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of **SUCCESS**"

- APJ. Abdul Kalam

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Editor Desk

Dear All Greetings to one and all.....

Dear Reader it is a matter of great satisfaction and pride to place the third issue of **PRIMAX** International Journal of Commerce and Management Research.

The recent annual survey of education report (ASER) reflected that the standard of education at all levels declining faster in our county. Management programmes are not exception. As there is mismatch between present standard and required standard industrialist are jittery to gainfully employed the new breeds.

Since the changing dynamics of the business environment is moving at faster pace industrialist aspire for faster results hence they are locating for people who are passionate hardworking and committed to deliver the results.

I personally feel a good innovative inspiring article of you is not just a service; it is a philosophy and I committed to uphold this.

I bank on your innovative path breaking articles which sets new standards in management or disciple of your specialty. This definitely will equip the present and future generations to face the reality of business climate of globalization.

Through this, space I wish to reiterate '**let us strive for successes to explore new horizons and keep up our head high**'.

"The future is not something we wait; it is something we should create. The pure taste of success can only be felt with a spoon of failure".

I wish all of our readers and stake holders a happy new year.

With Regards



Prof. T.Rajeswari., M.Sc.,M.A(Eng.),M.B.A.,M.A(Soc)
Managing Editor- PIJCMR.

*"The secret of life is not enjoyment, but education through experience".
And Experience is the only source of knowledge.*

- Swami Vivekananda

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CHALLENGES OF THE "E-BANKING REVOLUTION

D. Duraimurugan¹

Dr. K. Gunasekaran²

Abstract

Electronic banking is the most inventive services offered by the banks. The transformation from traditional banking started from the use of automatic teller machines, (ATM), direct bill payment, electronic fund transfer (EFT) and the revolutionary online banking is being accepted by the customers with growing awareness and education. Many people are shifting to e-banking and are readily accepting the usefulness of this option . It allows customers to manage their accounts from any place at any time for minimum cost. Electronic banking is the latest in the series of technology wonders in the recent part, involving use of internet for delivery of products and services. The electronic banking has been evolving the environment with the development of the world web. The development of information technology has been a big boon to banking industry. It has helped the banking industry in several ways; especially in improving its customer relations. Banking industry has undertaken various activities due to the introduction of electronic media in its operations.

Introduction

Electronic banking is the wave of the future. It provides enormous benefits to consumers in terms of the ease and cost of transactions. But it also poses new challenges for country authorities in regulating and supervising the financial system and in designing and implementing macroeconomic policy. Electronic banking has been around for some time in the form of automatic teller machines and telephone transactions. More recently, it has been transformed by the Internet, a new delivery channel for banking services that benefits both customers and banks.

Electronic banking also makes it easier for customers to compare banks' services and products, can increase competition among banks, and allows banks to penetrate new markets and thus expand their geographical reach. Some even see electronic banking as an opportunity for countries with underdeveloped financial systems to leapfrog developmental stages. Customers in Such countries can access services more easily from banks abroad and through wireless communication systems, which are developing more rapidly than traditional "wired" communication networks. The flip side of this technological boom is that electronic banking is not only susceptible to, but may exacerbate, some of the same risks particularly governance, legal, operational, and reputational inherent in traditional banking. In addition, it poses new challenges. In response, many national regulators have already modified their regulations to achieve their main objectives: ensuring the safety and soundness of the domestic banking system, promoting market discipline, and protecting customer rights and the public trust in the banking system. Policymakers

are also becoming increasingly aware of the greater potential impact of macroeconomic policy on capital movements.

New Challenges for Regulators

This changing financial landscape brings with it new challenges for bank management and regulatory and supervisory authorities. The major ones stem from increased cross-border transactions resulting from drastically lower transaction costs and the greater ease of banking activities, and from the reliance on technology to provide banking services with the necessary security.

Regulatory Risk

Because the Internet allows services to be provided from anywhere in the world, there is a anger that banks will try to avoid regulation and supervision. What can regulators do? They can require even banks that provide their services from a remote location through the Internet to be licensed. Licensing would be particularly appropriate where supervision is weak and cooperation between a virtual bank and the home supervisor is not adequate. Licensing is the norm, for example, in the United States and most of the countries of the European Union. A virtual bank licensed outside these jurisdictions that wishes to offer electronic banking services and take deposits in these countries must first establish a licensed branch.

Legal Risk

Electronic banking carries heightened legal risks for banks. Banks can potentially expand the geographical scope of their services faster through electronic banking than through traditional banks. In some cases, however,

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they might not be fully versed in a jurisdiction's local laws and regulations before they begin to offer services there, either with a license or without a license if one is not required. When a license is not required, a virtual bank lacking contact with its host country supervisor may find it even more difficult to stay abreast of regulatory changes. As a consequence, virtual banks could unknowingly violate customer protection laws, including on data collection and privacy, and regulations on soliciting. In doing so, they expose themselves to losses through lawsuits or crimes that are not prosecuted because of jurisdictional disputes.

Operational Risk

The reliance on new technology to provide services makes security and system availability the central operational risk of electronic banking. Security threats can come from inside or outside the system, so banking regulators and supervisors must ensure that banks have appropriate practices in place to guarantee the confidentiality of data, as well as the integrity of the system and the data. Banks' security practices should be regularly tested and reviewed by outside experts to analyze network vulnerabilities and recovery preparedness. Capacity planning to address increasing transaction volumes and new technological developments should take account of the budgetary impact of new investments, the ability to attract staff with the necessary expertise, and potential dependence on external service providers. Managing heightened operational risks needs to become an integral part of banks' overall management of risk, and supervisors need to include operational risks in their safety and soundness evaluations.

Reputational Risk

Breaches of security and disruptions to the system's availability can damage a bank's reputation. The more a bank relies on electronic delivery channels, the greater the potential for reputational risks. If one electronic bank encounters problems that cause customers to lose confidence in electronic delivery channels as a whole or to view bank failures as system wide supervisory deficiencies, these problems can potentially affect other providers of electronic banking services. In many countries where electronic banking is becoming the trend, bank supervisors have put in place internal guidance notes for examiners, and many have released risk-management guidelines for banks.

The Macro Economic Challenges

But the challenges are not limited to regulators. As the advent of E-banking quickly changes the financial landscape and increases the potential for quick cross-border capital movements, macroeconomic policymakers face several difficult questions.

- If electronic banking does make national boundaries irrelevant by facilitating capital movements, what does this imply for macroeconomic management?
- How is monetary policy affected when, for example, the use of electronic means makes it easier for banks to avoid reserve requirements, or when business can be conducted in foreign currencies as easily as in domestic currency?
- When offshore banking and capital flight are potentially only a few mouse clicks away, does a government have any leeway for independent monetary or fiscal policy?
- How will the choice of the exchange rate regime be affected, and how will E-banking influence the targeted level of international reserves of a central bank?
- Can a government afford to make any mistakes? Will the spread of electronic banking impose harsh market discipline on governments as well as on businesses?
- The answers to these questions fall into two emerging strands of thought.

First, the technological revolution particularly the expansion of electronic money but also, more broadly, electronic advances in banking practices—could result in a decoupling of households' and firms' decisions from the purely financial operations of the central bank. Thus, the ability of monetary policy to influence inflation and economic activity would be threatened.

Second, as electronic banking expands financial transaction costs can decline significantly. The result would be tantamount to a reduction in the "sand in the wheels" of the financial sector machinery, making capital flows even easier to effect, with a potential erosion of the effectiveness of domestic monetary policy.

While electronic banking can provide a number of benefits for customers and new business opportunities for banks, it exacerbates traditional banking risks. Even though considerable work has been done in some countries in adapting banking and supervision regulations, continuous vigilance and revisions will be essential as the scope of E-banking increases. In particular, there is still a need to establish greater harmonization and coordination at the international level. Moreover, the ease with which capital can potentially be moved between banks and across borders in an electronic environment creates a greater sensitivity to economic policy management. To understand the impact of E-banking on the conduct of economic policy, policymakers need a solid analytical foundation. Without one, the markets will provide the answer, possibly at a high economic cost. Further research on policy-related issues in the period ahead is therefore critical.

Conclusion

From all of this, we have learnt that information technology has empowered customers and businesses with information needed to make better investment decisions. At the same time, technology is allowing banks to offer new products, operate more efficiently, raise productivity, expand geographically and compete globally. A more efficient, productive banking industry is providing services of greater quality and value.

E-banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. Today, the click of the mouse offers customers banking services at a much lower cost and

also empowers them with unprecedented freedom in choosing vendors for their financial service needs. No country today has a choice whether to implement E-banking or not given the global and competitive nature of the economy. The invasion of banking by technology has created an information age and commoditization of banking services. Banks have come to realize that survival in the new e-economy depends on delivering some or all of their banking services on the Internet while continuing to support their traditional infrastructure. The rise of E-banking is redefining business relationships and the most successful banks will be those that can truly strengthen their relationship with their customers.

FOOD INSECURITY IN INDIA – A GLANCE

Dr. D. Kumuda¹

Abstract

The food insecurity is a gigantic problem in front of the world population. In spite of the reaching horizon of economic development, people are struggling for the survival of their daily life as at least 25,000 die people every day due lack of proper diets. Nearly 852 million people in the world are victims of vicious cycle of maturation and chronic hunger. It was a period of last 30 years when 70 per cent enhance was in the world population, world agriculture produced 17 per cent more calories per person today. (FAO, 2002, 2006). At the global level 33 countries have been recognized most vulnerable where the undernourishment prevalence rate is over 35 per cent. Over 60 per cent of the world's undernourished people live in Asia, and a quarter in Africa. The South Asian region is home to more chronically food insecure people than any other region in the world. Poverty is the main cause of food insecurity and hunger. Poor people in the world do not have sufficient land to grow, or to purchase enough food.

Key Words; Food insecurity, Hunger, Causes, Measures, Suggestions.

Introduction

Hunger in India is a complex issue. It is widespread and the causes are different across various regions. According to latest FAO estimates in 'The State of Food Insecurity in the World, 2015' report, 194.6 million people are undernourished in India. By this measure India is home to a quarter of the undernourished population in the world. Also 51% of women between 15 to 59 years of age are anemic and 44% of children under 5 are underweight. Malnourished children have a higher risk of death from common childhood illnesses such as diarrhea, pneumonia, and malaria. The Global Hunger Index 2014 ranks India at 55 out of 76 countries on the basis of three leading indicators — prevalence of underweight children under 5 years, under 5 child mortality rate, and the proportion of undernourished in the population.

Hunger, and the malnourishment that accompanies it prevents poor people from escaping poverty because it diminishes their ability to learn, work, and care for themselves and their family members. Food insecurity exists when people are undernourished as a result of the physical unavailability of food, their lack of social or economic access to adequate food, and inadequate food utilization. It may be happened at, individual, household, and regional levels (Masud, 2009, MSSRF, 2003, Roa and Deshpande, 2002; Swami Nathan, 1988). However According to FAO food insecurity exists when all people, at all times, do not have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and preferences for an active and healthy life (FAO, 1996). In other words food insecurity has limited or uncertain availability of nutritionally

adequate and safe foods or limited or uncertain ability to acquire acceptable foods in socially acceptable ways. Hunger is potential consequences of food security and, is defined as an uneasy or painful sensation caused by lack of food (Dreze and Sen, 2008).

India, with a population of over 1.2 billion, has seen tremendous growth in the past two decades. Gross Domestic Product has increased 4.5 times and per capita consumption has increased 3 times. Similarly, food grain production has increased almost 2 times. However, despite phenomenal industrial and economic growth, while India produces sufficient food to feed its population, it is unable to provide access to food to a large number of people, especially women and children.

Facts About Hunger In India

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| Largest India is home to the largest undernourished and hungry population in the world |
| 1/6th of our population is undernourished |
| 190 million people go hungry everyday |
| 30.7% of children under 5 are underweight |
| 58% of children stunted by 2 years of age |
| 1 in 4 children malnourished |
| 3,000 children in India die every day from poor diet related illness |
| 24% of under-five deaths in India |
| 30% of neo-natal deaths in India |

¹. Associate Professor, Department Of Economics, Bangalore University, P.G. Centre, Kolar.

The indicators used for computing the index of food insecurity are as follows;

- Percentage of population consuming less than 1,890 Kcal /cu/diem
- Percentage of households not having access to safe drinking water
- Percentage of households not having access to toilets within the premises
- Percentage of ever-married women age 15 – 49 years who are anemic
- Percentage of women (15 – 49 yrs.) with CED
- Percentage of children in the age group 6 – 35 months who are anemic
- Percentage of children in the age group 6 – 35 months who are stunted

Causes of hunger and food insecurity:

- Low Agricultural growth rate India still is in the clutches of food insecurity as well as poverty due to the failure of five year plans in meeting the pace of Economic Development with the increasing requirements for the increasing population. The growth rate in the primary sector is gradually decline as Neglecting primary sector.
- Food insecurity linkages with poverty, in fact, they are inseparable. Poverty can be measured in terms of calories of energy which is produced by intake of quality and quantity food. Therefore poverty is a reflection of food insecurity. Asian Development Bank reported that “Asia still is home to two- third of world’s population across the globe, poverty is the single most common cause of food insecurity”.
- Low productivity in Agriculture Low productivity in Agriculture is one of the main reasons for poverty and food insecurity in India. Economic Survey of India 2013-14 has recognized that the production in major crops is enhanced due to acreage rather than productivity.
- Poor irrigation facilities in Indian agriculture are facing poor irrigation facilities. Majority of Agro lands especially in southern India are dry lands, hilly, rocky and sandy regions which are unsuitable for cultivation. Among them, though, some lands are useful for some extent. Cultivation in dry lands is completely depending on monsoons. Resulting of continuous failure of monsoons the Agricultural sector is unable to produce to meet the requirement of increasing population in India.
- Land fragmentation: Cultivable land in India has been declined to 182.57 million hectares in 2005-06 from 185.09 million hectares in 1980-81. ARCAS, 2010 reported that in India 63 per cent of holdings are

below 1 ha accounting for 19 per cent of the operated area while over 86 per cent of holding are less than 2 ha account for nearly 40 per cent operated area. Average cultivable land has shrunk from 1.69 hectares in 1985-86 to 1.1 to hectares in 2010-11.

- Investment pattern: Many research studies emphasise the need of adopting modern technology in Agriculture which enhance the acreage. Large scale of investment is required for introducing modernized technology in Agriculture. Public and private investment in Agriculture is not supporting at enough scale and at the same time more concentration has paid on heavy industries which has long period gestation are some of the causes that leads to imbalance between the demand for and supply of food grains.

Measures for food security:

The central and state governments in India have made different efforts for reducing hunger, poverty and food insecurity through implementation of employment generating programmes. Some programmes are discussed below.

- Community Development programme The community development programme was launched by the first president of India Dr Rajendra Prasad on October 2, 1952, with the objective of bringing about multi-purpose rural development with people participation Up to April 1977, the programme covered more than five thousand blocks all over the country.
- Intensive Agriculture Development programme (IADP) On the recommendations of Fort foundation committee the Government of India implemented in the selected Districts in various states in the country in 1960-61. The result of IADP programme has paved the way for the Green revolution in agriculture loans, seeds, fertilizer tools to the farmers in the selected Districts.
- Rural Man Power Programme (RMP) In the ending of 1960-61 the Rural Man Power Programme (RMP) was taken up in 32 community development blocks as on a pilot project with the objective of providing employment of 100 days for at least 25 million people by the end of the third five year plan, especially in areas exposed to pronounced seasonal unemployment and under employment. It covered 1000 Community Development blocks and it provided 137 million Man-days of employment until the year 1968-69 in which the programme was terminated.
- Small farmers Development Agency (SFDA) The main objective of the scheme was to provide credit to the small farmers to enable them to make use of the latest technology to practice intensive farming

and diversify their activities. Up to 1980 the Agency identified 16 million persons from the targeted group for assistance.

- Marginal Farmers and Agricultural Labourers' Agency (MFALA) One of the objectives of Fourth five year plan (1969-74) was to assist to the targeted famers, agricultural labourers and those in subsidiary occupations like dairy, poultry, fishery, pig-rearing, horticultural operations, etc.
- Crash Scheme for Rural Employment The Crash Scheme for Rural Development (CSRE) was launched to provide additional employment to the rural unemployed in the fourth five year plan. It had a twofold purpose. Firstly, the programme would generate employment on an average of 100 persons in every block or about 1000 persons in each district in rural development works continuously over a working season of 10 months in a year. Secondly, each project was to produce work or asset of durable nature in consonance with the local development plans.
- Pilot Intensive Rural Employment Project (PIREP, 1972) The programme was launched as a pilot project in November, 1972 for finding answer to the rural unemployment problem in India. The projects were taken up as research and action projects. The project aimed at providing employment to one third of the unemployed persons every year and thus covering all unemployed persons in selected blocks in the country situated in different economic and ecologic conditions.
- Drought-Prone Area Programme (DPAP) The Drought-Prone Area Programme (DPAP) was launched in 1973-74 in some selected Drought Prone Areas of the country. The main objective of the programme was reestablishment of the environment balance in these areas by promoting balanced development of land, water, and other natural resources.
- Twenty point Economic programme (1975) This programme was conceived by the late Prime Minister Smt. Indira Gandhi and launched on 1st July 1975 Under the slogan of "GaribiHatao" (Remove Poverty),. The programme outlined the basic task of improving the living condition of the economically weaker section of the society especially of rural poor. In the light of emerging a new socio-economic environment, the programme was redefined, revitalized and announced to the nation on 14th January 1982 and again on 20th August 1986 as per the direction given by the Prime Minister Sri Rajiv Gandhi and implemented since 1st April 1987 along with the Annual plan 1987-88. This programme helped millions of poor by providing them with self-employment and basic amenities of life.
- Food for Work Programme (FWP) National food for work programme was launched in 1977-78, with three fold objectives creation of additional employment opportunities in rural areas, better maintenance of public works and utilization of surplus food grain stocks. Owing to various constrains inherent in the scheme as originally formulated, it has been modified subsequently to include all kinds of works. The programme was later renamed as National Rural Employment Programme (NREP) in 1980.
- Integrated Rural Development programme (IRDP) Integrated Rural Development Programme was initially launched in 2300 blocks in 1978-79 , further, it was extended all over the country as a flag ship programme for eradicating poverty, on 2nd October 1980 and was continued up to April 1999. In each block 600 poor families were to be assisted. For each block a uniform allocation of Rs. 35 lakhs was allocated. This was shared between the centre and the states on a 50-50 basis. Since beginning of the scheme till 1998-1999, 53.5 million families benefitted under this scheme at the expenditure of Rs 13700 cores. The scheme along with other schemes namely TRYSEM, DWCRA, SITRA, Ganga KalyanYojana and MWS were merged into SwarnaJayanti Gram SwarojgarYojana on 2nd April 1999.
- Training of Rural Youth for Self-Employment (TRYSEM) TRYSEM was started on the independence day of 1979, as a central sponsored scheme. Under the scheme 40 youth were to be given training each year, covering 2 lakh youth in the country every year. After training they were provided financial assistance. The programme was merged into Swarnajayanti Gram SwarojgarYojana in 1999.
- National Rural Employment Programme (NREP, 1980) The programme was introduced in October 1980 with the objectives of (i) Generation of wage employment opportunities, (ii) Creation of community assets, and (iii) Improvement of nutritional states of rural poor. To improve the effectiveness of the programme, it was combined with RLEGP in 1989 and renamed as JawaharRojgarYojana.
- Rural Landless Employment Guaranty Programme (RLEGP) The RLEGP programme was started on 15th of August, 1983, as a central sponsored programme with the objectives of creating employment opportunities, construction of the projects and improving rural life. The resources are allocated to the State/Union Territory on the basis of determined standards, in which 50 per cent weightage is given to the cultivators and marginal farmers on basis of their number and the remaining

50 per cent weightage is given on the basis of poverty. Under this programme wages of laborers were given according to the Minimum Wages Act. Out of the total expenditure 10 percent had been planned for schedule caste and schedule tribes.

- Indira Awas Yojana (IAY, 1985) The programme Indira Awas Yojana has been implemented since 1985. The main objective of this programme was to build houses for schedule caste and schedule tribes; free bonded labourers as also non -schedule caste and schedule tribe rural poor who were residing below poverty line by providing them grants-in-aid.
- Jawahar Rojgar Yojana (JRY) In the last year of the Seventh plan, a broad rural employment programme named Jawahar Rojgar Yojana (JRY) was launched on the 1st April, 1989. Since 1993-94, the JRY was implemented in three phases. JRY was one of the major wage employment programmes. It was implemented in all the villages of the country through the panchayat Raj Institutions. It contributed to a great extent in creating durable rural infrastructure which has a critical importance in the development of village economy thereby improving the standards of living of the rural poor.
- Employment Assurance Scheme (EAS, 1993) The EAS was started on 2nd October in 1993 in 1,778 development blocks in the rural areas of 261 districts. During 1994-95, this scheme was implemented in 697 development blocks of Drought Prone Area Programme (DPAP) and Desert Development Programme (DDP) too. The prime objective of the programme was to provide profitable employment not less than 100 days to every villager who is desirous of taking employment, between 18 to 60 years during the lean agriculture season. The second objective of the programme was to create economic infrastructure and community projects for creating sufficient employment and development activities.

Recommendations suggested

1. The governments have to make proper strategies for increasing the supply of food grains in the market rather than in fair price shops where food grains are provided at highly subsidized rates. If the governments continue it for a long period it will become a big financial burden to the governments.
2. RBI's quantitative measures are not suitable for low income countries because the increasing inflation is being occurred not due to more purchasing power. This is being occurred due to unmatched supply of goods with the demand. RBI's measures are suppressing the demand. It doesn't mean control inflation because it is squeezing the purchasing power of especially poor people. Hence it is better to increase supply of food grains. Not only that, food grains must be at accessible rates.
3. It is however, to eradicate poverty which is a reflection of food insecurity the governments have to concentrate on the programmes that enhance peoples' purchasing capacity in long period rather than continuing welfare programmes which make the people lazy in addition to take those measures which increase the availability of food grains in the market as well as to the individuals.
4. The governments should plug up the leakages like corruption for making the programmes effective.
5. Complete irrigation projects as early as possible.
6. Governments should take necessary measures for increasing public and private investment in Agriculture.
7. Concentrate investment on short term gestations.
8. Government should take necessary measure to encourage farmers to implement modern technology in Agricultural farming.
9. Governments should take necessary measure for restoration and conservation of water, soil fertility.
10. Encourage farmers to use hazardless genetically modified seed.

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AN EMPIRICAL STUDY ON TRAINING AND DEVELOPMENT POLICY ADOPTED IN SELECT IT COMPANIES IN BANGALORE

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Abstract

This research paper will give an insight to training and development in IT industry on the training and development policy. All the employees need training and development no matter what industry they are in, insights may offer new perspectives to IT industry. Training is the activities that are provided to the new entrants with the knowledge and skills needed for the present job whereas development is the learning that goes beyond present job and has a more long-term focus. Although training and development usually go hand in hand, they differ in that training can be done by all staff, whereas development is usually undertaken by the trainers like supervisors or managers. Training in software is given to freshers with regard to software development. This training will be imparted by the company in their own expense. For example, if a company needs java training to develop a particular domain, bank transaction, training will be given in that particular domain. The learners can understand the training on that domain and develop the software for banking transactions. Software development training will be given on various domains. Every domain will have their own training module to develop the software on that domain. This training will be given in that particular software company with their own trainers or in some cases they will send their employees outside training centres to train them at the expense of the company. This study aims at analysing the training and development policy adopted in selected IT companies in Bangalore.

Keywords: training, development, freshers, domain, software

Introduction

Human resources are the most valuable assets of any organisation. The effective functioning of any organisation requires that employees learn to perform their jobs at a satisfactory level of proficiency. Hence, the role of training is of utmost important. Employee training tries to improve skills to the existing level of the knowledge so that the employee is better equipped to do his present job or to prepare him for higher position with increased responsibilities. Training is the systematic development of knowledge, skills and attitudes required by employees to perform adequately on a given task or job. Improved productivity of an organisation depends on training and development policies. So, training and development aim at developing competencies such as technical, human, conceptual and managerial for the furtherance of individual and organisation growth. The present study is aimed at finding out whether the training and development policies applicable to all employees in the organisation, supervisors tell employees whether they are doing their job as per the training imparted or not, when employees arrive from training, supervisors encourage them to share what they have learned with other employees, the organisation links training and

development with the company business strategy, the organisation has full-fledged training and development department with competent professionals, supervisors support the use of techniques learned in training that employees bring back to their jobs, supervisors ease the pressure of work for a short-time so employees have a chance to practice new skill that are taught in training, the equipment used in training is similar to the equipment found on the job, colleagues support the use of learning on the job and employees who use their training are given preference for new assignments etc. To analyse the above, factor analyse was employed in this study and results are drawn from the analysis.

Materials and Methods

Srimannarayana M. (2011) in his study found that Training and Development is very important component in the modern Human Resource Management and the scope of training and development vary from one organization to another. The present study is based on primary data. Data is collected from 105 HR/Training professionals working in manufacturing, IT/ITES and service sector with a minimum experience of three year in their respective organization in the functional area of training and

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development. The study revealed that more than 75% of respondents have believed that performance improvements made because of training is an extremely valuable measure and 70.48% have believed that transfer of learning is extremely important. Almost (95.24%) respondents have mentioned that they collect feedback of the participants after completion of the training programme routinely. There is a gap between the measures that are used actually in assessing training and development and HR/Training professionals do not have control over data that is required for measuring training and development.

Purohit (2012) studied the existing policies practiced in co-operative banks to appraise the level of HRD practices, to assess the satisfaction level of employees about HRD practices particularly Training and development & Reward and recognition of employees. In the present study structured questionnaire via in-depth personal interviews is used to collect primary data. From large number of banks in Pune region 16 are selected for the study. Information was collected from 30 employees of different level. The study adopted random sampling with regard to the selection of cooperative banks. The study revealed that training helps employees to gain better understanding in the area of Job and this will enhance their stock of knowledge. Extensive training providing the continuous development, such as on-the-job training, training programmes and workshops can be a driving factor for the activities in the firm. The present paper also suggests the ways & means by which the selected co-operative banks can improve their high performances of work practices.

Ramakrishna et al. (2012) have studied that Human Resource Development department has to play a more proactive role in shaping the employees to fight out the challenges. The banks not only have to make plans and policies and devise strategies, the actual functionaries have to show competence and effectiveness in executing the said policies and strategies. A sample of 85 employees covering all Canara bank branches in Kurnool District has been considered for the study at random. The study revealed that the employees have attended more training and development programmes, employees strongly agreed about the necessity of training and development programmes, majority of the employees rated trainer’s preparation as good, employees rated trainers creating learning atmosphere and employees given overall rating for training and development programmes.

Results & Discussion

An Empirical Study On Training And Development Policy Adopted In Select It Companies In Bangalore
Training And Development Policy Adopted It Companies

Table - 1 : Correlation matrix

| | | | | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.000 | .468 | .400 | .373 | .320 | .375 | .424 | .441 | .433 | .472 | .318 | .321 | .362 | .374 | .304 | .429 | .211 |
| .468 | 1.000 | .526 | .531 | .402 | .419 | .404 | .416 | .368 | .550 | .489 | .388 | .361 | .366 | .355 | .454 | .266 |
| .400 | .526 | 1.000 | .580 | .492 | .427 | .333 | .373 | .374 | .469 | .521 | .430 | .479 | .397 | .361 | .471 | .229 |
| .373 | .531 | .580 | 1.000 | .591 | .415 | .335 | .347 | .377 | .523 | .485 | .487 | .410 | .407 | .338 | .471 | .164 |
| .320 | .402 | .492 | .591 | 1.000 | .493 | .441 | .392 | .356 | .441 | .486 | .491 | .474 | .525 | .347 | .445 | .265 |
| .375 | .419 | .427 | .415 | .493 | 1.000 | .549 | .492 | .330 | .498 | .445 | .527 | .436 | .428 | .372 | .495 | .294 |
| .424 | .404 | .333 | .335 | .441 | .549 | 1.000 | .596 | .450 | .432 | .457 | .405 | .445 | .417 | .355 | .493 | .355 |
| .441 | .416 | .373 | .347 | .392 | .492 | .596 | 1.000 | .556 | .477 | .453 | .347 | .413 | .443 | .337 | .427 | .251 |
| .433 | .368 | .374 | .377 | .356 | .330 | .450 | .556 | 1.000 | .429 | .447 | .329 | .365 | .329 | .262 | .280 | .216 |
| .472 | .550 | .469 | .523 | .441 | .498 | .432 | .477 | .429 | 1.000 | .667 | .507 | .445 | .497 | .392 | .498 | .240 |
| .318 | .489 | .521 | .485 | .486 | .445 | .457 | .453 | .447 | .667 | 1.000 | .586 | .580 | .457 | .381 | .440 | .358 |
| .321 | .388 | .430 | .487 | .491 | .527 | .405 | .347 | .329 | .507 | .586 | 1.000 | .537 | .531 | .294 | .368 | .233 |
| .362 | .361 | .479 | .410 | .474 | .436 | .445 | .413 | .365 | .445 | .580 | .537 | 1.000 | .588 | .334 | .406 | .278 |
| .374 | .366 | .397 | .407 | .525 | .428 | .417 | .443 | .329 | .497 | .457 | .531 | .588 | 1.000 | .288 | .421 | .238 |
| .304 | .355 | .361 | .338 | .347 | .372 | .355 | .337 | .262 | .392 | .381 | .294 | .334 | .288 | 1.000 | .518 | .428 |
| .429 | .454 | .471 | .471 | .445 | .495 | .493 | .427 | .280 | .498 | .440 | .368 | .406 | .421 | .518 | 1.000 | .285 |
| .211 | .266 | .229 | .164 | .265 | .294 | .355 | .251 | .216 | .240 | .358 | .233 | .278 | .238 | .428 | .285 | 1.000 |

The above table correlation matrix showing how each of 17 items is associated with each of the other 16. Relatively high correlations indicate that two items are associated and will probably be grouped together by the factor analysis. Items with low correlations (eg.d".20) usually will not have high loadings on the same factor. Items with high correlations (eg.e".21) usually will have high loadings on the same factors. Our assumption is that the determinant located under correlation matrix should be more than .210. Hence, if it is .21 this assumption is met. If the determinant is zero, then the factor analytic solution cannot be obtained, because this would require dividing by zero, which would mean that at least one of the items can be understood as a linear combination of some set of the other items. The table clearly shows that the factors 1 to 17 are highly associated with the all the 16 factors as their correlation value is e".20. Factor 17 is highly associated with all the 15 factors except 4th factor all as the correlation of 4th factor is less .20. From the analysis all the 17 factors have high correlation with other 16 factors.

KMO and Bartlett's Test

| | | |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .926 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 2429.138 |
| | df | 136 |
| | Sig. | .000 |

The above table shows that KMO Measure of sampling adequacy is greater than .70 which is .926 indicating sufficient items for each factor. Significant item is .000 so it is significant (less than .05), indicating that the correlation matrix is significantly different from an identity matrix, in which correlations between variables are all zero.

Table - 2 : Communalities

| | Initial | Extraction |
|---|---------|------------|
| The organization has a training and development policy applicable to all employees | 1.000 | .522 |
| Supervisors tell employees whether they are doing their job as per the training imparted or not | 1.000 | .473 |
| When employees arrive from training, supervisors encourage them to share what they have learned with other employees | 1.000 | .547 |
| The organization links training and development with our company business strategy | 1.000 | .617 |
| The organization has full-fledged training and development department manned with competent professionals | 1.000 | .568 |
| Supervisors support the use of techniques learned in training that employees bring back to their jobs | 1.000 | .506 |
| Supervisors help employees set realistic goals for performing their work as a result of their training | 1.000 | .632 |
| Supervisors assign an experienced co employee to help employees coming back after getting training as needed back on the job | 1.000 | .707 |
| Supervisors ease the pressure of work for a short time so employees have a chance to practice new skill that are taught in training | 1.000 | .628 |
| The equipment used in training is similar to the equipment found on the job | 1.000 | .591 |
| Colleagues support the use of learning on the job | 1.000 | .603 |
| Employees who use their training are given preference for new assignments | 1.000 | .590 |
| I am motivated to learn the concepts that will be covered in the training programme | 1.000 | .524 |
| I will try to learn as much as I can from the training programme | 1.000 | .503 |
| I will get more out of the programme than most people | 1.000 | .648 |
| I want to improve my knowledge of the material that this programme covers | 1.000 | .538 |
| If I can't understand some part of the programme, I will try harder the organization gives the opportunity | 1.000 | .679 |

Extraction Method: Principal Component Analysis.

Communalities are interpreted like Multiple R² in multiple regression. Communalities indicate the degree to which the factors explain the variance of the variables. There are two sets of communalities are provided, the initial set and extracted set. The initial communalities are exactly 1.000 and not more than 1 which is possible to further extraction. The extracted communalities are above .03 which is good for further analysis.

Table - 3 : Total Variance Explained

| Component | Initial Eigen values | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
|-----------|----------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 7.693 | 45.254 | 45.254 | 7.693 | 45.254 | 45.254 | 4.802 | 28.248 | 28.248 |
| 2 | 1.144 | 6.727 | 51.981 | 1.144 | 6.727 | 51.981 | 3.012 | 17.716 | 45.964 |
| 3 | 1.039 | 6.110 | 58.092 | 1.039 | 6.110 | 58.092 | 2.062 | 12.128 | 58.092 |
| 4 | .978 | 5.756 | 63.848 | | | | | | |
| 5 | .775 | 4.556 | 68.404 | | | | | | |
| 6 | .670 | 3.939 | 72.343 | | | | | | |
| 7 | .650 | 3.822 | 76.166 | | | | | | |
| 8 | .594 | 3.494 | 79.660 | | | | | | |
| 9 | .523 | 3.075 | 82.734 | | | | | | |
| 10 | .505 | 2.973 | 85.707 | | | | | | |
| 11 | .439 | 2.581 | 88.288 | | | | | | |
| 12 | .412 | 2.423 | 90.711 | | | | | | |
| 13 | .375 | 2.204 | 92.916 | | | | | | |
| 14 | .345 | 2.027 | 94.942 | | | | | | |
| 15 | .335 | 1.968 | 96.910 | | | | | | |
| 16 | .307 | 1.807 | 98.717 | | | | | | |
| 17 | .218 | 1.283 | 100.000 | | | | | | |

Extraction Method: Principal Component Analysis.

The above table depicts the total variance explained. The total variance is explained with rotation, the initial Eigen value, which are different for factor 1, 2 and 3. . The Eigen value for the Corporate Decision making in select IT industry employees in Bangalore 'the organization has a training and development policy applicable to all employees was 7.693'. It is followed by supervisors tell employees whether they are doing their job as per the training imparted or not was 1.144' and the third factor when employees arrive from training, supervisors encourage them to share what they have learned with other employees was 1.039'. The percentage of variance for the first factor was 45.254, it is followed by 6.727 and 6.110. From the analysis, it is inferred that out of the 17 factors of opinion on the Corporate decision making in select IT industry employees in Bangalore having been reduced to three factors and these three factors highly influenced the corporate decision making in select IT industries employees in Bangalore city which have the cumulative percentage of 58.092 percent of the total variance.

Table - 4 : Component Matrix^a

| | Component | | |
|---|-----------|------|-------|
| | 1 | 2 | 3 |
| Colleagues support the use of learning on the job | .760 | | |
| The equipment used in training is similar to the equipment found on the job | .759 | | |
| Supervisors support the use of techniques learned in training that employees bring back to their jobs | .706 | | |
| The organization has full-fledged training and development department manned with competent professionals | .704 | | |
| I am motivated to learn the concepts that will be covered in the training programme | .699 | | |
| The organization links training and development with our company business strategy | .696 | | |
| When employees arrive from training, supervisors encourage them to share what they have learned with other employees | .695 | | |
| I want to improve my knowledge of the material that this programme covers | .694 | | |
| Supervisors help employees set realistic goals for performing their work as a result of their training | .691 | | |
| Employees who use their training are given preference for new assignments | .691 | | |
| Supervisors tell employees whether they are doing their job as per the training imparted or not | .684 | | |
| I will try to learn as much as I can from the training programme | .682 | | |
| Supervisors assign an experienced co employee to help employees coming back after getting training as needed back on the job | .681 | | |
| The organization has a training and development policy applicable to all employees | .612 | | |
| Supervisors ease the pressure of work for a short time so employees have a chance to practice new skill that are taught in training | .601 | | -.491 |
| I will get more out of the programme than most people | .571 | | .428 |
| If I can't understand some part of the programme, I will try harder the organization gives the opportunity | .439 | .519 | .466 |

Extraction Method: Principal Component Analysis. a. 3 components extracted.

The above table shows that all the components values are more than .05 which gives high loadings and further rotation can be made.

Table - 5 : Rotated Component Matrix^a

| | Component | | |
|--|-----------|------|---|
| | 1 | 2 | 3 |
| The organization links training and development with our company business strategy | .759 | | |
| Employees who use their training are given preference for new assignments | .739 | | |
| The organization has full-fledged training and development department manned with competent professionals | .700 | | |
| When employees arrive from training, supervisors encourage them to share what they have learned with other employees | .688 | | |
| Colleagues support the use of learning on the job | .667 | | |
| I am motivated to learn the concepts that will be covered in the training programme | .646 | | |
| I will try to learn as much as I can from the training programme | .635 | | |
| The equipment used in training is similar to the equipment found on the job | .616 | .425 | |

| | | | |
|---|------|------|------|
| Supervisors tell employees whether they are doing their job as per the training imparted or not | .524 | | |
| Supervisors support the use of techniques learned in training that employees bring back to their jobs | .485 | | |
| Supervisors assign an experienced co employee to help employees coming back after getting training as needed back on the job | .780 | | |
| Supervisors ease the pressure of work for a short time so employees have a chance to practice new skill that are taught in training | .752 | | |
| The organization has a training and development policy applicable to all employees | .653 | | |
| Supervisors help employees set realistic goals for performing their work as a result of their training | | .643 | |
| If I can't understand some part of the programme, I will try harder the organization gives the opportunity | | | .811 |
| I will get more out of the programme than most people | | | .742 |
| I want to improve my knowledge of the material that this programme covers | .457 | | .483 |

The above table shows rotated component matrix results using principal component analysis and varimax and Kaiser Normalization rotation method. The rotation is converged in 3 iterations. The rotated component matrix shows the first 10 factors have highest loadings which is more than .03 and these six factors is highly associated with first component and the factors from 11 to 14 have highest loading and are highly associated with the second component and the factors from 15 to 17 are highly associated with the third component and these values are more than .03.

Table - 6 : Component Transformation Matrix

| Component | 1 | 2 | 3 |
|-----------|-------|-------|------|
| 1 | .748 | .542 | .383 |
| 2 | -.634 | .413 | .654 |
| 3 | .196 | -.732 | .653 |

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

The rotated component matrix results are displayed in the above table. After a factor collusion have been obtained, in which all variables have a significant loading on a factor, the researcher made an attempt to obtain some meaning to the pattern of factor loading. The variable with higher loading are considered more important and have greater influence on the name or label selected to represent a factor. Researcher examined all the underlined variables for a particular factor and placed a greater emphasis on those variables with higher loading to obtain a name or label to a factor that accurately reflected obtained by the factor analysis in computer program: rather the label is intuitively developed by the analysts based on its appropriateness for representing the underlining dimension of a particular factor. All the factors have given appropriate name on the basis of the variables represented in each case.

The above table shows the component transformation matrix in which the extracted factors are assigning a new naming related together. From the above analysis it is noted that all the loading factors which are having loading value less than 0.50 are rejected from the analysis.

Factor 1 is the most important factor which explain 45.254 percent of the variation. The factor **“the organization has a training and development policy applicable to all employees” (0.748)** is highly correlated. This statement reflect the training and development policy to employees. And then the researcher named the segment as **“training and development policy.”**

- a) The second kind of factor explain 6.727 percent of the variances. In this segment the researcher took one variable **“supervisors tell employees whether they are doing their job as per the training imported or not (0.542)”** is highly correlated. The researcher named the segment as **“doing job as per training imparted”.**

- b) The third factor explain 6.110 percent of variances. In this segment the researcher took one important variable ***“when employees arrive from training, supervisors encourage them to share what they have learned with other employees (0.654)”*** is highly correlated. The researcher named the segment as ***“learning and sharing”***.

Conclusion

The results of the correlation matrix shows that all the 17 factors are highly associated with other 16 factors. The results of KMO Measure of sampling adequacy is greater than .70 which is .926 indicating sufficient items for each factor. Significant item is .000 so it is significant (less than .05), indicating that the correlation matrix is significantly different from an identity matrix, in which correlations between variables are all zero. Communalities results indicate the degree to which the factors explain the variance of the variables. There are two sets of communalities are provided, the initial set and extracted set. The initial communalities are exactly 1.000 and not more than 1 which is possible to further extraction. The extracted communalities are above .03 which is good for further analysis. it is inferred that out of the 17 factors of opinion on the Corporate decision making in select IT industry employees in Bangalore having been reduced to three factors namely the organisation has training and development policy applicable to all employees, supervisors tell employees whether they are doing their job as per the training imparted or not and when employees arrive from training, supervisors encourage them to share what they have learned with other employees highly influenced the corporate decision making in select IT industries employees in Bangalore city which have the cumulative percentage of 58.092 percent of the total variance. The rotated component matrix shows the first 10 factors have highest loadings which is more than .03 and these six factors is highly associated with first component and the factors from 11 to 14 have highest loading and are highly associated with the second component and the factors from 15 to 17 are highly associated with the third component and these values are more than .03. The results of component transformation matrix also confirms that the first three factors the organisation has training and development policy applicable to all employees, supervisors tell employees whether they are doing their job as per the training imparted or not and when employees arrive from training, supervisors encourage them to share what they have learned with other employees highly influenced the corporate decision making in select IT industries employees in Bangalore city.

Suggestions

Training and development is an important tool for the organisational growth and development . Training should be given to all employees in the organisation. Supervisors or managers in the software industry guide and encourage the employees during the training period and help to acquire the essential skills for the software development and contribute it to the organisational development. The organisation should link training and development the company business strategy and also ease the pressure of work for a short time so that employees have a chance to practice new skill that are taught in training. The equipment used in training is similar to the equipment found on the job. Colleagues support the use of learning on the job. Employees who use their training are given preference for new assignments. Stress management training should be given for the employees. The organisation should build up an effective communication system which can enhance organisational effectiveness. Employees should be involved in decision making process. Proper recognition mechanism should be adopted so that the employees continue to perform better. A company should implement their training programmes in a manner that 100% of their employees agree that their personal growth increases with training and development.

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A STUDY ON EMPLOYEE'S COMPETENCY MAPPING IN BHEL –RANIPET CHENNAI

A.Premavasumati ¹

Abstract

Today organizations are all talking in terms of competence. Gone are the days when people used to talk in terms of skill sets, which would make their organizations competitive. There has been a shift in the focus of the organizations. Now they believe in excelling and not competing. It is better to build a core competency that will see them through crisis. And what other way than to develop the people, for human resource is the most valuable resource any organization has. Organizations of the future will have to rely more on their competent employees than any other resource. It is a major factor that determines the success of an organization. Competencies are the inner tools for motivating employees, directing systems and processes and guiding the business towards common goals that allow the organizations to increase its value. Competencies provide a common language and method that can integrate all the major HR functions and services like Recruitment, Training, performance management, Remuneration, Performance appraisal, Career and succession planning and integrated Human resource management system. Competencies include the collection of success factors necessary for achieving important results in a specific job or work role in a particular organization. Success factors are combinations of knowledge, skills, and attributes (more historically called "KSA's") that are described in terms of specific behaviors, and are demonstrated by superior performers in those jobs or work roles. Attributes include: personal characteristics, traits, motives, values or ways of thinking that impact an individual's behavior.

Key words: Competency Mapping, Process, Features of competency mapping, Areas of competency mapping,

Introduction:

What Is Competency?

Any underlying characteristic required for performing a given task, activity or role successfully can be considered as competency. Competency may take the following forms:

- Knowledge
- Attitude
- Skill
- Other characteristics of an individual including
- Motives
- Values
- Traits
- Self-concept

Competency includes observable behavior as well as aptitudes, skill and knowledge. It can be compared with an iceberg as shown in the figure below: **(Fig. 1)**

Definition

First popularized by **BOYATZIS (1982)** with Research result on clusters of competencies:

"A capacity that exists in a person that leads to behavior that meets the job demands within parameters of

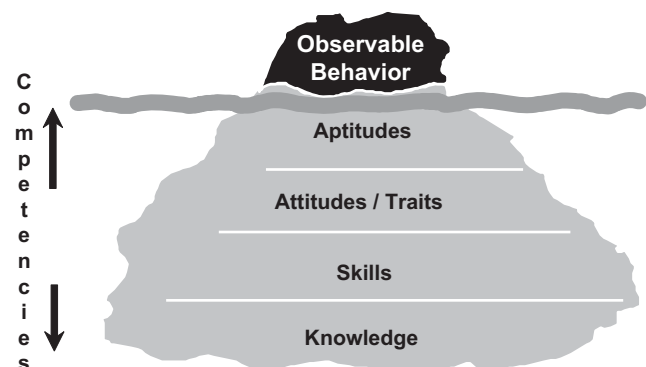


Fig. 1 : The Behavioral Iceberg

organizational environment, and that, in turn brings about desired results"

- **UNIDO (2002)-**
A Competency is a set of skills, related knowledge and attributes that allow an individual to successfully perform a task or an activity within a specific function or job.
- **RANKIN (2002):**
"Competencies are definition of skills and behaviors that organizations expect their staff to Practice in work."

