their risk tolerance. Return is the motivating force and the principal reward in the investment process. To measure the risk, two appropriate quantitative risk surrogates that can be used are: Standard Deviation of rate of return and Beta Coefficient of the portfolio. In financial markets, "expectations" of the investors play a vital role. They influence the price of the securities; the volume traded and determines quite a lot of things in actual practice. These 'expectations' of the investors are influenced by their "perception" and humans generally relate perception to action.

- **Annual Investments & Percentage of Investments in Mutual Funds**

The stepping stone for investing is savings itself. The saving and investment behaviour of the respondents was found to be as follows:

Table 1: Annual Investments & Percentage of Investments in Mutual Funds

% Invested in MFs	Annual Investment				
	< 1 Lakh	1-2Lakh	2-3 Lakh	>3 Lakh	Total
10-25%	35	24	3	1	63
30-50%	8	9	6	6	29
55-80%	1	3	1	3	8
100%	-	-	-	-	-
Total	44	36	10	10	100

The above table shows that 44% of the investors invest less than one lakh rupees out of their total income and only 10% investors invest more than 3 lakh rupees annually. This shows that most of the investors are investing more than 25% of their savings towards other investment options available to them. Only 8% of the investors are there who invests three-fourth of their savings towards the Mutual Funds.

- **Period of Investment**

The following table shows that 35% of the investors have invested in Mutual Funds for a longer period of 2-5 years and 28% have invested for more than 5 years. Only 13% have made investment for a shorter span of less than one year. This shows that people are willing to take moderate risk by investing in these funds for a long period.

Table 2: Period of Investment in Mutual Funds

Period	No. of Investors	Percentage
< 1 year	13	13
1-2 years	24	24
2-5 years	35	35
> 5 years	28	28
Total	100	100

- **Level of Satisfaction**

In the present study, the investors were asked to rank their level of satisfaction from 1 to 4, Rank 1 for Extremely Satisfied, Rank 2 for Neutral, Rank 3 for Unsatisfied and Rank 4 for Extremely Unsatisfied.



The above table shows that the satisfaction level for the Liquidity is highest for the investors. Transparency, Expert Guidance and various payment options provides good level of satisfaction to them. But, they were not extremely satisfied with the potential returns generated by the Mutual Funds. They believe that funds with higher performance in respect to return are better funds. The analysis shows that the investors are dissatisfied with the risks attached to Mutual Funds. They perceive that fluctuations in NAV do not encourage them to invest in Mutual Fund. Hence, the investors were not satisfied with the level of satisfaction they achieved as compared to the level of satisfaction they perceived from Mutual Funds

Conclusion

Indian Mutual Funds have emerged as strong financial intermediaries and they play a significant role in bringing stability into the financial system and efficiency in resource allocation. These are suitable for all types of investors from risk adverse to risk bearer. Mutual Funds have many options of return, risk free return, constant return, market associated return, etc. They are suitable to all age of investors, businessmen, salary person, etc. Investors need not be expert in equity market; Mutual Funds can satisfy their need. In today's world, investors are showing more trust in Mutual Fund than any other financial product. There is no need of a financial consultant, if you have good knowledge of Mutual Funds and their type to invest. Mutual Fund is subject to market risk, despite of that it have low risk than stock market.

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PERFORMANCE APPRAISAL OF INDIAN AGRICULTURAL PRICE POLICY AND FOOD SECURITY

Kailash Saini*
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Abstract

According to govt. of India's census 2011 India has out 6,40,867 villages and 7,935 urban centers. Mostly rural population based on agricultural activities for their livelihood. Food security should be able to identify suitable solution for society and poor farmers which is based on available recourses and technologies farmer should be oriented to price policy for various opportunities.

Keywords: Price policy, Performance Appraisal, Food security, MDM, CACP, PDS.

Introduction

Agricultural is the largest and the most important sector of the Indian economy. Agricultural contribution a sizeable part of export and it is equally an important segment of the country's import. A study of some important aspects of the Indian agriculture is being including trends of price policy and production performance. Food security is the major role in the agricultural sector. India is a developing country facing sensitive problem of the population growth. The growth in population naturally increase the demand for food and the Indian government helps us to provide time to time food supply. The agricultural price policy commission was established in 1965 to advise government on price policy for agricultural commodities with a view to evolving a balanced and integrated price structure in the perspective of the overall needs of the economy and with due regard to the interest of producer and consumers. Price support for farmers has been an important instrument of agricultural development and food policy. The main instruments of price are minimum support prices, buffer stocking and operation of a public distribution system of cereals. The main challenge of the policy has always been to resolve the conflicting price interest of farmers and consumers. It is partly achieved through the provision of food subsidy and supply of essential form inputs [fertilizers, electricity and canal water] to farms at reasonable price or user charges. India's agricultural development strategy and approach to food security India with a population of 1.25 billion accounts for 17% of world's population. The size in terms of consumers is many times larger than the average size of rent of the countries. The state of food insecurity and hunger in India is of global situation. Food security is achieved when "all people at all times have physical and economics access to food that is sufficient to meet nutritional needs for a healthy and production life. The achievement of food security implies producing the sufficient food and making it accessible to all individuals year to year.

Objectives of the Study

- To determine what kind of approaches used by government for food security and price policy.
- To maintain the food security through by maximum production.

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- To motivate the food processing industries for adaption of food safety and quality.
- To provide more profit to farmers for adopting new technology and maximum production.

Review of Literature

- **Arun Jaitly** (2015), economics survey 2014-15 was relished that various challenges and reforms in the agricultural sector according the survey Gross Domestic Production declined to 15.2% during the 11th plan. India is in irregular situation of being largely self -sufficient with large stocks of food grain on the one hand and registering high food inflation.
- **P. Vankatesh** (2013) contented that India's food policy and food security much linked with the production, procurement, stock and distribution. Authors told that with the ordinance being notified recently; the country has came under attack owing to the implication on farmers and government coupled with the exiting pattern on production and consumption. Despite the countries aim to ensure food security for all in the right spirit, lack of appropriate bench work embedded with poor distribution system and escalated food subsidy may hamper the harvest of the welfare benefits of the ordinance.
- **Munish Alagh** (2013) has build up a perspective on food stocking, pricing and policy, this includes the need to concentrate on food management reform particularly regarding the presence of cycles in stocks of food grains. He concluded that food management requires reform and the first step is a deeper nuanced understanding of its knowledge base of empirical reality which we attempted.
- **S. Mahendra Dev** (2010), has concluded that agricultural price policy has came under serious recently for recommending support price higher than what the costs of production warrant supposedly leading to a distribution of the market and therefore to food deprivation. Author has examined the effectiveness of agricultural price policy in enabling farmers to obtain sufficient profit to promote investment technology and productivity and thereby to food security.
- **Shabd S. Acharya** (2009), examine India's agricultural development strategy and approach to food security has yet again proved its resilience in the wake of recent global food crisis.

Price Policy and Support for Farmers

Price support for farmers has been an important instrument of agricultural development and food policy. Agricultural Costs and Prices Commission (CACP) is the advisory body of government of India in all matters relating to agricultural price policy. The quantities that the government agencies need to purchase at support price depend on the behavior of market price and private trade; and change from year to year. Some of the important suggestions of the committee are:

- Continuation of the policy of maintaining sifts sufficiency in cereals.
- Persistence of the system of minimum support pricy and making it effective in all the states of the country.

In the Price Policy Some Steps are Include

Public Distribution System (PDS) of Cereals : cereals being staple food in India, supply of these at affordable price has been an essential component of food security policy. Food insecurity is being addressed through subsidized food distribution, food for work, and employment generation and guarantee programmers.

Distribution of Subsidized Cereals : the system is operated under the control of state government. The foodgrains are distributed to target groups at different price through a network of shops spread throughout the country. These are categories of entitled citizens under PDS: the poor families are supplied 35kg rice/ wheat per month at a price of Rs. 3/Rs. 2 per kg. and BPL families supplied 35kg for rice/ wheat per month at half the economics cost of the rice and wheat.

Mid-Day Meals (MDM) for Schools Children : the (MDM) programme was taken- up as a national programme of nutritional support to children undergoing primary education in 1995. It has twin objectives of improving the nutritional status of primary school children and of increasing enrolment regular attendance and retention in school.

Food Subsidy : this is the amount disbursed by the government to Food Cooperation of India (FCI) for its procurement; handling and distribution activities. In India, the food subsidy has served the multiple objectives of minimum guaranteed prices to the farmer, maintenance of buffer stocks, supply of

subsidized food grains under identified schemes of the government, and occasionally open market sales for stabilizing market price.

India's Food Security: Approach and Status

Approach to food security- food security, at both the national and household levels, has been the focus of agricultural development strategy in India. The new strategy launched at that point of time was aimed at maximizing the production of cereals, 'and involved building a solid foundation of food security on three key element is provision of an improved technology package to the farmers, delivery of modern farm inputs, technical know-how and institutional credit to the farmers and guarantee of a remunerative marketing and pricing environment for farmers. Some of the main policy instruments that reflect the policy package adopted by India are as follows:

- Making, strengthening and growth of the National Agricultural Research System (NARS) for developing and perfecting new production technologies for food grains and other agricultural commodities.
- Planning and execution of major, medium, and micro irrigation schemes for increasing the area under irrigation.
- Nationalization of commercial banks, creation of cooperative credit institutions, and reorientation of monetary policy to increase institutional credit flow to the farmers.
- Provision of food and input subsidies, explicit or implicit, for reconciling the conflicting objectives of cereal producers and consumers in terms of prices.

New Policy Initiatives and Programmes

Several new initiatives have been taken during the past few years to tackle the situation and bring back farmers confidence in farming the production cereals in particular.

- A national food security mission (NFSM) was launched with the specific objective of increasing the production of rice, wheat and pulses in targeted 305 districts, with an outlay of Rs 49.8 billion during the five- year period.
- Rashtriya krishi vikas yojana (RKVY) (National Agricultural Development Scheme) is another new scheme, which aims at incentivizing the state governments to increase the share of investment in agriculture in their state plans.
- The government of India has approved and adopted a National Policy for farmers in 2007. It includes asset reforms, use of biotechnology and ICT, bio-security system, seed and soil healthy, and insurance, higher support price for farmers and food security.
- The crop, weather and livestock insurance schemes for farmers have been redesigned and coverage has been expended.
- The support price for rice and wheat has been substantially hiked during the current season.

And also these programmes:

- Bharat Nirman (India connectivity and infrastructure programme)
- Establishment of National Rainfed area authority
- Revitalization of cooperative sector
- Agri-business Development through venture capital participation schemes

Performance of Food Security and Price Policy

Arun Jaitley released economic survey 2014-15 in the parliament. It has highlighted various challenges and reforms in the agriculture sector. According to the survey, GDP declined to 15.2% during the 11th Five Year Plan and the further decreased to 13.9% in 2013-2014. There also has been decreased in the number of cultivators from 127.3 million (census 2001) to 118.7 million (Census 2011). According to this report, growth rates of productivity in agriculture sector are far below global standards; productivity levels of Rice and Wheat have declined after the green revolution of the 1980s. Another issue is soil degradation due to declining fertilizer-use efficiency. Also, the food subsidy for food security has increased substantially in the past few years. Food subsidy was Rs. 92,000 crore in 2013-14. With 60% of the total food grains and oilseeds produced being grown in the Kharif season, and with just about 35% of arable area being irrigated, Indian agriculture is still dependent on rainfall. The second long-range forecast for the current year by the IMD for monsoon season indicates that the monsoon rainfall is likely to be 93% of the LPA, with 71% probability of subnormal/deficit rainfall and 70% occurrence of El Nino. The government has put in place

contingency measures in about 500 districts. Currently India is in an anomalous situation of being largely self-sufficient with large stock of food grains on the one hand and registering high food inflation.

Conclusion

The agricultural price policy of the Current Policy Regime is relating to Pricing marketing and trade. Agricultural profitability is efficient for restoring farmer's faith in farming emerge. Agricultural growth and efficiency is the key for reducing hunger and food insecurity. Agricultural growth and improving profitability depends on investments in productivity raising infrastructure irrigation, soil, water conservation, natural resource management and also should be use the new technology for friendly marketing. The policy of self sufficiency in cereals is a necessary condition for households and individuals food security. The role of price policy is significant in agricultural sector for the farmers with minimum support price. The training programmes are useful for farmers, farm women and rural youth. The training programmes encourage by increasing the scientific staff strength of Krishi Vigyan Kendra. The Krishi Vigyan Kendra should be provided an agricultural marketing or Agri-Business specialist. Evolution and development of supply chains save huge national wastages of farm product. Marginal farmers should be treated as living under safety. Government should provide with cheap inputs and improving technology to improve their food security and their livelihoods. Government approaches should be clear and pure which can help farmer's agriculture productivity. If government's agricultural policy is applicable in proper way from top to bottom, then, the aim of food security can be achieved.

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AGRICULTURAL INSURANCE : SOME ASSURANCE TO FARMERS

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Abstract

Universally agriculture is perceived to be synonymous with risk and uncertainty. Agriculture insurance is one alternative to manage risk in yield loss by the farmers. It helps in stabilization of farm production and income of the farming community. As such it is a risk management alternative where production risk is transferred to another party at a cost called premium. The ongoing Pradhan Mantri Fasal Bima Yojana is a good step forward to insure risk of millions of rural farmers whose livelihood depends on the pattern and distribution of monsoon rain in India. However, the penetration of agriculture insurance is found to be very less. This study is an attempt to understand the historical background of agriculture insurance, its importance and the existing scenario of agriculture insurance in India. The study concludes with various suggestions for increasing the awareness level of the farmers for ensuring better penetration of agriculture insurance in rural India.

Keywords: *Agriculture Insurance, Pradhan Mantri Fasal Bima Yojna, Farmer's Awareness.*

Introduction

Agriculture Insurance in India

Insurance is a mechanism in which payment of a certain amount of premium ensures that receipt of a larger amount of compensation contingent on the occurrence of an uncertain loss event. Thus, it involves the substitution of a small known cost (premium rate) for the possibility of a larger but uncertain loss which will be compensated through indemnification. The basic principle prior to agriculture insurance is that the loss incurred is shared by many people in an area or loss occurred in a particular bad time / season are compensated from the resources accumulated in good years. Agriculture insurance is a means to protecting the cultivators against financial loss on account of anticipated crop-loss arising out of practically all natural factors beyond their control such as natural fire, adverse weather conditions, flood situation, drought conditions, sudden attack of pests, and other diseases etc. The sum insured could be the total expenditure or more than that or a part of expected income from crops for which premium is paid. The indemnity (claims payable against the paid out of pocket expenses) is payable on the basis of shortfall in average yield from the guaranteed yield (threshold yield). The claims are paid after the loss in yield is ascertained. Weather based agriculture insurance is another avenue for transferring production risk to the insurer. It aims to mitigate the hardship of the insured farmer against the likelihood of financial loss on account of anticipated crop loss resulting from incidence of adverse conditions of weather parameters like rainfall, temperature, frost, humidity etc. While agriculture insurance indemnifies the cultivator against shortfall in crop yield, weather insurance is based on the fact that weather conditions affect crop yield even when a cultivator has taken all the care to ensure good harvest. Studies of historical correlation of crop yield with

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weather parameters help us in developing weather thresholds (triggers) beyond which crop starts getting affected adversely. Payout structure may be developed using the weather triggers to compensate cultivators to the extent of losses deemed to be suffered by them. Actual loss in yield or income is not ascertained for eligibility for claims.

Need For Rural/Agricultural Insurance : Indian Case

Indian agricultural sector still depended mostly on monsoons. The erratic and uneven distribution of monsoon rains perpetuated yield/price volatility and hence farmers exposure to risk and uncertainty. The allocation of risk is an important aspect of decision making to farmers in this scenario of high risk and uncertainty of rain fed agriculture. This indicates a need for contingent plans that will help to improve the handling of risky outcomes across individuals. The design and implementation of contingent contracts is thus an integral part of development process in Indian agricultural sector. In India, traditionally risk would be managed either privately or through implicit contracts within the family or network (caste groups/extended families/joint families). Such contracts can be quite useful to handle non-covariant risks. However, yield risks are often locally covariant, implying that these traditional contracts within village and families would not perform well to insurance against yield risks. Another form of risk coping strategy among farmers is income diversification/crop diversification that will reduce variance of their income. If benefits of reduced risk exposure from such crop diversification are large, then farmers may be willing to forego some of the possible gains from trade/specialization; that is they would diversify crop rather than specialize in the activities in which they have a comparative advantage. This strategy is may seems optimal from individual point of view, but it may undermine the competitive advantage of a nation through specialization that hinders national development. Productivity labour would likely increase under specialization. Also, agricultural research could focus on fewer products and thereby increase its effectiveness in developing new technologies.

Moreover, transportation costs and other market transaction costs would be lowered, thus stimulating trade and increasing the gains from trade. This regional specialization helps in development of infrastructure relating to the production activity. By reducing the need for farm diversification, these contracts can stimulate specialization. The specializing in competitively advantageous crops/products by regions will increase efficiency of farms as well as helps in easy implementation of research and development and other crop based government programs through scale economies. The specialization helps in growing of off-farm and non-farm employment opportunities to a large section of rural population. Hence a development policy which includes explicit insurance arrangements for both farm as well as non-farm activities/workers helps in economic development of the country through specialization and also helps in increase/stabilize income of the farmers/non-farm workers.

Overview of the agriculture Insurance Schemes so far

Despite of implementing several crop insurance schemes, farmers are yet to get enough protection from risks in farming. The reason for thousands of farmers killing themselves every year is not just because of climatic factors; it is also due to the protection from risks, in terms of crop insurance, is not reaching them when they need it the most. This is because all the crop insurance models put in place so far since 1970s have met with limited or no success. In 1985, the government had first launched a crop insurance scheme in India called Comprehensive Crop Insurance scheme (CCIS). In 1997, an Experimental Crop Scheme was launched which lasted only for a year. In 1999, the NDA government launched National Agricultural Insurance Scheme (NAIS) to protect the farmers against losses suffered by them due to crop failures on account of natural calamities like; floods, drought, hailstorms, cyclone, pests and diseases etc. However, insurance was available for select crops "notified" crops only. This scheme was open to all farmers but was made compulsory for those farmers who had taken some kind of farm loans. The farmers had to pay flat insurance premium depending upon crop type and this premium was subsidized by government. There were several problems in NAIS model. Firstly, this scheme operated on a so called "Area Approach" which means that the states would notify the unit areas of insurance such as blocks, mandals, Tehsil etc. The states would notify the areas on the basis of past yield data. Since yield data is crucial for crop insurance, success of this scheme was dependent on the availability of the data. The reliable data was not available with most states. Secondly, the states needed to notify the unit areas on the basis of part yield data and Crop Cutting Experiments (CCEs) every year well in advance. Most states did not follow these prerequisites. The result

was that Insurance companies started crying foul because payable claims turned out to be several fold higher than the premium charged and subsidy paid. Secondly, it was assumed that the states would share the premium subsidy but somehow most states were reluctant to do so. Under UPA Government, the NAIS was modified and was called Modified NAIS or M-NAIS. In this scheme, the area approach was done away with and the premium would be calculated on actuarial basis. This implies that the higher risk crops would have higher premium. The number of crops under the scheme was increased. Previously, only Agriculture Insurance Company (AIC) of India was allowed to implement the scheme but now, private insurers were also allowed to implement the modified scheme. Further, the unit area was reduced to be the Gram Panchayat. The MNAIS tried to modify several issues with the crop insurance but still failed to reduce the farmer distress. The key problems of this scheme was that – it covered risks partially, it had higher premium rates (3.5% for Kharif Crops and 1.5% for Rabi Crops), the coverage was capped (this implies that farmers could recover at best a fraction of the total loss). In 2007, the UPA government launched another crop insurance scheme was Weather-based Crop Insurance Scheme (WBCIS). This was another scheme to protect farmers against vagaries of nature such as deficit and excess rainfall, high or low temperature, humidity, etc. This scheme was launched to settle claims in shortest possible time. Both these schemes (MNAIS and WBCIS) were made compulsory for loanee farmers. While former indemnified the cultivators against shortfall in crop yield; later protected against adverse weather conditions.

Pradhan Mantri Fasal Bima Yojana (PMFBY)

Pradhan Mantri Fasal Bima Yojana (PMFBY) is the new crop damage insurance scheme that has been approved by the Union Cabinet in January 2016. It will replace the existing two crop insurance schemes National Agriculture Insurance Scheme (NAIS) and Modified NAIS. The new scheme came into force from the Kharif season this year.

Highlights of PMFBY

There will be a uniform premium of only 2% to be paid by farmers for all Kharif crops and 1.5% for all Rabi crops. In case of annual commercial and horticultural crops, the premium to be paid will be only 5%.

- The premium rates to be paid by farmers are very low and balance premium will be paid by the Government to provide full insured amount to the farmers against crop loss in any natural calamities. There is no upper limit on Government subsidy. Even if balance premium is 90%, it will be borne by the Government.
- Earlier, there was a provision of capping the premium rate which is low claims being paid to farmers. Now it is removed and farmer will get claim against full sum insured with no reduction.
- PMFBY is a replacement scheme of National Agriculture Insurance Scheme and Modified National Agriculture Insurance Scheme (MNAIS) and hence exempted from the service tax.
- Allocation of the scheme presented in budget 2016- 2017 is Rs.5, 550 cores.
- Within next 2-3 years, the scheme aims to bring 50% farmers under the scheme. The settlement of claims will be fastened for the full sum assured. About 25% of the likely claim will be settled directly on farmers account. There will not be a cap on the premium and reduction of the sum insured.
- Insurance: There will be one insurance company for the whole state. Private insurance companies will be roped along with Agriculture Insurance Company of India Limited (AIC) to implement the scheme. Losses covered Apart from yield loss, the new scheme will cover post- harvest losses also. It will also provide farm level assessment for localized calamities including hailstorms, unseasonal rains, landslides and inundation.
- Use of technology: The scheme proposes mandatory use of remote sensing, smart phones and drones for quick estimation of crop loss. This will speed up the claim process. An android based “Crop Insurance App” has also been launched which could be downloaded from the website of Crop Insurance, Department of Agriculture cooperation and farmers welfare (DAC & FW).

Targets to Achieve

The main objectives of the scheme are mentioned below.

- To provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests and diseases so as to restore their credit worthiness for ensuing season.

- To encourage the farmers to adopt progressive farming practices, high value inputs and higher technology in Agriculture.
- To stabilize farm incomes, particular in disaster years.

Critical Appraisal: Thus, new crop insurance scheme has the potential to deal with the vagaries of nature on Indian farming. The premium to be paid by the farmers is kept low when compared with earlier crop insurance schemes. However, the scheme will increase the financial burden on the government and necessary budget allocations should be made. Some states may face financial constraints in encouraging farmers to take up crop insurance. The scheme also does not address the demand of farmers to cover the risks and losses inflicted by wild animals like elephants and wild boars. The wild animals pose risks to farmers in peripheral areas of national parks and wild life sanctuaries. Besides, losses from nuclear risks, riots, malicious damage, theft, and act of enmity, are all categorized under 'exclusions' in the new scheme.

Challenges in Implementation: Success of any government scheme depends on its sincere implementation. The key problems such as poor land records, flawed land titles etc. are common challenges any crop insurance scheme in India faces, remains same with PMFBY also.

Comparison with Earlier Crop Insurance Schemes

The new scheme is different from earlier schemes on the account of following:

It is open to all farmers but NOT mandatory to anyone. It is optional for loanee as well as non-loanee farmers. It has so far lowest premium. The existing premium rates vary between 2.5% and 3.5% for kharif crops and 1.5% for rabi crops—but the coverage was capped, meaning farmers could, at best, recover a fraction of their losses. The farmer's premium has been kept at a maximum of 2 per cent for food grains and up to 5 per cent for annual commercial horticulture crops. For rabi crops, it is 1.5%. The balance premium will be paid by the government to provide full insured amount to the farmers. Since there is no upper cap on government subsidy, even if the balance premium is 90 percent, the government will bear it. This scheme provides full coverage of insurance. While NAIS had full coverage, it was capped in the modified-NAIS scheme.

It also covers the localized risks such as hailstorm, landslide, inundation etc. Earlier schemes did not cover inundation. It provides post harvest coverage. The NAIS did not cover while the modified NAIS covered only coastal regions.

PMFBY and MNAIS at a Glance

No.	Features	MNAIS [2010]	PMFBY [2016]
1	Premium rate	High	Lower than NAIS and MNAIS (Govt to contribute 5 times that of farmers)
2	One season- one premium	No	Yes
3	Insurance amount cover	Capped	Full
4	On account payment	Yes	Yes
5	Localised risk coverage	Hail storm, land slide	Hail storm, land slide , Inundation
6	Post harvest losses coverage	Coastal areas for cyclonic rain	All India for cyclonic/ unseasonal rain
7	Use of technology (for faster claim settlement)	Intended	Mandatory
8	Awareness	No	Yes (target to double coverage to 50%)

Conclusion and Policy Suggestions

Despite various schemes launched from time to time in the country, agricultural insurance has served very limited purposes. The coverage in terms of area, number of farmers and value of agricultural output is very small, payment of indemnity based on the 'area approach' misses the affected farmers outside the compensated area, and most of the schemes are not viable. There are thousand Numbers of farmer's committing suicide in India due to crop damage & heavy loans. As there is no perfect insurance scheme in the past, which can match the loopholes of farming industry, there have been many policies over a period of time, replacing one by one, now PM Narendra Modi comes with this new scheme which considered all the problems of farmers & Farming Industry.

Although it still have some constraints like it will increase subsidy bill on the state and necessary budget allocations should be made. Some states like Punjab, Haryana, Maharashtra, may face financial constraints in encouraging farmers to take up insurance. The scheme also does not address the demand to cover the risks and losses inflicted by wild animals attacks as well as there is no protection extended to share-croppers as payments are linked to land records usually, still Pradhan Mantri Fasal Bima Yojana is the best scheme as compare to all previous schemes by the Government . As best features of all previous schemes are also incorporated in this scheme and up to an extent weaknesses are removed, as it provides for localized events and removes the cap.

Government efforts are still required in terms of designing an appropriate mechanisms and providing financial support for agricultural insurance. Providing similar help to private sector insurers would help in increasing insurance coverage and improving the viability of insurance schemes over time. Insurance products for the rural areas should be simple in design and presentation so that they are easily understood. With increased commercialization of agriculture, price fluctuations have become highly significant in affecting farmer's income. The insurance agency should offer insurance cover to include price guarantee which could be the minimum support price in some cases or the market-based price from the past. Farmers should pay the premium for this kind of price insurance and initially the government should share some of the burden of the premium. During harvest, if the price in the notified market falls below the guaranteed price, then the insurance agency should pay indemnity. There is lot of interest in the private sector to invest in the general insurance business. This opportunity can be used to allot some targets to various general insurance companies to cover agriculture. To begin with, this target could be equal to the share of agriculture in national income. Further, the success of the scheme depends on how sincerely it is implemented by the insurance companies. We need to wait and watch as to how the scheme is monitored and supervised. My respected teacher, Professor J.P. Yadav quoted some lines over the present situation that is:

चिन्तनीयाहि विपदं आदावेव प्रतिक्रिया ।
न कूप खननं युक्तं प्रदिप्ते वहनिना गृहे ॥

It means "we must always be prepared for the worst situation, It is too late to take remedial steps or to show concern after facing a calamity. Just like it is futile to dig a well when the house is already on fire.

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DIAMOND PROCESSING INDUSTRY: SIGNIFICANT SEGMENT OF GEMS & JEWELLERY INDUSTRY IN INDIA (With Special Reference to Gujarat- A Study)

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Abstract

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 6-7 per cent of the country's GDP. One of the fastest growing sectors, it is extremely export oriented and labor intensive. Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market. India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labor. India is the world's largest cutting and polishing center for diamonds, with the cutting and polishing industry being well supported by government policies. Moreover, India exports 95 per cent of the world's diamonds, as per statistics from the Gems and Jewellery Export promotion Council (GJEPC). The industry has generated US\$ 38.6 billion of revenue from exports in 2015-16, making it the second largest exporter after petrochemicals. India's Gems and Jewellery sector has been contributing in a big way to the country's foreign exchange earnings (FEEs). The Government of India has viewed the sector as a thrust area for export promotion. The Indian government presently allows 100 per cent Foreign Direct Investment (FDI) in the sector through the automatic route.

Keywords: GJEPC, FEEs, FDI, GDP, DIPP, CAGR, GJEPC, Diamond Processing.

Introduction

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 6-7 per cent of the country's GDP. One of the fastest growing sectors, it is extremely export oriented and labor intensive. Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.

India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labor. India is the world's largest cutting and polishing center for diamonds, with the cutting and polishing industry being well supported by government policies. Moreover, India exports 95 per cent of the world's diamonds, as per statistics from the Gems and Jewellery Export promotion Council (GJEPC). The industry has generated US\$ 38.6 billion of revenue from exports in 2015-16, making it the second largest exporter after petrochemicals. India's Gems and Jewellery sector

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has been contributing in a big way to the country's foreign exchange earnings (FEEs). The Government of India has viewed the sector as a thrust area for export promotion. The Indian government presently allows 100 per cent Foreign Direct Investment (FDI) in the sector through the automatic route.

Market Size

The gems and jewellery market in India is home to more than 500,000 players, with the majority being small players. India is one of the largest exporters of gems and jewellery and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to the total foreign reserves of the country. UAE, US, Russia, Singapore, Hong Kong, Latin America and China are the biggest importers of Indian jewellery. The overall gross exports of Gems & Jewellery in April 2016 stood at US\$ 3.23 billion, whereas exports of cut and polished diamonds stood at US\$ 1.78 billion. Exports of gold coins and medallions stood at US\$ 302.67 million and silver jewellery export stood at US\$ 299.69 million in April 2016. The overall gross imports of Gems & Jewellery in April 2016 stood at US\$ 2.90 billion.

According to a report by Research and Markets, the jewellery market in India is expected to grow at a Compound Annual Growth Rate (CAGR) of 15.95 per cent over the period 2014-2019. The cumulative Foreign Direct Investment (FDI) inflows in diamond and gold ornaments in the period April 2000-December 2015 were US\$ 751.37 million, according to Department of Industrial Policy and Promotion (DIPP). During April-December 2015, India imported US\$ 17.33 billion worth of raw material for gems and jewellery. With an 8 per cent share in polished diamonds, India has become the world's third largest diamond consumer.

Investments/Developments

The Gems and Jewellery sector is witnessing changes in consumer preferences due to adoption of western lifestyle. Consumers are demanding new designs and varieties in jewellery, and branded jewellers are able to fulfill their changing demands better than the local unorganized players. Moreover, increase in per capita income has led to an increase in sales of jewellery, as jewellery is a status symbol in India. Major mining companies such as Rio Tinto, De Beers and Alrosa have decided to participate in the Indian Diamond Trading Centre (IDTC) which has been set up to eliminate the middlemen in diamond trade and allow Indian manufacturers to deal directly with miners. India Bullion and Jewellers Association (IBJA) has signed an pact with the Bombay Stock Exchange (BSE) for setting up India's first bullion exchange through a Special Purpose Vehicle (SPV), wherein IBJA and its constituents will hold 70 per cent and BSE will hold 30 per cent stake. Indian exports will now receive concessional duty treatment in the US as it has renewed the Generalized System of Preferences retrospectively from August 1, 2013 - December 31, 2017.

Government Initiatives

The Reserve Bank of India has announced norms for gold monetization scheme, which allows individuals, trusts and mutual funds to deposit gold with banks in return for interest, to help reduce gold imports and alleviate pressure on trade balance. The Reserve Bank of India (RBI) has liberalized gold import norms. With this, star and premier export houses can import the commodity, while banks and nominated agencies can offer gold for domestic use as loans to bullion traders and jewellers. Also, India has signed a Memorandum of Understanding (MOU) with Russia to source data on diamond trade between the two countries. India is the top global processor of diamonds, while Russia is the largest rough diamond producer. The Government of India is planning to establish a special zone with tax benefits for diamond import and trading in Mumbai, in an effort to develop the city as a rival to Antwerp and Dubai, which are currently the top trading hubs for diamond.

Due to shortage of skilled manpower, the Gems and Jewellery Skill Council of India is planning to train over four million people till 2022. The council aims to train, skill and enhance 4.07 million people by 2022. The council plans to tie-up with the existing training institutes including Gemological Institute of America (GIA) and Indian Gemological Institute (IGI), along with setting up of new institutes in major diamond cutting and processing centers. Gems & Jewellery Export Promotion Council (GJEPC) said in a statement here. The GJEPC has also proposed to develop a jewellery park on Thane-Belapur Road which is around five kilometers from Mumbai with a view to boost the Mumbai-based jewellery industry by providing modern facilities and services.

Indian Institute of Gems & Jewellery (IIGJ) Mumbai, a project of the Gem & Jewellery Export Promotion Council of India (GJEPC), has come-up with three-year Graduate Program in Jewellery Design & Manufacturing Techniques with an introduction to Management studies in collaboration with Welingkar Institute of Management. In September 2015, the Government of India approved the gold monetization plan in the form of revamped Gold Deposit Scheme (GDS) and the Gold Metal Loan (GML) Scheme to mobilize tonnes of gold stored in households and temples across the country. The Union Cabinet also approved the introduction of Sovereign Gold Bond Scheme, under which gold bonds denominated in grams of gold will be issued to individuals by the Reserve Bank of India (RBI), in consultation with Ministry of Finance.

Road Ahead

In the coming years, growth in Gems and Jewellery sector would be largely contributed by the development of large retailers/brands. Established brands are guiding the organized market and are opening opportunities to grow. Increasing penetration of organized players provides variety in terms of products and designs. Also, the relaxation of restrictions of gold import is likely to provide a fillip to the industry. The improvement in availability along with the reintroduction of low cost gold metal loans and likely stabilization of gold prices at lower levels is expected to drive volume growth for jewellers over short to medium term. The demand for jewellery is expected to be significantly supported by the recent positive developments in the industry.

Structure, Size & Growth

Indian gems & jewellery industry is country's second highest foreign exchange earner after textiles. Today, it contributes about one fifth of the country's exports. The gems & jewellery industry in India is structured. The total export by this segment in the year 99-00 is approximately US \$ 6500 mn. Which is about 16% of India's total exports of US \$ 35 billion. The industry has been growing at 15-17% annually since last few years. The Gems & Jewellery industry in India is structured as diamonds, jewellery and precious/semi precious stones. These segments are further divided into sub segments. However, diamonds dominate the total Gems & jewellery exports and contribute US \$5.5 bn which means about 81% of the total exports by the industry. Gujarat model of Gems & jewellery industry is second largest foreign exchange earner in India and concentrated in south Gujarat with number of small scale units engaged in diamond processing, doing innovations locally to serve 80% of world's diamond market.

Research Objectives

- To study the Gems & jewellery industry
- To identify key characteristics of Indian Gems & jewellery industry
- To identify key characteristics of Gujarat Gems & jewellery industry
- To identify innovations made by the entrepreneurs in the diamond processing industry
- To study Innovation orientation, entrepreneurial orientation of Gujarat in Diamond processing industry.

Research Methodology

A research is divided into two sub researches: Exploratory & Conclusive:

Exploratory Research Design

- **Literature Survey:** Extensive literature survey was carried out to get insight into the Gems & Jewellery Industry in India, Surat Cluster of Diamond industry, its structure, growth and characteristics. Literature survey also gave broad idea of industry organization innovations in Surat cluster of Diamond Industry. Various sources of secondary data used are:
 - * Prism (Gems & Jewellery Export Promotion Council, Mumbai),
 - * Diamond World (International Journal House, Jaipur),
 - * Diamond Samrajya (Surat Diamond Association, Surat),
 - * Diamond Handbook of Surat (Gems & Jewellery Information Center, Jaipur)
 - * Saket Industrial Digest (Ahmedabad),
 - * Business Magazines
 - * Books

- **Conclusive Research Design**

- **Story Building :** Personal interviews, Company record & literature, Published information were used to develop stories/ cases. 40 units were identified as sample for data collection. Samples were selected on judgmental basis from Diamond processing industry in south Gujarat - Surat, Ahmadabad. Local experts and Industry Association office bearers were asked to identify units, which were highly Pioneering - Innovative on their judgment. 40 cases were compiled on the information collected out of which 36 were included in the analysis. Data collection instrument was structured questionnaire with open-ended questions. Personal interviews allowed probe and collection of information, which was quite difficult to gather because of limited comprehensibility of the entrepreneurs. Data were collected in Gujarati, which were transliterated in English for analysis.

The Diamond Processing Industry

Significant Segment of Gems & Jewellery Industry in India

Diamond has lion's share in Indian gems & jewellery exports. Export of cut & polished diamonds is almost 81% of total gems & jewellery exports. India is considered to be one of the world's largest centers for cut & polished diamonds. Indian cut & polished diamonds account for about 45% of international diamond production in value terms & 70% in terms of carats.

Diamond and India - historical significance

From ancient times, India is very well known in the world as the birthplace for diamonds. It has remained the home of diamonds for over two millennia. It is difficult to trace the origin of Diamond but the history says that in the remote past, Diamonds were mined only in India. Diamond production in India can be traced back to almost 8th century B.C. India in fact, remained undisputed leader till 18th century when Brazilian fields were discovered in 1725 followed by emergence of South Africa, Russia and Australia. World famous diamonds such as Koh-I-noor, The Orloff, The Great Mogul, Sancy Hope, Florentine, Nassak, Regent, Pitli, Nizam etc. were the products of India and many of these world famous diamonds were recovered from India in 16th & 17th centuries. Although, India produces about 33000 carats of rough diamonds, the cut & polished diamonds produced by India account for 70% of 1104 mn. carats of world cut & polished natural diamonds, i.e. 800 million carats of cut & polished diamonds. This clearly shows that Diamond polishing industry in India is very significant.

Indian Diamond Polishing Industry and Global Diamond Industry Structure

Australia's Argyle mine is the number one rough diamond producer in the world with annual 40 million carats of rough diamonds, more than one third of the world's total output. Another significant producer of diamonds is De Beers producing 31mn. Carats of the world output. Though, Argyle's production is higher, it accounts for only 5% of the world diamond output as more than 50% of its output is categorized. Until the middle of 1996, De Beers controlled entire supply of rough diamonds. In June '96, Argyle broke away from De Beers' Central Selling Organisation (CSO) and started parallel channel. Russia also started selling outside CSO. India is the main center for processing of diamonds, i.e., making cut & polished diamonds from roughs. India processes 100mn. Carats of rough diamonds against the world's total output of 117 mn. of rough diamonds. And thus, the largest diamond polishing center. USA on the other hand is the largest market for loose polished diamonds and diamond jewelry. The Indian diamond polishing industry has come a long way from mere US \$ 38mn. in 1970-71 to US \$ 5500 mn. in 1999-2000. Almost 81% contribution in total Gems & jewellery industry since beginning make the gems & jewellery industry of India a diamond centric. Table 3 below shows the significance of G&J industry in total Indian exports and that of diamond polishing industry in the total exports of G & J.

Diamond Processing Industry in Gujarat : Surat and Other Clusters

Out of every batch of 10 diamonds made in the world, 7.5 are made in India. It shows that India has established itself as the world's largest diamond processing center. In India, the diamond processing units are mainly located in Gujarat, particularly in Surat, Navsari and some parts of Saurashtra & north Gujarat region. About 80% of country's diamond processing work is being done in Gujarat, out of which more than 50% is conducted at Surat only. The diamond processing industry in India, thus, is quite unique as it is developed at one location in an industrial cluster. Surat city is known as diamond city of India.

The industry comprises of about 2000 units of cutting & polishing out of which about one third are located in Surat. IT employs about 15 lakh people directly and provides employment opportunities to more than 25 lakh people. Their wage bill comes to Rs. 1500 crore per annum. An investment of Rs. 5 crore in this sector creates an employment for 1000 people. The industry is, thus, a major employer. The processing capacity of each unit ranges from 4 to 400 carats, while production capacity depends on the type, shape and size of the diamond, it also depends on the skill of the workers. There are about 7000 different types of diamonds. The processing is done through ingeniously manufactured and manually operated machines. The industry developed in 60s in Surat because of its proximity to Mumbai, where most of the export houses are located. Later, industry has developed its footing in some of the centers of Saurashtra like Amreli, Bhavnagar, Mahuva, Palitana and some of the centers of North Gujarat like Visnagar, Mehsana, Sidhpur, Palanpur, etc.

Innovation in Diamond Processing Industry in Gujarat

Literature and Experience survey highlighted that there's high amount of innovation in more or less all areas so far as this industry is concerned. The entrepreneurs independently or collectively have contributed in most of the above areas during different phases and of different degrees of contributions. The key innovativeness is summarized here below:

D/D Product-mix Innovation

The diamond industry has developed unique aspect in developing D/D product mix, i.e. dynamic/ diverse product-mix. The Gujarat diamond processing industry is the world's largest center for cut & polished diamonds and hence has to cater to virtually the whole world. Jewelry is fashion driven & hence very dynamic in terms of customer tastes & preferences time-wise as well as place-wise. Diamonds are demanded of variety of assortment in various parts of the world. Industry innovated in the product mix keeping it dynamic & diverse by non-standardizing the processing of diamonds, mastering the craft and maintains large raw material inventories.

Fancy Cut Diamonds

There are innovation in product by improvements in its cut, carat, color and clarity. Through unmatched skills in cutting & polishing, there have been variety of new cuts the Indian industry has been able to produce. US market has great demand for fancy cut diamonds processed in India. The popular cuts are: Marquise, Pear shape, Heart shape, step cut, baguettes, tapers, etc.

Small Diamond-Export Market Niche

Indian diamond industry has identified a niche and has decided to stick to it. The niche of small diamonds (below one carat), Belgium & Israel process bigger diamonds. Also, the industry has not lost focus from overseas export market. The domestic market is just US \$ 120 mn. compared to US \$ 5500 mn. export market.

Harmonious Co-existence

The Industry organization is quite unique. Thousands of small units work in harmony. As 95% of the units are clustered around Mumbai & Surat, they are more complimentary than competitive. They collectively serve diverse needs of customers from across the globe.

Conclusion

SWOT Analysis of Indian Gems and Jewellery Industry

Strengths: - One million craftsman associated with it. their skills can be harnessed for designing and making modern jewellery. - Abundance of cheap and skilled labor in India. - Excellent marketing network spread across the world. - Supportive government industrial/export- import policy.	Weaknesses: - High domestic interest rates compared to elsewhere - Small firms lacking technological/ export information expertise. - Low productivity compared to labor in china, Thailand and Shri Lanka. - As the major raw material requirements need to be imported, companies normally stock huge quantities of inventory resulting high inventory carrying costs.
Opportunities: - New markets in Europe & Latin America - Growing demand in south Asian & far east countries.	Threats: - China, Sri Lanka and Thailand's entry in small diamond segment - Infrastructural bottlenecks, frequent changes in export-import policies, irregular supply of gold.

- Removal gold control act.	- Over dependence on single-channel supply chain. Decisions of De Beers and Argyle's terms for renewing their supply contract.
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Key Characteristics of Diamond Processing Industry in Gujarat

- Most of units are in the cottage & small sector.
- Labor intensive & not capital intensive - so more entrepreneurs, more employment
- It is not power-intensive nor polluting
- Traditional business approach
- High level of product innovation
- Family owned businesses
- Based on imported raw materials
- Uses inherited skills of domestic workers
- Wholly export oriented
- high working capital as high inventories
- The technology & skill required for cutting and polishing of diamonds have been largely developed within the country and at industry's own costs
- Most of the diamond dealers are inter-connected with each other and have developed a collective interest in achieving higher & higher export targets.
- 95% of active diamond exporters are based in Mumbai and Surat thus making it possible for the trade to serve the varied requirements of the numerous foreign buyers from different countries
- Vast manufacturing base and marketing network
- Large volumes, wide varieties & economical costs
- Gradual switch over from contract processing to in-house processing, modern quality control and healthy working conditions.
- The professional expertise and venture some spirit of youngsters resulting into diversification of export markets
- Varied product mix, consistent assortments, prompt deliveries and sales on credit, reputation for quality
- Infrastructure facilities in terms of :
- Cutting down on export duties on capital equipment's, fully free import of gold and other metals, movement of imported goods free from sales tax & octroi, exemption of export profits from income tax and cutting down red tape procedural delays.

Findings

- **Trends :** The penetration of branded jewellery brands in India continued during 2016 with an ongoing shift from jewellery being perceived as an investment to its appeal as aesthetically pleasing ornamentation. For instance, younger generations continue to be drawn to trendy, contemporary jewellery and tend to avoid the more traditional and often heavy pieces. Furthermore, more stores were opened by jewellers, such as Tanishq, Malabar Group and Gitanjali Gems, with the wider availability of branded jewellery encouraging consumers to opt for branded jewellery over alternatives from local jewellery stores. Also, branded jewellers heavily promoted their brands through TV, print and radio advertisements in 2016, increasing consumer awareness of these brands. These communications also helped to encourage the perception that branded jewellery is more contemporary and feature designs that are internationally inspired.
- **Competitive Landscape:** Titan, which experienced one of the steepest declines in value share in 2013, recovered in 2014, a position it maintained in 2015. This recovery was mostly because of weak demand for gold jewellery. Titan's jewellery business has also been affected by regulatory measures, such as strict control on gold imports and a ban on leasing gold. According to company sources, the drop in gold jewellery demand stemmed from many customers bringing forward their purchases when the price of the metal had slumped to a record low.
- **Prospects:** The prevailing high prices of gold and increasing incidents of snatching have negatively affected gold jewellery sales with consumers rapidly shifting to artificial jewellery, as the

latter is well within their purchasing power. Although there was a decrease in gold prices towards the end of the review period, prices rose again and remain outside the reach of middle-income consumers. This trend will drive sales of costume jewellery over 2016-2021 while value sales of fine jewellery at constant value terms are unlikely to grow by as much.

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MCDONALDS STRIVE FOR ITS INCEPTION IN INDIA : AN OVERVIEW

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Abstract

McDonald's is an international fast food restaurant. It expanded its businesses on global scale. It is obvious that McDonald surpassed other fast food joints in terms of sales and fame in international level. "McDonald's vision is to be the experience. Being the best means providing outstanding quality, service, cleanliness, and value, so that we make every customer smile". The biggest challenge for a multinational is to maintain its global strategy in the stint of diversity as they hit different foreign lands. The same was the biggest challenge for McDonalds as well, when they launched into India. They faced severe Public relation crisis and it was a very difficult for them to come up with a solution in such a country. The purpose of this paper is to do SWOT analysis and examine the entry and establishment of McDonald's in the emerging market of India.

Keywords: SWOT, McDonald's, Global Strategy, Emerging Market, Nutrition Labeling.

Introduction

McDonald's headquarters is located in Oak Brook, Illinois, United State. It is the largest chain of hamburger fast food restaurant in the world. The company logo is McDonald's with a big yellow "M". Richard and Maurice McDonald started the first McDonald's store from 1950s in the US, and it primarily sells hamburgers, French fries, dessert, and salads. In 1955, when the first McDonald's restaurant was founded in the United States, there was not much variety on its menu, but they offered food supply with high quality, low cost and good environment. By 1983, there were more than 6,000 domestic branches. In 1967, McDonald's opened its first overseas branch in Canada. By 1985, its total abroad sales accounted for about 20 per cent of its domestic business. Every day there are more than 18 million people coming to McDonald's in more than 40 countries. Nowadays McDonald's has more than 34000 locations worldwide. Recently, McDonald's management has decided to change its strategies. They now want to provide not only a place to sit and eat but also an experience that can be enjoyed by their customers. The main reason of McDonald's success is the quality standards they have been able to maintain all over the world despite having location constraints at some of the places. They have consistently developed new menu items thereby always attracting new sets of customer and giving enough reasons to old customer to remain attached. McDonalds introduced new and healthier item in the menu and shifted its marketing. The purpose of this paper is to examine the entry and establishment of McDonald's in the emerging market of India. For research purposes, diverse sources such as journal articles, books, websites and peer review articles are used.

Review of Literature

Glanz Karen, Hewitt M. Anne and Rudd Joel (1992) have examined the influence of nutrition labeling, customer shopping behaviour and point of purchase on the purchase decision of the customers

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of quick service restaurants. The customers have been found to consider nutrition as one of the several factors influencing purchase decision. The study shows that nutrition labeling, point of purchase and customers' shopping behaviour has a positive influence on the purchase decision of the customers. The study also reveals that nutrition is not the only criteria which will influence the purchase decision of the customers. Ergonomics of the food store, cleanliness, good behaviour of staff and local touch plays a pivotal role in the overall satisfaction of the customers.

According to **Taylor (1994)**, waiting for service can have negative effects on service evaluations and company image. McDonald's competitive advantage is basically based on utilizing resources in the best possible way. Competitive advantage can be attained through various strategies such as innovative ideas, whole value chain process, persistent development, frequent investments (**Baker, 2000**). But **Piccoli and Ives (2000)** imply that chief competitive advantage can be developed by allocation and cost formation of their product and services. According to Johnson and Scholes, strategy development is a dynamic process which should be carried out on a regular basis, in order that strategies and plans can be adjusted can be adapted to changes within the organization itself and within the wider business environment. (**Johnson & Scholes, 2002**)

Bansawl (2004) suggested that satisfied customers are more likely to use the same service, to resist competing brands and spread positive word of mouth. The localization strategy is beneficial for anticipating the changing needs and preferences of the consumers within the industry. It also creates such operational efficiency, which enables to absorb changes frequently (Barnes, 2008). The "think global and act local" strategy brought McDonald's competitive advantage in the fast-food industry. They customized their marketing strategies based on the cultural, economic and socio political factors of different nations (Cooper & Edgett, 2009). Adapting and executing this strategy, the company is capable of adjusting their products and services to the preference of their local consumers. This is also why you see difference in their global branches in prices, atmosphere, advertisement tools and even the architecture.

McDonald's in India

McDonald's entered India in 1996. McDonald's India has a joint venture with Connaught Plaza Restaurants and Hard Castle Restaurants. Connaught Plaza Restaurants manages operations in North India whereas Hard Castle operates in Western India. Apart from opening outlets in the major metros, the company is now expanding to Tier 2 cities like Pune and Jaipur.

Challenges in Entering Indian Markets

Regiocentricism

McDonald's has continually adapted to the customer's tastes, value systems, lifestyle, language and perception. Globally McDonald's was known for its hamburgers, beef and pork burgers. Most Indians are barred by religion not to consume beef or pork. To survive, the company had to be responsive to the Indian sensitivities. So McDonald's came up with chicken, lamb and fish burgers to suite the Indian palate.

The Vegetarian Customer

India has a huge population of vegetarians. To cater to this customer segment, the company came up with a completely new line of vegetarian items like Mc Veggi burger and Mc Aloo Tikki. The separation of vegetarian and non-vegetarian sections is maintained throughout the various stages.

Strategies in India

In theory, we have strategies for almost every situation but the world is not ideal and poses different challenges almost every single day. Also, if one thing works in one situation at one location, it does not imply that it will surely work in similar situation at a different location. The global market, as a whole, is very diverse, and so are the needs and preferences of consumers. If a company wants to run its business successfully by establishing itself in different geographies, it has to customize its business strategies as per the local market.

4 P'S MIX

Product

McDonald's is famous for its hamburgers across the globe. These hamburgers are prepared from beef and pork but in India, most religions do not allow the consumption of these meats. Also, a large fraction of Indian population is vegetarian. McDonald's first had to study the eating habits and

preferences of Indian consumers and provide an entirely different menu. They completely removed pork and beef, and introduced varieties such as the Mc Veggie burger and the Mc Aloo Tikki. Even the sauces used are 100% vegetarian. India is the only country so far where McDonald's offers a vegetarian menu. McDonald's knowingly has limited the product length and breadth so that it can manage the quality and focus more on increasing the footprint in Indian markets.

Place

"Place" mainly consists of outlets and distribution channel. It plays a very crucial role because the product should be available to customer at the right place in the right quantity without any delay. The number of McDonald's outlets in India is increasing exponentially, with one outlet in almost every mall, marketplace, theatre, multiplex, airport, railway station, metro station and near amusement parks. After exploring metropolitan cities and Tier-I cities, they are aggressively expanding into Tier-II and Tier-III cities. They also maintain cleanliness, hygiene and uniform product taste to retain their customers and do constant innovation like providing free Wi-Fi, playing modern music to attract youth, and providing playing space to children at some of their outlets so that families can enjoy quality time in the restaurants.

Promotion

The promotion strategy is important as any other strategy because if the product does not reach out the target audience and deliver the right message, the company does not stand any chance to be successful. McDonald's promotion strategy consists of a mix of advertising, personal selling, sales promotion, public relations and direct marketing. Three main objectives of McDonald's marketing are to make people aware of the item, feel positive about it and remember it. McDonald's does its promotion through television, hoardings and bus shelters. Some of the most famous marketing campaigns of McDonalds are: "You deserve a break today, so get up and get away- To McDonald's", "Aap ke zamane mei, baap ke zamane ka daam", "Food, Folks, and Fun" and "I'm loving it". McDonald's employees are the first line of interaction for the customers and they are McDonald's best ambassadors for public relations and personal selling. McDonald's uses its website and home delivery services for direct marketing by customizing the offers as per the location and time, and also providing contact numbers of nearest outlets.

Price

Significance of setting up the right price is that if price is not right and if top/bottom line gets adversely impacted all the hard work in making and executing marketing strategies will go to trash. All 3P's discussed above (product, place and promotion) are expenses but pricing brings revenues. McDonald's is very aggressive in Indian market in terms of pricing. The products are priced such that they can also be afforded by middle class and lower middle class people (For example - Mc Aloo Tikki started only for INR 29 in Delhi). Besides offering the products for a low price, McDonald's also offers various meals like happy meal, combo meal, family meal, happy price menu etc., based on various parameters like quantity, number of items per person, etc., which are truly a value for money deal.

Marketing Initiatives at McDonald's

When operations in India began, initially McDonald's positioned itself as a place to visit with the baseline "McDonald's mein hain kuch baat" ("There's definitely something about McDonald's") in their advertisements. People were encouraged to try the McDonald's experience. However, over the years, after McDonald's had been hugely accepted by Indian customers, there was a need to evolve the communication strategy and move on from trying to encourage and motivate people to visit for the first time to making McDonald's a regular experience. After McDonald's established itself and people knew what McDonald's was all about, the baseline was changed to "To haaj McDonald's hojaye" ("Let it be McDonald's for today"), which talked about an everyday experience. The objective was to continue positioning McDonald's as a comfort zone for families.

Branding and Brand Loyalty

When you see the golden arches, what is the first thing that comes to your mind? Or what about when you see Ronald the clown, what comes to your mind? Finally, what has 2 all, special sauce, lettuce salad on a sesame bun? Hmmm.... sounds a lot like McDonald's knows how to capture your attention. One of the things that McDonald's has proved is that they are good at building its brand loyalty. Even

young children know that when you see the golden arches, that you are close to a McDonald's. With its international expansion efforts, McDonald's has become one of the most recognized brands worldwide. A couple of the things that has helped to build McDonald's brand is their constantly changing menu and brand packaging that meets the needs of their consumers.