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- **MANSFIELD (1997):**
“Underlying characteristics of a person that results in effective a superior performance.”
- **WOODRUFFE (1991):**
Competency: A person- related concept that refers to the dimensions of behavior lying behind competent performer.
Competence: A work- related concept that refers to areas of work at which the person is competent
Competencies: Often referred as the combination of the above two.
- **ALBANESE(1989) :**
Competencies are personal characteristics that contribute to effective managerial Performance.
- **HAYES(1979) :**
Competencies are generic knowledge motive, trait, social role or a skill of a person linked to superior performance on the job .

Meaning and Concept of Competency Mapping

It is a process of identification of the competencies required to perform successfully a give job or role or a set tasks at a given point of time. It consists of breaking a given role or job into its constituent’s task or activities and identifying the competencies (Technical, managerial, Behavioral, conceptual knowledge and Attitude and skills etc) needed to perform the same successfully.

- **Competency Map.** A competency map is a list of an individual’s competencies that represent the factors most critical to success in given jobs, departments, organizations, or industries that are part of the individual’s current career plan.
- **Competency Mapping.** Competency mapping is a process an individual uses to identify and describe competencies that are the most critical to success in a work situation or work role
- **Competency profiling** It is the process of identifying the knowledge, skills, abilities, attitudes, and judgment required for effective performance in a particular occupation or profession. Competency profiling is business/company specific.

Process of Competency Mapping

Step 1: Identify customer value

Activities of any organization have to result into economic value to the customer. Organizations are interested only in the products and services required by the customers. So that organizations have to define their outcomes.

Step 2: Identify strategy and objectives

- Understand business strategy and objective of organization.

- What is objective behind doing competency mapping in organization?

Step 3: Build business process

Then organizations have to define their business process to enable them to deliver outcomes to customer requirements in a brief time at an economical cost without sacrificing quality.

Step 4: Identify value of business process

Then companies have to define the time, cost and quality standards of each task of the business process.

Step 5: Job analysis

We can use method of job analysis to analyze jobs.

Step 6: Identify competencies

- Then define the competencies required for each task in terms of knowledge, skills and attitudes to complete the task within the quality standards defined.
- Connect the competency mapping with your any of above mentioned system
- Discuss with line managers about the project
- Find out the competencies required to perform each Job
- Rate the competencies according to importance to perform job

Fundamental Characteristics

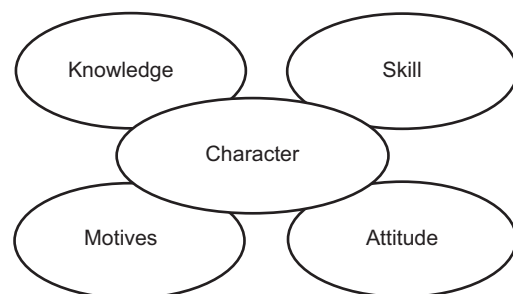


Fig. 2

Note: Knowledge, skill are surface competencies, which can be easi-ly developed. Attitude, motives, and traits are core competencies which are most difficult to develop.

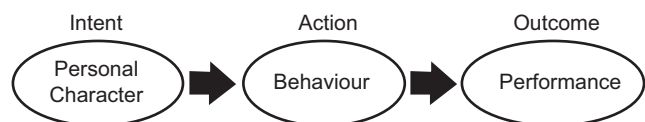


Fig. 3

Process of Competency Mapping

- Effective organization helps their employees by developing their career growth by giving technical support.

- Success of many organizations lies in the area of Training, Learning and Development that builds employer employee relationship

Role of Competency Mapping

Competency mapping identifies an individual's strengths and weaknesses in order to help them better understand themselves and to show them where career development efforts need to be directed. Competencies are derived from specific jobs within the organization and are grouped into categories like strategy, relationships, innovation, leadership, risk-taking, decision-making, emotional intelligence, etc.

Use of Competency Mapping

Competency mapping serves a number of purposes. It is done for the following functions:

- Gap Analysis
- Role Clarity
- Selection, Potential Identification, Growth Plans.
- Succession Planning.
- Restructuring
- Inventory of competencies for future planning

Competency based recruitment

Competency based interviews reduce the risk of making a costly hiring mistake and increase the likelihood of identifying and selecting the right person for the right job.

Competency based Performance Appraisal

Competencies Enable

1. Establishment of clear high performance standards.
2. Collection and proper analysis of factual data against the set standards.
3. Conduct of objective feedback meetings.
4. Direction with regard to specific areas of improvement.

Competency based training

Competency based appraisal process leading to effective identification of training needs.

1. Opportunity to identify/ develop specific training programs - Focused training investment.
2. Focused Training enabling improvement in specific technical and managerial competencies.

Competency based Development

1. Contribute to the understanding of what development really mean, giving the individual the tools to take responsibility for their own development.
2. Give the line managers a tool to empower them to develop people.

Competency based succession planning

Assessing employee s' readiness or potential to take on new challenges. Determining the person job fit can be based on matching the competency profile Of an individual to the set of competencies required for excellence within a Profession. Individuals would know the competencies required for a Particular position and therefore would have an opportunity to decide if they have the potential to pursue that position.

Area of Implementation

- Training and Development
- Recruitment and Selection
- Career planning
- Performance management
- Replacement planning
- Recognition
- Succession planning

Benefits of Competency Mapping

If competency mapping can actually give a picture of the structure of the course as the students experience it, teaching staff will be able to use that picture as the basis for course refinement. The identification of key concepts is the first step towards designing a syllabus. The information gained can also be published to the students, for example by including it in the subject information handout that students usually receive in their first lecture, or by putting it on the courseware web page.

Of course, it is quite possible that the structure revealed by analysis of student results does not match the lecturer's idea of the conceptual structure of the course. In this case, the revealed structure may suggest ways in which the course can be improved. For example, if two competencies that should be related (for example, C pointers and passing by reference) are not clustered together, it could indicate a need to make the connection more explicit to the students. If the competency map uses all the coursework marks as input, this will not help the students of that year; however, it may well help teaching staff to refine the coursework for the next delivery of the course. It would also be useful to staff who are teaching follow-on courses, as they would gain a better idea of which topics need revision.

Need Of The Study

- To understand the technological change necessitating acquisition of the new knowledge ability and skills.
- To meet the challenges posed by the global competition.
- To know the appointment of the employee through promotion.

- To bridged the gap between what employee has in terms of the knowledge and skill and what his/ her job actually demands.
- To analysis the competencies to development of the organization.

Scope of The Study

- The employee competence for the organization to the achieve their goals.
- The present study aims is to access the competency mapping of the employees in the organization.
- To improve the organization efficiency through the development of their competencies.
- To enhance of the employees capabilities to the perform the present job and future development.
- To analysis competencies to identify the employee performs and take better used human resource.

Research Methodology

Research

The research has been defined as “A careful investigation or enquiry especially through Search for new facts any branch of knowledge.”

Research Methodology

Research methodology is a way of systematically solving the research problem. Research methodology deals with the research design used and methods used to present the study.

Objective Of Study

- To analyze how far the vision & purpose reaches to the employee.
- To study the competency factor for the developing employee.
- To analyze the adherence values and ethics of the employee.
- To find the existing for competency with the target group.
- To offer suggestion for based on competency mapping for the attainment of organization & individual goals.

Descriptive Research

Descriptive Research design was followed in this study for the major purpose is description of the state of affairs, as it exists at present. The main characteristic of this method is that the research has no control over the variables; we can only report what has happened or what is happening. The researcher seeks to measure these, which also includes attempts to discover the causes even when they cannot be the variables.

Sampling Design

A sample design is a definite plan for obtaining from a given population.

• **Total population**

There are totally 1500 employees working in the organization.

• **Sample Size**

Out of the total population the sample taken among workers..10% (150sample)

• **Sample method**

The researcher has used random sampling technique to choose the sample.

Sources Of Data Collection

• **Primary data**

Primary data are collected by the researcher for the purpose of the project. It provides a first- hand account of information. The information is more reliable. Some of the methods of collecting primary data are observation, mailing, surveys, interviews, questionnaire methods, project techniques etc.

In this study primary data was collected through structured questionnaire from the employees in BHEL..

Data Collection Method

The questionnaire method was adopted for this research study as the respondents are responded directly about his//her opinions and attitudes.

The questionnaire is designed in a structured form to get un biased information from the respondents.

Statistical Tools used For Analysis

- Percentage method
- Chi-square method
- Component wise analysis

TABLE - 1 : Table Represents Percentage of Respondents Based On Experience

| S.No | Experience (In Years) | No. of respondents | Percentage |
|------|------------------------|--------------------|------------|
| 1 | Below 2 | 46 | 31% |
| 2 | 3-5 | 74 | 49% |
| 3 | 6-10 | 12 | 8% |
| 4 | Above 10 | 18 | 12% |
| | TOTAL | 150 | 100% |

Source: Primary Data

Inference

From the above table, it is inferred that 31% of the respondents are experience of below 2 years, and 49% of the respondents are experience of 3-5 years, and 8% of the respondents are experience of 6-10 years, and 12% of the respondents are experience of 10years and above.

- Majority of 49% of the respondents have experience of 3-5 years.

CHART - 1 : Chart Represents Percentage of Respondents Based On Experience

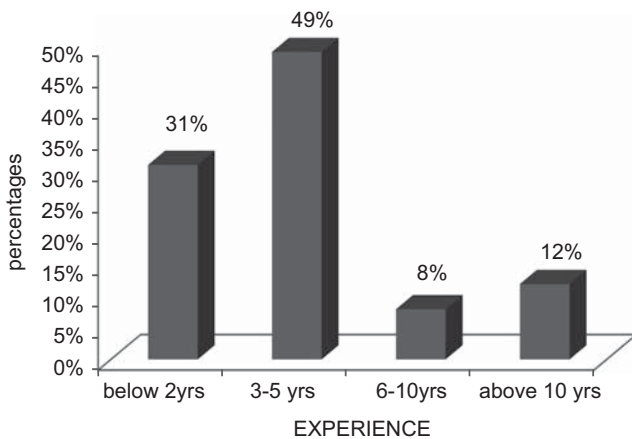


TABLE - 2 : Table Represents Percentage of Respondents View On Company Values

| S.No | Opinion | No. of respondents | Percentage (%) |
|------|-------------------|--------------------|----------------|
| 1 | Strongly Agree | 33 | 22% |
| 2 | Agree | 102 | 68% |
| 3 | Neutral | 14 | 9% |
| 4 | Disagree | 1 | 1% |
| 5 | Strongly Disagree | 0 | 0% |
| | Total | 150 | 100% |

Source: Primary Data

Inference

From the above table, it is inferred that 22% of the respondents are strongly agree, and 68% of the respondents are agree, and 9% of the respondents are neutral, and 1% of the respondents are disagree and 0% of the respondents are strongly disagree.

- Majority of 68 % of the respondents agree with company values.

CHART - 2 : Chart Represents Percentage of Respondents View on Company Values

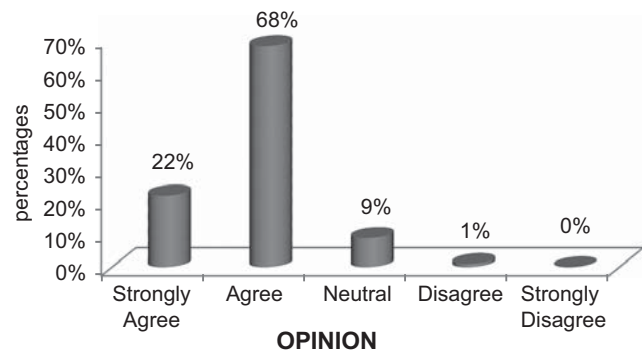


Table - 3 : Table Represents Percentage of Respondents View on Code of Conduct

| S.No | Opinion | No. of respondents | Percentage (%) |
|------|-------------------|--------------------|----------------|
| 1 | Strongly Agree | 13 | 9% |
| 2 | Agree | 73 | 49% |
| 3 | Neutral | 59 | 39% |
| 4 | Disagree | 5 | 3% |
| 5 | Strongly Disagree | 0 | 0% |
| | Total | 150 | 100% |

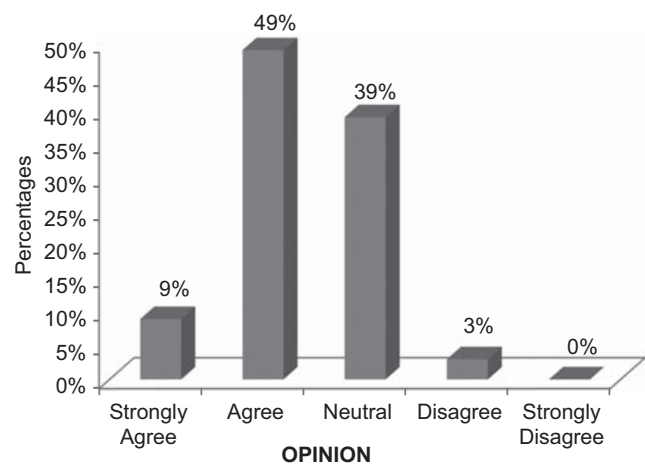
Source: Primary Data

Inference

From the above table, it is inferred that 9% of the respondents are strongly agree, and 49% of the respondents are agree, and 39% of the respondents are neutral, and 3% of the respondents are disagree and 0% of the respondents are strongly disagree.

- Majority of 49 % of the respondents agree with code of conduct

Chart - 3 : Chats Represents Percentage of Respondents View on Code of Conduct



Chi Square Test

Hypothesis I:

To calculate whether there is any relation between gender& inspiration and motivation of employees.

Inference

From the above table the it is inferred that is calculated value greater than that of table value. Hence null hypothesis is rejected ,since there is relationship between gender and inspires and motivates others with enlightened insights

Hypothesis II

To calculate whether there is any relation between age & providing rewards, feedback and recognition.

Inference

From the above table the it is inferred that is calculated value greater than that of table value. Hence null hypothesis is rejected ,since there is relationship between age and provides rewards, feedback and recognition.

Hypothesis III

To calculate whether there is any relation between salary and business activities.

Inference

From the above table the it is inferred that is calculated value greater than that of table value. hence null hypothesis is rejected ,since there is relationship between salary and business activities of the employees.

Component Wise Analysis

Table - 4 : Overall Components Score Comparison

| Field Comparison | Total Score |
|--|-------------|
| New Possibilities To Take Organization | 580 |
| Empowerment & Training | 550 |
| Standards And Specifications | 585 |
| Trust | 610 |
| Continuous Improvement | 583 |
| Consistently Result | 554 |
| Self-Sufficiency | 572 |
| Organizational Awareness | 571 |
| Concerns For Excellence | 590 |
| Persuasiveness | 560 |

Inference

Table shows overall impact of ten components (in scores) depending upon the significance in BHEL. With a view

to find out the relative importance of each components to the lend of satisfaction, a components wise analysis has been attempted.

From the above table it is clear that the respondents of BHEL has perceived the components in different in following order.

- Trust = I
- Concerns For Excellence = II
- Standards And Specifications = III
- Continuous Improvement = IV
- New Possibilities To Take Organization = V
- Self - Sufficiency = VI
- Organizational Awareness = VII
- Persuasiveness = VIII
- Consistently Result = X
- Empowerment & Training = X

Findings

54% of the respondents are 20,000 and above. 1% of the respondents are below10,000

- 50% of the respondents are agree 3% of the respondents are disagree in new possibilities of the organization.
- 63% of the respondents are agree and 3% of the respondents are disagree in positive outlook.
- 47% of the respondents are agree and 6% of the respondents are disagree in completed vision direction.
- 62% of the respondents are agree, and 3% of the respondents are disagree on inspiration and motivation.
- 63% of the respondents are agree and 3% of the respondents are disagree in assembling strong team.
- 53% of the respondents are agree, and 1% of the respondents are strongly disagree in empowerment and training.
- 50% of the respondents are agree, and 1% of the respondents are strongly disagree on providing rewards, feedback and recognition.
- 53% of the respondents are agree, and 1% of the respondents are strongly disagree in communication among that employee.
- 68% of the respondents are agree, and 1% of the respondents are disagree in the company values .
- 49% of the respondents are agree, and 3% of the respondents are disagree on the code of conduct.
- 53% of the respondents are agree, and 3% of the respondents are disagree on standard and specifications.

- 44% of the respondents are agree, and 2% of the respondents are strongly disagree view on rewards leads behaviors'.
- 63% of the respondents are agree, and 1% of the respondents are disagree opinion on trust.
- 49% of the respondents are agree, and 2% of the respondents are disagree and 2% of the respondents are strongly disagree on ownership of the assigned responsibilities.
- 54% of the respondents are agree, and 2% of the respondents are disagree view on exercising responsibilities.
- 59% of the respondents are agree, and 2% of the respondents are strongly disagree opinion on outcome of commitment.
- 59% of the respondents are agree, and 3% of the respondents are disagree on organizational goals.
- 53% of the respondents are agree, and 4% of the respondents are disagree view on continuous improvement.
- 48% of the respondents are agree and 2% of the respondents are disagree opinion on integrated objectives.
- 44% of the respondents are agree, and 3% of the respondents are disagree on business activities.
- 41% of the respondents are agree, and 5% of the respondents are disagree on consistent result.
- 69% of the respondents are agree, and 1% of the respondents are disagree on the assertiveness.
- 53% of the respondents are agree, and 2% of the respondents are disagree opinion on integrity.
- 53% of the respondents are agree, and 2% of the respondents are disagree on the self - sufficiency.
- 45% of the respondents are agree, and 7% of the respondents are disagree on the high emotional stamina.
- 61% of the respondents are agree, and 2% of the respondents are disagree on command of the basic facts.
- 48% of the respondents are agree, and 5% of the respondents are disagree on the quality consciousness.
- 51% of the respondents are agree, and 4% of the respondents are disagree in the organizational awareness.
- 59% of the respondents are agree, and 2% of the respondents are disagree on the standard and specifications .
- 61% of the respondents are agree, and 1% of the respondents are disagree on the presentation skills.
- 47% of the respondents are agree, and 4% of the respondents are disagree on the analytical and problems solving skills.
- 60% of the respondents are agree, and 1% of the respondents are strongly disagree in the concerns for excellences.
- 53% of the respondents are agree, and 1% of the respondents are strongly disagree on negotiation skills.
- 63% of the respondents are agree, and 1% of the respondents are disagree view on listening skills.
- 58% of the respondents are agree, and 2% of the respondents are disagree on developing precision in communication.
- 54% of the respondents are agree, and 1% of the respondents are strongly disagree opinion on persuasiveness.
- 41% of the respondents are neutral, and 2% of the respondents are strongly disagree on sensitivity.

Suggestions

- The organization should be improve the vision and purpose. The employee to perform in vision and attain the target to the reaches their purpose.
- The organization to have make in the developing the employee commitment.
- The organization adopting the communication and interpersonal competencies of the employee.
- The organization should be continuously invested their time and effort to build the employees competencies.
- The organization should maintain the values and ethics among the employees.
- The organization maintain the technical knowledge, skills, ability to provide and achieve the goal and success.
- The company should develop a competency model as applicable for the various managerial positions at BHEL.
- The organization prepares the employees for succession plan by improving their KPA's(Key Performance Area) through proper training.
- The analysis of the empowerment & training very poor and analyzing the training needs and providing the organization.

Conclusion

A competency mapping is description of skill, traits, experience and knowledge required for a person to be effective in a job. For instance, management competency includes the traits of systems thinking and emotional

intelligence, and skills in influence and negotiation. A person possesses a competence as long as the skills, abilities, and knowledge that constitute that competence are a part of them, enabling the person to perform effective action within a certain workplace environment. Therefore, one might not lose knowledge, a skill, or an ability, but still lose a competence if what is needed to do a job well changes. The company has the efficient management of raw materials purchasing, sales and service of finished goods, customer relationship. From this study, some of employees are in need to improve their skills especially in understanding their responsibility and their role in attaining the organization objectives. It can be suggested that the above shortfalls of the employees can be eradicated through proper training to

the employees. Then it will help the organization to reach its goal very easily & effectively.

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INVESTORS PREFERENCES AND BEHAVIOUR TOWARDS MUTUAL FUNDS (WITH SPECIAL REFERENCE TO COIMBATORE CITY)

Dr. G. Sugunavalli¹

Abstract

In fact, MF products have 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. From retail investors' point of view, keeping large amount of money in bank is not wise as currently bank rate has fallen down below the inflation rate. As in real terms the value of money decreases over a period of time, the only options available for them is to invest their money in stock market.

Introduction

Economic reform process of 1991 had a great impact on redefining the financial system of India leading to overall economic development of the country. Today, India's financial system is considered to be sound and stable as compared to many other Asian countries where the financial market is facing many crises. India is now being ranked as a fastest growing economy of the world. As the eleventh five-year plan has already in progress, India is targeting a GDP growth rate of around 9per cent. The savings of the country is now around 29per cent. Foreign investors are finding Indian market with high potential.

The role of Indian mutual fund (MF) industry has significant financial services in financial market that have been noteworthy during last one decade or so. In fact, MF products have 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. From retail investors' point of view, keeping large amount of money in bank is not wise as currently bank rate has fallen down below the inflation rate. As in real terms the value of money decreases over a period of time, the only options available for them is to invest their money in stock market. However retail investors face a lot of problem in the stock market; viz. limited resources, lack of professional advice, lack of information and so on¹.

Mutual funds are recognized as a mechanism of pooling together the investment of unsophisticated investors and turn in the hands of professionally managed fund managers for consistent return along-with capital appreciation. Money collected in this process is then invested in capital market instrument such as shares, debentures and other securities. Finally, unit holders in

proportion of units owned by them share the income earned through these investments and capital appreciation. Mutual funds put forward a way out to investors to approach most schemes and get well-diversified portfolio because investors with small savings neither have sufficient expertise nor have access to required diversification².

Mutual funds have already entered into a world of exciting innovative products. These products are now tailor made to suit specific needs of investors. Intensified competition and involvement of private players in the race of mutual funds have forced professional managers to bring innovation in mutual funds. Thus, mutual funds industry has moved from offering a handful of schemes like equity, debt or balanced funds to liquid, money market, sector specific funds, index funds and gilt edged funds. Beside this recently mutual funds have also introduced some special specific funds like children plans, education plans, insurance linked plans, and exchange traded funds. The result is that over the time Indian investors have started shifting towards mutual funds instead of traditional financial avenues.

Diversification in mutual funds is coming up with many new faces and as a result Indian mutual fund industry has been growing exceptionally well on the back of country's booming economy but still further mutual funds need to create more lucrative solutions to suit investor's expectations. The active involvement of mutual fund in economic development can be witnessed from dominant presence of mutual funds in worldwide capital and money market. Although mutual funds industry is responding very fastly to dynamism in investor's perception towards rewards still they are continuously following this race in their endeavor to differentiate their products responding to sudden changes in the economy. These acts of

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innovation include both invention and diffusion that persist to address information asymmetries³.

Mutual funds as blessed with professional management use their diligent skills for efficient resource allocation by making markets more efficient, bringing transparency and foremost important risk management. Automated approaches designed by new technology and data mining is helping Asset Management Companies (AMCs) of mutual funds in strategic planning and investment decision making by uncovering the hidden patterns and predict future trends and behavior in financial markets. Intensive global competition and ICT (Information and Communication Technology) enabled tools are promoting more demanding investors every day. To satisfy the needs of investors' mutual funds are designing more lucrative and innovative tools considering the appetite for risk taking of individual investors. While designing these innovative fund scheme, AMCs mainly consider risk return trade off and after completely evaluating the various securities on various risk parameters new fund scheme is launched that can satisfy the quest of every investor to maximize the returns. Although risk and return are the two prime concerns for any mutual fund investment but investors also go for sale charges, fund manager's reputation, fund history, management fees, clarity in disclosure, recommendation from media. So, whether it is a winner's game or loser's game, the trick is to access the level of risk that investor wishes to assume and make certain that collection of assets fulfill their risk expectations.

A successful investor is one who strives to achieve not less than rate of return consistent with risk assumed. Thus, it becomes imperative for the Mutual funds AMCs to judge the presence of rationality in investment behavior⁴. The above discussed issues have been considered as the basic concept of the study.

Objectives of the Study

The following objectives have been framed to study the investors preferences and behaviour towards mutual fund investments.

- To study the socio-economic status and preferences of saving modes by the investors in Coimbatore city.
- To measure the level of awareness investors have towards mutual funds
- To draw an understanding on the investment behaviour of the investors
- To analyse the investors perception towards products and AMC services
- To study the level of satisfaction derived by the investors of mutual funds and future preferences towards mutual fund products.

Methodology

The research methodology of the study consists of two stages.

Stage I: This stage of the research was exploratory in nature. This was done in two phase. The initial phase was to undertake detailed secondary search about mutual fund industry in India, its characteristics, major players in the market, market segmentation and investment review of available secondary literature patterns. It was followed by assessment of investors preferences. This exploratory search was the basis for preparing the interview schedule for the next stage.

Stage II: A descriptive research was carried out at the second stage by applying a survey method. Data for the study were collected from mutual fund investors in Coimbatore city. The tool used for data collection is an interview schedule, which covered the demographic profile of investors, details about caring patterns and various factors considered before investment and the selection of fund operators⁵.

Area of Research

Indian Mutual Fund Industry lies on professional, healthy and ethical lines and to enhance and maintain standards in all areas with a view to protecting and promoting the interests of mutual funds and their unit holders. This aim of AMFI (Association of Mutual Fund of India) is efficiently managed by the 30 AMC operating in Coimbatore city, thus this region is selected as the researchable area.

Sampling Frame Work

Asset management basically refers to managing money for individuals through stocks, bonds and cash equivalents etc. The asset management system has sprung from maintenance management systems and its aim is to optimize asset use and manage all maintenance efforts involved in making the assets as confidential, accurate and efficient as possible. The principles of asset management apply equally to all physical assets such as infrastructure, property, heritage, plant and equipment.

The strategy of asset management depends on financial aspects of ownership such as calculating the entire cost of ownership, depreciation, licensing, maintenance and insurance. Asset management can be in different spheres. For instance asset management in the field of property is known as property asset management, asset management in IT, in finance or investment asset management and asset management in inventory and physical stock.

Association of Mutual Funds of India (AMFI) is an apex body of all assets management companies (AMC) which has been registered with SEBI. Till date all the AMCs

are those that have launched mutual fund schemes to its members. It functions under the supervision and guidelines of its board of directors. AMFI has brought the Indian mutual fund industry to a professional and healthy market with ethical lines enhancing and maintaining stands. It follows the principle of both, protecting and promoting the interest of the mutual funds as well as their unit holders.

AMFI works with 30 registered AMC's of the country. It has certain defined objectives which contrast the guidelines of its board of directors.

Exhibit - 1 : List Of AMCS Members Operating In India (POPULATION FRAMEWORK)

| Categories | Members |
|-----------------------|---|
| Bank Sponsored | <ul style="list-style-type: none"> Joint Ventures - Predominantly Indian |
| | <ul style="list-style-type: none"> Canara Robeco Asset Management Company Limited |
| | <ul style="list-style-type: none"> SBI Funds Management Private Limited |
| | <ul style="list-style-type: none"> Joint Ventures - Predominantly Foreign |
| | <ul style="list-style-type: none"> Baroda Pioneer Asset Management Company Limited |
| | <ul style="list-style-type: none"> Others : |
| | <ul style="list-style-type: none"> IDBI Asset Management Ltd. |
| | <ul style="list-style-type: none"> UTI Asset Management Company Ltd |
| Institutions | <ul style="list-style-type: none"> LIC Mutual Fund Asset Management Company Limited |
| Private Sector | Indian |
| | <ul style="list-style-type: none"> Axis Asset Management Company Ltd. |
| | <ul style="list-style-type: none"> Benchmark Asset Management Company Pvt. Ltd. |
| | <ul style="list-style-type: none"> Deutsche Asset Management (India) Pvt. Ltd. |
| | <ul style="list-style-type: none"> Edelweiss Asset Management Limited |
| | <ul style="list-style-type: none"> Escorts Asset Management Limited |
| | <ul style="list-style-type: none"> IDFC Asset Management Company Private Limited |
| | <ul style="list-style-type: none"> JM Financial Asset Management Private Limited |
| | <ul style="list-style-type: none"> Kotak Mahindra Asset Management Company Limited(KMAMCL) |

| |
|---|
| <ul style="list-style-type: none"> L&T Investment Management Limited |
| <ul style="list-style-type: none"> Motilal Oswal Asset Management Company Limited |
| <ul style="list-style-type: none"> Peerless Funds Management Co. Ltd. |
| <ul style="list-style-type: none"> Quantum Asset Management Co. Private Ltd. |
| <ul style="list-style-type: none"> Reliance Capital Asset Management Ltd. |
| <ul style="list-style-type: none"> Religare Asset Management Company Limited |
| <ul style="list-style-type: none"> Sahara Asset Management Company Private Limited |
| <ul style="list-style-type: none"> Tata Asset Management Limited |
| <ul style="list-style-type: none"> Taurus Asset Management Company Limited |
| Foreign |
| <ul style="list-style-type: none"> AIG Global Asset Management Company (India) Pvt. Ltd |
| <ul style="list-style-type: none"> FIL Fund Management Private Limited |
| <ul style="list-style-type: none"> Fortis Investment Management (India) Pvt. Ltd. |
| <ul style="list-style-type: none"> Franklin Templeton Asset Management (India) Private Limited |
| <ul style="list-style-type: none"> Goldman Sachs Asset Management (India) Private Limited |
| <ul style="list-style-type: none"> Mirae Asset Global Investments (India) Pvt. Ltd. |
| Joint Ventures - Predominantly Indian |
| <ul style="list-style-type: none"> Birla Sun Life Asset Management Company Limited |
| <ul style="list-style-type: none"> DSP Black Rock Investment Managers Private Limited |
| <ul style="list-style-type: none"> HDFC Asset Management Company Limited |
| <ul style="list-style-type: none"> ICICI Prudential Asset Mgmt. Company Limited |
| <ul style="list-style-type: none"> Sundaram BNP Paribas Asset Management Company Limited |
| Joint Ventures - Predominantly Foreign |
| <ul style="list-style-type: none"> AEGON Asset Management Company Pvt. Ltd. |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Bharti AXA Investment Managers Private Limited |
| | <ul style="list-style-type: none"> • HSBC Asset Management (India) Private Ltd. |
| | <ul style="list-style-type: none"> • ING Investment Management (India) Pvt. Ltd. |
| | <ul style="list-style-type: none"> • JPMorgan Asset Management India Pvt. Ltd. |
| | <ul style="list-style-type: none"> • Morgan Stanley Investment Management Pvt.Ltd. |
| | <ul style="list-style-type: none"> • Principal Pnb Asset Management Co. Pvt. Ltd. |
| | <ul style="list-style-type: none"> • Shinsei Asset Management (India) Pvt. Ltd. |

Source: AMFI Report, 2010

Out of the thirty registered AMC's ten have been selected as sample AMC's two banking groups: Canara Robeco Asset Management Company Limited and SBI Funds Management Private Limited, two samples from other banking service providers: UTI Asset Management Company Ltd and LIC Mutual Fund Asset Management Company Limited; Among the four private classified AMC's six fund managers were chosen as sample: Kotak Mahindra Asset Management Company Limited (KMAMCL), Reliance Capital Asset Management Ltd., Franklin Templeton Asset Management (India) Private Limited, ICICI Prudential Asset Management. Company Limited, Sundaram BNP Paribas Asset Management Company Limited and HSBC Asset Management (India) Private Ltd⁹.

The researcher had adopted convenience clustered based sampling technique. The AMC's operating in Coimbatore city had hesitated in providing the right number of mutual fund holders or detailed related to them. Thus a blind fold survey was conducted with a sample of 350 respondents. For the convinces of data collection the Coimbatore city has been divided into four region North, South, East and West, based on the location of AMC's. A well structured interview schedule was framed at tested with 30 pilot respondents and as per the suggestion and opinion further modification were made before the actual data was collected. The researcher took pains taking efforts in explaining the objectives of the interview schedule before the data collection. Out of 350 interview schedule distributed nearly 50 were found to incomplete, missed valid information, so those fifty were deleted from actual sample, thus the sample was restricted to 300 investors only.

Data Source

The study is principally based on the primary data. The required primary data were collected with the help of

well structured interview schedule after testing its reliability and validly measures.

The secondary data needed for the study were sourced from AMFI information bulletins, research works published in the journals and magazines and also published and unpublished Ph. D thesis.

Statistical Tools Applied

According to the nature of data and interpretations required, appropriate statistical tools have been applied. The following tools have been applied in the study:

- Frequency distribution
- Likerts Scaling
- Weighted Average
- Kendall's Concordance of Co-Efficient
- Chi-Square Test
- One-way ANOVA
- Multiple Regression
- Reliability and ANOVA and
- Rotated Factor Analysis
- The frequency distribution of the variables has helped the researcher to calculate distribution value of variables tested.
- The weighted arithmetic mean has been applied to measure and present a single datum for the Likert's Scaling value.
- Linker's Summated scales has been adapted to measure the perception, behaviors, level of satisfaction or dissatisfaction experienced by the sample population and their future expectation towards fund managers services. The variables have been duly scored with weight age of 5,4,3,2, and 1.
- Kendall's Concordance of Co-efficient is used to access investors' preferences of saving avenues, investors' preferences towards mutual fund associates, differences in investors' motive of investment and their perception of investors in selection of AMC.
- One –way ANOVA has helped the researcher in analysing significant association between the socio-economic profile of the investors and his/her awareness towards mutual funds and its behaviours and various factors influenced them in selection of mutual fund investment.
- With the help of Chi-Square test the prevailing relationship between the nature of MF and the AMC selected for investment is established.
- Reliability and validity measures has been applied to measure investors' perception towards AMC services before selection of their services, product

related factors before selection it for investment. , perception of investors towards the service quality of AMC, level of satisfaction derived by the investors' towards the customer relationship management practices of their AMC and their overall perception of the investors towards mutual funds.

- Multiple Regression model was performed to evaluate the influences of social-economic features of respondents on their regular saving habits. The dependent variable was regular investment habit and the independent variables are : X_1 -Gender, X_2 -Age, X_3 -Marital status, X_4 -Area of residence, X_5 -Education, X_6 -Occupation, X_7 -Income, X_8 -Size of adult's, X_9 -Size of children and X_{10} -Annual saving .
- Rotated Factor Analyses draw a summarized discussion on investors' perception towards AMC services before selection of their services, product related factors before selection it for investment. , perception of investors towards the service quality of AMC, level of satisfaction derived by the investors' towards the customer relationship management practices of their AMC and their overall perception of the investors towards mutual funds¹⁰.

Limitation of the Study

The researcher has taken all possible care and efforts to avoid the statistical discrepancy and maintain reliability of data supplied both at the time of collection of data. However, the present study is subject to the under mentioned limitations.

1. The results are location specific as the data has been collected from the respondents of Coimbatore city and therefore the conclusions drawn may not be applicable to a different district having different socio-economic conditions.
2. Few respondents were reluctant in expressing their opinion and views on their investment behaviour and have expressed common view on their mutual fund practices, which could have supplied biased information on investment behaviour and on services of AMCs.
3. More over availability of right number of investors details from AMC has prevented the researcher to restrict the research sample to 300 respondents.

Findings of the study

Findings

The major findings of the study are:

I. Socio-Economic Profile of the Investors

- It was found that majority i.e., 160(53.30 per cent) of the investor's were male and the remaining 140 (46.70 per cent) of the investor's were female.

- It was observed that 120 (40.00 per cent) of the Investor's are under the Age group of below 30 years, It is well learned from the table that the young age group prefer to invest in Mutual by taking risk.
- It was observed that 260(86.70 per cent) of the investors are married as the married investors have more commitments to accomplish tasks, they try to invest in mutual funds and get good returns.
- It has found that 130 (43.30 per cent) of the investors have their residence in urban areas, it is clear and evident that the urban area customers have more exposure in knowing about various types of investment through various technologies.
- It has been seen from data analysis that majority i.e., 100 (33.30 per cent) of the investors are graduates, The graduates who have a very strong idea to increase their investment in mutual funds by providing good returns are investing in mutual funds.
- It was found that 170 (56.70 per cent) of the investors are government employees, as they have guaranteed and stable income, they find mutual fund investments as it he best choice in increasing their earnings.
- It has concluded that 130 (43.40 per cent) of the investors earn an income of above Rs50,000 apart from their expenses hence they wish to invest in mutual funds, hence the investors finds the best feasibility to invest as mutual funds.
- It was found that majority i.e., 40 (50.00 per cent) of the investors have two adults in their family. It is understood that irrespective of the family size, the investors try to invest in mutual fund scheme.
- It was cleared that 140 (46.70 per cent) of the investors have less than Rs 50,000 as their annual savings, It is interesting to note that, whenever there is an increase in the annual income of the investor's, they prefer to have their investment in mutual funds which yields them good safety and security.
- It is inferred that there exists correlation between the income of an individual and his/her savings.
- From the study it has been found that out of so many avenues available for savings, the investors prefer to have bank deposits which has secured the first rank with an average mean of 5.80. As the investors prefer guarantee and security of their investments still the old form of banking has got appreciated in the minds of the investors.
- From the hypothetical test (**Kendall's Concordance Of Co-Efficient**) it has been inferred that investor's preferences for saving avenue significantly vary from one to another.

Level of Awareness

- It has been observed that commonly all the investors have gained very high degree of awareness about the service behavior of the agents of mutual funds.
- With the help of ANOVA test it has been concluded that except gender all the other variables namely age, educational qualification, occupation and income has significant association with the variables tested, The hypothesis framed stands accepted, stating that there exists no significant association between the socio-economic profile of the investors and his/her awareness towards mutual funds and its behaviors.

Investment Behaviour

- It has been found that 50 (16.70 per cent) of the investors have made their investment in SBI mutual fund as the fund is very unique and the Brand name has attracted many investors.
- It has been concluded that among the 300 investors 240 (80.00 per cent) of the investors' have regular investment habits.
- The result of Multiple Regression analysis states that social-economic features of respondents' influence their regular saving habits. The measure of regression establishes 88.80 per cent of association between the variables tested.
- The results of ANOVA test confines that there exists significant association between the saving habits and the investor's level of awareness towards mutual funds. The hypothesis framed stands rejected.
- It has been found that majority i.e., 110 (36.70 per cent) of the investors prefer growth schemes as the amount invested will have adequate growth in terms of returns.
- Further, with the help of ANOVA test it has confined that investors' level of awareness towards Mutual Funds is significantly influences by the nature of fund /schemes preferred by them for investment.
- It has been concluded from detailed analysis of data with the help Chi-square test that there exist significant relationship between the nature of MF and the AMC selected for investment by the sample population.
- From the detailed data analysis it has inferred that 80 (26.70 per cent) of the investor hold balanced fund, The least of 10 (3.30 per cent) of the investors hold money market or short term funds which results in good yield and returns with a very minimal time by upholding the safety and security of the fund invested.

- With help of Chi-square test it has proved that there neither exists no significant correlation between the socio-economic profile of the respondents and the nature of schemes selected by them.
- It has been found that 40 per cent of the investors are self motivated to invest in mutual funds scheme. Further, it has been found that 53.30 per cent of the mutual fund investors have opined that news papers and investment related journal have been the best media to make aware of mutual funds.
- It has been found that 80 (26.70 per cent) of the investors get the professional expertise to manage their funds.
- It has been concluded with the help of ANOVA test that there exists significant association between the socio-economic profile of the investors and the various factors influenced them in selection of mutual fund investment. The hypothesis stand rejected in case of age, sex, marital status, occupation and income and rejected in case of comparison of sample between the educational qualification.
- It has been observed that majority of the investors prefer bank as their best channel to invest, which has been accepted with an average mean of 5.40.
- Kendall's Concordance of Co-Efficient test clearly states that there exist no differences in investors' preferences towards mutual funds associates.
- It has been found that 130 (43.30 per cent) of the fund investors have invested 30per cent of the investors have invested their money in public issues.
- It has been found that the various scheme qualities have been propounding factors which have influenced the investors mind by securing the first rank with an average mean of 2.53.
- From the study it has been found that majority i.e., 220 (73.30 per cent) of the investors do not find any difference in investing in private and public mutual funds , and the remaining 80(26.70) per cent of the fund investors have felt the difference in investing in private and public mutual fund Investment.
- It has been found that 100(3.30 per cent) of the investors expect that they wish to have their expected returns come true. 80(26.70) per cent of the investors expect reasonable returns, 75(25.00 per cent) of the investors expect high returns for their investment, and the least of 45 (15.00 per cent) of the investors expect free returns for their investment.
- It has been concluded that majority of the customers invest in mutual funds because they will get an additional earning, hence they prefer to invest.
- In another Kendall's Concordance of Co-efficient test it has been inferred that there exist no differences in investors' motive of investment.

Level of Perception

- It has been found that majority of the investors' surveyed had prefer the service quality of their AMC in term of: first, the disclosure of investment objectives methods and periodicity of valuation and advertisement and the second, disclosure of deviation of the investment from the original pattern has been ranked as first and second with an average mean of 4.17 and 3.90, respectively.
- With help of Reliability analysis it has been concluded that there exists no significant relationship between investors' perception towards AMC services before selection of their services.
- It has been evidenced from data analysis that the investors give first presences to funds / scheme performance records provided by the company and favorable rating by a rating agency before selection of Mutual fund products.
- The result of Reliability and validity test shows that there exists no significant relationship between investors' perception towards product related factors before selection it for investment.
- As per the respondents opinion the brand name and the performance record of reputation are considered as the important criterion in selection of service providers (Mutual Funds).
- In this case i.e., important criterion in selection of service providers, the results of Kendall's Concordance of Co-efficient test confines that there exist similarities in the perception of investors in selection of AMC.
- As per the data analysis that was raised to understand the investor's perception towards their service quality it has inferred that among 12 variables: the basket of bonds and the maintenance of high professional ethical standards and working according to SEBI's guidelines have been considered as the efficient.
- The result of Reliability and validity test confines that there exist differences in the perception of investors towards the service quality of AMC.

Post Investment Behaviour

- From the study it clearly inferred that the provision of information, maintaining error free records, dividend payment has been the primary satisfaction factors from the point of view of the respondents' as far the customer relationship management technique adopted by their AMC(s)
- Again the Reliability test confines that there exist differences in level of satisfaction derived by the investors' towards the customer relationship

management practices of their AMC. It clearly states that the attitude of one individual is different from the other.

- The investors behaviour depicted as investment psychology in the many theories of investment management by many eminent authors , has been proved true in this empirical study, where the sample investors of preferences for low investment with low/ safe returns and high safety with adequate, these variable has been marker as e first and second in a rank order of four.
- It has evidence from the results of Reliability and validity test that there exist no differences in the overall perception of the investors towards mutual funds.
- It has been found from data analysis that majority i.e., 80(26.70 per cent) of the investors has given first preference on investing in mutual funds. 70(23.30 per cent) of the investors gave importance to mutual funds after calculating the risk involved and relative gains are consideration given by the investor for investing in mutual funds.
- With the help of cross section Chi-Square test it has been concluded that there exist no significant correlation between the socio-economic features of the MF investors and the factors considered by them for investment in MF in near future.

Conclusion

In the past decade Mutual Fund has emerged as a tool for ensuring one's financial well being. Mutual Funds have not only contributed to the India growth story but have also helped families tap into the success of Indian Industry. As information and awareness is rising more and more people are enjoying the benefits of investing in mutual funds. The main reason the number of retail mutual fund investors remains small is that nine in ten people with incomes in India do not know that mutual funds exist. But once people are aware of mutual fund investment opportunities, the number who decide to invest in mutual funds increases to as many as one in five people. The trick for converting a person with no knowledge of mutual funds to a new Mutual Fund customer is to understand which of the potential investors are more likely to buy mutual funds and to use the right arguments in the sales process that customers will accept as important and relevant to their decision.

Running a successful Mutual Fund requires complete understanding of the peculiarities of the Indian Stock Market and also the psyche of the small investors. This study has made an attempt to understand the financial behavior of Mutual Fund investors in connection with the preferences of Brand (AMC), Products, and Channels

etc. The present study also looks at customers' perception and expectation levels in a mutual fund product and the service quality of AMC. This kind of customer orientation is necessary in a market like India where the market is turning competitive due to large number of players with varied financial muscle powers and expertise of reinvestment.

From the study it has been observed that many people have fear of Mutual Fund. They think their money will not be secure in Mutual Fund. They need the knowledge of Mutual Fund and its related matters. Many people have not invested in mutual fund due to lack of awareness although they have money to invest. As the awareness and income is growing the number of mutual fund investors are also growing.

Furthermore it has been realized that "Brand" plays important role for the investment. People invest in those Companies where they have faith or they are well known to them. There are many AMCs in Coimbatore but only some are performing well due to Brand awareness. Some AMCs are not performing well although some of the schemes of them are giving good returns because of not awareness about Brand. Reliance, UTI, SBIMF, ICICI Prudential etc. they are well known Brand, they are performing well and their Assets Under Management is larger than others.

Distribution channels are also important for the investment in mutual fund. Financial Advisors are the most preferred channel for the investment in mutual fund. They can change investors' mind from one investment option to others. Many of investors directly invest their money through AMC because they do not have to pay entry load. Only those people who know well about mutual fund and its operations and have time. Invest directly in mutual funds. Hence it is imperative that there is a sustained campaign among the investors about the utility of mutual fund as an effective form investment.

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TITLE OF THE PAPER: ECOSYSTEM SERVICES TO GROWTH OF BUSINESS

Fuzail Ahmed¹

Abstract

This paper tries to explain the need of mobilizing business and markets to conserve nature. It also tries to explain that market mechanisms can be a powerful tool to existing strategies for conserving ecosystems, if used in the right way. The paper is intended for both the business and conservation communities, in an effort to establish a vision of market-based approaches to nature conservation. It is based on current scientific research underlining the economic value of ecosystems, as well as recent governmental decisions to enlist the private sector in conservation efforts. The Millennium Ecosystem Assessment (MA) assessed the global status and trends of 24 critical ecosystem services, including the supply of freshwater, biomass fuel, food and fibers as well as "cultural", "regulating" and "supporting" services. The MA concludes that some two-thirds of the world's ecosystem services are degraded or being used unsustainably, while also noting that demand for ecosystem services is rising, fuelled by population growth and economic development. Conserving biodiversity is central to sustaining ecosystems and the services they provide. Many research organizations have documented how biodiversity increases productivity in different sectors, enhance people's enjoyment of nature, and reduce ecological and associated health risks. At a fundamental level, all economies and businesses depend directly or indirectly on the conservation of biodiversity and the sustainable supply of ecosystem services.

Introduction

Biodiversity loss and ecosystem degradation thus have severe effects on people all over the world. The decline in ecosystem services such as supply of freshwater and fiber directly affects the livelihoods of communities and businesses that rely on natural resources for subsistence and cash income, while the loss of or changes in the quality or timing of regulating services such as natural flood defenses and pest control, can leave millions of people at increased risk of disaster.

Ecosystem degradation affects businesses that rely on natural resources for raw materials, waste assimilation or indirect support for production processes. Loss of ecosystem services can also negatively affect healthy workforce. Consumers ultimately shoulder the burden in the form of higher costs of goods and services, higher insurance premiums, or higher taxes to cope with.

Conserving ecosystems and sustaining the services they provide is a pre-requisite for prosperity. Environmentalists have long argued this. Businesses, governments, and society at large understand it. All stakeholders have a role in efforts to sustain ecosystem services. The conservation community has knowledge of ecosystems and methods of effective management. Businesses can bring capital, research and technology, sophisticated production and distribution capacities. Government can define standards and develop laws and policies. The general public needs to support the process as a whole.

The drivers of business investment in ecosystems include: legal requirements and tax incentives; rising expectations from investors, customers, shareholders, local communities and/or NGOs; securing long-term license to operate; and helping to shape and prepare for future environmental regulations. A major factor in the emergence of eco friendly enterprises and markets for ecosystem services is the growing environmental concern among consumers who increasingly insist on products and services that are demonstrably sustainable. Demand for organic food and certified sustainably harvested timber, for example, has been growing at double-digit rates in recent years and is often outpacing growth in conventional, uncertified products in the same sectors. While even eco-products and services can cause environmental damage, their growing market share demonstrates that the need to balance consumption and conservation is on the minds of consumers everywhere. More and more businesses realize that good profits can be earned from sound ecosystem management. The first step for many leading companies is to distinguish themselves from competitors and favor with consumers by supporting environmental causes. This includes reporting business impacts on ecosystems or contributions to conservation activities. Such initiatives are just a start. Experience around the world suggests that maintaining, restoring or enhancing ecosystem services are a growing business opportunity. New

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business models are being developed to deliver environmental benefits, including many intangible but valuable ecosystem services, such as water filtration, erosion control and coastal protection that can no longer be taken for granted. Far-sighted business leaders see opportunities in ecosystem markets and are investing in them. Ultimately, however, only those companies that demonstrate significant improvement in ecosystem outcomes, supported by independent verification, deserve the title of eco-enterprise.

Seen in this light, several reasons to mobilize markets to conserve biodiversity and provide ecosystem services can be identified: first, to capitalize on the strengths of business and the sheer power of markets; second, to address existing weaknesses in markets that have resulted in widespread degradation and loss of ecosystem services; and third, in some cases, to help improve livelihood opportunities in impoverished rural areas. Making the best of these opportunities requires a dramatic change in the way we think about business and the environment. Many companies spend a great deal on reducing environmental damage, both in response to legal requirements and on a voluntary basis. However, so long as environmentally harmful activities are less costly or more profitable than friendly ones, people and companies will be tempted to take advantage of this fact or make only token contributions to environmental protection, while continuing to devote most of their effort to “business-as-usual”. Some companies believe they can wait until more tough regulations come into force without suffering a loss of business value. However, change in consumer expectations and market preference makes this an increasingly unsafe assumption. Governments and many NGOs also expend considerable effort on monitoring and responding to the environmental impacts of business. This is an essential and unavoidable role but one that can be made much easier if incentives for good environmental performance are aligned with the business bottom line.

Businesses and governments are increasingly aware of the importance of ecosystem service provided by private land users to secure production systems, amenity values, and, in some cases, entire economies. This has led to various initiatives to encourage private land users to maintain or enhance the ecosystem services they supply. A very powerful, market based approach to ecosystem management involves creating new rights or liabilities for the use of natural resources, and then allowing business to trade them. Such an approach can significantly reduce the public cost of protecting the environment and/or maximize the value of resource use.

One of the best established market based mechanisms for ecosystem management is the use of eco-labeling

and certification schemes to distinguish products and services by their social and environmental performance. The result of such schemes is that consumers will prefer to buy or even pay more for certified goods and services. While this is not always the case, a number of certification schemes have gained wide consumer recognition and a growing share of sales in some markets. Independent certification of environmental and social performance has proved to be a highly adaptable and powerful tool for encouraging more sustainable operations in a range of business sectors, including agriculture, forestry, fisheries, tourism and financial services.

While market based mechanisms appear to work well for certain ecosystem services and in some contexts, yet they are no silver bullet. Experience to date suggests that the most difficult ecosystem services to bring into the marketplace are what the MA calls “regulating” and “supporting” services, such as nutrient cycling, water-purification and natural pest control. These ecosystem services clearly support human welfare and a range of economic activities, but they can also be extremely difficult to measure and link to specific providers or beneficiaries and are highly variable across sites.

Several business organizations and networks have produced guidelines and seek to share good practice relating to ecosystem management. These include the International Council on Mining and Minerals (ICMM) and the International Petroleum Industry Environment Conservation Association (IPIECA). A related initiative is the Business and Biodiversity Offsets Program (BBOP), which brings together business and conservation organizations to explore how to compensate for biodiversity loss. Another example is the Ecosystem Services Review (ESR) tool, developed by WBCSD in collaboration with the World Resources Institute (WRI) and the Meridian Institute. Designed to help businesses understand their ecosystem impacts, dependence and assets, this tool is currently being tested by WBCSD member companies Akzo Nobel, BC Hydro, Dupont, Rio Tinto, Mondi and Syngenta. The ESR tool is based on and consistent with the MA, which outlines practical ways that businesses can understand the linkages between their activities and ecosystems, how to mitigate adverse effects, and how to take advantage of positive linkages.

The initial step for many businesses is to reflect on the many products and services that ecosystems supply. While some products are well-known, e.g., freshwater, food, wood, some ecosystem services are less obvious but no less important, e.g., climate regulation, protection from soil erosion, pollination. Based on this reflection, businesses can begin to assess the ecosystem products

and services on which they rely, either directly as raw materials or indirectly via support to production processes, as well as which ecosystems provide these benefits, where they are located and their current status. This assessment may be applied to the entire business supply chain. Individual companies need to be aware of the ecosystem goods and services on which their suppliers, partners, and customers rely, and whether their own operations have an impact on ecosystem services upon which other people depend. Such a review can start and focus on a single product line or business unit and subsequently be scaled up. The next step is to develop strategies, policies and operational approaches for ecosystem management, guided by the hierarchy of “avoid, minimize, mitigate and offset” impacts. This should include setting targets for improved performance

and reporting results to shareholders and other stakeholders. Finally, businesses should build alliances with scientific and research organizations, NGOs, industry associations and governments with a view to improving understanding of ecosystem services, scaling up solutions to ecosystem challenges and sharing their tools and experience. Based on the process of ecosystem assessment and response outlined above, businesses will be better able to gauge what new opportunities might exist and to capitalize on them. Such opportunities may include developing new products, services and technological solutions, establishing new markets and new businesses, or taking advantage of previously unexploited cost reductions and revenue streams. Finally, businesses should lend support to government initiatives that strengthen incentives for more sustainable management of ecosystems.

ENDING CHILD MARRIAGE IN INDIA: A SOCIOLOGICAL STUDY

Job Dondapati Narayudu¹

Abstract

Poverty plays a central role in perpetuating the Child marriages in India. Most of the parents in India want to ensure their daughters' financial Security and Girl Child are considered an economic burden. Child marriage is a human rights violation that prevents girls from obtaining an education, enjoying optimal health, bonding with others their own age, maturing, and ultimately choosing their own life partners. Child marriage is driven by poverty and has many effects on girls' health: increased risk for sexually transmitted diseases, cervical cancer, malaria, death during childbirth, and obstetric fistulas. Girls' offspring are at increased risk for premature birth and death as neonates, infants, or children. To stop child marriage, policies and programs must educate communities, raise awareness, engage local and religious leaders, involve parents, and empower girls through education and employment.

Keywords: Child marriage, early marriage, maternal mortality, HIV/AIDS, fistula, perspective.

Introduction

India has the highest number of child brides in the world. It is estimated that 47% of girls in India are married before their 18th birthday. The rates of child marriage vary between states and are as high as 69% and 65% in Bihar and Rajasthan. While fewer Indian girls are marrying before the age of 15, rates of marriage have increased for girls between ages 15 to 18. According to census of 2011 data, over 13 million adolescent girls between 10 and 19 years were married in India.

In 2011, about 3.8 million adolescent girls in India had children. ¹Of these, 1.4 million have two or more children, even before completing adolescence, data show. In many communities girls are seen as an economic burden and marriage transfers the responsibility to her new husband. Poverty and marriage expenses such as dowry may lead a family to marry off their daughter at a young age to reduce these costs. Patriarchy, class and caste influence the norms and expectations around the role of women and girls in India. In many communities restrictive norms limit girls to the role of daughter, wife and mother who are first seen as the property of her father and then of her husband. Controlling girls and women's sexuality is an influential factor in the practice of child marriage too. Pressure towards early marriage aims to minimize the dishonour associated with improper female sexual conduct, often leading to marriages arranged around the time of puberty. Poor educational opportunities for girls, especially in rural areas, also increase girls' vulnerability to child marriage.

Throughout history, marriage has long been viewed as an institution designed for the purpose of producing a

family. Traditionally accomplished through sexual reproduction, to enter into marriage the spouses ideally would need to have reached sexual maturity recognized with the onset of puberty. Yet, in many parts of the world, primarily in third-world countries, children are forced by their parents into marriage even before they are able to sexually reproduce. Girls are the ones most often forced into marriage at young ages and in some developing countries of Africa and Asia, more than twenty percent of girls are entered into marriages before they are fifteen.

In some cases young girls regularly marry far older men. The girl's parents are often provided with large gifts for the sale of their daughters that come either in the form of monetary payments or material goods. The girls usually have little or no part in the decision-making process as to when and with whom they will be married, and often the wedding ceremony will be the first time they will be meeting their new husbands.

In Indian states Child marriage is practiced against the law in most of the countries where it is prevalent. The minimum age for marriage in most countries as well as under several international agreements is eighteen. Yet traditional and tribal practices ensure that children, some as young as three or four years old, are being entered into marriages. Beyond the emotional traumas that can result from people at young ages being forced to adopt the responsibilities of marriage, young girls can become very ill and even die as a result of the physical conditions resulting from sexual activity at an early age. Children rarely have any education about sexual health issues like contraception, pregnancy or sexually transmitted diseases. In many cultures, young girls are sold into marriage to men far older than them who often have had

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sex with many other partners, greatly increasing the chance that these young girls will contract diseases such as HIV/AIDS, which is rampant in many parts of the world.

This system of evil against to the children have to Controlled the spread of child marriage has largely fallen onto national human rights and women's rights organizations who have tried to lobby national governments to more strictly enforce their laws. However, in many of these countries where child marriage is strongly linked with deeply held traditions, governments are lenient and marriages at very young ages continue for tens of millions of couples each year.

The legal age for marriage is 18 for women, 21 for men, according to the Prohibition of Child Marriage Act (PCMA) of 2006. The PCMA establishes punishments for those who do not prevent child marriages and creates Child Marriage Prohibition Officers. It includes a right to annul marriage if underage, but this relies on families to report the act.

Definition Of Child Marriage

According to **International Women Health Coalition**: "Child marriage" is generally understood to mean marriages that take place before age 18, but for many girls, marriage occurs much earlier. In some countries, girls as young as 7 or 8 are forced by their families to marry much older men. The reasons girls are married are diverse, and parents sometimes believe that through marriage, they are protecting their daughters and increasing their economic opportunities. However, child marriage exposes girls to increased health problems and violence, denies them access to social networks and support systems, and perpetuates a cycle of poverty and gender inequality.

It was defined by **The Child Marriage Restraint Act in 1929**,¹ and it set the minimum age of marriage for men as 18, and women as 15. That law was questioned by Muslims, then superseded by personal law applicable only to Muslims in British India with Muslim Personal Law (Shariat) Application Act of 1937,² which implied no minimum limit and allowed parental or guardian consent in case of Muslim marriages. **Section 2 of the 1937 Act stated.** The definition of child marriage was last updated by India with its. The Prohibition of Child Marriage Act of 2006, which applies only (a) to Hinduism, Christians, Jainism, Buddhists and those who are non-Muslims of India, and (b) outside the state of Jammu and Kashmir. For Muslims of India, child marriage definition and regulations based on Sharia and Nikah has been claimed as a personal law subject.^{2,4} For all others, The **Prohibition of Child Marriage Act of 2006** defines "child marriage" means a marriage, or a marriage about to be solemnized, to which

either of the contracting parties is a child; and child for purposes of marriage is defined based on gender of the person - if a male, it is 21 years of age, and if a female, 18 years of age⁵.

UNICEF defines child marriage as a formal marriage or informal union before 18 years of age.⁶ UN Women has proposed that child marriage be defined as a forced marriage because they believe children under age 18 are incapable of giving a legally valid consent⁷. In 1929, the **Child Marriage Restraint Act** defines a minimum age for marriage, which has been successively raised to 18 years for a female and 21 years for a male in accordance with international law. It has been replaced in 2006 with The Prohibition of Child Marriage Act which is stronger and more complete. It raises the applicable penalty to a fine and up to two years of imprisonment and makes child marriage voidable, or void under certain conditions.

Significance of the Study

Religion combined with traditional and societal norms continue to serve as the primary bases that allow marriage between children at very young ages to remain popular. India is one of the world's largest centers of child marriage, as it is encouraged within many segments of Hinduism, the country's largest religion. While it is officially illegal, marriage between children sometimes as young as four years old continues, spurred on by the gifts or dowries that are arranged between the parents. Marrying off a daughter can be a critical source of income in an Indian society, where desperate poverty requires parents to search for unique forms of income to support their families. According to local legend, the practice of child marriage in India is believed to be connected to a desire by parents to protect their daughters from predators looking to have relations with unmarried girls. Nevertheless, the practice of child marriage can rob a young girl of the normal sense of innocence and enjoyment that comes with childhood and places adulthood responsibilities on their shoulders at an early age. Even while young girls often are able to abstain from living with their older spouses until they reach puberty, they can be required to work for the groom's family and are typically asked to move out of their childhood homes. Because of the fact that Indian communities frown on marriage within villages, young girls frequently are asked to move far away from their homes at very young ages, losing any regular contact with their families. In India, as in many nations around the world, girls in the poorest regions often receive very minimal—if any—educational training. When they are entered into marriages at such young ages, they are often deprived of any opportunities to be educated or to be exposed to any other types of lifestyle. Despite the efforts of national governments and international

organizations to curtail the frequency of child marriage, it continues in large numbers in many parts of the world.

Methodology of the Study

This study has been based on secondary data and little study from Primary data and where the researcher collected data from his students and workers. The secondary data has been used to obtain information about various aspects of Child development in Society, Human Rights Council, about the Child Marriages to gather from Books, News papers, Journals, reports, economic and entrepreneurial reviews through the websites.

The Scope Of The Study

The importance of this study is to examining the Child Marriages and how it was ended and what are the problems faced by the male and female child. For the purpose of the research is to be mentioned that the Rural and Tribal areas are situated at the Indian Communities. This research work was undertaken by the researcher and where he asked question to his auxiliary worker about her daughter's marriage. She told to him that her daughter got marriage at the age 16th year. Than researcher realized that it is called child marriage, it is greatest crime and sin which make the child life destroying. As the researcher working as Assistant Professor in METAS Adventist College of Surat, he inquired some of his students and teachers (students of B.Com, BBA, and GNM).Further he selected the subject on social evil in Indian Society. Regarding this subject the researcher selected topic on Child Marriages and how it was ending in the Indian Society.

Objectives Of The Study

1. The main objectives of the present paper is to examine in Indian context the performance of the Child Marriages in terms of how this evil will ended in Indian Society.

2. To know how the welfare benefits are helpful to lower the population growth by ending child marriage.
3. To this end, the paper examines ending of child marriages by the year 2030.

Our interviews with young women highlight how Child Marriage poses a barrier to the Empowerment of Women and perpetuates the inter-generational transmission of poverty. Official statistics on married Indian women released on Friday show 31.3% Hindu women and 30.6% Muslim women were 17 or younger at the time of their wedding. Many of them hadn't even turned 10. To know about the legal age for marriage is 18 for women, 21 for men, according to the Prohibition of Child Marriage Act (PCMA) of 2006. To know how the Child marriages are still rampant in India. Then, how we can end it? To know how Child Marriages can be ending in India. Before that let us know about the Sex ratio or population ratio of India. Sex ratio is used to describe the number of females per 1000 of males. In the Population Census of 2011 it was revealed that the population ratio of India 2011 is 940 females per 1000 of males. The Sex Ratio 2011 shows an upward trend from the census 2001 data. Census 2001 revealed that there were 933 females to that of 1000 males.

Population Census 2011-2001

The researcher giving the information regarding about the Ranking of States and Union Territories - Population Census 2011-2001-The following a list of the States and Union Territories of India ranked in order of Sex Ratio for the year 2001 and 2011.

The following data is based on the population Census of 2011 and 2001.In India, the Child Sex Ratio is defined as the number of females per thousand male in the age group 0-6 years in a human population: **(Table - 1)**

Table - 1

| Rank | State | 2011 Census | | 2001 Census | |
|------|----------------|-------------|-----------------|-------------|-----------------|
| | | Sex Ratio | Child Sex Ratio | Sex Ratio | Child Sex Ratio |
| 1 | Kerala | 1084 | 964 | 1058 | 960 |
| 2 | Pondicherry | 1037 | 967 | 1001 | 967 |
| 3 | Tamil Nadu | 996 | 943 | 987 | 942 |
| 4 | Andhra Pradesh | 993 | 939 | 978 | 961 |
| 5 | Chhattisgarh | 991 | 969 | 989 | 975 |
| 6 | Meghalaya | 989 | 970 | 972 | 973 |
| 7 | Manipur | 985 | 930 | 974 | 957 |
| 8 | Odisha | 979 | 941 | 972 | 953 |
| 9 | Mizoram | 976 | 970 | 935 | 964 |

| | | | | | |
|----|-----------------------------|-----|-----|-----|-----|
| 10 | Goa | 973 | 942 | 961 | 938 |
| 11 | Karnataka | 973 | 948 | 965 | 946 |
| 12 | Himachal Pradesh | 972 | 909 | 968 | 896 |
| 13 | Uttarakhand | 963 | 890 | 962 | 908 |
| 14 | Tripura | 960 | 957 | 948 | 966 |
| 15 | Assam | 958 | 962 | 935 | 965 |
| 16 | West Bengal | 934 | 956 | 934 | 960 |
| 17 | Jharkhand | 948 | 948 | 941 | 965 |
| 18 | Lakshadweep | 946 | 911 | 948 | 959 |
| 19 | Arunachal Pradesh | 938 | 972 | 893 | 964 |
| 20 | Nagaland | 931 | 943 | 900 | 964 |
| 21 | Madhya Pradesh | 931 | 918 | 919 | 932 |
| 22 | Maharashtra | 929 | 894 | 922 | 913 |
| 23 | Rajasthan | 928 | 888 | 921 | 909 |
| 24 | Gujarat | 919 | 890 | 920 | 883 |
| 25 | Bihar | 918 | 935 | 919 | 942 |
| 26 | Uttar Pradesh | 912 | 902 | 898 | 916 |
| 27 | Punjab | 895 | 846 | 876 | 798 |
| 28 | Sikkim | 890 | 957 | 875 | 963 |
| 29 | Jammu and Kashmir | 889 | 862 | 892 | 941 |
| 30 | Haryana | 879 | 834 | 861 | 819 |
| 31 | Andaman and Nicobar Islands | 876 | 968 | 846 | 957 |
| 32 | Delhi | 868 | 871 | 821 | 868 |
| 33 | Chandigarh | 818 | 880 | 777 | 845 |
| 34 | Dadra and Nagar Haveli | 774 | 926 | 812 | 979 |
| 35 | Daman and Diu | 710 | 904 | 710 | 926 |

The data above does not include statistics of State of Telangana which was formed after 2011.

Trends In Sex –Ratio

“Of 161 districts taken up under “**BETI BACHAO BETI PADHAO**” in 2015 -2016, 104 doing well in terms of increase in sex ratio”. According to **Ambika. Pandit** (Times of India 2017/07/30) describes about the sex ratio; Women and Child Welfare minister **Maneka Gandhi** said out of the “161 districts, 104 have shown an increasing trend in sex ratio at birth”. North Sikkim is on top and Kolkata is the worst in the list of districts evaluated for child-sex ratio. While North Sikkim has moved from 831 girls per 1,000 boys in 2014 to a remarkable 1009 girls, Kolkata which boasted of a sex ratio of 1,022 girls per 1,000 boys is down to 898 girls.

“In fact, Kolkata is unfortunately the worst of 161 districts that we have taken,” said women and child welfare minister Maneka Gandhi in the Lok Sabha on Friday , sharing details of districts selected under the ` **Beti Bachao, Beti Padhao**’ programme.

Gandhi’s remarks saw Mriganka Mahato, Trinamool MP from Purulia, cite the success of West Bengal CM Mamata Banerjee’s ‘**kanyashree**’ programme launched in 2011 and requested the Centre that the programme is taken up by other states too.

To this, **Maneka Gandhi** was quick to point that; “While the programme which the West Bengal government has launched on its own is effective, it is the only state in India which has completely refused to implement **Beti**

Bachao Beti Padhao (BBBP) scheme. As a result, out of 161 districts, Kolkata is showing a severe declining trend". Gandhi said out of the 161 districts where BBBP has been implemented, 104 districts have shown an increasing trend in sex ratio at birth. Besides North Sikkim, the districts Gandhi highlighted are Karnal where sex ratio is up from 758 to 884, Saiha in Mizoram where the trend reversed from 915 girls per 1,000 boys to 1,022 girls.

"In Cuddalore in Tamil Nadu, it has gone up from 856 to 957; in Ghaziabad, it has gone up from 899 to 977; in Mansa in Punjab, it has gone up from 857 to 925; in Una in Himachal Pradesh, it has gone up from 857 to 904; in Rewari, it has gone up from 803 to 846 and in Jhansi it has gone up from 860 to 900.

Maneka said. "You can see from this that it is across the board. It really is dependent on the enthusiasm of the state government and the ability and enthusiasm of the district head. We seem to have done well across the board," she emphasized. "The districts that have done not so well are in the last 10. They are Etawah, which has gone down from 953 to 916; in Farrukhabad, it has gone down from 913 to 876; in Saharanpur, it has gone down from 954 to 913. You can see that most of these are in Uttar Pradesh," Gandhi pointed out. She went on to cite more districts.

"There are many challenges that we face in districts that did not do well. One, the funds did not go from the state government to the districts in time, especially in Bihar where we have a time lag of six to eight months and in UP, I do not think the funds have still reached."

Causes Of Child Marriages

The major cause of the decrease of the female birth ratio in India is considered to be the violent treatments meted out to the girl child at the time of the birth. The Sex Ratio in India was almost normal during the phase of the years of independence, but thereafter it started showing gradual signs of decrease:

1. Early and forced marriages are largely influenced by cultural beliefs, poverty and societal pressure.
2. It occurs more frequently among girls who are the least educated, poorest and living in rural areas.
3. It is largely due to the unequal power relations between men and women in most Indian rural and Tribal areas, where women and girls often occupy a lower status in society as a result of social and cultural traditions, attitudes, and beliefs fuelled by patriarchy.
4. These ingrained cultural practices deny women their rights and stifle their ability to play an equal role in their homes and communities.

5. In India, the importance of preserving family 'honour' and girls' virginity is such that parents push their daughters into marriage well before they are ready believing that marriage safeguards against 'immoral' or 'inappropriate behaviour'.
6. "Protecting" the girl's sexuality: In certain cultures, marrying a girl young presumes that the girl's sexuality, therefore the girl's family's honor, will be "protected" but ensuring that the girl marries as a virgin. The imposition of family honor on a girl's individuality, in essence, robbing the girl of her honor and dignity, undermines the credibility of family honor and instead underscores the presumed protection's actual aim: to control the girl.
7. Gender discrimination: Child marriage is a product of cultures that devalue women and girls and discriminate against them. "The discrimination," according to a UNICEF report on "Child Marriage and the Law," "often manifests itself in the form of domestic violence, marital rape, and deprivation of food, lack of access to information, education, healthcare, and general impediments to mobility."
8. Inadequate laws: Many states have laws against child marriage. The laws are not enforced.
9. Trafficking: Poor families are tempted to sell their girls not just into marriage, but into prostitution, as the transaction enables large sums of money to change hands.

The main idea behind these cases is "pushing girls out of their homes into early marriage is thought to reduce the economic burden on the family". Again, conflicts, disasters and emergencies increase economic pressures on households and many families that wouldn't previously have considered early marriage turn to it as a last resort.

Consequences Of Child Marriage

1. **Education:** 76 percent of girls (80% in rural areas and 60% in urban) drop out from schools at secondary level. Child marriage effectively ends a girl's childhood, curtails her education.
2. **Health & Nutrition:** 20 percent girls become mother before 15 and 45 percent low weight and stunted child are born. 5 percent of the mothers who are aged below 18, faced risk of death during child birth. (UNFPA 2013). And puts her at risk for early, frequent, and very high-risk pregnancies. Girls under 15 are **five times** more likely to die in childbirth than women in their 20s and face higher risk of pregnancy-related injuries, such as obstetric fistula. Child brides are often unable to negotiate safer sexual practices and are therefore at a higher risk of HIV and other sexually transmitted infections.

3. **Poverty:** Child brides are deprived of the opportunity to acquire skills that will enable them to uplift them and their families from poverty (ICRW 2011). Minimizes her economic opportunities, increases her risk of domestic violence. To careful analysis the cycle of poverty, programs are needed to educate and empower women. In 2000, eight Millennium Development Goals outlined a vision that committed member countries to eradicate extreme poverty and hunger, educate all children through primary school, empower women, reduce childhood death, improve mothers' health, combat HIV/AIDS and malaria, ensure environmental sustainability, and develop a global partnership for development by the year 2015.
4. **Domestic Violence:** Girls/wife murdered by domestic violence, 70 percent is aged between 13 to 18 year (Bangladesh Bureau of Statistics 2013). The negative consequences of child marriage reach beyond the girls themselves: children of child brides are 60 percent more likely to die in the first year of life than those born to mothers older than 19, and families of child brides are more likely to be poor and unhealthy.

Effect of Child Marriage on Child Development

This practice is inimical to child development because early marriage robs the young girl of the opportunity to be physically, psychologically, emotionally and financially ready for the responsibilities of marriage and childbearing.

Early marriage increases social isolation and launches girls into a cycle of poverty, gender inequities, and higher risk of dying from complications of pregnancy and childbirth. Early marriage forces young girls to assume responsibilities and handle situations for which they are often physically and psychologically unprepared.

Furthermore, schooling—a critical pathway to a prosperous life—is often cut short by early marriage. Girls who are married are less likely to have an education. Often driven by poverty, families' sacrifice the education of the girl child for that of the boy child and force the girl into marriage to relieve their financial burdens. Women and girls forced into marriage also face higher risks of death in child birth, mal nutrition, hazardous work and the worst forms of child labour.

Following sustained advocacy against CEFM, the UN Human Rights Council adopted a resolution to combat early marriage in September 2012. The resolution recognizes child, early and forced marriage as a human rights violation that “prevents individuals from living their lives free from all forms of violence” and negatively impacts the “right to education, and the highest attainable standard of health, including sexual and reproductive

health. The Human Rights Council Proposed “the elimination of child, early and forced marriage should be considered in the discussion of the post -2015 development agenda”. The resolution also stressed the value of empowering and investing in women and girls for “breaking the cycle of gender inequality and discrimination, violence and poverty” and for bringing about “sustainable development and economic growth.

Almost 50% of India's girls are married before they turn 18 and 20% are married before 15 years of age. Dasra's report *Marry Me Later* probes child marriage as a harmful traditional practice that denies children, especially girls, basic rights to a healthy life, protection from abuse and exploitation, and access to equal opportunities for development. It also offers insight into scalable non-profit models that are trying to address this issue impact fully.

Child Marriage Is Still Rampant In India

The researcher question is that Child marriages are still rampant in India. Then, how we can end it? With the adoption of the Sustainable Development Goals (SDG) in 2015, India is committed to eliminate child, early and forced marriage and female genital mutilation, and achieve gender equality and empower women and girls by 2030. In the last four decades, the incidence of child marriage has decreased from 41.2% to 32.7% globally. India too has seen a decline in child marriage below 14 years. However with 17 million children between 10 to 19 years married in 2011 (76% girls), meeting the SDG target seems a tough task. Furthermore, since child marriage is illegal, these numbers may be an underestimate.

In 2013-14, Young Lives (YL), a study involving 3,000 children since 2002 that captured data related to child marriage and teenage pregnancy, found the persistence of early marriage in Andhra Pradesh and Telangana, with 37% of the girls married (including those widowed and divorced) by the age of 19 and 28% married before they were 18 .In contrast, less than 1% of the boys were married before they were 18. Almost 60% of the married girls had one or more children by the age of 19, highlighting that early pregnancy is a corollary of early marriage.

Our interviews with young women highlight how child marriage poses a barrier to the empowerment of women and perpetuates the inter-generational transmission of poverty. Official statistics on married Indian women released on Friday show 31.3% Hindu women and 30.6% Muslim women were 17 or younger at the time of their wedding. Many of them hadn't even turned 10. The legal age for marriage is 18 for women and 21 for men. Any marriage below the stipulated age is considered child marriage under the law. Sikh, Christian, Buddhist and

Jain women fared far better, the census report on the decadal headcount in 2011 said. Only 6% of men were married before 18. "It is shocking that decades after having laws prohibiting child marriage, the practice is still so rampant," said Ranjana Kumari, director of the Delhi-headquartered Centre for Social Research. Data released by the home ministry's census commissioner revealed 6% of all Hindu women were married before they turned 10. The corresponding figure for Muslim women was 5%. But the silver lining is that the practice is on the decline. The 2001 census found 43% of women were married before 18 years of age. In 2011, the figure below stood at 30%.

And the proportion of women wed before 18 years of age between 2001 and 2011 was 20%. In absolute terms, this still means there were 15 million child marriages in the last decade. The researcher said the decline would have been sharper if the law on Child Marriage was strictly enforced. In 2014, for instance, police registered only 280 cases across the country under the 2006 Prohibition of Child Marriage Act. Of the 103 cases decided by courts the same year, convictions were secured in only 15 — or 14.6% — cases.

Ending Child Marriage

The welfare benefits from lower population growth by ending child marriage are estimated globally (for 106 countries) at \$22 billion in 2015 and \$566 billion in 2030, according to the World Bank report. The rapid increase in the benefits stems from the fact that the impact of ending child marriages and early childbirths on population growth is cumulative. That is, each year the gains become larger because the cumulative reduction in population growth keeps growing from one year to the next.

Welfare gains from ending child births due to lower population growth (order of magnitudes at the global level for more than 100 countries).

Table - 2

| Year | Cost of Child Marriage In Billions \$ (PPP) | Cost of Childbirth in Billions \$ (PPP) |
|------|---|---|
| 2015 | 22.1 | 27.8 |
| 2016 | 44.8 | 56.3 |
| 2017 | 68.6 | 86.2 |
| 2018 | 93.8 | 117.9 |
| 2019 | 120.8 | 151.8 |
| 2020 | 149.5 | 187.8 |
| 2021 | 179.9 | 225.9 |
| 2022 | 211.9 | 266.1 |

| | | |
|------|-------|-------|
| 2023 | 245.8 | 308.5 |
| 2024 | 281.7 | 353.4 |
| 2025 | 319.6 | 400.9 |
| 2026 | 360.4 | 451.9 |
| 2027 | 405.1 | 507.7 |
| 2028 | 454 | 568.5 |
| 2029 | 507.6 | 634.9 |
| 2030 | 566.3 | 707.5 |

Sources: *The Economics Times 07/07/2017*

As for serve, if there is no reduction in child marriage, the global number of women married as children will reach 1.2 billion by 2050, with devastating consequences for the whole world.

Benefits of Ending Child Marriage

1. If India could ending the child marriages, it can be save \$5 billion (Rs 33,500 crore) in healthcare and related costs if it eliminates child marriage and early childbirth, according to a new report by the World Bank and International Center for Research on Women (ICRW), a global research institute.
2. Eliminating early marriage and births reduces population growth, which in turn reduces pressure on government budgets.
3. Due to Child Marriages, the Child brides face violence, abuse and exposure to HIV/AIDS and other sexually transmitted diseases, are more likely to drop out of school and give birth as adolescents.
4. Adolescent pregnancy can leads to several health problems—anaemia, malaria, HIV and other sexually transmitted infections, postpartum haemorrhage and mental disorders—according to the World Health Organization.
5. The proportion of girls marrying before legal age increased from 1.78% in 2001 to 2.45% in 2011 in urban India and declined from 2.75% to 2.43% in rural India over the same period; 70 districts spread across 13 states reported "high incidence" of underage marriages, which account for 21% of the country's child marriages, (**India Spend** reported on June 9, 2017).
6. Nearly 17 million Indian children between the ages of 10 and 19 are married, with six million children born to them and they form 47% of India's population that is currently married, (**India Spend** reported on March 9, 2015). Of these married children, 76%, or 12.7 million, are girls, reinforcing the fact that girls are significantly more disadvantaged. The World Bank-ICRW study adds

an economic dimension to the problem, which could be an incentive for India and other countries to work harder to eliminate child marriage and early childbirth.

7. In the first few years after the elimination of child marriage and early child births, no impact is estimated on the size of new cohorts entering school, the study said. Eventually, there is a reduction of the size of the cohorts, increasing over time, which can potentially lead to education savings.
8. As many as 280,000 married girls in the age group of 15 to 19 have already given birth to four children, which is an increase of 65% from 170,000 in 2001, (**IndiaSpend** reported on May 10, 2016.)
9. Ending child marriage “could entail a cost for households and governments assuming that some of the girls who delay marriage are also able to pursue their education further”, the study noted. “If girls who do not marry as children pursue their education further, this would entail costs for both families (out-of-pocket and opportunity costs) and governments (given that many girls would attend public secondary schools). These additional costs would offset some of the benefits.”
10. As many as 1,403 women have never attended any educational institution for every 1,000 men who have not done so and this ratio increases sharply from the age of 17 till the 30-34 year age-group where it is 2,009—which means for every man who has never attended an educational institution, there are two women who haven’t, (**IndiaSpend** reported on November 28, 2015).

Suggestions

- a. Child marriage has far-reaching health, social, economic, and political implications for the girl and her community.
- b. Let us eradicate it truncates a girl’s childhood, creates grave physical and psychological health risks, and robs her of internationally recognized human rights.
- c. Ending child marriage requires the consent of all those involved, including fathers and religious, community.
- d. To break the cycle of poverty, programs are needed to educate and empower women.
- e. To eradicate extreme poverty and hunger, educate all children through primary school, empower women, reduce childhood death, improve mothers’ health, combat HIV/AIDS and malaria, ensure environmental sustainability, and develop a global partnership for development by the year 2018. Most of these goals directly affect child marriage.

- f. Decreasing poverty effectively decreased child marriage by enabling these countries to improve education, increase employment, and provide better health care for the whole nation.
- g. Education is a key factor for delaying first sexual activity, pregnancy, marriage, and childbearing. Programs that specifically focused on the status of girls may have directly or indirectly reduced the number of child marriages.
- h. Successful programs have provided economic and educational opportunities to young women and their families by employing girls with the specific goal of delaying marriage.
- i. The Government has give families’ financial incentives to keep their daughters in school or feeding children during school to decrease families’ expenses.
- j. Keeping girls in school or vocational training not only helps protect them from HIV infection, pregnancy, illness, and death but also enhances their earning potential and socioeconomic status.
- k. Educated girls can contribute to the health and welfare of their family and marry men of their own choosing and age.

Findings with Conclusion

The main findings of the study are given below:

1. Lack of enforcement renders laws against child marriage ineffective.
2. Through media campaigns and educational outreach programs, governments need to take responsibility for stopping this practice.
3. Local, regional, and national governments can also implement health outreach programs for girls and boys.
4. Learning about reproductive and sexual health, STD prevention, contraception, AIDS, and how to seek health care helps girls negotiate safer sex.
5. Governments must incorporate preventive and treatment programs for reproductive health issues into their health services.
6. Necessary preventive services include supplying mosquito netting and condoms; educating patients about contraceptive methods; providing diagnostic screening for HIV and HPV; and offering treatment options such as medications, cesarean sections, and postpartum care.

Ending child marriage requires a multifaceted approach focused on the girls, their families, the community, and the government. Culturally appropriate programs that provide families and communities with education and reproductive health services can help stop child marriage,

early pregnancies, and illness and death in young mothers and their children. To stop child marriage, policies and programs must educate communities, raise awareness, engage local and religious leaders, involve parents, and empower girls through education and employment.

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EXPLOITING INDIA'S MEDICAL TOURISM POTENTIAL

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Abstract

India has been marching ahead in the field of medical tourism. By extension, some of its states have been making good progress in the medical tourism space, courtesy private initiative, in the main. But considering the performance of some of the countries in its neighbourhood, India apparently has not exploited its potential to the hilt in the medical tourism space. The performance of a few states has been good and that of the rest, mediocre or nothing to write home about. What accounts for this lopsided performance across states within the same country is a question that has been haunting the major stakeholders, including the providers of medical services, for quite some time. To answer this question, one has to first ascertain how the current inflow of medical tourists can be ramped up. Obviously, some measures are needed for the purpose. Even more obviously, some of these measures can be implemented immediately and yet some may require more time for implementation. The researcher concludes that more of accredited hospitals are required for the purpose with some customisation to cater to the requirements of the foreign medical tourists visiting the country. Given that a big chunk of the medical tourists arrive from a cluster of countries in the Middle East, Africa and Asia, what the country needs is bespoke medical service providers. A bespoke medical service provider should be able to cater to the needs of the tourist's kith and kin too. In addition, the service provider should be able to cater to the needs of the caregivers that accompany the medical tourists. These two measures will raise the medical tourist arrivals significantly. The government, as usual a major stakeholder, should chip in with its own mite. It should cover the medical travel facilitators by a dedicated set of rules or if required, by a dedicated legislation. In particular, the government should ensure that the medical travel facilitators archive the medical records of their clients in soft version. Medical travel facilitators are not to be deemed as just one of the many intermediaries that one comes across in the medical tourism industry. They are much more than that and play a crucial role in the industry. While the government should take all steps to encourage the medical travel facilitators, it should also send a clear message to them to the effect that any slackness on their part in the discharge of their duties and obligations will attract the strictest punitive action.

Key words: accredited hospitals; bespoke medical service provider; lopsided performance

Introduction

India has been emerging as a player to reckon with in the medical tourism space. However, it still does not cease to be a bundle of contradictions. A few of the best hospitals in the world and some of the best doctors in the world are to be found in India. At the same time, medical services and health care services have been inaccessible to a big chunk of the country's poor. By extension, the affluent people have been able to access world-class medical / health-care services courtesy their financial muscle but at unbelievably competitive prices. It is this cost effectiveness that has been attracting medical tourists from other countries too, to visit India.

Statement of the problem

It is clear from the foregoing paragraphs that the country has vast untapped potential in the medical tourism space. Thus it becomes necessary to focus on raising the foreign tourist arrivals in the first place. Secondly, it has to be ascertained how the government, in this case the government of Karnataka in particular and the

government of India in general can chip in with its mite to help the industry raise the tourist arrivals. These the problems to which this study attempts to find answers.

Review of literature

1. Nilaya Varma states that in addition to cost arbitrage, India has earned a reputation as a trusted destination for advanced and lifesaving treatments in area like cardiology, orthopaedics, nephrology, oncology and neuro surgery (Hrithik & Mamta, 2016). This advantage should be exploited to the hilt by designing and implementing the right promotional strategies. This can transform the country into a leading player in medical tourism.
2. Cheaper and superior healthcare have reaffirmed Bengaluru's reputation as a global medical destination (Sreemoyee, 2016). At least 88,020 foreign patients visited the city since January 2014 for treatment. According to the five top hospitals in the city that treat foreign patients, most of the foreign patients seek cancer care, organ transplants, cardiac

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care, nephrology, urology, neurosurgery and orthopaedics. Bangladesh, Iraq, Yemen, Maldives, Oman, Mauritius, Tanzania, Kenya, Nigeria and Indonesia are the top ten countries the city hospitals receive patients from. Manipal Hospital tops the list of the hospitals that host foreign patients, treating about 49,000 international patients in the past two years. According to the Manipal Hospital management, India is fast emerging as a favourite medical destination and figures in the top three destinations for medical tourism. Bengaluru is becoming increasingly popular for patients originating from the Middle East and Africa. To consolidate growth in this sector, the country has to launch strategic initiatives and usher in reforms to help the medical tourists.

3. Bengaluru attracts international patients, since the cost of treatment in Bengaluru is almost 10 percent lower than that in Singapore, Europe and the US (Sreemoyee, 2016). The quality of the health care provided is superior too. This can be attributed to the state-of-the-art healthcare infrastructure and the well-trained doctors the hospitals boast of. Superior training is being imparted to medical professionals in India and many super specialists who trained and worked in the west have been returning to India. Given this scenario, patient inflows from abroad are bound to rise in the days to come. Narayana Health treats around 10,000 patients every year (20,000 patients from 2014 to April 2016). International air connectivity, a conspicuous presence of foreign students and the pleasant weather of Bengaluru are the other factors that explain the increasing popularity of Bangalore as a medical tourism destination among the foreign patients.
4. With healthcare costs going up steeply in the developed world, India's medical tourism market is all set to more than double in size from USD 3 billion at present to around USD 8 billion by 2020, according to a CII - Grant Thornton white paper (PTI, 2015). Cost is a major influencer for nearly 80 per cent of medical tourists across the globe. Coupled with the availability of accredited facilities, medical tourists are disposed to visit destinations like Singapore, Thailand, India, Malaysia, Taiwan, Mexico and Costa Rica. According to the white paper, India boasts of the second largest number of accredited facilities after Thailand. Bangladesh and Afghanistan are conspicuous across the Indian Medical Value Travel (MVT) spectrum with a 34 per cent share. Africa, GCC and CIS regions (whose current share is just 30 per cent) present the most potential for the Indian healthcare sector. Presently they choose the South East Asian medical corridors. Chennai, Mumbai, AP

and NCR are the most sought-after medical tourism destinations for the floating medical tourists.

Research gap

The reviewed research has done will to explain why India has emerged as a medical travel destination of repute. It has also explained clearly why Bangalore has emerged as a preferred medical travel destination. Africa, GCC and CIS regions (whose current share is just 30 per cent) present the most potential for the Indian healthcare sector. All the same, one wishes that the reviewed literature had also tried to ascertain how the inflow of medical tourists could be catalysed and how the Central and State governments could contribute their mite to the speed growth of the medical tourism industry. It is this gap the present study seeks to plug.

Scope of the study

The study confines itself to the major stake-holders, namely, foreign patients, hospital managements and consultants based out of Bangalore, Karnataka.

Objectives of the study

The objectives of the study are to:

1. Ascertain how inflow of medical tourists into the country can be catalysed.
2. Ascertain the measures the government of Karnataka can initiate to put the state on the map as an ideal medical tourism destination

Hypothesis proposed to be tested

The study proposes to test the following hypothesis: "Medical travel facilitators should be subjected to a dedicated regulatory regime"

Research design

The following paragraphs explain how the research is designed.

Research methodology

The study is descriptive in nature and uses the 'fact-finding' survey method. Interview schedules specially designed for the purpose were administered to the respondents for collection of primary data. Being a structured / directive interview, the interview was conducted with a detailed standardised schedule.

Sources of data

Data required for the research has been collected from both primary and secondary sources. Primary data has been collected from investors, traders and consultants.

Secondary data has been collected from the offices and web sites of entities like ITDC, the financial press, associations representing tourism industry stakeholders

like the Indian Association of Tour Operators (IATO), the Association of Tourism Trade Organisations, India (ATTOI), Travel Agents Association Of India (TAAI), the Federation of Associations in Indian Tourism and Hospitality (FAITH), ministry of tourism and web sites of the government of Karnataka and the government of India and the portals of various medical tourism players. Since secondary data is sourced from authorised and reliable agencies / entities, the Researcher is confident it will be closest to being accurate. Inaccuracy, if any, will be too insignificant to impact the findings of the study.