Positioning Strategy

McDonald's positions itself as the leader in quick service restaurants. In order to maintain their standard, they have started marketing to a younger set of persons, much in the same way that their "I'm loving it" campaign does. Users and non-users alike will use the club McDonald's to their advantage. They expect that their younger target will seek out memberships in club McDonald's. The online points tracker and profile will add to the innovation factor. No need of paperwork when figuring out your point totals and prize eligibility. This is easy to use aspect of the promotion is appealing to those who were born with computers. Club McDonald's is targeted at younger people who are familiar with credit cards and some of the rewards cards that are part of them.

Growth Strategy

McDonald's growth strategy is based on three elements:

- Adding restaurants
- Maximising sales and profits at existing restaurants.
- Improving profitability.

Maximising sales and profits at existing restaurants will be accomplished through better operations, innovation, product development and refinement, effective marketing and lower development and operating costs. Improved national profitability will be realized as economies of scale are achieved in individual markets and as the company benefits from the domestic infrastructure.

Service Management Strategy

If we take any fast food restaurants the customer attracts firstly through brand and secondly with the most important thing to consider i.e. is services offered to them. If the services of any enterprise is not suitable to customer than it achieve the aim that has been proposed by them. The company's service management strategy is described within the philosophy culture image of the company, service systems, and human resources are considered.

Training Policy

It is the goal of McDonald's to develop the highest level of skill among all employees. Therefore, a common training programme has been established to develop staff and to meet the training needs of the company. McDonald's head of training is responsible for implementing and directing the training programme throughout the company. Operations supervisors and restaurant management participate in the programme and are responsible for individual restaurant results.

Developing the Supply Chain

World over, McDonald's believed in development of close relationships with suppliers and this is precisely what it has done in India. In the process, McDonald's actually encouraged entrepreneurship, by introducing the local suppliers to its global suppliers. This association involved transfer of state-of-the-art food processing technology, thereby leading to an improvement in quality standards and helping create world class manufacturing facilities in India. This was the first step towards creating the unique 'cold chain'.

SWOT Analysis

McDonald's maintains its position as the top player in the global fast food restaurant industry through strategies that address the internal and external factors in this SWOT analysis. The SWOT analysis framework identifies the most relevant internal and external business factors that determine the firm's success. McDonald's uses a variety of strategies to deal with these factors. However, the company faces considerable issues based on emerging conditions in the global market. This SWOT analysis points out the most pressing concerns that McDonald's must address to keep its leadership in the industry.

McDonald's Strengths

McDonald's strengths make it a leading contender in the fast food restaurant market. This aspect of the SWOT analysis shows the internal strategic factors that contribute to organizational viability. McDonald's main strengths are as follows:

- Strong brand image
- Moderate market diversification
- Standardized processes

McDonald's has a brand image that makes the business competitively strong. Another major strength is market diversification based on the firm's presence in most regions around the world. This factor reduces market-based risks. In addition, McDonald's has a comprehensive system of standardized processes, which is a strength that contributes to business efficiency and product consistency. This aspect of McDonald's SWOT analysis shows that the company has the capability to maintain effective operations.

McDonald's Weaknesses

McDonald's weaknesses are linked to the company's market focus, products and processes. This aspect of the SWOT analysis indicates the internal strategic factors that limit firm performance. McDonald's main weaknesses are as follows:

- Limited process flexibility
- Low product diversification
- Vulnerability to Western market decline

McDonald's standardization ensures consistency but also reduces the company's flexibility in responding to market variations. Low product diversification corresponds to the firm's focus on food and beverage products, which is a weakness that makes the business highly vulnerable to slowdowns in the restaurant industry. In addition, majority of McDonald's revenues are from the U.S. and other Western economies. This is a weakness because it makes the firm easily vulnerable to economic decline in the Western world. This aspect of McDonald's SWOT analysis shows that the company needs to globally expand, improve flexibility, and widen its product mix.

Opportunities for McDonald's

McDonald's opportunities are linked to its product mix and global growth. This aspect of the SWOT analysis points to the external strategic factors that support business growth. McDonald's main opportunities are as follows:

- Expansion in developing countries
- Market development in the Middle East
- Product diversification

Considering its dependence on Western markets, McDonald's has the opportunity to grow and expand in developing countries, such as Asian economies. The company can also use a market development strategy to establish operations in Middle Eastern countries that it has not yet entered. In addition, to address market-based risks, McDonald's has the opportunity to develop new products or enter new industries. This aspect of McDonald's SWOT analysis shows that the business has significant opportunities for global growth and expansion.

Threats Facing McDonald's

The threats to McDonald's are based on competitive rivalry and socio cultural trends. This aspect of the SWOT analysis deals with the external strategic factors that limit business development. The main threats to McDonald's business are as follows:

- Aggressive competition
- Healthy lifestyles trend
- Genetically Modified Organisms(GMO) trend and regulations

The restaurant industry is highly competitive. Aggressive competitors threaten McDonald's status as the market leader. Also, the healthy lifestyles trend is a threat because it discourages consumers from eating at McDonald's, which is often criticized for unhealthful products. In addition, GMO regulations are a threat because they have the potential to limit McDonald's products. The firm currently does not have a comprehensive policy on GMO ingredients. This aspect of the SWOT analysis shows that McDonald's needs to develop new policies regarding GMO ingredients, as well as new products to attract health-conscious consumers. This SWOT analysis shows that McDonald's can improve its business viability through continued global expansion, especially in high-growth markets. Also, the company can reduce risks by developing new products or entering new industries related to the fast food

restaurant industry. These are the most relevant actions McDonald's can take based on its SWOT analysis.

Conclusion

McDonald's road to success has not always been rosy. The task is mammoth as McDonald's tries to keep up in the race for a piece of the great Indian pie. McDonald's continuous product innovation and customer satisfaction through greater customer reach. In order to sustain in a very competitive market McDonald's has to continuously think of bringing in new concepts into all its operations especially in marketing. McDonald's had to bring in something that would help in long sustainability and that unrivalled position on the market as a "food retailer". The result of a spontaneous thought led to the introduction of breakfast outlets and a chance encounter with a technology specialist ended up with online booking orders and birthday parties and signature outlets. These are signature products of McDonald's and this will in the long run help McDonald's to improve it already ace services with better customer service and great shopping experience. The success of McDonalds in India could be measured by its continuous growth in Indian fast food market across India.

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GEORGE ORWELL'S VIEW ON DISILLUSIONMENT WITH IMPERIALISM

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Abstract

From 1922 to 1927, George Orwell was an imperial officer in Burma, which had been a province of British India since 1885. During those five years "He was responsible for the kicking, flogging, Torturing and hanging of men" Not surprisingly, this left Orwell with feelings of guilt and hatred for empire, which he saw as tyrannical by the end of his service as an officer. Not only does one see the guilt Orwell feel for the things. He did in Burma, But also the sense of responsibility to somehow reconcile his actions as a result. Carried out through the semi - autobiographical character James Flory. These feeling present in and form the basis of Burmese days.

Keywords: *Disillusionment, Imperialism, Flogging, Torturing, Hanging, Semi-Autobiographical.*

Introduction

While serving imperial Police in Burma, Orwell whitened an unpleasant picture of despotic British rule. He saw the exploitation of the innocent native people by the English. He reacted to this despotism and while putting the native prisoners behind the bar, he felt as he belonged to them. He realized that if he were in their place, he would have reacted. In the same manner as they were reacting to the Britishers. He found his British counterparts as oppressors and the native people as oppressed. And as was always with the oppressed against their oppressors, He found himself trapped in a suffocating atmosphere. He wondered how technically white skinned people had got to suppress and exploit the black skinned Burmese. Such nightmarish thoughts always tormented his soul during his days in Burma. He felt that the British government in Burma was a racket which disgusted him. So he determined to escape from this racket. Further, He disapproved the views of the ruling class that liberty is a value which the natives did not deserve to enjoy. Such, autocratic views of the white sahibs profoundly agitated his mind and he determined to expose the evils of imperialism. The misery of native prisoners, their howling children and women, when they were flogged with bamboo, extremely disturbed his peace of mind. His misery increased when he began to think that while he was an official of the British police, he was also responsible for all these inhuman acts. When the extreme sufferings of the Burmese grew intolerable to him, he quit his job in 1927. Even after he left the imperial police, the recurrent images of his days in Burma haunted him until the novel *Burmese Days* exposing the evils of despotic imperialist rule in Burma. As he was against every sort of man's dominion over man, he breaks down the images of Burma Sahibs and their wicked policies against the native Burmese. His humanistic approach towards society and love for man led him to criticize every kind of political system which trampled human liberty under foot in Burma and found British colonialism responsible for it. In this way, he served a cause for democratic socialism- a system where every individual might enjoy full liberty quite freely and where all the virtues of a true human life might exist.

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The novel exposes the inhuman and callous attitude of the British rulers towards the native Burmese people. But the most remarkable aspect of the book is its penetrating analysis of the slavish attitude of the native officials who vie each other to ascend the ladder of celebrity and reach the height of prominence in the eyes of the British rulers. This is cultural impoverishment of the native people under the baneful influence of imperialism. The essence of humanistic values is warped and the native people are devoid of all finer values of life. Their only concern of life is material success which, they feel, can be had by adhering to the policy of sycophancy, by slavishly obeying the commands of their rulers.

Orwell speaks through Flory, and English timber merchant operating his business in Kyauktada where the plot of the novel has been laid. Flory is critical of the attitude of the ruling clique. He also disapproves of the life native official whose sole aim of life is to get success at any cost, even by driving their fellow men out of the arena of life. Such persons are U PO Kyin, the sub-divisional magistrate of Kyauktada who his treacherous plans, has risen to this high post and is always engaged in treacherous acts to serve in own ends by bringing down the image of other native, Dr. Veraswamy, the civil surgeon and jail superintendent. Dr. Veraswamy is critical of the natives and worships his white sahibs as God. He cherishes a desire to get membership of the Pukka sahibs club, which is considered to be symbol of honor and prestige. Whereas, according to Orwell, the club is "the spiritual citadel, the real seat of the British power, the nirvana for which native officials and millionaires pine in vain."¹ He wants to enjoy the glory by way of his friendship with the white people. He has a great respect for them and without accepting the vices of the British Raj. Which has been revealed to him by his English friend Flory, he goes on to admire it beyond horizon. Orwell, through Flory, pictures the various images of the Europeans when he characterizes Macgregor, the duty commissioner and the secretary of the club, Westfield, the district superintendent of police, Lackersteen, the local manager of a timber firm Ellis, manager of a company: Maxwell, the divisional forest officer and Verall, an military Police official. Throughout the novel we come across such discussion which very clearly condemns the autocratic British rule in Burma and highlights Orwell's firm rejection of imperialism. Thus *Burmese Days* is Orwell's microscopic observation of the inhuman word of the European society and his bitter criticism of the beastliness of the Europeans towards the Orientals. Even U PO Kyin is in no way different from the British exploiters of the native people:

"U Po Kyin levied a ceaseless toll, an sort of private taxation scheme, from all the villages under his jurisdiction. If any village failed in its tribute U PO Kyin took punitive measures- gangs of dacoits attacked the village, leading villagers were arrested on false charges, and so forth - and it was never long before the amount was paid up. He also shared the proceeds of all the larger sized robberies that took place in the district."²

U PO Kyin is jealous of Dr. Veraswamy inasmuch as he does not want that the latter would become a member of the club. Although Dr. Veraswamy is a close friend of Flory, he does succeed in getting the membership of the club particularly because of the machinations of U PO Kyin. He persuades the Europeans to believe that the Doctor is disloyal and anti-British opinions because he knows that Europeans can expect a native official to take bribes but they can never tolerate disloyalty against the Raj. Throughout the novel we observe that the Europeans look down on the native Burmese. They do not hesitate to mock at Flory because he has soft corner for the natives, and referring to his close relations with Dr. Veraswamy, they say that Flory has a "Nigger Pal." Further, Ellis's extreme hatred towards the native Burmese runs a great deal in the novel. His satirical reaction. After he reads out a notice by Macgregor regarding election of a native member to the club, point towards the hateful attitude of the Europeans towards the native Burmese:

"He's asking us to break all our rules and take a dear little Nigger-boy in to his club. Dear Dr. Veraswamy, for instance, Dr. Very-Slimy I call him. That would be a treat, won't it? Little pot=believed niggers breathing garlic in your face over the bridge table.....we have got to hang together and put our foot down on this at once."³

Ellis always uses various insulting adjectives for the Burmese such as 'black', 'stinking', 'pot-bellied', greasy little sod of a nigger etc. Orwell's comment in this connection is apt:

"Ellis really did hate Orientals - hated them with a better, restless loathing as of some - thing evil or unclean. Living and working, as the assistant of a timber firm must, in perpetual contact with the

Burmese, he had never grown used to the sight of the black face. And hint of friendly feeling towards an oriental seemed to him a horrible perversity."⁴

When Ellis learns that Flory has close relations with Dr. Veraswamy, he abuses him condemns his love the natives. His hatred towards the natives is so extreme that he cannot even tolerate his native servants speaking in English:

"I can't stick servants who talk English. D' you hear, butler?"⁵

Thus, Ellis is a typical Pukka Sahib who treats the natives as even worse than animals and even their very presence makes him irritated and he goes and with hatred. Mrs. Lackersteen is a typical English woman, who always tries to keep herself at a great distance from the Orientals. She desires her native servants to be faithful to her like dogs. Her conversation with Mr. Macgregor reveals that is horrible to her native servants. She does not once upon a time servants used to be more faithful:

"I remember when we paid our butler only twelve rupees a month, and really that man loved us like a dog.....In my young days, when one's butler was disrespectful, one sent him along to a jail chit saying "please give the bearer fifteen lashes".⁶

Flory is not only critical of the European's callous attitude towards the natives, he is also conscious of the economic exploitation of the natives by the British Empire:

"My dear doctor.....How can you make out that we are in this country for any purpose except to steal? It's so simple. The official holds the Burma down while the business man goes through his pockets.....the British Empire is simply a device for giving trade monopolies to the English - rather to gangs of Jews and Scotchmen."⁷

When Dr. Veraswamy says that the Britishers have modernized Burma, Flory observes that they have destroyed its culture and thrown the dirt and filth of their society in the name of civilizing them, we're only rubbing our dirt on them. Where's it going to lead, this up rush of modern progress, as you call it? Just to own dear old swinery of gramophones and billycock hats."⁸

In this way, Flory exposes the myth of amelioration of a backward country under the aegis of imperialism and brings out how much a country is annihilated culturally, economically and spiritually. The exploitative design of the British Empire constantly disturbs Flory's mind. His mental agony and emotional crisis deepen when he thinks that he is the only Britisher in Burma who thinks so. While he is at work in the forest, he feels so disgusted with the inhuman world around him that he drinks excessively and as a result, his health deteriorates. In such a physical and mental condition his hatred against imperialism becomes more intense. "What was at the center of all thoughts now, and what poisoned everything, was the ever bitter hatred of the atmosphere of imperialism in which he lived."⁹

He firmly believes that "the Indian empire is a despotism-benevolent, no doubt, but still despotism with theft as its final object."¹⁰

He regrets that the freedom the Britishers enjoy in their homeland is totally absent in Burma. They are allowed to do any damn thing like, but cannot think freely. The British hatred of the natives is not limited to their verbal insulting comments. They do not hesitate to physically assault the helpless a Bumese. Verall, the military police official, who is new entrant in the club, beats the butler mercilessly. Members like Ellis consider that the employees of the club are their property whom they may use or handle as they wish. That is why he says to Verall:

"The butler was a piece of club property and not to be kicked by strangers.....It is our job kick the servants not yours."¹¹

When the natives rise in rebellion against the Britishers and kill Maxwell in the retaliation of the murder of member of their community, the white men are enraged and grow violent. Orwell aptly comments that these Britishers remain cool and well composed when they resort to mass annihilation of the native, but when a white man is killed, they grow wild with rage:

"Get somebody, anyhow. Much better hang wrong fellow than no fellow."¹²

Flory finds his life so disgusting in such an atmosphere that he commits suicide. Had Orwell not left his job in the imperial police, he might have also put an end to his life, because for a man like him, who has always been cherishing the ideals of human decency, equality and fraternity, any sort of dividing line between the ruling elite and the ruled populace is intolerable. Being opposed to any sort of

autocracy and despotism, he hated imperialism and protested against. in the words of Bernard crick, Orwell lunched:

“An individualist protest against alien rule and autocracy. The protest is compatible with libertarian socialism, with millite liberalism or even with Tory anti imperialism...”¹³

Conclusion

Orwell's bitter criticism of imperialism and exposure of false ideals of English society are surely a milestone in the way of his concept of democratic socialism, had he not concerned himself with such a view and he would not have attacked the very system, he himself served and the English fanatical characters who belonged to his own society.

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IMPACT OF POPULATION DIVIDEND ON THE GROWTH OF INDIAN ECONOMY

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Abstract

The growth of any economy lies in the hands of its people. Young working population had always proved to be a boon for the growth and development of the nation. According to United Nations Population Fund (UNFPA), approximately 1.8 billion people between the age group of 10-24 years old exist in the world today and this number is expected to increase by 2070. Much of the increase exists in the least developed countries (LDCs), who are experiencing rapid and large growth in their youth population. Empirical evidences suggest that developed countries (DCs) have enjoyed unprecedented economic growth by tapping the potential of their youth. UNFPA stated that, "The republic of Korea, saw its per-capita GDP grew by about 2200 percent between 1950 and 2008 and Thailand's GDP grew by 970 percent. Demographic dividend played a very important role in "Economic Miracles" of East-Asian Tigers and accounts for between 1/4th and 2/5th of economic growth. Ireland is a recent example of demographic dividend contributed positively to the economic boom of the 1990s, called "Celtic tiger". In this paper Impact of Population Dividend on the Growth of Indian economy has been discussed.

Keywords: UNFPA, DCs, GDP, LDCs, Population Dividend, Celtic Tiger, Economic Miracles.

Introduction

India is poised to become the world's youngest country by 2020 with an average age of 20 years which accounts for 28% of the total world's workforce whereas during the same period the average age in china and US is expected to be 37 years and 45 years in western Europe (CIA world fact book). The International labour Organisation (ILO) has predicted that by 2020, India will have 116 million workers in the working age bracket of 20 to 24 years, as compared to china's 94 million. It is also predicted that in 20 years, labour force in industrialized world will decline by 4%, in China by 5% while in India it will increase by 32%. IMF in 2011, predicted that India's population dividend has the potential to add 2 percent points per annum to India's per capita GDP growth over the next two decades.

Objective of the Study

The main objective of this paper is to access the quality of demographic dividend available in India for its economic growth and what can be done to reap the benefits of this population dividend.

Meaning of Demographic Dividend

A country is said to have demographic dividend where the fertility rate falls due to significant reduction in child and infant mortality rate, and begin to have fewer children, further reducing the proportion of non-dependents. It is often accompanied by an extension in average life expectancy such that it increases the proportion of working age group. This cuts spending on dependents and spur

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economic growth. According to UNFPA, demographic dividend means the economic growth potential that can result from shifts in population age structure, mainly when the share of working age population (15-64 years) in large and the non-working age share of population (14 and younger and 65 years and older).

In other words, it is a boost in economic productivity that occurs when there are more growing number of people in the work force relative to number of dependents. UNFPA stated that "a country with both increasing number of young people and declining fertility has the potential to read a demographic dividend". This unique phenomenon has been witnessed by countries around the world. In this initial stages of transition fertility rate falls, leading to a labour force that is temporarily growing faster than population dependent on its per capita income also increases more rapidly. This period generally lasts for five decades or more eventually, however the reduced birth rate reduces the labour force growth. Meanwhile, improvement in medical and health practices lead to an ever expanding elderly population, sapping additional income hence putting an end to the demographic dividend.

In the near future, India will be the largest individual beneficiary to the demographic dividend. According to IMF, "substantial portion of growth in India since 1980s attributes to the country's age structure and changed demography." The US Census Bureau predicts that India will surpass china as the world's largest economy by 2025 with the large proportion of population in the working age category. According to UNFPA (in their publication), "State of world population 2014, India has the world's highest number of 10-24 years old with 356 million despite of having smaller population than china which has 269 million young people followed by Indonesia with 67 Million young, US with 65 million, Pakistan with 59 million, Nigeria with 57 million, Brazil with 51 million and Bangladesh with 48 million. Nearly, 89% of the world's 10-24 years old i.e. almost 9 out of 16; lives in LDCs.

World's Population Dividend Structure as on 2014

(in Millions)

Country	Population between 10-24 years Age Group
India	356
China	269
Indonesia	67
US	65
Pakistan	59
Nigeria	57
Brazil	51
Bangladesh	48

Source: UNFPA, Report on State of World Population, 2014

In order to reap the benefits of this demographic dividend the following indicators need to be identified:

- Firstly, the economy should have the potential to absorb and productively employ this large resource that is the labour surplus (so called demographic dividend).
- The economy needs to increase its national saving rate which can lead to higher productivity as accumulated capital is invested.
- Human capital should be developed so that more sources can be invested by the government & family in the health and the education of the children.
- Domestic demands needs to be increased so that per capita consumption can increase and dependency ratio falls.

The so called demographic dividend available in India at present is poor-cum-healthy, uneducated, untrained and ill-matched to meet the demands of the modern job market. The country at present has the acute shortage of doctors, nurses and allied health proportional. About 16 million Indians are push to poverty every year due to health care expenditure. Public spending on health and family welfare is only 1% of GDP. The infant mortality rate is still very highest 40 percent per 1000 with majority of the survival babies suffering from mal-nutrition. 40% of children are underweight and 8 out of every

10 is anemic. Only 64% of the children are fully immunized. 33% of girls and women are under-nourished and 57% suffering from anemia. All these factors contribute to poor health and nutrition of our present and future generation. A horde of non-communicable diseases are inflicting damage to health and economy for example cardio-vascular diseases, diabetes, cancer, chronic respiratory disorders, mental illness etc. contribute 60% of death in the present. Adding to this in the air pollution damaging the health in the cities and the rural areas.

According to AICTE, 1 million engineers, graduates, diploma holders are added to the work force out of which only 2.68% meet the skill requirement of IT product sector, 92% lack computer programming & algorithms skill and around 56% lack soft skills & cognitive skills and a very small percentage has the ability to apply engineering mathematics to solve problems. (The National Employment report, Engineering graduates annual report 2012 published by Aspiring Minds, a Gurgaon based Employability Assessment firm.) Only 5% of India's labour force is estimated to have had any formal training" S. Ramadani, Vice Chairman of TCS & advisor to PM for National Council of skill development." Keeping the demographic dividend requires focused policy decisions. A recent UNESCO survey warns that there is no guarantee that the demographic dividend will automatically transmit into economic growth. India needs to put in place the appropriate social and economic policies and intuitions to absorb the rapidly growing labour force reforms in the health and education, financial inclusion and adequate employment opportunities are essential pre-requisite to ensure that India's young population is truly an asset.

The global economy is expected to witness a skilled manpower shortage to the extent of 56 million by 2020. Thus, the demographic dividend in India needs to be exploited not only to expand the production possibility frontier but also to meet the skilled manpower available abroad. Hence the future of India is bright if India's skill themselves to suit the future demand for jobs for both inside and outside the country. According to Mr. Sanjay Modi, MD of online recruitment firm Monster.com-"what is needed is a strategy of 3Es- Education, Employability, and Employment" what we must focus on is first education which will ultimately lead to higher employability.

To Reap the Fruits of Demographic Dividend the Policy Makers Need to Invest in:

- Family planning and reproductive health especially in the health of women and girl child.
- Invest in education.
- Invest in good governance and fiscal policies: To encourage individual savings and encourage direct foreign investment. Open trade policies need to be pursued to stimulate growth.
- Invest in economic policies to create jobs: non-agricultural jobs must be created because as young get more educated they do not like to what in the agricultural sector. (Nearly 5 million people left agriculture for non-agricultural jobs during the UPA government). With the increase in the number of educated girls, at least up to the secondary level jobs also need to be generated for gainfully employ them in the manufacturing sector like, government or modern services etc. Jobs can be created in the development of rural and urban infrastructure, housing and rural public works to absorb the unskilled.
- Investing in large scale skilled healthy workforce development can provide millions of jobs to the young people. The growth of Indian pharmaceutical sector in response to the rising global demand for generics can also increase employment opportunities.

Measures Taken by the Government to Benefit from Demographic Dividend

Various strategies in the 12th five year plan have been formulated so that young have access to quality education, better preventive and curable healthcare, job enhancing skills and foster generation of employment are being finalized to ensure greater productivity of Indian workers. New policies announced in the 12th five year plan (2012-2017) aim to 100 million work opportunities by 2022 (many in the labour intensive manufacturing sector such as textiles, gems, foot ware etc.). The government is also working to expand the access to education and vocational training of workers in the countryside including new rural broadband networking to connect rural areas to education opportunities and rights.

Suggestions

Government should do all they can to extend services for family welfare with the public sector targeting services and resources to the poor. Special attention should be on low income population with

strong public sector programs. Action can be taken through political will and professional skills to create a more robust health system with focus on primary health challenges in order to gainfully employ the young working force India need to generate 1 million jobs per year. Creating so many jobs is not an easy task. According to Subramanian, "it is doubtful that India could train workers fast enough." It is also not easy to build a manufacturing sector for unskilled labour. According to Subramanian, "much of the manufacturing is done through robots and machines and thus more skill oriented i.e. skill intensive and not unskilled labour intensive. If we fail to tap this demographic dividend the fear is that it may end up in a disaster, employment, frustration etc. and unemployable young men may become prey to extremists and fanatics as has already been witnessed by us in the past (terrorism in Punjab, Jammu and Kashmir, Assam etc.) and Maoists and naxalites in the present. This can happen because they have no stake in the society and they have not been equipped with education and skills to take advantage of the 21st century economic benefits. This makes good, effective and relevant education and skill development not only social and economic necessity but a natural security imperative for India.

"According to John Ross, "A failure to act on these issues could have a damaging effect on future prospects as unemployment increases, the social fabric crumbles and rising number of old people began to overwhelm available resources- embracing and understanding demographic challenges must therefore, be a priority for all governments. (in his article "Understanding the demographic dividend.")

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BANKING SECTOR REFORMS IN INDIA : AN OVERVIEW

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Abstract

Since nationalization of banks in 1969, the banking sector had been dominated by the public sector. There was financial subjugation, role of technology was narrow, no risk management etc. It resulted in little profitability and pitiable asset quality. The nation was caught in profound economic crises. The Government contemplated to announce wide-ranging economic reforms. Banking sector reforms were part of this predicament. In August 1991, the Government employed a committee on banking system under the chairmanship of M. Narasimham. This paper seeks to address the issue of banking sector reforms in India and the impact of the reforms in India.

Keywords: Nationalization, Subjugation, Pitiable Asset Quality, Profitability, Economic Reforms.

Introduction

The main aim of the banking sector reforms in India begun in the early 1990s was to create a well-organized, competitive and steady financial sector that can contribute to induce growth. Concurrently, the monetary policy made a systematic transition from direct instruments of monetary management to an increasing dependence on indirect instruments. However, as appropriate monetary transmission cannot take place without efficient price discovery of interest rates and exchange rates in the overall functioning of financial markets, the corresponding development of the money market, Government securities market and the foreign exchange market became necessary. Reforms in the various segments, therefore, had to be coordinated. This paper seeks to address the issue of banking sector reforms in India and the impact of the reforms in India.

Objectives

The main objectives of the research are as given under:

- To understand the banking sector reforms in India.
- To understand the impact of banking sector reforms in India.

Methodology

- Research Type: Exploratory Research
- Type of Data/Data Source used: Secondary Data/Data source.

The present study is based on secondary data. The requisite information has been derived from various books, articles from Newspapers, Magazines and Journals, and from several web-sites which deal directly or indirectly with the topics related to banking sector reforms in India. Pertinent information was then analysed to address the objectives of present study.

Main Text and Finding

First Phase of Banking Sector Reforms / Narasimham Committee Report, 1991

To promote healthy development of financial sector, the Narasimham committee made recommendations.

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Recommendations of Narasimham Committee

- Establishment of 4 tier hierarchy for banking structure with 3 to 4 large banks (including SBI) at top and at bottom rural banks engaged in agricultural activities.
- The supervisory functions over banks and financial institutions can be assigned to a quasi-autonomous body sponsored by RBI.
- Phased reduction in statutory liquidity ratio.
- Phased achievement of 8% capital adequacy ratio.
- Abolition of branch licensing policy.
- Proper classification of assets and full disclosure of accounts of banks and financial institutions.
- Deregulation of Interest rates.
- Delegation of direct lending activity of IDBI to a separate corporate body.
- Competition among financial institutions on participating approach.
- Setting up asset Reconstruction fund to take over a portion of loan portfolio of banks whose recovery has become difficult.

Banking Reform Measures of Government

On the recommendations of Narasimham Committee, following measures were undertaken by government since 1991:-

Lowering SLR and CRR

The high SLR and CRR reduced the profits of the banks. The SLR has been reduced from 38.5% in 1991 to 25% in 1997. This has left more funds with banks for allocation to agriculture, industry, trade etc. The Cash Reserve Ratio (CRR) is the cash ratio of banks total deposits to be maintained with RBI. The CRR has been brought down from 15% in 1991 to 4.1% in June 2003. The purpose is to release the funds locked up with RBI.

Prudential Norms

Prudential norms have been started by RBI in order to impart professionalism in commercial banks. The purpose of prudential norms include proper disclosure of income, classification of assets and provision for Bad debts so as to ensure that the books of commercial banks reflect the accurate and correct picture of financial position. Prudential norms required banks to make 100% provision for all Non-performing Assets (NPAs). Funding for this purpose was placed at Rs. 10,000 crores phased over 2 years.

Capital Adequacy Norms (CAN)

Capital Adequacy ratio is the ratio of minimum capital to risk asset ratio. In April 1992 RBI fixed CAN at 8%. By March 1996, all public sector banks had attained the ratio of 8%. It was also attained by foreign banks.

Deregulation of Interest Rates

The Narasimham Committee advocated that interest rates should be allowed to be determined by market forces. Since 1992, interest rates has become much simpler and freer.

- Scheduled Commercial banks have now the freedom to set interest rates on their deposits subject to minimum floor rates and maximum ceiling rates.
- Interest rate on domestic term deposits has been decontrolled.
- The prime lending rate of SBI and other banks on general advances of over Rs. 2 lakhs has been reduced.
- Rate of Interest on bank loans above Rs. 2 lakhs has been fully decontrolled.
- The interest rates on deposits and advances of all Co-operative banks have been deregulated subject to a minimum lending rate of 13%.

Recovery of Debts

The Government of India passed the "Recovery of debts due to Banks and Financial Institutions Act 1993" in order to facilitate and speed up the recovery of debts due to banks and financial institutions. Six Special Recovery Tribunals have been set up. An Appellate Tribunal has also been set up in Mumbai.

Competition from New Private Sector Banks

Now banking is open to private sector. New private sector banks have already started functioning. These new private sector banks are allowed to raise capital contribution from foreign institutional investors up to 20% and from NRIs up to 40%. This has led to increased competition.

Phasing Out of Directed Credit

The committee suggested phasing out of the directed credit programme. It suggested that credit target for priority sector should be reduced to 10% from 40%. It would not be easy for government as farmers, small industrialists and transporters have powerful lobbies.

Access to Capital Market

The Banking Companies (Acquisition and Transfer of Undertakings) Act was amended to enable the banks to raise capital through public issues. This is subject to provision that the holding of Central Government would not fall below 51% of paid-up-capital. SBI has already raised substantial amount of funds through equity and bonds.

Freedom of Operation

Scheduled Commercial Banks are given freedom to open new branches and upgrade extension counters, after attaining capital adequacy ratio and prudential accounting norms. The banks are also permitted to close non-viable branches other than in rural areas.

Local Area Banks (LABs)

In 1996, RBI issued guidelines for setting up of Local Area Banks and it gave its approval for setting up of 7 LABs in private sector. LABs will help in mobilizing rural savings and in channeling them in to investment in local areas.

Supervision of Commercial Banks

The RBI has set up a Board of financial Supervision with an advisory Council to strengthen the supervision of banks and financial institutions. In 1993, RBI established a new department known as Department of Supervision as an independent unit for supervision of commercial banks.

Second Phase of Reforms of Banking Sector (1998) / Narasimhan Committee Report 1988

To make banking sector stronger the government appointed Committee on banking sector Reforms under the Chairmanship of M. Narasimhan. It submitted its report in April 1998. The Committee placed greater importance on structural measures and improvement in standards of disclosure and levels of transparency.

Following are the recommendations of Narasimhan Committee:

- Committee suggested a strong banking system especially in the context of capital Account Convertibility (CAC). The committee cautioned the merger of strong banks with weak ones as this may have negative effect on stronger banks.
- It suggested that 2 or 3 large banks should be given international orientation and global character.
- There should be 8 to 10 national banks and large number of local banks.
- It suggested new and higher norms for capital adequacy.
- To take over the bad debts of banks committee suggested setting up of Asset Reconstruction Fund.
- A board for Financial Regulation and supervision (BFRS) can be set up to supervise the activities of banks and financial institutions.
- There is urgent need to review and amend the provisions of RBI Act, Banking Regulation Act, etc. to bring them in line with current needs of industry.
- Net Non-performing Assets for all banks was to be brought down to 3% by 2002.
- Rationalization of bank branches and staff was emphasized. Licensing policy for new private banks can be continued.
- Foreign banks may be allowed to set up subsidiaries and joint ventures.

On the recommendations of committee following reforms have been taken:

New Areas

New areas for bank financing have been opened up, such as: - Insurance, credit cards, asset management, leasing, gold banking, investment banking etc.

New Instruments

For greater flexibility and better risk management new instruments have been introduced such as: -Interest rate swaps, cross currency forward contracts, forward rate agreements, and liquidity adjustment facility for meeting day-to-day liquidity mismatch.

Risk Management

Banks have started specialized committees to measure and monitor various risks. They are regularly upgrading their skills and systems.

Strengthening Technology

For payment and settlement system technology infrastructure has been strengthened with electronic funds transfer, centralized fund management system, etc.

Increase Inflow of Credit

Measures are taken to increase the flow of credit to priority sector through focus on Micro Credit and Self Help Groups.

Increase in FDI Limit

In private banks the limit for FDI has been increased from 49% to 74%.

Universal Banking

Universal banking refers to combination of commercial banking and investment banking. For evolution of universal banking guidelines have been given.

Adoption of Global Standards

RBI has introduced Risk Based Supervision of banks. Best international practices in accounting systems, corporate governance, payment and settlement systems etc. are being adopted.

Information Technology

Banks have introduced online banking, E-banking, internet banking, telephone banking etc. Measures have been taken to facilitate delivery of banking services through electronic channels.

Management of NPAs

RBI and central government have taken measures for management of non-performing assets (NPAs), such as corporate Debt Restructuring (CDR), Debt Recovery Tribunals (DRTs) and Lok Adalts.

Mergers and Amalgamation

In May 2005, RBI has issued guidelines for merger and Amalgamation of private sector banks.

Guidelines for Anti-Money Laundering

In recent times, prevention of money laundering has been given importance in international financial relationships. In 2004, RBI revised the guidelines on know your customer (KYC) principles.

Managerial Autonomy

In February, 2005, the Government of India has issued a managerial autonomy package for public sector banks to provide them a level playing field with private sector banks in India.

Customer Service

In recent years, to improve customer service, RBI has taken many steps such as Credit Card Facilities, banking ombudsman, settlement of claims of deceased depositors etc.

Base Rate System of Interest Rates

In 2003 the system of Benchmark Prime Lending Rate (BPLR) was introduced to serve as a benchmark rate for banks pricing of their loan products so as to ensure that it truly reflected the actual cost. However the BPLR system fell short of its objective. RBI introduced the system of Base Rate since 1st July, 2010. The base rate is the minimum rate for all loans. For banking system as a whole, the base rates were in the range of 5.50% - 9.00% as on 13th October, 2010.

Performance of Public Sector Banks, New Private Sector Banks & Foreign Banks in India

After the introduction of reforms the performance of all banks in India have improved. The comparative performance of public sector banks, new private sector banks and foreign banks is given below:-

Productivity of Commercial Banks

Productivity is related to profitability. Productivity is analysed in terms of business per employee, profit per employee and business per branch. Let us Explain:-

Business Per Employee

In public sector banks the business per Employee has increased from Rs. 324.1 lakh in 2005-06. The business per employee in the new private sector banks was Rs. 728.9 lakhs in 2005-06 and it was Rs. 1012.8 lakh in foreign banks in 2005-06.

Business Per Employee

(Rs. in lakh)

Year	Public Sector Banks	New Private Sector Banks	Foreign Banks
1997-98	88.5	785.9	529.4
2005-06	324.1	728.9	1012.8

Source: New Century Publications, 2008

From above we can see that as compared to new private sector banks and foreign banks the performance of public sector banks is very low.

Profit Per Employee

In public sector banks the business per employee has increased from Rs. 88.5 lakh in 1997-98 to 2.9 lakh in 2005-06. In new private sector banks it was Rs. 6.3 lakhs and in foreign banks profit was Rs. 26.5 lakh in 2005-06. The profits per employee is the highest in foreign banks followed by new private sector banks.

Profits Per Employee

(Rs. in lakh)

Year	Public Sector Banks	New Private Sector Banks	Foreign Banks
1997-98	0.7	11.4	4.5
2005-06	2.9	6.3	26.5

Source: New Century Publications, 2008

Business Per Branch

In India, business per branch has been increasing. In 2004-05 per branch business was Rs. 4,242 lakh in nationalized banks, Rs. 7,454 lakh in SBI and its associates, Rs. 21,656 lakh in new private sector banks and Rs.1, 14,768 lakh in foreign banks.

Business Per Branch

(Rs. in lakh)

Year	Nationalized Banks	SBI and its Associates	New Sector Pvt. Banks	Foreign Banks
1999-2000	2,152	2,860	14,989	54,800
2004-2005	4,242	7,454	21,656	1,14,768

Source: New Century Publications, 2008

The per branch business is lower in public sector banks as compared to new private sector banks and foreign banks. After the introduction of reforms the productivity of public sector Banks have started to rise.

Profitability of Commercial Banks

Profitability of commercial Banks has been shown by following indicators:-

Interest Income Ratio

Interest Income Ratio (as percentage of total assets) of public sector banks has fallen from 8.8% in 2000-01 to 6.90% in 2009-10 and of foreign banks from 9.3%, in 2000-01 to 6.09% in 2009-10. New private banks has fallen marginally from 8.2% in 2000-01 to 7.07% in 2009-10.

Interest Expanded Ratio

Interest expanded Ratio (as percentage of total assets) has fallen for all groups. It has fallen for foreign banks from 5.6% in 2000-01 to 2.06% in 2009-10. For Public sector banks it has fallen from 6% to 4.77% and new private sector banks from 6% to 4.21% during same period.

Intermediation Cost to Asset Ratio (ICAR)

The ICAR of public sector banks has fallen from 2.7% in 2000-01 to 1.49% in 2009-10. For new private sector banks it has risen from 1.7% to 2.04% and for foreign banks again it has fallen from 3% to 2.56% for same period.

Return on Assets

It is rate of net profit to total assets. The ROA of all banks has risen. For public sector banks it has risen from 0.4% in 2000-01 to 0.88 in 2009-10. For new private sector banks it has risen from 0.8% to 1.22%, and foreign banks from 0.9% to 1.09% for the same period.

Net / Spread interest Margin

Spread is an important indicator of efficiency. In 2000-01 the spread interest margin of public sector banks was 2.9%, new private sector Banks was 2.1% and foreign banks was 3.6%. In the year 2009-10 the public sector banks spread is of 2.13%, new private sector banks is 2.86% and the highest spread is of foreign banks 4.035.

Asset Quality

Asset quality of banks is shown by the level of non-performing assets (NPAs).

Gross and Net NPAs of Commercial Banks

(As at end of March)

Banks	Total NPAs as % to Total Advances		Net NPAs as % to Net Advances	
	2009	2010	2009	2010
Public Sector	1.97	2.19	0.94	1.10
New private Sector	3.05	2.87	1.40	1.09
Foreign Banks	3.80	4.29	1.81	1.82

Source: - RBI Website

The gross NPAs as percent of total advances and net NPAs as percent of net advances of public sector banks have declined marginally in 2010 and that of new private banks and foreign banks have increased. In case of public sector banks the gross NPA ratio was 2.19% and net NPA ratio was 1.10% in 2010. For new private sector banks the gross NPA ratio decreased from 3.05% to 2.87% and net NPA ratio decreased from 1.40% to 1.09% during 2009 and 2010. The gross NPA ratio of foreign banks rose to 4.29% in 2010 and net NPAs rose to 1.82% in 2010.

Financial Soundness

The Capital Adequacy ratio (CAR) is the most important indicator of financial soundness of banks. As on 31st March, 2009, all commercial banks in India have become Basel II compliant. Under Basel II Indian Banks have to maintain a stipulated minimum capital to Risk Weighted Assets Ratio (CRAR) of 9%. The CRAR of Indian banks has risen from 14% at end March 2009 to 14.5% at end March 2010.

Customer Services

Indian banks have begun to offer many financial services to clients / customers. Core banking Solutions (CBS) is increasing very fast. Under CBS, a number of services are provided like: - anywhere banking, 'everywhere access' and quick transfer of funds in an efficient manner and at reasonable cost. The no. of branches of PSBs that have implemented CBS increased from 79.4% in March 2009 to 90% at the end of March 2010.

New Technology in Banking

The IT (Information Technology) has changed the Indian structure of Indian Banking. Technology has been identified by banks as an important element in their strategy to improve productivity and render sufficient customer service. In banking computerization has taken place all over the world. The purpose is to bring technology to the counter and to enable Employees to have information at their fingertips. The New technologies that are being used in banks are:-

Electronic Fund Transfer (EFT)

It is easy transfer of funds from one place to another. It enables the beneficiary to receive money on same day or next day. The customer can transfer money instantly from one bank to another, from one bank account to another or from one branch to other or a different bank not only within the country but also anywhere else in the world through electronic message.

Credit Card

Credit Card (post Card) is a convenient medium of exchange. With the help of credit card a customer can purchase goods and services from authorized outlets without making immediate cash payments but, within the prescribed limit.

Debit Card

Debit Card is a prepaid card and it allows customers anytime anywhere access to his saving or current account. For using debit card a PIN (Personal Identification Number) is issued to customers. Any transaction taking place is directly debited to the customer's bank account.

Phone Banking

In phone banking a customer can do entire non-cash related banking services on telephone, anywhere at any time. He can talk to a phone banking officer for transacting a banking business.

Tele Banking

Tele banking is a 24 hour banking facility based on the voice processing facility available on bank computers. Here banking services or products are rendered through telephone to its customers.

Internet Banking

Internet banking is on-line banking. It is a product of E-commerce. Internet banking enables customers to open accounts, pay bills, know account balances, view and print copies of cheques, stop payments etc.

Mobile Banking

Everybody with a mobile phone can access banking services, irrespective of their location. It is an extension of Internet banking. It provides services like account balance, mobile alerts about credit card or debit card transactions, mini account statement etc.

Door Step Banking

Here, there is no need for customer to visit the branch for getting services or products from the bank. This means banking services and products are made available to a customer at his place of residence or work.

Point of Sale (POS)

In an online environment the POS terminal is a machine that facilitates transactions through swipe of a card.

ATMs

ATMs are emerging as the most useful tool to ensure 'any time banking' and 'anywhere banking' or 'anytime money'. ATMs are self-service vendor machines that help the banks to provide round the clock banking services to their customers at convenient places without visiting bank premises. The customers are provided with ATM card.

Virtual Banking

It means rendering banking and its related services through use of IT. Some of the most important types of virtual banking are:-ATMs, electronic fund transfer phone – banking, credit card, debit card, internet banking etc.

Electronic Clearing Services (ECS)

It is non – paper based movement of funds. It consists of Electronic Credit Clearing and Electronic Debit Clearing.

Conclusions

The banking sector reforms, which were implemented as a part of overall economic reforms, witnessed the most effective and impressive changes, resulting in significant improvements within a short span. The distinctive features of the reform process may be stated thus: (a) The process of reforms has all along been pre-designed with a long-term vision. The two Committees on financial sector reforms (Narasimham Committee-I and II) have outlined a clear long-term vision for the banking segment particularly in terms of ownership of PSBs, level of competition, etc. (b) Reform measures have been all pervasive in terms of coverage of almost all problem areas. In fact, it can be said that, it is difficult to find an area of concern in the banking sector on which there has not been a Committee or a group. (c) Most of the reform measures before finalization or implementation were passed through a process of extensive consultation and discussion with the concerned parties. (d) Most of the reform measures have targeted and achieved international best practices and standards in a systematic and phased manner. (e) All the reform measures and changes have been systematically recorded and are found in the annual reports as well as in the annual publications of RBI on "Trend and Progress of Banking in India". To satisfy the growing demands from customers for high quality service, commercial banks will have to find out new ways and method to face new challenges. As banks are expanding in to virtual banking, supervision and audit will have to be strengthened. Banks will have to pay greater attention to fool proof security arrangements and systems to safeguard against frauds.

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AWARENESS IN CHILDREN ABOUT CHILD WELFARE PROGRAMMES BY SELECTIVE NGOs IN RAJASTHAN : AN ANALYSIS

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Abstract

It is considered imperative to design an effective system to raise the economic level of children living in Rajasthan because in the state large ratio of children are starving for their growth. Though economy of Rajasthan is growing in different sectors in the field of education, employment, rise in standard of living. But it is very much needed to have an internal check and control for the well-being of children. It is necessary to spread awareness in slums and outskirts areas about the importance of education, child development, vaccination, immunization, awareness of child labour act and an effective training which helps in bringing social justice to the children who has been marginalized. The sole purpose behind existence of NGOs is to serve the community group on whom they are focused. NGOs focus towards the socio-economic development because no society can rise without an efficient development of children. Since 2000 role of NGOs has increased to the major extent in the pace of developing children by giving them education, sanitation, health-care, gender equality treatment. NGOs aim at an overall integrated development of children. Children are the future of the nation. No economy can rise without an efficient development of children.

Keywords: *Education, Vaccination, Immunization, Child-labor Act, Socio-Economic Development.*

Introduction

NGO Non-Governmental Organization is the organization which has no intervention of government in their functioning. NGOs are the Voluntary organizations who mainly engage in serving the society as well as nation as a whole. The proliferation of NGO is sometimes viewed as an attempt to make diverse changes in the economy where NGO primarily focuses on the core issue related to human cause like sustainable development, developmental aid and other humanitarian issues. There are many problems which could not be solved effectively in short span of time but can be controlled to a major extent if looked out for the longer period of time. That is why my paper study is focused on the selective NGO who is mainly engaged in development of children. In my study i have selected four NGOs for conducting the study of the assessment of child welfare programmes and their implementation. The four selected NGOs are serving both girls and boys who come from within the Rajasthan, who are deprived of getting basic facilities and are neglected by the society

- Jan Kala Sahitya Manch Sansthan
- Surman Sansthan
- Samarth Seva Nyas
- Bal Vikas Kendra, Bapu Basti

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Child Welfare Programmes and Services

The major issues which are to be kept in mind associated with child welfare programmes are as follows:-

- **'Keep them Safe', 'Save the Girl Child'** Most NGOs have links to at least one peak body that provides advice and advocacy services on behalf of their members. Many peak bodies also have listings of services and networks in their particular industry sector. In regards to this peak bodies also have an important advisory role in relation to implementation of the reforms.
- **Support Services** for families of children staying in slum areas provide prevention, early intervention and child protection work with the whole family, and are designed to prevent family breakdown. services include counseling, advocacy and referral, group activities (such as courses to develop skills in parenting, self-esteem, communication, building and maintaining relationships, play skills for parents and children, money management and household management), activities for children, self-help groups and information about resources available for families. Family workers adopt a person centered, strength based approach to building on the existing skills of family members.
- **Children's Services** support parents and parenting by providing early childhood development for children up to the age of six years in long day care, pre-school, occasional care and family day care and before and after school care. Services may also work directly with children who have suffered abuse or neglect.
- **Services for Children with Disability** provide a range of services for children and young people with a disability, and their families and careers including case management, behavior support and therapy, as well as early childhood services for children 0-6 years old. In addition, families may access respite care (including in-home, host family and center-based services), support and education groups, and counseling services. For young people, services may also include day program, training and employment support services.

AIM & Objectives

- To assess the awareness in children about child welfare programmes
- To fight against exploitation, abuse, torture, violence, injustice with children
- To work uplifting status of girl child in the society. To develop an environment where girl child can also be able to live safely.
- To focus on measures to overcome the child abuse and to organize forums and camps on human values.

Review of Literature

- **The United Nations Convention on the Rights of the Child (2016):** "It is a human rights treaty which sets out the civil, political, economic, social, health and cultural rights of children. The Convention defines a child as any human being under the age of eighteen, unless the age of majority is attained earlier under a state's own domestic legislation."
- **Children and Family Court Advisory and Supervisory Service (CAFCASS) (2015):** "The procurement process for integrated provision is called a Children and Family Assessment, CAF Assessment, for integrated provision. The outcome is a CAF Action Plan to safeguard and promote the child's welfare with the specified outcomes of the services that best serve the child's needs to be delivered under the terms of proper consent"
- **Child Labour Act (2014):** "The Child Labour (Prohibition and Regulation) Act, 1986 does not specifically prohibit the work of children in agriculture; but restricts the maximum number of working hours in a day for children to six hours including time spent waiting for the work. The Act is limited to children up to 14 years of age and does not provide protection to children in the 15-18 years age group who work in exploitative conditions. On the other hand, the JJA pertains to children in need of care and protection, including working children below 18 years. The project recognizes the disconnect between these two legislations and has advocated for raising of the age bar from 14 years to 18 years."
- **Child panel Slow in Reacting to Cases- Child Welfare Committee (2013):** Rajasthan: "The NGOs working on child rights have expressed concern over the functioning of Rajasthan Commission

for Protection of Child Rights (RCPCR) and the Child Welfare Committee (CWC)-both entrusted to monitor the rights of children in the state. These NGOs allege that they have to run from pillar to post to get their work done including action on their complaints, registrations, inspection reports, to name a few. She exposed the case of Pastor Jacob who sexually exploited girls from Northeast, said: "Both the bodies don't give any time frame for any case. Shockingly, people heading the bodies are not aware of the laws governing rights of children."

Purpose of Study

In the emerging scenario from 2000 where civil society is playing a proactive role for various development areas in Rajasthan particularly child welfare, this has initiated a novel idea of developing collaborations and networking with various NGOs involved in the field of child welfare in the state of Rajasthan. Under this initiative, the NGOs are focusing particularly on education, health, nutrition and general awareness of children.

Hypothesis

- **Ho** : The children are not aware about the child welfare programmes by selective NGOs
- **Ha** : The children are aware about the child welfare programmes by selective NGOs

Research Methodology

The research paper on which study is done is emphasized on the role of NGOs in child welfare. In this context the research is processed by collecting primary data by filling up of questionnaire by the children who are residing in selective NGOs. My study is based on multiple issues related to child well-being i.e. right to education, vaccination, immunization, child-labour act, personality development for their social, mental and physical growth. Descriptive and explorative research design is opted to evaluate the functioning of NGOs on child welfare. For the final data analysis 110 filled questionnaires has been scrutinized.

Issues & Challenges

The critical issues which are creating a hurdle in child welfare are as follows:-

- This is one of the measure issue in the growth of economy that despite of rise in awareness in society children are living in slum areas in and around Jaipur
- It is a major drawback that poor parents who can't survive force children to beg which is violating child rights
- Despite of many actions taken against prevention of child labor. Still there are many children forced to work in factories, vendor shops, on streets etc.
- It is a matter of bitter misery that children are found sleeping on streets that are orphaned, abandoned, and underprivileged.
- There is a violation of children rights in society. Right to participate, act and express is not with all the children of society.

Reliability Analysis

The reliability of research tool is measured as Cronbach's Alpha

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Gender	11.62	16.073	-.203	.772
Age Group	9.17	11.520	.487	.706
Going School	11.26	14.178	.372	.724
Awareness about Vaccination & Immunization	11.48	13.298	.541	.706
Awareness about 'Right to education' Act	11.42	13.310	.555	.705
Awareness about 'Child Labour' is a crime against humanity	11.41	13.345	.548	.706

Data Analysis

It is procedural set of activity to collect information and find out the significance and associations of findings. It is done with the help of inferences drawn from the collected data.

Table 1 Awareness about Vaccination & Immunization

Awareness about Vaccination & Immunization	Frequency	Percent	Cumulative Percent
No	48	43.64	43.64
Yes	62	56.36	100.00
Total	110	100.00	

Z Value	1.330
P Value	0.182

Table 2 Awareness about 'Right to Education'

Awareness about 'Right to education' Act	Frequency	Percent	Cumulative Percent
No	41	37.27	37.27
Yes	69	62.73	100.00
Total	110	100.00	

Z Value	2.671
P Value	0.008

Table 3 Awareness about 'Child Labour' is a Crime Against Humanity

Awareness about 'Child Labour' is a crime against humanity	Frequency	Percent	Cumulative Percent
No	40	36.36	36.36
Yes	70	63.64	100.00
Total	110	100.00	

Z Value	2.862
P Value	0.004

Conclusion

On the basis of profile of children assessment has been made about the focus of NGOs towards them. It has been analyzed that NGOs are making an effort to send as many children to school as they can up to their maximum possibility. They are also focusing on girls and boys with same parameter. Though it has been found that children below 8 years is lesser in number as compared to children above 8 years according to the analysis of data:

- In table 1 since the P-value (0.182) is greater than the significance level (0.05), we cannot reject the null hypothesis. That means almost 50: 50 percent children are aware about vaccination and immunity.
- In table 2 since the P-value (0.008) is less than the significance level (0.05), we reject the null hypothesis. That means mostly (63%) children are aware about Right to Education.
- In table 3 since the P-value (0.004) is less than the significance level (0.05), we reject the null hypothesis. That means mostly (64%) children are aware about 'Child Labour' is a crime against humanity.

Data has been collected on the basis of awareness of children about the right to education; child-labour is a crime against humanity, vaccination and immunity. Though 50 to 65 percent children are aware about it but more programmes and workshops should be organised by these NGOs so as to increase this percent.

Suggestions

- It is suggested after analysis that all children below 5 years of age must be given vaccination so that they can be prevented from disease.
- Despite of many programmes to be conducted by NGOs as well as government still there are many children who were not aware about child Labour act
- Right to education should be more speeded among the society or area from which children are coming

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CONSUMER BEHAVIOUR TOWARDS ONLINE SHOPPING (A CASE STUDY OF JAIPUR CITY)

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Abstract

Indian online sector is growing day by day and year by year. Digital revolution and advanced technology are playing a vital role in strengthening the roots of online shopping. The growing use of Internet in India provides a developing outlook for online shopping. E-commerce has been around in India for more than a decade but has become main stream only in the last few years. By analyzing the current behaviour of Indian consumers, experts estimated that the trend of online shopping will become basic phenomena among consumers in coming years. If online retailers know the factors affecting online behaviour, and the relationships between these factors and the type of online consumers, then they can further develop their marketing strategies to convert potential consumers into active ones, while retaining existing online consumers. Companies also use the Internet to convey, communicate and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with consumers. Many companies have also started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. Consumers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities they will receive if they purchased the product from particular website. The present study is to analyze the changing trends in online shopping of Indian consumers and factors which online Indian buyers keep in mind while shopping online. In the beginning stages of online shopping consumers were reluctant to buy online as it has many limitations. But today the market is able to overcome many of the limitations and build confidence among the consumers to buy online. For the findings a survey was conducted based on primary data.