Sampling plan

Foreign patients: Given the limited number of investors in the area covered by the study, purposive or judgement sampling under the non-probability method has been deployed. The researcher selected 30 foreign patients for the purpose of the study. This criterion, according to the researcher, is the most appropriate one for the present study. What is important is the typicality and the relevance of the sampling units to the study and not their overall representativeness to the population. Thus it guarantees inclusion of the relevant elements in the sample. Probability sampling plans cannot give such a guarantee.

Hospital managements: Given the limited number of hospitals catering to foreign patients visiting Bangalore, purposive or judgement sampling under the non-probability method has been deployed. The researcher selected 30 hospital managements for the purpose of the study. This criterion, according to the researcher, is the most appropriate one for the present study. What is important is the typicality and the relevance of the sampling units to the study and not their overall representativeness to the population. Thus it guarantees inclusion of the relevant elements in the sample. Probability sampling plans cannot give such a guarantee.

Consultants: Given the limited number of consultants operating in the area covered by the study, purposive or judgement sampling under the non-probability method has been deployed. The researcher selected 30 consultants operating in the area covered by the study at least for the past ten years. This criterion, according to the researcher, is the most appropriate one for the present study. What is important is the typicality and the relevance of the sampling units to the study and not their overall representativeness to the population. Thus it guarantees inclusion of the relevant elements in the sample. Probability sampling plans cannot give such a guarantee.

Data collection instruments

Interview schedules, specially designed for the purpose, were drafted and pre-tested in order to identify the

possible weaknesses in the instrument. Upon receipt of feedback, they were appropriately revised and finalised for administration to the respondents for collection of primary data.

The Interview Schedules featured open questions and closed questions. Open questions were included since the objective was to identify opinions, ascertain degrees of knowledge and seek suggestions and more information. In some cases, the subject matter of the question could be outside the range of the respondent's experience and hence open questions were deemed a better alternative. Further, open questions would help in determining the depth of the feelings and intensity of the expressions of the respondent (Krishnaswamy & Ranganatham, 2005). Open questions might give the respondent a chance to think through the topic. Since it is practically impossible for the researcher to assess the level of information possessed by the respondent, open questions came in handy. The response freedom inherent in open questions could elicit a variety of frames of references from the respondent, which might provide unanticipated insights. Given the qualitative nature of the values the variables would elicit from the respondents, they could lend themselves ideally to statistical tools like Likert scale and chi-squared test.

Data processing and analysis plan

Non-parametric statistical units were used to test the association between some qualitative characters and conclusions were drawn on the basis of formation of H_0 and H_1 . To be specific, Likert scale and chi-square test were applied to test the hypotheses.

Limitations of the study

Primary data has at times been deduced through constant topic-oriented discussions with the respondents. It is possible that a certain degree of subjectivity, albeit negligible, has found its way in. In addition, one has to admit that the respondents, being human, could err. Hence, the researcher would like to admit that the findings of the thesis, which draw equally heavily from the discussions the researcher held with the said respondents, may have been affected, albeit to a negligible extent. In the circumstances, it will not affect the accuracy of the findings of the study.

Analysis of primary data collected from the 30 foreign patients

In the following paragraphs, the primary data collected from the 30 foreign patient respondents is analysed.

Catalysing the inflow of medical tourists into the country

India has established itself as a medical travel destination of repute. However, it is felt in informed circles that the

country and its states like Karnataka are way behind in achieving the potential. The inflow of medical tourists into the country has to be catalysed. Hence the researcher requested the respondents to reveal, from their perspective, how the inflow of medical tourists into the country and states like Karnataka can be catalysed. Their replies to the query appear in the following Table.

Table - 1 : Catalysing the inflow of medical tourists into the country

| Catalyst | Number of respondents |
|---|-----------------------|
| If the patient requires a long convalescence, hospitals should cater to the needs of the patient's kith and kin too | 27 |
| Hospitals should meet the demands of the caregivers that accompany the foreign patients | 26 |
| A consortium of hospitals should initiate measures for accreditation, international marketing, liaison, quality control, etc. | 21 |

According to 27 respondents, if the patient requires a long convalescence, hospitals should cater to the needs of the patient's kith and kin too. According to 26 respondents, hospitals should meet the demands of the caregivers that accompany the foreign patients. According to 21 respondents, a consortium of hospitals should initiate measures for accreditation, international marketing, liaison, quality control, etc.

Measures that the government of Karnataka can initiate to put the state on the map as an ideal medical tourism destination

On its part, the state government concerned, in this case the government of Karnataka, can initiate some measures to put the state on the map as an ideal medical tourism destination. Hence the researcher requested the respondents to suggest measures that the government of Karnataka can initiate to put the state on the map as an ideal medical tourism destination. Their replies to the query appear in the following Table.

Table - 2 : Measures that the government of Karnataka can initiate to put the state on the map as an ideal medical tourism destination

| Measures | Number of respondents |
|---|-----------------------|
| Government should mandate installation of help desks at the accredited and certified hospitals, staffed by people with multi-lingual skills | 26 |
| Government should mandate the medical travel facilitators to archive the medical records of their clients in soft version | 24 |
| Medical travel facilitators should be subjected to a dedicated regulatory regime | 23 |

Government should mandate the medical travel facilitators to archive the medical records of their clients in soft version, suggest 26 respondents. Government should mandate installation of help desks at the accredited and certified hospitals, staffed by people with multi-lingual skills, suggest 24 respondents. Medical travel facilitators should be subjected to a dedicated regulatory regime, suggest 23 respondents.

Analysis of primary data collected from the 30 hospital management respondents

In the following paragraphs, the primary data collected from the 30 hospital management respondents is analysed.

Catalysing the inflow of medical tourists into the country

India has established itself as a medical travel destination of repute. However, it is felt in informed circles that the country and its states like Karnataka are way behind in achieving the potential. The inflow of medical tourists into the country has to be catalysed. Hence the researcher requested the respondents to reveal, from their perspective, how the inflow of medical tourists into the country and states like Karnataka can be catalysed. Their replies to the query appear in the following Table.

Table - 3 : Catalysing the inflow of medical tourists into the country

| Catalyst | Number of respondents |
|---|-----------------------|
| Delays in the issue of medical visa should be minimised if not eliminated | 27 |
| Public infrastructure should be streamlined on top priority | 24 |
| Medical townships should be promoted to house state-of-the-art hospitals | 23 |

According to 27 respondents, delays in the issue of medical visa should be minimised if not eliminated. According to 24 respondents, public infrastructure should be streamlined on top priority. According to 23 respondents, medical townships should be promoted to house state-of-the-art hospitals.

Measures that the government of Karnataka can initiate to put the state on the map as an ideal medical tourism destination

On its part, the state government concerned, in this case the government of Karnataka, can initiate some measures to put the state on the map as an ideal medical tourism destination. Hence the researcher requested the respondents to suggest measures that the government of Karnataka can initiate to put the state on the map as an ideal medical tourism destination. Their replies to the query appear in the following Table.

Table - 4 : Measures that the government of Karnataka can initiate to put the state on the map as an ideal medical tourism destination

| Measures | Number of respondents |
|--|-----------------------|
| Medical travel facilitators should be subjected to a dedicated regulatory regime | 27 |
| Government should prevail on the central government to improve flight connectivity between Bangalore and countries from the Middle East, Africa and South East Asia. | 26 |
| Government should mandate the medical travel facilitators to archive the medical records of their clients in soft version | 26 |

Medical travel facilitators should be subjected to a dedicated regulatory regime, suggest 27 respondents. Government should prevail on the central government to improve flight connectivity between Bangalore and countries from the Middle East, Africa and South East Asia, suggest 26 respondents. Government should mandate the medical travel facilitators to archive the medical records of their clients in soft version, suggest 26 respondents.

Analysis of primary data collected from the 30 consultant respondents

In the following paragraphs, the primary data collected from the 30 medical travel facilitator respondents is analysed.

Catalysing the inflow of medical tourists into the country

India has established itself as a medical travel destination of repute. However, it is felt in informed circles that the country and its states like Karnataka are way behind in achieving the potential. The inflow of medical tourists into the country has to be catalysed. Hence the researcher requested the respondents to reveal, from their perspective, how the inflow of medical tourists into the country and states like Karnataka can be catalysed. Their replies to the query appear in the following Table.

Table - 5 : Catalysing the inflow of medical tourists into the country

| Catalyst | Number of respondents |
|--|-----------------------|
| Delays in the issue of medical visa should be minimised if not eliminated | 27 |
| Hospitals should ink MoUs with foreign governments leading their citizens to seek treatment in the said hospitals. | 26 |
| Public infrastructure should be streamlined on top priority | 24 |

According to 27 respondents, delays in the issue of medical visa should be minimised if not eliminated. According to 26 respondents, hospitals should ink MoUs with foreign governments leading their citizens to seek treatment in the said hospitals. According to 24 respondents, public infrastructure should be streamlined on top priority.

Measures that the government of Karnataka can initiate to put the state on the map as an ideal medical tourism destination

On its part, the state government concerned, in this case the government of Karnataka, can initiate some measures to put the state on the map as an ideal medical tourism destination. Hence the researcher requested the respondents to suggest measures that the government of Karnataka can initiate to put the state on the map as an ideal medical tourism destination. Their replies to the query appear in the following Table.

Table - 6 : Measures that the government of Karnataka can initiate to put the state on the map as an ideal medical tourism destination

| Measures | Number of respondents |
|--|-----------------------|
| Government should prevail on the central government to improve flight connectivity between Bangalore and countries from the Middle East, Africa and South East Asia. | 26 |
| Government should mandate the medical travel facilitators to archive the medical records of their clients in soft version | 26 |
| Government should mandate installation of help desks at the accredited and certified hospitals, staffed by people with multi-lingual skills | 25 |
| Medical travel facilitators should be subjected to a dedicated regulatory regime | 25 |

Government should prevail on the central government to improve flight connectivity between Bangalore and countries from the Middle East, Africa and South East Asia, suggest 26 respondents. Government should mandate the medical travel facilitators to archive the medical records of their clients in soft version, suggest 26 respondents. Government should mandate installation of help desks at the accredited and certified hospitals, staffed by people with multi-lingual skills, according to 25 respondents. Medical travel facilitators should be subjected to a dedicated regulatory regime, suggest 25 respondents.

Summary of findings

In the following paragraphs, a summarised version of the findings arrived at, by analysing the primary data furnished by respondents, is furnished:

Foreign patients

1. According to 27 respondents, if the patient requires a long convalescence, hospitals should cater to the needs of the patient's kith and kin too. According to 26 respondents, hospitals should meet the demands of the caregivers that accompany the foreign patients. According to 21 respondents, a consortium of hospitals should initiate measures for accreditation, international marketing, liaison, quality control, etc.
2. Medical travel facilitators should be subjected to a dedicated regulatory regime, suggest 27 respondents. Government should mandate the medical travel facilitators to archive the medical records of their clients in soft version, suggest 26 respondents. Government should mandate installation of help desks at the accredited and certified hospitals, staffed by people with multi-lingual skills, suggest 24 respondents.

Hospital management respondents

3. According to 27 respondents, delays in the issue of medical visa should be minimised if not eliminated. According to 24 respondents, public infrastructure should be streamlined on top priority. According to 23 respondents, medical townships should be promoted to house state-of-the-art hospitals.
4. Medical travel facilitators should be subjected to a dedicated regulatory regime, suggest 27 respondents. Government should prevail on the central government to improve flight connectivity between Bangalore and countries from the Middle East, Africa and South East Asia, suggest 26 respondents. Government should mandate the medical travel facilitators to archive the medical records of their clients in soft version, suggest 26 respondents.

Consultant respondents

5. According to 27 respondents, delays in the issue of medical visa should be minimised if not eliminated. According to 26 respondents, hospitals should ink MoUs with foreign governments leading their citizens to seek treatment in the said hospitals. According to 24 respondents, public infrastructure should be streamlined on top priority.

6. Medical travel facilitators should be subjected to a dedicated regulatory regime, suggest 27 respondents. Government should prevail on the central government to improve flight connectivity between Bangalore and countries from the Middle East, Africa and South East Asia, suggest 26 respondents. Government should mandate the medical travel facilitators to archive the medical records of their clients in soft version, suggest 26 respondents. Government should mandate installation of help desks at the accredited and certified hospitals, staffed by people with multi-lingual skills, according to 25 respondents.

Conclusions

Conclusions are inferences / generalisations drawn from the findings and relate to hypotheses. They are answers to the research questions or the statements of acceptance or rejection of hypotheses. As explained already, this study proposes to test the following hypothesis:

“Medical travel facilitators should be subjected to a dedicated regulatory regime”

Hence H_0 and H_1 are as follows:

H_0 : Medical travel facilitators should not be subjected to a dedicated regulatory regime

H_1 : Medical travel facilitators should be subjected to a dedicated regulatory regime

On the basis of the primary data collected from the respondents, vide Tables: 2, 4 and 6, a chi-square test was applied to ascertain the association, if any, between the three variables. The following Table reveals the computation made using MS-Excel.

Table - 7

| Category | Observed Values | | |
|------------------------|-----------------|---------|----------|
| | Yes | No | Total |
| Foreign patients | 23 | 7 | 30 |
| Hospital managements | 27 | 3 | 30 |
| Consultants | 25 | 5 | 30 |
| Total | 75 | 15 | 90 |
| Expected Values | | | |
| Foreign patients | 25 | 5 | 30 |
| Hospital managements | 25 | 5 | 30 |
| Consultants | 24 | 6 | 30 |
| Total | 74 | 16 | 90 |
| | Yes | No | |
| o-e | -2.0000 | 2.0000 | |
| | 2.0000 | -2.0000 | |
| | 1.0000 | -1.0000 | |
| (o-e) ² | 1.0000 | 1.0000 | |
| | 1.0000 | 1.0000 | |
| | 1.0000 | 1.0000 | |
| ((o-e) ² /e | 0.0400 | 0.2000 | |
| | 0.0400 | 0.2000 | |
| | 0.0417 | 0.1667 | |
| CV | 0.1217 | 0.5667 | 0.6883 |
| TV | | | 5.991465 |
| p | | | 0.71 |

The calculated value of χ^2 is 0.6883, lower than the table value of 5.991465 for an alpha of 0.05 at two degrees of freedom. Hence the null hypothesis is accepted and the research hypothesis is rejected.

Recommendations

The following are the researcher's recommendations:

1. The accreditation regime should mandate that hospitals cater to the needs of the patient's kith and kin too. After all, a patient is a patient and failure to cater to the needs of the patient's kith and kin would lead to a slow-down in the pace of convalescence of the patient. However comprehensive and all-encompassing be the services of the hospital concerned, the presence of kith and kin would prove reassuring to the patient and help in speeding up the patient's recovery. Hence catering to the needs of the patient's kith and kin is an integral part of the medical service / health care the hospital concerned is required to provide for the welfare and swift recovery of the medical tourist concerned.
2. This is also true of the caregivers that accompany the medical tourist. A caregiver or carer looks after a person who is ill or unable to look after themselves. The accreditation regime should mandate that hospitals also meet the demands of the caregivers that accompany the foreign patients.
3. A consortium of hospitals should initiate measures for accreditation, international marketing, liaison, quality control, etc. This would best serve the interests of all the stakeholders associated with the medical tourism industry.
4. Medical tourists hail from a different background. Among others, they may belong to a different religion and speak a language that is not spoken anywhere in India. Considering how important and relevant the articulate description of the affliction by the patient is for the doctor, the government should mandate installation of help desks at the accredited and certified hospitals, staffed by people with multi-lingual skills. Thus, the help desk would be in a position to interpret the patient's description of the affliction. It will help the doctor diagnose the patient's disorders and prescribe appropriate treatment.
5. Government should mandate the medical travel facilitators to archive the medical records of their

clients in soft version. This should be one of the regulations that should apply to the medical travel facilitator community. In fact, the government should do well to define a dedicated regulatory mechanism that the medical travel facilitator community should abide by considering the vital role played by the said community in bringing the medical tourists and medical service providers / health care providers face to face.

6. The medical visa regime should be streamlined too considering that the medical tourists, owing to their affliction, need to be attended to swiftly and in a hassle-free manner. They are not tourists of the general kind and deserve to be treated more humanely in the matter of issue of visa.

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A STUDY OF CUSTOMER SATISFACTION IN THE PUBLIC AND PRIVATE LIFE INSURANCE COMPANIES IN MUMBAI

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Abstract

Insurance has been an integral part of financial services system and recognized as a cornerstone of a country's financial health & symbol of progress. A life insurance policy provides insurance protection to the holder and his family. The Indian insurance market provides huge potential, because of the huge population. There was a remarkable progress in the Indian insurance industry soon after the acceptance and adaptation of LPG in the year 1991. In this paper an attempt is made to study the history and growth of insurance Industry, current issues and challenges faced by the insurance Industry. Nowadays it is observed that there is more competition in the insurance business, due to the functioning of 24 life insurance companies. The aspects such as understanding the consumer needs and behavior, Product segmentation, consumer awareness and satisfaction on insurance products and the services provided by the insurance companies etc, are to be given more importance to survive and also to sustain in the business. Therefore an attempt has been made through this research to explore these aspects. The outcome of the research is likely to help the life insurance companies to know their customers and serve efficiently according their changing needs.

Keywords: Liberalization, Life Insurer, Insurance Density and Penetration, Customer Satisfaction.

Introduction

Insurance has become an essential factor in everyone's life today. The life insurance generally helps to insure the life of people. Though the concept of insurance is old as history of mankind, back to some 6,000 years, it got its presence registered in India in the year 1818 with opening of Oriental Life Insurance Company in Calcutta by Europeans. Insurance Law in India had its origins in the United Kingdom with the establishment of a British firm the Oriental Life Insurance Company in 1818, the Madras Equitable Life Insurance Society in 1829 and the Oriental Life Insurance Company in 1874.

Even after the passage of Life Insurance Companies Act, 1912 and the Provident Fund Act and the Insurance Act of 1938 the industry was unable to serve the consumer particularly the Indian population in a fair and justifiable way and the demand to amend the prevailing Act of 1938 assumed velocity. Thus in the year 1956 the Act was passed as Life Insurance Corporation Act, 1956 on 19th

June. Thus LIC was formed on 1st September 1956. Till 1999 LIC was the only life insurance player in Indian Life Insurance field. It was Insurance Regulatory and Development Authority, 1999 (IRDA) that gave the freedom to the private players to play in the field. Thus Government of India via IRDA permitted the private life Insurance player also to enter the Indian field and made some provision for foreign insurance companies that if they want to enter the Indian market they can do so but to the extent of 26 percent of share only with any of Indian partner and subsequently as per the recent amendment in the Act the FDI in insurance sector has been increased up to 49 percent by the present BJP Govt.

Indian Insurance Market

At the end of March 2014, there are 53 insurance companies operating in India; of which 24 are in the life insurance business and 28 are in non-life insurance business. In addition, GIC is the sole national reinsurer. **(Table - 1)**

Table - 1: Insurance Companies Registered with IRDA: 2014

| Type of Business | Public Sector | Private Sector | Total |
|-------------------|---------------|----------------|-------|
| Life Insurance | 1 | 23 | 24 |
| General Insurance | 6 | 22 | 28 |
| Re-insurance | 1 | 01 | |
| Total | 08 | 45 | 53 |

Source: IRDA Annual Report, 2013—14

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The Government having tried various models for the insurance industry such as privatization with negligible regulation (pre 1956) and nationalization (1956-2000) and having observed sub optimal performance of the sector, resorted to adopting a hybrid model of both these, resulting in privatization of the sector with an efficient regulatory mechanism (post 2000). This was initiated with the aim of making the industry competitive.

Literature Review

There are some studies and books on the subject. Some of them are briefly presented here.

David rule in his study entitled risk transfer between banks, insurance companies and capital markets identified the growing links between the insurance and other financial sectors. He also evaluated about the possible role of insurance companies in the growth of the economy.¹

Catalan and others found evidence for the causal relationship between the development of contractual savings and market development by analyzing the progress of market capitalization and value traded in stock markets and the assets of pension funds and life insurances.²

Subir Sen³ has done a cross country comparative analysis of insurance density, insurance penetration and life insurance premium of selected countries to understand the development and importance of the life insurance market. Ranade & Ahuja analyzed the development of the Indian insurance sector overtime under the impact of softening regulatory constraints.⁴

Horioka and Watanabe⁵ has studied the motives behind the savings of household sector and identified that a reasonable portion of amounts are invested in the insurance products for security and return.

In his study Gupta⁶ has critically evaluated the rationale for the introduction of private players in the general insurance market. He opined that at this juncture Indian market is still premature for the same. The relationship between insurance sector growth and demographic development was examined by Browne. He found a positive correlation between insurance growth, per capita income, wealth and legal system features.⁷

Objectives of the Study

The following are the specific objectives of the study

- 1) Study the origin, growth of life insurance companies in India
- 2) Investigate and analyse the demographic Profile of life insurance customers
- 3) Study the customer awareness of public and private life insurance companies
- 4) Identify the satisfaction of the customer of Private and Public life insurance companies in India

Data and Methodology

To achieve these objectives, data has been collected from both primary and secondary sources. The primary data has been collected through structured questionnaire from insurees. The secondary data has been collected from books, reports and bulletins of RBI, bulletins of IRDA, journal, magazines, working papers, conference papers, news papers, etc. The period of the study is from 2002 to 2014. For analysis of the data few statistical devices like percentage, growth rates, simple ranks, and averages, **X2-test** will be used.

Area and Sampling

The study is based on public and private life insurance companies in Mumbai. The word public means LIC and private means any of the 23 private insurance companies doing business in India. In order to ascertain the opinions of insurees, Mumbai has been selected. Mumbai is the largest metropolitan city in Maharashtra. It is governed by Mumbai Municipal Corporation. Three geographical regions of Mumbai i.e., South Mumbai, Central Mumbai, and Western Mumbai are included for the survey. A convenient sample of 200 insurees which includes 100 each for public and private life insurance company has been selected for the study.

Business Performance –New policies issued

The following table shows the total number of policies floated by insurance companies in the Post liberalization period

Table - 2 : No of New Policies Issued (in lakhs)

| Year | No of Policies by PLIC | Growth rate % | No of Policies by LIC | Growth rate % |
|---------|------------------------|---------------|-----------------------|---------------|
| 2002-03 | 8.25 | 3.25 | 245.46 | 96.75 |
| 2003-04 | 16.59 | 101.05 | 269.68 | 9.87 |
| 2004-05 | 22.33 | 34.62 | 239.78 | -11.09 |
| 2005-06 | 38.71 | 73.37 | 315.91 | 31.75 |
| 2006-07 | 79.22 | 104.64 | 382.29 | 21.01 |
| 2007-08 | 132.62 | 67.40 | 376.13 | -1.61 |
| 2008-09 | 150.11 | 13.19 | 359.13 | -4.52 |
| 2009-10 | 143.62 | -4.32 | 388.63 | 8.21 |
| 2010-11 | 111.14 | -22.61 | 370.38 | 4.70 |
| 2011-12 | 84.42 | -24.04 | 357.51 | 3.47 |
| 2012-13 | 74.05 | -12.28 | 367.82 | 2.88 |
| 2013-14 | 63.6 | -14.11 | 345.12 | -6.17 |

Source: Compiled from IRDA Annual Reports from 2000-01 to 2013-14.

From the above table it is clear that both the public and private insurance companies are able to grow steadily from the year 2002-03 to 2008-09. There is slowdown in the business of private and public companies from the year 2009-10. Even after the privatization of the insurance industry, LIC is able to hold its number one position with more than 70% market share.

Demographic Profile of the Respondents

Table - 3.1 : Current Age (Years)

| Category | Public Sector | | | Private Sector | | |
|----------|---------------|------------|---------|----------------|------------|---------|
| | Male | Female | Total | Male | Female | Total |
| Below 20 | 9(13.63%) | 6(17.64%) | 15(15%) | 08(14.03%) | 4(9.30%) | 12(12%) |
| 21-30 | 15(22.73%) | 07(20.58%) | 22(22%) | 12(21.05%) | 10(23.26%) | 26(26%) |
| 31-40 | 23(34.84%) | 09(26.47%) | 32(32%) | 21(36.84%) | 12(27.91%) | 29(29%) |
| 41-50 | 11(16.67%) | 07(20.59%) | 18(18%) | 12(21.05%) | 09(20.93%) | 21(21%) |
| Above50 | 08(12.12%) | 05(14.71%) | 13(13%) | 04(7.02%) | 08(18.60%) | 12(12%) |
| TOTAL | 66(100) | 34(100) | 100 | 57(100) | 43(100) | 100 |

Table - 3.2 : Place of Residence

| Category | Public Sector | | | Private Sector | | |
|-----------------|---------------|------------|---------|----------------|------------|---------|
| | Male | Female | Total | Male | Female | Total |
| Central Mumbai | 22(33.33%) | 13(38.24%) | 35(35%) | 15(52.49%) | 16(37.21%) | 31(31%) |
| Western Mumbai | 20(30.30%) | 12(35.29%) | 32(32%) | 21(36.84%) | 15(34.88%) | 36(36%) |
| Southern Mumbai | 24(36.36%) | 09(28.47%) | 33(33%) | 21(36.84%) | 12(27.91%) | 33(33%) |
| TOTAL | 66(100) | 34(100) | 100 | 57(100) | 43(100) | 100 |

Table - 3.3 : Marital Status

| Category | Public Sector | | | Private Sector | | |
|------------------|---------------|------------|---------|----------------|------------|---------|
| | Male | Female | Total | Male | Female | Total |
| Category | Male | Female | Total | Male | Female | Total |
| Married | 38(57.57%) | 17(50%) | 55(55%) | 30(52.63) | 23(53.49%) | 53(53%) |
| Unmarried | 24(36.36%) | 15(44.12%) | 39(39%) | 19(33.33) | 18(41.87%) | 37(37%) |
| Widow & divorced | 04(6.06%) | 02(5.88%) | 06(06%) | 8(14.04%) | 02(4.65%) | 10(10%) |
| TOTAL | 66(100) | 34(100) | 100 | 57(100) | 43(100) | 100 |

Table - 3.4 : Education

| Category | Public Sector | | | Private Sector | | |
|-----------------|---------------|------------|---------|----------------|------------|---------|
| | Male | Female | Total | Male | Female | Total |
| Below HSC | 15(22.73%) | 07(20.59%) | 22(22%) | 21(36.84%) | 17(39.53%) | 38(38%) |
| Diploma /Degree | 31(46.97%) | 18(52.93%) | 49(49%) | 25(43.86%) | 16(37.29) | 41(41%) |
| Post Grad | 11(16.67%) | 05(14.71%) | 15(15%) | 06(10.53%) | 07(16.23%) | 13(13%) |
| Professional | 09(13.64%) | 04(11.76%) | 13(13%) | 05(8.77%) | 03(6.98%) | 08(08%) |
| TOTAL | 66(100) | 34(100) | 100 | 57(100) | 43(100) | 100 |

Table - 3.5 : Employment

| Category | Public Sector | | | Private Sector | | |
|--------------|---------------|------------|---------|----------------|------------|---------|
| | Male | Female | Total | Male | Female | Total |
| Business | 08(12.12%) | 02(5.88%) | 10(10%) | 11(19.30%) | 7(16.28%) | 18(18%) |
| Private | 21(31.82%) | 12(35.29%) | 33(33%) | 16(28.07%) | 10(23.26%) | 26(26%) |
| Govt | 28(42.42%) | 14(41.12%) | 42(42%) | 17(29.82%) | 14(32.56%) | 31(31%) |
| Professional | 05(7.58%) | 02(5.88%) | 07(07%) | 05(8.72%) | 9(20.93%) | 14(14%) |
| Retired | 04(6.06%) | 04(11.76%) | 08(08%) | 08(14.04%) | 03(6.98%) | 11(11%) |
| TOTAL | 66(100) | 34(100) | 100 | 57(100) | 43(100) | 100 |

Table - 3.6 : Income (in Rs)

| Category | Public Sector | | | Private Sector | | |
|-----------------|---------------|------------|---------|----------------|------------|---------|
| | Male | Female | Total | Male | Female | Total |
| 25,000-50,000 | 24(36.36%) | 14(41.12%) | 38(38%) | 19(33.33%) | 17(39.53%) | 36(36%) |
| 50001-75,000 | 18(27.27%) | 09(26.47%) | 27(27%) | 21(36.84%) | 15(34.88%) | 36(36%) |
| 75,000-1,00,000 | 14(21.21%) | 06(17.65%) | 20(20%) | 7(12.28%) | 07(16.28%) | 14(14%) |
| Above 100000 | 10(15.15%) | 05(14.71%) | 15(15%) | 10(17.54%) | 04(9.30) | 14(14%) |
| | 66(100) | 34(100) | 100 | 57(100) | 43(100) | 100 |

Source: Primary Data through Questionnaire.

Note: Figures in Parenthesis indicate percentage to the total.

Demographics: Of the 200 surveyed, the majority of the respondents surveyed were male (66%), meaning 34% of the respondents surveyed were female. In terms of marital status, married people (55%) represented the largest group of participants. Nearly 54% of respondents ranged between 21 to 40 years of age. majority of respondents

(N=65) reported household incomes; the most common income bracket was from Rs 25,000-75,000 pm. Twenty five percent reported household incomes of more than Rs 75,000 to Rs 1,00,000, and fifteen percent surveyed respondent are in the income range of more than Rs 1,00,000. Majority of the respondents surveyed are in govt service (42%), nearly thirty three percent (33%) respondents are in the service of the private sector.

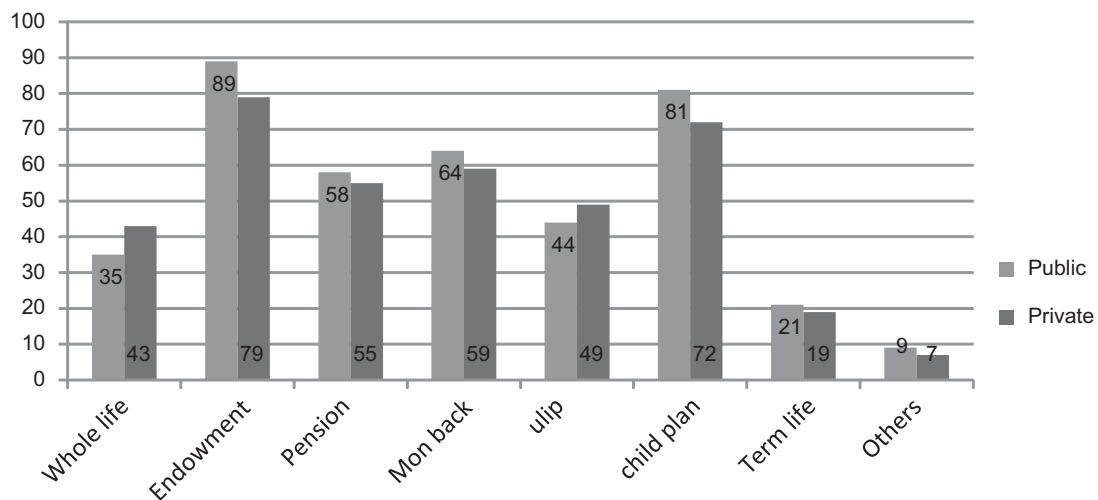
Customer Choice on Life Insurance Policy

It is observed from the table regarding the views of the policy holders on choice of policy (n=168) have opted for 'Endowment policy' as their first preference. It is followed by 'children's plan' which gives security to child's future.

Table - 4 : Views on Different Choice of Life Insurance

| Types | Public | Private | Total | Rank |
|------------|--------|---------|-------|------|
| Whole life | 35 | 43 | 78 | VI |
| Endowment | 89 | 79 | 168 | I |
| Pension | 58 | 55 | 113 | IV |
| Money back | 64 | 59 | 123 | III |
| Ulip | 44 | 49 | 93 | V |
| Child plan | 81 | 72 | 153 | II |
| Term life | 21 | 19 | 41 | VII |
| Others | 09 | 07 | 16 | VIII |
| Total | 401 | 383 | 784 | |

Graph - 1 : Views on Different Choice of Life Insurance



Views on Purpose of Insurance in Human Life

Life insurance s purchased for various requirements. The respondents were asked about the purpose for buying insurance. The score values are presented in the table and their preferences are given by ranks based on mean score.

Table - 5.1 : Policyholders Purpose in Selection of Policy (Public)

| Purpose | 1 | 2 | 3 | 4 | 5 | Total score | Mean score | Rank |
|----------------------|--------|--------|--------|---------|---------|-------------|------------|------|
| Savings | 6(6) | 16(32) | 19(57) | 24(96) | 35(175) | 366 | 3.66 | V |
| Risk coverage | 05(5) | 11(22) | 17(51) | 21(84) | 46(230) | 392 | 3.92 | II |
| Old age Protection | 4(4) | 22(44) | 31(93) | 27(108) | 16(80) | 329 | 3.29 | VI |
| Income tax | 13(13) | 23(46) | 27(81) | 24(96) | 13(65) | 214 | 2.14 | VII |
| Children's Education | 3(3) | 6(12) | 11(33) | 25(100) | 55(275) | 423 | 4.23 | I |
| Daughters Marriage | 5(5) | 16(32) | 17(51) | 13(52) | 49(245) | 385 | 3.85 | III |
| Capital Appreciation | 5(5) | 7(14) | 30(90) | 21(84) | 37(185) | 378 | 3.78 | IV |

**[Highly Important-5, Important -4, Neutral -3, Unimportant -2, Highly Unimportant-1]*

Source: Questionnaire Data

Table - 5.2 : Policyholders Purpose in Selection of Policy (Private)

| Purpose | 1 | 2 | 3 | 4 | 5 | Total score | Mean score | Rank |
|----------------------|--------|--------|--------|---------|---------|-------------|------------|------|
| Savings/security | (5)(5) | 14(28) | 17(51) | 28(112) | 36(180) | 376 | 3.76 | IV |
| Risk coverage | 04(04) | 10(20) | 15(45) | 40(160) | 31(155) | 384 | 3.84 | III |
| Old age Protection | 4(4) | 22(44) | 31(93) | 27(108) | 16(80) | 329 | 3.29 | VI |
| Income tax | 10(10) | 07(14) | 20(60) | 22(88) | 41(205) | 477 | 4.77 | I |
| Children's Education | 2(2) | 10(20) | 8(24) | 26(104) | 54(270) | 420 | 4.20 | II |
| Daughters Marriage | 8(8) | 16(32) | 23(69) | 13(52) | 40(200) | 361 | 3.61 | V |
| Capital Appreciation | 8(8) | 26(52) | 19(57) | 30(120) | 15(75) | 312 | 3.12 | VII |

Source: Questionnaire Data; **[Highly Important-5, Important -4, Neutral -3, Unimportant -2, Highly Unimportant-1]*

From the table it is found that risk coverage children's education and daughters marriage are given most wanted choice for buying insurance for public and income tax, children's education, risk coverage are the top three reason for buying insurance for private sector. It is interesting to state that children's education is given more importance by both public and private respondents.

Factors Influencing Choice of Policy

There are many factors influencing the purchase of policy. The respondents were asked about the main factors which they may consider while buying insurance. The information so collected presented in the Table below

Table - 6.1 : Views on Factors Influencing Choice of Policy (Public) (N=100)

| Factors | 1 | 2 | 3 | 4 | 5 | Total score | Mean score | Rank |
|----------------|------|--------|---------|---------|---------|-------------|------------|------|
| Premium/Riders | 3(3) | 6(12) | 8(24) | 27(108) | 56(280) | 427 | 4.27 | I |
| Hidden Charges | 5(5) | 15(30) | 45(135) | 27(108) | 08(40) | 313 | 3.13 | V |
| Policy Term | 2(4) | 7(14) | 11(33) | 30(120) | 50(250) | 421 | 4.21 | II |
| Bonus | 3(3) | 12(24) | 11(33) | 23(92) | 51(255) | 407 | 4.07 | III |
| Post Services | 9(9) | 11(26) | 56(168) | 15(60) | 19(95) | 358 | 3.58 | IV |

Source: Questionnaire Data

A close scrutiny into above table reveals that the consumer give first priority to Premium/ Riders paid for the policy and the second/third importance is given to tenure of the policy/bonus expected from the policy etc.

Table - 6.2 : Views on Factors Influencing Choice of Policy (Private) (N=100)

| Factors | 1 | 2 | 3 | 4 | 5 | Total score | Mean score | Rank |
|--------------------|--------|--------|--------|---------|---------|-------------|------------|------|
| Premium/Riders | 3(3) | 4(08) | 26(78) | 37(148) | 30(150) | 387 | 3.87 | III |
| Hidden Charges | 14(14) | 10(20) | 30(90) | 17(68) | 29(145) | 337 | 3.37 | V |
| Policy Term | 4(4) | 20(40) | 11(33) | 30(120) | 35(175) | 372 | 3.72 | IV |
| Bonus | 2(2) | 08(16) | 07(21) | 23(92) | 60(300) | 431 | 4.31 | I |
| Post sale Services | 9(9) | 11(22) | 05(15) | 25(100) | 50(250) | 396 | 3.96 | II |

Source: Questionnaire Data

It is interesting to mention that in case of private life, respondents give more weight age to bonus as it is given more mean score by the respondents and the next preferred factor is post sales services of private life insurance companies.

Factors Influencing Customer Satisfaction

There are many factors which influence the customer satisfaction level in life insurance products. The following factors have been identified and the findings are presented below

Table - 7.1 : Product positioning/ Premium/Riders

| 1. Product positioning | Public | Private | 2. Premium/Riders | Public | Private |
|------------------------|-----------|-----------|-------------------|-----------|-----------|
| Excellent | 16(16) | 12(12) | Very high | 10(10) | 14 (14) |
| Very good | 34(34) | 28(28) | High | 22(22) | 32(32) |
| Good | 32(32) | 38(38) | Moderate | 38(38) | 32(32) |
| Satisfactory | 10(10) | 8(8) | Low | 16(16) | 14(14) |
| Poor | 8(08) | 14(14) | Very low | 14(14) | 08(08) |
| Total | 100 (100) | 100 (100) | TOTAL | 100 (100) | 100 (100) |

Source: Questionnaire Data

Satisfaction on Product positioning: The table shows that among the total sample policy holders among public, majority of them who accounts for 34 percent said that the product positioning is very good and 08 percent said it is poor. Among the private policy holders 38 percent expressed that the product positioning is good and 14percent said it is poor.

Satisfaction on Premium/Riders: An analysis of the opinion of public and private policyholders reveals that among the public 10percent respondents feel that the premium is very high and 22percent said premium is high. In case of private life 14 percent expressed that premium is very high and 32 percent said the premium is high.

Table - 7.2 : Risk coverage/ Bonus

| 3. Risk coverage | Public | Private | 4. Bonus | Public | Private |
|------------------|----------|----------|--------------|-----------|----------|
| Very high | 20(20) | 32 (32) | Excellent | 34(34) | 32 (32) |
| High | 30(30) | 34(34) | Very good | 30(30) | 29(26) |
| Moderate | 28(28) | 24(24) | Good | 22(22) | 26(26) |
| Low | 10(10) | 06(06) | Satisfactory | 10(10) | 10(10) |
| Very low | 12(12) | 04(04) | Poor | 04(12) | 3(03) |
| TOTAL | 100(100) | 100(100) | Total | 100 (100) | 100(100) |

Source: Questionnaire Data

Satisfaction on Risk coverage: An analysis of the opinions of public and private policyholders reveals the following facts and figures. Among the public policyholders, 20 percent said the risk coverage is very high and 30 percent

said the risk coverage is high. The sample of 32 percent respondents of private sector, said that the risk coverage is very high and 34 percent expresses that it is high.

Satisfaction on Bonus: Among the public and private policyholders, 34 percent and 32 percent said the bonus given is excellent. The sample of 29 percent respondents of private sector and 30 percent respondents and said that the bonus is very good.

Table - 7.3 : Satisfaction on post sales service/ Brand loyalty

| | Post sales service | | | Brand loyalty | |
|--------------|--------------------|----------|-----------|---------------|----------|
| | Public | Private | | Public | Private |
| Excellent | 24(24) | 28 (28) | Very high | 34(34) | 32 (32) |
| Very good | 22(22) | 30(30) | High | 30(30) | 26(26) |
| Good | 28(28) | 26(26) | Moderate | 22(22) | 26(26) |
| Satisfactory | 18(18) | 12(12) | Low | 10(10) | 10(06) |
| Poor | 08(08) | 04(04) | Very low | 04(04) | 6(02) |
| Total | 100(100) | 100(100) | Total | 100 (100) | 100(100) |

Source: Questionnaire Data

The post sales services of the private life insurance companies are marginally higher than the public life insurance company. An overall analysis, It is observed that more than 50 percent in both category of respondents are very much satisfied with the after sales services.

LIC enjoys more brand equity than the private life companies and it enjoys more market share in life insurance business in India.

Chi-Squared Test

Based on the requirement of the study Chi-Square Test (X²-test) is done. Both calculated value and table values are found out. Accordingly accept or reject decisions are arrived. Accept in Null hypothesis indicates that there is no significant difference in the satisfaction level of Public and private life insurance policy holders and vice versa. The null hypothesis is set that the all policyholders are satisfied on various factors influencing the satisfaction of the policyholders.

Table No - 8 : Chi-Square (χ^2 –Test)

| Table No | Title of the Table | Calculated Value | Table Value | Accepted/Rejected |
|-----------|---------------------|------------------|-------------|-------------------|
| Table:8.1 | Product positioning | 3.5249 | 9.488 | Accepted |
| Table:8.1 | Premium/Riders | 4.8025 | 9.488 | Accepted |
| Table:8.2 | Risk coverage | 8.3269 | 9.488 | Accepted |
| Table:8.2 | Bonus/Return | 0.5537 | 9.488 | Accepted |
| Table:8.3 | Post sales service | 4.1459 | 9.488 | Accepted |
| Table:8.3 | Brand loyalty | 1.0797 | 9.488 | Accepted |

Source: Calculated

It is observed from table that all values are accepted. It shows that all the identified factors of customer satisfaction enquired from the policyholders have no significant difference in perception of public and private policyholders.

Conclusions

The study is more comprehensive as it deals with the different aspects of life insurance with special emphasis on customer satisfaction among public and private life insurance policyholders. The study has practical utility to policy makers, customers, insurance agents and public/private life insurance companies. The study will definitely helpful to consumers and also the findings may be used by many organizations concerned to frame appropriate and relevant policies related to the insurance sector.

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FINANCIAL MANAGEMENT – A THEORETICAL ASPECT

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Abstract

Finance is considered as the life blood of any business. In fact, the term, finance has to be understood clearly as it has different meaning and interpretation in various contexts. The time and extent of the availability of finance in any organization indicates the health of a concern. Every organization, may it be a company, firm, college, school, bank or university requires finance for running day to day affairs. As every organization previews stiff competition, it requires finance not only for survival but also for strengthening themselves. Finance is said to be the circulatory system of the economy body, making possible the required cooperation between the innumerable units of activity. The present study focuses on the conceptual understanding of the financial management.

Keywords: Finance, Organisation, Economy Body.

Introduction

Finance is the provision of money at the time when it is required. Every enterprise whether it may be large, medium or small, needs finance to carry on its operations and to achieve its targets. In fact, finance is so indispensable that it is the lifeblood of an enterprise. Without adequate finance, no enterprise can possibly accomplish its objectives. Finance is the life blood and nerve system of any business organization. Just as circulation of blood, is necessary in the human body to maintain life. Finance is necessary in the business organisation for smooth running of the business.

Definition of Finance

According to F.W.Paish, Finance may be defined as the position of money at the time it is wanted. In the words of John J. Hampton, the term finance can be defined as the management of the flows of money through an organization, whether it will be a corporation, school, bank or government agency. According to Howard and Upton, "finance may be defined as that administrative area or set of administrative functions in an organization which relates with the arrangement of each and credit so that the organization may have the means to carry out the objectives as satisfactorily as possible.

In the words of Bonneville and Dewey, Financing consists in the raising, providing, managing of all the money, capital or funds of any kind to be used in connection with the business. As put forth by Hurband and Dockery in his book 'Modern Corporation Finance', finance is defined as "an organism composed of a myriad of separate enterprise, each working for its own ends but simultaneously making a contribution to the system as a whole, some force is necessary to bring about direction

and co-ordination. Something must direct the flow of economic activity and facilitate its smooth operation. Finance is the agent that produces this result"

The Encyclopedia Britannica defines finance as "the act of providing the means of payment." It is thus the financial aspect of corporate planning which may be described as the management of money. An analysis of the aforesaid definition, makes it clear that finance directs the flow of economic activity and facilitates the smooth operation. Finance provides the required stimulus for continued business operations of all categories. Finance is essential for expansion, diversification, modernization, establishment, of new projects and so on. The financial policy of any organization to a greater extent, determines not only its existence, and survival but also the performance and success of that organization. Finance is required for investment, purposes as well as to meet substantial capital expenditure projects.

Concept of Financial Management

As already discussed, the general meaning of finance refers to providing funds, as and when needed. However, as management function, the term 'Financial Management' has a distinct meaning. Financial management deals with the study of procuring funds and its effective and judicious utilisation, in terms of the overall objectives of the firm, and expectations of the providers of funds. The basic objective is to maximise the value of the firm. The purpose is to achieve maximisation of share value to the owners i.e. equity shareholders.

The term financial management has been defined, differently, by various authors. Some of the authoritative definitions are given below:

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- “Financial Management is concerned with the efficient use of an important economic resource, namely, Capital Funds” —Solomon
- “Financial Management is concerned with the managerial decisions that result in the acquisition and financing of short-term and long-term credits for the firm” —Phillioppatus
- “Business finance is that business activity which is concerned with the conservation and acquisition of capital funds in meeting financial needs and overall objectives of a business enterprise” —Wheeler

Nature of Financial Management

Financial management refers to that part of management activity, which is concerned with the planning and controlling of firm's financial resources. Financial management is a part of overall management. All business decisions involve finance. Where finance is needed, role of finance manager is inevitable. Financial management deals with raising of funds from various sources, dependant on availability and existing capital structure of the organisation. The sources must be suitable and economical to the organisation. Emphasis of financial management is more on its efficient utilisation, rather than raising of funds, alone. The scope and complexity of financial management has been widening, with the growth of business in different diverse directions. As business competition has been increasing, with a greater pace, support of financial management is more needed, in a more innovative way, to make the business grow, ahead of others.

Scope of Financial Management

Financial management is concerned with optimum utilisation of resources. Resources are limited, particularly in developing countries like India. So, the focus, everywhere, is to take maximum benefit, in the form of output, from the limited inputs. Financial management is needed in every type of organisation, be it public or private sector. Equally, its importance exists in both profit oriented and non-profit organisations. In fact, need of financial management is more in loss-making organisations to turn them to profitable enterprises. Study reveals many organisations have sustained losses, due to absence of professional financial management. Financial management has undergone significant changes, over the years in its scope and coverage.

Traditional Approach

The scope of finance function was treated, in the narrow sense of procurement or arrangement of funds. The finance manager was treated as just provider of funds, when organisation was in need of them. The utilisation

or administering resources was considered outside the purview of the finance function. It was felt that the finance manager had no role to play in decision making for its utilisation. Others used to take decisions regarding its application in the organisation, without the involvement of finance personnel. Finance manager had been treated, in fact, as an outsider with a very specific and limited function, supplier of funds, to perform when the need of funds was felt by the organisation. As per this approach, the following aspects Arrangement of funds from financial institutions

- Estimation of requirements of finance,
- Only were included in the scope of financial management:
- Looking after the accounting and legal work connected with the raising of funds.
- Arrangement of funds through financial instruments such as shares, debentures, loans etc

Modern Approach

Since 1950s, the approach and utility of financial management has started changing in a revolutionary manner. Financial management is considered as vital and an integral part of overall management. The emphasis of Financial Management has been shifted from raising of funds to the effective and judicious utilisation of funds. The modern approach is analytical way of looking into the financial problems of the firm. Advice of finance manager is required at every moment, whenever any decision with involvement of funds is taken. Hardly, there is an activity that does not involve funds. In the words of Solomon “The central issue of financial policy is the use of funds. It is helpful in achieving the broad financial goals which an enterprise sets for itself”. Nowadays, the finance manager is required to look into the financial implications of every decision to be taken by the firm. His Involvement of finance manager has been before taking the decision, during its review and, finally, when the final outcome is judged. In other words, his association has been continuous in every decision-making process from the inception till its end.

Finance Function – Objectives

The objective of finance function is to arrange as much funds for the business as are required from time to time. This function has the following objectives.

1. Assessing the Financial Requirements: The main objective of finance function is to assess the financial needs of an organization and then finding out suitable sources for raising them. The sources should be commensurate with the needs of the business. If funds are needed for longer periods then long-term sources like share capital, debentures, term loans may be explored.

2. **Proper Utilisation of Funds:** Though raising of funds is important but their effective utilisation is more important. The funds should be used in such a way that maximum benefit is derived from them. The returns from their use should be more than their cost. It should be ensured that funds do not remain idle at any point of time. The funds committed to various operations should be effectively utilized. Those projects should be preferred which are beneficial to the business.
3. **Increasing Profitability:** The planning and control of finance function aims at increasing profitability of the concern. It is true that money generates money. To increase profitability, sufficient funds will have to be invested. Finance function should be so planned that the concern neither suffers from inadequacy of funds nor wastes more funds than required. A proper control should also be exercised so that scarce resources are not frittered away on uneconomical operations. The cost of acquiring funds also influences profitability of the business.
4. **Maximising Value of Firm:** Finance function also aims at maximizing the value of the firm. It is generally said that a concern's value is linked with its profitability.

Types of Finance:

1. Business Finance

The term 'business finance' is very comprehensive. It implies finances of business activities. The term, 'business' can be categorized into three groups: commerce, industry and service. It is a process of raising, providing and managing of all the money to be used in connection with business activities. It encompasses finance of sole proprietary organizations, partnership firms and corporate organizations. No doubt, the aforesaid organizations have different characteristics, features, distinct regulations and rules. And financial problems faced by them vary depending upon the nature of business and scale of operations. However, it should be remembered that the same principles of finance are applicable to large and small organizations, proprietary and nonproprietary organizations.

2. Direct Finance

The term 'direct', as applied to the financial organisation, signifies that savings are effected directly from the saving-surplus units without the intervention of financial institutions such as investment companies, insurance companies, unit trusts, and so on.

3. Indirect Finance

The term 'indirect finance' refers to the flow of savings from the savers to the entrepreneurs through

intermediary financial institutions such as investment companies, unit trusts and insurance companies, and so on. Finance administers economic activities. The scope of finance is vast and determined by the financial needs of the business enterprise, which have to be identified before any corporate plan is formulated. This eventually means that financial data must be obtained and scrutinised. The main purpose behind such scrutiny is to determine how to maintain financial stability.

4. Public Finance

It is the study of principles and practices pertaining to acquisition of funds for meeting the requirements of government bodies and administration of these funds by the government.

5. Private Finance

It is concerned with procuring money for private organization and management of the money by individuals, voluntary associations and corporations. It seeks to analyse the principles and practices of managing one's own daily affairs. The finance of non-profit organization deals with the practices, procedures and problems involved in the financial management of educational charitable and religions and the like organizations.

6. Corporation Finance

Corporation finance deals with the financial problems of a corporate enterprise. These problems include the financial aspects of the promotion of new enterprises and their administration during their early period ; the accounting problems connected with the distinction between capital and income, the administrative problems arising out of growth and expansion, and, finally, the financial' adjustments which are necessary to bolster up to rehabilitate a corporation which has run into financial difficulties. The term 'corporation finance' includes, apart from the financial environment, the different strategies of financial planning. It includes problems of public deposits, inter-company loans and investments, organised markets such as the stock exchange, the capital market, the money market and the bill market. Corporation finance also covers capital formation and foreign capital and collaborations.

Finance in Relation to other Allied Disciplines Financial Accounting

It is concerned with the preparation of reports which provide information to users outside the firm. The most common reports are the financial statements included in the annual reports of stock-holders and potential investors. The main objective of these-reports is to inform stockholders, creditors and other investors how assets

are controlled by a firm. In the light of the financial statements and certain other information, the accountant prepares funds film statement, cash flow statement and budgets. A master plan (Budget) of the organization includes and coordinates the plans of every department in financial terms. According to Guthmann and Dougall, "Problems of finance are intimately connected while problems of purchasing, production and marketing".

Cost Accounting

It deals primarily with cost data. It is the process of classifying, recording, allocating and reporting the various costs incurred in the operation of an enterprise. It includes a detailed system of control for material, labour and overheads. Budgetary control and standard casting are integral part of cost accounting. The purpose of cost accounting is to provide information to the management for decision making, planning and control. It facilitates cost reduction and cost control. It involves reporting of cost data to the management.

Management Accounting

It refers to accounting for the management. It provides necessary information to assist the management in the creation of policy and in the day to day operations. It enables the management to discharge all its functions, namely, planning, organizing, staffing, direction and control efficiently with the help of accounting information. Functions of management accounting include all activities connected with collecting, processing, interpreting and presenting information to the management. According to J. Batty, 'management accounting' is the term used to describe the accounting methods, systems and technique which coupled with special knowledge and ability, assist management in its task of maximizing profits or minimizing losses. Management accounting is related to the establishment of cost centres, preparation of budgets, preparation of

cost control accounts and fixing of responsibility for different functions.

Conclusion

Finance is the life blood of business. It may be defined as the position of money at the time it is wanted. Financing consists in the raising, providing, managing of all the money, capital or funds of any kind to be used in connection with the business. The term 'business finance' is very comprehensive. It implies finances of business activities. The term, 'business' can be categorized into three groups: commerce, industry and service. It is a process of raising, providing and managing of all the money to be used in connection with business activities. The term 'corporation finance' includes, apart from the financial environment, the different strategies of financial planning. It includes problems of public deposits, inter-company loans and investments, organised markets such as the stock exchange, the capital market, the money market and the bill market. The finance function cannot work effectively unless it draws on the disciplines which are closely associated with it. Management is heavily dependent on Accounting, Economics, Taxation, Operations research, Production and Marketing.

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IMPACT OF WORKING CAPITAL MANAGEMENT ON FIRM'S PROFITABILITY: A STUDY ON INDIAN TEXTILE INDUSTRY

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Abstract

In an ever-inflating environment in India, giving primary importance to working capital management can help a company to minimize risks, since it will deliver greater rewards. Working capital management should not be a last-minute consideration and should be imbibed in the policies and processes of a company. The study aims to explore the impact of working capital components such as Receivables Collection Period (RCP), Inventory Conversion Period (ICP), Payment Deferral Period (PDP) and Cash Conversion Cycle (CCC) on the profitability of Textile firms. The study evaluates the impact of working capital management on textile firm's profitability in India for the period 2007-2016. For the said purpose the study has taken into account balanced panel data of 13 Textile firms Listed on BSE -500 (based on market capitalization). The results of the study point towards the fact that all the most of the variables significantly modify the profitability of Textile firms. The Textile firms are in general facing issues with their payment and collection practices. The other control variables used on the study also significantly influence profitability.

Keywords: Inventory Conversion Period, Payment Deferral Period, Receivables Collection Period, Cash Conversion Efficiency, Working capital Management.

Introduction

The textile industry dates to several centuries and is one of the oldest industries in India. The textile industry comprises of two sectors namely the unorganised sector consisting handlooms, handicrafts and sericulture and the organised sector consisting of spinning, apparel and garments segments. Being primarily labour intensive, the industry employs around 45 million workers and 60 million indirectly, making it one of the largest employers of our country. The Textile Industry contributes 5 per cent to India's Gross Domestic Product (GDP), 14 percent to overall Index of Industrial Production (IIP) and is expected to reach a market size of US\$ 223 billion from US \$108 billion, by 2021. Of the Indian exports during FY 2015-16, the textile exports stood at US\$ 40 billion and the Compound Annual Growth Rate (CAGR) of locally made retail and lifestyle products exports jumped by 10 percent from 2013 to 2016. Recently, the textiles sector has witnessed a gush in investment and has attracted Foreign Direct Investment (FDI) worth US\$ 2.41 billion during the period 2000-2016. The Government of India has come up with several schemes for the textiles sector to alleviate its growth. The allowance of cent percent FDI as well as increased interest from private players to invest in Indian textile sector has become one of the contributing factors to the industry's growth. At present, the 'India Handloom' initiative by the Government has been trending on social media like

Facebook, Twitter and Instagram, fostering connection with youth to promote quality products from the handloom sector.

Working Capital Management is tough but rewarding (Harris, 2005). It is one of the most essential and crucial facet of short-term financial matters of an organization (Afeef, 2011). Management of working capital will have an imperative effect on the profitability of the firms and is one of the important components of firm's financial management. (Deloof, 2003). An increase in working capital helps firms to maximize their sales and obtain discounts for early payments which will apparently upsurge the Firms value. The impact of working capital decisions on the firm's performance is significant and firms which invest largely in working capital were successful in improving their firm's value. (Kim & Chung 1990, Wang 2006). It is concerned with the decisions on the quantum and components of current assets and issues involved in financing the same. The relationship between working capital management and profitability is concave rather than linear (Caballero, Teruel & Solano 2012). This opinion was further elaborated in the studies of Shin and Seonen (1998) the firms with larger profits were not motivated in managing firm's performance and its working capital. Firms with greater emphasis on working capital levels incurred additional financing expenses and thus landing them up in bankruptcy.

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The firms effectively manage their working capital by structuring end-to-end processes. This is completed by marking down of inventories, downsizing replenishment times from suppliers and bettering cash collection and payment cycles. The firms should uncover the different components of working capital, understand the interdependencies amongst them and achieve maximum benefits. For this purpose, the entire value chain must be relooked right from product plan to designing to manufacturing to sales to after sales support. Later, firms will have to elucidate the processes and phase out misuse and misapplication always keeping inherent placate in mind. Receivables and payables act as a catalyst across the value chain to finance the entire processes.

Working capital should be managed in such a way that it minimizes the overall inventory levels. This can be achieved with demand forecasting and optimization of production processes with advanced delivery and logistics support (JIT, JIS) along with variance management and service level adjustments. Primarily, the cash flow issues in the firms are due to mismatch in timing between costs incurred and customer payments. This could be overcome if companies reduce lead time in invoicing, set regular reminders, renegotiating payment terms and insisting on prepayments or advances that will improve firm's liquidity significantly. Generally, those firms using outstanding payables as their source of financing achieve higher profits and liquidity. Maximizing payment cycles and avoiding early payments often result in positive cash flows to the firms. To conclude firms adopting working capital management practices should not neglect the potential trade-offs between the use of different components of working capital and their associated costs and benefits. Looking beyond the organization and considering the broader corporate environment can minimize risks and improve working capital performance. Therefore, a best-practice working capital optimization is not just a pure abatement of working capital but a comprehensive improvisation with firm's value enhancement as an ambient purpose

Review of Literature and Derivation of Hypothesis

Many studies have been conducted to decipher the association between working capital management and profitability of a firm. This review highlights the literature relating to working capital management. **Andrew Harris (2005)** portrays working capital management to be difficult yet rewarding. The author opines that by being knowledgeable about the role and drivers of working capital management and taking steps to reach the right levels of working capital, companies can minimize risk, effectively prepare for uncertainty and improve overall performance. It is also regretted that organizations

generally concentrate on the right processes, such as cash, payables and their supply chain but, they are less likely to consider various internal and external constraints that are extremely important and that can dictate how effectively those processes are executed. The study of 1009 Belgian firms by **Caballero, Teruel and Solano (2012)**, the study projects a new evidence on the relationship between working capital management and profitability by controlling for unobservable heterogeneity and possible endogeneity in contrast to the earlier studies. It analyses a possible quadratic relation between working capital management and its impact on firm's profitability. Previous studies have indicated that lesser the investment in working capital, greater would be the firm's profitability, whereas, this study highlighted that a concave relationship existed between working capital level and profitability i.e., firms having optimal working capital level that balances costs and benefits are also able to maximize their profitability. The study further confirms that not only greater profitability effects even the greater risk effect with low level of working capital were also evident. The study has made robustness check confirming that any given firm moving away from optimal working capital was recording reduction in their profitability. To conclude as mentioned earlier the new evidence of the study is that the relationship between working capital management and profitability was concave rather than linear.

Bellouma (2011) aimed at providing empirical evidence about the effects of working capital management on profitability of 386 Tunisian exports SME's observed from 2001 to 2008. The study utilized fixed and random effects model which revealed a negative relationship between different components of working capital and profitability. The negative correlation between PDP and corporate profitability highlights less profitable companies postpone the payments of their bills. The study has also focused on the additional variables impacting the profitability other than working capital, namely, export dimension, which is measured in terms of number of foreign market and export intensity. This reveals a positive influence on corporate profitability. The study suggests financing growth strategies with additional fund would be more profitable than investing the same in inventories and receivables and concludes that the efficient working capital management enhances the value of the company. The study has not captured the nature and the role of social interaction between the supplier and buyers by means of more detailed variables.

Arbidane and Ignatjeva (2010), the outcome of the research that was performed on Latvian manufacturing companies confirm the existence of consociation between working capital management and profitability. The study upholds the existence of indicative negative

correlation between ROA and RCP and inconsequential affiliation between GOP and RCP. The inquiry further acknowledged decisive association between ICP and profitability marking conservative WCM policies. The alliance between CCC and ROA also had a negative but insignificant link confirming that the period between raw material purchase and collections from finished goods can be longer and the decreasing the same would certainly increase profitability. However, the study could have attained optimal regression equations if more liquidity indicators were considered in the model.

Barine (2012) the study investigates the working capital costs and returns of 22 quoted firms on the Nigerian stock exchange, spread across 8 sectors for the year 2010. The study reveals that the cost of working capital exceeds returns on working capital investments, affecting corporate profitability. However, the study includes banking sector in its sample. The measures/ definitions of working capital hold a different meaning altogether for banking and financial institutions and they are guided by regulatory monitoring and control.

Lingesiya and Nalini (2011) analyse the relationship between working capital management and profitability using panel data analysis for a sample of 30 listed manufacturing companies in Sri Lanka for the period 2006-2010. The study confirmed with the existing literature that a strong negative relationship between the cash conversion cycle and corporate profitability and current ratio and quick ratio positively related to the profitability.

Toby (2014) the study intended to analyse the relationship between working capital management policy and the corporate profitability in Nigerian quoted firms. The data was pooled from the published accounts of 107 Nigerian quoted companies for the period 2003-2007. The study adopted Loveday Likelihood test to determine the minimum value for the correlation to be most likely using sectoral data points. The analysis revealed that overall, all the companies and the select recorded on an average negative Net current asset ratio as these sectors financed their liquidity need aggressively by building up overtime their investment in Cash conversion. The study further revealed that on an average all the sectors adopted an aggressive working capital management strategy by exclusively depending on current liability for financing their working capital need and their existed a strong positive correlation between net current assets and other selected measures of profitability. The study suggested that an optimal working capital management policy chooses between aggressive and conservative working capital management strategies subject to maximum value creation and timing of cash flows.

In the Indian scenario also, many studies highlight the relationship between working capital management and profitability.

Panigrahi (2014) the study examines the conceptual framework of negative working capital and its effect on profitability of FMCG firms in India. The study further reveals that it was a good practice adopted by the companies to minimize the cost of borrowings for working capital as the profitability is higher if working capital is negative.

Arunkumar O.N & T. Radharaman(2012), the survey had made use of correlation and regression analysis to identify the affects of Debtor's days, Creditors day, cash velocity, working capital policy, net working capital leverage, size of the firm and current ratio on the profitability of 1198 firms for a period of 5 years with 5990 firm-year observations in total. The conclusion of correlation analysis declared the existence of negative relationship between profitability and days of inventory, debtors and creditors. Pertaining to regression analysis, cash velocity, size of the firm, and working capital leverage were statistically significant and results further highlighted positive association between inventory days, account payable days and profitability. The study further communicated that firms are profitable if they maintain a shorter CCC. However the model floated is general and not sector specific, this could have been taken care by employing dummy variable techniques in the model in order to make it sector specific.

Bagchi and Khamrui (2012) in their study entitled relationship between working capital management and profitability of FMCG companies, highlighted relationship between working capital measured on the basis of independent variables like cash conversion cycle and financial debt (debt to equity ratio) and profitability measured through return on assets for 10 FMCG companies in India for a period of 10 years from 2000-2010, using correlation and regression tests. The study revealed a negative association between CCC and Debt used by the firm with firms' profitability. The study has however ignored the reliability of accounting ratios drawn from CMIE database as the ratios are generally calculated and computed as per their reporting requirements.

Singhania, Sharma and Rohit (2014) the study investigates the effect of working capital management on the profitability of Indian Manufacturing firms subject to global macro-economic conditions. The study examines working capital management strategies of 82 Indian manufacturing companies from BSE 500 Index companies. The sample period of 8 years (2005-2012) has been divided into appropriate phases to focus on

global recession namely, pre-recession period (05-06), period of recession (2007-08) and post-recession period (2009-10). The study concludes that reduction in cash conversion cycle of a firm leads to a decrease in profitability. Considering the impact of global economic recession on the relationship under consideration, an increase in cash conversion cycle increased profitability of the firm and during post-recession period, no significant relationship between profitability and cash conversion cycle and each of its components. The study has taken into consideration selected manufacturing companies; a comparative analysis between various sectors of the economy could also have been done.

Objective

1. To identify the relationship between different elements of working capital and profitability.
2. To study the impact of the elements of working capital on firm's profitability.

Derivation of Hypothesis

The discussions above bring forth the following hypothesis;

Hypothesis 1:

H0: There is no significant relationship between the elements of working capital and profitability.

H1: There is a significant relationship between the elements of working capital and profitability.

Hypothesis 2:

H0: There is no significant impact of the elements of working capital on profitability.

H1: There is a significant impact of the elements of working capital on profitability.

Research methodology

The sample size, the variables and the statistical techniques used for analysis and interpretation of data are discussed in this section.

Data set and sample:

The study is empirical in nature. The present study considers a sample of 13 Indian Textile firms included in the BSE-500 index of Bombay stock exchange based on its capitalisation as on 31st March 2016, these firms are studied over a period of 10 years (2007-2016). The data for the present study were extracted from consolidated balance sheet and profit and loss accounts of 13 Indian Textile firms using Capitoline Database for

2007-2016 and data were manually entered in Microsoft Excel, SPSS and Eviews7 software. The final sample comprised of a total of 130 firm-year observations, which reflects data from 13 firms over 10 years period. Correlation and regression models through SPSS and Eviews7 software were used for analysis of data.

Variables used in the analysis:

To accomplish the objective of identifying the relationship between different elements of working capital and profitability and to study the impact of the elements of working capital on firm's profitability. The variable used are **Return on Assets (ROA)** as the independent variable, ROA illustrates how well management is employing the firm's total assets to make a profit. Following are taken as dependent **variable Average collection period (ACP) or Receivable conversion period (RCP)**, ACP or RCP is the approximate amount of time that firm takes to receive payments owed in terms of accounts receivable, **Inventory collection period (ICP)**, ICP shows how many times a firm's inventory is sold and replaced over a year's period. In the present study, ICP is further categorized into Raw material conversion period (RMCP), Working in process conversion period (WIPCP) & Finished goods conversion period (FGCP). **Average payment period (APP) or Payment deferral period (PDP)**, APP or PDP signifies how long it takes a firm to pay its invoices from trade creditors, such as suppliers. **Cash conversion cycle (CCC)**, CCC measures how fast a firm can convert cash in hand into inventory and accounts payable, through sales and accounts receivable, and then back into cash. The Studies of Jegggers (1996), Shin and Soenen (1998), Deloof (2003), Eljelly (2004) and Lazaridis and Tryfonidis (2006) has categorized Cash Conversion Cycle into RCP ICP and PDP. In addition to these variables, the size of the firm, growth in its sales, firm leverage (Debt Ratio), current ratio and quick ratio are introduced as control variables. Size is calculated as the Natural logarithm of total asset, Sales growth is calculated as $\frac{Sales_t - Sales_{t-1}}{Sales_{t-1}}$, where S_t is the current year sale and S_{t-1} is the previous year sales of the firm, leverage is used as a proxy variable for Debt ratio (DR) and is calculated by dividing total liabilities with total assets and CR and QR which measures the liquidity position of a firm and its ability to pay short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables) it is calculated by dividing current assets by current liabilities and liquid assets by current liabilities respectively (**Table - 1**).

Table - 1 : Variables and their Notations

| S. N | Ratio/Variable | Explanation | Formula |
|------|----------------|------------------------------------|--|
| 1 | ROA | Return on assets | Net profit/total assets |
| 2 | NOP | Net operating profits | EBIT /Net Sales |
| 3 | GOP | Gross operating profits | Net profit/Net sales |
| 4 | RCP | Receivables conversion period | Average receivables * 365/sales turnover |
| 5 | RMCP | Raw material conversion period | Average raw materials * 365/raw materials consumed |
| 6 | WIPCP | Work in progress conversion period | Average work-in-progress * 365/total cost of production |
| 7 | FGCP | Finished goods conversion period | Average stock of finished goods * 365/total cost of goods sold |
| 8 | ICP | Inventory conversion period | Average inventories * 365/COGS |
| 9 | PDP | Payment deferral period | Average payables * 365/COGS |
| 10 | CCC | Cash conversion cycle | ICP+RCP-PDP |
| 11 | SGt | Sales growth | (Salest/Salest-1) – 1 |
| 12 | FIRM SIZE | Size of firm represented by sales | ln(Sales turnover) |
| 13 | CR | Current ratio | Total current assets/total current liabilities |
| 14 | QR | Quick ratio | Total current assets - inventories/total current liabilities |

Model specification:

The fundamental exertion of this study is to identify the relationship between different elements of working capital and profitability and also to study the impact of the elements of working capital on firm's profitability of 13 chosen Indian textile firms. In order to achieve the same an empirical investigation followed by Shin and Soenen (1998), Deloof (2003), Lazaridis and Tryfonidis (2006), Padachi (2006), Mathuva (2009), Sen and Oruc (2009) and Gul et. al. (2013) was considered and carried out in four models mentioned below.

The study uses pooled type of panel data regression analysis of cross-sectional and time series data. The pooled regression, also called the constant coefficient model is one where both intercepts and slopes are constant, where the cross section firm data and time series data are pooled together in a single column assuming that there is no significant cross section.

In the first regression model, the relationship between ROA and ICP is examined. The second regression model verifies the possible association between ROA and RCP. The third equation investigates the relationship between ROA and PDP and the fourth and the last model analyses the association between ROA and CCC.

$$\text{MODEL 1: } ROA_{it} = \beta_0 + \beta_1 ICP_{it} + \beta_2 DR_{it} + \beta_3 CR_{it} + \beta_4 QR_{it} + \beta_5 SGT + \beta_6 LNSALESTURNOVER_{it} + \epsilon_{it}$$

$$\text{MODEL 2: } ROA_{it} = \beta_0 + \beta_1 RCP_{it} + \beta_2 DR_{it} + \beta_3 CR_{it} + \beta_4 QR_{it} + \beta_5 SGT + \beta_6 LNSALESTURNOVER_{it} + \epsilon_{it}$$

$$\text{MODEL 3: } ROA_{it} = \beta_0 + \beta_1 PDP_{it} + \beta_2 DR_{it} + \beta_3 CR_{it} + \beta_4 QR_{it} + \beta_5 SGT + \beta_6 LNSALESTURNOVER_{it} + \epsilon_{it}$$

$$\text{MODEL 4: } ROA_{it} = \beta_0 + \beta_1 CCC_{it} + \beta_2 DR_{it} + \beta_3 CR_{it} + \beta_4 QR_{it} + \beta_5 SGT + \beta_6 LNSALESTURNOVER_{it} + \epsilon_{it}$$

Where:

ROA_{it} = return on assets of firm i at time t,

β = intercept of the model

i = it represent total number of companies i.e. i = 1, 2, 3....N

t = the period of the study i.e. t = 1, 2, 3...T

CR_{it} = firm current ratio at time t

SGt_{it} = annual percentage increase in sales,

Ln (SALESTURNOVER) it = size of the company at time t ,
 RCP it = average collection period/ number of days accounts receivable,
 ICP it = number of days inventory receivable,
 PDP it = average payment period/number of days accounts payable,
 CCC it = cash conversion cycle of company i at period t ,
 ε_{it} = the disturbance term

Empirical analysis:

Test for Normality (Shapiro-Wilks' test)

This section of the study examines normality of a series of data. For testing the normality the most commonly used tests are Shapiro-wilks' test and Lilliefors test, of which, Shapiro-Wilks' test has proved to be the better one in several statistical situations and considered to be the most compatible one for smaller samples Norusis (1993). Hence Shapiro Wilks' test is chosen in the present study. The table below divulges that the calculated value of 'p' at 5 percent level of significance is more than the standard p-value 0.05 for RCP, PDP, DR and QR. This indicates that the data is not normally distributed. From the test conducted below we can concluded that null hypothesis (i.e. Data are not normally distributed) is accepted.

Table - 2 : Results of Shapiro- Wilk for normality of data

| | Kolmogorov-Smirnov ^a | | | Shapiro-Wilk | | |
|------|---------------------------------|-----|-------|--------------|-----|------|
| | Statistic | Df | Sig. | Statistic | df | Sig. |
| ROA | .128 | 130 | .000 | .935 | 130 | .000 |
| ICP | .069 | 130 | .200* | .969 | 130 | .005 |
| RCP | .064 | 130 | .200* | .990 | 130 | .487 |
| PDP | .041 | 130 | .200* | .990 | 130 | .450 |
| CCC | .099 | 130 | .003 | .935 | 130 | .000 |
| DR | .067 | 130 | .200* | .986 | 130 | .221 |
| CR | .093 | 130 | .008 | .955 | 130 | .000 |
| QR | .054 | 130 | .200* | .990 | 130 | .479 |
| SGT | .086 | 130 | .021 | .901 | 130 | .000 |
| LnST | .056 | 130 | .200* | .977 | 130 | .025 |

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Test for the Validation of regression model and the tests for the presence of auto correlation, multi Collinearity and heteroscedasticity (Housman Test, Collinearity diagnostics and Durbin- Watson statistics, Breusch-Godfrey, Breusch pagan and Koenkar)

The panel data technique is used for regression analysis. In this regard a choice had to be made between fixed effect model and random effect model. Housman test was used to select the appropriate regression model. The test conducted below reveals Chi square value 8.71% and calculated p value more than 5%. Hence random effect model is more appropriate for the present study.

Table - 3 : Result of fixed or random effect model

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|----------------------|-------------------|--------------|--------|
| Cross-section random | 8.707746 | 9 | 0.4647 |

In order to test the presence of multi collinearity in the data, Collinearity diagnostics statistics was conducted. From the test conducted below VIF value for all the variables is less than the standard VIF value 10. On the other hand Tolerance value for all the variables is more than the standard Tolerance value of 0.2. According to Gujarati, et al, (2012), Montgomery and Peck, VIF value of greater than 10 and Tolerance value of more than 0.2 results in poor testing of regressions coefficient. With the test conducted below it can be concluded that there is no presence of multi collinearity in the data. Hence regressions coefficient is not poorly tested. Also Durbin Watson's statistics was used to test the presence of multi collinearity in the data. The below test reveals Durbin Watsons value for all the 3 models to be less than the standard or acceptable range of 1.5 to 2.5 of which 2 indicating that errors are not correlated (Makridakis & Wheelwright, 1978). With this it can be concluded there is no presence of multi collinearity in the data.

To test the presence of auto correlation in the data, Breusch-Godfrey Serial Correlation LM Test was conducted. From the test conducted below H_0 (indicating presence of no Auto correlation/ Serial correlation) was accepted as the calculated p value is less than the standard p value of 0.05. With this it can be concluded that there is no presence of auto correlation in the data.

In all regressions, standard errors are calculated using White's correction for heteroscedasticity. For testing heteroscedasticity, Both Breusch pagan and Koenkar test was conducted. From the test conducted below H_0 (indicating the presence homoscedasticity) was rejected in Breusch pagan test as the calculated p value is less than the standard p value of 0.05 and H_0 (indicating the presence homoscedasticity) was accepted in Koenkar test as the calculated p value is more than the standard p value of 0.05. In cases where the White test statistics is statistically significant, heteroscedasticity may not necessarily be the cause, but specification errors. In other words, the white test can be a test of (PURE) heteroscedasticity or specification error or both (Gujarati and sangeetha, 2012).

Table - 4

| Collinearity Diagnostics and Durbin-Watson Statistics | | | | | | | | |
|---|-----------|-------|---------------------|-------|-----------|-------|-----------|-------|
| Parameter | Model 1 | | Model 2 | | Model 3 | | Model 4 | |
| Collinearity diagnostics | Tolerance | VIF | Tolerance | VIF | Tolerance | VIF | Tolerance | VIF |
| RCP | .510 | 1.959 | - | - | - | - | - | - |
| ICP | - | - | .679 | 1.474 | - | - | - | - |
| PDP | - | - | - | - | .524 | 1.908 | - | - |
| CCC | - | - | - | - | - | - | .495 | 2.018 |
| DR | .940 | 1.064 | .942 | 1.061 | .870 | 1.149 | .943 | 1.060 |
| CR | .214 | 4.664 | .329 | 3.041 | .298 | 3.356 | .235 | 4.262 |
| QR | .234 | 4.278 | .279 | 3.578 | .372 | 2.691 | .326 | 3.070 |
| SGT | .903 | 1.107 | .877 | 1.140 | .894 | 1.119 | .897 | 1.114 |
| Ln Sales turnover | .902 | 1.109 | .925 | 1.081 | .798 | 1.253 | .874 | |
| Durbin Watson Value | 1.83 | | 1.90 | | 1.85 | | 1.83 | |
| Breusch-Godfrey Serial Correlation LM Test | | | | | | | | |
| F-statistic | 22.04898 | | Prob. F(2,219) | | 0.0000 | | | |
| Obs*R-squared | 35.36587 | | Prob. Chi-Square(2) | | 0.0000 | | | |
| Breusch Pagan and Koenkar Test | | | | | | | | |
| | LM | | Sig | | | | | |
| Breusch-Pagan | 21.422 | | 0.011 | | | | | |
| Koenkar | 14.890 | | 0.094 | | | | | |

Analysis used in the study:

Descriptive and quantitative analysis is used in the present study.

Data analysis and discussion**Descriptive statistics:**

Descriptive statistics are brief descriptive coefficients that summarize the data set. Descriptive statistics are broken down into measures of central tendency (mean) and measures of variability, or spread (standard deviation) and also minimum and maximum variables. The descriptive statistics show the measures of profitability, working capital, control variables and its variations among the firms in sample industry. The table below illustrates mean, standard deviation, minimum and maximum values of the variables of 13 Indian textile firms for over 10 year period (2007-2016) and for a total 130 firm-year observation. As stated previously, the variable return on assets symbolizes the measure of profitability; the table reveals Average value of ROA as -13.88% with the variability in profit of 33.48% and maximum return on asset as 8.89% while the minimum is 7.08%. This indicates that sample firms used for the study have a positive as well as negative profitability this makes the concept interesting to understand whether the positive/negative profits are due to industry precise or firm-precise

characteristics or can be explained by the sound working capital management practices.

The cash conversion cycle is the broad measure of working capital management, because it measures the time invested capital is tied up in business operations, the table reveals minimum CCC as -29 days and maximum CCC as 231 days. This indicates a good mark of efficiency and profitability among the sample firm in the industry. CCC has got the highest variability of 47 days as compared to other variables which indicate a wide variation in managing these elements by firms in textile industry. In the sample, firms collect their money in receivables form after an average of 45 days with a deviation of 25 days, minimum of 7 days and maximum of 186 days. Besides, they pay their dues after an average of 45 days with a deviation of 24 days, minimum of 5 days and maximum of 154 days. This indicates that the sample firms are able to collect the accounts due to them before paying their dues which indicates good practices in the industry. Hence it is suggested for the firms to be efficient and profitable should maintain low levels of cash conversion cycle and preferably a negative one. This is possible if firms maintain shorter receivables period without disappointing the customers and longer payment period without hampering the credit standing in the market (**Table - 5**)

Table - 5 : Descriptive Statistics

| 13 Indian Textile firms, 2007-2016 firm-year observation | | | | |
|--|----------|----------|---------|----------------|
| Variables | Minimum | Maximum | Mean | Std. Deviation |
| A. Profitability measures | | | | |
| ROA | -.1388 | .3348 | .0708 | .0889 |
| NOP | -.1856 | .3751 | .1251 | .0782 |
| GOP | -.1984 | .3135 | .0543 | .0709 |
| B. Working capital measures | | | | |
| ICP | .3774 | 236.0628 | 83.9327 | 41.2678 |
| RCP | 7.6564 | 186.3957 | 45.0942 | 25.3968 |
| PDP | 5.8918 | 154.0674 | 45.2888 | 24.6389 |
| CCC | -29.8513 | 231.2246 | 83.7381 | 47.3932 |
| C. Control Variables | | | | |
| Debt Ratio | .13655 | .9328 | .5576 | .1700 |
| Current Ratio | 1.4526 | 8.3176 | 3.1235 | 1.4218 |
| Quick Ratio | .5930 | 7.2618 | 1.7557 | .9228 |
| Sales growth | -55.51 | 98.95 | 18.2085 | 20.2477 |
| Ln Sales turnover | 4.9515 | 8.6556 | 7.2673 | .9541 |

The sample firms in the study take an average of 56 days to convert inventory into sales with a deviation of 36 days, minimum of 0.3 days and maximum of 236 days. With this it can be inferred that due to the nature of industry, collections and payments are faster, and this provides the advantage of using current assets and current liability as a source of finance. The mean of the company size is 7.26% with a deviation of 0.95%, minimum value is 4.95% and maximum value is 8.65. The average current ratio of textile firms in the sample is 3.12 times with a deviation of 1.42 times, minimum current ratio is reported at 1.45 times and maximum at 8.31 times. The average sales growth rate is 18.20%.

Quantitative Analysis:

This part of the study measures the strength of the relationship between variables. Pearson's correlation establishes the presence of a linear relationship and determines the nature of the relationship (whether they are proportional or inversely proportional) between working capital management and the firm's profitability.

The table below illustrates the correlation analysis between the different elements of working capital and profitability. The results reveal negative correlation between receivables conversion period and return on assets (a measure of profitability) with coefficient (-0.267) with p -value (0.002). This indicates that the result is highly significant at $\alpha = 1\%$, portraying that any increase receivables conversion period will have a significant negative effect on profitability.

Correlation results relating to payment deferral period and return on assets reveal negative relationship between the two measures, with correlation coefficient (-0.314) with p -value (0.000). This indicates that the results are highly significant at $\alpha = 1\%$, the negative association between PDP and ROA shows the less profitable firms wait longer to settle their dues. Additionally, firms often get discounts for prompt or early payments. This further reveals that, financing firms operations through current liabilities is more feasible when compared to external financing as the later comes with considerable costs. Firms pursue this by delaying payments to their suppliers and managing their working capital.

The correlation analysis reveals positive relationship between cash conversion cycle and return on asset with coefficient (0.027) with p -value (0.760) and this result is lower significant at $\alpha = 5\%$. This marks the fact that with the increases in ROA, CCC also increases. This indicates the firm to maintain low levels of cash conversion cycle and preferably a negative one for efficient and profitable management. On the other hand correlation analysis reveals negative relationship between cash conversion cycle and payment deferral period with coefficient (-0.502) with p -value (0.000) and this results in high significance at $\alpha = 1\%$. This indicates if the firms delay their payments against the time taken to collect receivables and converting inventory into sales this will result in decrease in CCC. Many studies have supported that any decrease in CCC will result in an increase in profitability. In other words, negative association between PDP and CCC and positive association with RCP, ICP and CCC in turn has a considerable effect on firms' profitability.

Table - 6 : Correlations

| | | ROA | NOP | GOP | ICP | RCP | PDP | CCC | DR | CR | QR | SGT | LnST |
|-----|------------|---------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| ROA | Pear Corr. | 1 | .761** | .774** | .008 | -.267** | -.314** | .027 | -.657** | -.105 | -.172 | .182* | -.097 |
| | Sig. | | .000 | .000 | .926 | .002 | .000 | .760 | .000 | .234 | .051 | .039 | .271 |
| NOP | Pear Corr. | .761** | 1 | .952** | .035 | -.033 | -.217* | .126 | -.516** | .140 | .205* | .034 | -.068 |
| | Sig. | .000 | | .000 | .688 | .712 | .013 | .152 | .000 | .113 | .019 | .702 | .445 |
| GOP | Pear Corr. | .774** | .952** | 1 | .052 | -.115 | -.257** | .117 | -.581** | .141 | .170 | .029 | -.023 |
| | Sig. | .000 | .000 | | .560 | .193 | .003 | .185 | .000 | .111 | .054 | .743 | .798 |
| ICP | Pear Corr. | .008 | .035 | .052 | 1 | -.319** | -.250** | .830** | .046 | .414** | -.010 | -.137 | .253** |
| | Sig. | .926 | .688 | .560 | | .000 | .004 | .000 | .607 | .000 | .913 | .120 | .004 |
| RCP | Pear Corr. | -.267** | -.033 | -.115 | -.319** | 1 | .439** | .030 | .092 | .020 | .278** | -.231** | -.130 |
| | Sig. | .002 | .712 | .193 | .000 | | .000 | .735 | .300 | .823 | .001 | .008 | .140 |
| PDP | Pear Corr. | -.314** | -.217* | -.257** | -.250** | .439** | 1 | -.502** | .197* | -.494** | -.296** | -.079 | -.292** |
| | Sig. | .000 | .013 | .003 | .004 | .000 | | .000 | .025 | .000 | .001 | .374 | .001 |

| | | | | | | | | | | | | | |
|------|------------|---------|---------|---------|--------|---------|---------|--------|-------|--------|--------|--------|--------|
| CCC | Pear Corr. | .027 | .126 | .117 | .830** | .030 | -.502** | 1 | -.013 | .628** | .294** | -.202* | .302** |
| | Sig. | .760 | .152 | .185 | .000 | .735 | .000 | | .880 | .000 | .001 | .021 | .000 |
| DR | Pear Corr. | -.657** | -.516** | -.581** | .046 | .092 | .197* | -.013 | | .053 | .045 | .045 | .003 |
| | Sig. | .000 | .000 | .000 | .607 | .300 | .025 | .880 | 1 | .550 | .612 | .612 | .975 |
| CR | Pear Corr. | -.105 | .140 | .141 | .414** | .020 | -.494** | .628** | .053 | 1 | .792** | -.052 | .101 |
| | Sig. | .234 | .113 | .111 | .000 | .823 | .000 | .000 | .550 | | .000 | .554 | .254 |
| QR | Pear Corr. | -.172 | .205* | .170 | -.010 | .278** | -.296** | .294** | .045 | .792** | 1 | -.050 | -.108 |
| | Sig. | .051 | .019 | .054 | .913 | .001 | .001 | .001 | .612 | .000 | | .571 | .221 |
| SGT | Pear Corr. | .182* | .034 | .029 | -.137 | -.231** | -.079 | -.202* | .045 | -.052 | -.050 | 1 | -.219* |
| | Sig. | .039 | .702 | .743 | .120 | .008 | .374 | .021 | .612 | .554 | .571 | | .012 |
| LnST | Pear Corr. | -.097 | -.068 | -.023 | .253** | -.130 | -.292** | .302** | .003 | .101 | -.108 | -.219* | 1 |
| | Sig. | .271 | .445 | .798 | .004 | .140 | .001 | .000 | .975 | .254 | .221 | .012 | |

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

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

The correlation analysis discloses positive relationship between Inventory conversions period and Return on asset , with correlation coefficient (0.008) with *p*-value (0.926) and this result is lower significant at $\alpha = 5\%$. This indicates that if firm takes more time in converting inventory into sales, this can have an adverse effect on its profitability.

To conclude, the correlation analysis relating to Indian Textile firms shows that the working capital management very significantly and strongly influences profitability.

Regression statistics:

Model 1 test the hypothesis that Indian Textile firms decisions relating to working capital management impact its profitability significantly and this is attained by managing the levels of **inventories** (one of the elements of working capital). The regression outcome, specify presence of statistically positive insignificant relationship between Inventory conversion period and ROA (with coefficient 0.000 at *p*-value > 5%). It means that if inventory in finished goods takes less time to sell, then, that may positively affect firm's profitability. The ultimate strength of Indian textile industry streams from its strong production base of wide range of fibers / yarns from natural fibers like cotton, jute, silk and wool to synthetic /man-made fibers like polyester, viscose, nylon and acrylic, Hence it is prerequisite for the firms in this industry to maintain a good level of inventories to carry out its production smoothly and meet the demand. If the inventory is stocked in excess of demand may lead to radical price cuts because of obsolescence and decline in the quality. On the other hand if the inventory is stocked less than the demand may lead to the

business out of the market. Richard A. Lancioni & Keith Howard (1978), Mohammad Morshedur Rahman (2011) and Md. Mazedul Islam, Adnan Maroof Khan and Md. Monirul Islam-(2013) in their study deliberates the inventory management as an enormously important function to any business, the inadequacies in control of inventories can result in serious problems. If inventories are managed in an inefficient manner, it is likely to result in interruptions in production, disappointed customers, or decrease of working capital and this may impact the firm's profitability. Deloof (2003) suggests that Managers can boost the earnings potential of a firm by reducing the number of days of inventory turnover. HA, Mwansele, FJ, Sichona, RRJ, Akarro (2011) in their paper recommends EOQ and JIT inventory management tools for textile industry. From the table below it is observed that firm size (measured by the natural logarithm of sales turnover) as negative impact on ROA (measurement of profitability); negative impact was also observed between Debt ratios, quick ratio with ROA. This implies that liquidity of the firm is affected with decrease in profitability. On the other hand positive impact was observed between Current ration, sales growth with ROA. This indicates that with the increase in ROA results in improvement in the liquidity of the firm and sales growth. Furthermore the relationship is statistically significance. In this case, adjusted R2 value of 0.800 can be interpreted as 80% of the variance (amount of change) in the dependent variable (ROA) which means the independent variable (inventory) explains the dependent variable (ROA) very well. The F-value of 25.778% (*p*-value 0.0000) indicates the model is statistically significant and thus we can assume there is a linear regression between the variable. Hence it is

acclaimed that Indian textile firms are more profitable if they maintain lower level of inventories or reducing days involved in inventory conversion.