Keywords: *Online Shopping, Consumer Behaviour, Digital Revolution, Advanced technology.*

Introduction

At present, there is a transformative change in consumer buying behaviour. Online shopping is the all new trend of shopping in India, that's basically is computer based- shopping same like E-banking. Consumer is getting fascinated by online shopping. A study reveals that over the past few years, online shopping has increased percentage of online consumers in India and is unquestionably going to be the future of shopping in the human race. The concept of online shopping is a great example of the digital

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revolution in India. Currently, Online shopping in India is experiencing a period of rapid development. In online shopping, consumers purchase the products directly from the online retailer by using web browsers. Online retailers offer best price for the product and a completely hassle-free shopping experience. These stores offer free home delivery, cash on delivery options, Interest free EMI options, 24 x 7 customer care service, and payment through Debit or Credit cards of their consumers. Consumers can access them anytime anywhere. Online shopping is growing at a phenomenal pace in India. It is the use of technology for better marketing performance. Through online shopping, different type of business and organizations has gained a tremendous opportunity to increase their sale and to maintain a direct relationship with its consumers. The increasing use of internet by the young generation in India provides an emerging prospect for online retailers.

What is Consumer Behaviour?

Consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on consumer and society. Consumer behaviour of every individual is different from other depending on buying choices which is influenced by buying habits and choices that are turn tampered by psychological and social drivers that affect purchase decision process. Consumer behaviour about purchase decision making is difficult to define and is a system of short cuts and rule of thumb which is unpredictable. The short cuts in purchase decision making differ from person to person and focusing on the past experience of consumers; we can only predict the future trends by bringing profitable products and services into the market.

Why Online Shopping?

Online shopping is a form of electronic commerce whereby consumers directly buy goods or services from a retailer over the Internet without an intermediary service. There are various reasons of shifting the consumers buying patterns towards online shopping. The easy to find, facility of comparing product with competitive products on the basis of price, size, color and quality is one of the biggest benefits of online shopping. You don't have to waste your time in going to store and standing in front of the crowd. Freedom of choice is very high in online than shopping from a nearby store. In online consumers can choose the product they are looking, from a vast range of products. The facilities of discount scheme and coupons are also attracting the consumers in online shopping. Dependable websites like Ebay, Myntra provide buyer protection to motivate consumers to buy from their site. These highly trusted websites will give consumers their money back if any retailers do not deliver the item or deliver an item which does not match with the description. The increasing consumer base, principally of youths, is playing a significant role in the online shopping. Because of wide communication network e-commerce has become the new mediator between the manufacturers and their consumers. The more innovative ways of online payment and increasing internet penetration has given a paradigm shift and push to online industry. The increase of internet technology in India has enormous potential. It will abbreviate the geographical boundaries in bringing buyers and sellers together. The boost in use of internet by the younger age consumer has provided a promising outlook for online retailers. The majority of the companies are operating their on-line portals to put up for sale, to condense marketing costs, and subsequently crater the prices of their products and services to continue the same position in the future market.

Impact of Internet on Consumer Behaviour

E-commerce has impacted consumer behaviour through widening choices for consumers in several levels. Specifically, nowadays consumers have an opportunity of comparing various aspects of products online prior to making a commitment of purchasing from a specific brand. Higher incomes driving the purchase of essential and non-essential products. Evolving consumption patterns of Indian customers. New technology and lifestyle trends creating replacement demand. Consumers are more informed and aware about the products and their prices. They are now making a wise and rational choice. This influences on consumer behaviour are often made between external and internal factors. External factors come from the environmental conditions, and internal factors are usually from the consumer's mind. There are many factors which could influence consumer behaviors. According to Warner, the external influences could divide into five sectors: Demographics, socio-economics, technology and public policy; culture; sub-culture; reference groups; and marketing. The internal

influences are variety of psychological processes, which include attitudes, learning, perception, motivation, self image, and semiotics (Malcolm). In addition to these, Sheth also suggested that the consumers have two types of motives while shopping, which are functional and non-functional. The functional motives are mostly about the time, shopping place and consumer's needs, which could be like one-stop shopping to save time, the environmental of shopping place such as free parking place, lower cost of products and available to choose from widely range of products. The non-functional motives are more related with culture or social values, such as the brand name of the store. The traditional shopping is simply about the customer to purchase their needs. This behavior will be influenced by the seller's advertising and promotion which attracts customers goes there and purchase goods, afterwards a part of new products will be taken home and be used.

Online Shopping In India

It is a fact that a great online shopping revolution is expected in India. Digital revolution and changing habits of consumers are the main reasons for the growth of online shopping in India. There is a huge purchasing power of a youth population aged 18-40 in the urban area. The growth of Internet subscribers, is getting doubled year by year. Rural people are too coming forward to join this digital revolution. This is also getting increased day by day as the costs of products are decreasing and net penetration is increasing. The cost of internet usage is also getting lower, with good competition among the providers. Wi-Fi & Wimax system has also started in India. This will increase the usage as it goes more on wireless internet. Indians are proving every time that they can beat the world when it comes to figures of online shopping. More and more Indians are going to online shopping and the frequency of India's online buying is crossing the overall global averages. Problems of traditional mode of shopping are also removed by online shopping such as lack of retail space, real estate issues, problems of HR- training of sales person, receptionist etc., cultural diversity etc

Objective of Study

- To study the consumers buying behaviour and the shopping pattern.
- To find out reasons for acceptability of E-Marketing among the prospects.
- To identify the obstacles faced by the consumers while shopping online.
- To identify the factors which influence consumers to attract for online shopping.
- To give the suggestions to overcome the problems associated with online shopping.

Review of Literature

Internet users attitudes and intentions to use the internet for shopping online are within the theoretical constructs of the Theory of Reasoned Action. The Theory of Reasoned Action examines the relationship between attitudes and future intention to participate in these buying behaviour.

- **Chitra Sharma (2015)** in her study "consumer buying behaviour towards online shopping" concluded that online shopping is having very bright future in India. Perception towards online shopping is getting better in India. With the use of internet, consumers can shop anywhere, anything and anytime with easy and safe payment options. There are two factors mainly influencing the consumers for decision making: Risk aversion and innovativeness. Risk aversion is a measure of how much consumers need to be certain and sure of what they are purchasing. Highly risk adverse consumers need to be very certain about what they are buying. Whereas less risk adverse consumers can tolerate some risk and uncertainty in their purchases. The second variable, innovativeness, is a global measure which captures the degree to which consumers are willing to take chances and experiment with new ways of doing things.
- **Economic times article "Bata, Fabindia & Evok going for the plan to cash in on online shopping craze" (2014)** A growing number of brick-and-mortar retailers and mall operators are adopting a "click-and-collect" strategy — where consumers buy products online but take deliveries from physical stores — in a bid to join the online shopping frenzy and, at the same time, ensure higher footfall in offline shops, ethnic wear brand Fabindia, Flying Machine jeans, furniture seller Evok and mall operators Infiniti Mall and Virtuous Retail are among retailers that offer or plan 'click and-collect' service — a concept introduced by retailers such as Wal-Mart, Tesco and Target that has taken off in a big way in the US and Europe this year. The move comes at a time when a burgeoning number of Indian consumers are shifting a good part of their shopping to e-commerce

players such as Flipkart, Amazon and Snapdeal. Infiniti Mall in Mumbai, for example, is working on an e-commerce concept where its tenants are encouraged to give about 10% discount to online shoppers, but the consumers must visit the stores to take delivery. Virtuous Retail, which operates malls in six cities across the country, too, is working on a similar model. According to a research, India had an internet user base of about 243.2 million as of January 2014. Despite of being third largest user base in world (after United States and United Kingdom) India is growing at a much faster rate, adding around 6 million new entrants every month. Today India has been one of the most vibrant cash economy in the world where the consumer's buying behaviour involves an initial overall inspection of the product from different perspectives and paying then after. Further, consumers in India do not extend much trust on the transit facilities for the delivery of the products. Because of all these reasons, cash on delivery is the most preferred mode of payment in India. Essay on modelling consumer behaviour in online shopping environments" examined online buying behaviour across multiple shopping sessions. Shopping cart abandonment is the bane of many e-commerce websites. He developed a joint model for the cart, order, and purchase quantity decisions. The interdependence between the error terms. Empirical analysis shows that not all abandoned shopping carts and complete the final orders. Among the factors that propel consumers to continue with abandoned cart, and promotion intensity. The study offers marketers important managerial implications on how to mitigate the shopping cart abandonment problem.

- **Nielsen Global Consumer Report, (2010)** found that books and clothing was at top of the list for planned online purchases in next six month which is followed by online airline tickets, hostel/tour reservation, other engaging product and services tagged for future online purchases include electronic equipment, cosmetics/nutrition supplies, computer hardware, videos/ DVDs/games and groceries. Globally one third of consumers prefer to do online shopping at retailers that have only an online presence (like amazon.com). 20% of customer prefers those site that also have traditional "brick and mortar" stores, 16% of customers globally indicate that they have never shopped online. Almost half (47%) of online consumers indicate they have never made online purchase. Shoppers considers online reviews and peer recommendations while researching future purchases of consumer electronics, cars and travel, and 40 percent of online shoppers would not even buy electronics without consulting online reviews first. 79% of online European consumers plan to purchase products or services via the Internet. Online reviews and opinions were most important when buying and researching cars, software and consumer electronics. Nielsen Report, (2014) found that almost half of global respondents in an online survey intend to purchase clothing or make airline or hotel reservations using an online device in the next six months. Other categories growing in prominence for online shopping include e-books, event tickets, sporting goods and toys (to name a few). Spending intentions for each have risen at a double-digit or near double-digit percentage-point rates since 2011. The online market for buying groceries and other consumable products is comparatively smaller but is starting to show promise. While durables are the starting point of adoption, consumables are attractive due to the frequency of purchase. Aside from online purchasing, digital is an increasingly important research and engagement platform. Consumable categories are not likely reach the same level of online prominence as non-consumable categories due to the hands-on buying nature and perish ability of the products, but the market is wide open and an eager audience is at the ready.

Research Methodology

Research on the effect of consumer behaviour towards online shopping is a descriptive search. This research is confined to Jaipur city only. It also aimed at fact finding. Here population represents residents of JAIPUR (Rajasthan) city only. Samples selected are comprised of business professionals, students and other educated people of urban area only. Both primary and secondary data have been used for the purpose of this study. Primary data is collected with the help of a structured questionnaire the same is finalized after conducting a pilot study. Questions were prepared using Nominal scale & Ordinal scale as attributes studied were not parametric. The secondary data is collected from various published sources such as books, journals, newspapers, websites etc.

Sampling Design

- Sampling frame:- consumers between 18 years to 35 years.
- Sampling unit:- youth in Jaipur using online shopping.
- Sample size:- 200 respondents.
- Sampling method:- non-probability-convenience sampling

Data Analysis and Interpretation**Table 1: Online Purchase**

Rating	No . of Respondents	Percentage
Yes	182	91%
No	18	9%
Total	200	100

Inference To know or understand the changing trends in online shopping one should experience online shopping. It is found that 91 % of the respondents have experienced online shopping and the remaining 9% have not experienced online shopping.

Table 2 Respondents Who Search Online and Buy in Store

Rating	No . of Respondents	Percentage
Never	63	31.5%
Rarely	10	5%
Sometimes	85	42.5%
Often	10	5%
Very often	32	16%
Total	200	100

Source: Primary Data

Inference It can be inferred from the above table that 31.5% of the respondents do not search online and buy in a store, 5% respondents rarely follow the above pattern, 42.5% prefer this option sometimes, 5% of the respondents prefer this option often and 16% of the respondents prefer this option very often.

Table 3: Respondents Who Search in Store and Buy Online

Rating	No . of Respondents	Percentage
Never	10	5%
Rarely	18	9%
Sometimes	25	12.5%
Often	61	30.5%
Very often	86	43%
Total	200	100

Source: Primary Data

Inference It can be inferred from the above table that 43% of the respondents prefer this option very often, 30.5% of the respondents prefer often, 12.5% of the respondents are neutral who prefer this option sometime, 9% consider this option rarely and the remaining 5% do not prefer this option at all.

Table 4: Average Amount Spent in Online Shopping Per Month

Rating	No of Respondent	Total
Below 1000	41	20.5
1000-3000	78	39
3000-5000	53	26.5
5000 and above	28	14
Total	200	100

Inference From the above table it can be concluded that about 39% of the respondents spend between Rs. 1000-3000, 26.5% of the respondents spend between 3000-5000, 14% above 5000 and 20.5% of the respondents spend below 1000.

Table 5 Promotional Activities that Attract People to Shop Online

Rating	No of Respondent	Total
Discount	90	45
Extra offers	40	19
1+1 offers	22	11
Advertisement	48	24
Total	200	100

Source: Primary Data

Inference It can be inferred that discounts attracts 45% of the respondents, 24% are attracted by advertisement, 19% by extra offers and 11% by 1+1 offers. So the above table and chart says that more the offers the people are attracted to shop online due the financial benefits as they can save more because of offers.

Findings of the Study

Almost all the respondents who shop online have access to internet except a very few who do not have direct access to internet. In the survey conducted almost all the respondents have had previous experience in shopping online. Respondents prefer to search products in store and buy online rather than search online and buy in a store, the respondents prefer the option of searching in a store and then buy online is to assure the quality and fitting. The respondent's family income affects the online buying behaviour. Various offers attract large number of online consumers as it leads to saving of money. Heavy discount offers attract the most. Advertisement also plays a vital role in online shopping. Consumers are fascinated by such advertisements. According to the responses given by the respondents most of the people are aware of the new trends in online shopping, it means that respondents adapt easily to the changing trends which encourages the online retail to experiment with new trends. Consumers prefer to shop online because of the ability to shop around for a lower price and the flexibility of shopping hours. Amongst all the other facilities quality of product is the most important variable preferred by the respondents as the quality matters the most, also with the quality the respondents look into a better consumer service from the online retailers while buying. Along with product quality as the important criteria for online shopping the respondents prefer easy navigation facility followed by price and product availability. While shopping online the respondents prefer that online retailer who has a better return policy and the ability to compare the products in the website that is the online site should be user friendly. One of the major problems faced by the respondents while shopping online is that they cannot check the fitting of the apparel, for which the alternative is found by few of the online retailers that a facility called true-fit which lets the buyers to check their fitting.

Suggestions

Based on the findings of the study the following suggestions are given to overcome the problems associated with online shopping. The online retailers should give first preference to the quality of the product than any other factor, as consumers today are quality conscious. The online retailers can also bring international brands which are not easily available to their sites as many of the international brands are not found everywhere, so that the Indian consumers can get their favorite international brands from anywhere in the world. The online wardrobe should be updated according to the changing fashion in the country as the consumers are updated in the changing fashion. Since the fittings are important the online retailers should have a policy where consumers can try the product as soon as it is delivered and then return it there itself, if the customers are not satisfied. Online retailers should concentrate on prompt delivery and supply of non-defective products which enables to remove the misconception about online shopping.

Conclusion

Online shopping must be seen as revolutionary in the world of retail industry and viewed through a reformist lens to capture the potential in it. Online shopping, even its size is smaller than traditional shops, is giving a threatening competition to traditional shops. Traditional sellers may not be able to compete with these online players without stepping into their shoes. Traditional sellers have to go online as in many segments such as apparel, books, music, electronics etc. where product specifications are standard and differentiation is low, consumers are going online and traditional sellers

unable to match their huge discounts & volume games played by online sellers. More time should spend on online marketing as the rural areas are not aware of the online shopping facilities. They should also indulge in cost cutting, reach their customers, target markets, build long term relationship, available at all hours, low cost and better quality apparel and increase sales. As the online shopping is at its sprouting stage in India, these online retailers, to build trust; confidence and comfort among customers, should maintain consumers services by forming an efficient model for tracking the movement of ordered goods & ensure timely deliveries, cash back system as well as replacement of product if broken, damaged etc. A need for an efficient and effective order management model is there in online shopping in India. Overall online shopping in India offers many opportunities for growth of retail sector in the coming years and also making India an attractive destination for other countries to invest in. Online shopping helps the online retailers to know the buying behavior of consumers better.

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ONLINE SHOPPING EXPERIENCE WITH SPECIAL REFERENCE TO FLIPKART: A STUDY

Neha Jain*

Abstract

Online shopping in present scenario is a form of electronic commerce which allows consumer & customers to directly purchase goods from seller over the internet using a web browser .Very rapidly traditional customer are now converting at a very fast phase to online shoppers reason being that online shopping site provides a wide variety of products at affordable & reasonable price with large number of new schemes, discounts & surprising variety of offers.

Keywords: *Online Shopping, Scenario, E-retailing, Ecommerce, Electronic Promotion, Discount & Offer Etc.*

Introduction

E-retailing business plays an important role. In modern business mythology that addresses the needs of online shopping & consumer.

In order to

Minimize cost. Improve the quality of pleasure of enjoying goods. as per demand increase the speed of service and delivery. Electronic commerce replaces the swapping of money or goods with the exchange of information from computer to computer in advanced technology. Electronic commerce allows consumers to directly interact buy goods and services from a seller over the internet using a web browser, flipkart website ,e-shop etc. Flipkart established in 2007. It is an e-commerce company. established by Sachin Bansal and Binny Bansal . it is registered in Singapore , with head quarters at Bangalore , Karnataka .

Five Facts about Flip Kart

In Bangalore the company was started from a residential apartment. Only Rs 10,000 monthly allowance founders Sachin and Binny Bansal received from their parents for period of 18 months to start up. Today s largest office lease contract closer used to operate from an office space that had a rent of Rs 8000 per month. Book was a first product sold by site entitled Leaving Microsoft to change the world by john woods. Tiger global made a cold call to their customer service number to speak to Bansal –duo for offering and investment. Flipkart sells its stuff via another company named ws. Retail. it means that consumer buy from Flipkart but ws. Retail or any other Indian retailers does all the formalities’ of fulfillment of consumer and customer order . Majority of its stakeholders are also foreigners.

History

From traditional mode of shopping customers are now rapidly converting at a very fast rate to online customers.

Reasons for Shift In Online Shopping

- User friendly interface of websites.
- Cash on delivery.
- Better price range and product range.

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- Delivery timelines.
- Services and return policy satisfactory.

Subject of the Study

To study the reasons for the acceptance and rejection of online shopping by internet users.

Methodology

In present study we basically used secondary data which are published in journals, books, website, university, news, newspaper and articles and summary of different souvenirs on the particular topic.

Product Line by Flipkart

Flipkart provides various wide product catalogs with approachable price and attractive discount products can be purchased online and payment made by e-payment or cash on delivery very home shopping provides wide range of product base like baby and kids, women , men, home and kitchen, media and books more stores, offer.

Advantage of Online Shopping

Convenience

Availability of 24 hours a day of online store . consumers and customers easily internet access from any where i.e from work and at home . our choice product finding online is much easier and immense pleasure giving than looking for it in the local store or from traditional way of shopping . in store it is time consuming and annoying when on online shopping having potential educated audience .

Disadvantages of Online Shopping

- **Delay:** When it takes time and extend time frame in delivering the product from their site to our desired door step . we need in a time frame and immediately some time due to some issues it is not possible in online shopping.
- **Expectation and Perception GAP**
 - What we ordered and what we actually received there is difference of quality if a produced and product might be different than the actual product. Customer can not find satisfactory product even after looking in the wide range of shops . As comparatively in online we don't have to face this problem . easily accessible, approachable time saving, we can do search, comparison and select specific product as per our interest and budget.
 - **Less Consumption of Energy and Time :** Physically if any one is not able to approach local store he or she shop through online shopping from the local store . More time expensive affair if consumer do not have his or her own vehicle.
 - **Cost:** Advertising online offers a good better return than in another media.
 - **Measurability:** Done in terms of advertiser side as well as from customer transportation charges. delay in delivery of a product and transportation charges are one of the main drawback of shopping online. Items are generally approachable to purchase online but the additional transportation charges makes the price range mostly similar more expensive than your nearby local retail store.
 - **Warranty Issues:** A customer suffers due to warranty issue in many cases many electronic items are sold without international warranty. So customer make sure contact with the seller to verify carefully whether the item has international warranty or not.

Conclusion

These reflects that in near coming future there will be a large number of online shoppers and the frequency of their online shopping will definitely also increase day by day .

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CORPORATE SOCIAL RESPONSIBILITY PERSPECTIVE: A CONCEPTUAL ANALYSIS

Dr. Nishi Kanta Mishra *

Abstract

Corporate Social responsibility is a successful element in corporate sector now. The recent CSR activity is no longer an investment criteria for the firms but an marketing tool for the sustainability of the firm in the long run. The strategic CSR activity is the key element for the corporate sector in order to shoulder the ethical responsibility for the society as the firm operates in the society. There are many issues and challenges for the corporate sector in order to overcome the CSR activity. Most of the firms are interested to protect the shareholders benefit through CSR activity. Customer value and society wellbeing should be the objective of every CSR activity in our country. Now it is mandatory on the part of the organizations to spent 2% to 5% of their net profit in CSR activity every year. This article aims to highlight some of the conceptual features of CSR and some of the theories of CSR and at the same time analyze some of the issues and challenges faced by firms while operating CSR activity.

Keywords: *Corporate Ethics, Transparency, Brand Value, Credibility, Shareholders value, Local Capacity.*

Introduction

Success of entrepreneurial activity is the key factor for economic development of a nation. Positive development in a society can only be possible when entrepreneurial engagement will be conducted in a responsible manner directly or indirectly. A business enterprise derives maximum benefit from the society. Hence it is desirable the enterprise should compensate to the society as well or proportionally. Therefore it is the stake of the business organization to establish a policy of well being for the society. In this era of information communication and growing transparency the enterprise should develop a systematic responsible code of conduct in their management policy. Social responsibility refers to a doctrine which claims that whether it is government, public and private organization has a responsibility for the society. On the other hand Corporate Social Responsibility means a concept of cost reduction, increase in brand value, effective and efficiency of employees, improve the working environment of the business enterprise. It tries to utilize the intellect manpower of the organization to fulfill the strategic requirement of society. As a result the enterprise does not engage itself for earning profit but get involved in society.

Meaning of Corporate Social Responsibility

Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large. Corporate Social responsibility activity can be termed as corporate sustainability, corporate citizenship, corporate accountability, corporate social performance, corporate social responsiveness and good corporate governance. Strategic Corporate Social Responsibility (CSR) is a sub category of CSR incorporates both ethical CSR and altruistic CSR by performing activities that are advantages to the community as well as providing profit through goodwill. Corporate citizenship means the extent to which business which are socially responsible for meeting legal, ethical, and economical responsibilities placed on them by shareholders. The mutual dependence of corporate and society implies that

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business decision and social policy should follow the principle of shared value. It implies that the benefit should be for both sides. If the benefit of a particular party at the cost of other interest will lead to dangerous result. A short term gain of one will lead to under estimate the long term prosperity of both party. Sustainable inclusive growth of a nation requires three set of responsibilities. The first is (GSR) Government Social Responsibility refers to the policy initiative taken by the government for the benefit of common people of the nation. The second one is (CSR) Corporate Social Responsibility which includes the customer value, shareholders return and employee satisfaction in the long run. The third one is (PSR) Personal Social Responsibility means each and every citizen above poverty line must take his/her own responsibility towards the society. Out of all three responsibility Corporate Social Responsibility has become crucial because it influence all aspects of business and society. As Corporate Social Responsibility enables an organization to have sustained competitive advantage due to various factors like job creation, job losers, corporate charity, personal greed, environmental concern, corruption, innovation and scientific research.

Objectives of the Study

The research report has the following objectives:

- To analyze the conceptual characteristics features of Corporate Social responsible activity.
- To study the general theoretical aspects of Corporate Social Responsibility.
- To highlight some of the issues & challenges of Corporate Social responsibility in emerging corporate world.

Methodology

Keeping into the requirement of the study the research design is of analytical and descriptive in character. The research design is based on secondary data. Available secondary data has been extensively used for more accuracy and in-depth analysis of the objectives of the study. Most of the required data has been procured through secondary survey method. The data incorporated in the study has been extracted from text books, journals, published articles, research papers and web site.

Corporate Social Responsibility (CSR) in Indian Perspective

India is ranked 4th among top ten Asian countries which paying more importance towards CSR activity. The central corporate affairs ministry is working constantly to take care of CSR in India. The Indian government has make it mandatory for all corporate houses to invest 2% to 5% of their net profit towards CSR activity initiative. The department of public enterprise has prepared some guidelines for both public and private enterprises to work towards CSR activity for the country for promotion of enterprises. Now, CSR activity in India has become an integral part of corporate sector. The companies in India has formed CSR team which is authorized to frame policy and strategy for their CSR program and at the same time set aside the budgetary provision to meet the CSR program for short term and long term support. It is observed in India that the corporate house now has realized that the existence of the company depends on the CSR activity and dedicated their service towards welfare of the society. Most of the corporate house promote CSR activity as a marketing tool for their company. Hence the CSR activity in India is considered as a promotional policy for the corporate sector in the emerging situations of the world.

Conceptual Features of CSR

The following are some of the characteristics features of CSR activity of the corporate sector:

- **Credibility:** The organization can boost their reporting credibility through transparency manner. For a credible reporting the clients of the organization should have to set up clear cut goal in order to encourage ideas and innovations. The clients can also participate to share their performance achievements as well as the areas of improvement. At the same time the companies can strengthen their reporting credibility by following an established standard to be more authentic an assurance from a professional auditor who can verify the accuracy of the reporting system.
- **Relevant:** The reporting system of the company should be relevant in character. The social and environmental issues should be reported on priority basis by the organization. The important and key issues should be incorporated in such a way that the long term success of the company can be possible. In such a process the stakeholders will be benefited. It should be policy of the organization that corporate responsibility report should not made in order to satisfy the media and the NGOs. The corporate social report should be made in such a way that a proper communication can be made to consumers, business partners and the long term investors of the company.

- **Authentic:** Lack of authenticity in the Corporate responsibility Report sometimes miss an opportunity to build a connection with the stake holders .In order to verify the authenticity of the corporate responsibility report it is desirable to ask questions to different employees of different branches of the organization to review the draft whether the Corporate draft resolution is helpful to them or not? Whether the employees are aware of the values and culture of the organization or not? Whether the corporate responsibility report is meaningful to them or not? etc.
- **Engaging:** Now it is the practice of the most of the companies to prepare their corporate responsibility report through online. Many of them presented their report with improved design, color, attractive images, colorful video and other attractive visuals which can attract the consumers of how it is presented but not what it is presented. So it is beneficial for the companies to expand their social base and social sharing capacity.
- **Digestible:** It is another important characteristic feature of corporate responsibility report. The content of the corporate responsibility report should be balanced one for the consumers and organization. There should be high transparency and clear cut message for the stake holders . The format of the corporate responsibility report should be simple, understandable and precise so that the report can be understandable by the stake holders of the company.

Absence of one of the above mentioned characteristics in corporate responsibility report the role of the enterprise is not satisfactory.

Theoretical Evolution of Corporate Social Responsibility.

The concept of social responsibility has been introduced over a time of three movements. The first one is known as the social responsible movement of the corporate where the responsibility of a firm towards the society as one of the focusing point of motivation. The second one is called social responsive movement which emphasis the operation s of the firm towards fulfilling the social obligation from time to time. The third one is known as Corporate Social Performance which relates how an organization has translated its social aims and objectives into practice. By considering all the above mentioned movements from time to time for the different theories it may be concluded that the theories of CSR emphasizes the responsibility of the firm towards stakeholders like employees and the community as a whole.

Some of the theories are mentioned below:-

- **Ethical Theory:** These are some of the theories which relate to the ethical character of an organization. These theories reflect the ethical responsibility of an enterprise. All these theories emphasized the need of the corporate to operate in such a way that the ethical relationship with the society should be fulfilled as they conduct business in the society. Some of the theories which come under this category are Normative Stake Holders Theory, Universal Rights Theory, Sustainable Development Theory and Common Good Approach. By analyzing all the theories we can come to conclusion that the theories are based on ethical principle of the enterprises.
- **Instrumental Theories:** These theories are based on how CSR is concerned as a tool for maximization of stakeholders value. These theories are also related to the process of wealth creation as well as creating a competitive advantage of the firm in the society in the long run. The central theme of this type of theory is to maximize the profitability of the firm by adding the value to the society . This theory also emphasize the actions of the firm should be regulated in such a way that there can be a sustainable development in the society.
- **Integrative Theories:** This is another CSR theory which is concerned how the firms satisfy the social demands. The issues like corporate management, public responsibility, stakeholders management and social performance. Under this theory the firm is concerned about protection of stakeholders interest in the business The firm is assured that the activities of the firm will be in such a way that all the stakeholders will be eligible to get their share in the business.
- **Political Theory:** This theory is related to the powers of the firms and how these powers can be utilized in a responsible and positive manner. Most of these theories are relating to corporate constitutionalism ,integrative social contract and corporate citizenship.
- **Corporate Social Performance Theory:** This type of theory emphasizes that the firm and the society are inter related with each other. Both the parties have to perform their obligation under this relationship. Firms operates in the society and the society allows the firms to do their

business. In return the firms must serve the society by creating wealth and by meeting the social needs with an obligation in a responsible manner. This brings reputation to the firm which is considered as an invaluable asset. One of the major limitation of this theory is the firms are operating with capitalism and less emphasis on ethical business conduct.

- **Shareholders Value Theory:** This is one of the CSR theory which is concerned more for creation of wealth for the stakeholders and improve the shareholders value and at the same time less concentration for the wellbeing of the society. The primary objective of this theory is the firm generate profit for their stakeholders. At the same time the firms are working hard to generate revenue and the stock value of the firm. So far as limitations of this theory is concerned it is noted that the firms are only interested to increase the revenue and not shoulder the responsibility of the society. As a result some times the firms are exploiting their worker, customers, distributors and the other stakeholders like the distributors and the society at large.
- **Stakeholders Theory:** This theory is based on the principle of serving the interest of the society and hence the function of the firm executive is to satisfy all the legitimate demand of its stakeholders like the employees, customers, suppliers, local community ,shareholders etc. According to this theory if the legitimate interest of the interdependent stakeholders are fulfilled than there can be a long term prosperity of the firm is possible. One of the limitation of this theory is in order to fulfill the interest of the stakeholders the executives of the firm are compelled to take some hard decision and the policy of opportunism is followed by some of the executives to proof themselves pro stakeholder company.
- **Corporate Citizenship Theory:** This is another CSR theory which believes the concept of corporate citizenship. According to this theory corporate is a citizen like all other citizens of the world and it has the moral duty to shoulder the responsibility of serving for the society. This theory indicates that a firm is a citizen and has the moral duty to serve for the wellbeing of the society. It has the right to contribute for the good and better for the society in order to fulfill the basic requirement of the society so that the society as well as the firm will be a successful in the long run. One of the limitation of this theory is some times the firm is not coming out to prove its potentiality as a citizen in order to do the impactful work to justify their citizenship.

By analyzing all the above theories it may be concluded that all the CSR theories are meant for the wellbeing of the society. Though they suffer some of demerits in their individual level it is the requirement of the firm to consider itself as a citizen and contribute for the welfare of the society. This can be possible only when the firm will shoulder the responsibility of a good and responsible citizen of the society.

Issues and Challenges of CSR

The trend in modern firm is not CSR but strategic CSR. This concept of strategic CSR refers to a group of experts of a firm are engaged in framing policy and procedure by which a firm can able to invest money in social welfare activity in order to gain social impact which can help it to create brand name in the world of enterprise. This is due to the perception of not investment but socially responsible investment is the top priority. Many firms are in the opinion that Corporate Social Responsibility is a local issue for the business and for them customer satisfaction is the prime importance. In order to satisfy the customers it is necessary to look after the price and service of the customers not many more. But the concept of Social Responsibility has changed the entire structure of the business enterprise in such a way that it can bring a sea change in good will and reputation of the firm. In order to overcome this difficulty the following are some of the challenges of the firms in CSR front:

- **Lack of Community Participation:** The CSR activity suffers a lot due to lack of interest of the local community in participating and contributing to CSR activity of the companies. This is due to either no knowledge or little knowledge about CSR activity of the firm as the local people are not serious about that. This is due to lack of communication between the firm and the local people regarding the role of CSR at the grassroots level. It is desirable on the part of the firms to create confidence in the minds of the local people about the initiatives of CSR activity and their benefit to them as well as for the society.
- **Building of Local Capacity:** Now it has been realized that there is a lack of local capacity for CSR activity. Hence it is required to build local capacity in the form of local non government

organizations in order to aware the local people about the benefits of CSR activity. The role of the local capacity will be to take initiation on behalf of the company for undertake the CSR activity for their benefit.

- **Lack of Transparency:** This is one of the major challenges of CSR activity in local level. Due to lack of transparency on the part of local implementation authority regarding the CSR program, audit issues, impact assessment, fund utilization and satisfaction level of larger community the companies fail to a larger extent in CSR. This issue of transparency create a negative trust building impact between the firm and local people which adversely affect the success of CSR activity.
- **Non Availability of Well Organised NGOs:** This is one of the practical issue and challenges before the companies to have CSR activity. Due to non availability of well organized Non Governmental Organizations which can identify the real needs of the local community in rural and remote areas .It is felt that a well organized NGO can actively participate in CSR activity of the company and ensure its successful implementation for the wellbeing of the local citizens .This can bring a confidence to initiate the development projects of the firm for the benefit of the local citizens.
- **Role of Media:** Visibility factor is one of the major challenge for any good and bad activity. In this front the media plays a major role. The media should highlight the importance and necessity of CSR activity for the local people. It should sensitize the successful issues of the CSR activity among the common people so that the firms will be interested to undertake other developmental activity for the common people.
- **Non Availability of CSR Guidelines:** There is no clear cut statutory guide line to the firms in respect to CSR activity. Absence of a statutory direction the firms are not in a position to undertake the developmental CSR activity for the common people. Though the present government make it mandatory to invest 2% to 5% of the net profit towards CSR activity it is not clearly defined till today.
- **Lack of Consensus on Implementation:** There is a lack of consensus among the local people regarding CSR projects. This resulted in duplication of CSR activity by the firms in the areas of their intervention. Absence of consensus about the CSR projects resulted in limits the company's ability to undertake impact assessment of their initiative from time to time.

By analyzing all the above mentioned challenges it may be concluded that the CSR activity of the firms can be more beneficial if the issues can be redressed by the local people and well organized NGOs.

Conclusion

The concept of Corporate Social Responsibility (CSR) has been accepted as an element of success and survival of business along with fulfilling social objectives. Now the CSR activity is limited with the development of infrastructure and women empowerment activity. It is desirable to switch over the strategy of CSR activity by the firms for a strategic CSR policy. As corporate sustainability is an evolving process and not an end itself. What is necessary that the firms should not throw money for the shake of the benefit of the society rather it should benefit the firm in the long run. The initiative taken by the present government towards CSR activity is commendable and the firms should be cautious while framing the policy for CSR activity. Accordingly the corporate should invest 2% of the gross profit for CSR activity and at the same time should disclose to the shareholders about the policy adopted in the process. For a successful CSR policy the firm should be innovative and a strategic CSR activity should be incorporated in order to achieve the objective of the organization as well as the society as a whole.

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DEVELOPMENT OF RURAL RAJASTHAN UNDER THE LIGHT OF GOVERNMENT AID (MICROFINANCE)

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Abstract

Rajasthan has a very rich history and culture. It is at the forefront of tourist destination in India. It has historically been a patriarchal and feudal society where gender discrimination has been a concern. This has drastically affected women's health, financial status, literacy level and political involvement. The problems are further aggravated by high levels of seasonal migration. For many men in Rajasthan, migration is required since rural parts of Rajasthan often lack a sufficient economy to provide income for a family year-round. The task of improving human development in a scenario of shrinking resources, ensuring sustainable livelihoods in an eco-friendly manner and above all ensuring the participation of the poorest of the poor, especially women, dalits and tribals -these are important areas of it. The government subsidies to poor are critical for their survival needs but for sustainable economic development of poor, public investment in infrastructure and access to financial services are very crucial. It has undertaken several programs for eradicating poverty in the past such as IRDP, TRYSEM, DWCRA, SITRA, MWS etc. The State has also garnered financial assistance from World Bank for several development programs. Under this context, microfinance programmes in Rajasthan and elsewhere clearly indicates the change in income level of beneficiaries; reduction of dependence on moneylenders; increase expenditure/ investment on children education, health, agricultural inputs, increase in production and most important the increased awareness and self confidence among poor. This study is the tool of enlighten thoughts of rural development by microfinance.

Keywords: IRDP, TRYSEM, DWCRA, SITRA, MWS, Microfinance, Rural Development.

Introduction

In India as well as Rajasthan since the 1950s, various governments have experimented with a large number of grant and subsidy based poverty alleviation through flagship program. Studies show that these mandatory and dedicated subsidized financial programs, implemented through banking institutions, have not been fully successful in meeting their social and economic objectives. Recent governments have taken several steps for rapid financial inclusion in India. The Aadhaar legislation takes the government one step closer to seed its myriad welfare schemes with the unique identity number while furthering its financial inclusion agenda. Government has asked public and private sector banks to prepare Board approved financial inclusion plans and make them an integral part of their corporate strategies to widen the reach of banking services. The government moving fast to foster eco system, which has provided 200 million bank accounts to the unbanked, to offer more financial products and services to the poor and foster an eco system for India's digital revolution. The goal is to create a

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cashless economy and encourage financial savings among the poor. It has undertaken several programs for eradicating poverty in the past such as IRDP, TRYSEM, DWCRA, SITRA, MWS etc. The State has also garnered financial assistance from World Bank for several development programs

Financial Position of Rural Poor in Rajasthan

Poverty at its broadest level can be conceived as a state of deprivation prohibitive of decent human life. This is caused by lack of resources and capabilities to acquire basic human needs as seen in many, but often mutually reinforcing parameters which include malnutrition, ignorance, prevalence of diseases, squalid surroundings, high infant, child and maternal mortality, low life expectancy, low per capita income, poor quality housing, inadequate clothing, low technological utilization, environmental degradation, unemployment, rural-urban migration and poor communication. Poverty is caused by both internal and external factors. Whereas the internal causes can be clustered into economic, environmental and social factors, the external causes relate to international trade, the debt burden and the refugee problem.

Objectives of Research

Objectives is to assess whether microfinance by government direct their services to the poor population and micro and small businesses (particularly in rural areas) and whether conditions and procedures for credit favor these target groups. To assess whether the customers reached by these schemes improved their general performance in terms of growth, creation of employment and generation of income and socio-economic conditions.

Research Methodology

In this study is comprises take place on outcome variables such as: household income, consumption expenditure on food and non food, household asset and household livelihood characteristics. All the comparisons have been segregated for location level analysis. Quantitative data have been presented in the form of frequencies, percentages cross tabulation and the qualitative data explained with help of Logit and Probit models, so as to establish the relationship of variables and a comparison of many financial schmes functioning efficiency and their role in Financial Inclusion. This analysis has been done in order to test some of the assertions raised. It has been used to quantify the strength of association between the variables as well as testing the significance of relationships.

Scope of the Study

The scope of the study was geographically limited to five blocks in Jaipur district of Rajasthan. However, the overall scope of this study spans across microfinance at a macro level. The Blocks in Jaipur were selected as representative samples from which reliable generalizations and learning's could be drawn about the various aspects and nuances of the two microfinance delivery models in the nation.

Role of Microfinance

Access to financial services plays a very crucial role in economic and social development of people. The impact assessment of microfinance programmes in Rajasthan and elsewhere clearly indicates the change in income level of beneficiaries; reduction of dependence on moneylenders; increase expenditure/ investment on children education, health, agricultural inputs, increase in production and most important the increased awareness and self confidence among poor. Micro Finance due to its inherent qualities of timely supply of financial services and flexibility of products can give impetus to potential sectors such as animal husbandry, wool and mutton processing, Information Technology, tourism etc. In addition to harnessing potential sectors of development, microfinance helps in reaching out to the vulnerable segments of the society like Women, SC and ST, which are outside the purview of formal financial institutions.

Development, Initiatives and Innovations (By Government of Rajasthan)

- **Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS):** The scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of rural households willing to do unskilled manual work at the statutory minimum wage. The objective of the scheme is to provide employment to rural poor on one hand and to build assets for rural development on the other.
- **NRLM (National Rural Livelihood Mission):** NRLM has been conceptualized by Ministry of Rural Development, Government of India. It is to replace the (SGSY), a scheme which was

primarily designed to promote self-employment oriented income generating activities for the BPL (Below Poverty Line) families in the rural areas.

- **MPOWER (Mitigation of Poverty in Western Rajasthan):** Rajasthan Microfinance Report 2007 highlighted Western Rajasthan as one of the key areas that require focused intervention to strengthen microfinance and livelihoods. In an effort to counter the problems that poor in Western Rajasthan face, MPOWER project was initiated by Government of Rajasthan, in partnership with IFAD and SRTT.
- **District Poverty Initiative Project (DPIP) II:** The Government of Rajasthan completed DPIP Phase I in December 2007 and is preparing to follow it up with a second phase called Rajasthan Rural Livelihood Project (RRLP). The RRLP is expected to build on the experience from DPIP, and other ongoing livelihood projects in India. The RRLP aims to increase and sustain income of the poor, especially women, in 17 districts covering 111 blocks.
- **Bhamashah Financial Empowerment Scheme:** Bhamashah Financial Empowerment scheme was conceived for financial inclusion of women in Rajasthan. The objective of the scheme was to open 50 lakh bank accounts in name of women. Government offered to provide starting balance of Rs. 1500 for each account (as one time grant) as an incentive, and many more.

Conclusion

The financial inclusion is to ensure that a range of appropriate financial services is available to every individual and enables them to understand and access those services. In rural areas revolutionary step taken place by the government through introducing the micro credit facility in many ways. In the rural areas it has created remarkable change. In the phase of globalization, SHGs, MFIs etc have given answer to the poverty. This has created self-reliance, self-respect, entrepreneurship among poor rural people, not only in India but also in all developing countries. Hence, there is still a need of strengthening the Micro credit System on top priority in India which alone will boost up the Rural development on which the Development of the country heavily relied in India. In conclusion, the above things should stress to improve the micro financial movement in Rajasthan so the dream of inclusive growth can be possible. Prime Minister launched the Stand up India scheme to enable Scheduled Castes, Scheduled Tribes and women entrepreneurs to access loans, setting a target of creating 2.5 lakh such entrepreneurs across the country. Under the scheme 1.25 lakh bank branches will provide loans up to Rs 1 crore for rapid financial inclusion. Thus, financial inclusion have enough scope for economic growth, raising living standard of people, equality etc. On the basis of above initiatives and projects we can conclude that a day will come when all Indians have their bank accounts and everybody will take part in financial inclusion

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STEADY OF NON-MARKOVIAN QUEUING SYSTEM WITH SERVER BREAKDOWN AND REPAIR TIMES

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Abstract

This paper deals with the steady state behaviour of a queue with breakdown. It assumed that customers arrive to the system in batches of variable size, but serve one by one with assumption that the repair process does not start immediately after a breakdown and there is a delay time waiting for repairs to start. We obtain steady state results in explicit and closed form in terms of the probability generating functions for the number of customers in the queue, the average waiting time in the queue.

Keywords: FCFS, ATM, Electronic Device, Queuing Literature, Queuing System, Server Breakdown.

Introduction

In recent years, queue with server breakdown have emerged as an important area of queuing theory and have been studied extensively and successfully due to their various applications in production, communication systems. Segmented message transmission is practical applications of retrial queue in real life. We consider an M/G/1 retrial queue where blocked jobs on finding the server busy or broken down leave the service area and enter the retrial group in accordance with FCFS discipline. Several studies on retrial queues have been made by many researchers working in the area of applied probability theory from time to time. We assume that only the job at the head of the queue is allowed to occupy the server if it is free. The general retrial time policy arises naturally in many congestion problems related to many service systems where, after each service completion, the server spends a random amount of time in order to find the next job to be processed.

In many waiting line system, the role of server is played by mechanical /electronic device, such as computer, pallets, ATM , traffic light, etc., which is subjected to accidental random failures; until the failed server is repaired. Gharbi and Ioualalen[1] gave a detailed analysis of finite source retrial systems with multiple servers subject to random breakdown and repairs using generalized stochastic model and showed how this model is capable to cope up with the complexity of such retrial system involving the unreliability of the servers. In most of the queuing literature, it is assumed that the server is available in the service station on a permanent basis and service station never fails. However, these assumptions are particularly unrealistic. In practical system, we often meet the case where service stations may fail and can be repaired. Similarly, many phenomena always occur in the area of computer communication networks and flexible manufacturing system, etc. Because the performance of such a system may be heavily affected by service station breakdown and delay in repair due to non availability of the repairman or of the apparatus needed for the repairs, such systems with a repairable service station are well worth investigating from the queuing theory viewpoint as well as reliability point of view.

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Recently, there have been several contributions considering system of M/G/1 type in which the server may provide a second phase service. More specifically, we can analyze a system where customer's service may be viewed as scheduled in two phases: that is all the customers are processed in the first phase and only the customers who qualify are routed in the second phase. Such queuing situations occur in day-to-day life, for example, in a manufacturing process, all the arriving customers require the main service and only some of them may require the subsidiary service provided by the server. Some examples of queuing situations where such service mechanism can arise are also given. Madan[2-3] studied an M/G/1 queue with second optional service in which first essential service time follows a general distribution but second optional service is assumed to be exponentially distributed.. Choudhury [4-5] investigated this model in depth and generalized for batch arrival. Choudhury and Paul[6] investigated such a model under Bernoulli feedback mechanism. In this context, Krishna Kumar and Arivudainambi [7] obtained the explicit expression for transient probabilities for this type of finite capacity model M/G/1/1.

On the other hand, many authors have investigated the system with a repairable service station wherein the service channel is subject to breakdowns or some other kinds of service interruption, which are beyond control of the server or the management. In most of the papers including the ones mentioned above the authors assume that whenever the system breaks down, the repair process starts immediately. In this context, recently Ke and Pearn [8] have discussed an optional management policy for a Markovian mode. However, this is not the case in many real life situations. It is usually a common phenomenon that as a result of a sudden breakdown, the system has to wait for repair to start. We term this waiting time as 'Delay time' and the focus of this paper is to study the effect of this 'delay time' on the system among some earlier papers on service interruption.

This vacation period has been assumed to have general distribution. On the termination of a vacation, the server immediately joins the system to serve the waiting customers. The 'delay time' before the repair processes as well as the 'repair time' after the delay are both assumed to have a general distribution. It is further assumed that the system starts working immediately after its repairs are complete. In addition to optional server vacations, the system suffers random breakdown from time to time. Madhu Jain [9] investigated single unreliable server queuing model by incorporating Bernoulli feedback, general retrial time, K-phase optional repair along with modified vacation policy.

Queuing system with repeated attempts (retrials) are characterized by the feature that a customer who finds the server busy upon arrival, is obliged to leave the service area and to repeat his demand after some random amount of time called retrial time. Between trials, the blocked customer joins a pool of unsatisfied customers called "orbit". Queues in which customers are allowed to conduct retrials, have been widely used to model many practical problems in telephone switching systems, telecommunication networks and computers competing to gain service from a central processing unit. Moreover, retrial queues are also used as mathematical models of several computer systems; packet switching networks, shared bus local area networks operating under the carrier-sense multiple access protocol and collision avoidance star local area networks etc. For a review of main results and methods, the reader is referred to the survey papers by Yang and Templeton [10].

In the current work, we consider queuing system with random breakdowns. Most of the papers on queues deal with either server vacations or system breakdowns. Very rare papers consider breakdowns in the system and those papers (Ke, [11]) rely on different assumptions for the queuing systems than those considered in the current paper. In this paper, we present an analysis of the steady state behavior of a queuing system where breakdowns may occur at random and once the system breaks down, we assume that the service times, repair times and delay times each have a general distribution while the time to breakdown is exponential distribution.

Mathematical Model

We consider a $M^x/G/1$ queuing system where customers arrive according to a compound poisson process with mean arrival rate λ . Let $\lambda_{a_i} \Delta t$ ($i = 1, 2, 3, \dots$) be the first order probability that a batch of i customers arrives at the system during a short interval of time $(t, t + \Delta t)$, where

$0 \leq a_i \leq 1$ and $\sum_{i=1}^{\infty} a_i = 1$ and $\lambda > 0$ is the arrival rate of batches. The customers are provided service one by one on a 'first come - first served basis'. There is a single server and the service time follows a general (arbitrary) distribution with distribution function $G(s)$ and density function $g(s)$. Let $\mu(x)\Delta x$ be the conditional probability density of service completion during the interval, $(x, x + \Delta x]$, given that the elapsed service time is x , so that

$$\text{And therefore } \mu(x) = \frac{g(x)}{1 - G(x)} \quad \dots\dots\dots (1)$$

On completion of service, the server may take a vacation of random length with

$$g(s) = \mu(s) e^{-\int_0^s \mu(x) dx} \quad \dots\dots\dots (2)$$

The server's vacation time follows a general distribution with distribution function $B(v)$ and density function $b(v)$. Let $\beta(x)\Delta x$ be the conditional probability of a completion of a vacation during the interval $(x, x + \Delta x]$ given that the elapsed vacation time is x , so that

$$\beta(x) = \frac{b(x)}{1 - B(x)} \quad \dots\dots\dots (3)$$

$$b(v) = \beta(v) e^{-\int_0^v \beta(x) dx} \quad \dots\dots\dots (4)$$

The system may breakdown at random, and breakdowns are assumed to occur according to a poisson stream with mean breakdowns assumed to occur according to a poisson stream with mean breakdown rate $\alpha > 0$. Further, we assume that once the system breaks down, the customer whose service is interrupted comes back to the head of queue. Once the system breaks down, its repairs do not start immediately and there is a delay time. The delay time follows a general distribution with distribution function $W(x)$ and density function $w(x)$. Let $\phi(x)\Delta x$ be the conditional probability of a completion of a delay during the interval $(x, x + \Delta x]$ given that the elapsed delay time is x , so that

$$\phi(x) = \frac{w(x)}{1 - W(x)} \quad \dots\dots\dots (5)$$

and therefore

$$w(x) = \phi(x) e^{-\int_0^x \phi(t) dt} \quad \dots\dots\dots (6)$$

The duration of repair follows a general distribution with distribution function $H(r)$ and density function $h(r)$. Let $\gamma(x)\Delta x$

$$\gamma(x) = \frac{h(x)}{1 - H(x)} \quad \dots\dots\dots (7)$$

$$h(x) = \gamma(x) e^{-\int_0^x \gamma(x) dx} \quad \dots\dots\dots (8)$$

All stochastic processes involved in the system are independent of each other.

We assume that service's life time is exponentially distributed with rate α . when the server fails, it is immediately send for repair at a repair facility the repair facility require some time before starting the repair.

Notations

- $P_n(x, t)$: Probability that at time t , the server is active providing service and there are n ($n \geq 0$) customers in the queue excluding the one being served and the elapsed service time for this customer is x . $P_n(t) = \int_0^{\infty} P_n(t, x) dx$ Denotes the probability that at time t there are n customers in the queue excluding the one customer in service irrespective of the value of x .