Model 2 tests the hypothesis that Indian Textile firms decisions relating to working capital management impact its profitability significantly and this is attained by ensuring **receivables** (one of the elements of working capital) are collected faster. The regression outcomes specify presence of statistically positive insignificant relationship between receivable collection period and ROA (with coefficient 0.003 at p-value > 5%). It means that if receivable takes less time to collect, then, that may positively affect firm's profitability. Accounts receivable are customers who have not yet made payment for goods which the firm has provided. It is also a vital side of financial management, and its adequate management brings unceasing growth, profit and survival of firms. This could also mean that a decision on improving profitability by the Indian textile firms is highly influenced by its receivable collection period and RCP is a good indicator for explaining financial strength of textile firms in the short run. Firms face difficulties regarding deferral collection of payment dues. On the other hand being aggressive in collection of payment dues will result in harming relationships with their customers, likewise customers also exert a lot of pressure on businesses to extend liberal credit and payment terms, payment discounts are effective way to accelerate cash flows but there is still no guarantee of prompt payment with early payment discounts. Singh & Pandey (2008) in their study states that receivables turnover ratio and working capital to total assets ratio has a substantial impact over the firm's profitability and Deloof (2003) suggests that Managers can boost the earnings potential of a firm by reducing the number of days of receivables turnover. From the table below it is observed that firm size (measured by the natural logarithm of sales turnover) as negative impact on ROA (measurement of profitability); negative impact was also observed between Debt ratios, quick ratio with ROA. This indicates that liquidity of the firm is affected with decrease in profitability. On the other hand positive impact was observed between Current ration, sales growth with ROA. This indicates that with the increase in ROA, liquidity of the firm improves and ensures sales growth. Moreover the relationship is statistically significance. In this case, adjusted R2 value of 0.800 can be interpreted as 80% of the variance (amount of change) in the dependent variable (ROA) which means the independent variable (receivable) explains the dependent variable (ROA) very well. The F-value of 25.805% (p-value 0.0000) indicates the model is statistically significant and thus we can assume there is a linear regression between the

variable. Hence it is acclaimed that Indian textile firms are more profitable if they maintain lower number of days of receivables turnover. By extending the time of receivables turnover the firms are indirectly extending interest free loans to the customers. The more days of receivable turnover depicts that either the company is working on cash basis or it is very efficient in collection policy. On the other hand, low days of receivable turnover depicts that company should review its collection policy.

Model 3 test the hypothesis that Indian Textile firms decisions relating to working capital management impact its profitability significantly and this is attained by withholding the **payments** to suppliers (one of the elements of working capital) so as to take benefit of the cash available for their working capital requirements. Payables turn over shows that how often the company pays off its suppliers. This ratio also tells the paying capacity of the company and also depicts the efficient management of cash by the company. The regression outcomes specify presence of statistically negative insignificant relationship between average payment period and ROA (with coefficient -0.001 at p-value > 5%). This indicates that any increase or decrease in the PDP affects profitability of the firm. This specifies that the less profitable firms wait longer to pay their bills. This advises to the fact that managers can improve profitability by reducing the credit period granted to their customers and in turn withhold their payments to suppliers so as to take benefit of the cash available for their working capital requirements. The study conducted by Deloof (2003), Muzaffar Asad (2012) and Ganso, Marta Raquel Ramada (2013) recommends the Managers can enhance the earnings potential of a company by increasing the number of days of payable turnover so as to take advantage of the cash available for their working capital needs. From the table below it is observed that firm size (measured by the natural logarithm of sales turnover) as negative impact on ROA (measurement of profitability); negative impact was also observed between Debt ratios, current ratio, and quick ratio with ROA. This indicates that liquidity of the firm is affected with decrease in profitability. On the other hand positive impact was observed between sales growth and ROA. This indicates that with the increase in ROA ensures sales growth. Moreover the relationship is statistically significance. In this case, adjusted R2 value of 0.802 can be interpreted as 80.20% of the variance (amount of change) in the dependent variable (ROA) which means the independent variable (payable) explains the dependent variable (ROA) very well. The F-value of 26.119% (p-value 0.0000) indicates the model is statistically significant and thus we can assume there is a linear regression between the variable. Hence it is

acclaimed that Indian textile firms are more profitable if they maintain higher number of days of payable turnover so as to take advantage of the cash available for their working capital requirements.

Model 4 test the hypothesis that Indian Textile firm’s decisions relating to **cash conversion cycle** (one of the elements of working capital) impact its profitability significantly. The cash conversion cycle is the broad measure of working capital management, because it measures the time invested capital is tied up in business operations. The regression outcomes specify presence of statistically positive insignificant relationship between cash conversion cycle and ROA (with coefficient 0.001 at p-value > 5%). This indicates that Indian textile industry are more inventory oriented hence have large amounts of cash invested in working capital management. Barbara Reis Da Costa (2014) states that CCC differs among industries due their nature and also depends on the way each firm manages each variable that contributes to CCC: payments to suppliers, inventories, receivables and sales. From the table below it is observed that firm size (measured by the natural logarithm of sales turnover) as negative impact on ROA (measurement of profitability); negative impact was also observed between Debt ratios, current ratio, and quick ratio with ROA. This indicates that liquidity of the firm is affected with decrease in profitability. On the other hand positive impact was observed between sales growth and ROA. This indicates that with the increase in ROA ensures sales growth. Moreover the relationship is statistically significance. In this case, adjusted R2 value of 0.804 can be interpreted as 80.40% of the variance (amount of change) in the dependent variable (ROA) which means the independent variable (CCC) explains the dependent variable (ROA) very well. The F-value of 26.42% (p-value 0.0000) indicates the model is statistically significant and thus we can assume there is a linear regression between the variable. Hence it is suggested for the firms to be efficient and profitable should maintain low levels of cash conversion cycle and preferably a negative one. This is possible if firms maintain shorter receivables period without disappointing the customers and longer payment period without hampering the credit standing in the market.

Table - 7

| FIXED EFFECT MODEL- DEPENDENT VARIABLE: Return on Assets (ROA) | | | | | | | | | | | | |
|--|--------------|--------------|---------|--------------|--------------|---------|--------------|--------------|---------|--------------|--------------|---------|
| 23 Indian Automobile Firms, 2007-2016, 230 firms-year observations | | | | | | | | | | | | |
| | Model 1: ICP | | | Model 2: RCP | | | Model 3: PDP | | | Model 4: CCC | | |
| | Coefficient | T-Statistics | P-Value | Coefficient | T-Statistics | P-Value | Coefficient | T-Statistics | P-Value | Coefficient | T-Statistics | P-Value |
| C | 0.190 | 7.536 | 0.000 | 0.186 | 7.364 | 0.000 | 0.201 | 9.157 | 0.000 | 0.171 | 7.051 | 0.000 |
| Variable | 0.000 | 0.075 | 0.939 | 0.003 | 0.294 | 0.769 | -0.001 | -1.015 | 0.312 | 0.001 | 1.391 | 0.167 |
| DR | -0.214 | -7.597 | 0.000 | -0.217 | -7.806 | 0.000 | -0.211 | -7.699 | 0.000 | -0.211 | -7.794 | 0.000 |
| CR | 0.004 | 0.196 | 0.844 | 0.007 | 0.302 | 0.762 | -0.001 | -0.074 | 0.940 | -0.003 | -0.135 | 0.892 |
| QR | -0.013 | -0.581 | 0.562 | -0.016 | -0.762 | 0.448 | -0.015 | -0.775 | 0.440 | -0.011 | -0.593 | 0.554 |
| SGT | 0.002 | 2.527 | 0.013 | 0.002 | 2.706 | 0.008 | 0.002 | 2.542 | 0.012 | 0.002 | 2.955 | 0.004 |
| Ln Sales Turnover | -0.042 | -1.949 | 0.054 | -0.040 | -1.890 | 0.061 | -0.034 | -1.526 | 0.130 | -0.036 | -1.715 | 0.089 |
| R-squared | 0.833 | | | 0.833 | | | 0.834 | | | 0.836 | | |
| Adjusted R-squared | 0.800 | | | 0.800 | | | 0.802 | | | 0.804 | | |
| F-statistic | 25.778 | | | 25.805 | | | 26.119 | | | 26.420 | | |
| Prob. (F-statistic) | 0.000 | | | 0.000 | | | 0.000 | | | 0.000 | | |
| Durbin-Watson stat | 1.262 | | | 1.262 | | | 1.304 | | | 1.278 | | |

Conclusion

Indian textile industry is more inventory oriented hence have large amounts of cash invested in working capital management. The present study, empirically examined the relationship between different elements of working capital and profitability and the impact of the elements of working capital on profitability among 13 Indian textile firms by using ROA as a measure of profitability and CCC as a principle indicator of working capital management. The relationship has been studied using Panel data regression analysis. The findings of the study reveal that in Model 1, ICP had statistically positive insignificant relationship with ROA which means that if inventory in finished goods takes less time to sell, then, that may positively affect firm's profitability. In Model 2, RCP had statistically positive insignificant relationship with ROA which means that if receivable takes less time to collect, then, that may positively affect firm's profitability. In Model 3, PDP had statistically negative insignificant relationship with ROA which indicates that firm should withhold their payments to suppliers so as to take benefit of the cash available for their working capital requirements. In the last Model 4, CCC had statistically positive insignificant relationship with ROA which specifies that Indian textile industry are more inventory oriented hence have large amounts of cash invested in working capital management. The findings of study are reliable with DeLoof (2003), Singh & Pandey (2008), HA, Mwasele, FJ, Sichona, RRJ, Akarro (2011) and Ganso, Marta Raquel Ramada (2013). The outcomes of the study also highlight that WCM is more of strategic than an operational concern for financial managers. Longer cash conversion cycle hinders firm's profitability, and low level of liquidity affects firm's risk. The outcomes further suggest that managers can increase profitability, by considerably reducing costs it is also suggestible for manager to finance their growth strategies with additional funds instead of investing them in inventory and receivable to create value for their shareholders.

Future scope for research

- The study can be conducted for more companies, many sectors and also for extended period.
- Additional variables like risk adjusted cash flow, and inflation adjusted cash flows and weighted cash conversion cycle can be introduced as independent variables.
- Definition of working capital can be extended by including cash, marketable securities and bank overdraft.
- The economic impact of government policies in recent times, namely, Make in India, Post-Demonetization can be researched on.

- More statistical tools can be employed to study the impact of working capital on profitability.

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A STUDY ON CUSTOMER'S AWARENESS TOWARDS BANCASSURANCE BUSINESS WITH SPECIAL REFERENCE TO PUBLIC SECTOR BANKS

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Abstract

The insurance industry is one of the important service sectors for mobilizing financial resources for the development of any country. It plays an important role by eradicating risk and replacing certainty for uncertainty. Insurance is a social device in which group of individuals(insured) transfers risk to another party (insurer) in order to combine loss experience, which permits statistical prediction of losses and provides for payment of losses from funds contributed (premium) by all members who transferred risk. The insurance sector in India has come in a full circle from being an open competitive market to nationalization and back to a liberalized market again. Liberalization, Privatization and Globalization have created a more challenging environment in insurance sector. To overcome these challenges the new channels of distribution have been come into existence. One among them is bancassurance. Bancassurance is the channel for selling out the insurance products. It can be said as the medium of marketing the insurance products through entire bank network.

Through this study an effort has been made to study the awareness of bank customer regarding Bancassurance.

Key words: bancassurance, insurance, distribution channels

Introduction

There was a time in the past when insurance policies were sold by the Insurance companies specifically meant for a small part of public who were financially strong. Today the scenario has completely changed wherein insurance policies reach every person in almost every corner of our nation. This change in the financial horizon was due to diversification in nonbanking activities by the banking business. Banks which were meant for deposits, loans and transactions are allowed to provide insurance policies to people and this feature of bank is called 'bancassurance'. Bancassurance is defined to mean banks dealing in insurance products of both life and non-life type in any forms. Bancassurance concept originated in France and soon become a success story even in other countries of Europe.

Bancassurance is the channel for selling out the insurance products. It can be said as the medium of marketing the insurance products through entire bank network. Banks and insurance company come up in a partnership wherein the bank sells the tied insurance products to its clients. Bancassurance arrangement benefits both the firms. On the one hand, the bank earns fee amount (non interest income) from the insurance company apart from the interest income whereas on the other hand, the insurance firm increases its market reach

and customers. In simple words we can say bancassurance tries to develop synergies between both insurance companies and banks.

Meaning of bancassurance

Bancassurance, i.e., banc + assurance, refers to banks selling the insurance products.

Literature on bancassurance does not differentiate if the bancassurance refers to selling of life insurance products or non-life insurance products. Accordingly, here 'bancassurance' is defined to mean banks dealing in insurance products of both life and non-life type in any forms. According to IRDA, 'bancassurance' refers to banks acting as corporate agents for insurers to distribute insurance products.

The bank insurance model (BIM), also sometimes known as bancassurance is the partnership or relationship between a bank and an insurance company whereby the insurance company uses the bank sales channel in order to sell insurance products.

Bancassurance in India

As far as banking sector's infrastructure is concerned, only a few countries could match with India for having largest banking network in terms of bank branches spreading almost throughout the length and breadth of

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the country. This is a direct outcome of the then prevailing deliberate policy thrust towards branch expansion.

Reasons for the need of bancassurance in India

- To improve the existing channels of distribution for insurance policies so as to make them reach the hands of common man
- To widen the area of working of banking sector having a network that is spread widely in every part of the nation
- To improve the services of insurance by creating a competitive atmosphere among private insurance companies in the market

Importance of bancassurance to the public sector banks

Accurate Customer Details

Customers who opened the bank account provide accurate data. So that the accuracy of data is very high in bancassurance business. Accurate data helps the banks in targeting and positioning the right segment of customers for right policy. The exchange address and contact number of customers are updated on time and avoids wastage of time and resources in communication with the customer.

Insurance Is Mandatory For Loans

The banks whenever offers loan bound to issue appropriate class of insurance too. It is legally compulsory for a bank to club loan products with relevant an insurance policy.

Customized Policies at Lower Premium

The insurance policies are customer oriented for bancassurance channel. The statistical analysis of customer data helps to devise right set of policies for different customers. The features and premium of insurance products designed for bancassurance channel comparatively better than any other channel. In fact, the insurance policies are money making in bancassurance channel.

Good Numbers of Leads to Cross Sell

The bank customers can be targeted to sell insurance policies. The existing customer database can be used to generate more customers. As the number of sales calls increase the sale closures also increases.

Services Under One Roof for Customers

The customer can enjoy convenience of core banking products and insurance policies under one roof. When both the services are not provided under the one roof the

customer needs to run around in search of different financial products to meet his needs time to time.

Important Source of Income

The banks are in the search of new business in its existing infrastructure. The productivity of the employee as well as the bank branches is increased through the fee based income. The existing resources can be fully utilized to sell financial products and services. Otherwise the insurance company needs to spend on resources that are too much costlier for the insurance business.

Review of literature

Karunagaran (2006) attempted to explore the scope of Bancassurance, as feasible source of sustainable income to banking sector by exploiting the synergy in the context of India, having the largest banking network coupled with lower insurance penetration and lower insurance density. Comparison of Bancassurance status with other countries of the world reveals that legal system, strong banking infrastructure, banking culture, customer relationship management, flexible banking system, reputation of the bank and tax incentives were the main factors that contributed sizably to the proportion of insurance products distributed by banks and thus to the earnings of banks. The fact that banking operations in India are still branch oriented and manually operated will act as conducive factor for flourishing Bancassurance in India. Finally, it has been suggested to offer financial counselling and customized products to customers coupled with adequate training and sufficient incentives to bank staff to make Bancassurance a win –win situation for all the parties involved.

Singhvi and Bhatt (2008) compared the various distribution channels for an insurance company namely Agents (corporate and independent), Bancassurance, and Retail sector, Brokers, Referrals, Financial planner and advisors. In addition to it Bancassurance has been regarded as Win- Win situation for insurance company as well as for Bank. Cultural integration, communication, technological incompatibility, MIS reporting, proper training of bank staff, appropriate products and clearly defined rules and responsibilities have been treated as key success factors for Bancassurance. Finally insurance companies' channel members are advised to avoid forced selling and to equip themselves with proper knowledge to advice prospect.

The author T Sri Jyothi (2010) opines, even after taking so many measures to educate the rural people about the benefits of Insurance, still the penetration in rural areas has not improved much. This is because the lack of awareness, motivation of rural customers and failure of timely settlements of claims by insurers. In some

cases, the claim settlement process took years and has become a demotivating factor for the development of rural insurance. If tapped properly, this segment is poised to become one of the most profitable segments for Insurance. It offers tremendous growth opportunities to the Insurance companies but its success depends on the development of viable and cost effective distribution channels, building customer awareness and confidence levels among the people in order to achieve a higher market share. Therefore, there will be no looking back for the companies, if they try their own innovative methods and devise new policies to attract rural masses.

“Bancassurance: Problems and Challenges” in India by Dr.Nandita Mishra, 2012. This paper attempts to explain the scope for bancassurance models and strategy as a feasible source of fee based, non interest income. India has the largest banking network on one hand and lower insurance penetration and insurance density on the other hand. While analyzing the present trend on banks handling insurance products, it also highlights some of the likely issues in general as well as specific problems faced by banks, as result of which bancassurance has suffered.

Sreesha and Joseph (2011) analyzed the financial performance of SBI in Bancassurance with special reference to life insurance. To judge the financial viability of bank, CAMEL model and some selected indicators have been used. Capital Adequacy, gearing ratio, return on assets, business per employee, profit per employee, non-fund income as a per cent to total income, Earning per share (EPS), Net Profit ratio and credit deposit ratio were hypothesized to increase and on the other hand NPA's staff cost and operating cost were hypothesized to decrease. Analysis of the above indicators from 2006-2009 reveal that SBI had performed well continuously from 2006 as capital adequacy, business per employee, profit per employee, non-interest income and EPS had shown an increasing trend and staff cost, operating expenses had shown decreasing trends as it was hypothesized. Hence, it is concluded that financial performance of state bank in Bancassurance had been good and Bancassurance had also contributed well to the overall performance of the bank.

Lalit K. Pani and Sukhmaya Swain, 2013, “Bancassurance and Indian banks.” This research paper shows that currently the middle class population is overburdened with inflationary pressures, growing expenses of education & living standard and tax rates. Excepting for the private banks, all banks have not developed the necessary IT infrastructure to make the best of Bancassurance. The channel will work best only when we have all Regional Rural Banks, cooperative

banks and all public sector banks develop the requisite IT structure to monitor premium renewals, premium lapses, premium sourced, policies taken, and persistency if any.

Arora and Jain (2013) analyzed the contribution of Bancassurance on financial performance of Bank of India, using CAMEL Model. Fee based income of the bank, prior and post to the introduction of bancassurance has been compared. Capital adequacy, Management performance, Earnings and Liquidity ratios have been made part of the study over the period of 8 years starting from 2004 to 2012. Results of the study shows that

- i. Capital adequacy ratio of the bank was satisfactory and increased from 11.88 percent to 12.03 percent respectively from prior to post bancassurance period
- ii. Earnings per share has increased from 23.07 percent to 46.55 percent respectively
- iii. Staff Cost has decreased from 17.62 to 9.62 respectively
- iv. Return on assets has increased from 94.14 to 279.07 respectively from prior to post bancassurance period
- v. Both Net profits and total income have been found to be satisfactory for the period under study. Hence, it has been concluded that bancassurance has contributed a lot in financial performance of the bank.

Chately and Ali (2013) attempted to compare the impact of bancassurance on insurance selling and business generation, taking the sample of 4 leading life insurance companies over the period of five years starting from 2005 to 2010. The policies sold and premium generated through banks, for individual and group insurance schemes have been compared on the parameters of compound growth rates and t-values. Results of the study suggests that

- i. SBI life has been a forerunner with a growth rate of 71.29 percent followed by ICICI (39.85 percent), AVIVA life (34.58 percent) and LIC with 17.85 percent as per the total premium generated is concerned.
- ii. For individual life insurance policies ICICI has witnessed a very high annual growth rate of 181.19 percent followed by LIC (37.21 percent), SBI (27.75 percent) while AVIVA has declined at 3.41 percent.
- iii. In Group life insurance ICICI and AVIVA life have not been able to tap business through bancassurance mode. Comparing both models, it is reported that Joint venture model has not been much effective in selling group insurance schemes. Finally it is suggested to work upon quick disposal of claims so as to cover the weak side of banks as a distribution channel.

Statement of the problem

The Insurance sector in India has undergone a sea change since the sector was opened up for private players. The entry of private players in the insurance market resulted in severe competition between the working of public sector and private sector insurance companies. This Intense competition gave rise to innovative insurance policies and new channels of distribution. Among such new distribution channel, bancassurance is one where banker sells the insurance policies to their customer. Even though the bancassurance is one of the most affordable and convenient place to buy, it has not achieved the expected growth. Through this study efforts have been made to understand the awareness of customer towards bancassurance business.

Objectives of the study

- To understand the importance of Bancassurance to the public sector banks.
- To study the awareness of customer regarding the availability of insurance products.
- To give suggestions and recommendations based on the study.

Scope of the study

The study covers few selected public sector banks who sells bancassurance as one of the financial services. Customers of these banks were requested to fill the questionnaire to reveal their awareness with regard to bancassurance. The study covers both life as well as non life insurance product under bancassurance.

Methodology of the study

The present study is exploratory in nature and is based on primary as well as secondary data. Primary data is collected through questionnaire and secondary data from journals, text books and magazines and previous studies conducted etc

Data analysis and interpretation

The data was collected through survey analysis. Public sector banks who are offering bancassurance were taken for the survey analysis. The questionnaires were filled by 115 customers of different public sector bank.

Analysis of responses on questionnaires from customers of the banks. **(Table - 1)**

Analysis

Table - 1 shows that the total sample size of the respondents for the quantitative study through questionnaires were 115, out of which 60 were males and 55 were females.

Table - 1 : Respondents' Profile

| | Number | Percentage |
|----------------------|--------|------------|
| Gender | | |
| Male | 60 | 52 |
| Female | 55 | 48 |
| | 115 | 100 |
| Age | | |
| 21-30 | 23 | 20 |
| 31-40 | 30 | 26 |
| 41-50 | 32 | 28 |
| 51-60 | 16 | 14 |
| 61Above | 14 | 12 |
| | 115 | 100 |
| Education | | |
| School level | 4 | 3 |
| Graduates | 58 | 51 |
| PGs' | 37 | 33 |
| Doctorates | 2 | 1 |
| Others | 14 | 12 |
| | 115 | 100 |
| Annual Income | | |
| 2lakhs to 4lakhs | 19 | 17 |
| 4lakhs to 6 lakhs | 32 | 27 |
| 6 lakhs to 8 lakhs | 26 | 23 |
| 8 lakhs to 10 lakhs | 20 | 17 |
| 10 lakhs above | 18 | 16 |
| | 115 | 100 |

Analysis of the age, education and income of respondents are done as under:

Out of total 115 customers surveyed, 54% are those between 31-50 years, 26% customers are of the age above 51 years and remaining 20% are of age group 21-30 years. It is observed that the major portion of the customers involved i.e. 54% are those between the age of 31-51 years.

The chart clearly reveals that maximum number of customers in the banks out of total educational slab is 51%, who are graduate respondents. 33% of the customers are post graduates and only 3 % of the bank customers who are school level.

Table also shows the results of annual Income of the respondents. I.e 44% of the customers have invested in the banking business having annual Income between 2-6 lakhs; 40% are having annual income between 6-10 lakhs and 10 lakhs and above have 16% annual income **(Table - 2)**

Table - 2 : Awareness of bancassurance among the customers

| Awareness | Yes | No | Total |
|-----------------------|-----|----|-------|
| No of users/Total no. | 69 | 46 | 115 |
| Percentage | 60 | 40 | 100 |

Analysis

Among those who were surveyed, 60% of the respondents were aware that their banks provide bancassurance. They knew with which insurance company their banks have tie-ups. Also they were aware about various policies provided by their banks. However, 40% of the respondents were amused with the term bancassurance and didn't know anything about it and the services provided by the banks.

Table - 3 : Insurance policy purchased by the customer from their banks

| Insurance policy taken from the banks | Yes | No | Total |
|---------------------------------------|-----|----|-------|
| No of users/Total no. | 64 | 51 | 115 |
| Percentage | 56 | 44 | 100 |

Analysis

Among the respondents who were surveyed, there were only 56% people who had taken insurance policy from their respective banks. Remaining 44% respondents did not opt to take a policy from their banks.

Table - 4 : Reasons for buying insurance products from Banks instead of from Agents

| Reason | Number | Percentage |
|-----------------------|--------|------------|
| Personal Relationship | 90 | 78 |
| Trust | 102 | 89 |
| Convenience | 83 | 72 |
| Communication | 65 | 57 |
| Financial soundness | 75 | 65 |
| Expertise | 80 | 70 |
| Service quality | 90 | 78 |

Analysis

From the above table it is clearly known that the banks are providing the finest service quality and they are maintaining customer relationship management for the bancassurance. More than 80% of the customers have trusted their banks. This shows that there is a huge opportunity for bancassurance business in India.

Table - 5 : Sources of Information regarding Bancassurance

| Source | Number | Percentage |
|--|--------|------------|
| Advertisement | 95 | 83 |
| Bank Employees | 82 | 71 |
| Friends | 65 | 57 |
| Internet | 78 | 68 |
| Published material like Brochures etc. | 105 | 91 |

Analysis

From the above table it is observed that advertisements are one of the major sources of information for the customers. Better trained bank employees as well as the informative marketing techniques can give boost to the business. The banks that offer bancassurance as one of their products should think of the new media channels which may help the banks to reach out to more customers.

Table - 6 : Choice of distribution channel preferred by the customers

| Distribution | Agents | Insurance companies | Banks | Brokers | Total |
|--------------------------|--------|---------------------|-------|---------|-------|
| No of users/ respondents | 56 | 28 | 24 | 7 | 115 |
| Percentage | 49% | 24% | 21% | 6% | 100% |

Analysis

From the above table it is observed that 49% customers preferred agents because they provide personalized services. 24% took insurance from companies because of their trust on the company. 21% said they would buy insurance from banks because of the brands name and their trust on banks. Only 6% said that they would buy insurance from brokers.

Table - 7 : Current use of Insurance Products

| | Number | Percentage |
|-----------------------------|--------|------------|
| I use Vehicle Insurance | 115 | 100 |
| I use Life Insurance | 90 | 78 |
| I use Health Insurance | 82 | 71 |
| I use Pension Insurance | 26 | 23 |
| I use unit linked Insurance | 82 | 71 |

Analysis

It has been observed from the above table that almost all the customers are availing insurance products from the banks. The highest usage rates are for vehicle and life insurance products. This could be one of the facts that vehicle insurance is a chief requirement in India and life insurance offers both security cover as well as tax benefits.

Table - 8 : Types of banks that would excel in bancassurance

| Types of banks | Number | Percentage |
|----------------|--------|------------|
| Public banks | 48 | 38% |
| Private banks | 104 | 90% |
| Foreign banks | 81 | 70% |

Analysis

We can infer from the survey that 90% respondents said that private sector banks would excel in bancassurance because of their powerful selling policies and they provide quality services to the customers. 70% respondents said foreign banks because they have proper management and aggressive selling strategies. The public sector banks were given the least votes i.e. 38% because of their laid back attitude towards their work.

Conclusion

Through this study it was found that, there is lot of opportunities available to the banker to sell insurance policies through their large branch network for which they need to be innovative in designing and pricing the policies. It can also be suggested to give proper training to the employee to understand and handle the customer in efficient manner. Employees need to equip themselves with proper knowledge to advice the customer. It was also found that most of the customers are not aware about the availability of the insurance policies for which the banker should focus on awareness programme to the customer.

Cultural integration, communication, technological incompatibility, MIS reporting, proper training of bank staff, appropriate products and clearly defined rules and responsibilities should be taken as a key success factors for Bancassurance.

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ENTREPRENEURIAL ORIENTATION: SMALL AND MEDIUM ENTERPRISES IN INDIA

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Abstract

Small and Medium Enterprises are playing a crucial role in economic development and employment generation. Recent changes in the global economy are posing more challenge to the indigenous SMEs. Entrepreneurial orientation is positively associated with firms performance and growth; perfect entrepreneurial strategic posture is essential in various environmental context. SMEs strategic posture decides its profits and growth in a short and long term. This study is mainly focusing on various major issues of SMEs and analysing previous literature related to entrepreneurial orientation.

Keywords: *Small and medium enterprises, entrepreneurial orientation and economic development.*

Introduction:

The small and medium enterprises role in the Indian economy and social development is well established. Most of the successful entrepreneurs started their career in SME sector, which makes them expand towards global level firms. SME sector is a nursery of entrepreneurship, often driven by individual creativity and innovation. SMEs make a higher contribution to the national economy by producing essential goods and services, promoting balanced regional growth, rural development and creating employment.

Indian SME sector is playing a vital role in the economy development, as per the fourth all Indian SME census there are 36.17 million enterprises are established, 6000 varieties of products producing and 80.52 million employment created. This sector contributes 37.54 percentage of total GDP (2012-13), 37.33 percentage of (2012-13) of total manufacturing output. SMEs are today exposed to greater opportunities for expansion and diversification across the sector and distribution of economic power among various entrepreneurs, it can able to prevent monopolistic practices of business, and in all the way one of the primary source for foreign exchange earning with low import-intensive operations. SME development is playing a significant role in nation development through high domestic production, exports, low investment, and utilisation of local resources, operational flexibility, low intensive imports, and generating new entrepreneurs.

SME Sector growth in India

SME sector growth has been classified in three major periods as per the economic changes in the country.

1951-1996: Since 1951 and the subsequent industrial policy followed by the Government of India, both the advisors and the government assigned a particular role for small- and medium-scale enterprises in the Indian economy. India is depending on agriculture based economy and most of the small scale industries were also established based on agricultural works, as well as the government started various schemes for this sector development and established various special boards like Khadi Village Industries Board and Coir Development Board for the encouragement of small scale industries. Agriculture and its allied industries are took major importance in small scale industries, apart from that government has focused on development other small industries, prior to that they established various boards exclusively for targeting small scale manufacturing industries like...Small Industrial Development Organization (SIDO), later funds allocation in five year plan has been increased to this sector. Meanwhile, industrial policy statement in 1977 boost SSI sector through allocating more products for exclusively manufactured by this sector, from 180 to 504 products, which later on went to 836 products in 1996. In 1991 Indian government adopted Globalization, Liberalization and Privatisation (GLP) policy, from 1996 onwards government fully adopted liberal policies and country bound to the international trade policies.

1996-2006:

Privatization policy started 1991 in India but it fully adopted in 1996 onwards. In this period various programs and schemes were introduced for enforcing SME sector to compete with other global market players. SMEs has changed their strategies in terms of production, process

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and marketing because they connected to the entire world and facing competition from the rest of the world, these situation has pressurize Indian SMEs to adopt new technology, methods, production process and products for sustain in the global market. Despite of all these, SME sector is facing biggest problem in terms of innovation, funds and technology. Indian economy was in a transformation phase from high regulated market to the liberalized free trade market. In this period indigenous sector faced various problem to adopt innovative methods and technology, also industry faced funds allocation for implementing change and technology.

MSME Act 2006:

Before this act micro, small and medium enterprise's as a separately treated by government and make programs according to the industries type. MSME act has brought in 2006 for bringing all micro, small and medium enterprises into one corner.

Table - 1 : Definition of MSME

| Enterprises | Manufacturing Sector | Service Sector |
|---------------|----------------------|--------------------|
| Micro | Up to 25 lakhs | Up to 10 lakhs |
| Small | 25 lakhsto 5crore | 10 lakhs to 2crore |
| Medium | 5crore to 10crore | 2crore to 5crore |

After enforcement of this act, government took various initiatives to promote this sector and introduced special funding agencies for MSMEs like MUDRA (2015) for small entrepreneurs.

Major Issues Concerning the SME Sector

Although SMEs are a diversified into various heterogeneous groups, they are facing some common problems, those are:

- Lack of availability of adequate and timely credit
- High cost of credit
- Collateral requirements
- Limited access to equity capital
- Problems in supply to government departments and agencies
- Procurement of raw materials at a competitive cost
- Problems of storage, designing, packaging and product display
- Lack of access to global markets
- Inadequate infrastructure facilities, including power, water, roads, etc
- Low technology levels and lack of access to modern technology

- Lack of skilled manpower for manufacturing, services, marketing, etc.;
- Multiplicity of labor laws and complicated procedures associated with compliance of such laws
- Absence of a suitable mechanism which enables the quick revival of viable sick enterprises and allows unviable entities to close down speedily
- Issues relating to taxation, both direct and indirect, and procedures

Entrepreneurship

Entrepreneurship is key driving force behind of economy development; it has been attracting the scholars since 1900 onwards across the globe. Definition of the entrepreneurship is still ambiguous, because this studies are heterogeneous, individual scholars are defining definition in their own context or prospective (economics, sociology, psychology, geography and history) and different contexts. Therefore there is no single theory which is completely explains entrepreneurship, as a same time it's very important to take multi approach to explain it in different prospective of view.

Entrepreneur term was first introduced by Richard-cantillon on his book "Essaisur la Nature du Commerce en Général (Essay on the Nature of Trade in General)" in 1730. He defined entrepreneur is a person who take risk in uncertain situation in business in terms of bear that uncertainty by investing, paying expenses, and then hoping for a profitable return. Profits will occur when successful forecasting and uncertainty bearing in the process of production and selling of the product in real market place (which is not monopoly like decentralized market place). As per his view farmers and entrepreneurs are comes under same stream because both are invested fixed cost and waiting for uncertain selling price.

Joseph Schumpeter (1934) defined entrepreneur is the innovator who implements change within markets through the carrying out of new combinations. The carrying out of new combinations can take several forms; 1) the introduction of a new good or quality thereof, 2) the introduction of a new method of production, 3) the opening of a new market, 4) the conquest of a new source of supply of new materials or parts, 5) the carrying out of the new organization of any industry. Kirzner (1979) defined "entrepreneur recognizes and acts upon market opportunities". Different authors has given variety of definitions, like "entrepreneurs is an essential arbitrageur" and "risk taking and innovative nature" etc.

Entrepreneurship is a key factor for firm's profitability and growth (Aloulou&Fayolle 2005) that leads potential benefit to the economy development. Previous conceptual and empirical studies strongly suggest that

entrepreneurial activities of the firm will enhance the performance of the enterprises, especially in SMEs (Covin, Green & Slevin 2006; Rauch 2009). Previous studies majorly focused on how entrepreneur individually effects the firm growth and performance along with impact of external & internal environment, resource availability and organizational structure. But those results are not able to measure the concept of entrepreneurship in different context. Recent literature took new ways to find cause for firm growth and profitability along with entrepreneur individual skills and business environment. How firm is acting as entrepreneurially based on the situation for making profit and growth in market, this approach is based on overall firm decision making process regarding product, process and marketing.

Entrepreneurial Orientation (EO):

EO refers to the entrepreneurial process that reflects "the methods, practices and decision-making styles managers use to act entrepreneurially" (Lumpkin & Dess 1996). EO represents specific organizational-level behavior that provides a basis for entrepreneurial actions (Rauch et al. 2009; Covin & Wales 2012). Previous studies suggested that EO is a key ingredient for organizational success and a source of competitive advantage (Lumpkin & Dess 1996; Runyan, Droge & Swinney 2008; Wiklund & Shepherd 2005). A number of studies argue that firms with higher levels of EO will perform better than those with lower levels of EO (Lumpkin & Dess 1996; Rauch et al. 2005; Amie 2013).

Entrepreneurial Orientation (EO) has become a salient concept within strategic management and entrepreneurship literature in the last three decades (Covin & Lumpkin 2011; Miller 2011; Covin & Wales 2012). EO is a much-explored dimension of strategy-making that has been found to have significant implications for firm performance (Miller 2011; Covin & Wales 2012). Rauch et al. (2009), who conducted an assessment of previous EO-performance relationship studies, found that an increase in the quantity of such studies has occurred around the world.

Miller (1983) suggested that the entrepreneurial firm is on that "Engages in product market innovation undertakes somewhat risky ventures and is the first that come up with product innovation, beating competitive punch" and he has identified three major dimension in firm behavior which gives a positive impact of the firm growth, those are innovativeness, risk taking and proactiveness. As same time he was identified a significant relationship between firm strategic behavior and performance. Covin and Slevin (1989) test the relationship between entrepreneurial orientation dimensions (derived by miller) and firm performance, it

shows significance relationship between EO and firm performance and hostile environment shows significant impact on the organize structure.

Covin and Slevin (1990) trying to describe the relationship between EO (innovativeness, proactive and risk taking) and firm performance in individual way, they found mixed result that high risk taking behavior firms are having less growth rate and high innovativeness, proactive firms have a high growth rate through testing of 113 small scale firms in USA. Lumpkin & Dess (1996); Wiklund & Shepard (2003) are found that Entrepreneurial Orientation refers to the strategy making process that provides organizations with a basis for entrepreneurial decision and action through their empirical investigation between organization strategic decision and firm performance. Zahra (1996) attempt to find the relationship between EO and firm performance by the using of 7 point scale (Miller 1983) on 127 corporate firms in USA and empirical result has exhibited positive relationship between EO and firm performance.

Lumpkin and Dess (1996) introduced two more new dimensions of EO apart from existing three, based on literature review with reference to contingency model, those are Autonomy and Competitive Aggressiveness. Autonomy refers to the decision making style and competitive aggressiveness refers to how can firm adopt a competitive advantage compare to the competitors. Dess, Lumpkin and Cavin (1997) made a attempt to know the difference between contingency and configuration model. They found that configuration approach (mediator effect) that align entrepreneurial strategy makes and environment have greater predictive power than contingency approach (moderator approach).

Morgan, covin and Michel (2000) explain the relationship between environmental dynamism and organization structure, posture and firm performance. Dynamic environmental firms have an organic structure and stable environmental firms have mechanic structure through their empirical investigation. Kreises, Louis and Marico (2002) find that configurational approach of entrepreneurship orientation and firm performance would help assess which sub-dimensions of EO is most important in particular situation. Hean et al (2006) has described the relationship between EO and firm performance, there is high level influence of role on acquisition of marketing information regarding marketing mix decision and its positively effects on the firm performance.

Rohan et al; (2007) empirically proved the relationship between entrepreneurial orientation and firm performance by the comparison between Australian and French wine entrepreneurial firms. He found that these Australian firms have more EO and high business growth as same time

environment dynamism has shown significant impact on Australian wine industry compare to the France. Young et al (2008) describe the relationship between business performance and EO through the mediatory variable (Knowledge process) indirect and direct way. In direct way it shows the high significance between business and EO but in case of indirect testing it shows less significant than direct testing in terms of overall performance firm having medium significance. He emphasized that there is further studies required to study the relationship between EO and business performance through configuration model.

WouterStam and Tom (2008) are did a research on relationship between EO and firm performance with social capital as a contingent variable, they found significant relationship between social capital and firm performance Rauch (2009) explains covariance between EO and firm performance through his meta-analysis of 51 existing literature and gave in-depth analysis of firm performance measurements both financial and non-financial performance. Nicolas and Jacob (2011) argued that accurately testing concepts of strategic entrepreneurship models would arguably to required longitudinal examination of how firms strategic intent effect their ability to transform flashes of wealth creation from exploit entrepreneurial opportunity into sustainable competitive advantage. Juha at al (2012) found that in crises time how EO effects on firm performance it shows that firm which have high risk those firms are more get into the crisis and those who have high innovativeness and proactive firms are survival in normal way. Here risk taking is gives negative impact of firm performance in crises time. Amie Kusumawardhani (2013) proven a significant relationship between EO and small and medium firms performance in furniture industry, central java, Indonesia

Previous studies on entrepreneurial orientation clearly indicating that firms which are posing high level entrepreneurial strategic posture are having more profit and growth than the conservative or less entrepreneurial orientation (Miller,1989). Its indeed to test the relationship between entrepreneurial orientation and firms performance in various context and cultures in across the world, majority of the studies has been done in developed countries, to test the scale reliability and validity need to establish studies in all context (Rauch,2009). SMEs in Indian context are providing high level employment rate but in recent times this sector facing tremendous troubles from the global market, it's time to review our entrepreneurial approaches towards occupying a competitive position in world market.

Discussion and Conclusion

Entrepreneurial orientation has been part of major studies in the field of entrepreneurship and strategic management from 1980 onwards. Innovativeness, risk-taking and proactiveness behavior is crucial element for firms to be as an entrepreneurial and its appropriate structure according to the environmental context make firms to more profitable and growth oriented in long term. SME sector is highly dynamic today because of technological and sociological changes in the worlds; it's indeed to them to acquire essential entrepreneurial strategic behavior to sustain. Entrepreneurial orientation adoption is more profitable to the firms than no adopters, its doesn't mean that exhibiting all sub dimensions are in same level and its depending on the external environment. SMEs in Indian context are exhibiting less risk and innovation, before liberalization its works well but recent economic changes forcing firm to highly innovative. Indeed to adopt suitable entrepreneurial strategic posture to overcome upcoming challenges from global and indigenious competitors. It's highly essential to conduct number of studies on SMEs to link with entrepreneurial strategic behavioral approach in various industrial sectors.

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ADDRESSING THE MAJOR PROBLEMS CONFRONTING KARNATAKA'S SUGAR INDUSTRY AND TURNING AROUND THE INDUSTRY'S FORTUNES

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Abstract

Sugar may be sweet but the issues it gives rise to are anything but sweet. The grower of the sugar cane is not happy since the price paid for the cane is allegedly not remunerative. The miller who crushes the cane and produces sugar out of the cane alleges that up to 85 percent of the operating cost is accounted for by cane price, leaving little by way of profit. The consumer is anything but happy allegedly because of the prohibitive price sugar commands in the open market. Even in Sugar Year 2016-17, characterised by poor sugar production levels, growers complain of inadequate prices for their cane and millers complain of unfair price for the sugar they produce. The consumer as usual is left high and dry, grinning and bearing it all the way. The question that arises therefore is what the policy-led steps have achieved for the said stakeholders associated with the sugar industry. Prima facie at least the said steps do not seem to have delivered anything of worth to any of the stakeholders. An investigation undertaken by the researcher reveals that every stakeholder community perceives the issues only from their perspective and not from the perspective of the sugar industry as a whole. At the outset, this structural flaw on the part of the stakeholders' approach to the issues seems to have ensured that the stalemate continues in the sugar industry and if anything, each stakeholder category has been turning even more intransigent with each passing day. Major problems confronting the industry are not being tackled collectively by the stakeholders, with each category of stakeholders sticking to its guns. The researcher zeroes in on the major problems that can be resolved with the stakeholders arriving at a consensus view on them. For example, the respondents can deduce a formula to price the sugar cane which should be acceptable to all the stakeholder categories.

Key Words: deduce; formula; intransigent; operating cost; prohibitive; stakeholders

Theoretical background of the topic

Sugar Year 2016-17 has seen Karnataka and Maharashtra hardly managing to produce 50 percent of what they produced the previous Sugar Year. Uttar Pradesh has been the saving grace, with the state managing to produce about 20 percent more during Sugar Year 2016-17, compared to the previous year. But that still does not make good the shortage in sugar production registered by Maharashtra and Karnataka. Thanks to stocks carried over from the previous year and imports, supply bottlenecks are not feared in respect of sugar. However, it is believed in informed circles that Sugar Year 2017-18 will see Karnataka and Maharashtra regain their traditional sugar production levels hands down, thanks to the generosity of the southwest monsoons and the rapidly-filling reservoirs in both the states. However, the problems associated with the sugar industry remain unresolved to this day owing to intransigence on the part of the stakeholders and the tendency on the part of the said stakeholders including the government of India and the state governments concerned to settle for ad hoc remedies every year, with

each category of stakeholders doing their best to drive a hard bargain. In other words there has been a conspicuous absence of serious efforts on the part of the stakeholders to resolve the problems.

Statement of the problem

Major problems which are genuine in nature have been hobbling the performance of the sugar millers. Growers have their own share of major problems too. As usual, none can be bothered with the problems faced by the ultimate consumers of sugar. To make matters worse, there are issues like dumping of sugar in the domestic market. Sugar cane pricing reforms, though well begun, have ground to a halt. Pricing the sugar cane to the satisfaction of all the stakeholders concerned is an exercise that is half done but fully ignored. In the circumstances, a way out of these issues has to be found and implemented in all seriousness, promptly and effectively.

Review of literature

1. The union government has made an effort to restore the industry to health with partial decontrol of the

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highly regulated sector in April (Ajay, 2013). It did away with the levy system under which all the mills were required to sell one-tenth of the sugar produced to the government at a regulated price that was always lower than the market price. The annual burden on the industry because of this stipulation ranged from INR 1,800 crore to INR 2,500 crore. This sugar was sold to the beneficiaries of the public distribution system. Under the new system, the Centre will provide cash subsidy to all state governments which will now procure sugar from the open market and supply to beneficiaries at the same price of INR 13.50 a kilogram. It also scrapped the release mechanism that decided the quantity of sugar a mill could sell in a month or a quarter. These two reform measures were part of the suggestions made by a committee headed by C. Rangarajan, Chairman of the Prime Minister's Economic Advisory Council. However, the disconnect between sugarcane and sugar prices continues to weigh heavily on the sector. The Centre works out a price for sugarcane every year. States, though, are free to fix their own price, known as the state advised price - it is mandatory for the mills to buy at this price from farmers. States like UP continue to use sugarcane price as a political trump card. Since October 2010, the UP government has raised sugarcane price by 36 per cent to INR 280 a quintal while sugar prices have gone up by only 11 per cent to INR 3,100 a quintal. Some other states such as Tamil Nadu, Haryana and Punjab also announce their own sugarcane prices though these tend to be much lower than the UP price. But this forces mills to buy sugarcane at a fixed price in a season irrespective of the highly volatile sugar prices.