- $V_n(x, t)$: Probability that at time t , the server is on vacation with elapsed vacation time x and there are n ($n \geq 0$) customers waiting in the queue for service. $V_n(t) = \int_0^\infty V_n(t, x) dx$
Denotes the probability that at time t there are n customers in the queue and the server is on vacation irrespective of the value of x .
- $R_n(t)$: Probability that at time t , the server is inactive due to system breakdown and the system is under repair, while there are n ($n \geq 0$) customers in the queue.
- $Q(t)$: Probability that at time t , there are no customers in the system and the server is idle idle but available in the system.

$$P_n(x) = \lim_{t \rightarrow \infty} p(t, x) \quad P_n = \lim_{t \rightarrow \infty} \int_0^\infty P_n(t, x) dx = \lim_{t \rightarrow \infty} P_n(t)$$

$$\lim_{t \rightarrow \infty} V_n(t, x) = V_n(x) \quad , \quad V_n = \lim_{t \rightarrow \infty} \int_0^\infty V_n(t, x) dx = \lim_{t \rightarrow \infty} V_n(t)$$

$$R_n(x) = \lim_{t \rightarrow \infty} R_n(t, x) \quad , \quad R_n = \lim_{t \rightarrow \infty} \int_0^\infty R_n(t, x) dx = \lim_{t \rightarrow \infty} R_n(t)$$

$$D_n(x) = \lim_{t \rightarrow \infty} D_n(t, x) \quad , \quad D_n = \lim_{t \rightarrow \infty} \int_0^\infty D_n(t, x) dx = \lim_{t \rightarrow \infty} D_n(t)$$

$$Q_n = \lim_{t \rightarrow \infty} Q_n(t)$$

$$\lim_{t \rightarrow \infty} \frac{dP_n(t)}{dt} = 0, \quad \lim_{t \rightarrow \infty} \frac{dV_n(t)}{dt} = 0, \quad \lim_{t \rightarrow \infty} \frac{dR_n(t)}{dt} = 0, \quad \lim_{t \rightarrow \infty} \frac{dD_n(t)}{dt} = 0, \quad n \geq 0 \quad \dots\dots\dots (9)$$

Steady State Distribution

By the method of supplementary variable technique, we obtain the following system of equations that govern the dynamics of the system behavior.

$$\frac{\partial}{\partial x} P_n(x) = -(\lambda + \mu(x) + \alpha) P_n(x) + \lambda \sum_{i=1}^{n-1} a_i P_{n-i}(x) \quad \dots\dots\dots (10)$$

$$\frac{\partial}{\partial x} P_0(x) = -(\lambda + \mu(x) + \alpha) P_0(x) \quad \dots\dots\dots (11)$$

$$\frac{\partial}{\partial x} V_n(x) = -(\lambda + \mu(x) + \alpha) V_n(x) + \lambda \sum_{i=1}^{n-1} a_i V_{n-i}(x) \quad n \geq 1 \quad \dots\dots\dots (12)$$

$$\frac{\partial}{\partial x} V_0(x) = -(\lambda + \beta(x)) V_0(x) \quad \dots\dots\dots (13)$$

$$\frac{\partial}{\partial x} D_n(x) = -(\lambda + \phi(x)) D_n(x) + \lambda \sum_{i=1}^{n-1} a_i D_{n-i}(x) \quad n \geq 1 \quad \dots\dots\dots (14)$$

$$\frac{\partial}{\partial x} D_0(x) = 0 \quad \dots\dots\dots (15)$$

$$\lambda Q = \int_0^\infty R_0(x) \gamma(x) dx + \int_0^\infty V_0(x) \beta(x) dx + \int_0^\infty P_0(x) \mu(x) dx \quad \dots\dots\dots (16)$$

$$\frac{\partial}{\partial x} R_n(x) + (\lambda + \gamma(x)) R_n(x) = \lambda \sum_{i=1}^n a_i R_{n-i}(x) \quad n \geq 1 \quad \dots\dots\dots (17)$$

$$\frac{\partial}{\partial x} R_0(x) = -(\lambda + \gamma(x)) R_0(x) \quad \dots\dots\dots (18)$$

The following boundary conditions will be used to solve the above equations

$$P_n(0) = \int_0^\infty P_{n+1}(x) \mu(x) dx + \int_0^\infty V_{n+1}(x) \beta(x) dx + \int_0^\infty R_{n+1}(x) \gamma(x) dx + \lambda a_{n+1} Q \quad n \geq 0 \quad \dots\dots\dots (19)$$

$$D_n(0) = \alpha \int_0^\infty P_{n-1}(x) dx \quad n \geq 1 \quad \dots\dots\dots (20)$$

$$D_n(0) = \alpha P_{n-1}$$

$$D_0(0) = 0 \quad \dots\dots\dots (21)$$

$$R_n(0) = \int_0^\infty D_n(x) \varphi(x) dx, \quad n \geq 0 \quad \dots\dots\dots (22)$$

Queue Size Distribution at a Random Epoch

We define the following Probability generating functions

$$\begin{aligned} P_q(x, z) &= \sum_{n=0}^{\infty} z^n P_n(x), & P_q(z) &= \sum_{n=0}^{\infty} z^n P_n, \\ V_q(x, z) &= \sum_{n=0}^{\infty} z^n V_n(x), & V_q(z) &= \sum_{n=0}^{\infty} z^n V_n, \\ D_q(x, z) &= \sum_{n=0}^{\infty} z^n D_n(x), & D_q(z) &= \sum_{n=0}^{\infty} z^n D_n, & \dots\dots\dots (23) \\ R_q(x, z) &= \sum_{n=0}^{\infty} z^n R_n(x), & R_q(z) &= \sum_{n=0}^{\infty} z^n R_n, \\ X(z) &= \sum_{i=1}^{\infty} z^i a_i \end{aligned}$$

We multiply equation (10) by z^n , take summation over n from 1 to ∞ , adding to (11) then by simplifying and using equation (22) we get

$$\frac{\partial}{\partial x} P_q(x, z) + (\lambda - \lambda X(z) + \mu(x) + \alpha) P_q(x, z) = 0 \quad \dots\dots\dots (24)$$

Following similar process, from equation (12), (13), (14), (15), (17), and (18) we get respectively

$$\frac{\partial}{\partial x} V_q(x, z) + (\lambda - \lambda X(z) + \beta(x)) V_q(x, z) = 0 \quad \dots\dots\dots (25)$$

$$\frac{\partial}{\partial x} D_q(x, z) + (\lambda - \lambda X(z) + \varphi(x)) D_q(x, z) = 0 \quad \dots\dots\dots (26)$$

$$\frac{\partial}{\partial x} R_q(x, z) + (\lambda - \lambda X(z) + \gamma(x)) R_q(x, z) = 0 \quad \dots\dots\dots (27)$$

Multiply equation (19) by z^{n+1} , sum over n from 0 to ∞ , and use the generating functions defined in (24), we get

$$z P_q(0, z) = \int_0^\infty P_q(x, z) \mu(x) dx + \int_0^\infty V_q(x, z) \beta(x) dx + \int_0^\infty R_q(x, z) \gamma(x) dx$$

$$+\lambda X(z)Q - \left[\int_0^\infty P_0(x, z) \mu(x) dx + \int_0^\infty V_0(x, z) \beta(x) dx + \int_0^\infty R_0(x, z) \gamma(x) dx \right] \dots\dots\dots (28)$$

Using equation (16) to replace

$$-\left[\int_0^\infty P_0(x) \mu(x) dx + \int_0^\infty V_0(x) \beta(x) dx + \int_0^\infty R_0(x) \gamma(x) dx \right] \text{ by } -Q\lambda, \text{ we have}$$

$$zP_q(0, z) - \left[\int_0^\infty P_q(x) \mu(x) dx + \int_0^\infty V_q(x) \beta(x) dx + \int_0^\infty R_q(x) \gamma(x) dx \right] + Q\lambda(X(z) - 1) \dots\dots\dots (29)$$

Now multiply equation (20) by z^n and sum over n from 0 to ∞ , we get

$$D_q(0, z) = \alpha z P_q(z) \dots\dots\dots (30)$$

Now multiply equation (22) by z^n and sum over n from 0 to ∞ , we get

$$R_q(0, z) = \int_0^\infty D_q(x, z) \phi(x) dx \dots\dots\dots (31)$$

Integrating equation (24) from 0 to x yields

$$P_q(x, z) = P_q(0, z) e^{-\left(\lambda - \lambda X(z) + \alpha\right)x - \int_0^x \mu(t) dt} \dots\dots\dots (32)$$

Where $P_q(0, z)$ is given by equation (29)

Integrating equation (32) by parts with respect to x yields

$$P_q(z) = P_q(0, z) \left[\frac{1 - G^*(\lambda - \lambda X(z) + \alpha)}{(\lambda - \lambda X(z) + \alpha)} \right] \dots\dots\dots (33)$$

$G^*(\lambda - \lambda X(z) + \alpha) = \int_0^\infty e^{-(\lambda - \lambda X(z) + \alpha)x} dG(x)$ is the Laplace -Stieltjes transform of the service time G(x).

Now multiplying both sides of equation (32) by $\mu(x)$ and integrating over x we get

$$\int_0^\infty P_q(x, z) \mu(x) dx = P_q(0, z) G^*(\lambda - \lambda X(z) + \alpha) \dots\dots\dots (34)$$

where $B^*[\lambda - \lambda X(z)] = \int_0^\infty e^{-(\lambda - \lambda X(z))x} dB(x)$ is the Laplace-Stieltjes transform of the vacation time B(x).

Integrating equation (26) from 0 to x, yields

$$D_q(x, z) = D_q(0, z) e^{-\left(\lambda - \lambda X(z)\right)x - \int_0^x \phi(t) dt} \dots\dots\dots (35)$$

Substituting by the value of $D_q(0, z)$ from (30) in equation (35) we get

$$D_q(x, z) = \alpha z P_q e^{-\left(\lambda - \lambda X(z)\right)x - \int_0^x \phi(t) dt} \dots\dots\dots (36)$$

Integrating equation (36) by parts with respect to x yields

$$D_q(z) = \frac{\alpha z P_q(z) (1 - W^*(\lambda - \lambda X(z)))}{(\lambda - \lambda X(z))} \dots\dots\dots (37)$$

$W^*(\lambda - \lambda X(z)) = \int_0^\infty e^{-(\lambda - \lambda X(z))x} dW(x)$ is the Laplace -Stieltjes transform of the Delay time B(x).

$$D_q(z) = \frac{\alpha P_q(0, z) (1 - G^*(\lambda - \lambda X(z) + \alpha)) (1 - W^*(\lambda - \lambda X(z)))}{(\lambda - \lambda X(z))(\lambda - \lambda X(z) + \alpha)} \quad \dots\dots\dots (38)$$

Now multiplying both sides of equation (36) by $\phi(x)$ and integrating over x we

$$\int_0^\infty D_q(x, z) \phi(x) dx = \frac{\alpha P_q(0, z) (1 - G^*(\lambda - \lambda X(z) + \alpha)) (1 - W^*(\lambda - \lambda X(z)))}{(\lambda - \lambda X(z) + \alpha)} \quad \dots\dots\dots (39)$$

Now integrating equation (27) from 0 to x, yields

$$R_q(x, z) = R_q(0, z) e^{-(\lambda - \lambda X(z))x - \int_0^x \gamma(t) dt} \quad \dots\dots\dots (40)$$

From equation (31) & (39) and putting the value $R_q(0, z)$ in equation (40) we obtain

$$R_q(x, z) = \frac{\alpha P_q(0, z) (1 - G^*(\lambda - \lambda X(z) + \alpha)) (W^*(\lambda - \lambda X(z)))}{(\lambda - \lambda X(z) + \alpha)} e^{-(\lambda - \lambda X(z))x - \int_0^x \gamma(t) dt} \quad \dots\dots\dots (41)$$

Now taking by parts integrating equation (41) with respect to x we obtain

$$R_q(z) = \frac{\alpha P_q(0, z) (1 - G^*(\lambda - \lambda X(z) + \alpha)) (W^*(\lambda - \lambda X(z))) (1 - H^*(\lambda - \lambda X(z)))}{(\lambda - \lambda X(z) + \alpha)(\lambda - \lambda X(z))} \quad \dots\dots\dots (42)$$

Multiplying by $\gamma(x)$ both sides of equation (41) and integration with respect to x we obtain

$$\int_0^\infty R_q(x, z) \gamma(x) dx = \frac{\alpha P_q(0, z) (1 - G^*(\lambda - \lambda X(z) + \alpha)) (W^*(\lambda - \lambda X(z))) (H^*(\lambda - \lambda X(z)))}{(\lambda - \lambda X(z) + \alpha)} \quad \dots\dots\dots (43)$$

Assuming $a = (\lambda - \lambda X(z) + \alpha)$, $b = (\lambda - \lambda X(z))$

Using equation (34) and (43) in equation (29) we obtain

$$P_q(z, 0) = \frac{-abQ}{a(z - G^*(a)) - \alpha z(1 - G^*(a))W^*(b)H^*(b)} \quad \dots\dots\dots (44)$$

Substituting $P_q(z, 0)$ in equation (32), (38) and (42) we get

$$P_q(z) = \frac{-bQ(1 - G^*(a))}{a(z - G^*(a)) - \alpha z(1 - G^*(a))W^*(b)H^*(b)} \quad \dots\dots\dots (45)$$

$$D_q(z) = \frac{-\alpha zQ(1 - G^*(a))(1 - W^*(b))}{a(z - G^*(a)) - \alpha z(1 - G^*(a))W^*(b)H^*(b)} \quad \dots\dots\dots (46)$$

$$R_q(z) = \frac{-\alpha zQ(1 - G^*(a))(1 - H^*(b))W^*(b)}{a(z - G^*(a)) - \alpha z(1 - G^*(a))W^*(b)H^*(b)} \quad \dots\dots\dots (47)$$

Let $S_q(z)$ denote the probability generating function of the queue size irrespective of the state of the system

$$S_q(z) = P_q(z) + D_q(z) + R_q(z)$$

Then adding equations (45), (46) and (47) we obtain

$$S(z) = \frac{-Q(1-G^*(a))\{b + \alpha z(1-W^*(b)H^*(b))\}}{a(z-G^*(a)) - \alpha z(1-G^*(a))W^*(b)H^*(b)} \quad \dots\dots\dots (48)$$

In order to find Q, we use the normalization condition

$$S_q(1) + Q = 1$$

Note that for $z=1$, $S_q(1)$ is 0/0 form. Therefore, we apply L'Hopitals Rule on equation (48) we get

$$S(1) = \frac{\lambda E(I)Q(1-G^*(\alpha))(1+\alpha E(R)+\alpha E(D))}{\alpha - \lambda E(I)((1-G^*(\alpha))(1+\alpha E(R)+\alpha E(D)) - \alpha(1-G^*(\alpha)))} \quad \dots\dots\dots (49)$$

Therefore, adding Q to equation (49) and equating to 1 simplifying we get

$$Q = 1 - \lambda E(I) \left(\frac{1}{\alpha G^*(\alpha)} + \frac{E(R)}{G^*(\alpha)} + \frac{E(D)}{G^*(\alpha)} - \frac{1}{\alpha} - E(R) - E(D) \right) \quad \dots\dots\dots (50)$$

Equation (50) gives the probability that the server is idle. From equation (50) the utilization factor, ρ of the system is given by

$$\rho = \lambda E(I) \left(\frac{1}{\alpha G^*(\alpha)} + \frac{E(R)}{G^*(\alpha)} + \frac{E(D)}{G^*(\alpha)} - \frac{1}{\alpha} - E(R) - E(D) \right) \quad \dots\dots\dots (51)$$

Where $\rho < 1$ is the stability condition under which the steady states exists. Substituting for Q from (50) into (48), we have completely and explicitly determined $S_q(z)$, the probability generating function of the queue size.

Some Cases

Case 1: Exponential repair time.

For this distribution, the rate of service, rate of service $\gamma > 0$, and we have

$$H^*(b) = \frac{\gamma}{b + \gamma}, \quad E(R) = \frac{1}{\gamma} \quad \dots\dots\dots (52)$$

Now using equation (48), (50) and (51) respectively we obtain

$$S_q(z) = \frac{-Q(1-G^*(a))(cb + \alpha z(c - \gamma W^*(b)))}{az(z-G^*(a)) - \alpha \gamma z(1-G^*(a))W^*(b)} \quad \dots\dots\dots (53)$$

$$Q = 1 - \lambda E(I) \left(\frac{1}{\alpha G^*(\alpha)} + \frac{1}{\gamma G^*(\alpha)} + \frac{E(D)}{G^*(\alpha)} - \frac{1}{\alpha} - \frac{1}{\gamma} - E(D) \right) \quad \dots\dots\dots (54)$$

$$\rho = \lambda E(I) \left(\frac{1}{\alpha G^*(\alpha)} + \frac{1}{\gamma G^*(\alpha)} + \frac{E(D)}{G^*(\alpha)} - \frac{1}{\alpha} - \frac{1}{\gamma} - E(D) \right) \quad \dots\dots\dots (55)$$

The results obtain in (53), (54) and (55) agree with the result given by the same authors in previous study.

Case 2: No Delay for Repairs to start

Once the system breakdown, if its repairs start immediately and there is no delay time we let $E(D) = 0$ and $W^*(b) = 1$ Using this in the main results of this paper,

$$S(z) = \frac{-Q(1-G^*(a))\{b+\alpha z(1-H^*(b))\}}{a(z-G^*(a))-\alpha z(1-G^*(a))H^*(b)} \quad \dots\dots\dots (56)$$

$$Q = 1 - \lambda E(I) \left(\frac{1}{\alpha G^*(\alpha)} + \frac{E(R)}{G^*(\alpha)} - \frac{1}{\alpha} - E(R) \right) \quad \dots\dots\dots (57)$$

$$\rho = \lambda E(I) \left(\frac{1}{\alpha G^*(\alpha)} + \frac{E(R)}{G^*(\alpha)} - \frac{1}{\alpha} - E(R) \right) \quad \dots\dots\dots (58)$$

The results obtain in (53), (54) and (55) agree with the result given by Madan et al [12].

The Average Queue Size and the Average Waiting Time

Let L_q denote the mean number of customers in the queue under the steady state. Then

$$L_q = \frac{d}{dz} S_q(z) \Big|_{z=1} \quad \dots\dots\dots (59)$$

Since this formula gives 0/0 form, then we write $S_q(z)$ given in (48) as $S_q(z) = \frac{N(z)}{D(z)}$

Where $N(z)$ and $D(z)$ are the numerator and denominator of the right hand side of (48) respectively. Then using the L' Hospital's rule twice we obtain

$$L_q = \lim_{z \rightarrow 1} \frac{D'(z)N''(z) - N'(z)D''(z)}{2(D'(z))^2} \quad \dots\dots\dots (60)$$

$$N'(1) = Q\lambda E(I)(1-G^*(a))(1+\alpha(E(D)+E(R))) \quad \dots\dots\dots (61)$$

$$\begin{aligned} N''(1) &= Q\alpha(\lambda E(I))^2(1-G^*(a))\left[E(D^2)+E(R^2)+E(D)+E(R)+2E(D)E(R)\right] \\ &+ Q(1-G^*(a))\left[\lambda E(I)(E(D)-E(R))(1+\alpha)\right] + Q\lambda E(I)(1-G^*(a)) \quad \dots\dots\dots (62) \end{aligned}$$

$$\begin{aligned} &+ 2Q\alpha G^*(\alpha)(\lambda E(I))^2\left[1-\alpha(E(D)+E(R))\right] \\ D'(1) &= -\lambda E(I)(1-G^*(\alpha))(1+\alpha E(R)+\alpha E(D))+\alpha G^*(\alpha) \quad \dots\dots\dots (63) \end{aligned}$$

$$\begin{aligned} D''(1) &= -2\lambda E(I)(1-G^*(a)(\lambda E(I)+\alpha)) - \\ &\alpha(1-G^*(a))\left\{[E(D)+E(R)](\lambda E(I)(1-G^*(a))+\lambda E(I))+(\lambda E(I))^2[2E(D)E(R)+E(D^2)+E(R^2)]\right\} \\ &- \alpha\lambda E(I)(G^*(\alpha)\lambda E(I)+1-G^*(\alpha))(E(D)+E(R)) - \lambda E(I)(1-G^*(a)) \end{aligned}$$

$E(I(I-1))$ is the second factorial moment of the batch size of the batch size of arriving customers, and Q has been found (50) Where $E(V^2)$ is the second moment of the vacation time, $E(R^2)$ is the second moment of the repair time $E(D^2)$ is the second moment of the batch size of arriving customers.

Then if putting the values of $N'(1)$, $N''(1)$, $D'(1)$ and $D''(1)$ from we get L_q in closed form.

Further, the mean waiting time of a customer could be found using $W_q = \frac{L_q}{\lambda}$

Conclusion

For the purpose of a numerical illustration, we consider the service times, vacation times, delay times and repair times are exponentially distributed. And we observed that as long as we increase value of α the server idle time, the mean queue size and mean waiting time of customers all decreases while the utilization factor increase.

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ANALYZING THE FACTORS AFFECTING ACCEPTANCE OF 4th GENERATION MOBILE NETWORK SERVICE

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Abstract

The telecommunication industry has been aiding delivery of voice and data services at rapidly increasing speeds, and thus, has been revolutionizing human communication. Radical growth has been witnessed by the industry after Mobile communication revolution. The 4th Generation Mobile Network Service has already made entry in the Indian Telecom Market. The 4G is the fourth generation of mobile phone communications standards. It is a successor of the 3G and provides ultra-broadband internet access for mobile devices. The high data transfer rates make 4G networks suitable for use in USB wireless modems for laptops and even home internet access. There may be various underlying factors for the acceptance of the new Technology. This work aims at analyzing the factors affecting acceptance of 4G Mobile Network service and explore the existence of relationship among them.

Keywords: 4G Service, Perceived Usefulness, Perceived Ease of Use, Behavioral Intention.

Introduction

With a subscriber base of nearly 1022.61 million, India has the second-largest telecom network in the world. With 375 million internet subscriptions in October, 2015, India stood third-highest in terms of total internet users in 2015. Mobile based Internet is a key component of Indian Internet usage, with seven out of eight users accessing internet from their mobile phones. Availability of affordable smart phones and lower rates are expected to drive growth in the Indian telecom industry. The Indian telecommunication services market will likely grow by 10.3 per cent year-on-year to reach US\$ 103.9 billion by 2020. Driven by strong adoption of data consumption on handheld devices, the total mobile services market revenue in India is expected to touch US\$ 37 billion in 2017. Smart phone subscription in India is expected to increase four-fold to 810 million users by 2021, while the total smart phone traffic is expected to grow 15-fold to 4.5 Exabyte's (EB) per month by 2021. According to a study by GSMA, smart phones are expected to account for two out of every three mobile connections globally by 2020 making India the fourth largest smart phone market. Total number of Fourth-Generation (4G) enabled smart phone shipments in India stood at 13.9 million units in the quarter ending December 2015, which was more than 50 per cent of total shipments, thereby surpassing number of Third-Generation (3G) enabled smart phone shipments for the first time. The broadband services user-base in India is expected to grow to 250 million connections by 2017, according to GSMA. International Data Corporation (IDC) predicts India to overtake US as the second-largest smart phone market globally by 2017 and to maintain high growth rate over the next few years as people switch to smart phones and gradually upgrade to 4G. The Indian telecom sector is expected to generate four million direct and indirect jobs over the next five years

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according to estimates by Randstad India. The employment opportunities are expected to be created due to combination of government's efforts to increase penetration in rural areas and the rapid increase in smart phone sales and rising internet usage.

Literature Review

Mobile phones provide point-to-point communication and let one stay connected even when one is mobile. Mobile internet has even more simplified the day to day activities of human life. Availability of the internet on-the-go has provided lot of flexibility and capability to the users.

Adams, D. A, Nelson, R. R & Todd (1992) in their study found that Perceived Usefulness, Ease of Use, and Usage of Information Technology play important role in accepting new technology. A. Parasuraman, V. A. Zeithaml, and L. L. Berry (1985) provides with a gap analysis model to analyze the gaps and then deal with these gaps to improve the various dimensions of service quality. Woodruff and Robert B (1997) emphasized the importance of providing value to the customers as it can prove to be a competitive advantage to the organization.

Chau, P. Y. K., & Hu, P. J. (2001) found that behavioral intention (BI) of using a particular technology depends on the two factors, which are perceived usefulness and perceived ease of use. M. S. Norazah, T. Ramayah, and M. S. Norbayah (2008) mentioned that perceived ease of use influences behavioral intention to use indirectly through perceived usefulness. L. R. Vijayasarathy (2004) noted that customers may have an attitude towards using newer technologies pertaining to favorable or unfavorable conditions. Among the issues related to information technologies, cost is an important factor affecting user's behavioral intention (Hung et al., 2003; Luarn & Lin, 2005; Wu & Wang, 2005).

Pagani, M (2004) carried out a study to identify the determinants of adoption of 3G mobile multimedia services and found that perceived usefulness, ease of use, price, and speed of use are the most important determinants of adoption of 3G multimedia mobile services. Technology Acceptance Model (TAM) has been considered the most useful for predicting the usage of new technology. The model explains the factors influencing acceptance of new technology by the users Davis, Bagozzi, and Warshaw (1989).

Objectives of the Study

The objective of this study is to explore the possible response of users to the 4th generation mobile network service. The study attempts to analyze the underlying factors affecting acceptance of 4G Mobile Network service and explore the existence of relationship among them.

Research Methodology

The study was conducted at Rajkot with the sample size of 140. Convenient sampling method was used to collect the responses through structured questionnaire. Secondary data were collected from Research papers, Websites and other online sources.

Hypothesis

- H₀₁** : There is no significant relationship between Perceived Usefulness (PU) and Behavioral Intention (BI) to accept 4G Network Service.
- H₀₂** : There is no significant relationship between Perceived Ease of Handling (PEH) and Behavioral Intention (BI) to accept 4G Network Service.
- H₀₃** : There is no significant relationship between Attitude and Behavioral Intention (BI) to accept 4G Network Service.

Analysis and Discussion

Out of the 140 questionnaires collected, 120 were found to be valid. The data collected was summarized and it was found that out of valid 120 questionnaires, 78 (65%) were Male respondents and 42 (35%) were Female respondents. Majority (108/ 90%) was from the age-group of 20-45 years, 18 (15%) were pursuing Graduation and remaining 102 (85%) were having Graduation or Post-Graduation degree. All were using mobile internet services for over 2.5 years.

Reliability Analysis

Reliability refers to the extent to which a scale produces consistent results, if the measurements are repeated a number of times. Reliability Analysis is performed. Cronbach's Alpha is used as estimate of the reliability. If Cronbach's Alpha is found between 0.7 and 1, the internal consistency is said to be acceptable.

Case Processing Summary

		N	%
Cases	Valid	120	100.0
	Excluded ^a	0	.0
	Total	120	100.0

a. Listwise deletion based on all variables in the procedure.

Factors (No. of Items - 120)	Mean	Cronbach's Alpha
Perceived Usefulness	2.978	0.790
Perceived Ease of Handling	3.149	0.758
Behavioral Intention	2.343	0.859
Attitude	2.765	0.764

It can be inferred that for all the factors under study i.e. Perceived Usefulness, Perceived Ease of Handling, Behavioral Intentions and Attitude the Cronbach's Alpha is >0.7 which means that items under factors are consistent.

Multiple Regression Analysis

The relationship among variables was analyzed using Multiple Regression Analysis.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795	.632	.612	5.8923

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.659	.253		6.234	.000
	Perceived Usefulness	2.017	.189	.282	4.368	.001
	Perceived Ease of Handling	.694	.392	.378	-2.107	.038
	Attitude	-.658	.298	-.281	2.235	.024

From the model summary R which indicates the quality of the prediction of the dependent variable; Behavioral Intention has value of 0.795. The R Square, coefficient of determination which is the proportion of variance in the dependent variable that can be explained by the independent variables and is found to be 0.632. The F-statistics ($F = 42.234$) was found to be significant i.e. <0.05 , which confirmed the good fit of the model. It can be inferred that statistically significant relationship among Perceived Usefulness, Perceived Ease of Handling, Attitude adoption and Behavioral Intentions exists towards acceptance of the 4th Generation Mobile Network Service.

H₀₁ : It can be observed that standard coefficient is 0.282 and p-value is $0.001 < 0.05$. That is null hypothesis that there is no significant relationship between Perceived Usefulness (PU) and Behavioral Intention (BI) to accept 4G Network Service is rejected and there exists statistically significant relationship between Perceived Usefulness (PU) and Behavioral Intention (BI) towards acceptance of 4G Network Service.

H₀₂ : It can be observed that standard coefficient is 0.378 and p-value is $0.038 < 0.05$. That is null hypothesis that there is no significant relationship between Perceived Ease of Handling (PEH) and Behavioral Intention (BI) to accept 4G Network Service is rejected and there exists statistically significant relationship between Perceived Ease of Handling (PEH) and Behavioral Intention (BI) towards acceptance of 4G Network Service.

H₀₃ : It can be observed that standard coefficient is -0.281 and p-value is 0.024<0.05. That is null hypothesis that there is no significant relationship between Attitude and Behavioral Intention (BI) to accept 4G Network Service is rejected and there exists statistically significant relationship between Attitude and Behavioral Intention (BI) towards acceptance of 4G Network Service.

Findings and Suggestions

The respondents of this study were using mobile internet services for more than two years. They were very much aware with prevailing services from different service providers in the market and also had knowledge of upcoming service offerings. The 3rd generation service is not too slow but still the 4th generation service is a way ahead compared to the former as far as speed is concerned and promises better capabilities to the users in variety of ways. The data analysis revealed that there exist statistically significant relationship among the factors under study and that Perceived Usefulness, Perceived Ease of Handling and Attitude influence Behavioral Intention of the users towards acceptance of the 4th generation network service. The 4G service providers should provide the introductory offers and trial data plans to the users to entice the users to experience the 4G service. They should also re-design their existing data plans and should bundle the 4G service with voice plans in order to provide opportunity to the users to try the 4G service. Ease of access and reach to the 4G service can surely lead users to upgrade from their existing network service to the 4th generation network service.

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USE OF CAMEL MODEL

(A STUDY OF THE FINANCIAL PERFORMANCE OF SELECTED PUBLIC SECTOR BANKS IN INDIA)

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Abstract

Banking sector is one of the fastest growing sectors in India. The banking sector helps in the capital formation, innovation and money supply in the country. The Indian banking sector is the backbone of the Indian economy. The two events in the Indian banking industry are the nationalization of banks in the year 1969 and the initiation of economic reforms in the year 1991. There are so many factors, which need to be taken care while differentiating good banks from bad ones. Sound financial health of a bank is the guarantee not only to its depositors but is equally significant for the shareholders, employees and whole economy of a country as well. As a result to this statement, efforts have been made from time to time, to measure the financial position of each bank and manage it efficiently and effectively. The banking structure has played a crucial role in the mobilization of savings and promotion of economic development. The CAMEL approach mainly considered for the purpose of to know the performance of the banks by the different tools. In this study, an effort has been made to evaluate the financial performance of the three major banks operating in India. This evaluation has been done by using CAMEL Parameters, the latest model of financial analysis. Through this model, it is highlighted that the position of the banks under the study is sound and satisfactory so far as their capital adequacy, asset quality, management capability and liquidity is concerned. This approach is one of the most popular methods for measuring banking performance.

Keywords: *Capital Adequacy, Asset Quality, Financial Performance, Earnings Analysis, Liquidity Analysis.*

Introduction

Banking Sector

Banking sector plays an important role in the economic development of a country. The word 'Bank' basically means 'bench or counter' and comes from the middle French word named banque. The banking sector reforms in India were started as a follow up measure of economic liberalization and financial sector reforms in the country. The banking sector being the life line of the economy was treated with utmost importance in the financial sector reforms. Since the beginning of 1991, there have been considerable changes in the rules and regulation, organization, scope and activity level of Indian Banking sector. Banks serve as backbone to the financial sector, which facilitates the proper utilization of financial resources of a country. The sector has been ever growing and has witnesses a huge flow of investments and extended awareness among the citizens of the country. Two types of Banks in India –

- Public Sector Banks
- Private Sector Banks

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Camel Model

In the 1980s, CAMEL rating system was first introduced by U.S.A. as a system of rating for on-site examinations of banking institutions. The banks were judged on five different components under the acronym C-A-M-E-L:

- C – Capital Adequacy
- A – Asset Quality
- M – Management Soundness
- E – Earnings Capacity and
- L – Liquidity

The banks received a score of '1' through '5' for each component of CAMEL and a final CAMEL rating representing the composite total of the component CAMEL scores as a measure of the bank's overall condition. Each of the component factors is rated on a scale of 1 (best) to 5 (worst). A composite rating is assigned as an abridgement of the component ratings and is taken as the prime indicator of a bank's current financial condition. The composite rating ranges between 1 (best) and 5 (worst), and also involves a certain amount of subjectivity based on the examiners' overall assessment of the institution in view of the individual component assessments.

Components of CAMEL Model with Ratio

Capital Adequacy

Capital base of financial institutions facilitates depositors in forming their risk perception about the institutions. Also, it is the key parameter for financial managers to maintain adequate levels of capitalization. According to Bank Supervision Regulation Committee (The Basle Committee) of Bank for International Settlements, a minimum 9 per cent CRWA is required. A sound capital base strengthens confidence of depositors. This ratio is used to protect depositors and promote the stability and efficiency of financial systems around the world.

- **Capital Risk Adequacy Ratio (CRAR)**

= Tier – I and Tier II Capital / Aggregate of Risk Weighted Assets

Tier 1 Capital= (Paid Up Capital + Statutory Reserves + Disclosed Free Reserves)- (Equity Investments In Subsidiary +Intangible Assets + Current & B/F Losses)

Tier 2 Capital= A) Undisclosed Reserves + B) General Loss Reserves + C) Hybrid Debt Capital Instruments And Risk Can Be either Weighted Assets Or Minimum Capital Requirement

It measures the ability of a bank in absorbing losses arising from risk assets. Higher the value of this ratio, the better of a bank.

- **Debt Equity Ratio (D/E)**

= Total Debts/ Total Shareholder's Funds

Total Debt= Long-Term + Short-Term Borrowings

Shareholder's Funds = Capital + Reserves

This ratio thus indicates the bank's financial leverage. Lower the value of this ratio the better for banks.

- **Advance to Asset Ratio**

= Total Advance/ Total Assets

This ratio indicates banks aggressiveness in lending which ultimately results in better profitability. A Higher ratio of advances of bank deposit (assets) is preferred to a lower one.

- **Government Securities to Total Investment**

= Government Securities/Total Investment

Government securities are risk free, the higher the government security to investment ratio, the lower the risk involved in a bank's investments.

Assets Quality

Asset quality determines the healthiness of financial institutions against loss of value in the assets. The quality of assets is an important parameter to gauge the strength of bank. The prime motto behind measuring the assets quality is to ascertain the component of non-performing assets as a percentage of the total assets. One of the indicators for asset quality is the ratio of non-performing loans to total loans. Higher ratio is indicative of poor credit decision-making.

- **Net NPA to Total Assets**
= Total Non-Performing Assets / Total Assets
This ratio discloses the efficiency of bank in assessing the credit risk and, to an extent, recovering the debts.
- **Net NPA to Net Advances**
= Net NPA / Net Advances
It is the most standard measure of assets quality measuring the net non-performing assets as a percentage to net advances.
- **Total Investment to Total Assets**
= Total Investment / Total Assets
It indicates the extent of deployment of assets in investment as against advances.
- **Percentage Change in NPAs**
This measure tracks the movement in Net NPAs over previous year. The higher the reduction in the Net NPA level, the better it for the bank.

Management Efficiency

Management efficiency is another important element of the CAMEL Model. The ratio in this segment involves subjective analysis to measure the efficiency and effectiveness of management.

- **Total Advances to Total Deposits (TA/TD)**
= Total Advances/ Total Deposits
Total deposits include demand deposits, saving deposits, term deposit and deposit of other bank. Total advances also include the receivables.
- **Business Per Employee**
= Total Income/ No. of Employees
Rising revenue per employee is a positive sign that suggests the bank is finding ways to squeeze more sales/revenues out of each of its employee. Business per employee shows the productivity of human force of bank.
- **Profit per Employee (PPE)**
= Revenue/Number of Employee
This shows the surplus earned per employee. It is known by dividing the profit after tax earned by the bank by the total number of employees.
- **Return on Net Worth (RONW)**
= Net Income/Shareholder's Fund
It is a measure of the profitability of a bank. Here, PAT is expressed as a percentage of Average Net Worth.

Earnings and Profitability

Earnings and profitability, the prime source of increase in capital base, is examined with regards to interest rate policies and adequacy of provisioning. In addition, it also helps to support present and future operations of the institutions. The single best indicator used to gauge earning is the Return on Assets (ROA), which is net income after taxes to total asset ratio.

The following ratios try to assess the quality of income in terms of income generated by core activity – income from lending operations.

- **Dividend Pay-out Ratio**
= Dividend/ Net profit
Dividend pay-out ratio shows the percentage of profit shared with the shareholders. The more the ratio will increase the goodwill of the bank in the share market will strengthen more.
- **Return on Asset**
= Net Profit/Total Asset
Net profit to total asset indicates the efficiency of the banks in utilizing their assets in generating profits. A higher ratio indicates the better income generating capacity of the assets and better efficiency of management in future.
- **Operating Profit by Average Working Fund:**
= Operating Profit/ Average Working Fund

This ratio indicates how much a bank can earn from its operations net of the operating expenses for every rupee spent on working funds. Average working funds are the total resources (total assets or total liabilities) employed by a bank.

- **Net Profit to Average Asset:**
= Net Profit/ Average Asset

A higher ratio indicates the better income generating capacity of the assets and better efficiency of management. Thus, this ratio measures the return on assets employed. Higher ratio indicates better earning potential in the future.

- **Interest Income to Total Income**
= Interest Income/Total Income

Interest income is a basic source of revenue for banks. The interest income total income indicates the ability of the bank in generating income from its lending.

- **Other Income to Total Income**
= Other Income/ Total Income

The higher ratio indicates increasing proportion of fee-based income. The ratio is also influenced by gains on government securities, which fluctuates depending on interest rate movement in the economy.

Liquidity

An adequate liquidity position refers to a situation, where institution can obtain sufficient funds, either by increasing liabilities or by converting its assets quickly at a reasonable cost. An adequate liquidity position can be obtained either by increasing liabilities or by converting its assets quickly into cash. Bank has to take proper measures to hedge the liquidity risk, at the same time securing good proportion of funds to be invested in high return generating securities.

The ratios suggested to measure liquidity under CAMELS Model are as follows

- **Liquidity Asset to Total Asset**
= Liquidity Asset/Total Asset

Liquid assets include cash in hand, balance with the RBI, balance with other banks (both in India and abroad), and money at call and short notice. Total asset include the revaluations of all the assets. The proportion of liquid asset to total asset indicates the overall liquidity position of the bank.

- **Government Securities to Total Asset**
= Government Securities/Total Asset

This ratio measures the government securities as a proportion of total assets. Banks invest in government securities primarily to meet their SLR requirements, which are around 25% of net demand and time liabilities. This ratio measures the risk involved in the assets hand by a bank.

- **Approved Securities to Total Asset**
= Approved Securities/Total Asset

Approved securities include securities other than government securities. This ratio measures the Approved Securities as a proportion of Total Assets. Banks invest in approved securities primarily after meeting their SLR requirements, which are around 25% of net demand and time liabilities. This ratio measures the risk involved in the assets hand by a bank.

- **Liquidity Asset to Demand Deposit**
= Liquidity Asset/Demand Deposit

This ratio measures the ability of a bank to meet the demand from deposits in a particular year. Demand deposits offer high liquidity to the depositor and hence banks have to invest these assets in a highly liquid form.

- **Liquidity Asset to Total Deposit**
= Liquidity Asset/Total Deposit

This ratio measures the liquidity available to the deposits of a bank. Total deposits include demand deposits, savings deposits, term deposits and deposits of other financial institutions. Liquid assets include cash in hand, balance with the RBI, and balance with other banks (both in India and abroad), and money at call and short notice.

Objectives of the Study

The main objective of the study is to analyze the financial position and performance of the 3 selected Public Sector banks in India using CAMEL model.

Data Collection & Analysis

Sampling

Three major Public Sector Banks in India have been analyzed for the purpose of the study.

State Bank of India

Bank of Baroda

Punjab National Bank

Data Collection

Secondary Sources of data collection have been used, viz. journals, IBA bulletin, statistics published by Reserve Bank of India and annual reports published by the banks.

Data Analysis Techniques

Statistical Tools

The data has been analyzed for the 5 factors of the CAMEL approach using ratios. The ratios under respective five heads are calculated and then ranked. The ranks so calculated are then used for computing the group rank. The statistical tools used along with their purpose are enumerated below:

- S-W Test for checking normality in distribution
- Arithmetic mean and Standard Deviation for calculating values for the purpose of evaluation
- One way ANOVA for analysis and interpretation

Literature Review

Kwan and Eisenbeis (1997) observed that Asset Quality is commonly used as a risk indicator for financial institutions, which also determines the reliability of capital ratios. Their study indicated that capitalization affects the operation of financial capitalization affects the operation of financial institution. More the capital, higher is the efficiency.

Said and Saucier (2003) evaluated the liquidity, solvency and efficiency of Japanese Banks using CAMEL rating methodology. The study assessed the capital adequacy, assets and management quality, earnings ability and liquidity position.

Sarker (2005) scrutinized the CAMEL model for regulation and supervision of Islamic banks by the central bank in Bangladesh. The study enabled the regulators and supervisors to get a Shariah benchmark to supervise and inspect Islamic banks and financial institutions from an Islamic perspective.

Chaudhry and Singh (2012) analyzed the impact of the financial reforms on the soundness of Indian Banking through its impact on the asset quality. The study identified the key players as risk management, NPA levels, effective cost management and financial inclusion.

Jha and Hui (2012) tried to find out the factors affecting the performance of Nepalese Commercial Banks By using various camel ratios such as return on asset (ROA), return on equity (ROE), capital adequacy ratio (CAR) etc. The financial performance of public sector banks is being eroded by other factors such as poor management, high overhead cost, political intervention, low quality of collateral etc.

Kumar (2012) has given a definition to camel rating system, according to him it is a mean to categorize bank based on the overall health, financial status, managerial and operational performance. In his study he has chosen the SBI and its associates for checking the performance and concludes that State Bank of India is always in the lead than its associates in every aspect of camel.

Aspal and Malhotra (2013) measured the financial performance of Indian public sector banks' asset by camel model and applying the tests like Anova, f test and arithmetic test for the data collected for the year 2007-2011. They concluded that the top two performing banks are bank of Baroda and Andhra bank because of high capital adequacy and asset quality and the worst performer is united bank of India because of management inefficiency, low capital adequacy and poor assets and earning quality. Central bank of India is at last position followed by UCO bank and bank of Maharashtra.

Analysis and Interpretation		(In % 2010 - 14)		
		SBI	BOB	PNB
Capital Adequacy (C)	CRAR % BASEL II	13.02	13.94	13.01
	Ranking	2	1	3
	Debt Equity Ratio	14.52	15.03	13.97
	Ranking	2	1	3
	Advance to Asset Ratio	63.15	61.82	63.86
	Ranking	3	2	1
	Govt. Securities to Total Investment	77.00	84.25	82.69
Asset Quality (A)	Ranking	3	1	2
	Net NPA to Net Advance Ratio	1.97	0.87	1.62
	Ranking	1	3	2
	Total Investment to Total Asset Ratio	25.37	20.38	26.20
	Ranking	2	3	1
	Net NPA to Total Asset Ratio	1.09	0.48	0.99
	Ranking	1	3	2
Management Efficiency	Percentage Change in Net NPAs Ratio	25.42	75.23	119.55
	Ranking	3	2	1
	Total Advances to Total Deposits	82.34	72.25	75.86
	Ranking	1	3	2
	Return on Net Worth	13.45	18.06	17.07
	Ranking	3	1	2
	Profit Per Employee	0.05	0.10	0.075
Earnings (E)	Ranking	3	1	2
	Business Per Employee	8.29	14.46	10.81
	Ranking	3	1	2
	Operating Profit to Total Assets	1.82	1.99	2.44
	Ranking	3	2	1
	Net Profit to Total Assets	0.81	1.09	1.00
	Ranking	3	1	2
Liquidity (L)	Percentage Change in Net Profit	5.53	15.36	4.17
	Ranking	2	1	3
	Liquid Assets to Total Assets	7.71	14.28	5.19
	Ranking	2	1	3
	Liquid Assets to Total Deposits	0.10	0.165	0.084
	Ranking	2	1	3
	Liquid Assets to Demand Deposits	103.47	211.22	110.83
	Ranking	3	1	2
	Govt. Securities to Total Assets	15.37	15.17	21.46
Approved Securities to Total Assets	Ranking	2	3	2
	Approved Securities to Total Assets	0.152	0.174	0.076
Ranking	Ranking	2	1	3

Composite Ranking: Overall Performance

For the time period of 5 year i.e. from 2010 to 2014.

Banks	C	A	M	E	L	Average	Rank
SBI	2.5	1.75	2.5	2	2.6	2.27	3
BOB	1.25	2.75	1.5	1	1.4	1.58	1
PNB	3	1.5	2	1.5	2.6	2.12	2

Conclusion

The results of study show that Bank of Baroda is leading in all the aspects of CAMEL. followed by Punjab National Bank in Capital Adequacy, Management efficiency and Earning capacity and, whereas SBI has not performed well according to the study though it hold highest amount of assets and cash reserves. There has been a significant change in the performance of these banks throughout the years. Bank of Baroda has really performed well. Punjab National Bank Leads in Assets Quality. If we compare the overall Performance of the Selected Banks. Bank of Baroda has performed better than all other selected banks. Various studies have been conducted in India over the performance of different categories of banks on various parameters. Different banks are ranked according to the ratings obtained on the most essential five parameters of CAMEL.

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DERIVATIVE COMMODITY MARKET : AN OVERVIEW

Murari Lal Khandelwal*

Abstract

The developments in the Indian commodity market in the past decade has led the Indian commodity exchanges to be at par with the world markets with setting up of national exchanges and institutions in term of warehousing facilities and clearing have led to reduction in price distortions. The present study is an investigation into the commodity markets in agricultural commodities in India. Indian markets have recently thrown open a new avenue for retail investors and traders to participate commodity derivatives. For those who want to diversify their portfolios beyond shares, bonds and real estate, commodities are the best option. Till some months ago, this wouldn't have made sense. For retail investors could have done very little to actually invest in commodities such as gold and silver or oilseeds in the futures market. This was nearly impossible in commodities except for gold and silver as there was practically no retail avenue for pumping in commodities. Though the agricultural sector contributes significantly to the Indian economy, it faces several bottlenecks, one of those being the antiquated laws governing agricultural marketing and price discovery, leading to low price realization by Indian farmers. In India, six national level exchanges offer commodity derivatives contracts on commodities, with some having electronic spot exchanges to facilitate spot trading of commodities. However, farmers' participation in these exchanges has been poor. ITC-ABD, one of the largest aggregators and exporters of Indian agri-commodities, has started using these exchange platforms to hedge price risk. The present study makes an overview of the Indian commodity derivatives market. The study discusses the evolution and performance of the market, its present status and the future prospect.

Keywords: *Commodity Derivatives, Commodity Market, Commodity Exchanges, Hedging.*

Introduction

Commodity markets play vital role in the economies like India where agricultural production constitutes a major part of GDP. India being agricultural dominated economy is one of the top producers of agricultural products, where farmers have to face yield risk along with price risk. Commodity market performs two significant economic functions of price discovery and price risk management. A futures trading in commodities is beneficial for all sectors of the economy including farmers and consumers. It provides advance price signals to sellers (farmers/producers) and assists buyers (consumers) of agricultural commodities for financing commodities from one season to another. The commodity markets in India has achieved substantial development in term of transparency, technology and trading activities. The production, supply and distribution of many agricultural commodities are still governed by the state. Free trade in many agricultural commodities items is restricted under the Essential Commodities Act (ECA), 1955 and Agriculture Produce Marketing Committees (APMC) Acts of various State Governments. The forward and futures contracts were, till April 2003, limited to only a few commodity items under the Forward Contracts (Regulation) Act (FCRA), 1952. The Forward Markets Commission (FMC), established under the Forward Contracts (Regulation) Act, 1952 is the agency which regulates commodity derivatives trading in India in the same way as SEBI does for securities markets.

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Commodity derivatives trading or futures trading in India is regulated through a three tier regulatory structure, viz, the Central Government, Forward Markets Commission and the Recognized Commodity exchanges/Associations. In October 2008, the price upswing decelerated and prices decreased sharply in the midst of the financial crisis and the wake of economic recession. Although many food prices fell in excess of 50 percent from their peaks in June 2008, they continue to remain at a significantly higher level than that of 2005. However, with the setting up of three multi-commodity exchanges in the country, retail investors can now trade in commodity futures without having physical stocks. Commodities Exchanges in India there are 25 recognized future exchanges, of which there are three national level multi-commodity exchanges. After a gap of almost three decades, Government of India has allowed forward transactions in commodities through Online Commodity Exchanges. Most popular out of that are as:-

- Commodity Exchange of India Limited (MCX), is an independent and de-metallized exchange with a permanent recognition from Government of India. National Multi Commodity Exchange of India (NMCE):-This exchange was originally promoted by Kailash Gupta, an Ahmadabad based trader, and Central Warehousing Corporation (CWC).
- National Commodity & Derivatives Exchanges Limited (NCDEX) National Commodity & Derivatives Exchanges Limited (NCDEX) located in Mumbai is a public limited company incorporated on April 23, 2003 under the Companies Act, 1956 and had commenced its operations on December 15, 2003. It is promoted by ICICI Bank Limited, Life Insurance Corporation and National Bank for Agriculture and Rural Development (NABARD) and National Stock Exchange of India Limited (NSE). Multi Commodity Exchange of India Limited (MCX):- Headquartered in Mumbai Multi

Objectives of the Study

- To study Impact of Derivative Commodity Market on Retail Consumer of Rajasthan, India from period (2007-08 to 2014-15).
- To find out the share of commodity group in commodity Future market for period (2013- 14 to 2014-15).

Methodology

The study is based on the data collected from Directorate General of Commercial Intelligence and Statistics, Government of India from 2002-2003 to 2007-12 of value of commodity trading. Some major commodities/commodity group "s data were collected from Researcher report by published in Indian budget on Foreign Trade and Balance of Payment the analysis, based on the irrespective shares in Indian commodity market. They were agriculture, metals, energy, bullions and some others. The data on commodity derivative of selected commodities for India were culled from various issues of FAO Trade Yearbook, published by the statistics division of Food and Agriculture Organization (FAO), Rome. The literature and data are mainly based on secondary a source, which has been collected from commodity market and their various publications, books related topics, magazines, reputed journals, research paper, news paper & various internet sources, commodity market bulletins, annual reports of Forward Market Commission (FMC) and other publications.

Literature Review

Not much work has been existing in literature pertaining to commodity exchanges. As such, effort has been made in this chapter to review available studies pertaining to any aspect of commodity exchanges. A brief review of some of the major studies in recent years is given below:-

- **Kunnal and Shankarmurthy (1996)** studied that the critically analyses the performance of the Karnataka State Seed Corporation (KSSC) with respect to its seed marketing activity. KSSC has adopted a mixed distribution network to sell seeds in the state. The quantity of seeds of different crops marketed by the KSSC increased during the study period. Though sales of seeds showed fluctuating trends, sales turnover showed an increasing trend. The share of cooperatives in the distribution of seeds of KSSC was not appreciable.
- **Lin and Tamvakis (2003)** examined the information transmission mechanism and price discovery process in crude oil and refined oil products traded on the New York Mercantile Exchange (NYMEX); and London's International Petroleum Ex-change (IPE). They found substantial spillover effects between

two markets where IPE morning prices seem to be considerably affected by the closing price of the previous day on NYMEX.

- **Sanjay Sehgal, Dr. Namita Rajput and Rajeev Kumar Dua** (2012) in his study titled—Price Discovery in Indian Agricultural Commodity Markets¹ conclude that Indian commodities market is still not perfectly competitive for some commodities. Find that spot and futures prices of all sample commodities and indices are non stationary, and in fact integrated to order one except one commodity Turmeric in which null hypothesis is accepted and there is no co integration revealed in this market.
- **Mrs. Isha Chhajed and Mr. Sameer Mehta** (2013) in his research paper —Market Behavior and Price Discovery in Indian Agriculture Commodity Market —examined the price discovery mechanism is quite effective for most commodities, but may not be very effective for some commodities. They found several natural processes such as seasonal cycles based on harvests, monsoons, depressions, and other weather events would also be expected to have an impact on price discovery in commodity markets; this is another area that needs to be studied.
- **Neeti Agarwal and Gurbandini Kaur** (2013) in his study titled —Agricultural Commodity Future Trading and its Implications – An Overview¹ the discussion based on various parameters of the commodity market as a whole show that the researchers have a mixed view. There is no defined viewpoint on any of the variables selected. This clearly shows the uncertainty prevailing in the market which forms the basis of the research.
- **Shamim Ahmad and Mohammed Jamshed** (2014) in his study titled —Nurturing an Agriculture Friendly Commodity Derivatives Marketing in India¹ examined the analysis and discussion leads to the creation of a new ‘institutional design’ exclusively for governing, monitoring and regulating the spot, futures and derivatives markets in agricultural commodities. Central Government may pass an —Inter-State Agriculture Produce Trade and Commerce Regulation Act¹ under entry 42 —Inter-State Trade and Commerce¹ of agriculture produce at national level. They found the Government of India should empower spot exchanges to function on pan-India basis through integrated single window.
- **M. Thirumagal vijaya and D. Suganya** (2015) in his study titled—Marketing of Agricultural Products in India¹ Selling on any agricultural products depends on some couple of factors like the demand of the product at that time, availability of storage etc. The task of distribution system is to match the supply with the existing demand by whole selling and retailing in various points of different markets like primary, secondary or terminal markets. Most of the agricultural products in India are sold by farmers in the private sector to moneylenders or to village traders.

Key Aspects

- **Commodity Derivatives Trading In India:** The basic function of commodity exchanges is to provide a platform for commodity price discovery and price risk management. In the past, India was a closed market and prices of agricultural commodities were predominantly governed by domestic supply and demand. With expanding export-import activities, the Indian commodity market is increasingly integrated with the rest of the world. Now the commodity prices are impacted not only by domestic supply and demand, but also by global consumption and production, weather conditions that affect such production and demand, foreign exchange and freight rates, import and export tariffs, and other government policies. In essence, derivatives markets smoothen the price volatility compared to a situation where the physical markets operate in isolation.
- **Low Trading Volume and Limited Maturity Durations of Futures Contracts :** There are several reasons why Indian commodity contracts on exchanges lack depth. Most Indian farmers are small with fragmented land holdings and they produce small quantities of agricultural commodities. Price discovery can take place only when a large number of consumers, producers, traders, and aggregators use commodity futures markets to hedge their risk. Interplay of these participants along with speculators and arbitrageurs provides liquidity and helps in price discovery for longer periods.
- **Farmers' Participation in Commodity Derivatives Trading :** Farmers must be able to manage their risk, but that should be done while maximizing value for their produce and not by compromising on that count. As I mentioned earlier, Indian farmers produce many varieties of any agricultural commodity. The variety of food items that an average Indian consumes is quite diverse when compared to any other country. If farmers want to use commodity exchanges and start producing commodities as

per the prescribed quality parameters set by exchanges, then consumers are deprived of their preferred food and farmers of their potential premium markets. Similarly, there are large buyers of commodities the processors, or companies that produce branded products that are sold in retail chains all over the country. For most part, these buyers contract with the farmers using exchange linked pricing formulae.

- **Use of Exchange Platform to Hedge the Netted Risks :** On the contrary, by virtue of their regular and close interaction with farmers, aggregators are in a better position to explain the nuances of such contracts. Depending on farmers' requirement and capacity, aggregators can design specific contracts for them. A well-to-do farmer having surplus cash may be ready to pay higher premium for higher upside potential, while another farmer may like to pay lower premium and settle for limited upside potential.

- **Internal Guidelines Regarding the Hedge Ratio :** Except for a few agricultural commodities whose prices are controlled by the Government of India, prices of most of the agricultural commodities in India have been quite volatile. Therefore, daily monitoring of inventory, buying and selling operations, logistics, open positions in futures contracts and risk limits is very important to deliver the desired return on investment (ROI). We do not have any predetermined hedge ratio as a fixed percentage of our physical position. It varies from time to time based on the market conditions, liquidity, and volatility.

- **Price Risk Management and Price Discovery:** Over the last decade or so, when Indian commodity exchanges came into being, they have served a useful purpose on both these counts. There have been, of course, hiccups from time to time, natural to any nascent market, when there were knee-jerk reactions by the policy makers, such as banning futures trade in certain commodities. But on the whole, the commodity risk management mechanism in the country has got institutionalized. During this period, there have been many positive developments in the Indian commodities derivatives market. Indian commodity exchanges are offering contracts on many agri-commodities such as grains, oilseeds, pulses, spices, and plantation commodities. In a well-functioning commodity derivatives market, there should be enough liquidity in longer-maturity contracts so that farmers can get a fair idea about future price and decide whether to go ahead with planting a crop or not.

Conclusion

The following are the main conclusions regarding the commodity derivatives :

- A number of banks launching investment funds for African agriculture with local sponsors.
- Agreed by all that supply expansion is critical to establishing healthy inventory levels and reducing fundamental drivers of price volatility.
- Agreement that expanding supply is a priority and an area for joint focus.
- Banks make multi billion commitments to this sector via their lending and trading activities. This will continue and hedging and market liquidity are crucial.
- Banks reassessing exposure to agricultural commodity derivatives. Uncertainty of regulatory situation e.g. Dodd Frank and French regulation.
- Channels of communication are to be kept open with this end in mind.
- Commodity derivatives: We are seeking a single representative entity to co ordinate with the banks and work through the CFC for potential follow up meetings and an on going channel for communication.
- Defining the externalities of Futures and OTC markets difficult to agree on.
- Development of market access crucial for emerging markets (IFC initiative), local hedging instruments and capacity building.
- Evidence for and against contradictory and view dependent, hence regulation likely to be so. Real need for deeper on going debate to create a common understanding to inform the policy debate.
- Financialization versus Supply and Demand fundamentals a difficult issue to find genuine common ground on.
- Food demand is continuing to rise rapidly in emerging markets and weather risk and supply risks appear to be increasing.
- Most investment and potential for growth is required in higher risk geographies e.g. Africa, Latin America, FSU and Asia.
- Need for clarification of key terms e.g. speculators and investors and common usage.