2. *Dilip Kumar Jha* in "UP sugar mills lose markets to Maharashtra & Karnataka, Cost of production a major factor, ISMA bags for UP govt help for mills' survival" argues that crushing units in Uttar Pradesh (UP) are fast losing markets to mills in Maharashtra and Karnataka. Delhi, the largest consumption centre for UP sugar mills, is partly being controlled by Maharashtra mills (Jha, 2013). Quoting Abinash Verma, Director General of the Indian Sugar Mills Association, he says that owing to low production costs, sugar mills in Maharashtra are able to transport the commodity across 1,450 km and compete with UP sugar mills. About half the raw material consumed by mills in Maharashtra and Karnataka is linked with the realisation of mills. According to the existing system, farmers in Maharashtra and Karnataka get the first instalment for their cane in the beginning of the season, and the second when the standing crop is harvested. Sugar mills release the first instalment smoothly,

but they assess crop output and potential of a recovery before releasing the second instalment. This keeps the mills in an advantageous position for cane payments. Against an average 11.5 per cent of recovery for sugar mills in Maharashtra and Karnataka, the UP sugar mills have recorded a recovery of 9.5 per cent. Therefore, beyond the high cost of the raw material, recovery is substantially higher for mills in Maharashtra and Karnataka. Consequently, the average cost of sugar production works out to INR 3,600 a quintal for UP mills, against INR 3,000-3,100 a quintal for mills in Maharashtra and Karnataka. Even with INR 100-150 a quintal of transportation cost, Maharashtra and Karnataka mills not only compete, but also manage to sell at INR 3,400 a quintal in the Delhi market.

3. *Vishwanath Kulkarni* in "Sugar production slows down on poor cane availability" points out that sugar production has slowed on decline in sugarcane availability in States such as Maharashtra and Karnataka, resulting in early closure of factories for the 2012-13 season (Kulkarni, 2013). Production of the sweetener stood at 18.76 million tonnes till end February this year against 18.82 mt in the corresponding period last year. About 50 sugar mills have closed their operations for the current season against 21 in the corresponding period last year. Of this, 28 mills have ended their crushing in Maharashtra and another 22 in Karnataka. Maharashtra has produced 6.53 mt (6.50 mt) up to February. Recovery of sugar from per tonne of sugarcane stood at 11.15 per cent (11.33 per cent). In Karnataka, the sugar output, so far, stood at 3.02 mt, about 3 per cent more than last year. The Indian Sugar Mills Association (ISMA) has projected a sugar output of 24.3 mt against 26 mt last year. Sugar cane crushing in Maharashtra and Karnataka may get over by end-March, against end-April last year. The erratic monsoon has hit the cane crop in these two states badly this year. However, in Uttar Pradesh sugar production stood at 5.03 mt at a recovery of 8.95 per cent as of end-February. The output is about 5 per cent lower than last year as the recent cold wave and unseasonal rains had hampered the cane arrivals at the factories. Andhra Pradesh has produced 8.3 lakh tonnes, about 3 per cent lower than last year, while the output in Tamil Nadu stood at 9.3 lakh tonnes. A weaker North East monsoon in Tamil Nadu has resulted in a lower recovery of 8.8 per cent.

Research gap

The reviewed literature has brought to the fore certain unpleasant facts. One researcher has rightly labelled

the sugar policy as flawed. As usual, the reforms introduced by the government have not addressed all the problems that beset the industry. At best, they qualify as a half-hearted effort on the part of the government and other stakeholders and not surprisingly, the attempt has not met with success. Paying over and above the FRP is definitely an act of populism on the part of the UP government. It also amounts to questioning the remunerative price computed by the Centre. But such populism inflicts a great cost on the UP exchequer. At a macro level, it stifles the investment climate in the state. At a micro level, it spells doom for the economy of a state that lags behind significantly in industrial growth. Missing the wood for the trees is the last thing the UP government can afford at least in the sugar sector of its economy. The Indian farmer is well aware of the fact that agriculture is a gamble with the monsoons. Nothing can be done about the monsoon-inflicted losses although the farmer can hedge against such losses by going in for inter-cropping. However, the Indian farmer seldom takes inter-cropping seriously.

The reviewed literature has not adequately explained how to turn around the fortunes of the sugar industry, among other things. Nor has it explained adequately how the major problems confronting the industry should be dealt with. It is these gaps that the present study seeks to bridge.

Scope of the present study

The study confines itself to sugar cane growers from Mandya and Mysore districts and sugar millers operating in Mandya and Mysore districts.

Objectives of the study

The objectives of the study are to:

1. Ascertain the major problems confronting the sugar industry
2. Identify measures to turn around the fortunes of the sugar industry

Hypotheses proposed to be tested

The study proposes to test the following hypothesis:

“A revenue-linked formula is needed to price the sugar cane”

Research design

Research methodology

This is a descriptive study, involving investigations and adequate interpretation. Since it is a fact-finding study, data has been collected directly from the sample respondents. Respondents were interviewed for the purpose. Information so collected from the respondents was recorded in the structured interview schedules specially designed for the study.

Sources of data

Data required for the study has been collected from primary as well as secondary sources.

Primary data has been collected from the respondents, viz., sugar millers and sugar cane growers. Secondary data has been collected from reputed journals, magazines, newspapers and the web sites of the government of India, the government of Karnataka and the Indian Sugar Mills Association (ISMA)

Sampling plan

Sugar millers and sugar cane growers represent the sampling universe.

Sugar cane growers: Simple random sampling under the probability sampling method was deployed to select the sugar cane growers since it gives each element an equal and independent chance of being selected. Accordingly, interview schedules were administered to 100 sugar cane growers. Interview schedules, duly completed and received from the first 50 sugar cane growers were selected for the study.

Sugar millers: Given the limited number of functional sugar factories in Mandya and Mysore districts, purposive or judgement sampling under the non-probability method has been deployed. The Researcher selected 30 sugar factories from the said districts. This criterion, according to the Researcher, is the most appropriate one for the present study. What is important is the typicality and the relevance of the sampling units to the study and not their overall representativeness to the population. Thus it guarantees inclusion of the relevant elements in the sample. Probability sampling plans cannot give such a guarantee.

Data collection instruments

Structured interview schedules were drafted and pre-tested in order to identify the possible weaknesses in them. Upon receipt of feedback, they were suitably amended and finalised for administration to the respondents for collection of primary data.

The interview schedules featured open questions and closed questions. Open questions were included to identify opinions, ascertain the level of knowledge and seek suggestions.

Data processing and analysis plan

Non-parametric statistical units were used to test the association between qualitative characters. Conclusions were arrived at on the basis of formation of H_0 and H_1 . To be specific, chi-square test was applied to test the association.

Limitations of the study

Primary data has at times been inferred through constant topic-oriented discussions with the respondents. This may have influenced the findings of the study. Being insignificant, the Researcher is confident that it will have no bearing whatsoever on the accuracy of the findings of the study.

Data Analysis – Sugar millers

In the following paragraphs, the primary data collected from the 30 sugar millers is analysed.

Major problems confronting the sugar industry

As is the case with any industry, the sugar industry faces some problems too. Some of them are systemic in nature and yet some are man-made. Hence the Researcher requested the respondents to cite the major problems the sugar industry is confronted with. Their replies to the query appear in the following Table.

Table - 1 : Major problems confronting the sugar industry

| Major problems | Number of respondents |
|---|-----------------------|
| Cane procurement cost accounting for 85 percent of the operating cost | 27 |
| SAP is always ahead of FRP | 27 |
| Rising cost of production | 26 |
| Cane price rise does not lead to a proportionate rise in sugar price | 26 |
| Falling sugar prices | 23 |

Cane procurement cost accounting for 85 percent of the operating cost is cited as a major problem by 27 respondents. SAP being always ahead of FRP is cited as a major problem by 27 respondents. Rising cost of production is cited as a major problem by 26 respondents. Cane price not leading to a proportionate rise in sugar price is cited as a major problem by 26 respondents. Falling sugar prices is cited as a major problem by 23 respondents.

Turning around the sugar industry's fortunes

With the respondents revealing the major problems confronting the sugar industry, the researcher sought to know from them how the industry's fortunes can be turned around. Their replies to the query appear in the following Table (**Table - 2**)

Link the price of sugar cane to the realisation from sugar and by-products, suggest 27 respondents. Abandon the SAP regime, suggest 27 respondents. Government should complete the sugar cane pricing reforms, suggest

Table - 2 : Turning around the sugar industry's fortunes

| Measures | Number of respondents |
|---|-----------------------|
| Link the price of sugar cane to the realisation from sugar and by-products | 27 |
| Abandon the state-administered price or SAP regime | 27 |
| Government should complete the sugar cane pricing reforms | 27 |
| State government should not insist on payment of fair and remunerative price or FRP at the beginning of the crushing season | 26 |
| A revenue-linked formula needed to price the sugar cane | 26 |
| Government should promote export of raw sugar | 25 |

27 respondents. State government should not insist on payment of FRP at the beginning of the crushing season, suggest 26 respondents. A revenue-linked formula needed to price the sugar cane, aver 26 respondents. Government should promote export of raw sugar, suggest 25 respondents.

Data Analysis – Sugar cane growers

In the following paragraphs, the primary data collected from the 50 sugar cane growers is analysed.

Major problems confronting the sugar industry

As is the case with any industry, the sugar industry faces some problems too. Some of them are systemic in nature and yet some are man-made. Hence the Researcher requested the respondents to cite the major problems the sugar industry is confronted with. Their replies to the query appear in the following Table.

Table - 3 : Major problems confronting the sugar industry

| Major problems | Number of respondents |
|---|-----------------------|
| Delay in lifting the cane leads to delay in crushing which in turn leads to delay in realisation for the farmer | 47 |
| FRP is neither fair nor remunerative | 46 |
| Millers do not implement FRP | 45 |
| Millers' erratic crushing schedule forces growers to sell to jaggery makers at lower prices | 44 |
| Millers yet to release the arrears to growers | 43 |

Delay in lifting the cane leads to delay in crushing which in turn leads to delay in realisation for the farmer and this is a major problem according to 47 respondents. FRP is neither fair nor remunerative and this is a major problem according to 46 respondents. Millers do not implement FRP and this is a major problem according to 45 respondents. Millers’ erratic crushing schedule forces growers to sell to jaggery makers at lower prices and this is a major problem according to 44 respondents. Millers yet to release the arrears to growers and this is a major problem according to 43 respondents.

Turning around the sugar industry’s fortunes

With the respondents revealing the major problems confronting the sugar industry, the researcher sought to know from them how the industry’s fortunes can be turned around. Their replies to the query appear in the following Table.

Table - 4 : Turning around the sugar industry’s fortunes

| Measures | Number of respondents |
|--|-----------------------|
| Government should announce the SAP before the crushing season begins | 47 |
| Farmers should have the freedom to choose the buyer | 45 |
| Production of raw sugar should be incentivised | 44 |
| A revenue-linked formula needed to price the sugar cane | 43 |
| Duty on imported sugar should be hiked | 42 |
| Permit issued for cane off-take volumes should be realistic. | 42 |

Government should announce SAP before the crushing season begins, assert 47 respondents. Farmers should have the freedom to choose the buyer, aver 45 respondents. Production of raw sugar should be incentivised, believe 44 respondents. A revenue-linked formula needed to price the sugar cane, according to 43 respondents. Duty on imported sugar should be hiked, assert 42 respondents. Permit issued for cane off-take volumes should be realistic, aver 42 respondents.

Findings of the study

The following are the findings of the study:

Sugar millers

- Cane procurement cost accounting for 85 percent of the operating cost is cited as a major problem by 27 respondents. SAP being always ahead of FRP

is cited as a major problem by 27 respondents. Rising cost of production is cited as a major problem by 26 respondents. Cane price not leading to a proportionate rise in sugar price is cited as a major problem by 26 respondents. Falling sugar prices is cited as a major problem by 23 respondents.

- Link the price of sugar cane to the realisation from sugar and by-products, suggest 27 respondents. Abandon the SAP regime, suggest 27 respondents. Government should complete the sugar cane pricing reforms, suggest 27 respondents. State government should not insist on payment of FRP at the beginning of the crushing season, suggest 26 respondents. Sugar cane price hike should be determined on the basis of revenue-sharing after assessment of revenue, suggest 26 respondents. Government should promote export of raw sugar, suggest 25 respondents.

Sugar cane growers

- Delay in lifting the cane leads to delay in crushing which in turn leads to delay in realisation for the farmer and this is a major problem according to 47 respondents. FRP is neither fair nor remunerative and this is a major problem according to 46 respondents. Millers do not implement FRP and this is a major problem according to 45 respondents. Millers’ erratic crushing schedule forces growers to sell to jaggery makers at lower prices and this is a major problem according to 44 respondents. Millers yet to release the arrears to growers and this is a major problem according to 43 respondents.
- Government should announce SAP before the crushing season begins, assert 47 respondents. Farmers should have the freedom to choose the buyer, aver 45 respondents. Production of raw sugar should be incentivised, believe 44 respondents. A revenue-linked formula needed to price the sugar cane, according to 43 respondents. Duty on imported sugar should be hiked, assert 42 respondents. Permit issued for cane off-take volumes should be realistic, aver 42 respondents.

Conclusions

Conclusions are inferences / generalisations drawn from the findings and relate to hypotheses. They are answers to the research questions or the statements of acceptance or rejection of hypotheses.

Hypothesis

The hypothesis states as follows:

“A revenue-linked formula is needed to price the sugar cane”.

Hence H0 and H1 are as follows:

H0: A revenue-linked formula is not needed to price the sugar cane

H1: A revenue-linked formula is needed to price the sugar cane

On the basis of the primary data collected from the respondents, vide Tables: 2 and 4, a chi-square test was applied to ascertain the association, if any, between the two variables. The following Table reveals the computation made using MS-Excel:

Table - 5

| | Category | Observed Values | | |
|---|------------------------|-----------------|----------|--------|
| | | Yes | No | Total |
| | Millers | 26 | 4 | 30 |
| | Growers | 43 | 7 | 50 |
| | Total | 69 | 11 | 80 |
| | | Expected Values | | |
| | Category | Yes | No | Total |
| | Millers | 25.875 | 4.125 | 30 |
| | Growers | 43.125 | 6.875 | 50 |
| | Total | 69 | 11 | 80 |
| | | Agree | Disagree | |
| 2 | o-e | 0.1250 | -0.1250 | |
| | | -0.1250 | 0.1250 | |
| | (o-e) ² | 0.0156 | 0.0156 | |
| | | 0.0156 | 0.0156 | |
| | ((o-e) ² /e | 0.0006 | 0.0038 | |
| | | 0.0004 | 0.0023 | |
| | CV | 0.0010 | 0.0061 | 0.0070 |
| | TV | | | 3.8415 |
| | p | | | 1.0000 |

The calculated value of χ^2 is 0.0070, lower than the table value of 3.8415 for an alpha of 0.05 at one degree of freedom. Hence the null hypothesis is accepted. $p=1.0000$ is the inverse of the one-tailed probability of the chi-squared distribution.

Recommendations

1. If 85 percent of the operating cost is accounted for by cane price, it makes little financial sense or business sense to produce sugar. Hence the government should ensure that a revenue-linked formula is deduced for the purpose, as accurately as possible in as transparent a manner as possible. Once the formula is deduced, all the stakeholders should be mandated to settle for the price determined by the formula. Financial sense and business sense should prevail, relegating populism to obscurity.
2. When cane price is worked out in line with the formula, farmers should be allowed to sell the cane to the buyers of their choice. Farmers will not scout for new buyers knowing fully well that every buyer will pay the same price for the cane.
3. Government should incentivise production of raw sugar. It will go a long way in ameliorating the problems faced by the sugar industry as a whole, given the sensitivity inherent in sugar pricing.

4. Under no circumstances, the state-advised price (SAP) should be more than the fair and remunerative price (FRP) prescribed by the government of India. If the SAP differs widely from the FRP, one of the two must be true: either SAP has been computed erroneously or FRP has been computed unfairly. Given that FRP is worked out by a better equipped team – better equipped in terms of the inputs and infrastructure required for computing the price, it is obvious that the state government concerned should not go overboard in pricing the sugar cane in order to remain politically correct. Further, the state government's stipulation that the price be paid upfront rubs salt into the sugar millers' wound. A slight difference between SAP and FRP is understandable but a noticeable difference is indicative of biased pricing on the part of the state government concerned. Hence, the revenue-linked formula should be deduced immediately, so price conflicts do not aggravate the situation.

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TOURIST SATISFACTION WITH CULTURAL AND HERITAGE SITES: TIRUCHIRAPPALLI

Nathiya .D¹M. Pitchaimani²

Abstract

Cultural heritage tourism is a mode of tourism that specifically targets the art, architecture, history, monuments, museums, theatres, religious heritage, social interaction, food habits, and lifestyle of people in a certain geographical region. Culture heritage have also become major forces in economic and urban revitalization. This research paper is designed to give overview of some of the most important variables which are road maps for an ideal tourism planning in order to make tourism decision effective. The paper also attempts to examine the relationship between cultural heritage destination attributes and tourist satisfaction in terms of selected tourists demographic characteristics and travel behavior characteristics. The area of the study at Tiruchirappalli in Tamil Nadu, which is situated in Southern part of India. The data of this study were collected from the on-site survey method at Srirangam, Rockfort and Samyapuram in Tiruchirappalli. The sample population for this study was composed of tourists who visited Tiruchirappalli between January and February 2017. An attempt has been made to assess the level of satisfaction of tourists about the destination, which include climate, local people, tour operator, infrastructure facilities like road, transport, traffic, tourism information etc. This aspect helps the tourism planner and local government to take strategic measures to improve the tourism business.

Introduction

Cultural/heritage commercial enterprise is that the quickest growing section of the commercial enterprise trade as a result of there's a trend toward AN enlarged specialization among tourists. This trend is clear in the rise in the volume of tourists WHO request journey, culture, history, archeology and interaction with native folks (Hollinshead, 1993). Cultural/heritage commercial enterprise ways in varied countries have in common that they area unit a major growth space, that they will be used to boost native culture, which they'll aid the seasonal and geographic unfold of commercial enterprise (Richards, 1996). Recent studies regarding cultural/heritage commercial enterprise have centered on characteristic the characteristics, development, and management of cultural/heritage commercial enterprise, likewise as on work demographic and travel behavior characteristics of tourists WHO visit cultural/heritage destinations. This analysis paper is meant to offer summary of a number of the foremost vital variables that area unit road maps for a perfect commercial enterprise designing so as to form commercial enterprise call effective. This paper aim to hide the sentiments and understanding of the worth of the keep similar to information and skill gained, worth of the destination, price of every rupee spent and overall read regarding the destination. It conjointly covers the choice creating method in visiting traveler destination, however the

tourists expectation area unit met out, however they feel regarding destination and whether or not they will suggest this destination to their friends and relatives. a shot has been created to assess the amount of satisfaction of tourists regarding the destination, that embrace climate, native folks, tour operator, infrastructure facilities like road, transport, traffic, commercial enterprise info etc. This facet helps the commercial enterprise planner and native government to require strategic measures to boost the commercial enterprise business.

OBJECTIVES:

To evaluate feelings and understanding of value of the stay.

To find out the feelings of tourist about the destination

To find out the general satisfaction of the tourists about the destination.

Evaluation of Feelings and Understanding of the Value of Stay

Opinion and understanding of the value of stay can be assessed by getting feedback on the statements like the value of overall stay, gaining of new knowledge and experiences in the tourist spot. It also includes the good feel about tourist destination, worth of staying, it gives me sense of joy that I have decided to come to this tourist spot, feeling of delighted about this tourist place and meeting interesting people in this tourist destination.

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From the analysis it is found that the "Overall stay scored" 149 points, "Feel about the tourist destination" scored 158 points, "new knowledge and experiences gained" scored 160 points, "decision to come to the tourist destination" scored 156 points, "Worth of Staying in the tourist spot and feeling delighted" scored each 165 points. "Meeting interested people in this tourist destination" scored 140 points. From the results, it is observed that the tourists expressed that staying in the particular destination is very interesting. They also expressed that they have gained good knowledge through this spot. They also expressed deep sense of satisfaction that every money they paid is worth spending here in this destination. Due to these aspects they have decided to come again in this destination.

Agree With The Following Statements

The tourists expressed that they have completely satisfied and gave several statements like they are very much pleased and they have decided to visit the particular tourist destination. They also expressed that the visit to the destination have exceeded their expectations. They also suggest that they will recommend this tourist destination to their known surroundings and they felt like being at home in the tourist spot. The statement "decision to visit tourist destination" scored highest points 176, followed by "expectation about the tourist destination" scored 162 points "recommendation of the tourist destination to known surroundings" scored 150 points, and "feeling about tourist destination" scored 149 points.

From the table it is observed that the tourists have agreed that the tourist destination exceeded their expectation and they will recommend this tourist destination to their friends and relatives and colleagues.

General Satisfaction about Tourist Destination

The feelings about the tourist destination was queried to the tourists and the various concepts such as climate, local people, tour operator, infrastructure facilities like road, transport, traffic, tourism information etc. The tourists expressed their views about the tourist spot, "the historical and cultural heritage" scored highest points 116 whereas "Catering services" scored 186 points, "Accommodation" scored 167 points, "Kindness of tour operators" scored 153 points, "Availability of tour operators" scored 141 points, "Amusement" scored 132 points, "Climate" scored 165 points, "Kindness of the local people" scored 153 points, "Overall rating" scored 175 points, "Tourism information the tourist place" scored 141 points, "Road links and quality-price ratio" scored 140 and 159 points respectively, "Events" scored 134 points, "Souvenirs and Pedestrian area" scored each 157 and 134 points, "Parks and green areas" scored 149

points, "Car parks" scored 148 points and "Tour operators communication skill" scored 144 points and "Local traffic" scored 149 points.

From the results it is suggested that the tourists are very much satisfied about the Historical places, food, accommodation and kindness of the tour operator. They felt satisfied about the climate and kindness of the local people. Certain tourists have expressed their sense of dissatisfaction about the tour operators, communication skill, road links, local traffic, car parks, pedestrian area. Parks and green area and Quality-price ratio.

Findings:

- Majority of the tourists expressed that staying in this destination is very valuable. The people gained good knowledge about the tourists spot. The tourists expressed that they felt good and every rupee paid in this destination is worth. The people were very much delighted about this tourist destination and they have planned visit this place again and again in future.
- Many of the visitors agreed that the expectation has been exceeded and they will recommend the destination to their friends.
- Majority of the tourists are completely satisfied about the Historical places, food, accommodation and kindness of the tour operator.
- Certain visitors felt satisfied about the climate and kindness of the local people.
- Most of the Tourists have dissatisfied about the tour operators communication skill, pedestrian area, Parks and green area and Quality-price ratio, road links, local traffic, car parks.

Suggestions:

Trichy area is famous for authentic foods such as Chettinadu, the tourism department can think of starting ethnic food restaurants.

Should maintain hygiene in local restaurants and needs improvement in Sanitation.

The cleanliness should be maintained well by the Trichy city corporation.

- The illumination in the Rockfort temple should be improved to make more attractive during night.
- Communication skills are not satisfactory. Professional training can be arranged to the tourist guides so that the salient features of the temple city can be improved.
- Traffic and parking facilities needs improvement. Safety and security for tourists have to be ensured.

- Local transport is satisfactory. Name board should be given in English also along with native language.
- The number of Budget Hotels with a Room Tariff of Rs.1000 – 1500 may be constructed to meet the needs of Tourists of middle income groups.

Conclusion

Customer satisfaction is more important for any tourists spot. It depends upon the expectations and perceptions. In this study, various elements like stay at destination, destination environment, and kindness of hospitality, infrastructure facilities and other services were assessed. From the analysis it is suggested that the visitors were satisfied about the destination and services offered were not satisfactory. Suggestions have been given by the tourists in order to improve the customer satisfaction. By effectively implementing the suggestions given as above, this will improve both the tourist's satisfaction and local revenue.

UTILIZATION AND PERCEPTION TOWARDS THE SERVICES MIX OF THE AGRICULTURAL PRODUCERS COOPERATIVE MARKETING SOCIETIES (TCMS)

Dr.S.Velanganni¹

Abstract

In our country, cooperatives are regarded as a major tool to bring socio economic development among people. During the first five year plan (1950-51), cooperatives were accorded prime importance for planned economic development of the country. Since then, efforts were made for cooperativisation of the primary, secondary and territory sectors. With these broad context, Agricultural Producers Marketing Cooperatives have been assigned with the targeting of bringing 'better farming, better business and better living among people particularly among farm producers by taking up all the marketing functions such as assembling, selling, transportation, storage/warehousing, risk bearing, grading and standardization, quality control, market financing besides encouraging the farmers to adopt value-addition through product diversification and processing of agro products at the farm and off-farm levels. The Agricultural Producers' Cooperative Marketing Societies (APCMSs) stress their emphasis on business retention by enhancing and strengthening the volume of their business in input supply and output marketing. They also undertake business expansion activities like processing, distribution of consumer goods (under both Village Shop Program and Public Distribution System). Further, they focus their attention on encouraging the growth of all new businesses in the region. Thus, it is evident that APCMSs promote economic development in the region in general and among the farmers in particular.

Key words: *Agricultural Producers' Cooperative Marketing Societies (APCMSs), Utilization and perception towards Services mix, problems and suggestion*

Introduction

In our country, cooperatives are regarded as a major tool to bring socio economic development among people. During the first five year plan (1950-51), cooperatives were accorded prime importance for planned economic development of the country. Since then, efforts were made for cooperativisation of the primary, secondary and territory sectors. With these broad context, Agricultural Producers Marketing Cooperatives have been assigned with the targeting of bringing 'better farming, better business and better living among people particularly among farm producers by taking up all the marketing functions such as assembling, selling, transportation, storage/warehousing, risk bearing, grading and standardization, quality control, market financing besides encouraging the farmers to adopt value-addition through product diversification and processing of agro products at the farm and off-farm levels. Further they have been oriented towards perfecting the marketing system for agricultural produces by regulating the roles of marketing functionaries such as wholesalers, retailers, primary processors including marketing jobbers through establishing franchise / contractual relationship with organized / development institutions such as banking,

transportation, warehousing, insurance, import and export agents and organizational individual buyers / users of agricultural produces in the region. Besides they need to assimilate themselves with the Government schemes and programmes on agricultural development. As such Agricultural Producers Cooperative Marketing Societies assume the role of 'Development Agent' in one hand and serve as 'knowledge Centre' for holistic agricultural development on the other in the region. Hence they perform more than one function by diversifying their services.

The services of cooperatives could be grouped into two categories viz., core services, and augmented services. Services for which a cooperative originally / primarily comes into existence may be called the "Core services". For example, marketing of agricultural produces by cooperative marketing societies constitutes the "Core Service" while the services other than those of core services such as distribution of house hold and consumer articles and the like may be called "Augmented services". The reasons to offer 'augmented services' are to enable the cooperative:

- To serve the members better and fulfil their other needs.

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- To improve economic viability.
- To promote cooperatives as an effective instrument of socio-economic change.
- To uphold the value of concern for community.
- To avert identity crisis.
- To establish survival strategy.

As far as the study is concerned, the selected cooperative marketing societies are taking up multifaceted core services such as agricultural inputs supply, output marketing, provision of marketing facilities, processing facilities and marketing finance and other augmented services for the benefit of member farmers. This chapter is devoted to study the utilization behaviour of the services mix of the selected sample institution by their member farmers, particularly the pattern and extent of utilization of the services mix. Moreover analysis has also been made on the perception of farmer members on the services mix of the selected sample institutions keeping in view the broader criteria such as adequacy, quality, price, access, and promptness relating to the services mix of the marketing institutions under reference. While understanding the perception the perception of farmers, certain statements pertaining to services mix of the study institutions were asked among the respondents to be responded in five point rated scales viz., strongly agree, agree, strongly disagree and disagree, neither agree nor disagree and do not know. For the purpose of analysis, the responses such as strongly agree are grouped under 'agree category' while disagree and strongly disagree under 'disagree category' and the responses viz., neither agree nor disagree and do not know under 'do not know category'.

Services Mix

It is noticed among the sample institutions that they have been providing more than one service to the members. A critical analysis of the nature and pattern of services of the Agricultural Producers Marketing Cooperatives reveals that the services mix of the cooperative institutions under study include their broad lines of services such as (i) those providing for production increase at the farm level; (ii) those enabling for farm productivity enhancement and (iii) those facilitate / contribute for increased standard of living through consumption. They are listed below:

- Supply of inputs like seeds, chemical fertilizers, pesticides and agricultural implements
- Marketing of agricultural produces
- Undertaking processing and value addition activities
- Provision of storage and grading facilities
- Provision of transportation, market yard facility, market information

- Linking of credit with marketing
- Provision of produce pledge loans
- Provision of jewel loans
- Distribution of controlled and non controlled goods
- Sale of petroleum products
- Sale of milk and medicines
- Sale of iron and steel
- Sale of stationery and electrical goods
- Sale of fruits, juices and ice cream
- Sale of mobile phone recharge cards and top up cards
- Train ticket booking services

It is also noticed that every services line comprise more than one items of services, which constitute the services mix of the Agricultural Producers Marketing Cooperative Societies under study. It is estimated that services mix of these cooperatives ranged from 14 to 18. The services mix of the TCMS was the highest comprising 18 services while it was 14 in NCMS and 15 in RCMS. It is reported that the services mix have been influenced by the government schemes / programmes, the capital base and financial performance including the degree of professionalism employed by the cooperatives. The TCMS is reported to have 'enlarged service mix, while the other sampling institutions under the study have 'stagnant services mix'. For instances, NCMS has deleted one of its services viz., groundnut decorticating process from its services mix while TCMS has enlarged its services mix by adding self-service section, sale of petroleum products, dairy scheme, sale of iron and steel, sale of fruits and juices and ice cream and train ticket booking services during the period under study.

Statement of the Problem

Agricultural marketing includes all those activities, arrangements and preparations which help the farmers in the disposal of the farm products. In fact, the process of marketing is more difficult than that of production (*Hajela, 1994*). What a cooperative does is to control the expense of marketing of agricultural produces in a manner that both the farmers and the ultimate purchasers feel to be satisfactory (*FAO, 1957*). Under the prevalent system of agricultural marketing, an individual producer can hardly stand to the exploitative measures of intermediaries. Thus promotion of cooperative marketing deserves high priority not merely because cooperative marketing is desirable as such, but also because it is an essential pre-requisite for the large-scale expansion of cooperative credit (*Singh, 2000*). The cooperative marketing societies assist the farmer members to secure reasonable prices for their agricultural produces. They function as a bridge between producers and consumers.

Bestowing remunerative price and better services in turn help to generate myriad employment opportunities and improve the living standard of members.

Marketing societies have been creating, maintaining and enhancing the economic development among the community. They seek to raise agricultural output, create employment and eradicate poverty by providing market accessibility to farm producers, securing reasonable and remunerative prices, supplying adequate inputs like seeds, fertilizers, pesticides, agricultural implements at reasonable prices, implementing effective linking of credit with marketing, distributing consumer articles at reasonable prices through fair price shops, etc. They help to promote the growth and development even in the most remote rural areas. The Agricultural Producers' Cooperative Marketing Societies (APCMSs) stress their emphasis on business retention by enhancing and strengthening the volume of their business in input supply and output marketing. They also undertake business expansion activities like processing, distribution of consumer goods (under both Village Shop Program and Public Distribution System). Further, they focus their attention on encouraging the growth of all new businesses in the region. Thus, it is evident that APCMSs promote economic development in the region in general and among the farmers in particular. Hence, this study was undertaken.

Title of the Study

Utilization and perception towards the services mix of the Agricultural Producers Cooperative Marketing Societies – An Analysis

Objectives of the Study

1. To study the utilization and perception towards the services mix of the Agricultural Producers Cooperative Marketing Societies selected societies.

2. To offer suitable suggestion and conclusion

Methodology and Sampling

The study is an empirical analysis. Field survey method was adopted. The tools such as Structured Interview Schedules (SIS), Data Sheet (DS) and the Personal Interview techniques were used to elicit data for the study. The study intends to analysis the business performance impact of Agricultural Producers Cooperative Marketing Societies in the region in Tamil Nadu State (India), wherein the performance of these cooperative institutions are significantly better and unique as compared to those others serving elsewhere in Tamil Nadu. Hence the study employed purposive sampling procedure for the selection of a region / district in the State as the geographical area for the study.

Data Analysis and interpretation

The data collected were tabulated and analyzed with the help of appropriate statistical tools. Statistical Package for Social Sciences (SPSS) was used for data analysis. Percentages, averages, compound growth rate for analyze and interpretation of the data to draw meaningful conclusions on the Economic Impact of Agricultural Producers Cooperative Marketing.

Agricultural Input services

It is noticed that the most prominent agricultural inputs supplied by the sample cooperative marketing societies under the study are seeds, chemical fertilizers, pesticides and agricultural implements. Variables such as overall agricultural input services availed by member farmers, the quantity of different inputs purchased by the farmers, and farmers' opinion about the adequacy of input services were considered for purpose of analysis (Table - 1)

Table - 1 : Input Services Availed by Member Farmers from CMSs

(Multiple Responses)

| Farmers Category Items | Number of Respondents | | |
|---------------------------|-----------------------|----------------|-------------|
| | Small (N=180) | Medium (N=120) | Big (N=100) |
| Seeds | 162 (90.00) | 84 (70.00) | 60 (60.00) |
| Chemical fertilizers | 110 (61.11) | 62 (51.67) | 38 (38.00) |
| Pesticides | 90 (50.00) | 48 (40.00) | 24 (24.00) |
| Agricultural implements | 12 (06.67) | 21 (17.50) | 49 (49.00) |

Source: Computed from survey data during 2015-16

Figures in brackets are percentages to the respective column total

As shown in table 1 as high as 90 per cent of the small farmers were found to have purchased seeds from Cooperative Marketing Society (CMSs) followed by medium farmers (70%) and big farmers (60%). Further, small farmers (61.11%) and medium farmers (51.66%) were found to be the prominent buyers of fertilizers from the CMSs. Only 38 per cent of big farmers were purchased fertilizers from CMSs which is insignificant. Similarly, half of the small farmers purchased pesticides from CMSs and the participation of big farmers in purchasing pesticides was insignificant. However, nearly half of big farmers (49%) purchased agricultural implements from CMSs and the proportion of small and medium farmers in this regard is found to be insignificant. Thus it may be stated that small and medium farmers were found to be the prominent users of agricultural inputs such as seeds, fertilizers and pesticides whereas big farmers show interest in purchasing seeds and agricultural implements from CMSs.

Table - 2 : Quantity of Seeds Purchased from CMSs

| Farmers Category Range (Qty in Kgs) | Number of Respondents | | |
|--|-----------------------|-----------------|-----------------|
| | Small (N=162) | Medium (N=84) | Big (N=60) |
| Less 20 | 18 (11.11) | 00 (00.00) | 00 (00) |
| 20 -40 | 68 (41.97) | 34 (40.48) | 00 (00) |
| 40-60 | 66 (40.74) | 42 (50.00) | 26 (43.33) |
| 60-80 | 10 (06.17) | 08 (09.52) | 22 (36.66) |
| Above 100 | 00 (00.00) | 00 (00.00) | 14 (23.33) |
| Total | 162 (100) | 84 (100) | 60 (100) |
| Mean Qty | 39.50 | 44.75 | 52.45 |

Figures in brackets are percentages to the respective column total

As to quantum of seeds purchased, farmers irrespective of their land holdings purchased seeds from CMSs. Nevertheless, significant variations in the quantity of seeds purchased were observed among different categories of farmers. The study result indicates that 40.74 per cent of small farmers, 40.48 per cent of medium farmers and 43.33 per cent of big farmers had purchased seeds to the tune of 40-60 kgs respectively during the last year. However, a less percentage of big farmers (36.67%) purchased seeds to the tune of 60-80 kgs and 23.33 per cent of big farmers purchased seeds to the tune of above 100 kgs during the study period. The significant variations among farmers category in purchase of seeds was mainly attributed to the varied size of landholdings and area under cultivation (Table 2).

Table - 3 : Volume of Fertilizers Purchased from CMSs

| Farmers Category Range (Qty in Kgs) | Number of Respondents | | |
|--|-----------------------|-----------------|-----------------|
| | Small (N=110) | Medium (N=62) | Big (N=38) |
| Less 200 | 72 (65.45) | 12 (19.35) | 00 (00.00) |
| 200 -400 | 33 (30.00) | 14 (22.58) | 00 (00.00) |
| 400-600 | 05 (04.54) | 26 (41.94) | 22 (57.89) |
| 600-800 | 00 (00.00) | 10 (16.12) | 07 (18.42) |
| 800-1000 | 00 (00.00) | 00 (00.00) | 09 (23.68) |
| Total | 110 (100) | 62 (100) | 38 (100) |
| Mean Qty | 183.96 | 326.75 | 432.78 |

Figures in brackets are percentages to the respective column total

As far as purchase of fertilizers is concerned, the study reveals that 65.45 per cent of small farmers purchased fertilizers less than 200Kgs, while 41.94 per cent of medium farmers and 57.89 per cent of big farmers had purchased fertilizers from 400-600 Kgs respectively during the last year. However, it is observed that 23.68 per cent of big farmers had purchased fertilizers above 800 Kgs (Table 3) from CMSs.

Table - 4 : Volume of Pesticides Purchased from CMSs

| Farmers Category Range (Qty in Kgs) | Number of Respondents | | |
|--|-----------------------|-----------------|-----------------|
| | Small (N=90) | Medium (N=48) | Big (N=24) |
| Less 20 | 61 (67.78) | 09 (18.75) | 00 ----- |
| 20 -40 | 23 (25.56) | 06 (12.50) | 00 ----- |
| 40-60 | 06 (06.66) | 14(29.17) | 06 (25.00) |
| 60-80 | 00 ----- | 19 (39.53) | 08 (33.33) |
| 80-100 | 00 ----- | 00 ----- | 10 (41.66) |
| Above 100 | 00 ----- | 00 ----- | 00 ----- |
| Total | 90 (100) | 48 (100) | 24 (100) |
| Mean Qty | 22.67 | 39.75 | 64.76 |

Figures in brackets are percentages to the respective column total

With regard to pesticides, as much as 67.78 per cent of small farmers had purchased pesticides less than 20 litres while as low as 25.56 per cent of small farmers purchased to the tune of 20-40 litres during the last year. Further, as high as 68.70 per cent of medium farmers had purchased pesticides ranging between 40-80 litres whereas a majority (74.99%) of big farmers had purchased pesticides ranging between 60-100 litres during the last year (Table 4).

Table - 5 : Agricultural Implements Purchased from CMSs (2012-13)

| Farmers Category Amount (Rs.in.000s) | Number of Respondents | | |
|---|-----------------------|-----------------|-----------------|
| | Small (N=12) | Medium (N=21) | Big (N=49) |
| Less than Rs.2000 | 08 (66.67) | 03 (14.28) | 12 (24.48) |
| Rs.2000 –Rs.4000 | 04 (33.33) | 09 (42.85) | 14 (28.57) |
| Rs.4000- Rs.6000 | 00 ----- | 05 (23.80) | 20 (40.81) |
| Rs.6000- Rs.8000 | 00 ----- | 04 (19.04) | 03 (06.12) |
| Rs.8000- Rs.10000 | 00 ----- | 00 ----- | 00 ----- |
| Above Rs.10000 | 00 ----- | 00 ----- | 00 ----- |
| Total | 12 (100) | 21 (100) | 49 (100) |
| Mean Rs | 1865.65 | 3452.96 | 4688.87 |

Figures in brackets are percentages to the respective column total

As to purchase of agricultural implements, medium and big farmers were found to be the major participants (Table 5).

Table - 6 : Adequacy of input supplied by CMSs

| Farmers Category Response | Number of Respondents | | |
|------------------------------|-----------------------|------------------|------------------|
| | Small (N=180) | Medium (N=120) | Big (N=100) |
| Yes | 153 (85.00) | 118 (98.33) | 97 (97.00) |
| No | 27 (15.00) | 02 (02.67) | 03 (03.00) |
| Total | 180 (100) | 120 (100) | 100 (100) |

The inputs that are inadequately available with CMSs

| Farmers Category Items | Number of Respondents | | |
|---------------------------|-----------------------|-----------------|-----------------|
| | Small (N=27) | Medium (N=02) | Big (N=03) |
| Seeds | 02 (07.40) | 00 ----- | 00 ----- |
| Chemical fertilizers | 05 (18.51) | 02 (100) | 01 (33.33) |
| Oil seeds | 15 (55.55) | 00 ----- | 02 (66.67) |
| Pesticides | 03 (11.11) | 00 ----- | 00 ----- |
| Agricultural implements | 02 (07.40) | 00 ----- | 00 ----- |
| Total | 27 (100) | 02 (100) | 03 (100) |

Figures in brackets are percentages to the respective column total

Farmers under different categories were asked about the adequacy of inputs supplied by their cooperative marketing societies. The survey result shows that 85 per cent of small farmers, 98.33 per cent of medium farmers and 97 per cent of big farmers favored on the adequacy of inputs supplied by CMSs. Only few small farmers (15%) opined that the quantum of inputs supplied by CMSs was not adequate enough to meet their requirements. Among different items of seeds available through CMSs, oil seed was the only input which is not adequate enough (Table 6).

Table - 7 : Farmers' Perception towards Agricultural Inputs Services of CMSs

| Farmers Category Features | Number of Respondents | | | | | | | | |
|---|-----------------------|---------------|---------------|------------------------|---------------|---------------|---------------------|---------------|---------------|
| | Small Farmers (N=180) | | | Medium Farmers (N=120) | | | Big Farmers (N=100) | | |
| | A | DA | NADA | A | DA | NADA | A | DA | NADA |
| CMSs supply adequate agricultural inputs | 156 (86.67) | 14 (07.78) | 10 (05.55) | 107 (89.16) | 05 (04.16) | 08 (06.66) | 92 (92.00) | 03 (03.00) | 05 (05.00) |
| Supply agricultural inputs at fair price | 167 (92.78) | 03 (01.67) | 10 (05.55) | 111 (92.50) | 00 ----- | 09 (07.50) | 97 (97.00) | 00 ---- | 03 (03.00) |
| CMSs supply agricultural inputs with good quality | 164 (91.11) | 09 (05.00) | 07 (93.89) | 101 (84.17) | 08 (06.67) | 11 (09.16) | 90 (90.00) | 07 (07.00) | 03 (03.00) |
| The price of agricultural goods are cheaper when compared with open market price | 175 (97.22) | 00 ----- | 05 (02.78) | 116 (96.67) | 00 ---- | 04 (03.33) | 94 (94.00) | 02 (02.00) | 04 (04.00) |
| Even during the period of shortage, the inputs are available with CMSs adequately | 167 (92.78) | 03 (01.67) | 10 (05.55) | 111 (92.50) | 00 ---- | 09 (07.50) | 94 (94.00) | 04 (04.00) | 02 (02.00) |
| CMSs supply hybrid seeds to farmers | 164 (91.11) | 09 (05.00) | 07 (93.89) | 101 (84.17) | 08 (06.66) | 11 (09.16) | 91 (91.00) | 03 (03.00) | 06 (06.00) |
| CMSs provide information and instruction regarding usage and preservation of inputs | 164 (91.11) | 09 (05.00) | 07 (93.89) | 102 (85.00) | 09 (07.50) | 09 (07.50) | 92 (92.00) | 04 (04.00) | 04 (04.00) |
| CMSs accept the purchase returns made by the members | 175 (97.22) | 00 ---- | 05 (02.78) | 116 (96.67) | 00 ---- | 04 (03.33) | 97 (97.00) | 00 ---- | 03 (03.00) |
| CMSs distribute agricultural inputs with certain concession to members | 167 (92.78) | 03 (01.67) | 10 (05.55) | 111 (92.50) | 03 (02.50) | 06 (05.00) | 96 (96.00) | 00 ---- | 04 (04.00) |
| CMSs distribute agricultural inputs in time without any delay | 143 (79.44) | 29 (16.11) | 08 (04.44) | 112 (93.33) | 06 (05.00) | 02 (01.67) | 96 (96.00) | 03 (03.00) | 01 (01.00) |

Figures in brackets are percentages to the respective column total

The survey result indicates that overwhelming majority of farmers had good perception towards the agricultural input services of CMSs in the study area. Only insignificant proportion of small farmers (16.11%) perceived that there was delay in distribution of agricultural inputs by the sample units. Thus, it may be inferred that the agricultural inputs services extended by the CMSs to the farming community in the study area is quite appreciable (Table 7).

Household inputs supplied by CMSs

The study finds that the cooperative marketing societies under the study have been supply essential controlled commodities and non controlled commodities for consumption not only by the member farmers but also the general public. As to controlled commodities, the CMSs have supplied rice, sugar, kerosene and palm oil as part of the Tamilnadu Government's Public Distribution System. Similarly, the marketing societies were also supplying non controlled commodities such as groceries, cosmetics, stationery, electrical items, iron and steel, leather items, oil cakes, and the like for the consumption of member farmers. It is reported that most of the member farmers were purchasing the non controlled commodities from the shops run by CMSs whereas essential controlled commodities were being purchased from the fair price shops run by both the cooperative marketing societies and primary agricultural cooperative societies in the study area. A detailed analysis and discussion have been made on the supply of both controlled and non controlled commodities to the farming community.