- Opportunities to build on this should be pursued where possible, with realistic initiatives proposed.
- Pension funds also represent consumers hedging their long term risk.
- Pension funds scaling back or exiting from commodity index products due to poor returns and a break down in the negative correlation with equities and fixed income.
- Physical markets without futures markets are experiencing high levels of price volatility.
- Private sector reluctant to invest directly in supply side due to systemic risk of agriculture, country and credit risk allied with the scale of projects available.
- Profitability being reduced therefore attractiveness investment and risk capacity contracting.
- Supply side expansion: an ambitious potential research program was proposed (USD 9 million) for a multi year project, but with banks facing acute cost reductions and uncertainty over future regulation of the sector there is reluctance to commit to such a project.
- The current environment makes investment difficult at the institution and industry level.
- The need for action on supply side investment is urgent.
- There is a genuine willingness on all sides to work towards a better common understanding and an action oriented agenda as described.
- There needs to be a broader consortium of interested institutions to boost supply side investment and share risks and learning.
- Volatility likely to rise and be sustained even if speculative levels are reduced.

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हिन्दी चलचित्र में ग़ज़ल की लोकप्रियता

डॉ० प्रतिभा सक्सेना*

सारांश

प्रारम्भिक स्तर पर अपने शैशव काल से लेकर तरुणाई में प्रवेश के समय तक कविता यशोपार्जन की कामना से स्वान्तः काव्य विधा ही नहीं है अपितु गायन की एक सुगम एवं समुधुर शैली भी है। ग़ज़ल कविता की एक स्वतन्त्र समर्थ और प्रभावशाली विधा है। इसलिए इसे संगीत का सानिध्य सबसे पहले मिला। ग़ज़ल ने संगीत के स्वरो के साथ मिलकर लोक जीवन में अपने लिए एक विशिष्ट स्थान और कदाचित धनोपार्जन की जगह भी बनायी। पाश्चात्य संगीत से ऊँची हुई जनरुचि को सरल एवं सुगम संगीत से सम्मोहित करके चलचित्रों को अपूर्व सफलता दिलाने के उद्देश्य से जिन संगीतकारों का दल सामने आया उनमें नौशाद, मदन मोहन, शंकर-जयकिशन, कल्याण जी, आनन्द जी, लक्ष्मीकांत-प्यारेलाल आदि प्रमुख हैं। उन्होंने मोहक धनो तथा मधुर स्वरो द्वारा ग़ज़ल की लोकप्रियता को चरम सीमा तक पहुँचाने का सार्थक प्रयास किया। ग़ज़ल को हिन्दी चलचित्रों में लोकप्रिय बनाने में ध्यान देने योग्य है कि ग़ज़ल कि धुन बनाना गीतों की धुन बनाने से भिन्न कार्य है।

कुन्जी शब्द: ग़ज़ल, चलचित्र, संगीत, भाषा।

परिचय

संगीत की बड़ी-बड़ी महफिलों में ग़ज़ल का जादू सर चढ़कर बोलने लगा। यही से ग़ज़ल ने शुभारम्भ कर दिया। संगीत के मोहक स्वरो का संयोग पाकर जनमानस पर इसका सीधा एवं गहरा प्रभाव पड़ना स्वाभाविक ही है। ग़ज़ल गायन को सर्वसाधारण तक पहुँचाने का श्रेय स्वर्गीय कुंदन लाल सहगल को जाता है। उन्होंने ग्रामोफोन रिकार्डों के माध्यम से ग़ज़ल गायन को एक शैली प्रदान की। उनकी शैली में बंगाल का भोलापन, पंजाब की रंगीनी एवं अवध की शामों का सौन्दर्य एक ही स्थान पर ही सम्मिलित हुआ है।

बेगम अख्तर का भी ग़ज़ल गायन के क्षेत्र में अपना अलग स्थान है। उनके द्वारा गायी हुई ग़ज़लों में संगीत की सरलता के साथ हृदयस्पर्शी अनुभूतियाँ मुखर हुई हैं। बेगम अख्तर की अनेक ग़ज़लें तो शास्त्रीय संगीत की अनुपम निधि हैं। उनकी गायी ग़ज़लों को जब सिनेमा का साथ मिला तब वास्तविक स्तर पर शब्द, स्वर और सौन्दर्य का मिलन हुआ। यही मिलन ग़ज़लों के लिए एक नया बाजार लेकर आया जो आज काफी ऊँचाइयों को छूने लगा है। संगीत निर्देशको, ग़ज़लकारों एवं सिनेगायको ने इस क्षेत्र में पदार्पण करके गीतों के साथ ग़ज़लों को स्थान दिया।

कहरवा, दादरा, रूपक और पश्तो जैसे चपल तथा सरल तालों में गाये जाने के कारण हिन्दी चल चित्रों में ग़ज़ल का रूप निखरता ही चला गया। हिन्दी चलचित्र जगत में शकील बदायूनी, राजा मेंहदी अली खां, साहिर लुधियानवी, कैफ़ी आज़मी आदि ग़ज़लकारों ने साहित्यिक एवं भावपूर्ण ग़ज़लें लिखकर हिन्दी सिनेमा संगीत को समृद्ध किया।

* अस्सिस्टेंट प्रोफेसर, संगीत विभाग, एस० एस० (पी०जी०) कॉलेज, शाहजहाँपुर, उत्तर प्रदेश।

इसके अतिरिक्त सिने निर्माताओं ने, ग़ालिब, मीर, दाग ज़फ़र आदि प्रचीन शायरो की ग़ज़लो का प्रयोग भी अपनी फिल्मों में किया जिसका समय-समय पर श्रेताओं द्वारा स्वागत किया गया।

जिन पार्श्व गायक-गायिकाओं को चलचित्रों के अन्तर्गत अपने स्वर के माध्यम से सिने ग़ज़लो को दर्शकों एवं श्रेताओं के हृदय में उतारने का श्रेय प्राप्त है। उनमें, नूरजहाँ, ख़ुशीद, कुन्दनलाल सहगल, सुरैया, शमशाद बेग़म, बेग़म अख़्तर, लता मंगेशकर, महम्मद रफ़ी, तलत महमूद, आशा भोंसले, मुकेश, मन्ना डे, जगजीत सिंह चित्रा सिंह प्रमुख हैं।

हिन्दी चलचित्रों में 'आलमआरा' वह बोलती हुई प्रथम फिल्म है जिसमें सिने-गीतों के साथ-साथ ग़ज़ल को सम्मिलित किया गया। यह फिल्म अपने समय में काफी लोकप्रिय हुई।

कालान्तर में अनपड़, नौनिहाल, काजल, जहाँ आरा दो बदन, फिर बहार आयी, ताजमहल, दिल ही तो है, ममता, चाँदी की दीवार, बेगाना, पाकिज़ा, दस्तक, आँखें आदि फिल्मों में प्रयुक्त ग़ज़लो के शाश्वत एवं जीवन्त संगीत ने अप्रत्याशित रूप से लोकप्रियता अर्जित की। इनके अतिरिक्त कुछ नई फिल्मों में भी स्तरीय ग़ज़लें देखने को मिलती हैं। इन फिल्मों में उमराव जान, निकाह, रजिया सुल्तान आदि के नाम लिये जा सकते हैं।

लोकप्रियता के मोहवश हिन्दी चलचित्रों में जहाँ एक ओर भोड़े, सस्ते एवं अमर्यादित गीतों तथा ग़ज़लों का बाहुल्य है, वहीं दूसरी ओर ऐसी ग़ज़लें भी देखने व सुनने को आती हैं जिनका साहित्यिक स्तर की दृष्टि से अपना पृथक स्थान है।

हिन्दी चलचित्रों में प्रयुक्त ग़ज़लो में प्रायः परम्परागत, प्रेमपरक भावों की अभिव्यक्ति ही मिलती है। यदा-कदा प्रगतिशील विचारों की झलक भी इन ग़ज़लो में मिलती है। किन्तु इन पर रोमानी रंग चढ़ा होता है।

ग़ज़ल का परम्परागत प्रेमपरक स्वरूप हमें फिल्म 'अनपड़' की एक ग़ज़ल में मिलता है। जिसे मदन मोहन के संगीत निर्देशन में लतामंगेशकर ने अपना सदाबहार स्वर प्रदान किया। प्रिय की निष्ठुरता के बदले अमर प्रेम लुटाने वाले एवं उसके द्वारा प्रदत्त पीड़ा को जीवन का शाश्वत संगीत बनाने वाली प्रेम की भावधारा को रूपायित करते हुये ग़ज़ल के शेर अस्तुत है।

है इसी में प्यार की आबरू वो जफ़ा करें, मैं वफा करूँ।

जो वफा भी काम ना आ सके, तो वो ही कहें कि मैं क्या करूँ।।

रवि के संगीत-निर्देशन एवं मुहम्मद रफ़ी के गायन में प्रस्तुत फिल्म 'काजल' की एक ग़ज़ल काफी लोकप्रिय हुई जिनमें प्रिय के अधरो में निहित अमृत रस तथा प्रेम एवं यौवन की अनमोल घड़ियों के माहात्म्य का वर्णन करते हुये कवि ने कहा है—

छु लेने दो नाजुक होंठों को, कुछ ओर नहीं है। ज़ाम है ये।

कुदरत ने जो हमको बख़्शा है, वो सबसे हंसी ईनाम है ये।।

फिल्म 'आँखें' की एक ग़ज़ल ने लोकप्रियता के उच्च शिखरों को अपनी भावात्मक एवं सांगीतिक प्रस्तुति से स्पर्श किया है। प्रेम की कोमल अनुभूतियों एवं वियोग की मार्मिक आंशकाओं का एक ही ग़ज़ल में प्रस्तुतीकरण करना कवि की अपनी विशेषता है। इस ग़ज़ल का शाश्वत अमर संगीत दिलों में उतरता चला जाता है। निश्चय ही एक सदाबहार सिने ग़ज़ल है जो हर बार एक नवीन रसानुभूति कराने में समर्थ है। रवि के संगीत निर्देशन में लता मंगेशकर द्वारा गायी ग़ज़ल मूल रूप से इस प्रकार है—

मिलती है जिन्दगी में मुहब्बत कभी-कभी।

होती है दिलवरों की इनायत कभी-कभी।।

शरमा के मुँह न फेर नज़र के सवाल पर।

लाती है ऐसे मोड़ पे किस्मत कभी-कभी।।

इसी प्रकार 'तरह' की रदीफ ' में आबद्ध 'ममता' फिल्म की एक ग़ज़ल में नवीन भावनाओं के माध्यम से अभिव्यक्ति को प्रभावशाली बनाया गया है। रोशन के संगीत तथा लता मंगेशकर की वाणी ने ग़ज़ल में नूतन प्राण-प्रतिष्ठा करके उसे लोकप्रिय बना दिया है। साहित्यिक दृष्टि से ग़ज़ल के शेर इस प्रकार है—

'रहते थे कभी जिनके दिल में, हम जान से भी प्यारों की तरह।

बैठे हैं उन्हीं के कूचे में, हम आज गुनहगारों की तरह।।

उर्दू के लोकप्रिय कवियों की सरल उर्दू-हिन्दी मिश्रित भाषा में लिखी गयी कतिपय ग़ज़लो को फिल्म संगीतकारों ने स्वरबद्ध करके उन्हें जीवन्त संगीत के माध्यम से लोकप्रियता प्रदान की है।

फिल्म 'मिर्ज़ा ग़ालिब' में ग़ालिब की लिखी ग़ज़ल ने अपने समय में काफी लोकप्रियता अर्जित की। ग़ज़ल जिसे संगीतकार शंकर जयकिशन ने ऊषा मंगेशकर के स्वर में संगीतबद्ध किया था, का मतला प्रस्तुत है—

ये न थी हमारी किस्मत कि विसाले, यार होता।

अगर और जीते रहते, यही इन्तजार होता।।

न किसी का आँख का नूर हूँ तथा "लगता नहीं है दिल मेरा उजड़े दयार में" मुहम्मद रफी के स्वर में संगीतबद्ध करके फिल्म संसार को अमर शहीद का एक नया उपहार प्रदान किया। आज भी इनकी सदाबहार सिने याद गज़लों में की जाती है।

फिल्म 'उमराव जान की एक गज़ल तो बार-बार गुनगुनाते रहने का मन करता है—

'इस-अंजुमन में आप को आना है बार-बार।

दीवारो — दर को गौर से पहचान लीजिये'।।

फिल्म 'निकाह' के लोकप्रिय होने का प्रमुख श्रेय उसमें प्रस्तुत संगीतबद्ध गज़लों को भी जाता है। गज़लकार हसन कमाल ने इस फिल्म के लिये सिने-दृव्यो के अनुरूप कुछ साहित्यिक गज़ले प्रस्तुत की है। इनमें पीड़ा ओर कशिश का जो स्रोत प्रवाहित हुआ है, वह श्रोताओं के हृदय को पूर्णतया आप्लावित कर देता है। और वे गायक कलाकार के स्वर में स्वर मिलाकर गुनगुना उठते हैं—

दिल के आरमाँ आँसुओ में बह गये।

हम वफ़ा करके भी तन्हा रह गये।।

फिल्म संगीत और गज़ल के प्रसंग में यहाँ यह ध्यान में रखना आवश्यक है कि हिन्दुस्तानी फिल्मों में उस जमाने में अधिकार फिल्मी गीतों की भाषा शुद्ध हिन्दी ना होकर आम बोलचाल की भाषा, हिन्दी तथा उर्दू भाषा का मिश्रित प्रयोग होने के कारण जन साधारण को इस भाषा को समझने की परेशानी ज्यादा नहीं उठानी पड़ती थी। इसलिये फिल्म संगीत में हिन्दी गीतों के समान ही उर्दू गज़ल को भी लोकप्रियता मिली। फिल्मों में गज़ल गाने के लिये सबसे पहले जिन कलाकारों ने अपना स्थान बनाया उनमें मुख्य रूप से नूरजहाँ, सुरैया, शमशाद बेगम आदि का नाम लिया जाता है। परन्तु फिल्मों में गज़ल गायकी के क्षेत्र को एक नया स्थान दिया था के० एल० सहगल आज भी उनकी गज़ले अत्यन्त लोकप्रिय है जो भुलाई नहीं जा सकती है। फिल्म संगीत में गज़लो को मीठी और उपयुक्त कामयाब हुये उनमें खेमचन्द्र, मदन मोहन, रोशन जयदेव, एस. डी. वर्मन, नौशाद, खय्याम, कल्याण जी आनन्द जी, शंकर जयकिशन प्रमुख हैं। वर्तमान काल में कई गज़ल गायक भी फिल्म संगीत के लिये संगीत देने लगे हैं। जैसे— जगजीत सिंह, चित्रा सिंह, पंकज उदास, अनूप जलोटा आदि।

निष्कर्ष

प्रारम्भिक स्तर पर अपने शैशव काल से लेकर तरुणार्ध में प्रवेश समय तक कविता यशोपार्जन की कामना से स्वान्तः सुखाय सृजन का माध्यम रही है अपितु गज़ल केवल एक लोकप्रिय काव्य विद्या नहीं है अपितु गायन की एक सुगम एवं सुमधुर शैली भी है गज़ल कविता की एक स्वतन्त्र समर्थ और प्रभावशाली विधा है इस लिए इसे संगीत का सानिध्य सबसे पहले मिला। गज़ल ने संगीत के स्वरो के साथ मिलकर लोक जीवन में अपने लिये एक विशिष्ट स्थान और कदाचित धनोपार्जन की जगह भी बनायी। गज़ल गायन को सर्वसाधारण तक पहुँचाने का श्रेय स्वर्गीय कुंदन लाल सहगल को जाता है। उन्होंने ग्रामोफोन रिकार्डों के माध्यम से गज़ल को एक शैली प्रदान की। बेगम अख्तर का भी गज़ल गायन के क्षेत्र में अपना अलग स्थान है। उनके द्वारा गायी हुई गज़लों में संगीत की सरलता के साथ हृदयस्पर्शी अनुभूतियाँ मुखर हुई हैं। पाश्चात्य संगीत से ऊँची हुई जनरुचि को सरल एवं सुगम संगीत से सम्मोहित करके चलचित्रों को अपूर्व सफलता दिलाने के उद्देश्य से जिन संगीतकारों का दल सामने आया नौशाद मदनमोहन, शंकर जयकिशन, कल्याण जी-आनन्द जी आदि प्रमुख हैं। कलान्तर में अनपढ़, नौनिहाल, काजल, पाकिजा, दस्तक आँखे, आदि फिल्मों में प्रयुक्त गज़लों के शाश्वत एवं जीवान्त संगीत ने अप्रत्याशित रूप से लोकप्रियता अर्जित की। फिल्म 'आँखे' की एक गज़ल ने लोकप्रियता के उच्च शिखरों को अपनी भावात्मक एवं सांगीतिक प्रस्तुति से स्पर्श किया है।

मिलती है ज़िन्दगी मैं मुहब्बत कभी-कभी

होती है दिलवरों की इनायत कभी-कभी

उर्दू के लोकप्रिय कवियों की सरल उर्दू हिन्दी मिश्रित भाषा में लिखी गयी कतिपय गज़लों को फिल्म संगीतकारों ने स्वरबद्ध करके उन्हें जीवन्त संगीत के माध्यम से लोकप्रियता प्रदान की है। फिल्म 'निकाह' के लोकप्रिय होने का प्रमुख श्रेय उसमें प्रस्तुत संगीतबद्ध गज़लों को भी जाता है। फिल्म संगीत और गज़ल के प्रसंग में यहाँ यह ध्यान में रखना आवश्यक है कि हिन्दुस्तानी फिल्मों में उस जमाने में अधिकतर फिल्मी गीतों की भाषा शुद्ध हिन्दी ना होकर आम बोलचाल की भाषा, हिन्दी तथा उर्दू का मिश्रित रूप होता था। हिन्दी और उर्दू भाषा का मिश्रित प्रयोग होने का कारण जन साधारण के इस भाषा को समझने की परेशानी ज्यादा नहीं

उठानी पड़ती थी। इसलिये फ़िल्म संगीत में हिन्दी गीतों के समान ही उर्दू ग़ज़ल को भी लोकप्रियता मिली। फ़िल्मों में ग़ज़ल गायकी के क्षेत्र को नया स्थान दिया था के० एल० सहगल आज भी उनकी ग़ज़ले अत्यन्त लोकप्रिय हैं जो भुलाई नहीं जा सकती हैं। ग़ज़ल को हिन्दी चलचित्रों में लोकप्रिय बनाने में ध्यान देने योग्य है कि ग़ज़ल की धुन बनाना गीतों की धुन बनाने से भिन्न कार्य है फ़िल्म संगीत में ग़ज़लों को मीठी और उपयुक्त धुन देने जो संगीतकार बहुत कामयाब हुये उनमें खेमचन्द्र, मदन मोहन, रोशन, एस डी बर्मन, नौशाद आदि प्रमुख हैं। फ़िल्मों में ग़ज़ल गाने के लिये सबसे पहले जिन कलाकारों ने मुकाम बनाया उसमें मुख्य रूप से के० एल० सहगल, नूरजहाँ, सुरैया, शमशाद बेगम आदि का नाम प्रमुख है। वर्तमान काल में कई ग़ज़ल गायक भी फ़िल्म में संगीत देने लगे हैं, जैसे, जगजीत सिंह-चित्रा सिंह, पंकज उदास, अनूप जलोटा आदि।

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वीर सावरकर : हिन्दू राष्ट्र का दृष्टिकोण

डॉ० सुधा कुमारी*

परिचय

सावरकर हिन्दुत्व और हिन्दू राष्ट्र के प्रबल हिमायती थे उन्हें हिन्दू सांस्कृतिक एवं दार्शनिक उपलब्धियों में गहन विश्वास था। उनका मानना था कि हिन्दुत्व प्राचीन सिद्धान्त, धारणा एवं धर्म है। हिन्दू संस्कृति और सभ्यता में अडिग निष्ठा, हिन्दुत्व का एक महान निर्णायक तत्व है। हिन्दू शब्द इतना प्राचीन है कि प्राचीनतम गाथाएँ भी इसके मूल की खोज कर पाने में समर्थ नहीं हैं। सिन्धु का हिन्दू या हिन्दुस्थान रूप भी संस्कृत के स्वकीय शब्दों से भारतीय एवं भारतीयेतर भाषाओं के व्याकरण के नियमों से आगे जाकर व्यवहार में आया है। ऋग्वेद काल से हमारे स्वतः के राष्ट्रीय अभिधान के नाते जिन सप्त सिन्धु शब्दों का प्रयोग हुआ उन्होंने से यह हिन्दू शब्द निकला। यह तथ्य प्रमाणित करते हैं कि अनादि काल से ही यह हिन्दुओं का देश रहा है इसी नाते हम हिन्दू हैं। सावरकर के ये शब्द भी इस तथ्य का समर्थन करते हैं।

प्राचीन काल से इस नाते को अपना राष्ट्रीय और धार्मिक अभिधान कहकर हिन्दू अत्यन्त गर्व से धारण करते आये हैं। प्रत्येक हिन्दू आत्म शुद्धि के लिए आज भी इन सप्त-सिन्धुओं का आवाहन करता है जो निम्न हैं-

इमं में गंगे यमुने सरस्वती शतद्रु स्तोमं सूचना प्ररुणया।

असिक्नयामरुद्रवृधे वितस्तयार्जीकीये श्रणुह्य सुषोमया॥

गंगे च यमुने चैव गोदावरी सरस्वती।

नर्मदे सिंधुकावेरीजलेउस्मिन् सत्रिधं कुरु।

चन्द्रवरदायी द्वारा लिखित पृथ्वीराज रासौ हिन्दी की प्राचीन कविता मानी जाती है जिसमें हिन्दू का गौरवशाली वर्णन किया गया है जो हिन्दू की प्राचीनता को दर्शाता है।

धनि हिन्दु पृथिराज ! जिने रजवट्ट उजारिय।

धनि हिन्दु पृथिराज ! वाले कलिमझझ उगारिय॥

इससे स्पष्ट होता है कि हिन्दू शब्द अतिप्राचीन है तथा सिन्धु का भाषिक अपभ्रंश नाम है। हिन्दू स्वयं में एक राष्ट्र है। इस प्रकार जिस नाम से अतीत के गौरव की अभिव्यक्ति होती है वह नाम निश्चित रूप से अन्य नामों को दबा देगा अतएव हिन्दू नाम पुनः प्राचीन गौरवशाली परम्परा के साथ आज भी देश की प्राचीनतम परम्परा और सभ्यता को स्पष्ट करते हुए देश को हिन्दुस्थान के रूप में स्थापित करता है।

हिन्दू राष्ट्र का उल्लेख

सावरकर के मतानुसार सिन्धु के पूर्वजों ने इन्हीं विचारों से प्रेरित होकर इस देश को सिन्धु स्थान की संज्ञा प्रदान की होगी। संस्कृत भाषा में सिन्धु केवल नदी ही नहीं अपितु महासागर को भी कहते हैं जो दक्षिण द्वीपकला की मेखला समुद्र रश्ना

* अस्सिस्टेंट प्रोफेसर, एस० एस० (पी०जी०) कॉलेज, शाहजहाँपुर, उत्तर प्रदेश।

है। अतः केवल सिन्धु नदी के उच्चारण मात्र से ही देश की चतुःसीमाओं का बोध होता है क्योंकि सिन्धु नदी ने उत्तर और पश्चिम की दिशाओं से इस राष्ट्र को घेरा है। अतएव सिन्धु स्थान कहने मात्र से सिन्धु नदी से सिन्धु पर्यन्त विस्तीर्ण भूमि की सम्पूर्ण प्रतिभा उपस्थिति हो जाती है। हिन्दुओं के तीर्थ स्थान- बनारस, गंगोत्री, अयोध्या, वृन्दावन, मथुरा वैदिक काल से ही इस देश के अविभाज्य अंग रहे हैं जो आज भी हैं। रामायण और महाभारत में भी सिन्धुशिवसौवीरों का उल्लेख हिन्दू जाति के रूप में मिलता है ये सभी “आसिन्धु सिन्धु पर्यन्त” के अन्तर्गत आते हैं। हिन्दुस्थान उनकी अनन्य पितृभूमि है जिसमें सभी प्रचलित भाषाएँ उत्पन्न हुई और विकसित हो रही हैं। आज भी धर्म ग्रन्थों एवं साहित्य की सर्वमान्य भाषा संस्कृत व हिन्दी है जो स्पष्ट रूप में श्री राम-कृष्ण जैसे अलौकिक ईश्वरीय शक्ति, बुद्ध, महावीर, शंकराचार्य जैसे अवतारी महापुरुष एवं तत्त्ववेत्ताओं, पाणिनी, पतंजलि जैसे ऋषि, कालिदास जैसे विद्वान शिवाजी, प्रताप, गुरु गोविन्द सिंह, बन्दा वैरागी जैसे वीर पुरुषों का गुणगान करती है जो सभी इसी धरा में उत्पन्न हुए थे।

हिन्दू राष्ट्र का सिन्धु देश के नाम से उद्बोधन तथा हिन्दुओं के इसमें निवास का समर्थन करते हुए सावरकर कहते हैं - वेदों में हिन्दू राष्ट्र का मूल नाम “सप्त-सैन्धवः” है और इस राष्ट्र को सिन्धु देश के नाम से कहा गया है। यदि पुराणों की काल गणना को छोड़ भी दिया भी जाय और केवल आज उपलब्ध इतिहास के आकड़ों के हिसाब को देखा जाये तो ज्ञात होता है कि -चन्द्रगुप्त और पुरु के पञ्जाब से सिन्धु स्थान तक भारतवर्ष में हिन्दुओं का परम्परागत निवास चलता आया है। इससे स्पष्ट है कि इस देश का प्राचीन वैदिक नाम सिन्धु स्थान ही था अतः सिन्धु स्थान ही वर्तमान हिन्दुस्थान है। विष्णु पुराणों के श्लोक में निम्न व्याख्या की गई है-

‘त’ वर्ष भारत नाम भारती यत्र संतति। अर्थात्-हम सभी हिन्दू बन्धु हैं हमारी जाति भी एक है क्योंकि हम में समान पूर्वजों का रक्त संचारित होता है हम सभी भारतीय संतति हैं। सावरकर ने कहा था। सकल हिन्दु बन्धु-बन्धु यहाँ कहीं भेद बिन्दु। अतः समान संस्कृति समान इतिहास, समान साहित्य, समान परम्परा समान शिल्पशास्त्र, समान धर्म शास्त्र एवं समान उत्सवों के माध्यम से प्रकट होते इन्हीं तथ्यों ने प्रत्येक हिन्दू को समानता का अनुभव कराया, इन्हीं कारणों से वह हिन्दुस्थान को मान्यता देता है और हिन्दुस्थान हमारा देश का उद्घोष करता है।

इसमें संस्कृत निष्ठ हिन्दी हमारी राष्ट्रभाषा एवं देव नागरी हमारी राष्ट्रीय लिपि है। सावरकर का दर्शन हिन्दू राष्ट्र था, उनका चिन्तन था कि हमें हिन्दू राष्ट्र चाहिए, हमें हिन्दू नाम से जीना है और हिन्दू नाम से मरना पसन्द है। सावरकर यही कहते थे कि हर एक देश का नाम उसके राष्ट्रीय बहुमत के नाम से ही पुकारा जाना चाहिए। उनका तर्क था जब ब्रूचिस्तान, वर्जिस्तान, अफगानिस्तान आदि के नाम बहुमत के आधार पर हैं जबकि इन देशों में गैर मुस्लिम अल्पमत भी बस रहा है फिर हिन्दुस्थान को हिन्दू राष्ट्र क्यों नहीं कहा जा सकता अतः हिन्दुस्थान हिन्दू राष्ट्र होना ही चाहिये।

हिन्दू राष्ट्र का दृष्टिकोण

सावरकर का दृष्टिकोण विशुद्ध राष्ट्रवाद था तथा उन्होंने सम्पूर्ण देश में हिन्दू राष्ट्र का उद्घोष किया और कहा था कि हम हिन्दू एक राष्ट्र हैं। उनकी राष्ट्रवादिता की धारणा संकुचित नहीं बल्कि विशाल थी। वे रुढ़िवादिता के खिलाफ थे तथा विज्ञान एवं यांत्रिकी द्वारा आगे बढ़ने और क्षमता राष्ट्र को विश्व के उन्नत राष्ट्रों की बराबरी पर लाने के पक्षधर थे। वे छुआछूत, जाति पाँति से रहित सशस्त्र एवं सशक्त सैन्य बल से युक्त सुरक्षित राष्ट्र के स्वप्न दृष्टा थे। सावरकर का मानना था कि भारत एक भौगोलिक इकाई है और इसमें बसने वाला प्रत्येक व्यक्ति राष्ट्रीय है। जाति या धर्म विशेष राष्ट्रीयता में बाधक नहीं है। राष्ट्रीयता के लिए एक सामान्य देश में रहने वाली जनसंख्या के अतिरिक्त उनमें भाषायी, प्रजातीय, सांस्कृतिक तथा धार्मिक एकता का होना आवश्यक है।

प्रजातीय तथा ऐतिहासिक ऐक्य के अभाव में किसी मानव समूह में राष्ट्रीयता का भाव विकसित नहीं हो सकता। हिन्दुओं, मुसलमानों, ईसाईयों आदि को मिलाकर कभी एक राष्ट्र नहीं बनाया जा सकता क्योंकि उनमें जातीय, धार्मिक और ऐतिहासिक ऐक्य नहीं है। हिन्दुओं के लिए भारत एक पितृभूमि एवं पुण्यभूमि है जो मुसलमानों तथा ईसाईयों के लिए नहीं हो सकती, उनकी पितृभूमि या पुण्यभूमि अरब और वेटिकन सिटी है जिसके साथ उनका भावात्मक सम्बन्ध है। यही कारण है कि उनके हृदय में भारत के प्रति प्रेम और श्रद्धा का वह भाव विकसित होना असम्भव है जो हिन्दुओं के हृदय में स्वाभाविक रूप से पाया जाता है।

सावरकर के हृदय में मुस्लिम जमात के प्रति कोई घृणा नहीं थी। वे हिन्दुओं एवं मुसलमानों में प्रेम और सहिष्णुता का वातावरण देखना चाहते थे परन्तु भारत में सदियों के मुस्लिम इतिहास और ब्रिटिश हुकूमत तथा मुसलमानों की मिली भगत एवं घोर मुस्लिम साम्प्रदायिकता के कारनामों से वे इस निष्कर्ष पर पहुँचे थे कि विदेशों से आयी हुई जाति भारत को उतना प्रेम नहीं कर सकती जितना इस देश में जन्मी हुई जाति। बहुसंख्यक मुसलमानों द्वारा हिन्दुओं से सर्वथा पृथक् एक मुस्लिम राज्य के निर्माण की मांग ने सावरकर के कड़े विचारों को सत्य सिद्ध कर दिया था। सावरकर ने आजीवन हिन्दुओं को संगठित करने तथा उनमें हिन्दू राष्ट्रवाद की भावना भरने का अथक प्रयास किया। वास्तव में हिन्दुओं का पुनरूत्थान उनके जीवन का चरम लक्ष्य था।

सावरकर का विशुद्ध राष्ट्रवाद हिन्दू राष्ट्रवाद ही है। मानवतावाद हिन्दुत्व का अन्तिम चरण है। हिन्दुत्व में उनकी गहरी आस्था तथा हिन्दू राष्ट्रवाद में विश्वास एक तार्किक एवं स्वाभाविक परिणाम है। उनके वैचारिक आधार के हिन्दुत्ववादी दृष्टिकोण पर ही उनका स्वर्णिम स्वप्न आधारित था जिसे प्राप्त करने के लिए भरकस प्रयास किये और यही मानवतावाद को अन्तिम लक्ष्य के रूप में प्राप्त करने का साधन था। सावरकर का राष्ट्रवाद मानवतावाद पर आधारित था जो उनका लक्ष्य था, उनका मानवतावादी स्वरूप गॉय अल्ट्रेड को लिखे पत्र से प्रदर्शित होता है। मैं यह मानता हूँ कि यद्यपि मानव जाति को राष्ट्रवाद के मार्ग पर आगे बढ़ना चाहिए तथापि अन्तिम लक्ष्य न तो राष्ट्रवाद है और नहीं हो सकता है अपितु अन्तिम लक्ष्य मानवतावाद है। धरती हमारी वास्तविक मातृभूमि है मानव जाति हमारा राष्ट्र है तथा समानता के अधिकार और कर्तव्य पर आधारित मानव शासन हमारा अन्तिम राजनैतिक लक्ष्य है और होना ही चाहिए।

राजनीति का हिन्दूकरण एवं हिन्दुओं का सैनिकीकरण

सावरकर देश की श्रेष्ठता व प्राचीन गौरव की याद दिलाते थे एवं उसे पुनः प्राप्त करने की बात करते थे। 1940 में मथुरा में अध्यक्षीय भाषण में उन्होंने कहा था, स्थल जल एवं वायु सेना में अधिक से अधिक हिन्दुओं की भर्ती हो जाना चाहिए एवं युद्ध में उपयोग होने वाले उपकरणों का पूर्ण लाभ उठाकर लोगों को यान्त्रिक प्रशिक्षण देना चाहिए। प्रत्येक विद्यापीठ, विद्यालय एवं महाविद्यालय में अनिवार्य सैनिक शिक्षा की व्यवस्था की जानी चाहिए। जिससे हमारे युवक वैज्ञानिक तथा सैनिक क्षेत्रों में निपुणता प्राप्त कर सकें। हिन्दुओं का सैनिकीकरण, सेना का हिन्दूकरण एवं राजनीति का हिन्दूकरण एक नारा बन गया था। उनकी प्रेरणा से गोरखा, सिक्ख, जाट, राजपूत एवं मराठे अधिक संख्या में भर्ती हुए थे।

जोधपुर अखिल भारतीय हिन्दू महासभा के अधिवेशन में अध्यक्ष पद से उन्होंने कहा था -राजनीति का हिन्दूकरण और हिन्दू का सैन्यीकरण होना चाहिए तथा यह महामन्त्र देते हुए सिंह गर्जना की थी कि जब तक देश की राजनीति कर हिन्दूकरण और हिन्दू का सैनिकीकरण नहीं किया जायेगा तब तक भारत की स्वधीनता, उसकी सीमाएँ, सभ्यता और संस्कृति कदापि सुरक्षित नहीं रह सकेगी। मेरा तो नौजावनो से परम आग्रह है या वे इसे आदेश माने की हिन्दुओं को अधिकाधिक संख्या में सेना में भर्ती होकर शस्त्र विद्या में निपुण हो जाना चाहिए जिससे स्वाधीनता की रक्षा कर सकें। इस प्रकार सावरकर का मानना था कि देश की सुरक्षा के लिए आधुनिक शस्त्रास्त्रों से सुसज्जित व संगठित सैन्य बल आवश्यक है। इसीलिए उन्होंने राजनीति का हिन्दूकरण और हिन्दुओं के सैन्यीकरण की बात बार-बार कही थी तथा कहा कि- आज के युग में जिसकी सेना, उसका ही राज्य सुरक्षित है।

निष्कर्ष

अगर सावरकर के हिन्दुत्व के सिद्धान्त को यदि समझा जाता और माना जाता तो देश खण्डित न होता उनके हिन्दुत्व में जातिवाद, छुआछूत, भेदभाव आदि कुरीतियों का कोई स्थान नहीं था। सावरकर हिन्दुस्थान को विज्ञान और अभियान्त्रिकी के सहारे उन्नतिशील एवं विश्व पटल पर अग्रणी स्थान दिलाना चाहते थे जो वर्तमान समय की आवश्यकता है और उनका यह कहना बिल्कुल सत्य है कि आज दुनिया में वही देश उन्नति कर रहे हैं जो आधुनिकतम टेक्नोलोजी और विज्ञान से परिपूर्ण हैं। उनकी जाति-पाति, छुआछूत, भेदभाव रहित समानता की विचारधारा आज और भी महत्वपूर्ण हो गई है। हमारी वर्तमान राजनीति जातियों व साम्प्रदायों में बँट गई है जो देश के लिए बहुत घातक सिद्ध हो रही है, इससे देश में जातिवाद बढ़ रहा है। सावरकर ने मुस्लिम तुष्टीकरण का घोर विरोध किया था अज उनकी हिन्दुत्व की विचारधारा सत्य सिद्ध हो रही है क्योंकि देश का उत्तरी और पूर्वी भाग तुष्टीकरण के कारण ही साम्प्रदायिक दंगों की आग में जल रहा है।

सावरकर के हिन्दुवादी दृष्टिकोण का सह स्वाभाविक परिणाम था कि उन्होंने राजनीति का हिन्दूकरण करने की बात उठाई, राष्ट्र की स्थापना एक व्यापक हिन्दू राष्ट्र के रूप में करने की बात कही तथा साथ ही अस्त्र-शस्त्र से युक्त सैनिकीकरण की आवश्यकता को भारत की सुरक्षा तथा स्वतन्त्रता के लिए अपरिहार्य माना।

उन्होंने राजनीति का हिन्दूकरण, हिन्दुओं का सैन्यीकरण और राष्ट्र के औद्योगीकरण के सिद्धान्त का प्रतिपादन किया था। वे एक राष्ट्र की प्रगति एवं सम्मान के लिए आधुनिक शस्त्रों से सुसज्जित सेना को परम आवश्यक मानते थे। यह धारण उस समय जिनकी प्रासंगिक थी आज भी उनकी ही है। वे राजनीति में पूर्ण अहिंसा को महत्व नहीं देते थे उनका मानना था कि पूर्ण अहिंसा वहीं लागू होती है जहाँ प्रतिपक्ष भी इनको मान्यता देता हो। वे धर्म निरपेक्षता का भी विरोध करते थे, उनका कहना था कि मुस्लिम तुष्टीकरण की नीति एक आत्मघाती नीति है,

एक राष्ट्र के लिए समान जाति, समान संस्कृति का होना आवश्यक है। अन्ततः वे एक ऐसा हिन्दू राष्ट्र चाहते थे जहाँ सभी नागरिकों के साथ समानता का व्यवहार हो और प्रत्येक व्यक्ति केवल भारतीय नाम से ही जाना पहचाना जाये जो इस देश को पितृ एवं भूमि की मान्यता दे और इसको नमन करें।

वे हिन्दू राष्ट्र के गौरव को पुनः प्राप्ति के साथ एक सर्व मान्य राज्य के स्वप्न दृष्ट थे। सम्पूर्ण वसुंधरा को अपनी वास्तविक मातृभूमि मानते थे। और सम्पूर्ण मानव जाति को अपना राष्ट्र समझते थे इसलिए उनका मत था कि हिन्दू जाति को दबाकर उसे अधिकारों से हीन बनाने की चेष्टा नहीं की जानी चाहिए एवं विभिन्न धर्मावलम्बियों से पक्षपात का बर्ताव नहीं होना चाहिए। वे हिन्दुत्व की सांस्कृतिक श्रेष्ठता में विश्वास करते थे तथा हिन्दू राष्ट्र के प्रबल समर्थक थे।

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“गीतगोविन्द” में वर्णित राग और रस

डॉ० कविता भटनागर*

परिचय

बाहरवीं शताब्दी में सृजित जयदेव-कृत ‘गीतगोविन्द’ भाव और शिल्प की दृष्टि से ही अनुपम कृति नहीं है, वरन् संगीत के निकष पर भी खरा उतरा है। इसकी अष्टपदियों में नाद-सौन्दर्य, लय की थिरकन तथा राग की रंजकता सर्वत्र दृष्टिगोचर होती है। संगीत की अविरल धारा प्रवाह होता है आनन्द –विभोर कर देता है वस्तु: संगीत ‘गीतगोविन्द’का अन्तरंग तत्त्व एवं सहजात गुण ही भावानुस्वरूप शब्दावली, गेयता, टेक विधान और राग-ताल निबद्धता आदि की विशेषताएँ भी विद्यमान हैं।

रस और राग की दृष्टि से ‘गीतगोविन्द’ एक विषिष्ट रचना है। वस्तुतः जयदेव रस के ज्ञाता ही नहीं, उसके अनुरूप रागों के विधान में भी सिद्धहस्त थे। उन्हें इस बात का सम्यक् ज्ञान था कि राग का रस से क्या सम्बन्ध है। माधुर्य भाव की अभिव्यक्ति के लिये कौन से राग उपयुक्त होंगे तथा उनमें कौन सी ताले भावोत्कर्षक होगी? “गीत गोविन्द” के मुख्य रूप से श्रृंगार और भक्ति रस का प्रावधान है। इसी लिए इस कृत में भाव और रस के ज्ञाता ही नहीं, उसके अनुरूप रागों के विधान में भी सिद्धहस्त थे। उन्हें इस बात का सम्यक् ज्ञान था कि राग का रस से क्या सम्बन्ध है, माधुर्य भाव की अभिव्यक्ति के लिये कौन-से राग उपयुक्त होंगे तथा उनमें कौन-सी तालें भावोत्कर्षक होंगी।

‘गीत गोविन्द’ में मुख्य रूप श्रृंगार और भक्ति रस का प्राधान्य है। इसी लिए इस कृति में भाव और रस के अनुरूप-रागों का विधान किया गया है, क्योंकि संगीताचार्यों ने विषिष्ट राग को विषिष्ट रस की निष्पत्ति में सहायक बताया है। ‘गीतगोविन्द’ में 24 अष्टादियाँ हैं, जिनके गायन-हेतु कवि ने मालव, गुर्जर (गुर्जरी), बसन्त, रामक्री (रामकली), कर्णाक, देशाख्य, देशवराडी, गुणक्री (गुणकली), गौडमालव, भेरवी, वराडी और विभास-जैसे रागों का प्रयोग अनुभूति को साकार बनने में सक्षम है। उक्त रागों में से कतिपय आज प्रचलन में नहीं हैं, किन्तु ‘गीतगोविन्द’ के छन्द वर्तमान युग में प्रचलित भावानुरूप रागों में निबद्ध कर गाए जा सकते हैं।

राग-विषेय में रस की परिकल्पना प्रायः सभी विद्वानों ने स्वीकार की है। राग में जहाँ रंजकता आवश्यक है, वहाँ उसके लिए रस और भाव की भी अपेक्षा रहती है। यह कहा जा सकता है कि रसों के स्थायी भाव संगीत के स्वरों में विद्यमान रहते हैं, किन्तु रस की पूर्ण अभिव्यंजना तभी होती है, जब निर्धारित स्वरों के मेल से राग की सृष्टि होती है। यही कारण है कि रस की अभिव्यक्ति के लिए राग का उल्लेख कर जयदेव ने निश्चित स्वरों के मेल का समर्थन किया है। अतः यह सत्य है कि प्रत्येक राग विषेय रस के लिए होता है” संगीत-शास्त्र में संयोग-श्रृंगार के लिए काफी, कान्हाड़ा पूरियाँ, श्री पीलू, बहार, ललित, खमाज, बोणोश्री आदि राग निश्चित किए गए हैं। इसके साथ ही वियोग-श्रृंगार की परिकल्पना में वसन्त, दरबारी कान्हाड़ा, यमनकल्याण, मल्हार

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आदि रागों को उपयोगी माना गया है इसी प्रकार वीर, करुण, भयानक आदि रसों की अभिव्यंजना हेतु अन्य राग निर्धारित किए गए हैं। जयदेव मधुरा भक्ति और श्रृंगार के कवच माने जाते हैं। अतः उन्होंने तदनुरूप रागों का विधान किया है।

जयदेव के गीतगोविन्द का प्रमुख स्वर श्रृंगार है। और इस रस को नवरसों में भी रसराज की संज्ञा दी गई है। इसी लिए गीतगोविन्द में जयदेव ने श्रृंगार के दोनों पक्षों—संयोग की अभिव्यक्ति हेतु रागों का विधान कर अपनी विलक्षण प्रतिभा का परिचय दिया है। संस्कृताचार्यों द्वारा निर्दिष्ट रसानुरूप रागों में से जयदेव ने भैरवी और ललित को संयोग—वर्णन में उपयोगी माना है तथा वियोगश्रृंगारपरक रचनाओं के लिए वसन्त, मल्हार, कान्हाड़ा—जैसे रागों के स्वरों को उपयुक्त समझा है।

ध्यान से देखा जाए जो गीतगोविन्द संयोग की अपेक्षा वियोग—श्रृंगार रस के अधिक निकट है। जहां राधा कल्पना द्वारा पूर्व की स्मृतियों को संजोकर मिलन सुख का अनुभव करती है, वहां वन में विचरण कर रहे कृष्ण की बाँसुरी के प्रभाव का स्मरण करती है राधा की वियोगपरक स्मृतियाँ मनोरम हैं। इस भाव से पूर्ण अष्टपदी के गायन हेतु कवि ने राग गुर्जर का ही रूपमान लिया जाए जो गुर्जरी तोड़ी के स्वरों में यह पद वियोग—श्रृंगार की सहज अभिव्यक्ति कर सकेगा। यथा—

**संचरदधरसुधामधुरध्वनिमुखरितमोहनवण्म ।
चलितदृगंचलचंचलमौलिकपोलविलोलवतंसम् ।।
रासे हरिमिह विहितविलासम्
स्मरति मनो मम कृतपरिहासम् ।**

यद्यपि जयदेव गुर्जर राग से परिचित रहें होंगे, किन्तु वर्तमान में गुर्जरी—रूप में गुर्जर राग का प्रयोग मिलता है। जहाँ राधा, कृष्ण से मिलने के लिए व्याकुल होकर अपनी सखी से अपनी पीड़ा का वर्णन करती हैं, वहाँ जयदेव ने रसानुरूप मालव राग का संकेत किया है, यथा—

**सखि, हे! वेषिमथनमुदारम्
रमय मया सह मदनमनोरथभवितया सविकारम्
प्रथम समागमलज्जितया पटुचाटुषतैरनुकूलम् ।
मृदुमधुरस्मितभाषतया पिथिलीकृतजघनदुकूलम् ।।**

संगीत में मालव राग को उत्तम वर्ग में रखा गया है। यह राग मालवगौड़— जैस प्रकार से भी जाना जाता है। इसकी जाति औडव है। इसमें रे, प वर्जित है तथा निषाद इसका अंश स्वर है इसका गायन—समय सन्ध्याकाल माना जाता है।

जयदेव वियोग—श्रृंगार रस के लिए गुणकली राग की भी सार्थकता स्वीकारते हैं। इस राग की उत्पत्ति भैरव ठाठ से हुई है। इसका वादी धैवत और संवादी ऋषभ है। इसकी जाति औडव—औडव तथा गायन—समय दिन का प्रथम प्रहर है। इस प्रकार के राग की प्रकृति को पहचान कर और वियोग—भाव को ध्यान में रखकर ही निम्नलिखित अष्टपदी को गुणकली में गाने का संकेत किया गया है—

**पश्यति दिशि रहसि भवन्तम् ।
तदधरमधूनि पिबन्तम् ।।**

नाथ हरे! जयनाथ हरे! सैदति राधाऽऽवासगृहे ।।

इसी प्रकार जयदेव ने राग वराडी और देषाख्य—जैस रागों का प्रयोग किया है, जिनके स्वरों में कृष्ण के विरह में ध्यान निमग्ना राधा का चित्रण है। यहां राधा की अति दुर्बलतापूर्ण स्थिति तथा हार पहनने की असमर्थता व्यक्त हुई है। अस्तु इसमें भाव रसानुरूप राग की योजना बड़ी ही सटीक मानी जा सकती है।

जहां सखी द्वारा यह कथन किया जाता कि हे कृष्ण! कामदेव के बाणों से आहत और भयभीत राधा आपके ध्यान में खोई हुई है, वह चन्दन को कोसती है, चन्द्र किरणें उसे दुःख देती हैं। ऐसे वर्णनों में जयदेव ने कार्णाट राग का प्रयोग सफलतापूर्वक किया।

माधव! म्मसिजविषिखभयावि**भावनया त्वयि लीना।****स विरहे तव दीना।।**

इस राग में ऋषभ अंश स्वर और पंचम संवादी स्वर है। अवरोह में धैवत स्वर वर्जित है तथा इसकी जाति सम्पूर्ण षाडव है। इसमें निषाद और पंचम स्वर की संगति विषिष्ट है, जिससे भावाभिव्यंजना में सहयोग मिलता है इस प्रकार कर्णाट राग के स्वर विरह-भाव के उद्दीपक माने जा सकते हैं।

यद्यपि वसन्त और रामकली जैसे रागों के प्रयोग वसन्त श्री और प्रिय मिलन के प्रसंगों के अनुकूल है, तथापि ये राग स्मृति-जन्य वियोग-श्रृंगार के भी उद्बोधन में सहायक हैं। ठीक उसी प्रकार जहां कवि ने “ललितलवंगलतापरिषीलनकोमलमलयसमीरे” जैसी अष्टपदी में राग वसन्त का प्रयोग किया है, वहां “चन्दनचर्चितनीलकलेवरपीतवसन वनमाली” जैसी रचना में रामकली राग का प्रयोग उचित माना है। इन दोनों अष्टपदियों में रस के अनुरूप राग-विधान का सिद्धान्त भली-भांति घटित होता है, क्योंकि राग वसन्त में तीव्र मध्यम और गान्धार की संगति मार्मिक होती है। उत्तरांग-प्रधान तथा षड्ज वादी और पंचम संवादी होने के कारण यह राग संयोग तथा वियोग दोनों पक्षों को भी सहज रूप में अभिव्यक्त करता है। इसी प्रकार धैवत वादी और ऋषभ संवादी रामकली में भी होते हैं। इसमें “म प ध नि ध प” की संगीत भी महत्वपूर्ण है, जो विरह-भाव को उद्दीप्त करती हैं।

संक्षेप यह है कि जयदेव राग और रस के सिद्धान्त से भली परिचित थे। उन्होंने कृष्ण और राधा की केलि क्रीडाओं का श्रृंगार चित्रण किया है, जिनमें रसानुरूप रागों का प्रयोग कोई प्रतिभावान कवि ही कर कता है इसमें सन्देह नहीं कि ‘गीतगोविन्द’ की अष्टपादियां राग-रस सिद्धान्त की कसौटी पर खरी उतरी है कवि जयदेव श्रृंगार-प्रधान रचनाओं को तदनुरूप रागों के स्वरो में निबृद्ध करने में पूर्ण सफल रहें हैं, जिससे गीतगोविन्द का माधुर्य और संगीत निखर उठा है।

सन्दर्भ सूची

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समसामयिक भारतीय राज व्यवस्था के समक्ष विविध चुनौतियाँ—एक अध्ययन

सुरेन्द्र सिंह *

परिचय

वर्तमान भारत के समक्ष विविध चुनौतियाँ विद्यमान हैं भारत बाह्य और आन्तरिक रूप से पूर्णतया सुरक्षित नहीं है सीमावर्ती क्षेत्रों में अनेक चुनौतियाँ ओर संकट तथा रक्षा सम्बन्धी समस्याएँ हैं भारत का प्राथमिक लक्ष्य अपनी रक्षा के राष्ट्रीय हित को साधना है सभी देश परिवर्तित परिस्थितियों में राष्ट्रीय हित को पुनः परिभाषित कर रहे हैं और भारत भी ऐसा करने का प्रयत्न कर रहा है।

राष्ट्र रक्षा केवल तभी संभव है जब राष्ट्र शक्ति सम्पन्न हो। राष्ट्र निरन्तर शक्ति का अर्जन करे यह अनिवार्य है तथा राजनय राष्ट्रीय शक्ति का मस्तिष्क है। राष्ट्रीय शक्ति में अनेक तत्व शामिल हैं यथा भौगोलिक तथा प्राकृतिक संसाधन औद्योगिक क्षमताएँ वित्तीय शक्ति, नवाचार, रक्षा सेनाओं की कुशलता एवं गुणवत्ता, जनसंख्या, नैतिकता आदि। भारत को अपनी सीमाओं की रक्षा हेतु सक्षम राजनय के साथ अनेक चुनौतियों से निपटना होगा भारत का पश्चिमोत्तर सीमान्त प्रदेश जो कभी सुरक्षित नहीं रहा अभेद दुर्ग में परिवर्तित करना होगा, रक्षा सेनाओं का आधुनिकीकरण तथा संचार तकनीकी का प्रयोग इस दिशा में बेहतर साबित होगा। बाह्य चुनौतियों में सबसे बड़ी चुनौती चीन की ओर से है चीनी पीपुल्स आर्मी जिसकी संख्या लगभग 23 लाख है तथा जो आधुनिकतम हथियारों से लैस है बड़ा संकट उत्पन्न कर सकती है। अमेरिकी रक्षा मंत्रालय पेंटागन की रिपोर्ट के अनुसार भारतीय सीमा पर चीन अपनी सेन्य क्षमता और सैनिक बढ़ा रहा है वह पाकिस्तान सहित दूनिया के अपने सैन्य अड्डों पर सैन्य क्षमता में इजाफा कर रहा है। चीन के अलावा पाकिस्तान भी भारत की सीमा पर लगातार सीजफायर का उल्लंघन कर रहा है, आतंकी घुसपैठ के फिराक में रहता है तथा रिहायसी इलाकों में भी गोली बारी कर रहा है।

चीन तथा पाकिस्तान सीमा के अलावा बांग्लादेश सीमा पर भी अवैध प्रवजन, तस्करी आदि घटनाएँ तथा नेपाल बार्डर के रास्ते भी मादक पदार्थ तस्करी मानव दूरव्यापार आदि की घटनाएँ होती रहती हैं। स्थलीय सीमा के अलावा भारत के समक्ष समुद्री सीमा की रक्षा भी एक बड़ी चुनौती है। 26/11 जैसा बड़ा आतंकी हमला समुद्री मार्ग द्वारा ही हुआ था।

बाह्य चुनौतियों के अलावा भारत के समक्ष आन्तरिक चुनौतियाँ भी कम नहीं हैं। भारत अनेक विविधताओं से परिपूर्ण राष्ट्र है यथा, धार्मिक, भाषायी, क्षेत्रीय सांस्कृतिक आदि अनेकताएँ कई बार उग्ररूप धारण कर हिंसक टकराव का कारण बन जाती हैं। इनके उग्र रूप कई रूपों में प्रकट होते हैं जैसे साम्प्रदायिक टकराव जो मेरठ दगों, कभी गोधरा काण्ड के रूप में प्रकट हुआ है। भाषाई विवाद भाषावाद के रूप में उत्तर दक्षिण विवाद और क्षेत्रवाद को जन्म देता है।

* रिसर्च स्कॉलर, राजनीति विज्ञान विभाग, राजस्थान विश्वविद्यालय, जयपुर, राजस्थान।

उपरोक्त चुनौतियों के अलावा घरेलू हिंसा, आतंकवाद तथा उसके विविध रूप नक्सलवाद, माओवाद, अलगाववाद भी हिंसक रूप धारण करके आन्तरिक अस्थिरता उत्पन्न करता है। इंस्टीट्यूट फॉर इकानामिक एण्ड पीस द्वारा जारी ग्लोबल पीस इंडेक्स विश्व के विभिन्न देशों में हिंसा और शान्ति के बारे में रिपोर्ट जारी करता है। 2015 23 विभिन्न प्रकार के गुणात्मक और मात्रात्मक सूचकों पर आधारित है।

इंडेक्स के अनुसार हिंसात्मक घटनाओं के कारण विश्व की जी.डी.पी का 13.4 प्रतिशत हिस्सा हिंसा को निपटने पर खर्च हो जाता है जो विभिन्न राष्ट्रों की प्रगति में बाधक है। 2015 में जारी ग्लोबल पीस इंडेक्स में 162 देशों को सम्मिलित किया गया जो राष्ट्र सर्वाधिक शान्तिपूर्ण है वह सर्वोच्च स्थान पर तथा जो हिंसा व आन्तरिक अशान्ति से ग्रस्त है वह अन्तिम स्थान पर है इस सूची में भारत का स्थान 143 वां है तथा वह शान्तिपूर्ण देशों में न्यूनतम स्तर पर है अतः आन्तरिक हिंसा, भारत के लिए बहुत बड़ी चुनौती है।

भ्रष्टाचार की चुनौती भी कम नहीं है भ्रष्टाचार सभी समस्याओं के मूल में स्थित है जो कई समस्याओं का प्रेरक है भ्रष्टाचार के कारण है प्रशासनिक नैतिकता का हनन, लालफीताशाही कार्यों में अनावश्यक विलम्ब आदि उत्पन्न होता है। भारतीय प्रशासन तन्त्र में केन्द्रीय तथा राज्य स्तर पर समानरूप से भ्रष्टाचार व्याप्त है तथा समयानुसार उसके रूप बदल रहे हैं भ्रष्टाचार के नित नये बदलते रूपों की पहचान करना भी एक बड़ी चुनौती है। भ्रष्टाचार तथा उसके विविध रूप जैसे प्रशासनिक अकर्मण्यता, भतीजावाद, जातिवाद देश की प्रगति तथा अर्थव्यवस्था के विकास में बाधक है।

ट्रांसपेरेंसी इंटरनेशनल नामक अन्तर्राष्ट्रीय गैर सरकारी संस्था विश्व के विभिन्न राष्ट्रों का मूल्यांकन करके रिपोर्ट तथा करप्शन परसेप्शन इंडेक्स जारी करता है। 2015 में जारी किए गये दस इंडेक्स के अनुसार 175 देशों की सूची में भारत 76 वें स्थान पर था जबकि 2013 में भारत 94 वे स्थान पर रहा था। स्पष्ट है कि 2013 कि तुलना में 2015 में भारत कि रैंकिंग में कुछ सुधार हुआ है यदि 2015 के इंडेक्स के अनुसार भारत के पड़ोसी राष्ट्रों की रैंकिंग देखी जाए तो भूटान 30 वे, बांग्लादेश 145 वे म्यांमार 156 वें, चीन 100 वें, नेपाल 126 वें पाकिस्तान 126 वें श्रीलंका 85 वें स्थान पर रहा एशिया में भारत की स्थिति सन्तोषजनक है इस इंडेक्स में उच्चतम रैंकिंग वाले राष्ट्र सबसे कम भ्रष्ट तथा न्यूनतम रैंकिंग वाले देश सर्वाधिक भ्रष्ट है। भारत में भ्रष्टाचार के बड़े-स्रोत बड़ी सरकारी योजनाएँ जैसे महानरेगा: राष्ट्रीय ग्रामीण स्वास्थ्य मिशन मिड-डे मील आदि है तथा जटिल नियम, कराधान कानून, लाईसेंस व्यवस्था, सांख्यिकीय गणना, नौकरशाही का एकाधिकार तथा लालफीताशाही भ्रष्टाचार को बढ़ावा देने हेतु विशेष रूप से उत्तरदायी है कालाधन भी भ्रष्टाचार का व्यापक कारण है जो अपराध मादक पदार्थ व्यापार आतंक के पोषण आदि से जमा होता है जिसका कर नहीं चुकाया जाता तथा विशेष रूप से टैक्स हेवन देशों में भेजा जाता है।

भारत में भ्रष्टाचार सभी क्षेत्रों में व्याप्त है चाहे सरकारी हो या निजी क्षेत्र सामान्य प्रशासन के साथ-साथ न्यायपालिका भी भ्रष्टाचार से मुक्त नहीं है इसका मूल कारण न्याय में देरी, जजों की कमी, न्यायालयों की कम संख्या तथा जटिल न्यायिक प्रक्रिया है। न्यायपालिका के अलावा सेना में भी भ्रष्टाचार है कई ऐसे प्रकरण सामने आए हैं जिनमें जल सेना, थल सेना और वायुसेना के बड़े सैन्य अधिकारी धन के दुरुपयोग, सरकारी सम्पत्ति के बेचान रक्षा सौदों में दलाली आदि में लिप्त थे।

समसामयिक भारत में बढ़ते हुए अपराध, न्याय में देरी तथा लचर दण्ड प्रणाली भी विकट समस्या है। अपराधों में लगातार वृद्धि हो रही है तथा समय के सत्य अपराधों की प्रकृति भी परिवर्तित हो गई अपराध जघन्य रूप धारण करते जा रहे ऐसे अपराध जिनकी कल्पना नहीं की जा सकती। राष्ट्रीय अपराध रिकार्ड ब्यूरो भारत में अपराधों की स्थिति पर रिपोर्ट जारी करता है 2014 में जारी रिपोर्ट में 1953 से लेकर 2014 तक की स्थिति का आंकलन किया गया है। 2014 में हत्या के 33981 मामले दर्ज हुए जो कुल अपराधों का 1.2 प्रतिशत है। अपहरण के 77237 केस रजिस्टर हुए जो कुल अपराधों का 2.7 प्रतिशत है। कुल 28,51,563 घटनाएँ घटित हुईं। लेकिन इनमें अनुसंधान तथा अपराधियों के विरुद्ध चार्जशीट दायर करने की दर काफी नीचे है। 2013 की तुलना में किशोर अपराधों की संख्या में निरन्तर वृद्धि हुई है 2013 में किशोर अपराधों की संख्या 31725 थी वहीं

2014 में 33526 केस किशोरो के विरुद्ध रजिस्टर्ड हुए हैं। साईबर क्राइम भी बढ़े हैं 2013 में आई टी एक्ट के तहत 4356 केस रजिस्टर्ड हुए वहीं 2014 में 7201 केस रजिस्टर्ड हुए 2013 की तुलना में 2014 में 69 प्रतिशत वृद्धि हुई है। विदेशियों के विरुद्ध भी अपराध की 1473 घटनाएँ इस वर्ष घटित हुईं।

बढ़ते हुए अपराधों का मूल कारण रिपोर्ट दर्ज न करना, दर्ज प्रकरणों में तथ्यों की गलती—पुलिस द्वारा अनुसंधान में त्रुटि, चार्जशीट दाखिल न करना तथा दण्ड की एक लम्बी, रट्टिवादी तथा जटिल प्रक्रिया है। लम्बित मुकदमों में अपराधों की वृद्धि के कारण है लोगों का न्याय व्यवस्था से विश्वास उठ जाता है भारत के विभिन्न न्यायालयों में लगभग तीन करोड़ मुकदमों लम्बित हैं। अकेले सर्वोच्च न्यायालय में ही दिसम्बर, 2014 तक 64919 मुकदमों लम्बित थे। भारत के पूर्व मुख्य न्यायाधीश न्यायमूर्ति के.जी. बालकृष्णन ने कहा था वही संख्या में लम्बित मुकदमों हमारी एक मुख्य समस्या है तथा इसका केवल एक समाधान है जजों और न्यायालयों की संख्या में वृद्धि की जाए जनता के न्यायपालिका में विश्वास को बनाए रखनेके लिए यह अनिवार्य है।”

भारत के वर्तमान मुख्य न्यायाधीश न्यायमूर्ति श्री तीर्थ सिंह ठाकुर के अनुसार “भारत में जनसंख्या और जजों की संख्या का अनुपात अन्य देशों की तुलना में काफी कम है तथा न्यायाधीशों भारी दबाव में कार्य कर रहे लम्बित मुकदमों की संख्या 33 करोड़ तक पहुँच गई है तथा इन्हें निपटाने हेतु 70,000 न्यायाधीशों की आवश्यकता है।

उपरोक्त सभी चुनौतियों के अलावा भारतीय कानून तथा दाण्डिक विधियाँ भी अप्रासंगिक हैं वर्तमान समय में भी भारतीय न्यायालय 1860 में बनी भारतीय दण्ड संहिता का अनुसरण करते हैं यह विधि संहिता अंग्रेजी की आवश्यकताओं से प्रेरित थी भारत को वर्तमान में भारत की आवश्यकताओं पर आधारित मौलिक विधि संहिता की आवश्यकता है।

वर्तमान में आतंकवाद, नक्सलवाद, माओवाद, अलगाववाद, भी भारत की सुरक्षा, एकता व अखण्डता के लिए गम्भीर चुनौतियाँ हैं आज कश्मीर घाटी में लगातार अलगाववादी तथा देश विरोधी लोग सक्रिय हैं तथा रक्षा बलों के साथ हिंसक मुठभेड़ में सैकड़ों लोगों की जाने जा चुकी है जन जीवन अस्त व्यस्त है तथा सीमापार से आतंकी घुसपैठ तथा गोलीबारी लगातार जारी है। कई राज्य जैसे पश्चिमी बंगाल, छत्तीसगढ़, झारखण्ड नक्सलवाद की चपेट में हैं तथा पूर्वोत्तर राज्यों में माओवाद भी पाव पसार रहा है। नक्सलवाद की समस्या केवल कानून और व्यवस्था की समस्या नहीं है यह सामाजिक और आर्थिक कारणों से भी जूड़ी है जैसे न्यून आर्थिक विकास, गरीबी की पीड़ा, अशिक्षा, असमानताएँ हैं आदि।

यदि भारत को प्रगति करनी है स्वर्णिम राष्ट्र का निर्माण करना है तो रक्षा सम्बन्धी चुनौतियों, भ्रष्टाचार, अपराध क्षेत्रवाद, भाषावाद, नक्सलवाद, माओवाद, लालफीताशाही प्रशासनिक अकर्मण्यता, जातिवाद, साम्प्रदायिकता, अलगाववाद विलम्बित न्याय व लचर दण्ड व्यवस्था से निपटना होगा तथा इसके लिए नेतृत्व में दृढ़ इच्छा शक्ति तथा यथार्थवादी अर्न्तदृष्टि की महती आवश्यकता है।

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बीएचईएल एवं एचईजी लिमिटेड के पूँजी ढाँचे का तुलनात्मक अध्ययन

शहाना सईद*
डॉ. एस.के. खटीक**

प्रस्तावना

प्रत्येक व्यावसायिक कम्पनी या संस्था चाहे वह लघु आकार, मध्य आकार या दीर्घ आकार की हो उसकी स्थापना, प्रबंध, संचालन तथा उद्देश्यों की पूर्ति के लिए पूँजी की आवश्यकता होती है। पूँजी का आशय आवश्यकतानुसार वित्त की व्यवस्था करने से है। कम्पनी के व्यवसाय में पूँजी की आवश्यकता का अनुमान लगाकर पूँजी के स्वरूप को निर्धारित करना ही पूँजी ढाँचे का निर्माण कहलाता है। पूँजी ढाँचे का आशय पूँजी के विभिन्न साधनों के द्वारा एक ऐसे अनुपात का निर्धारण करने से है जो कम्पनी की आवश्यकताओं को पूर्ण करने में सक्षम हो। पूँजी ढाँचा स्वामी पूँजी तथा ऋण पूँजी द्वारा निर्धारित किया जाता है एवं पूँजी की राशि किन किन प्रतिभूतियों द्वारा प्राप्त की जाएगी और प्रतिभूतियों के मध्य परस्पर क्या अनुपात होगा इसका निर्धारण किया जाता है प्रतिभूतियों का यही निर्धारण पूँजी ढाँचे का निर्माण कहलाता है। पूँजी ढाँचे को पूँजी संरचना, पूँजी का स्वरूप, पूँजी संगठन तथा पूँजीक्लेवर भी कहते हैं। पूँजी ढाँचा सरल एवं जटिल दोनो प्रकार का होता है पूँजी ढाँचे में आन्तरिक पूँजी एवं बाहरी पूँजी का समावेश होता है। आन्तरिक पूँजी का तात्पर्य समता अंश पूँजी, लाभांश, अर्जित आय, संचय तथा अवितरित लाभों से है। जबकि बाहरी ऋण पूँजी से आशय कम्पनी द्वारा उधार ली गई ऋण पूँजी से है। सामान्यतः उधार ली गई ऋण पूँजी तीन प्रकार की होती है अल्पकालीन ऋण पूँजी, मध्यकालीन ऋण पूँजी तथा दीर्घकालीन ऋण पूँजी जिसे बाहरी ऋण पूँजी कहते हैं। एक पूँजी ढाँचे का निर्माण करने हेतु दोनो प्रकार की पूँजी का होना आवश्यक है। इस पूँजी का मिश्रण कम्पनी व्यवसाय, प्राकृति, आकार, व्यावसायिक आर्वात अनुपात तथा जोखिम एवं पूँजी की वित्तीय लागत एवं कम्पनी के प्रत्याय दर की अहम भूमिका रहती है। यदि प्रत्याय दर पूँजी लागत से अधिक होने पर ऋण पूँजी का अधिक विनियोग होना चाहिये परन्तु प्रत्याय दर पूँजी की लागत से कम होने पर समता पूँजी का अधिक विनियोग होना चाहिये। एक कम्पनी की लाभदायकता कम्पनी के संचालन व्ययों पर ही निर्भर नहीं करती अपितु कम्पनी के पूँजी मिश्रण पर भी निर्भर करती है। इसीलिए एक कम्पनी के पूँजी ढाँचे का ऐसा मिश्रण होना चाहिये जो कि कम्पनी की धन सम्पदा एवं अंश मूल्य में वृद्धि कर सके।

एक कम्पनी जो कि अपना व्यवसाय समता अंश पूँजी के साथ-साथ ऋण पूँजी से भी करती है तो वह व्यवसाय समता पर व्यापार कहलाता है। समता पर व्यापार दो प्रकार का होता है। ;पद्ध उच्च समता पर व्यापार ;पद्ध निम्न समता पर व्यापार। उच्च समता पर व्यापार के अन्तर्गत कम्पनी के व्यवसाय में अंश पूँजी की मात्रा अधिक होती है तथा ऋण पूँजी की मात्रा कम होती है। ऐसी स्थिति का उपयोग सामान्यतः कम्पनी तभी करती है जब कम्पनी ने नया व्यवसाय प्रारम्भ किया हो या कम्पनी की लाभांजन क्षमता अधिक नहीं होने के कारण कम्पनी को संघर्ष इत्यादि का सामना करना पड़ता है ऐसी स्थिति में कम्पनी ब्याज का भुगतान करने में सक्षम

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नहीं होती। क्योंकि एक कम्पनी के लिए प्रतियोगी जोखिम पूर्ण एवं संघर्षमय अवधि होती है। निम्न समता पर व्यापार का आशय कम्पनी द्वारा समता अंश पूँजी का कम उपयोग व ऋण पूँजी का अधिक उपयोग किया जाता है। इस स्थिति का प्रयोग कम्पनी को तभी करना चाहिए जब कम्पनी का सुखदमय समय चल रहा हो तथा कम्पनी की लाभार्जन क्षमता अधिक से अधिक हो। इस स्थिति के अन्तर्गत कम्पनी के जोखिम की मात्रा भी कम होती है। तथा कम्पनी आसानी से ऋण पूँजी एवं ब्याज का भुगतान कर सकती है। इसलिए कहा जाता है कि निम्न समता पर व्यापार के अन्तर्गत कम्पनी समता पूँजी को कम रखती है एवं ऋण पूँजी को अधिक रखती है।

अतः यह स्पष्ट है कि पूँजी ढाँचे का निर्माण कम्पनी के लाभों को ही नहीं बल्कि कम्पनी के जोखिम को भी प्रभावित करता है। पूँजी ढाँचे का निर्माण अथवा पूँजी मिश्रण एक कम्पनी के लिए आसान ही नहीं है बल्कि चुनौतीपूर्ण है।

अध्ययन का औचित्य

व्यावसायिक परिवेश में कार्यरत कोई भी कम्पनी अपने व्यवसाय को सुचारु रूप से संचालित करने एवं दैनिक क्रियाओं व दायित्वों के भुगतान के लिए पूर्ण रूप से पूँजी ढाँचे पर निर्भर रहती है। पूँजी ढाँचे की कम्पनी के व्यवसाय संचालन में वही भूमिका है। जो मनुष्य के शरीर में हृदय की होती है। यदि मनुष्य का हृदय ऊर्जा दुर्बल हो जाए तो मनुष्य का शरीर स्थिर हो कर नष्टता की स्थिति की ओर चलित होने लगता है। ठीक उसी प्रकार यदि कम्पनी में पूँजी ढाँचे की स्थिति अव्यवस्थित हो जाए तो कम्पनी का अस्तित्व धीरे धीरे समाप्त होने लगता है।

कम्पनी में पूँजी ढाँचे के महत्व को देखते हुए एवं व्यवसाय संचालन को संघर्षपूर्ण स्थिति से पृथक् रखने के लिए इस विषय अध्ययन का चयन किया गया है। ताकि कम्पनी के पूँजी ढाँचे की स्थिति व पूँजी ढाँचे के उचित प्रबंध का ज्ञान प्राप्त हो। एवं पूँजी ढाँचा किन तत्वों का मिश्रण होता है और वह तत्व किस तरह कम्पनी के व्यवसाय को प्रभावित करते हैं इसकी भी जानकारी प्राप्त होती है। जिससे कम्पनी में पूँजी ढाँचे का उचित प्रबंध किया जा सके। क्योंकि पूँजी ढाँचे के उचित प्रबंध द्वारा ही कम्पनी की दीर्घकालीन व अल्पकालीन शोधन क्षमता की सामान्य स्थिति को बनाए रखने में सक्षम होंगे। अन्यथा कम्पनी की शोधन क्षमता कम्पनी के प्रत्येक विभाग को प्रभावित करेगी। जिससे कम्पनी का व्यवसाय व ख्याति कम होगी। इसलिए कम्पनी की दीर्घकालीन शोधन क्षमता का उचित ज्ञान होना आवश्यक है। जिससे व्यवसाय के प्रतिस्पर्धात्मक वातावरण में कम्पनी की सुदृढ़ता व सफलता को व्यवस्थित रूप में स्थापित किया जा सके।

यह विषय अध्ययन इसलिए भी और महत्वपूर्ण है कि पूँजी ढाँचे की स्थिति किस प्रकार विनियोगकर्ता, लेनदार, सरकार, बैंकर्स, आपूर्तिकर्ता तथा वित्तीय संगठन को प्रभावित करती है। इन महत्वपूर्ण तथ्यों का ज्ञान होना आवश्यक है ताकि इन बिन्दुओं को ध्यान में रखकर कम्पनी भविष्य में पूँजी ढाँचे की मात्रा का अनुकूलतम स्तर पर मिश्रण करके अपनी व्यावसायिक नीतियों को वास्तविकता प्रदान कर सके। जिससे कम्पनी की धन सम्पदा में अधिक से अधिक वृद्धि हो सके।

शोध साहित्य की समीक्षा

प्रसन चन्द्रा, 1975—प्रसन चन्द्रा ने अंशों के मूल्य, परिवर्तन, वापसी, संकट, वृद्धि, वृद्धि का आकार तथा उत्तोलक के बीच में महत्वपूर्ण सम्बन्ध बताया है व्यवसाय में ऋण तथा अंशों का मूल्य सम्मिलित है जो व्यवसाय के अंशों के मूल्य को प्रभावित करता है।

शर्मा. एम. एल. 1986—भारतीय निगमीय उद्योग के वित्तीय मूल्यांकन के अध्ययन से यह बताया कि व्यवसाय की विशेषताओं के अनुसार कम्पनियों को समूह में विभाजित करके पूँजी ढाँचे का निर्माण करना चाहिए। पूँजी ढाँचा इस प्रकार का न हो जो सभी कम्पनियों की आवश्यकताओं को पूरा करे बल्कि पूँजी ढाँचा ऐसा होना चाहिए जो प्रत्येक कम्पनी की हर आवश्यकता को पूरा करे।

सुधानशू मोहन साहू एवं जी ओमकार नाथ 2005—पूँजी ढाँचे के अध्ययन के लिए ऋण, समता के अन्तर्गत अल्पकालीन ऋण, दीर्घकालीन ऋण एवं कुल ऋण अनुपात लिया और पाया कि पूँजी ढाँचे में सम्पत्ति की रचना व लाभदायकता महत्वपूर्ण है न कि व्यवसाय का आकार और व्यवसाय की वृद्धि की सम्भावना।

मोनिका एवं आबिर, 2010—पूँजी ढाँचे की विच्छेद विशेषताओं का अध्ययन किया जो कि पूँजी ढाँचे को प्रभावित करती हैं। अध्ययन स्वरूप पता चला कि व्यवसाय की वृद्धि और वित्तीय सम्पदा दोनों में विपरीत सम्बन्ध है और व्यवसाय के ऋण अनुपात और व्यवसाय के आकार में सकारात्मक सहसम्बन्ध है।

नीडलडाफी, 2010—पूँजी ढाँचे का निर्णय और उद्योगों की प्रतिस्पर्धा के बीच सम्बन्धों का अध्ययन किया। निष्कर्ष दिया कि बाहरी वातावरण उद्योगों के पूँजी ढाँचे के निर्णय में महत्वपूर्ण है।

बी निमालाथ हसन एवं वेलीरिया बिररबिती, 2010—श्रीलंका पूँजी ढाँचे पर लाभदायक के प्रभाव के अध्ययन के लिए उत्पादन का कार्य करने वाली कुछ चुनिन्दा कम्पनियों पर शोध किया शोध के निष्कर्ष में बताया की ऋण समता अनुपात सकारात्मक रूप से सारे लाभदायक (सकल लाभ, संचालन लाभ, शुद्ध लाभ) अनुपातों से जुड़ा है।

इवो विलेक्स, 2011—इवो विलेक्स ने दो समान कम्पनियों के पूँजी ढाँचे का अध्ययन किया। इन्होंने पाया कि ऋण पूँजी समता पूँजी के समान नहीं हो सकती तथा इन्होंने मुख्य रूप से चिट्ठे के प्रमुख तत्वों पर प्रकाश डाला तथा इन्होंने रोकड़ मूल्यांकन एवं उत्तोलक अनुपात के महत्व का भी परीक्षण किया।

एस. के. खटीक, 2013—भारत पेट्रोलियम कॉर्पोरेशन लिमिटेड का अध्ययन किया तथा इन्होंने पाया कि कम्पनी ऋण पूँजी का कम उपयोग कर रही है। तथा कम्पनी में समता पूँजी का अधिक उपयोग हो रहा है। स्वामित्व पूँजी में समता पूँजी, संचय, लाभ एवं अर्जित आय का समावेश है। इन्होंने अपने शोध अध्ययन में यह भी सुझाव दिया कि कम्पनी अपनी ऋण पूँजी का कम उपयोग कर रही है जबकि कम्पनी की स्थिति लाभप्रद है। ऐसी स्थिति में कम्पनी को अपनी ऋण पूँजी में वृद्धि करना चाहिये।

सौरभ चन्दाह एवं शर्मा अनिल, 2014— इन्होंने 422 भारतीय बीएसई पंजीकृत निर्माणी कम्पनियों के निर्धारित पूँजी ढाँचे के महत्वपूर्ण तथ्यों को प्रकट किया। और शोधकर्ताओं ने यह पाया कि फर्म का आकार, आयु, वृद्धि, सम्पत्तियों, कर स्पष्टता, लाभदायकता, व्यापारिक संकट, अनोखापन एवं कर का अभाव और कम्पनियों के प्रबंधकीय ढाँचे का वित्तीय उत्तोलक से अर्थपूर्ण सहसंबंध है।

शोध विषय अध्ययन के उद्देश्य इस प्रकार हैं:-

- पूँजी ढाँचे के आशय का विश्लेषण करना ।
- बीएचईएल एवं एचईजी लिमिटेड के पूँजी ढाँचे का तुलनात्मक अध्ययन करना।

शोध अध्ययन विषय शुन्य परिकल्पना पर आधारित है जो इस प्रकार हैं:-

H₀₁ शोध विषय के अध्ययन की अविधि में बीएचईएल एवं एचईजी लिमिटेड की ऋण पूँजी एवं समता अंश पूँजी में कोई सार्थक अंतर नहीं है।

शोध विषय अध्ययन की संरचना

इस शोध विषय अध्ययन में बीएचईएल एवं एचईजी लिमिटेड के पूँजी ढाँचे के विश्लेषणात्मक अध्ययन हेतु वित्तीय विश्लेषण तकनीक जैसे अनुपात विश्लेषण जैसे वित्तीय औजारों का उपयोग किया जाएगा। इस कार्य हेतु बीएचईएल एवं एचईजी लिमिटेड के 10 वर्षों के वित्तीय विवरणों का उपयोग किया जाएगा जिससे कम्पनी के प्रदर्शन को मापा जा सके। शोध विषय अध्ययन के उद्देश्यों की पूर्ति के लिए आवश्यकतानुसार द्वितीय समंको का प्रयोग किया जाएगा। जिसमें कम्पनी द्वारा प्रकाशित दस्तावेज जैसे वार्षिक रिपोर्ट, बजट, सांख्यिकीय रिपोर्ट एवं अन्य सहायक प्रलेख समाचार पत्र-पत्रिका, इन्टरनेट, पुस्तकों शोध साहित्य एवं अन्य संस्थाओं द्वारा प्रकाशित सामग्री का प्रयोग शोध कार्य में किया जाएगा। उपलब्ध आँकड़ों के आधार पर समंकों का समूहीकरण, वर्गीकरण एवं विश्लेषण किया जाएगा तथा परिकल्पनाओं की सार्थकता के लिए सांख्यिकीय औजारों का उपयोग किया जाएगा जिसमें मुख्यतः माध्य, सहसम्बन्धों का विश्लेषण तथा टी टेस्ट तकनीक का उपयोग किया जाएगा। जिससे परिकल्पनाओं की सार्थकता सिद्ध हो।

शोध विषय अध्ययन की सीमाएँ

- शोध विषय अध्ययन में एक निश्चित अवधि के समंकों एवं सूचनाओं का प्रयोग किया जाएगा।
- अध्ययन पूर्णतः द्वितीय समंको पर आधारित रहेगा।
- आँकड़ों की विश्वसनीयता मुख्यतः अंकक्षण पर पूर्णतः निर्भर करती है।
- इस शोध विषय के अध्ययन में समंकों को समूह, उपसमूह में वर्गीकरण विषय अध्ययन के आधार पर किया जाएगा।

बीएचईएल एवं एचईजी लिमिटेड के पूँजी ढाँचे का तुलनात्मक अध्ययन

बीएचईएल भोपाल एक सार्वजनिक क्षेत्र की कम्पनी है। इस कम्पनी के पूँजी ढाँचे में अंश पूँजी तथा ऋण पूँजी का समावेश है अंश पूँजी के अन्तर्गत मुख्य रूप से साधारण अंश, अर्जित आय, सामान्य संचय तथा अवितरित लाभों का समावेश होता है। जिसे नेट वर्थ या स्वामित्व कोष भी कहते हैं। यह पूँजी परिवर्तनशील लागत वाली पूँजी भी कहलाती है क्योंकि इस पूँजी पर लाभांश देना अनिवार्य नहीं होता है जिसके कारण यह पूँजी परिवर्तनशील लागत वाली पूँजी कहलाती है।

ऋण पूँजी का आशय बाहरी व्यक्तियों एवं संस्थाओं से उधार ली गई पूँजी से है यह पूँजी मुख्य रूप से तीन प्रकार की होती है। ;पद्ध अल्पकालीन ऋण पूँजी ;पद्ध मध्यकालीन ऋण पूँजी ;पद्ध दीर्घकालीन ऋण पूँजी। इस पूँजी का आशय बाहरी व्यक्तियों, विभिन्न संस्थओं, बैंकों, सेठ साहूकारों, मल्टीनेशनल कम्पनी या अन्तर्राष्ट्रीय कम्पनियों से उधार ली गई पूँजी से है। इस पूँजी पर एक निश्चित दर से ब्याज देना अनिवार्य है। चाहे कम्पनी को लाभ हो या न हो। इसलिए इस पूँजी को स्थायी लागत वाली पूँजी भी कहते हैं। एक सार्वजनिक क्षेत्र की कम्पनी बीएचईएल भोपाल है। इस कम्पनी में ऋण पूँजी के अन्तर्गत सुरक्षित ऋण, असुरक्षित ऋण तथा चालू दायित्वों का समावेश है।

एचईजी लिमिटेड एक सार्वजनिक कम्पनी है इस कम्पनी के पूँजी ढाँचे में भी ऋण पूँजी एवं समता अंश पूँजी का समावेश है। इस कम्पनी की अंश पूँजी में मुख्य रूप से साधारण अंश, अर्जित आय, सामान्य संचय तथा अवितरित लाभ का समावेश है। इसी प्रकार ऋण पूँजी तीन प्रकार की होती है। (1) अल्पकालीन ऋण पूँजी (2) मध्यकालीन ऋण पूँजी (3) दीर्घकालीन ऋण पूँजी। एचईजी लिमिटेड की ऋण पूँजी में मुख्यतः दीर्घकालीन ऋण, अस्थगित कर दायित्व, दीर्घकालीन दायित्व तथा दीर्घकालीन आयोजन इत्यादि शामिल हैं। तथा चालू दायित्व के अन्तर्गत अल्पकालीन उधार, देय बिल, अन्य चालू दायित्व तथा अल्पकालीन आयोजनों का समावेश है। अतः स्पष्ट है कि सार्वजनिक कम्पनी में भी पूँजी ढाँचे के अन्तर्गत अंश पूँजी तथा ऋण पूँजी शामिल है।

• कुल ऋण समता अनुपात

ऋण समता अनुपात को बाह्य समता अनुपात भी कहते हैं। यह अनुपात कम्पनी के अंशधारियों के कोष तथा दीर्घकालीन ऋण के मध्य सम्बन्धों को व्यक्त करता है। यह अनुपात कम्पनी की दीर्घकालीन वित्तीय स्थिति के विश्लेषण में उतना ही महत्वपूर्ण है जितना चालू अनुपात कम्पनी की अल्पकालीन वित्तीय स्थिति के विश्लेषण में महत्वपूर्ण है इस अनुपात की गणना से कम्पनी की कुल सम्पत्तियों में कितना भाग अंशधारियों के कोष का तथा कितना भाग दीर्घकालीन ऋण का विनियोजित है इस की सूचना प्राप्त होती है। कुल ऋण समता अनुपात ज्ञात करने के लिए निम्न सूत्र का उपयोग किया जाता है।

$$\text{कुल ऋण समता अनुपात} = \frac{\text{कुल दीर्घकालीन ऋण}}{\text{स्वामित्व कोष}}$$

Table 1
Total Debt Equity Ratio of BHEL and HEG Limited (Rs. in Crore)

Year	BHEL			HEG Limited		
	Total Debt Rs.	Share holder's Fund Rs.	Ratio	Total Debt Rs.	Share holder's Fund Rs.	Ratio
2005-2006	10878.26	6627.66	1.64	958.48	316.01	3.03
2006-2007	14509.44	7853.10	1.85	1086.4	354.71	3.06
2007-2008	19916.02	9436.28	2.11	909.75	542.76	1.68
2008-2009	28482.27	11098.51	2.57	1096.99	592.14	1.85
2009-2010	32569.47	14390.13	2.26	964.45	730.54	1.32
2010-2011	39106.45	17990.29	2.17	1141.18	816.31	1.40
2011-2012	41402.81	23826.97	1.74	1596.21	762.23	2.09
2012-2013	39684.35	28893.41	1.37	1754.66	863.29	2.03
2013-2014	39744.12	31078.10	1.28	1505.85	999.94	1.51
2014-2015	34382.53	31863.87	1.08	1232.21	940.72	1.31

Source: Annual Report of BHEL and HEG Limited 2005-2015

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तालिका क्रमांक 1 में बीएचईएल एवं एचईजी लिमिटेड मण्डीदीप की कुल ऋण समता पूँजी का विवरण दिया गया है। जो वर्ष 2005-06 से 2014-15 तक की अध्ययन अवधि में कुल ऋण समता पूँजी की स्थिति को स्पष्ट करती है अध्ययन अवधि के दौरान बीएचईएल की कुल ऋण समता पूँजी का अनुपात वर्ष 2005-06 व 2006-07 में कम है लेकिन वर्ष 2007-08 से 2010-11 तक अनुपात में वृद्धि हुई। इसके पश्चात् वर्ष 2011-12 से 2014-15 तक अनुपात में गिरावट रही। परन्तु अध्ययन अवधि के दौरान एचईजी लिमिटेड का कुल ऋण समता अनुपात वर्ष 2005-06 व 2006-07 में अधिक है। लेकिन इस अनुपात में वर्ष 2007-08 से 2010-11 तक

गिरावट रही। तत्पश्चात् इस अनुपात में वृद्धि हुई और यह वृद्धि वर्ष 2011-12 व 2012-13 तक रही। परन्तु वर्ष 2012-13 के पश्चात् इस अनुपात में गिरावट रही। और यह गिरावट 2014-15 तक रही।

• **स्वामित्व अनुपात**

स्वामित्व अनुपात की गणना कम्पनी की कुल सम्पत्तियों तथा स्वामी कोष के मध्य पाए जाने वाले सम्बन्धों को ज्ञात करने के लिए की जाती है। अर्थात् इस अनुपात की गणना से यह जानकारी प्राप्त होती है कि कम्पनी की कुल सम्पत्तियों में स्वामित्व कोष का उपयोग किस सीमा तक किया गया है। स्वामित्व कोष का आशय उस कोष से होता है जिसमें समता अंश पूँजी, अवितरित लाभ, संचितियों तथा आधिक्य को सम्मिलित किया जाता है जबकि कुल सम्पत्तियों में स्थायी सम्पत्तियों तथा चालू सम्पत्तियों को सम्मिलित किया जाता है। स्वामित्व अनुपात 1:1 या 100 प्रतिशत से अधिक होना उचित माना जाता है। स्वामित्व अनुपात की गणना का सूत्र इस प्रकार है।

$$\text{स्वामित्व अनुपात} = \frac{\text{स्वामित्व कोष}}{\text{कुल सम्पत्तियों}} \times 100$$

Table 2
Proprietary Ratio of BHEL and HEG Limited (Rs. in Crore)

Year	BHEL			HEG Limited		
	Share holder's Fund Rs.	Total Assets Rs.	Ratio (%)	Share holder's Fund Rs.	Total Assets Rs.	Ratio (%)
2005-2006	6627.66	17505.92	37.86	316.01	1274.49	24.80
2006-2007	7853.10	22362.54	35.12	354.71	1441.11	24.61
2007-2008	9436.28	29352.30	32.15	542.76	1452.52	37.37
2008-2009	11098.51	39580.78	28.04	592.14	1689.13	35.06
2009-2010	14390.13	46959.60	30.64	730.54	1694.99	43.10
2010-2011	17990.29	57096.74	31.51	816.31	1957.49	41.70
2011-2012	23826.97	65229.78	36.53	762.23	2358.44	32.32
2012-2013	28893.41	68577.76	42.13	863.29	2617.95	32.98
2013-2014	31078.10	70822.22	43.88	999.94	2505.79	39.91
2014-2015	31863.87	66246.40	48.10	940.72	2172.93	43.29

Source: Annual Report of BHEL and HEG Limited 2005-2015

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तालिका क्रमांक 2 में बीएचईएल एवं एचईजी लिमिटेड मण्डीदीप के स्वामित्व अनुपात का विवरण दिया गया है। जो वर्ष 2005-06 से 2014-15 तक की अध्ययन अवधि में स्वामित्व अनुपात की स्थिति को बतलाती है। बीएचईएल का स्वामित्व कोष एचईजी लिमिटेड की तुलना में अधिक है। बीएचईएल के स्वामित्व अनुपात में शोध विषय अध्ययन की अवधि के दौरान वर्ष 2006-07 से 2009-10 तक में गिरावट रही है। तत्पश्चात् इस अनुपात में वृद्धि हुई और यह वृद्धि वर्ष 2011-12 से 2014-15 तक रही। अध्ययन अवधि के दौरान एचईजी लिमिटेड के स्वामित्व अनुपात में गिरावट रही। यह गिरावट वर्ष 2005-06 से 2008-09 तक रही। परन्तु वर्ष 2009-10 व 2010-11 में अनुपात में थोड़ी सी वृद्धि जरूर हुई। किन्तु वर्ष 2011-12 व 2012-13 में अनुपात में पुनः गिरावट हुई इसके पश्चात् अनुपात में वृद्धि हुई और यह वृद्धि वर्ष 2015 तक रही।

• **शोधन क्षमता अनुपात**

यह अनुपात कम्पनी की शोधन क्षमता से सम्बन्धित होता है। इस अनुपात की गणना से कम्पनी की कुल सम्पत्तियों तथा कुल बाह्य दायित्वों के मध्य सम्बन्धों को प्रकट किया जाता है। इस अनुपात की गणना से यह भी ज्ञात होता है कि कम्पनी की कुल सम्पत्तियों के प्रबंध में बाह्य दायित्वों के कितने भाग का उपयोग किया गया है। और कम्पनी की सम्पत्तियों से वसूल होने वाली राशि से क्या कम्पनी के बाह्य दायित्वों का भुगतान हो सकता है। या नहीं इस अनुपात की गणना का प्रमुख उद्देश्य कम्पनी के ऋणों का भुगतान करने की क्षमता के माप से होता है शोधन क्षमता अनुपात की गणना का सूत्र निम्न है।

$$\text{शोधन क्षमता अनुपात} = \frac{\text{कुल बाह्य दायित्व}}{\text{कुल सम्पत्तियाँ}} \times 100$$

Table 3
Solvency Ratio of BHEL and HEG Limited (Rs. In crore)

Year	BHEL			HEG Limited		
	Total Debt Rs.	Total Assets Rs.	Ratio (%)	Total Debt Rs.	Total Assets Rs.	Ratio (%)
2005-2006	10878.26	17505.92	62.14	958.48	1274.49	75.20
2006-2007	14509.44	22362.54	64.88	1086.4	1441.11	75.39
2007-2008	19916.02	29352.3	67.85	909.75	1452.52	62.63
2008-2009	28482.27	39580.78	71.96	1096.99	1689.13	64.94
2009-2010	32569.47	46959.6	69.36	964.45	1694.99	56.90
2010-2011	39106.45	57096.74	68.49	1141.18	1957.49	58.30
2011-2012	41402.81	65229.78	63.47	1596.21	2358.44	67.68
2012-2013	39684.35	68577.76	57.87	1754.66	2617.95	67.02
2013-2014	39744.12	70822.22	56.12	1505.85	2505.79	60.09
2014-2015	34382.53	66246.4	51.90	1232.21	2172.93	56.71

Source: Annual Report of BHEL and HEG Limited 2005-2015

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तालिका क्रमांक 3 में बीएचईएल एवं एचईजी लिमिटेड मण्डीदीप के शोधन क्षमता अनुपात का विवरण दिया गया है। जो वर्ष 2005-06 से 2014-15 तक की अध्ययन अवधि में शोधन क्षमता अनुपात की स्थिति को बतलाता है। बीएचईएल का शोधन क्षमता अनुपात शोध विषय अध्ययन की अवधि के दौरान वर्ष 2005-06 से 2008-09 तक बढ़ रहा है इसके पश्चात् अनुपात में वर्ष 2009-10 से 2014-15 तक गिरावट रही। अध्ययन अवधि के दौरान एचईजी लिमिटेड के शोधन क्षमता अनुपात में वृद्धि रही। यह वृद्धि वर्ष 2006-07 तक रही। इसके पश्चात् वर्ष 2007-08 में अनुपात में गिरावट रही। तत्पश्चात् वर्ष 2008-09 में अनुपात में थोड़ी सी वृद्धि हुई। किन्तु वर्ष 2009-10 व 2010-11 में अनुपात में गिरावट रही। इसके पश्चात् अनुपात में वृद्धि हुई और यह वृद्धि वर्ष 2012-13 तक रही। वहीं अगले वर्षों में भी अनुपात में गिरावट हुई और यह गिरावट वर्ष 2014-15 तक रही।

• स्थायी सम्पत्तियों का स्वामित्व कोष से अनुपात

इस अनुपात की गणना से कम्पनी की स्थायी सम्पत्तियों और स्वामित्व कोषों के मध्य पाए जाने वाले सम्बन्धों को प्रकट किया जाता है और यह भी ज्ञात होता है कि स्थायी सम्पत्तियों की व्यवस्था में कितनी मात्रा में स्वामित्व कोषों का उपयोग किया गया है। स्वामित्व कोषों से स्थायी सम्पत्तियों का प्रबंध कम्पनी की वित्तीय सुदृढ़ता का प्रतीक माना जाता है यदि कम्पनी की स्थायी सम्पत्तियाँ स्वामित्व कोषों से अधिक हों तो यह माना जाता है कि सम्पत्तियों का प्रबंध ऋण पूँजी से किया गया है जो कम्पनी की वित्तीय स्थिति पर संकट उत्पन्न कर सकता है। अनुपात की गणना के लिए निम्न सूत्र का प्रयोग किया जाता है

$$\text{स्थायी सम्पत्तियों का स्वामित्व कोष से अनुपात} = \frac{\text{शुद्ध स्थायी सम्पत्तियाँ}}{\text{स्वामित्व कोष}}$$

Table 4
Fixed Assets to Net worth Ratio of BHEL and HEG Limited (Rs. in Crore)

Year	BHEL			HEG Limited		
	Net Fixed Assets Rs.	Share holder's Fund Rs.	Ratio	Net Fixed Assets Rs.	Share holder's Fund Rs.	Ratio
2005-2006	1166.85	6627.66	0.18	663.52	316.01	2.10

2006-2007	1291.28	7853.1	0.16	672.97	354.71	1.90
2007-2008	1639.29	9436.28	0.17	605.23	542.76	1.12
2008-2009	2627.37	11098.51	0.24	698.25	592.14	1.18
2009-2010	3944.95	14390.13	0.27	715.97	730.54	0.98
2010-2011	13818.88	17990.29	0.77	855.18	816.31	1.05
2011-2012	16514.84	23826.97	0.69	1024.91	762.23	1.34
2012-2013	17618.3	28893.41	0.61	1142.19	863.29	1.32
2013-2014	18803.44	31078.1	0.61	1320.04	999.94	1.32
2014-2015	17708.86	31863.87	0.56	1247.34	940.72	1.33

Source: Annual Report of BHEL and HEG Limited 2005-2015

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तालिका क्रमांक 4 में बीएचईएल एवं एचईजी लिमिटेड मण्डीदीप का स्थायी सम्पत्तियों का स्वामित्व कोष से अनुपात का विवरण दिया गया है। जो वर्ष 2005-06 से 2014-15 तक की अध्ययन अवधि में स्थायी सम्पत्तियों का स्वामित्व कोष से अनुपात की स्थिति को बतलाता है। शोध विषय अध्ययन की अवधि के दौरान बीएचईएल का अनुपात वर्ष 2006-07 में घट रहा है। इसके पश्चात् अनुपात में वृद्धि हुई और यह वृद्धि वर्ष 2010-11 तक रही। तत्पश्चात् अनुपात में अगले वर्षों में गिरावट हुई। और यह गिरावट वर्ष 2014-15 तक रही। परन्तु अध्ययन अवधि के दौरान एचईजी लिमिटेड के अनुपात में गिरावट हुई। यह गिरावट वर्ष 2009-10 तक रही है। तत्पश्चात् अनुपात में वृद्धि हुई और यह वृद्धि वर्ष 2012 तक रही। वहीं अगले वर्षों में 2014 तक अनुपात में गिरावट हुई लेकिन अगले वर्ष अनुपात में पुनः वृद्धि हुई और यह वृद्धि 2015 तक रही है।

• पूँजी मिलान अनुपात

पूँजी मिलान अनुपात को पूँजी दन्तीकरण अनुपात भी कहते हैं। इस अनुपात की गणना कम्पनी के पूँजी ढाँचे की स्थिर लागत वाली पूँजी तथा अस्थिर लागत वाली पूँजी के मध्य पाए जाने वाले सम्बन्धों का वर्णन करने के लिए की जाती है। स्थिर लागत वाली पूँजी, ऋण पूँजी तथा पूर्वाधिकार अंशपूँजी का मिश्रण होती है। जबकि अस्थिर लागत वाली पूँजी में समता अंश पूँजी, संचिति तथा अवितरित लाभों का समावेश होता है। कम्पनी के पूँजी ढाँचे की कुल पूँजी में स्थिर लागत वाली पूँजी तथा अस्थिर लागत वाली पूँजी को प्रकट करने के लिए पूँजी मिलान अनुपात का प्रयोग किया जाता है। अनुपात की गणना में निम्न सूत्र का प्रयोग किया जाता है।

समता अंश पूँजी + संचय एवं आधिक्य

$$\text{पूँजी मिलान अनुपात} = \frac{\text{समता अंश पूँजी + संचय एवं आधिक्य}}{\text{पूर्वाधिकार अंश पूँजी + ऋण पत्र + दीर्घकालीन लोन}}$$

Table 5

Capital Gearing Ratio of BHEL and HEG Limited (Rs. in Crore)

Year	BHEL			HEG Limited		
	Share holder's Fund Rs.	Fixed Charge Capital Rs.	Ratio	Share holder's Fund Rs.	Fixed Charge Capital Rs.	Ratio
2005-2006	6627.66	558.24	11.87	316.01	874.49	0.36
2006-2007	7853.1	89.33	87.91	354.71	971.31	0.37
2007-2008	9436.28	95.18	99.14	542.76	785.39	0.69
2008-2009	11098.51	149.37	74.30	592.14	957.02	0.62
2009-2010	14390.13	127.75	112.64	730.54	805.69	0.91
2010-2011	17990.29	14167.77	1.27	816.31	289.38	2.82
2011-2012	23826.97	12679.88	1.88	762.23	435.7	1.75
2012-2013	28893.41	11851.79	2.44	863.29	445.6	1.94
2013-2014	31078.1	14201.37	2.19	999.94	265.21	3.77
2014-2015	31863.87	12175.05	2.62	940.72	353.76	2.66

Source: Annual Report of BHEL and HEG Limited 2005-2015

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तालिका क्रमांक 5 में बीएचईएल एवं एचईजी लिमिटेड मण्डीदीप के पूँजी मिलान अनुपात का विवरण दिया गया है। जो वर्ष 2005-06 से 2014-15 तक की अध्ययन अवधि में पूँजी मिलान अनुपात की स्थिति को बतलाती है। शोध विषय अध्ययन की अवधि के दौरान बीएचईएल के पूँजी मिलान अनुपात में वृद्धि हो रही है। यह वृद्धि वर्ष 2007-08 तक हो रही है। इसके पश्चात् वर्ष 2008-09 में अनुपात में गिरावट हो रही है। वहीं वर्ष 2009-10 में अनुपात में पुनः वृद्धि हो रही है। तत्पश्चात् इस अनुपात में गिरावट हुई और यह गिरावट वर्ष 2011-12 तक रही। इसके पश्चात् अनुपात में वृद्धि हुई और यह वृद्धि वर्ष 2014-15 तक रही। परन्तु अध्ययन अवधि के दौरान एचईजी लिमिटेड के पूँजी मिलान अनुपात में वृद्धि हो रही है। यह वृद्धि वर्ष 2010-11 तक रही। इसके पश्चात् अनुपात में गिरावट हो रही है। यह गिरावट वर्ष 2011-12 तक रही है। इसके पश्चात् अनुपात में पुनः वृद्धि हुई है। और अनुपात की यह वृद्धि 2013-14 तक की है वहीं अगले वर्ष 2014-15 में अनुपात में थोड़ी सी गिरावट हुई।

- **वित्तीय उत्तोलक अनुपात**

वित्तीय उत्तोलक को समता पर व्यापार भी कहा जाता है। पूँजी ढाँचे की अस्थिर लागत वाली पूँजी के साथ स्थिर लागत वाली पूँजी का उपयोग वित्तीय उत्तोलक या समता पर व्यापार कहलाता है वित्तीय उत्तोलक के सिद्धान्त के आधार पर पूँजी ढाँचे में स्थिर दायित्व उत्पन्न करने वाले पूँजी स्रोतों के उपयोग का कम्पनी के लाभों पर पड़ने वाले प्रभावों का विश्लेषण करने के लिये किया जाता है। यह अनुपात ब्याज एवं कर से पूर्व की आय तथा कर से पूर्व की आय के मध्य पाए जाने वाले सम्बन्धों को स्पष्ट करता है। यह अनुपात स्वामी कोषों की तुलना बाह्य कोषों से करता है।

वित्तीय उत्तोलक की गणना निम्न सूत्र द्वारा की जाती है।

ब्याज एवं कर से पूर्व की आय

वित्तीय उत्तोलक अनुपात = -----

ब्याज एवं कर से पूर्व की आय – ब्याज एवं पूर्वाधिकार लाभांश

Table 6

Financial Leverage Ratio of BHEL and HEG Limited

(Rs. in Crore)

Year	BHEL			HEG Limited		
	Total EBIT Rs.	Total EBT Rs.	Ratio	Total EBIT Rs.	Total EBT Rs.	Ratio
2005-2006	2349.56	2290.82	1.026	71.29	43.1	1.654
2006-2007	2955.33	2912	1.015	125.93	79.87	1.577
2007-2008	3021.97	2986.55	1.012	227.2	176.63	1.286
2008-2009	3370.31	3339.6	1.009	211.19	144.44	1.462
2009-2010	4968.59	4935.09	1.007	286.6	227.34	1.261
2010-2011	7361.09	7306.36	1.007	166.27	129.65	1.282
2011-2012	9107.24	9055.96	1.006	183.89	143.21	1.284
2012-2013	8436.44	8311.17	1.015	230.48	166.88	1.381
2013-2014	3536.91	3404.28	1.039	173.33	101.03	1.716
2014-2015	1021.32	929.67	1.099	120.7	54.94	2.197

Source: Annual Report of BHEL and HEG Limited 2005-2015

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तालिका क्रमांक 6 में बीएचईएल एवं एचईजी लिमिटेड मण्डीदीप के वित्तीय उत्तोलक अनुपात का विवरण दिया गया है। जो वर्ष 2005-06 से 2014-15 तक की अध्ययन अवधि में वित्तीय उत्तोलक अनुपात की स्थिति को बतलाता है। बीएचईएल के वित्तीय उत्तोलक अनुपात में शोध विषय अध्ययन की अवधि के दौरान वर्ष 2006-07 से 2011-12 तक गिरावट रही है। तत्पश्चात् इस अनुपात में वृद्धि हुई और यह वृद्धि वर्ष 2014-15 तक रही है। परन्तु अध्ययन अवधि के दौरान एचईजी लिमिटेड के पूँजी मिलान अनुपात में गिरावट हो रही है। यह गिरावट वर्ष 2007-08 तक रही है। इसके पश्चात् अनुपात में वृद्धि हुई और यह वृद्धि वर्ष 2008-09 तक रही है। वर्ष 2009-10 में अनुपात में पुनः गिरावट रही। तत्पश्चात् अनुपात में वृद्धि हुई और यह वृद्धि वर्ष 2014-15 तक रही है।

निधि ऋण का कुल पूँजीकरण से अनुपात

यह अनुपात कम्पनी द्वारा बाह्य व्यक्तियों से प्राप्त दीर्घकालीन कोष और कम्पनी में उपलब्ध कुल दीर्घकालीन कोष के मध्य स्थापित सम्बन्धों को प्रकट करता है इस अनुपात की गणना से कम्पनी की वित्तीय स्थिति की सूचनाएं प्राप्त होती हैं। अर्थात् यह अनुपात कम्पनी की कुल पूँजीकरण की राशि में निधि ऋण के समावेश की मात्रा को स्पष्ट करता है। कुल पूँजीकरण का वह भाग निधि ऋण कहलाता है। जिसे कम्पनी द्वारा बाह्य व्यक्तियों से वित्त के रूप में प्राप्त किया जाता है अर्थात् निधि ऋण का आशय उस ऋण से होता है जो कम्पनी दीर्घ समय अवधि के लिए बाह्य लोगो से प्राप्त करती है। इस अनुपात की गणना निम्न प्रकार से की जाती है।

निधि ऋण (दीर्घकालीन ऋण)

$$\text{निधि का कुल पूँजीकरण से अनुपात} = \frac{\text{निधि ऋण (दीर्घकालीन ऋण)}}{\text{कुल पूँजीकरण}} \times 100$$

Table 7
Funded Debt to Total Capitalisation Ratio of BHEL and HEG Limited (Rs. in Crore)

Year	BHEL			HEG Limited		
	Funded Debt Rs.	Total Capitalisation Rs.	Ratio (%)	Funded Debt Rs.	Total Capitalisation Rs.	Ratio (%)
2005-2006	558.24	7185.9	7.77	874.49	1190.5	73.46
2006-2007	89.33	7942.43	1.12	971.31	1326.02	73.25
2007-2008	95.18	9531.46	1.00	785.39	1328.15	59.13
2008-2009	149.37	11247.88	1.33	957.02	1549.16	61.78
2009-2010	127.75	14517.88	0.88	805.69	1536.23	52.45
2010-2011	14167.77	32158.06	44.06	289.38	1105.69	26.17
2011-2012	12679.88	36506.85	34.73	435.7	1197.93	36.37
2012-2013	11851.79	40745.2	29.09	445.6	1308.89	34.04
2013-2014	14201.37	45279.47	31.36	265.21	1265.15	20.96
2014-2015	12175.05	44038.92	27.65	353.76	1294.48	27.33

Source: Annual Report of BHEL and HEG Limited 2005-2015

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तालिका क्रमांक 7 में बीएचईएल एवं एचईजी लिमिटेड मण्डीदीप के निधि ऋण का कुल पूँजी करण से अनुपात का विवरण दिया है। जो वर्ष 2005-06 से 2014-15 तक की अध्ययन अवधि में निधि ऋण का कुल पूँजी करण से अनुपात की स्थिति को बतलाती है। बीएचईएल के निधि ऋण का कुल पूँजी करण से अनुपात में शोध विषय अध्ययन की अवधि के दौरान वर्ष 2006-07 से 2007-08 तक गिरावट रही है। परन्तु वर्ष 2008-09 में अनुपात में थोड़ी सी वृद्धि ज़रूर हुई है। लेकिन वर्ष 2009-10 में अनुपात में पुनः गिरावट हुई। इसके पश्चात् वर्ष 2010-11 में अनुपात में वृद्धि हुई। परन्तु वर्ष 2010-11 के पश्चात् इस अनुपात में वर्ष 2012-13 तक गिरावट रही। वर्ष 2013-14 में इस अनुपात में वृद्धि हुई। लेकिन अगले वर्ष 2014-15 में इस अनुपात में गिरावट हो रही है। परन्तु अध्ययन अवधि के दौरान एचईजी लिमिटेड के निधि ऋण का कुल पूँजीकरण से अनुपात में गिरावट हो रही है। यह गिरावट वर्ष 2007-08 तक रही है। इसके पश्चात् वर्ष 2008-09 में अनुपात में थोड़ी सी वृद्धि हो रही है। वहीं अगले वर्ष अनुपात में गिरावट हुई और यह गिरावट वर्ष 2010-11 तक रही। वर्ष 2011-12 में इस अनुपात में पुनः वृद्धि हुई। तत्पश्चात् इस अनुपात में गिरावट हुई और यह गिरावट वर्ष 2013-14 तक रही। वर्ष 2014-15 में अनुपात में वृद्धि हो रही है

• स्थायी सम्पत्ति अनुपात

स्थायी सम्पत्ति अनुपात की गणना कम्पनी की स्थायी सम्पत्तियों तथा दीर्घकालीन कोषों के मध्य पाए जाने वाले सम्बन्धों को दर्शाने के लिए की जाती है। स्थायी सम्पत्ति अनुपात, स्थायी सम्पत्तियों का स्वामित्व कोष अनुपात से भिन्न होता है। इस अनुपात की गणना से कम्पनी की स्थायी सम्पत्तियों के वित्त पोषण के लिए किस

सीमा तक कम्पनी के दीर्घकालीन कोषों का उपयोग किया है उस उपयोग की गई सीमा की जानकारी मिलती है। इस अनुपात की संगणना निम्न प्रकार से की जाती है।

स्थायी सम्पत्तियाँ (ह्रास घटाने के बाद)

स्थायी सम्पत्ति अनुपात = -----

कुल दीर्घकालीन कोष

Table 8

Fixed Assets Ratio of BHEL and HEG Limited

(Rs. in Crore)

Year	BHEL			HEG Limited		
	Fixed Assets Rs.	Total Long Term Fund Rs.	Ratio	Fixed Assets Rs.	Total Long Term Fund Rs.	Ratio
2005-2006	1166.85	7185.9	0.162	663.52	1190.5	0.557
2006-2007	1291.28	7942.43	0.163	672.97	1326.02	0.507
2007-2008	1639.29	9531.46	0.172	605.23	1328.15	0.456
2008-2009	2627.37	11247.88	0.234	698.25	1549.16	0.451
2009-2010	3944.95	14517.88	0.272	715.97	1536.23	0.466
2010-2011	13818.88	32158.06	0.430	855.18	1105.69	0.773
2011-2012	16514.84	36506.85	0.452	1024.91	1197.93	0.856
2012-2013	17618.3	40745.2	0.432	1142.19	1308.89	0.873
2013-2014	18803.44	45279.47	0.415	1320.04	1265.15	1.043
2014-2015	17708.86	44038.92	0.402	1247.34	1294.48	0.964

Source: Annual Report of BHEL and HEG Limited 2005-2015

निर्वचन

तालिका क्रमांक 8 में बीएचईएल एवं एचईजी लिमिटेड मण्डीदीप के स्थाई सम्पत्ति अनुपात का विवरण दिया गया है। जो वर्ष 2005-06 से 2014-15 तक की अध्ययन अवधि में स्थाई सम्पत्ति अनुपात की स्थिति को बतलाती है। शोध विषय अध्ययन की अवधि के दौरान बीएचईएल के स्थाई सम्पत्ति अनुपात में वृद्धि हो रही है। यह वृद्धि वर्ष 2005-06 से 2011-12 तक हो रही है। इसके पश्चात् अनुपात में गिरावट हो रही है। यह गिरावट वर्ष 2012-13 से 2014-15 तक हो रही है। परन्तु अध्ययन अवधि के दौरान एचईजी लिमिटेड के स्थाई सम्पत्ति अनुपात में गिरावट हो रही है यह गिरावट वर्ष 2005-06 से 2009-10 तक हुई है। इसके पश्चात् इस अनुपात में वृद्धि हो रही है और यह वृद्धि वर्ष 2010-11 से 2013-14 तक रही है। वर्ष 2014-15 में इस अनुपात में थोड़ी सी गिरावट ज़रूर हुई है।

अध्ययन में ली गई शुन्य परिकल्पना इस प्रकार है। शोध विषय के अध्ययन की अवधि में बीएचईएल एवं एचईजी लिमिटेड की ऋण पूँजी एवं समता अंश पूँजी में कोई सार्थक अंतर नहीं है।

$$t = \frac{\bar{x}_1 - \bar{x}_2}{s} \times \sqrt{\frac{n_1 \times n_2}{n_1 + n_2}}$$

$$S = \sqrt{\frac{\sum d^2 x_1 + \sum d^2 x_2}{n_1 + n_2 - 2}}$$

$$S = \sqrt{\frac{2.0418 + 3.8244}{10 + 10 - 2}}$$

$$S = \sqrt{\frac{5.8662}{18}}$$

$$S = .5708$$

$$t = \frac{1.81-1.93}{.5708} \times \sqrt{\frac{10 \times 10}{10 + 10}}$$

$$t = \frac{-0.12}{.5708} \times \sqrt{\frac{100}{20}}$$

$$t = .210 \times 2.236$$

$$t = .4696$$

$$t_{0.05} = 2.101$$

निर्वचन:-

t का परिकलित मान = .4696

t का 5% लेवल पर सारणीयन मान = 2.101

यहाँ सारणीयन मान > परिकलित मान

$$t_{0.05} > 2.101 > t = .4696$$

शोध विषय के अध्ययन में ली गई परिकल्पना पूर्ण रूप से सार्थक है। अतः ली गई परिकल्पना भी सत्य है। क्योंकि सारणीयन मान परिकलित मान से अधिक है। अतः यहाँ स्पष्ट है कि बीएचईएल एवं एचईजी लिमिटेड की ऋण समता पूँजी एक जैसी है। क्योंकि दोनों कम्पनियों में ऋण समता पूँजी में अधिक अन्तर नहीं है।

निष्कर्ष

- बीएचईएल का ऋण समता अनुपात संतोषजनक नहीं है। क्योंकि कम्पनी द्वारा ऋण पूँजी का लगभग 28 प्रतिशत अंश पूँजी की तुलना में उपयोग किया जा रहा है। ऋण समता अनुपात की गणना तालिका से यह निष्कर्ष निकलता है कि कम्पनी स्वामित्व पूँजी का अधिक उपयोग कर रही है। तथा ऋण पूँजी का कम उपयोग कर रही है। क्योंकि कम्पनी द्वारा रूढ़ीवादी विचारधारा के अन्तर्गत पूँजी का विनियोग कर रखा है जो कि कम्पनी के लिए लाभप्रद नहीं है। इससे यह भी निष्कर्ष निकलता है कि कम्पनी वित्तीय जोखिम नहीं उठाना चाहती जिसके फलस्वरूप ही कम्पनी कम ऋण पूँजी का उपयोग कर रही है।
- एचईजी लिमिटेड के ऋण समता अनुपात की स्थिति वर्ष 2006-07 तक संतोषजनक रही इसके पश्चात् उसकी स्थिति संतोषजनक नहीं रही। क्योंकि कम्पनी की ऋण पूँजी में निरन्तर गिरावट रही। इस शोध विषय अध्ययन से यह भी निष्कर्ष निकलता है कि कम्पनी द्वारा औसतन ऋण पूँजी स्वामित्व पूँजी के बराबर उपयोग कर रही है। जो कि कम्पनी के लिए लाभप्रद नहीं है। इसका मुख्य कारण कम्पनी द्वारा कम ऋण पूँजी का उपयोग करना है। जबकि कम्पनी के लाभों की स्थिति अच्छी है। ऐसी स्थिति में ऋण पूँजी का अधिक उपयोग किया जाना चाहिए।
- बीएचईएल के स्वामित्व अनुपात की स्थिति संतोषजनक है क्योंकि कुल सम्पत्तियों में स्वामित्व कोष लगभग 36 प्रतिशत है तथा शेष बचा हुआ भाग बाहरी विनियोगकर्ताओं द्वारा कुल ऋण में विनियोग किया गया है। बाहरी विनियोगकर्ताओं में दीर्घकालीन एवं अल्पकालीन विनियोगकर्ताओं का समावेश है। एचईजी लिमिटेड में स्वामित्व अनुपात की स्थिति भी संतोषजनक है लेकिन थोड़े सुधार की आवश्यकता है। स्वामित्व कोषों की राशि का लगभग 35.5 प्रतिशत भाग कुल सम्पत्तियों में लगा हुआ है। अतः स्वामित्व कोषों का उपयोग स्थायी सम्पत्तियों में नहीं अपितु चालू सम्पत्तियों में भी किया जा रहा है।
- बीएचईएल के शोधन क्षमता अनुपात की स्थिति संतोषजनक है क्योंकि कम्पनी के कुल ऋण कुल सम्पत्तियों की तुलना में कम हैं कम्पनी आसानी से अपने ऋण का भुगतान कर सकती है इससे कम्पनी के ऋण पूर्ण रूप से सुरक्षित हैं यह स्थिति कम्पनी पर सकारात्मक प्रभाव डाल रही है इससे बाहरी विनियोगकर्ताओं पर भी सकारात्मक प्रभाव पड़ता है। जिससे कम्पनी की धन सम्पदा में वृद्धि होती है।
- एचईजी लिमिटेड के शोधन क्षमता अनुपात की स्थिति भी संतोषजनक है क्योंकि कम्पनी के कुल ऋण कुल सम्पत्तियों की तुलना में बहुत कम हैं इसीलिए कम्पनी के दीर्घकालीन ऋण एवं अल्पकालीन ऋण

दोनों प्रकार के ऋण सुरक्षित हैं। कम्पनी पर यह स्थिति सकारात्मक प्रभाव डाल रही है। परन्तु कम्पनी की आर्थिक स्थिति एवं इस अनुपात को देखते हुए कम्पनी को ऋण पूँजी का फायदा उठाना चाहिए। इस हेतु इसमें सुधार की आवश्यकता है।

- बीएचईएल की स्थायी सम्पत्तियों का स्वामित्व कोष से अनुपात की स्थिति संतोषजनक है क्योंकि स्थायी सम्पत्तियों की तुलना में स्वामित्व कोष की राशि बहुत अधिक है स्थायी सम्पत्तियों में स्वामित्व कोष का लगभग 43 प्रतिशत भाग ही है इससे यह सिद्ध होता है कि स्थायी सम्पत्तियों का शेष भाग अल्पकालीन एवं दीर्घकालीन ऋण पूँजी का है। इस अनुपात की स्थिति में सुधार की आवश्यकता है। क्योंकि केवल स्थायी सम्पत्तियों में मात्र स्वामित्व कोष का 43 प्रतिशत भाग ही लगा हुआ है जोकि कम्पनी के लिए अनुकूल नहीं है।
- एचईजी लिमिटेड में स्थायी सम्पत्तियों का स्वामित्व कोष से अनुपात की स्थिति भी संतोषजनक है क्योंकि स्थायी सम्पत्तियाँ स्वामित्व कोष से अधिक हैं। इससे यह सिद्ध होता है कि स्थायी सम्पत्तियों में विनियोग स्वामित्व कोष द्वारा ही नहीं बल्कि दीर्घकालीन ऋणों के माध्यम से भी विनियोग किया जा रहा है। इस अनुपात का औसतन विनियोग 1.36:1 है। जो इस बात को दर्शाता है कि कुल सम्पत्तियों का प्रबंधन स्वामित्व कोषों से 1.36 भाग और दीर्घकालीन ऋण से किया जा रहा है। अर्थात् स्थायी सम्पत्तियों में अधिकांश पैसा स्वामित्व कोष का लगा हुआ है। यह स्थिति बाहरी व्यक्तियों के लिए संतोषजनक है लेकिन कम्पनी के लिए लाभप्रद नहीं है।
- बीएचईएल के पूँजी मिलान अनुपात की स्थिति संतोषजनक है क्योंकि परिवर्तनशील लागत वाली पूँजी, स्थायी लागत वाली पूँजी से 2.62 प्रतिशत अधिक है इससे यह निष्कर्ष निकलता है कि कम्पनी की ऋण पूँजी एवं स्थायी लागत वाली पूँजी पूर्ण रूप से सुरक्षित है। क्योंकि कम्पनी के पास पर्याप्त मात्रा में स्वामित्व कोष हैं लेकिन इसमें सुधार की आवश्यकता है।
- एचईजी लिमिटेड के पूँजी मिलान अनुपात की स्थिति भी संतोषजनक है क्योंकि कम्पनी के पास परिवर्तनशील लागत वाली पूँजी की मात्रा अधिक है तथा स्थायी लागत वाली पूँजी की मात्रा कम है इससे स्पष्ट है कि कम्पनी की स्थायी लागत वाली पूँजी पूर्ण रूप से सुरक्षित है लेकिन इसमें सुधार की आवश्यकता है कम्पनी को स्थायी लागत वाली पूँजी में वृद्धि करनी चाहिए। क्योंकि कम्पनी के पास पर्याप्त मात्रा में संचय एवं आधिक्य हैं। ऐसी स्थिति में ऋण पूँजी का उपयोग करना लाभप्रद है।
- बीएचईएल के वित्तीय उत्तोलक अनुपात की स्थिति संतोषजनक है क्योंकि कम्पनी द्वारा ऋण पूँजी का कम उपयोग किया जा रहा है या ऋण पूँजी का उपयोग नियन्त्रण में है लेकिन उनमें सुधार की आवश्यकता भी है।
- एचईजी लिमिटेड के वित्तीय उत्तोलक अनुपात की स्थिति भी संतोषजनक है। क्योंकि कम्पनी कम पूँजी का उपयोग कर रही है या ब्याज की दर पर नियन्त्रण कर रही है। जिसके कारण ब्याज की राशि कम आ रही है यह स्थिति बाहरी पक्षकारों के लिए लाभप्रद है। लेकिन कम्पनी के लिए लाभप्रद नहीं है साथ ही कम्पनी अपनी ऋण पूँजी का फायदा नहीं उठा रही है।
- बीएचईएल के निधि ऋण का कुल पूँजीकरण से अनुपात की स्थिति संतोषजनक है शोध विषय अध्ययन की अवधि के दौरान दीर्घकालीन ऋण कुल पूँजीकरण का 17.90 प्रतिशत हैं जो कि बहुत ही कम हैं। इससे स्पष्ट होता है कि दीर्घकालीन ऋण की पूँजी पूर्ण रूप से सुरक्षित है तथा कम्पनी के द्वारा दीर्घकालीन ऋण कम उपयोग किए जा रहे हैं। इस स्थिति का बाहरी पक्षकारों पर सकारात्मक प्रभाव पड़ रहा है क्योंकि कम्पनी की दीर्घकालीन शोधन क्षमता अच्छी है तथा उनकी राशि पूर्ण रूप से सुरक्षित है।
- एचईजी लिमिटेड के निधि ऋण का कुल पूँजीकरण से अनुपात की स्थिति संतोषजनक है क्योंकि कम्पनी के दीर्घकालीन ऋण कुल पूँजीकरण की राशि से कम हैं। इसीलिए दीर्घकालीन ऋण पूँजी भी पूर्ण रूप से सुरक्षित है क्योंकि दीर्घकालीन ऋण की राशि कुल पूँजीकरण की मात्रा से कम है। यह स्थिति कम्पनी पर सकारात्मक प्रभाव डाल रही है।
- बीएचईएल की स्थायी सम्पत्तियों एवं दीर्घकालीन कोष की स्थिति संतोषजनक है क्योंकि स्थायी सम्पत्तियाँ लगभग 30 प्रतिशत दीर्घकालीन कोष का अंश हैं। ऐसी स्थिति में यह सिद्ध होता है कि कम्पनी के दीर्घकालीन कोष पूर्ण रूप से सुरक्षित नहीं हैं क्योंकि दीर्घकालीन कोष स्थायी सम्पत्तियों की तुलना में बहुत अधिक हैं तथा कम्पनी की स्थायी सम्पत्तियों की मात्रा भी बहुत कम है। जबकि दीर्घकालीन कोष

अधिक हैं। यह स्थिति कम्पनी पर नकारात्मक प्रभाव डाल रही है। क्योंकि स्थायी सम्पत्तियाँ दीर्घकालीन कोषों की तुलना में बहुत कम हैं।

- एचईजी लिमिटेड की स्थायी सम्पत्तियों एवं दीर्घकालीन कोष की स्थिति भी संतोषजनक है। क्योंकि दीर्घकालीन कोष का लगभग 70 प्रतिशत भाग स्थायी सम्पत्तियों में विनियोग है। अतः यह स्थिति कम्पनी पर सकारात्मक प्रभाव डाल रही है।

बीएचईएल एवं एचईजी लिमिटेड के तुलनात्मक निष्कर्ष:-

- बीएचईएल एवं एचईजी लिमिटेड के कुल ऋण समता अनुपात की स्थिति संतोषजनक है लेकिन दोनों कम्पनियों की तुलना में एचईजी लिमिटेड की स्थिति अधिक संतोषजनक है। क्योंकि इस कम्पनी द्वारा अधिक राशि ऋण में विनियोजित है।
- स्वामित्व अनुपात की बीएचईएल एवं एचईजी लिमिटेड दोनों कम्पनियों की स्थिति संतोषजनक नहीं है। क्योंकि स्वामित्व कोष कुल सम्पत्तियों में कम विनियोजित है। पर इन दोनों कम्पनियों के तुलनात्मक अध्ययन से यह निष्कर्ष निकलता है कि बीएचईएल का स्वामित्व अनुपात अच्छा है।
- शोधन क्षमता अनुपात की स्थिति बीएचईएल एवं एचईजी लिमिटेड दोनों कम्पनियों की संतोषजनक है। क्योंकि कुल ऋण कुल सम्पत्तियों की तुलना में कम है। परन्तु एचईजी लिमिटेड की स्थिति ज़्यादा संतोषजनक है।
- स्थायी सम्पत्तियों का स्वामित्व कोष से अनुपात की स्थिति बीएचईएल एवं एचईजी लिमिटेड दोनों कम्पनियों की संतोषजनक है। क्योंकि दोनों कम्पनियों की स्थायी सम्पत्तियाँ कम हैं। एवं स्वामित्व कोष ज़्यादा हैं। परन्तु दोनों कम्पनियों के तुलनात्मक अध्ययन में एचईजी लिमिटेड की स्थिति अधिक संतोषजनक है।
- पूँजी मिलान अनुपात की स्थिति बीएचईएल एवं एचईजी लिमिटेड दोनों कम्पनियों की स्थिति संतोषजनक है। क्योंकि परिवर्तनशील लागत वाली पूँजी स्थायी लागत वाली पूँजी की तुलना में अधिक है। इसीलिए दोनों कम्पनियों की स्थिति संतोषजनक है। लेकिन एचईजी लिमिटेड की स्थिति अधिक संतोषजनक है।
- बीएचईएल एवं एचईजी लिमिटेड के वित्तीय उत्तोलक अनुपात की स्थिति संतोषजनक है। क्योंकि ईबीआईटी की राशि ईबीटी से अधिक है। पर दोनों कम्पनियों के तुलनात्मक अध्ययन से यह निष्कर्ष निकलता है कि एचईजी लिमिटेड की स्थिति अधिक संतोषजनक है।
- निधि ऋण का कुल पूँजीकरण से अनुपात की स्थिति बीएचईएल एवं एचईजी लिमिटेड दोनों कम्पनियों की संतोषजनक है। क्योंकि निधि ऋण दोनों कम्पनियों में कुल पूँजीकरण के अनुपात से कम हैं। परन्तु दोनों कम्पनियों के तुलनात्मक अध्ययन से यह निष्कर्ष निकलता है कि एचईजी लिमिटेड की स्थिति अधिक संतोषजनक है।
- एचईजी लिमिटेड का स्थायी सम्पत्ति अनुपात की स्थिति संतोषजनक है। क्योंकि स्थायी सम्पत्तियों में कुल दीर्घकालीन कोष का अधिक भाग लगा हुआ है। जबकि बीएचईएल में दीर्घकालीन कोष की राशि स्थायी सम्पत्तियों में कम लगी हुई है। इसीलिए इन दोनों कम्पनियों के तुलनात्मक अध्ययन से यह निष्कर्ष निकलता है कि एचईजी लिमिटेड की स्थिति अधिक संतोषजनक है।

सुझाव

- बीएचईएल को वित्तीय जोखिम को लेते हुए ऋण पूँजी का अधिक उपयोग करना चाहिए। जिससे कम्पनी को ऋण पूँजी का फायदा मिल सके तथा कम्पनी की धन सम्पदा में अधिक से अधिक वृद्धि हो सके।
- एचईजी लिमिटेड को अपनी ऋण पूँजी में वृद्धि करनी चाहिए। क्योंकि कम्पनी की आर्थिक स्थिति बहुत अच्छी है। इसे ध्यान में रखते हुए कम्पनी को अपनी ऋण पूँजी का फायदा उठाना चाहिए। क्योंकि यदि $R > K$ तब ऋण पूँजी का अधिक उपयोग लाभप्रद है कम्पनी की स्थिति भी इसी प्रकार की है इसीलिए कम्पनी को चाहिए की अपनी ऋण पूँजी में वृद्धि करे।
- बीएचईएल को स्वामित्व कोषों में थोड़ी कमी लानी चाहिए। क्योंकि यह राशि स्थायी सम्पत्तियों में नहीं बल्कि चालू सम्पत्तियों में भी विनियोजित है। अतः कम्पनी को चालू सम्पत्तियों में स्वामित्व पूँजी का कम विनियोग करना चाहिए।

- एचईजी लिमिटेड को स्वामित्व अनुपात में कमी लानी चाहिए तथा चालू सम्पत्तियों में स्वामित्व कोषों का कम से कम उपयोग करना चाहिए। जिससे कम्पनी की धन सम्पदा में वृद्धि हो सके।
- बीएचईएल की शोधन क्षमता की स्थिति पूर्ण रूप से संतोषजनक है तथा कम्पनी की आर्थिक स्थिति भी अच्छी है इन समस्त तथ्यों को ध्यान में रखते हुए कम्पनी को अपनी ऋण पूँजी में वृद्धि करनी चाहिए। जिससे कम्पनी के लाभों में और अधिक वृद्धि की जा सके। तथा कम्पनी को ऋण पूँजी का भी फायदा उठाना चाहिए। क्योंकि कम्पनी की वर्तमान स्थिति इसी प्रकार की है।
- एचईजी लिमिटेड को अपनी ऋण पूँजी में वृद्धि करनी चाहिए। क्योंकि कम्पनी के पास पर्याप्त मात्रा में संचय एवं लाभ हैं। इसका फायदा उठाते हुए कम्पनी को अपनी ऋण पूँजी में वृद्धि करनी चाहिए। जिससे कम्पनी की धन सम्पदा में अधिक से अधिक वृद्धि हो सके।
- बीएचईएल को स्थायी सम्पत्तियों का प्रबंधन या स्थायी सम्पत्तियों के विनियोग में स्वामित्व कोषों का हिस्सा बढ़ाना चाहिए। वर्तमान में औसतन 43 प्रतिशत हिस्सा लग हुआ है। अर्थात् स्थायी सम्पत्तियाँ स्वामित्व पूँजी की मात्रा 43 प्रतिशत ही हैं। शेष राशि चालू सम्पत्तियों में लगी हुई है। जो कि कम्पनी के लिए लाभप्रद नहीं है। अतः इसमें सुधार किया जाना अनिवार्य है इस हेतु कम्पनी की चालू सम्पत्तियों में स्वामित्व कोष का विनियोग कम किया जाना चाहिए।
- एचईजी लिमिटेड को अपनी स्थायी सम्पत्तियों के विनियोग में स्वामित्व कोष के अनुपात में कमी लानी चाहिए तथा बाहरी ऋण पूँजी की मात्रा में वृद्धि करनी चाहिए। क्योंकि कम्पनी की वर्तमान स्थिति संतोषजनक है। इसीलिए स्थायी सम्पत्तियों के प्रबंधन में भी ऋण पूँजी की मात्रा बढ़ानी चाहिए जिससे कम्पनी की धन सम्पदा एवं लाभों में वृद्धि हो सके।
- बीएचईएल को स्थायी लागत वाली पूँजी की मात्रा को बढ़ाना चाहिए। क्योंकि कम्पनी के पास परिवर्तनशील लागत वाली पूँजी अधिक मात्रा में है। तथा कम्पनी के पास संचय की राशि भी अधिक है। इन तथ्यों को ध्यान में रखकर कम्पनी को स्थायी पूँजी में वृद्धि करनी चाहिए। जिससे कम्पनी की धन सम्पदा में वृद्धि हो सके।
- एचईजी लिमिटेड की वर्तमान स्थिति को देखते हुए कम्पनी को ऋण पूँजी में वृद्धि करनी चाहिए तथा अंश पूँजी में कमी करनी चाहिए। जिससे कम्पनी की धन सम्पदा में वृद्धि हो सके।
- बीएचईएल को अपनी स्थायी सम्पत्तियों में वृद्धि करनी चाहिए। क्योंकि दीर्घकालीन कोषों का उपयोग अधिकांशतः स्थायी सम्पत्तियों को क्रय करने में किया जाता है। कम्पनी के पास पर्याप्त मात्रा में दीर्घकालीन कोष हैं इनका उपयोग स्थायी सम्पत्तियों को क्रय करने में किया जाना चाहिए। जिससे स्थायी सम्पत्तियों की स्थिति में सुधार हो सके।
- एचईजी लिमिटेड को स्थायी सम्पत्तियों में और अधिक वृद्धि करनी चाहिए। जिससे कम्पनी के दीर्घकालीन कोषों का सही सदुपयोग हो और कम्पनी की धन सम्पदा में वृद्धि हो सके।

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भारत में विकास बैंकिंग की प्रगति, समस्याओं तथा सम्भावनाओं का अध्ययन (भारतीय स्टेट बैंक का इकाई अध्ययन)

डॉ० अजय कुमार वर्मा*

डॉ० मनीष कुमार**

सारांश

भारत में बैंकिंग को सामाजिक और विकास बैंकिंग का रूप दिया जा रहा है। विकास बैंकिंग का अर्थ है समाज के अविकसित और अल्प विकसित वर्गों को अधिक को अधिक अवसर उपलब्ध कराने के लक्ष्य के साथ ऋण का उद्देश्यपूर्ण उपयोग। भारतीय रिजर्व बैंक प्रारम्भ से ही विकास बैंक की भूमिका निभा रहा है। बाद में इसने विकासशील अर्थव्यवस्था की विविध आवश्यकताओं की पूर्ति हेतु अनेक विकास बैंकिंग तथा अन्य सहायक संस्थानों का निर्माण किया है। उदाहरण के लिए—भारतीय औद्योगिक विकास बैंक, भारतीय लघु उद्योग विकास बैंक, भारतीय यूनिट ट्रस्ट, भारतीय निर्यात-आयात बैंक इत्यादि सम्भव है कुछ बड़ी संस्थाएं ग्रामीण विकास से सीधे संबधित न हो कर भी व ग्रामीण विकास में महत्वपूर्ण भूमिका निभाती है। प्रस्तुत शोध पत्र में भारत में विकास बैंकिंग की प्रगति, समस्याओं तथा सम्भावनाओं का अध्ययन (भारतीय स्टेट बैंक के सन्दर्भ में) किया गया है।

प्रमुख शब्द—भारतीय रिजर्व बैंक, सामाजिक और विकास बैंकिंग, ग्रामीण विकास, राष्ट्रीयकरण, अर्थव्यवस्था।
परिचय एवं शोध समस्या

बैंकिंग व्यवस्था या प्रणाली किसी भी राष्ट्र की आधार शिला होती है। बैंकिंग प्रणाली की सुदृढ़ता पर ही राष्ट्र का आर्थिक विकास निर्भर करता है। भारत में बैंकों को विकास प्रक्रिया का चालक यन्त्र मानते हुए सार्वजनिक क्षेत्र का विशिष्ट अंग स्वीकार किया गया और वर्ष 1969 में राष्ट्रीयकरण करके उनसे यह अपेक्षा की गई कि वे अपनी कार्य संस्कृति में सुधार लाकर बचत संग्रहण करने के साथ-साथ समाज को बेहतर सेवा प्रदान करेंगे किन्तु भारत में बैंक इन उद्देश्यों को पूरा करने में असमर्थ रहे। बैंकों ने अपने संसाधनों को बढ़ाने तथा लाभ स्तर को ऊँचा उठाने के लिए केन्द्रीय बैंक के नियन्त्रणों से बाहर निकालने का प्रयास किया गया तथा नियमों को इच्छानुसार अर्थ निकालकर उन्हें तोड़-मरोड़ कर स्वीकार किया। बैंक के कर्मचारी भ्रष्टाचार तथा लापरवाही की गिरफ्त में आ गये। इन विभिन्न कारणों से कालान्तर में बैंकों की लाभार्जन क्षमता एवं वित्तीय सुदृढ़ता में गिरावट आयी और बैंक अपने मुख्य उद्देश्य अर्थात् “आर्थिक विकास में सहयोग” को भूल गये। अतः शासन द्वारा विकास बैंकिंग की धारणा विकसित की गयी। इस धारणा के अन्तर्गत बैंकों के लिए ग्रामीण क्षेत्रों में शाख विस्तार, कृषि विकास हेतु वित्तीयन, लघु एवं मध्यम उद्यम विकास हेतु अग्रिम, विकास योजनाओं हेतु वित्त पोषण एवं समाज के कमजोर वर्ग हेतु कल्याण मित्र की व्यवस्था आदि के सम्बन्ध में आवश्यक नियम एवं

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मानक बनाये गये। परिणाम स्वरूप सामाजिक-आर्थिक विकास में बैंकों की भूमिका महत्वपूर्ण हो गयी और वाणिज्य बैंकिंग का प्रमुख उद्देश्य विकास बैंकिंग हो गया। चूँकि भारतीय स्टेट बैंक भारत में सार्वजनिक क्षेत्र का सबसे बड़ा बैंक है। इसलिए विकास बैंकिंग सेवाएं उपलब्ध कराने में इसका उत्तरदायित्व भी सर्वाधिक है प्रस्तुत शोध पत्र में भारतीय स्टेट बैंक का अध्ययन करके यह जानने का प्रयास किया गया है कि भारत में विकास बैंकिंग की प्रगति कैसी है और कैसी है और उसकी क्या समस्याएं तथा भावी सम्भावनाएं हैं?

शोध अभिकल्पना

प्रस्तुत अध्ययन विकास बैंकिंग को प्रगति (भारतीय स्टेट बैंक) के सन्दर्भ पर आधारित सूक्ष्म स्तरीय मौद्रिक अध्ययन है। इसके अन्तर्गत भारतीय स्टेट बैंक के सन्दर्भ में विकास बैंकिंग का अध्ययन किया जायेगा।

अध्ययन का उद्देश्य एवं प्रविधि

भारतीय स्टेट बैंक देश का सबसे बड़ा बैंक है। इस बैंक की शाखाएं एवं कर्मचारी सुदूर क्षेत्रों तक फैले हुए हैं। शाखाओं की संख्या सम्पत्तियों एवं पूंजी आदि को ध्यान में रखते हुए विकास बैंकिंग में भारतीय स्टेट बैंक को नेतृत्व कर्ता माना जाता है। अतः प्रस्तुत शोध पत्र का मूल उद्देश्य भारतीय स्टेट बैंक की विकास बैंकिंग क्रियाओं का विश्लेषात्मक अध्ययन करके भारत में विकास बैंकिंग की प्रगति ज्ञात करना, विकास बैंकिंग की समस्याओं को जानने एवं भावी सम्भावनाओं पर प्रभाव डालना है। अध्ययन के प्रमुख उद्देश्य निम्नलिखित हैं—

- विकास बैंकिंग की अवधारणा पर प्रकाश डालना।
- देश में विकास बैंकिंग की प्रगति को जानना।
- विकास बैंकिंग की समस्याओं पर प्रकाश डालना।
- भारत में विकास बैंकिंग की सम्भावनाओं का अध्ययन करना।
- समस्याओं को दूर करने हेतु आवश्यक सुझाव प्रस्तुत करना।

प्रस्तुत शोध पत्र हेतु विश्लेषात्मक प्रविधि का प्रयोग किया गया है। इसके अन्तर्गत भारत में विकास बैंकिंग की प्रगति, समस्याओं एवं सम्भावनाओं का अध्ययन भारतीय स्टेट बैंक के माध्यम से किया गया है।

ग्रामीण विकास से सम्बन्धित संस्थाएँ

- भारतीय रिजर्व बैंक
- भूमि विकास बैंक
- सहकारी बैंक/समितियाँ
- वाणिज्यिक बैंक
- क्षेत्रीय ग्रामीण बैंक

औद्योगिक विकास से सम्बन्धित संस्थाएँ

- भारतीय रिजर्व बैंक
- भारतीय औद्योगिक विकास बैंक
- भारतीय नियति-आयात बैंक
- भारतीय लघु उद्योग विकास बैंक
- भारतीय नियति ऋण गारन्टी निगम

निष्कर्ष— प्रस्तुत शोध पत्र से प्राप्त निष्कर्ष निम्नलिखित हैं।

- वर्ष 2006-07 में भारतीय स्टेट बैंक ने विकास बैंकिंग हेतु विशेष प्रकोष्ठ का गठन किया। इसके बाद से बैंक ने विकास बैंकिंग के क्षेत्र में नवीन आयाम स्थापित किये हैं।
- भारतीय स्टेट बैंक की शाखाओं तथा जमाशायियों द्वारा दोनों में निरन्तर वृद्धि की प्रवृत्ति पायी गयी है। जमाशायियों का विस्तार शाखा विस्तार की तुलना में तीव्र दर से हुआ है।
- अध्ययन अवधि में मध्य बैंक के अग्रिमों में सामान्य प्रवृत्ति पाई गई है।

- बैंक का कर पूर्ण निवल लाभ वर्ष 2005-06 में 4171 करोड़ रु० था जो वर्ष 2015-16 तक बढ़ कर 19951 करोड़ रु० हो गया।
- वर्ष 2003-04 में देश में भारतीय स्टेट बैंक की 9039 शाखाएँ संचालित थी जो वर्ष 2012-13 तक बढ़कर 14816 हो गयी है। इस प्रकार शाखाएँ तीव्र गति से बढ़कर 150 प्रतिशत हो गयी है।—

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राजस्थान राज्य सहकारी भूमि विकास बैंक की परिचालन कार्यकुशलता (वित्त)

डॉ० तरुण खण्डेलवाल*

परिचय

वित्तीय प्रबन्ध दो शब्दों से मिलकर बना है “ वित्त ” “ प्रबन्ध ” । “ वित्तीय ” शब्द का सामान्य शब्दों में अर्थ है कि धन प्राप्ति के साधनों को जुटाना तथा व्यवसाय की मौद्रिक आवश्यकताओं का अनुमान लगाकर उनके आधार पर इन साधनों का आवंटन करना तथा “ प्रबन्ध ” शब्द से अभिप्राय किसी संस्था के उद्देश्यों को प्राप्त करने के लिए मानवीय क्रियाओं और भौतिक साधनों के नियोजन, संगठन, समन्वय और नियंत्रण से है। इस प्रकार वित्तीय प्रबन्धन, व्यावसायिक प्रबन्धन की वह शाखा है जिसके अन्तर्गत व्यवसाय की समस्त क्रियाओं का नियोजन, संगठन और नियंत्रण सम्मिलित है, ताकि वित्तीय कार्य प्रभावशाली ढंग से संचालित हो सकें अर्थात् वित्तीय कार्य के नियोजन, संगठन, निर्देशन एवं नियंत्रण करने की प्रक्रिया को वित्तीय प्रबन्ध कहा जाता है। वित्तीय प्रबन्ध के अर्थ को स्पष्ट रूप से समझने के लिए विभिन्न विद्वानों द्वारा व्यक्त किए गए विचारों के आधार पर वित्तीय प्रबन्ध के अर्थ को भली-भाँति समझा जा सकता है –

वित्तीय प्रबन्ध की परिभाषाएँ

- **जे.एल.मैसी के अनुसार** “ वित्तीय प्रबन्ध व्यवसाय की वह क्रियात्मक प्रक्रिया है जो उपक्रम के कुशलतापूर्वक संचालन के लिए आवश्यक वित्त प्राप्ति एवं उसके प्रभावशाली उपयोग हेतु उत्तरदायी होता है। ”
- **हार्वर्ड एवं उपटन के अनुसार** “ वित्तीय प्रबन्ध नियोजन एवं नियंत्रण कार्य को वित्तीय कार्यों पर लागू करता है। ”
- **हिलर के अनुसार** “ वित्तीय प्रबन्ध का आशय उस क्रिया से होता है जो उपक्रम के उद्देश्यों एवं वित्तीय आवश्यकताओं की पूर्ति हेतु पूँजी कोषों के संग्रहण और उनके प्रशासन से सम्बन्ध रखती है। ”

उपरोक्त परिभाषाओं के अध्ययन से निष्कर्ष स्वरूप कहा जा सकता है कि वित्तीय प्रबन्ध, व्यावसायिक प्रबन्ध का एक कार्यात्मक क्षेत्र है तथा यह सम्पूर्ण प्रबन्ध का वह भाग है जिसका सम्बन्ध मुख्यतः आर्थिक दृष्टि से सर्वाधिक उपयुक्त विधि द्वारा कोषों की प्राप्ति, इन कोषों के लाभप्रद उपयोग, भावी क्रियाओं के नियोजन तथा वित्तीय लेखांकन, लागत लेखांकन, बजटिंग सांख्यिकी व अन्य विधियों से चालू निष्पत्तियों और भावी विकास नियंत्रण से है।

वित्त के मापदण्ड

दीर्घकालीन सहकारी ऋण वितरण राजस्थान राज्य सहकारी भूमि विकास बैंक लिमिटेड और राज्य के प्राथमिक सहकारी भूमि विकास बैंकों की वित्तीय स्थिति पर निर्भर करता है। वर्तमान समय में बैंकिंग संस्थाओं में

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वित्तीय प्रबन्ध की उपयोगिता दिन-प्रतिदिन बढ़ती जा रही है क्योंकि बैंकिंग संस्थानों का प्रमुख कार्य ही वित्तीय व्यवहारों को कुशलतापूर्वक ढंग से संचालित करने से होता है। राजस्थान में भूमि विकास बैंकों का विकास पिछले दशकसे अधिक तेजी से हुआ है। अप्रैल, 1995 में राजस्थान में कुल 33 प्राथमिक सहकारी भूमि विकास बैंक अपनी 110 शाखाओं द्वारा कार्य कर रहे थे, जो बढ़कर अप्रैल 2003 में 36 प्राथमिक सहकारी भूमि विकास बैंक एवं 131 शाखाओं द्वारा कार्य कर रहे हैं। प्राथमिक सहकारी भूमि विकास बैंक का प्रमुख कार्य ग्रामीण क्षेत्रों में वित्तीय सहायता प्रदान कर कृषि कार्यों का विकास करना तथा ग्रामीण जीवन स्तर को उन्नत बनाना है। अतः भूमि विकास बैंकों में वित्तीय प्रबन्ध के अन्तर्गत दो कार्य अधिक महत्वपूर्ण स्थान रखते हैं, जो हैं –

(क) पूँजी कोषों की व्यवस्था एवं

(ख) कोषों का कुशलतम उपयोग

भारत में भूमि विकास बैंकों का ढाँचा सामान्यतया द्विस्तरीय है। देश में प्रायः दो प्रकार के भूमि विकास बैंक हैं— (क) संघीय ढाँचा (ख) एकीकृत ढाँचा

(क) शीर्ष प्रकृति के भूमि विकास बैंक, वे हैं जिनमें राज्य स्तर पर राज्य भूमि विकास बैंक होता है तथा जिला स्तर अथवा तहसील स्तर पर प्राथमिक भूमि विकास बैंक होते हैं।

(ख) ऐसे राज्य भूमि विकास बैंक भी होते हैं, जो अपनी शाखाओं के माध्यम से सीधे ही ऋण प्रदान करते हैं। इससे प्राथमिक सहकारी भूमि विकास बैंकों की आवश्यकता ही नहीं होती। यह व्यवस्था एकीकृत ढाँचा के अन्तर्गत आती है।

किसी भी व्यवसाय या कार्य को बिना वित्त के पूर्ण नहीं किया जा सकता। वित्त (धन) जीवन रक्त के समान होता है अर्थात् जिस प्रकार कोई भी व्यक्ति बिना रक्त के जीवित नहीं रह सकता उसी प्रकार कोई भी उत्पादन या बैंकिंग कार्य बिना वित्त के नहीं किया जा सकता। अतएव प्रत्येक क्षेत्र में वित्त का महत्वपूर्ण स्थान है। राजस्थान राज्य सहकारी भूमि विकास बैंक में स्थायी पूँजी के साथ ही कार्यशील पूँजी की भी आवश्यकता होती है। कार्यशील पूँजी सम्पूर्ण बैंकिंग ढाँचे का आधार होती है। इसी प्रकार संघीय ढाँचे के अन्तर्गत प्राथमिक सहकारी भूमि बैंकों को भी कार्यशील पूँजी की आवश्यकता होती है।

राजस्थान राज्य सहकारी भूमि विकास बैंक लिमिटेड, राजस्थान में प्राथमिक सहकारी भूमि विकास बैंकों की शीर्ष स्तरीय संस्था है तथा सभी प्राथमिक सहकारी भूमि विकास बैंक दीर्घकालीन कृषि ऋण वितरण में इस शीर्ष स्तरीय बैंक पर निर्भर रहते हैं। राज्य भूमि विकास बैंक सम्पूर्ण राज्य में प्राथमिक सहकारी भूमि विकास बैंकों के माध्यम से दीर्घकालीन कृषि ऋणों के वितरण में महत्वपूर्ण भूमिका निभा रहा है। राजस्थान राज्य सहकारी भूमि विकास बैंक की पूँजी में सामान्यतया निम्नलिखित मद सम्मिलित होते हैं –

(क) हिस्सा पूँजी,

(ख) ऋणपत्र,

(ग) कार्यशील पूँजी,

(घ) आरक्षित एवं अन्य कोष,

(ङ) सावधि जमा योजना

(च) इसमें आन्तरिक वित्त व्यवस्था भी शामिल होती है।

जैसा कि उल्लेख किया गया है कि राजस्थान राज्य सहकारी भूमि विकास बैंक एक संघीय संस्था है तथा सदस्य प्राथमिक सहकारी भूमि विकास बैंकों को उनके सदस्य कृषकों को ऋण देने हेतु वित्तीय साधन सुलभ कराने का दायित्व निभा रहा है। अतः राजस्थान राज्य सहकारी भूमि विकास बैंक लिमिटेड की वित्तीय स्थिति और वित्तीय संसाधनों का पृथक-पृथक विवेचन करना उचित होगा।

उद्देश्य

ग्रामीण साख के क्षेत्र में भूमि विकास बैंकों का महत्वपूर्ण स्थान है। भूमि विकास बैंक की स्थापना का मुख्य उद्देश्य “ कृषकों को साहूकारों के चंगुल से मुक्त कराने हेतु उत्पादन ऋण उपलब्ध कराना था। ” वर्तमान समय में भूमि विकास बैंक परम्परागत उद्देश्यों यथा नलकूप, गहरा कुआँ/मरम्मत, पम्पसैट, ट्रेक्टर, पक्की नाली आदि साधनों के अलावा वृक्षारोपण, स्प्रिंकलर सैट, ड्रिप सिंचाई प्रणाली, डेयरी, मत्स्य पालन, भेड़/बकरी पालन हेतु ऋण उपलब्ध कराए जाते हैं। सहकारी भूमि विकास बैंकों के राजस्थान सहकारी संस्था अधिनियम 1965 की धारा 84 में वर्णित निम्न उद्देश्य हैं:—

- **भूमि सुधार और उत्पादन प्रयोजनों के ऋण उपलब्ध करवाना :—** “ भूमि सुधार और उत्पादक प्रयोजनों ” से तात्पर्य ऐसे किसी भी कार्य, निर्माण या गतिविधि से हैं जो भूमिकी उत्पादन क्षमता में वृद्धि करती हो और जिसमें मुख्यतया निम्नलिखित तथ्य सम्मिलित हो :—
 - (क) ऐसे कुआँ (जिसमें नलकूप शामिल हैं), टैंको और अन्य साधनों का निर्माण तथा मरम्मत जो कृषि के अभिप्राय के लिए या कृषि में निरन्तर मनुष्यों तथा पशुओं के उपयोग के लिए पानी का संचयन, प्रदाय या वितरण करने हेतु हो, एवं सिंचाई हेतु जल संरक्षण के लिए पक्की नालियों का निर्माण एवम् कच्ची नालियों का पक्का करना।
 - (ख) उपरोक्त साधनों में से किसी का नवीनकरण, पुनर्निर्माण या उनमें परिवर्तन और पुरिवर्धन करना।
 - (ग) भूमि को सिंचाई के लिए तैयार करना।
 - (घ) कृषि प्रयोजनों के लिए प्रयुक्त भूमि या बंजर भूमि जो कृषि योग्य हैं का जलोत्थारण करना, उसे नदियों या अन्य पानी से बचाकर कृषि योग्य बनाना या उसे बाढ़ों से तथा जल से होने वाले कटाव या अन्य हानियों से बचाना।
 - (ङ) भूमि को पुनः कृषि योग्य बनाना, उसकी सफाई करना तथा उसके चारों ओर बाड़ बनाना अथवा उसमें स्थायी सुधार करना।
 - (च) बाग लगाना।
 - (छ) ट्रेक्टर या कृषि से सम्बन्धी अन्य मशीनें व उपकरणों को क्रय करना।
 - (ज) इसमें वर्णित किन्हीं भी प्रयोजनों के लिए तेल के इंजन, पम्पिंग सैट तथा विद्युत मोटरें खरीदना।
 - (झ) भूमि में विशेष प्रकार की मिट्टी मिलाकर उसकी उत्पादन क्षमता में वृद्धि करना।
 - (ण) खेतों में स्थायी घर, पशुशाला, कुक्कुटशाला तथा कृषि उपज का कार्य करने के लिए प्रयोजनों के लिए गोदामों छपरों आदि का निर्माण, पुनः निर्माण एवम् मरम्मत करना।
 - (ट) राजस्थान हार्लिंडिंग्स (कंसोलिडेशन एण्ड प्रीवेशन ऑफ फ्रेग्मेंटेशन) एक्ट 1945 के अन्तर्गत भू-क्षेत्रों के समेकन हेतु भूमि खरीदना।
 - (ठ) राज्य सरकार द्वारा समय-समय पर सहकारी गजट में अधिसूचना द्वारा इस अध्याय के प्रयोजनार्थ सुधार या उत्पादन प्रयोजन घोषित करें।
 - राजस्थान टिनेन्सी अधिनियम 1955 के अन्तर्गत आसामियों की कृषि भूमि क्रय करना या उन पर स्वत्व (टाइटल) की अवाप्ति हेतु।
 - राजस्थान कृषि ऋणता निवारण अधिनियम, 1957 या राज्य के किसी भी भाग में तत्समय प्रभावशील तदनुरूप किसी अन्य विधि के अन्तर्गत ऋण मोचन हेतु।
 - पशुपालन डेयरी विकास करने के लिए ऋण प्रदान करना।
- उद्देश्यों के मुख्य दस वर्ग हैं जिनका वर्णन निम्न प्रकार से है —
- **लघु सिंचाई उद्देश्य**—नलकूप, नवकूप निर्माण, कूप गहरा/मरम्मत, विद्युत/डीजल पम्पसैट, डिग्गी निर्माण, पक्की नाली, स्प्रिंकलर एवं ड्रिप सिंचाई प्रणाली आदि मुख्य मुख्य उद्देश्य हैं। जल संरक्षण की दृष्टि से

पक्की नाली निर्माण, स्प्रिंकलर एवं ड्रिप सिंचाई प्रणाली को प्रोत्साहन देना । डार्क क्षेत्रों में नलकूप, नवकूप निर्माण, कूप गहरा, मरम्मत डीजल विद्युत पम्पसेट आदि हेतु ऋण उपलब्ध कराए जाते हैं।

- **कृषि यंत्रीकरण**— ट्रेक्टर, थ्रेसर, ट्रॉली एवं अन्य कृषि यंत्रों हेतु भूमि विकास बैंकों द्वारा ऋण प्रदान किए जाते हैं। राष्ट्रीय बैंक द्वारा निर्धारित शर्तों के अनुसार 8 एकड़ बारहमासी सिंचित भूमि होने पर ही कृषक को ट्रेक्टर हेतु ऋण उपलब्ध कराया जाता है। ट्रेक्टर के साथ 3 कृषि यंत्र (ट्रॉली सहित) क्रय करना आवश्यक है।
- **विविधकृत उद्देश्य**—फल, वृक्षरोपण, डेयरी, मत्स्य पालन, भेड़/बकरी मार्केट यार्ड, भू-संरक्षण, कुक्कुट पालन, फूल खेती आदि उद्देश्यों हेतु ऋण भूमि विकास बैंकों द्वारा उपलब्ध कराए जाते हैं।
- **अकृषि ऋण**—वर्ष 1991-92 से ग्रामीण क्षेत्रों में कृषकों की आर्थिक स्थिति में सुधार लाने की दृष्टि से अकृषि उद्देश्यों हेतु ऋण वितरण प्रारंभ किया गया। ग्रामीण क्षेत्रों में लघु, कुटीर उद्योगों के विकास के लिए ग्रामीण दस्तकारों एवं लघु उद्यमियों को ऋण उपलब्ध करवाए जाते हैं। इसके अतिरिक्त लघु पथ परिवहन वाहनों हेतु कृषकों को ऋण उपलब्ध कराए जाते हैं।
- **ग्रामीण आवास**—ग्रामीण जीवन में गुणात्मक सुधार लाने की दृष्टि से कृषकों को भवन निर्माण हेतु बैंक ने राष्ट्रीय आवास बैंक के वित्तीय सहयोग से “ग्रामीण आवास ऋण योजना” का नया कार्यक्रम शुरू किया। प्रारम्भ में वर्ष 1996-97 में राज्य के पाँच प्राथमिक बैंकों (अलवर, श्रीगंगानगर, पाली, चित्तौड़गढ़ और भीलवाड़ा) में ग्रामीण आवास योजना प्रारम्भ हुई। कृषकों को भवन निर्माण हेतु एक लाख से तीन लाख रुपये तक के ऋण उपलब्ध कराए जाते हैं। वर्तमान समय में राज्य के सभी 36 प्राथमिक बैंकों में लागू एवम् 5 लाख रुपये तक के ऋण उपलब्ध कराये जाते हैं।
- **कम्पोजिट ऋण**—यह ऋण लघु, कुटीर एवं ग्रामीण उद्योग, ग्रामीण दस्तकार (उत्पादन या सेवा इकाई) नई या पुरानी इकाइयों का नवीनीकरण करने हेतु दिया जाता है।
- **एकीकृत (इन्टीग्रेटेड ऋण)**— उद्यमियों को बढावा देने हेतु ऋण दिया जाता है। लघु, कुटीर एवं ग्रामीण उद्योगों नई और पुरानी इकाइयों के रख-रखाव अथवा नवीनीकरण हेतु।
- **लघु पथ परिवहन (16.2 टन जीवडिब्ल्यू तक के ट्रको हेतु)**— अधिकतम दो पथ परिवहन वाहनों हेतु चैसिस, बॉडी रजिस्ट्रेशन एवं बीमे हेतु ऋण दिया जाता है।
- **चल विक्रय वाहन** — मोबाइल सैल्स वैन हेतु ऋण दिया जाता है।
- **ग्रामीण क्लीनिक** — ग्रामीण क्षेत्रों में क्लिनिक, डायग्नोस्टिक सेन्टर। इंडोर अस्पताल हेतु उपकरण फर्नीचर एवं अन्य सम्बद्ध उद्देश्यों हेतु ऋण दिया जाता है जो कि अधिकतम 10 लाख रुपये तक का ऋण दिया जाता है एवं 3 से 10 वर्ष के मध्य चुकाया जाता है।

अध्ययन का विषय— “अवधिपार ऋणों की सार्थकता”

राजस्थान राज्य सहकारी भूमि विकास बैंक की प्रबन्धकीय एवं परिचालन कार्यकुशलता अवधिपार ऋणों के विशेष संदर्भ में, विषय पर अध्ययन किया जाएगा। बैंक द्वारा कृषकों को दिए गये ऋणों (अल्पकालीन एवं दीर्घकालीन) का लेखा-जोखा वसूली का अनुपात एवं अवधिपार ऋणों का विस्तृत वर्णन किया जाएगा। अवधिपार ऋणों की सार्थकता पर भी वर्णन किया जाएगा। ऋण अवधिपार होने के प्रमुख कारण ये हैं — कृषकों के आशानुरूप उत्पादन का नहीं होना, फसल का नष्ट हो जाना अथवा बीमारी लग जाना, अधिकारियों एवं कर्मचारियों के द्वारा ऋणों की वसूली में लापरवाही और लालफीताशाही का होना आदि अनेक कारणों से अवधिपार ऋणों की मात्रा बढ़ रही है। राजस्थान राज्य सहकारी भूमि विकास बैंक का मुख्य उद्देश्य कृषकों को दीर्घकालीन अवधि के लिए ऋण प्रदान करना और इसके साथ ही ऋणों की वसूली उचित मात्रा में एवं उचित समय पर की जानी चाहिए। अवधिपार ऋणों की मात्रा में कमी लाने हेतु कई कारगर उपायों का सफलतापूर्वक प्रयोग किया गया है।

अध्ययन की परिकल्पना

भारत एक कृषि प्रधान देश है। यहां के अधिकांशतः लोग (जनता) गांवों में ही निवास करती है। अधिकांशतः लोगों का प्रमुख व्यवसाय कृषि है। देश का प्रमुख व्यवसाय कृषि होने के कारण अधिकांशतः लोग प्रत्यक्ष या अप्रत्यक्ष रूप से इसी से जुड़े हुए हैं। कृषि (खेती) पशुपालन, लघु-कुटीर उद्योगों आदि में केन्द्र व राज्य सरकार द्वारा समय-समय पर सहायता एवं प्रशिक्षण प्रदान किया जाता है। राजस्थान में भूमि के विकास करने के उद्देश्य से राजस्थान राज्य सहकारी भूमि विकास बैंक की स्थापना की गई है। भूमि की उत्पादन क्षमता बढ़ाने पर्याप्त साधन प्रदान करना तथा प्रशिक्षण व ज्ञान प्रदान करना, जानकारी देना आदि कार्य व सेवाओं के माध्यम से सहकारी भूमि विकास बैंक का गठन किया गया है। सहकारी भूमि विकास बैंकों का प्रमुख उद्देश्य साहुकारों के चंगुल से किसानों को आजाद कराने से है। मुख्य बातें इस प्रकार हैं—

- (क) भूमि विकास की सम्भावना तलाशना।
- (ख) भूमि की उर्वरा शक्ति बढ़ाना।
- (ग) कृषि योग्य भूमि बढ़ाना।
- (घ) कृषि हेतु कृषि यंत्रों का अधिकतम उपयोग कृषकों को ऋण सहायता उपलब्ध कराना।
- (ङ) अकृषि कार्य हेतु ग्रामीणों को ऋण सहायता उपलब्ध कराना एवं महिला विकास योजना, ग्रामीण आवास योजना तथा अन्य योजनाओं में भूमि विकास बैंक का योगदान।

अतः भूमि के विकास व विस्तार द्वारा किसानों, काश्तकारों व ग्रामीण जन का विकास सम्भव है। उससे ही देश का विकास व प्रगति का मार्ग प्रशस्त होगा। भूमि का विकास अत्यन्त महत्वपूर्ण ही नहीं वरन आवश्यक भी है। इन्हीं उद्देश्यों को दृष्टिगत या पूर्ति करने हेतु सहकारी भूमि विकास बैंक की स्थापना की गई है।

अध्ययन की कल्पना का आधार भूमि विकास बैंक के इतिहास के अनुसार वर्णन, उसके द्वारा किये गये समस्त क्रिया-कलापों का लेखा-जोखा/कृषक को प्रदान किये जाने वाले अल्पकालीन एवं दीर्घकालीन ऋण विधि का वर्णन। सहकारी बैंक की विभिन्न योजनाओं की व्याख्या के साथ अवधिपार बकाया ऋणों के तथ्यों व आंकड़ों १ राजस्थान राज्य सहकारी भूमि विकास बैंक के विभागों एवं उसके द्वारा वार्षिक प्रकाशित प्रतिवेदनों से एकत्रित करके वर्णन किया जाएगा। कल्पना लोक अथाह सागर के समान गहरा है। जिस प्रकार सागर की गहराई को कोई नापा नहीं सकता है, उसी प्रकार मनुष्य के मन की कल्पना की भी कोई सीमा नहीं है। उपरोक्त तर्कों के आधार पर सहकारी भूमि विकास बैंक के अध्ययन की आवश्यकता का अनुभव किया गया। उसी उद्देश्य की पूर्ति हेतु राजस्थान राज्य सहकारी भूमि विकास बैंक का अध्ययन किया जा रहा है।

अध्ययन की विधि

राजस्थान राज्य सहकारी भूमि विकास बैंक के वर्ष 1995-2003 तक की अवधि का अध्ययन किया जायेगा। सैकण्डरी द्वितीय समन्वयकों के माध्यम से अध्ययन करना जिसमें राजस्थान राज्य भूमि विकास बैंक के वर्ष 1995-2003 तक के वार्षिक प्रतिवेदनों के आधार पर आंकड़ों का संकलन करके उनका वर्गीकरण किया जायेगा। इसके अतिरिक्त राजस्थान राज्य भूमि विकास बैंक के द्वारा समय-समय पर प्रसारित किए गए विभिन्न योजनाओं के पम्पलेट के माध्यम से जानकारी प्राप्त कर उसका विश्लेषण किया जायेगा एवं समय-समय पर अन्य पत्रिकाओं व समाचार पत्रों के माध्यम से प्राप्त जानकारी के आधार पर अध्ययन किया जाएगा।

ऋणों की वसूली एवं अवधिपार ऋणों की स्थिति

• ऋणों की वसूली की स्थिति

सहकारी ऋण व्यवस्था कृषि आवश्यकताओं की पूर्ति में सुचारु रूप से योगदान तभी दे सकती है, जब ऋण वितरण वास्तविक आवश्यकता के अनुरूप सही समय पर किया जा सके तथा ऋणों की वसूली सहज रूप से सदस्यों की स्व प्रेरणा से हो सके। बैंक द्वारा प्रमुख रूप से कृषि एवं अकृषि उद्देश्यों हेतु दीर्घकालीन ऋण

वितरित किए जाते हैं, जिनकी निश्चित समय पर वसूली करना अत्यन्त आवश्यक है। बैंक द्वारा साधारण ऋण वितरण योजना एवं नाबार्ड द्वारा स्वीकृत योजनान्तर्गत ही ऋण वितरण किया जाता है।

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FINANCIAL RESOURCES MANAGEMENT AND ANALYSIS OF CAPITAL STRUCTURE

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Abstract

Financial Resource is a factor available to the banking services. It should be used to its maximum, because no resource can be increased indefinitely. In fact, Financial resource needs to be skillfully used through imaginative and innovative management techniques. Therefore, the most important financial resource for any establishment today is its "management skill". When this financial resource is well managed and utilized the management makes sure that all the resource generated is controlled and utilized in the best public manner. In this paper Analysis of Capital Structure with reference to Financial Resources Management is discussed.

Keywords: Financial Resource, banking services, management skill, Capital Structure.

Introduction

Financial resource is said to be the life blood of a business organization. It has become proverbial that money makes the mare go. Likewise, financial resource make the business run. In other words, financial resources management is the activity of a management that is responsible for achieving and effectively utilizing the financial resources necessary for efficient operation of the Petroleum Industry. The financial management (FRM) is the activity of management that is responsible for achieving and effectively utilizing the financial resources, management will depend on the quality of its management. It is a distance process consisting of obtaining all the financial resources available, planning and controlling in order to accomplish the predetermined objectives. It can supply financial data to the management to facilitate decision making and advise the management to facilitate decision making and advise the management on all matters in the financial field. The main problem of the financial resources management is financial planning. It involves the forecasting for short-term and long-term fund. The other problem is of the evaluation of investment alternatives which is done through pay-back method present-value method or discounted rate of return method. Recently, the financial resources management is also faced with the problem of valuation method. Their necessity arise during the contingencies of amalgamation, mergers and procurement of credit finance.

Concept of Capital Structure

The term capital structure is a compound of two words capital and structure. The word capital is viewed from different angles. According to economist capital refers to those assets which are used in the production of goods and services. To the firm capital is represented by the stock of assets. To the society, capital is restricted to those assets which produce goods and services. Accountants use the term capital in the sense of proprietary equity. In fact, there are two approaches of capital viz.

- (i) The fund approach, and
- (ii) The assets approach.

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The fund approach means that the capital of a concern uses of the total funds that have been employed for its running. It recognized the separate entity of a company and considers capital from liabilities side of the balance sheet. The assets approach implies that capital invested in fixed assets and current assets from the capital of a concern. The term structure is used in the science of engineering. "It connotes the arrangement of various parts of a building. In case of construction of a building and other construction. There are some standard proportions in which various elements are integrated together." Hence, capital structure relates to the proportion of various sources of funds used to finance the company's capital requirements.

Objectives of Analysis of Capital Structure

The objectives of capital structure analysis differ from are person to another person. Hence, it is necessary to study the objectives according to the related parties making such analysis. The category-wise objectives may be described as given below:

- **Investors:** Investors are concerned with the safety of their investment and the ability of the concern to earn profit. The investors from their own opinion as to the soundness of investing in an organization. One way, the shareholders may from their opinion of the concern's earning capacity is by calculating capital gearing, debt equity and earnings per share. The earnings per share can be related to the market value of the share to arrive at a price-earning ratio. Whether this ration is good or bad depends on the amount of risk involved in the investment. The future earning potential of the organization and the investment opportunities elsewhere, hence the trend of sales over the past several years.
- **Society:** The social benefits will be maximum if the society's economic resources are optimally allocated. The social responsibility of the company consist the supply of quality products at low prices to the customers. As such, the firm's optimum capital structure may earn a maximum profit and play an important role in social welfare.
- **Management:** The analysis of capital structure is useful for management to make a sound financial decision. A sound company is one which has good capital structure capable of increasing its profitability without additional financial obligations. In a company, the decision-making authority lies in the hand of management. Management can get an overall view of the financial operations and conditions of the company which enables them to plan and control the company's activities more effectively. They are able to Point out the weaknesses in the company's operations and can take corrective actions.
- **Creditors:** Creditors have interest in the company's ability to meet its financial obligations. The word creditors consist of trade creditors. Debenture holders, commercial banks, and other financial institutions. The creditors are entitled to a fixed rate of interest on their investment. Those who have lent the money for a short term period are more interested in the company's prior claim on the company's earning's and assets. Those who have lent the money for short term period are more interested in the company's ability to repay the debt as and when it will become due. The long term creditors are not only interested in company's ability to repay but also in the ability of the company to realize the profit on the capital employed. A creditor will be interested in ascertaining as to whether the company can employ the funds loaned to it in such a way that it will be able to meet current interest obligations and repay the loan when it falls due.
- **Government:** Government regulates economic activities in various spheres viz., taxation, social welfare, market condition etc. and for this purpose analysis of the capital structure and financial statement of companies in one industry or of all companies are very helpful. Earning ratios and turnover ratios are used as barometers to show the health of an industry as a whole.
- **Employees:** Employees have an interest in the operating results and financial strength of a concern. The remuneration of the workers must be generated from the company revenues. Thus, the workers wages to a great extent depend upon the success of the company. The operating performance of the company as well as its current financial position is often studied so as to judge the ability of the company to meet out its wage commitments.
- **Bankers:** Bankers are also interested in financial position of companies. They analyze different sources of short-term finance used by the concern before granting loans and advances to them.

- **Others:** The analysis of capital structure is also useful for the purpose of the news agencies, trade association's labour bureaus, economic and commercial research institutes and stock exchange. Economists and research workers also are interested in the result arrived at the analysis of financial statement to know the progress and the present situation concerns.

Ratios for Capital Structure Analysis

The more commonly used tools of capital structure analysis are: ratio analysis, trend analysis, common size balance sheet analysis, fund-flow analysis and other techniques. Statistical techniques like, average, percentage, index number, graphs etc. are also used. But, ratio analysis is the most important tool of capital structure analysis as it is the multifarious tool for analyzing the capital structure. It is the most important tool for calculating and assessing the economy and effectiveness of a concern in various areas of operation. "Ratios are simply a means of highlighting in arithmetic terms, the relationship between figures drawn from financial statement." A ratio is simply one number expressed in terms of another. It is found by dividing one number is the base into the others. A percentage is a kind of ratio in which the base is taken as equaling to 100 and the quotient is expressed as per hundred of the base." **J. Batty** stated that ratio analysis is used to describe "significant relationship which exists between figures shown on a balance sheet, in a profit and loss account in a budgetary control system or in any other part of the accounting organization." There are two methods of expressing relationships in ratios:

- The phrase method such as "two for one" or "one and one-half to one", and
- The percentage method i.e. 200 percent, 40 percent etc. The phrase method is used to describe such facts which will be easily remembered. The percentage method has the advantage of greater precision.

Therefore, ratio analysis is widely used but one should keep in mind that "no one ratio will give the entire picture. But they do trend to give indications which cumulatively assist considerably in appraisal of the financial position and operations of the organization." Ratios in themselves are not conclusions. The analysis just draws inferences from the ratios they have calculated before they can arrive at any conclusions regarding the financial status of a company. It must establish his own criteria with which to interpret the ratios. In brief it should be remembered that the ratios are only guides in analysis of financial statements and no conclusive ends in themselves." It has been further stated that if a ratio is to be important it must not only represent a true relationship. It must also aid the analyst in making his immediate decision. It is necessary for a ratio to be meaningful and useful that:

- it must produce significant relationship between related items or group of items. Selected for comparison purposes, and
- have pertinence to the particular of financial statement under observation.

One Way of Classifying the Ratio is:

- **Balance Sheet Ratio:** The ratio which deals with the relationship between two items or group of items appearing in the balance sheet e.g., current ratio, quick ratio, proprietary ratio etc.
- **Profit and Loss Account Ratio:** The ratio which deals with the relationship between two items appearing in the Profit and Loss Account e.g. operating ratio, gross profit ratio etc.
- **Combined Ratio:** The ratio which deals with the relationship between two items one appearing in the Balance Sheet and the other in the Profit and Loss Account e.g. payout ratio, earnings per share, sales to working capital ratio, debtors turnover ratio, etc.

The above classification however is rather crude. Since it leads one to think that analysis of the income statement or the balance sheet can be attempted in isolation. To get a correct idea about the financial strength and profitability of a company it is necessary to have detailed story of various statements in relation to each other.

The Other Way of Classifying the Ratio is:

- **Liquidity Ratios:** These ratios show a company's ability to meet its measuring short-term financial obligations like current ratio and quick ratio.
- **Leverage Ratio:** These ratios measure the extent to which the company has been financed by short-term and long-term debt obligations like debt-equity ratio.
- **Activity Ratios:** These ratios show how efficiently a company is using its assets to generate sales, e.g. turnover of fixed assets, turnover of working capital, etc.

Factors Affecting Capital Structure

The main factors affecting the capital structure of a concern are as given below:

- **Trading on Equity:** "The use of fixed cost sources of finance, such as, debt and preference share capital, to finance the assets of the company is known as financial leverage or trading on equity. If the assets financed with the use of debt, yield a return is greater than the cost of the debt, the earning per share increase without an increase in the owner's investment. The earnings per share also increase when the preference share capital is used to acquire assets. But the leverage impact is more pronounced in case of debt because (i) the cost of debt is usually lower than the cost of preference share capital, and (ii) the interest paid on debt is tax deductible.
- **Cost on Capital:** The cost of finance is the minimum return expected by its suppliers. The expected return depends on the degree of risk assumed by investors. A high degree of risk is assumed by shareholders than debt-holders. In case of debt-holders, the rate of interest is fixed and the company is legally bound to pay interest whether it makes profit or not. For shareholders, the rate of dividend is not fixed and the board of directors has no legal obligation to pay dividends even if the profits are made by the company. The loan of debt-holders is returned within a prescribed period, while shareholders can get back their capital only when the company is winding up. The debt, as such is a cheaper source of funds than equity. This is generally the case even when taxes are not considered. The tax deductibility of interest charges further reduces the cost of debt. The preference share capital is also cheaper than the equity capital. But it is not as cheap as debt. Thus, using the component, or specific cost of capital as a criterion for financing decisions, a firm would always like to employ debt, since it is the cheapest source of funds. The specific cost of capital criterion does not consider the entire issue, it ignores risk and the impact on equity value and cost. The impact of financing decision on the overall cost of capital should be evaluated so as to maximize the value of the firm.

It should, however, be realized that a company cannot continuously minimize its overall cost of capital by employing debt. A point of range is reached, beyond which debt becomes more expensive because of the increased risk of excessive debt to creditors as well as to shareholders.

- **Government Regulations:** Decision as to make up of capitalization is subject to government control. The concern has to be approved by the Controller of Capital Issues. Controller of capital issues prescribes the norms of debt-equity ratio. Within this overall framework management should strive towards dual capital structure.
- **Attitude of Management:** The attitude of the responsible authority should also be analyzed in depth and detail while assigning weight to different factors affecting Various types of capitalization. Management's attitude towards the help of the company and risk in particular, has to be minutely observed, where management has strong desire for assured and exclusive control, preference will have to be given to borrowings for raising capital in order to be assured of continued control. Further, if management chief is to stay in office, they would insist more on the risk principle and would be reluctant in issuing bonds or preferred stock which might plunge the company into greater risk and endanger their position. But the members of the board of directors, who have been in office for a pretty long time, feel relatively secured and they would hence insist on leverage principle and assume more risk by resorting to further borrowings in their attempt to improve the organization's income.
- **Taxation:** "The existing taxation provisions make debt more advantageous in relation to stock capital in as much as interest on bonds is a tax deductible expense whereas dividends are subject to tax. Although it is difficult to forecast future changes in tax rates, there is not doubt that the taxes rates will not be adjusted downwards. In view of the prevailing high rates of corporate taxes in India, management would wish to raise the degree of financial leverage by placing greater reliance on borrowings."
- **Cash-flow:** The key element of the company, when considering a new capital structure, must center its ability to generate the necessary cash-flows to meet obligations. Cash forecasts shows ability to service debts and preference shares, must support any capital structure shift. Infact, cash-flow do not

accrue incomes. Hence, the additional debt funds or preference shares will place on increased burden of cash-flows. The sale of stock can effectively improve the company's cash-flow.

- **Revenue Stability:** The Company's revenue function can significantly affect its capital structure. A company having fixed and predictable income may have highly levered capital structure than firms with volatile types of sales revenues. The companies having rising incomes tend to be in the positive benefits of leverage which tends to magnify the effect of these increases. On the other hand, company experiencing volatile or declining types of income which can be severely damaged by the use of leverage, they tend towards less highly levered capital structures.
- **Control:** Hence, voting control of the company is in the hands of its equity share capital, the sale of additional shares of stock can effect who controls the company. Without any safeguards a management concerned with control may prefer to issue debt rather than shares in order to increase entity. Of course, if market conditions are favorable, the company wishing to sell equity could issued non-voting shares or makes a pre-emptive offering, allowing each shareholder to maintain proportionate ownership. Normally, only in the case of closely-held companies or companies threatened by a possible take-over control becomes a major consideration in the capital structure decision process.
- **External Risk Assessment:** Both lenders and bond rating agencies carefully consider the company's financial flows when making loans or rating the firm's risk. The financial manager must assess the potential impact of capital structure decision on these factors. The company's ability to increase funds quickly and at favorable rates will clearly depend upon the external risk assessment of lenders as well as bonds rates. Hence, the financial manager must consider the potential impact of capital structure decisions not only on share value. But also on published financial statements from which lenders tend to judge the company's risk.
- **Age of the Company:** Younger firm's find themselves in difficult situation to increase capital in the beginning years because of greater uncertainty involved in them and also because they are not known to the suppliers to the entity. It would, hence be worthwhile to the maneuverability factors so as to have as many choices open as possible in future to meet their growth requirements. In a sharper contrast to this, established firms with satisfactory income records are always in a comfortable situation to increase capital from whatever sources they like.
- **Asset Structure of a Company:** A firm has invested a major portion of funds in long-term fixed assets and the demand of whose products is assured, should pay greater attention to leverage, but the risk principle will out weight the leverage principle in a firm whose assets are mostly receivables and stock whose value is dependent on the continued profitability to take advantage of the cheaper source. But the risk principle will out weight the leverage principle in a firm whose assets are mostly receivables and stock whose value are is dependent on the continued profitability of the individual company.

To sum up, an analysis of the aforesaid study, makes it clear that Financial Resources directs the flow of economic activity and facilitates the smooth operation. Finance provides the required stimulus for continued business operations of all categories. Financial Resources Management is essential for Capital Structure and expansion, diversification, modernization, establishment, of new projects and so on. The Financial Resources Management policy of any organization to a greater extent, determines not only its existence, and survival but also the performance and success of that organization. Financial Resources Management is required for investment, purposes as well as to meet substantial capital expenditure projects.

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THE IMPORTANCE OF ENGLISH LANGUAGE COMMUNICATION IN ENTREPRENEURSHIP

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Abstract

Entrepreneurship is fundamentally communicative: founders must recognize opportunities, mobilize resources, persuade stakeholders, coordinate teams, and build markets, activities that rely on clear, credible, and context-appropriate communication. In an era of globalized value chains and digital platforms, English serves as a widely used lingua franca, shaping how entrepreneurs access knowledge, finance, partnerships, and customers beyond local boundaries. This paper synthesizes theory and evidence on the role of English-language communication (ELC) in entrepreneurial processes and outcomes, with particular attention to multilingual emerging economies such as India. Drawing on human capital, linguistic capital, social signaling, and internationalization perspectives, we propose a mechanism-based framework linking ELC to opportunity recognition, resource acquisition, market development, and venture performance. We review empirical findings on language proficiency and economic returns, language policy in firms, and communication quality in fundraising and market entry. The paper also outlines a mixed-methods research agenda, practical implications for founders, incubators, investors, and policy makers, and inclusion strategies that balance the advantages of English with linguistic diversity and accessibility. We conclude that ELC is best understood not as a substitute for local languages but as a complementary capability that expands market reach, enhances credibility, and accelerates learning, provided it is embedded in ethical, inclusive, and audience-centered communication practices.

Keywords: Entrepreneurship, English-Language Communication, Linguistic Capital, Internationalization, Funding, India, Inclusion, Digital Markets.

Introduction

Entrepreneurship is fundamentally communicative: founders transform ideas into value by persuading people to contribute time, capital, knowhow, and trust. Across the venture lifecycle; opportunity recognition, resource mobilization, market development, and legitimacy building communication determine whether stakeholders understand the problem, believe the proposed solution, and commit to action. In digitally mediated and increasingly borderless markets, English operates as a widely used working language that connects entrepreneurs to global knowledge repositories, investors, cross border partners, and customers. For founders in multilingual countries, English is not a replacement for local languages; it is a complementary capability that expands reach and accelerates learning when used ethically and inclusively.

Background & Significance

Three structural shifts elevate the salience of English language communication (ELC) for entrepreneurs:

- **Digital globalization:** Cloud infrastructure, app marketplaces, OSS communities, and remote work widen access to international opportunities. Many of these arenas operationalize norms, documentation, and coordination primarily in English.

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- **Capital concentration and due diligence:** Investor discovery, data rooms, and compliance narratives travel through standardized templates and written artifacts. Precision, plainness, and consistency of English reduce ambiguity and perceived risk.
- **Enterprise and export orientation:** Even domestic startups increasingly sell to enterprise buyers or export digitally delivered services. Procurement, SLAs, and certification summaries are often expected in clear, jargon-light English.

Definitions & Scope

We define ELC as the capability to plan, produce, and deliver audience appropriate communication in English across written, oral, and visual modes, spanning synchronous (pitches, demos, negotiations) and asynchronous (emails, documents, websites) settings. The focus is not accent or performative eloquence, but task effectiveness as accuracy, clarity, coherence, and pragmatic fit with stakeholder expectations. Our scope includes startups from seed to growth stages, with special attention to multilingual contexts such as India.

Problem Statement & Research Questions

Despite widespread use of English in global business, its precise role in entrepreneurial outcomes is underspecified. We ask: (RQ1) Where and how does ELC matter most across the venture lifecycle? (RQ2) Through what mechanisms does ELC influence funding, exports, growth, and survival? (RQ3) How can ecosystems leverage ELC without marginalizing non English users? Addressing these questions clarifies which communicative artifacts merit the highest investment and how dual language strategies can be designed for inclusion and scale.

Venture Tasks, Artifacts, and Stakeholders

Table 1 maps core communicative tasks and the English artifacts most often used at different stages. Table 2 links mechanism clusters to the stakeholders typically reached via English and the dominant modalities.

Table 1: Venture Stage, Core Communicative Tasks, and Typical English Artifacts

Venture Stage	Core Communicative Tasks	Typical English Artifacts
Seed/Pre-seed	Opportunity scanning; founder-market narrative; preseed pitches; early supplier talks; community building	One pager; 10slide pitch; problem-solution notes; cold emails; accelerator applications
Early (PMF emerging)	Investor updates; enterprise pilots; hiring; onboarding; product documentation; early sales collateral	Data room notes; product pages; FAQs; API/tech docs; job postings; onboarding wiki; investor memo
Growth/Scale	International sales; partner contracts; compliance & audits; customer success playbooks; PR & crisis comms	MSA/SLA templates; security & privacy statements; SOC/ISO summaries; case studies; RFP responses; PR kit

Table 2: Mechanisms, stakeholders primarily reached via English, and key modalities

Mechanism Cluster	Stakeholders Primarily Reached via English	Key Modalities
Learning	Global knowledge communities; open-source maintainers; standards bodies	Asynchronous reading/writing; forum posts; technical notes
Resource Mobilization	Angels/VCs; global talent; cross border suppliers and distributors	Pitches; term sheets; job descriptions; interviews; negotiation email
Market Development	Search audiences; enterprise buyers; app marketplaces; analysts	Web copy; ads; decks; demos; help center articles
Legitimacy & Trust	Auditors; enterprise procurement; media; regulators in export markets	Policies; certifications; case studies; incident reports

Conceptual Rationale (Narrative)

ELC contributes value via four mechanism clusters. Learning accelerates problem-solving by opening access to frontier knowledge and communities. Resource mobilization is eased when pitches, job posts, and negotiations are clear and standardized. Market development scales through readable websites, unambiguous product pages, and searchable FAQs. Legitimacy and trust improve when legal,

security, and compliance documents are consistent, plain, and complete. These mechanisms interact: better learning sharpens the pitch; clearer artifacts lower support costs; stronger legitimacy unlocks enterprise sales.

India and the Global South: Dual Language Strategy

In multilingual settings, English is the bridge to global capital and standards, while local languages provide cultural depth and domestic scale. A pragmatic dual track approach uses English for investor relations, enterprise interfaces, developer relations, and compliance artifacts; and regional languages for customer acquisition and support in mass markets. Codemixing (e.g., Hinglish) may be effective for consumer engagement but should be avoided in legal, financial, and technical documentation to prevent ambiguity.

Contributions

This paper offers: (i) a mechanism based framework specifying how ELC influences outcomes; (ii) a measurement playbook usable by founders, incubators, and researchers; and (iii) inclusion guidance to ensure language functions as an enabler rather than a gatekeeper.

Conceptual Background

This section situates English Language Communication (ELC) within established management and communication theories to explain why and how it shapes entrepreneurial outcomes.

- **Human & Linguistic Capital; Dynamic Capabilities**

Classical human capital theory treats language proficiency as a productivity enhancing skill that raises the efficiency of core tasks (analysis, coordination, problem-solving). Bourdieu's linguistic capital adds a status/access dimension: mastery of valued codes confers legitimacy in fields such as investment, enterprise sales, and regulation. From a capability's lens, ELC operates as a micro foundation of dynamic capabilities, it strengthens the venture's ability to sense opportunities (by reading global documentation and standards), seize them (through precise pitches, term sheets, and hiring), and reconfigure resources (via clear internal wikis and change communications). Thus, ELC is not merely a trait of individuals, but an organizational capability embedded in templates, glossaries, and review routines.

- **Signaling, Heuristics, and Impression Formation**

Early stage ventures face acute information asymmetry. Investors and enterprise buyers rely on signals to infer quality: clarity of narrative, consistency of metrics, and precision of language all affect perceptions of competence and execution risk. Readability, avoidance of ambiguous jargon, disciplined use of evidence, and alignment to audience expectations (procurement, compliance, technical) steer evaluators toward central route processing, reducing reliance on superficial cues (accent, charisma). Conversely, hedging without data, culture bound idioms, or inconsistent terminology elevates perceived risk even when the underlying product is strong.

- **Internationalization & Networks**

Internationalization theories emphasize experiential knowledge and network positions. ELC lowers the liability of outsidership by enabling entry into global communities; accelerators, opensource projects, standards bodies, and B2B marketplaces, where coordination largely occurs in English. Language acts as a boundary object that allows dispersed actors to share enough common meaning to transact, innovate, and govern quality (e.g., SLAs, security exhibits). As ventures scale, English based artifacts (RFP responses, case studies, API docs) become transportable assets that shorten sales cycles and expand partner options.

- **Pragmatics, Genre, and Organizational Communication**

Outcomes depend less on grammar per se and more on pragmatic fit, matching form to communicative intent. Startups repeatedly use a limited set of genres (one pager, pitch deck, investor memo, product page, incident report, SOC/ISO summary, onboarding wiki). Each genre encodes expectations for structure, evidence, and tone. A plain language, reader centric approach increases comprehension across cultures, while intercultural pragmatics warns against idioms and humor that do not translate. Internally, ELC underpins knowledge of codification (glossaries, FAQs), enabling fast onboarding and fewer coordination failures.

- **Boundary Conditions & Moderators**

ELC's effect is heterogeneous. It is stronger in sectors exposed to global standards (SaaS, fintech, health tech) and weaker in hyperlocal services where face-to-face vernacular prevails. Team multilingualism can be a complement: English for investor/enterprise interfaces; local languages for acquisition and support in mass markets. Advances in translation/AI tooling may narrow gaps in certain tasks (website copy) but less so where precision, liability, and negotiation matter (contracts, security, compliance). Socioeconomic divides in access to quality English education can reproduce inequities; inclusive practices (rubrics, coaching, multilingual artifacts) are therefore integral to ethical deployment.

- **Testable Propositions**

- **P1 (Access):** Higher ELC quality predicts increased entry into global knowledge and accelerator networks, controlling education and sector.
- **P2 (Capital):** ELC clarity in investor artifacts (readability, terminology consistency) is positively associated with meeting conversion and funding probability.
- **P3 (Market):** Ventures with standardized English product pages and support docs exhibit lower support ticket volume per active user and higher enterprise win rates.
- **P4 (Moderation):** The ELC-performance link is stronger in export oriented digital firms than in local services firms and attenuated when high-quality localization fully substitutes for English in customer touchpoints.

Literature Review

This review synthesizes research streams that illuminate how English Language Communication (ELC) shapes entrepreneurial processes and outcomes. We organize the literature into five strands: (a) language as human and linguistic capital; (b) English as a lingua franca in international business; (c) language and cross border exchange (trade, investment, collaboration); (d) organizational language policies and inclusion; and (e) communication quality in fundraising and market development. Throughout, we highlight implications for ventures in multilingual settings such as India.

- **Language as Human and Linguistic Capital**

Human capital theory treats language proficiency as a productivity enhancing skill that improves task efficiency and employability (Becker, 1964). Complementing this, Bourdieu's concept of linguistic capital frames language mastery as symbolic power that grants access and legitimacy in elite fields (Bourdieu, 1986). Empirically, studies in multilingual economies including India show positive returns to English proficiency, consistent with access to higher productivity firms, occupations, and knowledge networks (Azam, Chin, & Prakash, 2013). For entrepreneurs, these mechanisms translate into faster absorption of technical knowhow, easier navigation of standards and contracts, and improved credibility with external stakeholders.

- **English as Lingua Franca (ELE/BELF) in International Business**

Work on language in international business documents the rise of English as a working lingua franca that enables coordination across dispersed actors (Piekkari, Welch, & Welch, 2014). At the same time, scholars caution against equating English adoption with frictionless communication: fluency asymmetries and genre conventions matter. Organizational analyses show that making English the corporate language can unlock cross unit collaboration and speed, yet it may also create anxiety, silence less confident speakers, or shift power dynamics (Neeley, 2012). These findings suggest that startups pursuing global customers or capital can benefit from clear, standardized English artifacts, provided they pair them with inclusion practices (coaching, templates, glossaries) that mitigate disadvantage for nondominant speakers.

- **Language, Transaction Costs, and Cross-Border Exchange**

International trade research quantifies how shared language reduces transaction costs and increases cross border flows of goods, services, and information. Using multicountry datasets, Melitz and Toubal (2014) show that both native and spoken shared languages are associated with higher bilateral trade. For entrepreneurial firms, especially those selling software or services internationally, this implies that ELC lowers search, negotiation, and enforcement frictions: discovery on English language platforms, contract clarity with suppliers and distributors, and smoother aftersales support. These effects plausibly

extend to investment attraction and partnership formation, where trust and mutual comprehension are central.

- **Organizational Language Policies, Power, and Inclusion**

Language is also a governance instrument inside organizations. Studies of mergers and multinationals reveal how language choices shape identity, participation, and the distribution of voice (Vaara, Tienari, Piekkari, & Sääntti, 2005). A mandated English policy can centralize decision-making around proficient actors and reconfigure who is heard. For scaling startups, the lesson is twofold: (1) English can serve as a boundary spanning code that reduces coordination errors across geographies; (2) without explicit inclusion practices, multilingual onboarding, reader centric templates, translation of critical policies, language can reproduce inequity and reduce informational richness (Piekkari et al., 2014; Neeley, 2012).

- **Communication Quality in Fundraising and Market Development**

Entrepreneurial finance emphasizes information asymmetry and signaling. Although most studies focus on traction metrics, an emerging stream highlights the role of narrative clarity, readability, and genre appropriate evidence in investor and enterprise buyer decisions. In practice, core artifacts as one pagers, investor memos, product pages, RFP responses, and security/privacy statements function as screening devices: precise, jargon light English reduces ambiguity and perceived execution risk, while inconsistent terminology or culture bound idioms raise concerns. These observations align with broader IB findings that standardized, plain language documents enable cross-cultural comprehension and shorten sales cycles (Piekkari et al., 2014; Neeley, 2012).

- **Emerging Economy Contexts and Dual Language Strategies**

In India and similar multilingual contexts, research on returns to English proficiency indicates sizable private benefits in wages and access to globalized sectors (Azam et al., 2013). However, mass-market depth often depends on local language engagement. The literature therefore supports dual language strategies: English for investor relations, enterprise interfaces, developer relations, and compliance; regional languages for customer acquisition and support. From a capability perspective, ventures codify this balance through style guides, glossaries, and localized knowledge bases – organizational assets that become difficult for competitors to imitate (Piekkari et al., 2014).

- **Synthesis and Gaps**

Across strands, the evidence converges on three points: (1) ELC enables access to knowledge, markets, and capital by lowering coordination and comprehension costs; (2) the benefits are largest where cross border interaction and standardization pressures are high (e.g., SaaS, fintech); and (3) language policies carry inclusion tradeoffs that must be actively managed. Notably, there remains a direct evidence gap linking measured ELC quality to entrepreneurial outcomes (funding probability, export intensity, growth) at the firm level. The literature calls for mixed methods designs that combine artifact level measures of clarity/readability with longitudinal performance data, while accounting for sectoral heterogeneity and potential selection (Becker, 1964; Bourdieu, 1986; Piekkari et al., 2014).

How English-Language Communication Creates Entrepreneurial Advantage (Mechanism Based Framework)

This section operationalizes the four mechanism model; Learning, Resource Mobilization, Market Development, and Legitimacy & Trust—and anchors it with publicly reported indicators. The data below are from EF's English Proficiency IndexW3Techs' content language survey (current snapshot), and peer reviewed/metanalytic trade studies. (See the main chat for full source citations.)

- **Mechanisms → Indicators → Implications**

Table 3

Mechanism Cluster	Indicator	Implication for ELC in ventures
Learning & Opportunity Recognition	EF EPI scores: India 490 (Low), Vietnam 498 (Low), Malaysia 566 (High), Philippines 570 (High), Singapore 609 (Very high), Global avg 477	Higher proficiency improves access to global knowledge, standards, and communities, shrinking time to solve and widening partnership options.

Resource Mobilization	Returns to English in India: +34% wage premium (fluent), +13% (some), controlling for observables	Clear English in pitches, term sheets, and hiring signals capability and expands the pool of capital and talent reachable via English dominant channels.
Market Development	Share of web content in English: 49.3% of websites (largest share)	English web/product assets maximize discoverability and addressability of global customers, app stores, and analysts.
Legitimacy & Trust	Readability of formal disclosures linked to capital market outcomes (e.g., earnings persistence)	Plain language, consistent, jargon light artifacts reduce ambiguity for investors, auditors, and enterprise procurement.

Note: EF EPI is based on largescale, self selected adult test taker data; W3Techs measures the content languages of websites whose language is known; trade estimates are based on gravity model econometrics. These are appropriate ecosystem level indicators rather than venture level measurements.

• **Figure**

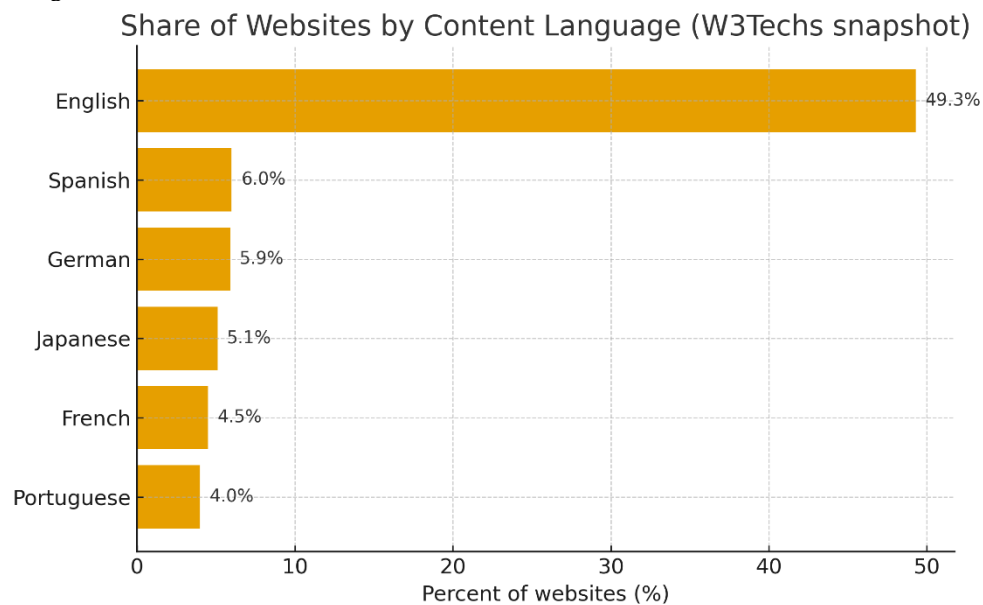


Figure 1: Share of Websites by Content Language

Source: W3Techs, usage statistics of content languages for websites (current snapshot).

English (49.3%), Spanish (6.0%), German (5.9%), Japanese (5.1%), French (4.5%), Portuguese (4.0%). Interpretation: English remains the dominant web content language, underscoring the distribution advantage of English language web/product documentation.

• **How to Use These Indicators in a Venture Playbook**

- **Prioritize artifact classes with the largest external payoff.** For investor/enterprise interfaces, adopt a plain English style guide, glossary, and peer review checklist (metrics first, definite claims, defined terms).
- **Sequence capability building by stage.** Seed → emphasize problem/solution narrative and *learning* assets (how -tos, standards tracking). Early growth → strengthen *resource mobilization* (data room, job posts, onboarding wikis). Scale → harden *legitimacy* (security/privacy statements, SOC/ISO summaries) and *market development* (RFP responses, case studies).
- **Run dual language operations.** Use English for investor relations, developer docs, and compliance; local languages for acquisition/support in mass markets.

- **Measure what matters.** Track readability scores of public docs; website traffic share from English regions; investor reply and meeting set rates; contract cycle times with cross border partners.

India and the Global South: A Contextual View

The role of English Language Communication (ELC) in entrepreneurship is magnified but also complicated, across the multilingual, high growth contexts of India and the broader Global South. In these settings, English often functions as a bridge to global finance, knowledge, and standards, while local and regional languages provide the moat, cultural legitimacy, market intimacy, and distribution depth. Understanding this complementarity is critical to designing communication strategies that scale without exclusion.

- **Linguistic Landscape and Market Structure**

India alone hosts hundreds of languages with deep literary and commercial traditions, and similar pluralism characterizes Southeast Asia and Africa. Digital adoption has expanded English mediated opportunities (remote work, app stores, opensource participation) while simultaneously enlarging vernacular internet markets. For founders, this yields a dual addressable market: (a) English dominant stakeholders as investors, enterprise buyers, global talent, standards bodies and (b) regional language customers who drive unit economics in mass markets. Ventures that recognize these two demand curves design separate yet interoperable communication systems rather than a one size fits all approach.

- **Dual Language Go toMarket (GTM) as Strategy, Not Afterthought**

A pragmatic GTM in the Global South typically: (i) uses English for investor relations, B2B sales to multinationals, developer relations, security/compliance artifacts, and cross border partnerships; and (ii) deploys regional languages for performance marketing, onboarding, CX scripts, and community engagement. Codemixing (e.g., Hinglish) can lift engagement in consumer channels but should be excluded from contracts, privacy/security statements, and enterprise proposals to avoid ambiguity. Winning firms treat language like product architecture—with modular content (glossaries, message maps, reusable snippets) compiled into channel specific outputs in English and local languages.

- **Capability Gaps, Equity, and Inclusion**

Access to high quality English training is uneven across regions and socioeconomic strata. Without guardrails, a hard English gate risks reinforcing exclusion. Ethical and performance-oriented inclusion requires: (a) reader centric templates that privilege clarity over flourish; (b) multilingual onboarding and safety critical materials; (c) rubrics that separate content quality from accent/fluency in evaluations; and (d) role specific coaching (e.g., B2B email, RFP responses, investor memos). These practices expand the talent pool and reduce single risk when a few English dominant team members act as communication bottlenecks.

- **Sectoral Variation and When ELC Matters Most**

ELC's marginal payoff is highest where ventures must align with global standards (SaaS, fintech, healthtech, climate/cleantech) and where buyers rely on written evidence (security exhibits, SLAs, compliance). In hyper-local services, vernacular fluency, presence, and trust dominate daily transactions; here English still matters for upstream contracting, supplier discovery, and digital platform compliance, but less for day-to-day sales. Hardware and deeptech ventures face hybrid needs: English for grants, certifications, and cross-border partners; local languages for vendor management and field deployment.

- **Policy, Infrastructure, and Ecosystem Enablers**

Incubators, universities, and state agencies in the Global South can lower friction by: (i) providing ESP (English for Specific Purposes) modules tailored to pitching, technical writing, and B2B correspondence; (ii) maintaining multilingual template libraries (onepaggers, dataroom checklists, security summaries) with plainlanguage defaults; (iii) supporting localization infrastructure, terminology databases, translation memory, and QA workflows—to improve consistency and reduce costs; and (iv) incentivizing open, multilingual compliance guides for MSMEs, reducing the penalty for non Englishdominant founders.

- **Risks, Pitfalls, and Mitigations**

Common failure modes include: translation by paraphrase (drift in legal or technical meaning); idiomatic overload (culture-bound metaphors in investor or enterprise materials); and style inconsistency (multiple writers, no glossary). Teams can mitigate by adopting a living style guide, reviewer checklists (definitions, evidence, claims, tone), and a single-source-of-truth glossary that maps regional terms to standardized English labels (and back). Where possible, artifacts should be reader-tested with the actual stakeholder archetype (e.g., procurement manager, auditor) rather than only internally validated.

- **Illustrative Playbooks**

- **SaaS (Export oriented):** English first for docs, API references, SOC/ISO briefs, and enterprise decks; localized web pages for high-volume markets; bilingual support macros; periodic editor reviews for readability.
- **D2C/Marketplace (Mass market):** Regional language ads and CX; English for supplier contracts, platform policies, and cross border payments; unified bilingual returns/warranty pages to reduce friction.
- **Agri/Health tech (Field operations):** Local language training, safety sheets, and IVR; English for regulatory submissions, grant proposals, and data sharing agreements.

- **Measurement and Learning Loops**

Founders can instrument the language strategy by tracking: (a) readability of investor and enterprise artifacts; (b) investor reply and meeting set rates by artifact version; (c) support ticket deflection by language and article; (d) contract cycle time with cross-border partners; and (e) conversion rates for localized landing pages. Periodic postmortems on lost deals or procurement stalls should include a language/clarity review alongside product and pricing.

- **Strategic Takeaway**

In India and the Global South, ELC is most valuable when framed as a capability system as templates, glossaries, and review rituals, rather than an individual trait. The strategic aim is not linguistic perfection but task-fit clarity that travels across borders without erasing local voice. Ventures that design for this complementarity, English for reach and reliability; regional languages for resonance and retention achieve both global legitimacy and domestic depth.

Capacity-Building Blueprint: Turning ELC into a Venture Capability

This section replaces the prior empirical agenda with a design-and-implementation blueprint for building English Language Communication (ELC) capability at the founder, team, and ecosystem levels. It is action-oriented and can be adopted by incubators, universities, and accelerators. The guiding idea is to treat ELC as an operational system, with standards, routines, and metrics, rather than an individual trait.

- **Objectives & Theory of Change**

- **Goal:** Improve opportunity access, investor trust, and export readiness by institutionalizing plain language, audience centric communication.
- **Mechanism:** Templates + coaching → higher quality artifacts (pitch, product pages, security/compliance notes) → better stakeholder comprehension → higher meeting set and deal conversion → growth.
- **Equity lens:** Reduce exclusion by separating *content quality* from accent/fluency and by providing multilingual pathways for customer facing materials.

- **Program Architecture (12-week cohort; repeatable each semester)**

Table 4: Core modules and outcomes

Module	Focus & Activities	Primary Artifacts	Expected Outcomes
Founder Narrative Lab	Problem-solution-traction stories; 2-minute pitch drills	One-pager; 10-slide deck	Higher investor comprehension; consistent value proposition
Investor & Data Room Clinic	Metrics-first drafting; term sheet & FAQ clarity	Deck, memo, KPI appendix, FAQ	Meeting set rate↑; diligence friction↓

Product & Web Writing	Readability, SEO basics, scannable pages	Product pages, docs, blog	Trial sign-ups↑; support tickets/article↓
B2B Email & Negotiation	Email structure; negotiation scripts	Email library; negotiation playbooks	Reply rate↑; cycle time↓
Security/Compliance Notes	Plain language summaries of controls	SOC/ISO summaries; privacy policy	Enterprise trust↑; audit queries↓
Localization & CX	Message maps; bilingual macros; glossary	Style guide; glossary; CX scripts	Consistency↑; translation cost↓

- **Implementation Roadmap (12 weeks)**

Table 5: Timeline and accountabilities

Week	Activity	Lead	Deliverable
1-2	Baseline audit (decks, pages, policies); set style guide	Program lead + founders	Audit memo; V1 style guide
3-4	Founder narrative sprints; video feedback loops	Comm coaches	One-pager; deck V1
5-6	Data-room & investor memo clinic; KPI alignment	Finance/ops mentor	Memo V1; KPI glossary
7-8	Product/web rewrite; support KB setup	PMM + tech writer	Landing page V1; 10 KB articles
9	Security & privacy notes with counsel review	Sec/compliance mentor	SOC/ISO summary; privacy V1
10	B2B email & negotiation playbooks	Sales coach	Email library; call scripts
11	Localization sprint (priority markets)	Localization lead	Bilingual style guide; macros
12	Demo day rehearsal; rubric scoring; rollout plan	Program lead	Final artifacts; scorecard

- **Rubrics & KPIs**

Table 6: Measurement framework

Metric	How measured	Target after 12 Weeks	Data Source
Readability score (public pages)	Automated grade level (e.g., F-K)	≤ Grade 8-10	Page analyzer
Terminology consistency	Glossary compliance %	≥ 90%	Editorial checks
Investor reply → meeting set	CRM funnel	+30-50% vs. baseline	CRM logs
Enterprise RFP cycle time	Days from invite to decision	-20%	Sales ops
Support ticket deflection	% solved by KB	+15-25%	Help-center analytics
Localization cost per 1k words	Vendor + rework	-25%	Finance/vendor logs

- **Costing & Resources**

Table 7: Budget envelope

Line item	Qty/Hours	Unit cost (₹)	Total (₹)
Lead program manager	200 h	2,000	4,00,000
Coaches (narrative, sales, product)	180 h	3,000	5,40,000
Legal/compliance reviewer	30 h	5,000	1,50,000
Tech writing & editing	120 h	2,000	2,40,000

Localization QA & glossary setup	80 h	1,800	1,44,000
Tools (readability, KB, glossary)	Lump sum	—	1,00,000
Total (approx.)	—	—	15,74,000

- **Risk Register & Mitigations**

- **Over polish without substance:** Tie artifacts to validated metrics and customer proof.
- **Coach bottlenecks:** Train internal editors; rotate peer review squads.
- **Inclusion drift:** Use rubrics that separate clarity from accent; provide multilingual safety critical docs.
- **Maintenance debt:** Create an owner for the style guide and glossary; institute quarterly reviews.

- **Sustainability & Handover**

Codify the system (style guide, templates, glossary, review checklists) in a shared repository. Train “communication champions” in each venture to own continuous improvement, ensuring the capability persists beyond the cohort.

Methodology for Future Empirical Work

- **Design**

A mixed-methods study to quantify and explain ELC’s effects:

- **Quantitative (founder survey + archival outcomes):**

- **ELC measures:** self-rated CEFR items; short, validated writing sample scored on grammar, readability, and task clarity; frequency of English use in core tasks.
- **Outcomes:** funding (yes/amount/stage), export share, revenue growth, survival, customer NPS; controls for education, sector, city tier, founder age/experience, team size.
- **Analysis:** hierarchical regressions; robustness with propensity score matching; instrumental strategies (e.g., city-level English-medium schooling share as an instrument) where feasible.

- **Field Experiment (pitch comprehension):**

Randomly assign investors/experts to evaluate matched pitches differing only in English clarity (structure, jargon, readability), not content; measure comprehension, credibility, and funding intent.

- **Qualitative (interviews):**

Founders, investors, enterprise buyers on where ELC helped/hurt; language-inclusion practices in scaling teams.

Practical Implications

- **For Founders**

Audience-first writing. Use plain English, concrete claims, standardized metrics (ARR, CAC, LTV, churn) and avoid culture-specific idioms in investor/enterprise documents. Prefer short sentences, verbs over nouns, and quantified evidence.

Artifact excellence. Maintain a living style guide (tone, tense, number formatting, units), a terminology glossary (canonical names for product/features/metrics), and a component library (boilerplate for company overview, security, pricing notes).

Dual-language strategy. Use English for investor/enterprise interfaces, developer docs, security/compliance; deploy regional languages for acquisition and support. Avoid code-mixing in legal/technical artifacts.

Team upskilling. Run recurring micro-sprints on email etiquette, technical/product writing, demo scripts; institute two-person peer review and a final “clarity check” before any external send.

Table 8: Founder Actions, why they Matter, Quick Metric

Action	Why it Matters	Quick Metric to Track
Publish style guide + glossary	Prevents drift; speeds onboarding	Glossary adherence ≥90%
Standardize core artifacts (deck, one-pager, product page, FAQ, security summary)	Reduces rewrite time; consistency boosts trust	Time to new version ↓ 25%
Pre-send peer reviews	Catches ambiguity/risk	% external docs peer-reviewed ≥95%

"Metrics first" rule	Sharpens narrative; reduces hype	# quantified claims / page ≥5
Dual-language support macros	Deflects tickets; improves CSAT	Ticket deflection +15–25%

- **For Incubators/Universities**

ESP modules (English for Specific Purposes). Short, applied courses in (i) investor communication, (ii) technical/product writing, (iii) customer support scripting, (iv) procurement/RFP responses.

Writing labs & editorial support. Provide markup sessions on founders' actual decks/pages; maintain readability checks for websites and help centers.

Regional language outreach. Pair English artifacts with localized landing pages and support articles to avoid exclusion.

Table 9: Incubator Toolkit

Asset	What it contains	Outcome
Template pack	One-pager, 10-slide deck, investor memo, RFP cover letter, security summary	Faster, clearer submissions
Glossary & style guide starter	Core labels, numerics, tone rules	Consistency across teams
Readability & glossary scanners	Monthly batch checks	Continuous improvement
Localization kit	Message map, translation memory	Lower rework, better parity

- **For Investors & Accelerators**

- **Evaluate substance over surface:** Use structured rubrics to down-weight accent and presentation "polish" effects. Ask for "plain-language" versions of key sections (problem, evidence, unit economics, risks).

- **Enablement:** Offer template libraries, editorial clinics, and coaching sprints. Encourage transparent, jargon-free documentation and versioned data rooms.

- **Mini-rubric (10 pts) for first-pass investor screen**

- Problem clarity (2)
- Evidence of demand (2)
- Metric transparency (2)
- Unit economics & assumptions (2)
- Risks & mitigations (2).

Cut-off: ≥7 advances to partner review.

- **For Policy Makers**

- **Invest with inclusion:** Focus on pragmatic English (email, presentations, negotiation), not only grammar.

- **Support localization for MSMEs:** Subsidize translation tech, promote open templates (privacy, contracts, security) in multiple Indian languages, and create multilingual compliance guides.

- **30-60-90-day rollout**

- **Day 30:** Publish template pack + glossary starter; run readability scan; train peer reviewers.
- **Day 60:** Convert top 5 artifacts to plain-language; launch bilingual help center; implement KPI dashboard.
- **Day 90:** Audit two real RFPs/investor memos; tighten glossary; set quarterly ELC Index reviews.

Equity, Ethics, and Inclusion

- **Principles**

- **Access:** Critical information must be available in multiple languages and plain English.

- **Fairness:** Separate content quality from accent/fluency in evaluations.

- **Safety:** Use precise, non-ambiguous English (and local languages) for legal, security, and privacy content.

- **Transparency:** Disclose risks, data practices, and limitations clearly; avoid manipulative copy.
- **Inclusive Language Policy (Startup-ready)**
 - **Plain English first:** Prefer concrete verbs, short sentences, and defined terms.
 - **No dark patterns:** Avoid deceptive UI/copy (pre-checked boxes, hidden fees).
 - **Cultural neutrality:** Remove idioms/jokes that may not translate.
 - **Respectful forms:** Use person-first language; avoid stereotypes.
- **Accessibility Checklist**
 - Readable headings (H1–H3), alt-text for images, transcripts/captions for video.
 - Sufficient contrast; meaningful link text; keyboard navigation; avoid text in images for critical info.
 - Offer downloadable plain text/PDF summaries for policy pages.
- **Anti-bias Evaluation & Redressal**
 - **Two-track scoring.** Track (A) content quality (clarity, evidence, logic), (B) delivery (accent/fluency). Weight A ≥70%.
 - **Appeals.** Provide a simple, non-retaliatory channel to contest scoring or request language support.
- **Multilingual Strategy Without Exclusion**
 - Publish bilingual safety-critical documents (privacy, terms, security notes).
 - Use message maps so meanings match across languages; maintain a translation memory and glossary.
 - For consumer channels, code-mixing (e.g., Hinglish) is acceptable; ban it in contracts, SLAs, and compliance.
- **Data & Privacy Ethics**
 - Explain data collection, retention, sharing, and deletion in plain English + local language summaries.
 - Avoid blanket consent; provide granular choices with clear consequences.
- **Metrics & Audits**

Table 10: Inclusion KPIs

KPI	Target	Review
Critical pages available in ≥2 languages	100% of safety-critical pages	Quarterly
Plain-language score (policy pages)	≤ Grade 10	Quarterly
Bias gap (content vs. delivery scores)	≤ 10% variance	Each pitch cycle
Accessibility coverage (alt-text/captions)	100% of public images/videos	Monthly
Appeals resolved within	10 business days	Monthly

- **Common Pitfalls → Fixes**
 - **Idiomatic marketing in enterprise decks** → replace with neutral, metric-led prose.
 - **Inconsistent labels across deck/web/FAQ** → enforce glossary checks before publishing.
 - **Translated contracts by paraphrase** → use-controlled language + legal review; back-translation QA.
- **Sample Clauses (drop-in)**
 - **Plain-language commitment:** “We commit to plain-language communication; if a policy is unclear, please request a simplified version.”
 - **Language availability:** “Safety-critical documents are available in English and [list languages].”
 - **Bias-aware evaluation:** “Selection panels will score content quality separately from delivery to minimize accent bias.”

Conclusion

English-Language Communication (ELC) is not merely a personal skill but an organizational capability that amplifies entrepreneurial performance. By enabling faster learning, smoother resource mobilization, clearer market development, and stronger legitimacy, high-quality ELC lowers transaction costs and raises stakeholder confidence across the venture life cycle. In multilingual contexts such as

India and the wider Global South, ELC works best as a complement, not a substitute to regional languages: English secures reach, reliability, and access to global finance and standards, while local languages deliver resonance, inclusion, and domestic depth. This paper offers a mechanism-based framework, a measurement playbook, and a practical capacity-building blueprint that convert ELC from tacit talent into auditable routines as style guides, glossaries, peer reviews, readability targets, and multilingual operations linked to concrete KPIs. Limitations remain around causality and sectoral heterogeneity, inviting mixed-methods and experimental studies that directly connect artifact quality to funding, exports, and growth. For founders, incubators, investors, and policy makers, the near-term task is operational: institutionalize plain-language, audience-first communication while safeguarding equity and accessibility. Ventures that do so will learn faster, sell farther, and build trust more durably in both global and local markets.

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