Table - 8 : Household Input Services Availed from CMSs

(Multiple Responses)

| Farmers Category | Number of Respondents | | |
|--|-----------------------|-----------------|-----------------|
| | Small (N=180) | Medium (N=120) | Big (N=100) |
| Controlled goods | 154 (85.56) | 72 (60.00) | 34 (34.00) |
| Non-controlled goods | 98 (54.44) | 56 (46.67) | 22 (22.00) |
| Value of Controlled Goods Purchased from CM Ss (2012-13) | | | |
| Farmers Category | Number of Respondents | | |
| | Small (N=154) | Medium (N=74) | Big (N=34) |
| Amount (Rs in.000s) | | | |
| Less 1 | 12 (07.79) | 09 (12.50) | 27 (79.41) |
| 1 -2 | 114 (74.03) | 30 (41.67) | 05 (14.71) |
| 2-3 | 28 (18.18) | 33 (45.83) | 02 (05.88) |
| 3-4 | 00 (----) | 00 (----) | 00 (----) |
| Above 4 | 00 (----) | 00 (----) | 00 (----) |
| Total | 154 (100) | 72 (100) | 34 (100) |
| Mean average | 1.6778 | 2.0583 | 2.100 |

The result of the survey indicates that as high as 85.56 per cent of the small farmers have purchased controlled commodities from CMSs, but it was 60 per cent and 34 per cent in the case of medium and big farmers respectively. As regards to non controlled commodities, a significant proportion of small farmers (54.44%) and medium farmers (46.67%) purchased from CMSs while insignificant proportion of big farmers (22%) purchased from CMSs. Rice, sugar and kerosene were the prominent controlled commodities purchased by small farmers, whereas sugar and kerosene were the prominent controlled commodities purchased by both medium and big farmers. In the case of non-controlled commodities, all categories of farmers were found to be the frequent purchasers of groceries. However, medium and big farmers were found to have purchased cosmetics and medicines & drugs. Thus it could be stated that small and medium farmers were the ultimate beneficiaries of controlled and non controlled commodities supplied by the sample marketing cooperative societies and participation of big farmers in this regard is insignificant (Table.8)..

Table - 9 : Items and Value of Controlled Goods Purchased from CMSs

| Farmers Category Items | Number of Respondents | | |
|---------------------------|-----------------------|---------------|---------------|
| | Small (N=154) | Medium (N=72) | Big (N=34) |
| Rice | 125 (81.16) | 24 (33.33) | 09 (26.50) |
| Sugar | 154 (100.00) | 59 (81.94) | 28 (82.35) |
| Kerosene | 132 (85.72) | 57 (79.17) | 24 (70.59) |
| Palm oil | 93 (60.39) | 33 (45.83) | 10 (29.41) |
| Mean average | 1.5500 | 2.1083 | 1.9300 |

| Value of Controlled Goods Purchased from CMSs (2012-13) | | | |
|--|-----------------------|-----------------|-----------------|
| Farmers Category Amount (Rs in.000s) | Number of Respondents | | |
| | Small (N=98) | Medium (N=56) | Big (N=22) |
| Less 1 | 08 (08.16) | 06 (10.71) | 17 (77.27) |
| 1 -2 | 46 (46.94) | 23 (41.07) | 04 (18.18) |
| 2-3 | 44 (44.90) | 27 (48.21) | 01 (04.55) |
| 3-4 | 00 (----) | 00 (----) | 00 (----) |
| Above 4 | 00 (----) | 00 (----) | 00 (----) |
| Total | 98 (100) | 56 (100) | 22 (100) |
| Mean average | 1.8556 | 1.0917 | 1.0021 |

Figures in brackets are percentages to the respective column total

With regard to value of purchase of controlled commodities, a majority (74.03%) of the small farmers and 41.07 per cent of medium farmers have purchased to the tune ranging between Rs.1000 and Rs.2000 during the year 2012-13. It is distressing to note that significant proportion of big farmers (79.41%) have purchased the controlled commodities to the tune of less than Rs.1000. This implies that only small and medium farmers were the PDS scheme beneficiaries. Although the supply of essential commodities is available to all the categories of farmers, big farmers did not have availed this service from the CMSs (Table 9).

Table -10 : Members' Perception towards Household Inputs Supplied by CMSs

| Farmers Category Features | Number of Respondents | | | | | | | | |
|--|-----------------------|---------------|---------------|------------------------|---------------|---------------|--------------------|---------------|---------------|
| | Small Farmers (N=180) | | | Medium Farmers (N=120) | | | Big Farmers(N=100) | | |
| | A | DA | NADA | A | DA | NADA | A | DA | NADA |
| CMS supplies adequate household commodities | 164 (91.11) | 14 (07.78) | 02 (01.11) | 105 (87.50) | 11 (09.17) | 04 (03.33) | 97 (97.00) | 02 (02.00) | 01 (01.00) |
| CMS supplies household commodities at fair price | 167 (92.78) | 09 (05.00) | 04 (02.22) | 102 (85.00) | 09 (07.50) | 09 (07.50) | 97 (97.00) | 03 (03.00) | 00 ----- |
| CMS supplies household commodities of good quality | 177 (98.33) | 00 ----- | 03 (01.67) | 116 (96.67) | 00 ----- | 04 (03.33) | 100 (100) | 00 ----- | 00 ----- |
| The Price of household commodities is cheaper than the open market price | 144 (80.00) | 32 (17.78) | 04 (02.22) | 108 (90.00) | 12 (10.00) | 00 ----- | 100 (100) | 00 ----- | 00 ----- |
| CMS ensures the availability of household articles adequately | 163 (90.56) | 10 (05.56) | 07 (03.88) | 97 (80.83) | 12 (10.00) | 11 (09.17) | 96 (96.00) | 03 (03.00) | 01 (01.00) |
| CMS distributes household commodities with packages | 160 (88.89) | 13 (07.22) | 07 (03.88) | 96 (80.00) | 15 (12.50) | 09 (07.50) | 97 (97.00) | 03 (03.00) | 00 ----- |

| | | | | | | | | | |
|---|----------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|
| CMS accepts the purchase returns made by the members | 170 (94.44) | 05 (02.78) | 05 (02.78) | 113 (94.17) | 04 (03.33) | 03 (02.50) | 93 (93.00) | 06 (06.00) | 01 (01.00) |
| TCM undertakes promotional activities to increase the sale of household commodities | 175 (97.22) | 00 ----- | 05 (02.78) | 113 (94.17) | 04 (03.33) | 3 (02.50) | 92 (92.00) | 06 (06.00) | 02 (02.00) |
| CMS distributes household commodities with discount offer during festival seasons | 139 (77.22) | 37 (20.56) | 04 (02.22) | 107 (89.17) | 11 (09.17) | 02 (01.66) | 100 (100) | 00 ----- | 00 ----- |

Figures in brackets are percentages to the respective 'N' total

A cursory look at the table 5.10 reveals that a majority of farmers have high perception about the household inputs services of the marketing cooperatives. However, 17 – 21 percentages of small farmers have expressed that the price of household commodities are not cheaper than the open market price and household commodities supplied by CMSs are not available with discounted rate during festival seasons. Thus it may be stated that although cooperative marketing societies are established with the aim of providing only marketing services to the member farmers, the cooperative societies under the study have taken up distribution of household commodities on account of the needs and requirements of the farming community.

Marketing related Services

In this section an in-depth analysis has been made on the services availed by member farmers in relation to output marketing. It is observed that agricultural products such as cotton, ground nut, gingilly, castor seeds, and sunflower seeds are the major agricultural products disposed through the cooperatives by the member farmers. Sale of agricultural produces has been made through open auction and under cover methods. In this regard, the cooperative marketing societies have provided services related to output marketing such as marketing facility, transportation, and storage/warehousing, grading and standardization, packaging and processing.

Table - 11 : Marketing Related Services

| Farmers Category Marketing services | Number of Respondents | | |
|--|-----------------------|----------------|-------------|
| | Small (N=180) | Medium (N=120) | Big (N=100) |
| Transportation | 163 (90.56) | 92 (76.67) | 58 (58.00) |
| Storage /Warehousing | 170 (94.44) | 103 (85.83) | 35 (35.00) |
| Grading and Standardization | 173 (96.11) | 88 (73.33) | 64 (64.00) |
| Packaging | 144 (80.00) | 51 (42.50) | 34 (34.00) |
| Processing | 167 (92.78) | 94 (78.33) | 63 (63.00) |
| Sale of Agricultural produce | 165 (91.67) | 105 (87.50) | 86 (86.00) |

Figures in brackets are percentages to the respective column total

Perusal of table 11 reveals that a majority of small farmers were found to be the prominent users of marketing services such as transportation (90.56%), storage / warehousing (94.44%), grading and standardization (96.11%), processing (92.78%), and packaging (80.0%). Packaging as a service was not familiar among medium and big farmers. Further, storage / warehousing (85.83%) and sale of agricultural produces through CMSs (87.50%) were found to be the prominent marketing services availed by medium farmers. A majority of big farmers (86.0%) were found to have sold their agricultural produces through CMSs and services such as storage / warehousing, and packaging were insignificantly availed by them. The survey result shows that member farmers in the study area used to market their agricultural products through Cooperative Marketing Societies (89.0%), private mandies (3.25%), private traders (3.0%), and Regulated markets (4.75%) (**Table - 12**)

Table - 12 : Members' Perception on the Output Marketing Services

| Farmers Category Features | Number of Respondents | | | | | | | | |
|---|-----------------------|---------------|---------------|------------------------|---------------|---------------|--------------------|---------------|---------------|
| | Small Farmers (N=180) | | | Medium Farmers (N=120) | | | Big Farmers(N=100) | | |
| | A | DA | NADA | A | DA | NADA | A | DA | NADA |
| CMS arranges for cost effective transportation facilities | 166 (92.22) | 13 (07.22) | 01 (00.56) | 120 (100) | 00 ----- | 00 ----- | 100 (100) | 00 ----- | 00 ----- |
| Storage facilities of the CMS is very adequate | 164 (91.11) | 09 (05.00) | 07 (03.89) | 102 (85.00) | 09 (07.50) | 09 (07.50) | 92 (92.00) | 04 (04.00) | 04 (04.00) |
| Storage facilities of CMS ensure safety to the agricultural produces | 175 (97.22) | 00 ----- | 05 (02.78) | 116 (96.67) | 00 ----- | 04 (03.33) | 97 (97.00) | 00 ----- | 03 (03.00) |
| CMS facilitates for cost effective storage facilities | 175 (97.22) | 05 (02.78) | 00 ----- | 106 (88.33) | 04 (03.33) | 10 (08.33) | 97 (97.00) | 00 ----- | 03 (03.00) |
| CMS adopts quality standards for grading of agricultural produce | 142 (78.89) | 34 (18.89) | 04 (02.22) | 112 (93.33) | 08 (06.67) | 00 ----- | 100 (100) | 00 ----- | 00 ----- |
| Grading of agricultural produce enables for better price | 164 (91.11) | 07 (03.89) | 09 (05.00) | 112 (93.33) | 08 (06.67) | 00 ----- | 91 (91.00) | 03 (03.00) | 06 (06.00) |
| CMS supplies packing materials on request in advance | 149 (82.78) | 28 (15.56) | 03 (01.66) | 101 (84.17) | 08 (06.67) | 11 (09.16) | 100 (100) | 00 ----- | 00 ----- |
| Processing of agricultural products enhance the value of the product | 166 (92.22) | 11 (06.11) | 03 (01.66) | 117 (97.50) | 03 (02.50) | 00 ----- | 96 (96.00) | 04 (04.00) | 00 ----- |
| Processing facilities of the CMS provide economic advantages | 139 (77.22) | 35 (19.44) | 06 (03.33) | 116 (96.67) | 04 (03.33) | 00 ----- | 100 (100) | 00 ----- | 00 ----- |
| Arranges better sale of agricultural produces | 153 (85.00) | 26 (14.44) | 01 (00.56) | 120 (100) | 00 ----- | 00 ----- | 100 (100) | 00 ----- | 00 ----- |
| Sale of agricultural produce through the CMS is beneficial to farmers | 131 (72.78) | 32 (17.78) | 17 (09.44) | 103 (85.83) | 12 (10.00) | 05 (01.47) | 96 (96.00) | 03 (03.00) | 01 (01.00) |

Figures in brackets are percentages to the respective column total

The table 12 reveals that a majority of farmers expressed high regards on the output marketing services of selected marketing cooperatives. However, a less number of small farmers have disagreed on the quality standards for grading of agricultural produces (18.84%), disagree the effect of processing facilities on price (19.44%) and disagree also that the sale of agricultural produce through the CMS is beneficial to farmers (17.78%). Thus it may be stated that the CMSs under the study have made imprints in fulfilling the output marketing services arranged for the farming community.

Provision of Marketing Finance by the CMSs

It is noticed that the CMSs under the study are extending pledge loan and jewel loan to the needy member farmers. As regards to jewel loan, the sample CMSs issue jewel loan at 13 per cent interest rate in consonance with the interest rate of Salem District Central Cooperative Bank. The same interest rate is also charged in the case of pledge loans. However, variation in the repayment period is noticed. That is the repayment period is one year for jewel loan while it is 6 months for pledge loan. Details on the beneficiaries of loan services and the extent of loan availed by them are presented in Table 13 (Table - 13)

Table - 13 : Marketing Finance Availed by Member Farmers

| Farmers Category Extent of Pledge Loan | Number of Respondents | | | |
|---|-----------------------|-----------------|-----------------|-----------------|
| | Small (N=180) | Medium (N=120) | Big (N=100) | Total (N=400) |
| Below 25 per cent | 0 ----- | 0 ----- | 0 ----- | ----- |
| 25 - 50 | 19 (12.02) | 12 (17.64) | 07 (21.88) | 38 (14.73) |
| 50 -75 | 139 (87.97) | 56 (82.35) | 25 (72.12) | 220 (85.27) |
| Above 75 | 0 ----- | 0 ----- | 0 ----- | ----- |
| Total | 158 (100) | 68 (100) | 32 (100) | 258(100) |
| Mean average | 1.2560 | 1.6200 | 1.0030 | |

| Farmers Category Extent of Jewel Loan | Number of Respondents | | | |
|--|-----------------------|-----------------|-----------------|------------------|
| | Small (N=180) | Medium (N=120) | Big (N=100) | Total (N=400) |
| Below 25 per cent | 0 ----- | 0 ----- | 0 ----- | ----- |
| 25 - 50 | 0 ----- | 0 ----- | 0 ----- | ----- |
| 50 -75 | 41 (33.33) | 17 (28.81) | 03 (11.53) | 61 (29.33) |
| Above 75 | 82 (66.66) | 42 (71.19) | 23 (88.46) | 147 (70.67) |
| Total | 123 (100) | 59 (100) | 26 (100) | 208 (100) |
| Mean average | 2.0421 | 1.7100 | 1.2000 | |

Figures in brackets are percentages to the respective column total

The study noticed that 87.77 per cent, 56.66 per cent, and 32 per cent of small, medium and big farmers availed pledge loan respectively from CMSs. Similarly, 68.33 per cent, 49.16 per cent, and 26 per cent of small, medium and big farmers availed jewel loans. This indicates that both small and medium farmers more than 50 per cent were the prominent users of loan services of CMSs. As regards to extent of pledge loan, majority of the farmers found to have availed pledge loans ranging between 50 and 75 percentage of the total value of their agricultural produces. With regards to the extent of jewel loan, medium (71.18%) and big farmers (88.46%) have availed the loan to the tune of above 75 percentage of the total value of their jewels loan, while 33.3 per cent of small farmers have availed jewel loan to the extent of 50 to 75 percentage of the total value of jewels. Thus, it could be stated that pledge loans as a service is utilized by all categories of member farmers, whereas medium and big farmers were the predominant users of jewel loan services.

Table -14 : Members' Perception on the Loan Services

| Farmers Category Features | Number of Respondents | | | | | | | | |
|---|-----------------------|---------------|---------------|----------------|---------------|-------------|---------------|---------------|-------------|
| | Small Farmers | | | Medium Farmers | | | Big Farmers | | |
| | A | DA | NADA | A | DA | NADA | A | DA | NADA |
| The CMS provides pledge loans to enhance the holding power of the farmers | 131 (72.78) | 49 (27.22) | 00 ----- | 120 (100) | 00 ----- | 00 ----- | 100 (100) | 00 ----- | 00 ----- |
| The CMS charges a reasonable rate of interest for the pledge loan | 172 (95.56) | 08 (04.44) | 00 ----- | 117 (97.50) | 03 (02.50) | 00 ----- | 97 (97.00) | 03 (03.00) | 00 |
| Pledge loans issued by CMS are always helpful to meet incidental charges and urgent needs | 121 (67.22) | 49 (27.22) | 10 (05.56) | 119 (99.17) | 01 (00.83) | 00 ----- | 100 (100) | 00 ----- | 00 ----- |
| The CMS allows sufficient period to recover the pledge loan advanced to farmers | 146 (81.11) | 34 (18.89) | 00 ----- | 120 (100) | 00 ----- | 00 ----- | 97 (97.00) | 03 (03.00) | 00 ----- |

| | | | | | | | | | |
|--|----------------|---------------|---------------|----------------|---------------|-------------|---------------|---------------|---------------|
| The CMS recovers the pledge loan only from sale proceeds of produce sold | 137 (76.11) | 43 (23.89) | 00 ----- | 120 (100) | 00 ----- | 00 ----- | 100 (100) | 00 ----- | 00 ----- |
| The rate of interest charged by CMS for jewel loan is lesser than that of other cooperatives | 145 (80.56) | 21 (11.67) | 14 (07.77) | 114 (95.00) | 06 (05.00) | 00 ----- | 97 (97.00) | 03 (03.00) | 00 ----- |
| The CMS provides jewel loans both to the members and non –members | 163 (90.56) | 17 (09.44) | 00 ----- | 113 (94.17) | 07 (05.83) | 00 ----- | 100 (100) | 00 ----- | 00 ----- |
| The CMS extends the jewel loan facility in all its branches | 173 (96.11) | 07 (03.89) | 00 ----- | 120 (100) | 00 ----- | 00 ----- | 87 (87.00) | 03 (03.00) | 10 (10.00) |
| The CMS follows easy and simple procedure to issue jewel loans | 139 (77.22) | 35 (19.44) | 06 (03.33) | 118 (98.33) | 02 (01.67) | 00 ----- | 100 (100) | 00 ----- | 00 ----- |
| In the event of failure, the CMS recovers the loan only out of open auction sale of the jewels | 146 (81.11) | 23 (12.78) | 11 (06.11) | 116 (96.67) | 04 (03.33) | 00 ----- | 99 (99.00) | 00 ----- | 01 (01.00) |

Figures in brackets are percentages to the respective column total

Farmers do have good perception towards the loan services of sample CMSs in terms of rate of interest, adequacy, accessibility (loan service through branches), mode of recovery of loan, and the like. However, small farmers disagree (27.22%) with the features on timeliness of the marketing finance, lending procedure (19.44%), enhancement of holding power through pledge loan (27.22%), and recovery mechanism for pledge loan (23.89%).

To sum up, the sample CMSs in the study area offer an array of core, and other services in compliance with the needs and requirements of the farming community. Small farmers were the prominent users of most of the services related to inputs and output marketing besides the other services required for household consumption. Thus, the sample Cooperative Marketing Societies has upper hand in fulfilling the demands of the farming community in the study area.

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COMPETENCIES REQUIRED FOR STARTUPS AND SMALL ENTERPRISES: INCLUSION OF MANAGEMENT GRADUATES IN ECONOMIC DEVELOPMENT

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Abstract

The economic development of a country is directly connected with quality education. Ever since the new economic policy in 1991, there has been enormous economic transformation happening in India. With Liberalization, Privatization and Globalization, the country experienced a progressive transformation from severe economic crises to economic development. The response to the crises actually gave way for stabilized policies to enter into the various segments of Indian economy. It was after this that the country witnessed industrialization. The post independent India's crises were converted into opportunities for the country to progress. It was here that the education system of India also had to undergo a lot of reformation to produce students to match the requirements of the economic system. Existing courses in Management Education gained importance. Universities introduced new courses on Entrepreneurship. Entrepreneurial development cells and incubation centers were introduced to encourage the young students on becoming entrepreneurs. There was a huge progress in the growth rate in Indian industrial and service sectors. This further gave room for many new opportunities which gave way to the fresh graduates to become entrepreneurs making optimum use of the existing opportunities as against the traditional methods of running a business. And it is evident that competition has set in and there are lots of challenges that these entrepreneurs have to face in order to carry forward the business, which is contributing to the economic development of the country. Thus the government of India has launched new policies to encourage and facilitate the young graduates who are aspiring to be entrepreneurs by their new initiatives. This gave way to a bigger responsibility for the education system of India to produce competent students. Currently the success factor of every universities or college is to produce graduates not just with the degree but in addition to it to produce competent would-be entrepreneurs. By this they become job creators rather than just job seekers. Hence, this paper with the help of the secondary data analysis, attempts to study the importance of the required competencies to be obtained by the graduating student to become an entrepreneur.

Keywords: Competencies, Management Education, Employment, Students/Graduates, Startups, Economic Development.

Introduction

The Education system prevailing today is responsible to produce quality students with appropriate Knowledge, Skill and Abilities or Competencies. This is the fundamental activity for the economic development of the country. In this regard the management education demands a great consideration towards socio-economic development of the country in form of developing entrepreneurs. But in reality these transformations are not effectively delivered. Hence, this situation demands a study regarding identifying the competencies required by every Management graduate in becoming an entrepreneur and contribute to the economic development of the country like India.

Small and medium enterprises play a vital role for the growth of Indian economy. For a country like India, rich in natural resources and human resources, the best form of firm which can be set up with minimum fund are the SMEs.

Currently looking at the successful entrepreneurs like PranayChulet, founder and CEO Quikr, VSS Mani, founder and CEO Justdail, KunalBahl, Co-founder and CEO snapdeal, Kunal Shaw, founder and CEO freeCharge, BhavishAggarwal Co-Founder and CEO, Olacabs, Shrada Sharma, founder and CEO, YourStory Media, it is very clear that not only the traditional sources like natural, human and finance which is needed by the startups but competencies like creativity, innovativeness, ability to identify, create and utilize opportunities, ability to learn, adapt to change having time consciousness, being decisive, are few of them which are needed to compete in this competitive and fast changing Indian economy.

Looking at the list of successful entrepreneurs in the current scenario, the success factor has been at the reach of anyone who is willing to succeed, and who believes building business is rewarding, starting from graduating students with Knowledge, skills and most importantly the abilities or competencies.

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Understanding this, the majority of the graduates from the top B' Schools are striving hard to start their own startup or join a startup. For this our Prime Minister NarendraModi's startup policy has created a positive vibe among the young citizens. This policy has made the youth realize their role in not just contributing for their wellbeing but also for the economic development of the country. The policies facilitating for the startups have simplified the process of the startups making the youth as yesterday's job seekers and today's job creators.

It's Contribution to the Indian Economy

Small and Medium Enterprises contribute greatly for the growth of Indian economy by contributing 45% of the industrial output, 40% of exports, 42 million in employment, create one million jobs every year and produces more than 8000 quality products for the Indian and international markets. As a result, these enterprises are today exposed to greater opportunities for expansion and diversification across the sectors.

The Indian market is growing rapidly and Indian industry is making remarkable progress in various Industries like

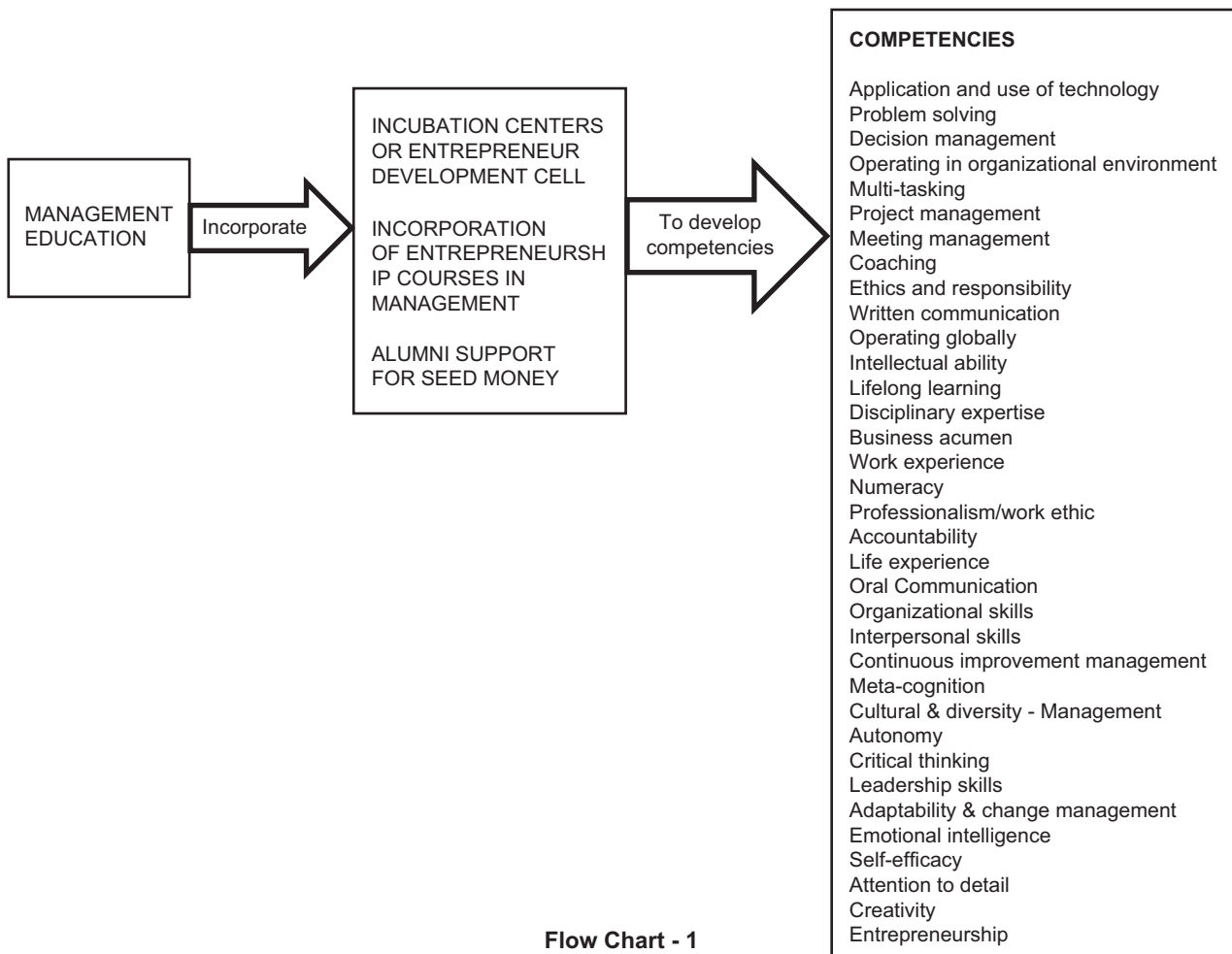
Manufacturing, Precision Engineering, Food Processing, Pharmaceuticals, Textile & Garments, Retail, IT, Agro and Service sectors. SMEs are finding increasing opportunities to enhance their business activities in core sectors.

Objectives of the Study

The following are the objectives for the study:

1. To identify the Competencies required by the management graduates to facilitate startup.
2. To assess the influence of current management education in motivating management students to become entrepreneurs.
3. To identify any existing gap that needs to be addressed.
4. To create an awareness about their role in the economic development of the country.

Flow Chart Developed For The Competencies Required For Startups And Small Enterprises: Inclusion of Management Graduates In Economic Development (Flow Chart - 1).



Flow Chart - 1

Scenario of Management Education in India

Management Education is considered as an elite course among the university degrees. Graduates from any stream can opt for a master's degree in Business, popularly called Master of Business Administration. Students look at management education as a golden corridor towards a white collar job, therefore they spend lakhs of rupees to get a degree in management. Students interested to make a career in business get an opportunity to gain knowledge and exposure to the various activities of the fast changing business in this competitive world, while studying the course. The management education in India emphasizes mostly on theory, not on practical education contrary to engineering education. Due to the increasingly complex and dynamic nature of organization and business because of globalization and technological advancement, there is change in business opportunities which need to be identified or in most cases opportunities to be created and utilized in the most productive manner. Thus there is a need that the business schools along with imparting relevant, current, and cutting edge knowledge, impart the essential competencies needed by the students to expand their scope of functioning after obtaining a management degree.

In recent years, the term competency has gained great attention among management graduates. Competencies have become increasingly important in the globalized world. Students who can continue to learn and adapt; read, write and compute competently; listen and communicate effectively; think creatively; solve problems independently; manage themselves at work; interact with co-workers; work in teams or groups; handle basic technology, lead effectively as well as follow supervision are to be developed. So that management students obtain not just the relevant knowledge and skills but most importantly the required abilities or competencies.

Understanding the increasing importance given to the startups and the budding entrepreneurs, introduced by the Indian government there is increasing emphasis given in all the universities and management colleges for various entrepreneurial development programs. New courses on entrepreneurial development are being introduced. It is mandatory that every Management College has an entrepreneurial development cell. This is definitely encouraging the students in gaining required knowledge and awareness on choosing to be an entrepreneur.

Government of India Initiatives towards Startups

Government of India at its initiation to encourage the new entrepreneurs has launched the Startup India and Standup India event. PM Narendra Modi announced

certain policies benefiting new entrepreneurs. Entrepreneurs have welcomed these initiatives with open hands and are expecting that these policies will fuel growth for Indian startups.

- Government's Startup policy has made entrepreneurs happy and has given them a chance to celebrate. Here below are the salient features of the policy;

1. Now run your own business with ease

With the help of this policy, entrepreneurs no more need to run behind government officials to start their own business. "Ease of starting a company, regulatory compliances and self-certifications will ensure that startups can run hassle free without government interference.

2. No Capital Gains tax for startups

Income and Capital Gains Tax exemptions are game changers. Government's announcements are enormously positive in potentially making India as the country that leads and drives future innovation in the world.

3. Single point access:

Startup India hub will now provide entrepreneurs a single point of access to communicate or go ahead. This can also be done via mobile app. This single point access will ease the process of startups to work.

4. Special schemes for women entrepreneurs:

It has always been a tall task for women to start their own business. Women entrepreneurs are doing good in the entrepreneurial ecosystem and if they are given proper support than they would excel in this field. Government has now come into action as it has declared that there is a special scheme for the women entrepreneurs also on their card.

5. Bringing sector-specific incubators:

Another thing which has made these mushrooming entrepreneurs happy is the incubation centers. Government in its Startup policy has declared that it will bring sector-specific incubators for the budding startups. This will enable startups to incubate more properly with sector specific knowledge.

6. Startup profits not taxable for first three years

Startups are always worried about tax. After the inception, if they get profit, even of minimal amount, they have to pay tax on the same. In a major relief for entrepreneurs, the government announced that the profit generated by start-ups will not be taxable for the first three years. Now entrepreneurs can focus more on their business without worrying about the tax part.

7. Patent fees for startups to be slashed by 80 per cent

To support and protect intellectual property rights of budding entrepreneurs, PM Narendra Modi said that the patent fees for startups will be cut by 80 per cent. While addressing the gathering at Startup India, Standup India event, Modi said, "Patent fee for startups will be reduced by 80 per cent. India's future lies in innovation and creativity. Newcomers should get equal opportunities." Further startups will be helped through facilitation centers by lawyers to file patents without any charges.

8. Rs 10,000 crore fund for startups @ 2500 cr each year for the first 4 years:

To help startups get funding support, Modi has announced the setting up of a dedicated fund of Rs 10,000 crore to provide both equity and debt support, with Rs 2,500 crore each year for the first four years.

- Startup India Learning Program is a free online Entrepreneurship program by Startup India, a GOI initiative. Invest India in collaboration with UpGrad has developed this program. The aim is to help entrepreneurs get their ideas and ventures to the next level through structured learning. The program covers lessons on key areas of starting up by 40+ top founders of India in an extensive 4-Week Program.

Review of Literature

The labour market oscillates between the skills shortage on one hand and the number of graduates who are without work on the other. Numerous studies have been carried out on the competencies expected from graduates for employment purposes. Management education should ensure that the academic curriculum not only meets educational expectations but also industry and student expectations regarding the skill sets needed at the workplace (Raybould and Wilkins, 2005). According to Peter Hawkins (1999), "To be employed is to be at risk, to be employable is to be secure." This indicates that in a dynamic and increasingly competitive economic environment, business organisations are more directed towards what they require as human capital- being employed alone is not sufficient. One must be employable throughout one's career. The causal connection between education and economic growth has resulted in a worldwide growth of tertiary education (Barrie, 2006). Today, the tertiary education institutions are increasingly feeling the pressure of having to deliver programs that meet new requirements that are characterized not only by including up-to-date factual knowledge and technology-driven skills in their curriculum design but also by the expectation to closely tie these programs to the industry and maintain strong links with practitioners from the respective fields. Employers expect

graduate with transferable skills including excellent written and oral communication skills, interpersonal skills, team work and problem solving skills (Demicco, 1998). It is being argued that employers are more particular in what the students can do than what they know (Jackson, 2000). Today, professional skills, competencies skill and personal qualities that were seen as by-product of educational process in the past are considered as a core part of studying degree now.

There are a variety of interpretations of the term competency. It can be viewed as a characteristic of an individual (Zegward & Hodges, 2003) and related to personal attributes rather than technical skills (Hodges & Burchell, 2003). Coll, Zegward & Hodges (2002) define a competent individual as "one who has skills and attributes relevant to tasks undertaken". They used Birkett's distinction between "cognitive skills which are the technical knowledge, skills and abilities, whilst behavioural skills and personal skills such as principles, attitudes, values and motives". These terms could also be related to "employability skills" (Hind et al., 2007). There are a variety of interpretations of the term competency. It can be viewed as a characteristic of an individual (Zegward & Hodges, 2003) and related to personal attributes rather than technical skills (Hodges & Burchell, 2003). Coll, Zegward & Hodges (2002:36) define a competent individual as "one who has skills and attributes relevant to tasks undertaken". They used Birkett's distinction between "cognitive skills which are the technical knowledge, skills and abilities, whilst behavioural skills and personal skills such as principles, attitudes, values and motives". These terms could also be related to "employability skills" (Hind et al., 2007). Employers are expecting graduates to be work ready and are demanding a range of competencies and qualities of them (Yorke & Harvey, 2005).

Management education should be critical and question if they are nurturing the appropriate competency and should consider how best to ensure these are developed (Kember & Leung, 2005). Competencies should be an important component of the management education (Bath et al, 2004). It is the responsibility of management educators to incorporate competencies as a part of their teaching strategy (Hind et al, 2007). Quinn et al (1996) has rightly stated that the competency includes both the possession of knowledge and the behavioural capacity to act appropriately. Rainsbury et al (2002) suggested that there is insufficient importance placed on the development of soft skills by management educators. Competencies have to be intergrated and contextualized into the curriculum (Hind et al, 2007). To conclude, employability skills are skills and personal attributes identified by employers as important for employment.

Competencies Required For Startups Or To Join Startups

Competency is the capability to apply or use a set of related knowledge, skills, and abilities required to successfully perform “critical work functions” or tasks in a defined work setting.

The figure (1) below indicates some of the crucial generic skills that the management graduates have to possess so as to survive in the contemporary work place. These skills were also considered to be essential by the employers’ when recruiting fresh MBA graduates.

“The process of uncovering and developing an opportunity to create value through innovation” (National Commission on Entrepreneurship [NCE], 2003, as cited in Moreland, 2004, p. 5). The NCE also suggests that entrepreneurs have some of the following characteristics: vision, adaptability, persuasiveness, confidence, competitiveness, risk-taking, honesty, perseverance, discipline, organisation and understanding. Having an entrepreneurial spirit (Field, 2001). Initiative and enterprise (BIHECC, 2007). In a review of the importance of entrepreneurship, Moreland (2004) concluded that sole trader status is the dominant type of organisation in the UK, thus a major outcome of Higher Education is to prepare graduates for self-employment. Moreland (2004) saw entrepreneurship as multi-faceted, encompassing: identifying opportunities for innovation and change, creating valuable goods and services, ability to develop the capacity for success and being committed to the particular project. He recognises that entrepreneurship is not entirely dependent on higher education as family, social experiences and work experience also play a significant role. BCA (2006) acknowledged the importance of developing entrepreneurship skills in the workforce and improving the culture of entrepreneurship in Australia. Their research showed a “significant lack of entrepreneurship skills among Australians” (p. 15). 4. In a survey of 400 US employers, 70.5% believed that using entrepreneurial skills to enhance workplace productivity and career options as an emerging content area that will be ‘most critical’ for future graduates (Casner-Lotto & Barrington, 2006).

CHALLENGES OF MANAGEMENT GRADUATES IN BECOMING ENTREPRENEURS

With the mushroom growth of management colleges in India, the quantitative improvisations gradually increased while the quality remains static. The below are the list of challenges in developing competencies among the management graduates in becoming entrepreneurs.

- The management education in India emphasizes mostly on theory, not on practical education in contrary to engineering education. Students need

to be given more access to the actual work environment to gain practical exposure. Provide team teaching in the classroom where two educators teach students – one from industry; and another from teaching. It helps students connect theory with practice quickly. Encourage them to interact with industry regularly to get adjusted and mold as per the industry expectations.

- Introduce courses which will be in great demand in future.
- Entrepreneurial development cell should encourage students to gain interest to become entrepreneurs. They should be able to provide information to the students about the existing policies launched by the government to benefit the startups.
- The students must be informed about the current updates on the various financial institutions and the procedures of the banks in providing them with financial assistance.
- Management education in India has to be student-centric. It has to be customized as per the aspirations of the students. The activities in the classroom must be to widen their competencies. It should cater to students as per the industry requirements. And Encourage innovation and creativity in education.

Methodology

It is a study of secondary data analysis. The competencies which will be arrived at will be derived from the analysis of the review of literatures, websites of the popular universities, reviewing university curriculums and from entrepreneurial development cells and incubations centers.

Conclusion

Small and Medium Enterprises has contributed greatly for the growth of Indian economy by contributing 45% of the industrial output, 40% of exports, 42 million in employment, create one million jobs every year and produces more than 8000 quality products for the Indian and international markets. As a result, these enterprises are today exposed to greater opportunities for expansion and diversification across the sectors.

Currently, around 36 million SMEs are generating 80 million employment opportunities, contributing 8% of the GDP, 45% of total manufacturing output and 40% of the total exports from the country.

The most important contribution of SMEs in India is promoting the balanced economic development. While the large enterprises largely created the islands of prosperity in the ocean of poverty, small enterprises have succeeded in fulfilling the socialistic goals of providing equitable growth. It had also helped in industrialization

of rural and backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income. Small industries also help the large industries by supplying them ancillary products.

Thus by Inclusion of competent Management Graduates in startups, the contribution to the Economic Development of the country will be enormous.

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INCOME TAX COMPARISON BETWEEN INDIA AND UNITED STATES

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Rohit Halwai²

Abstract

For any research assignment, a proper planning is required and the same holds true in case of this study. This study is titled as "Income Tax Comparison between India and United States". The reason behind choosing this study is the recent debate on the taxation policies set by the Government of India, moreover a comparison is being made to that of Tax rules followed in other countries preferably United States. This gives an opportunity to dig down into both of this taxation system and find out how they impact the citizens as well as the Government of India as well as the United States. The main task is to make a comparison between the taxation systems of both the countries wherever possible in order to understand which taxation system has really made a mark when it comes to framing a clear, rigid and transparent policy.

Keywords: *Income Tax comparison; India & United States; Impact on the country; Rigid and Transparent policy.*

Introduction

A tax is a financial charge or other levy imposed upon a taxpayer by a state or the functional equivalent of a state to fund various public expenditures. A failure to pay, or evasion of or resistance to taxation, is usually punishable by law. Taxes consist of direct or indirect taxes and may be paid in money or as its labour equivalent. Most countries have a tax system in place to pay for public's common agreed national needs and government functions. Some levy a flat percentage rate of taxation on personal annual income, some on a scale based on annual income amounts, and some countries impose almost no taxation at all, or a very low tax rate for a certain area of taxation. Some countries also charge a tax on corporate income, dividends, or distributions—this is often referred to as double taxation as the individual receiving this payment from the company will also be levied some tax on that personal income. India and the United States both countries levy tax on a scale based on annual income amounts.

The levying of taxes aims to raise revenue to fund governing and to alter prices in order to affect demand. States and their functional equivalents throughout history have used money provided by taxation to carry out many functions. Some of these include expenditures on economic infrastructure (roads, public transportation, sanitation, legal systems, public safety, education, and health-care systems), military, scientific research, culture and the arts, public works, distribution, data collection and dissemination, public insurance, and the operation of government itself. A government's ability to raise taxes is called its fiscal capacity.

When expenditures exceed tax revenue, a government accumulates debt. A portion of taxes may be used to service past debts. Governments also use taxes to fund welfare and public services. These services can include education systems, pensions for the elderly, unemployment benefits, and public transportation. Energy, water and waste management systems are also common public utilities.

A tax effectively changes relative prices of products. Therefore, most economists argue that taxation creates market distortion and results in economic inefficiency unless there are externalities associated with the activities that are taxed that need to be internalized to reach an efficient market outcome. They have therefore sought to identify the kind of tax system that would minimize this distortion. Scholarship suggests that in the United States of America, the federal government effectively taxes investments in higher education more heavily than it subsidizes higher education, thereby contributing to a shortage of skilled workers and unusually high differences in pre-tax earnings between highly educated and less-educated workers.

A. *Importance of Comparing Income Tax System in different countries*

Comparing the Income Tax in different countries helps in setting up of benchmarks through which domestic tax system can be compared and required results can be derived. They not only help in identifying the limits and weakness of the domestic taxation system but also help to overcome them. Benchmarking help in identifying where the domestic

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country stands compared to the tax system followed all around the globe.

Objective of The Study

Primary Objective

To understand which taxation system has framed a clear, rigid and transparent Tax policy.

Secondary Objectives

1. To indentifying which Tax system is advantageous to The Government and to the Public.
2. To indentify the influence of Taxation on the citizen of the country and the level of knowledge they have on their Tax system.

Review of Literature

Dr. Radha Gupta (2013) conducted a study to evaluate the prevailing personal income tax structure in India. The paper briefly analyses the issues relating to high tax burden on people falling under low and medium income groups. Researcher concludes that there is still a need to bring more reforms in the personal income tax structure in the form of broadening the exemption limits, lowering the tax rates, reorganizing the different income tax slabs and simplify overall tax procedure so that people could be encouraged for compliance of tax laws.

Sumit Kumar Maji and Kalyan Pal (2017) conducted study to evaluate the e-filing trends in India and also discusses the factors affecting the adoption of e-filing system and level of satisfaction among the e-filing system users in India. In the existing literature of behavioral science, there is an extensive use of the Theory of Reasoned Action (TRA) (Fishbein and Ajzen, 1975), Theory of Planned Behavior (TPB) (Ajzen, 1985) and Technology Acceptance Model (TAM) (Davis et al., 1989) to explain the different factors affecting the human behavior and also with special reference to the factors influencing adoption of the e-filing system. This study also uses TPB and TAM for determining the different factors affecting the e-filing adoption in India. For this purpose, a structured questionnaire is framed to get the opinions of the e-filing system users. Primary data so collected are analyzed with the help of different statistical and econometric tools such as mean, standard deviation, principal component analysis, and multivariate probit analysis. The findings of the study suggest that the tax professionals surveyed are very much satisfied with the e-filing system and thus there is a positive behavioral intention towards the entire system. Such a positive intention and level of satisfaction is due to the perceived ease of operation, perceived utility, e-filing website service quality, social influence and cost-effectiveness. The results of the study also reveal that perceived risk associated with the e-filing system negatively affects

the level of satisfaction and the behavioral intention of the e-filing system users.

Shreya Solenkey (2016) conducted study to evaluate role of Tax haven and its effect on economy in DTAA. Tax havens are countries which provide minimally or no tax liability. They do not provide any information to foreign tax authorities and therefore become an attraction to people who want to save tax. A Double Tax Avoidance Agreement (DTAA) is an agreement between two countries with the aim to avoid double taxation of the same income in both countries. Treaty shopping is the process wherein a resident of one country, earning profits in another country, who is able to receive tax benefits from a third country i.e. setting up a multinational business to gain various tax benefits from countries which have the treaty to reduce or eliminate the tax. These three phenomena are discussed in the paper.

Priya Gupta and Munish Gupta (2013) conducted study to evaluate Income Tax structure of individual assessee in India. In this paper an effort has been made to analyze the tax structure in India. In this paper issues relating to high tax burden on lower and medium income groups and low tax burden on high income group are taken. Several problems like high compliance costs, tax evasion and so on arise due to poorly designed tax structure. Taxpayer's attitude plays a vital role in tax policy-making of any country. Researcher concludes that there is still a need to have more reforms in income tax structure whatever in the form of broadening of exemption limits, reducing the tax rates, reorganization of prevailing tax slab rates or to make income tax structure so simple that all people could understand it and can follow the tax laws willing fully.

Sanjeeb Kumar Dey and Kamal Kumar Varma (2016) conducted study which evaluates the Tax planning practice by individual assessee. The primary responsibility of Government is all round of development of society. Among other sources of funds, taxes constitute major source of revenue for any government. Tax is a compulsory charge by the government on its citizens. In India income tax is one of the prominent direct tax that contributes up to 52.28% to the total tax revenue. Paying income tax by individuals is always matter of pain and hence every individual tries to minimize their tax liabilities by legal means. The assessee must be aware about various tax saving schemes and tax planning measures to reduce their tax burden legally. The primary objective of this paper is to assess the awareness and practice of tax saving schemes by individuals of twin city of odisha. The study reveals the fact that only 23% respondents are having good knowledge and 34% of respondents have very poor knowledge about tax saving schemes.

Methodology and Interpretation

Analytical type of research is used for this study. The financial year for both the countries differs. While for Indian tax system it starts from April 1st of every year till 31st March of next year, in United States they follow the calendar year which is starting from 1st January till 31st December.

In order to compare both the Tax system specific head of Income has been taken into consideration. They are Income from Salary and Income from House Property. A sample data has been taken for the computation of Indian Tax system and it is converted using US/INR exchange rate as well as Big Mac Index in order to compute the tax liability for the United States.

The Big Mac Index is based on the theory of purchasing-power parity (PPP), the notion that in the long run exchange rates should move towards the rate that would equalize the prices of an identical basket of goods and services in any two countries.

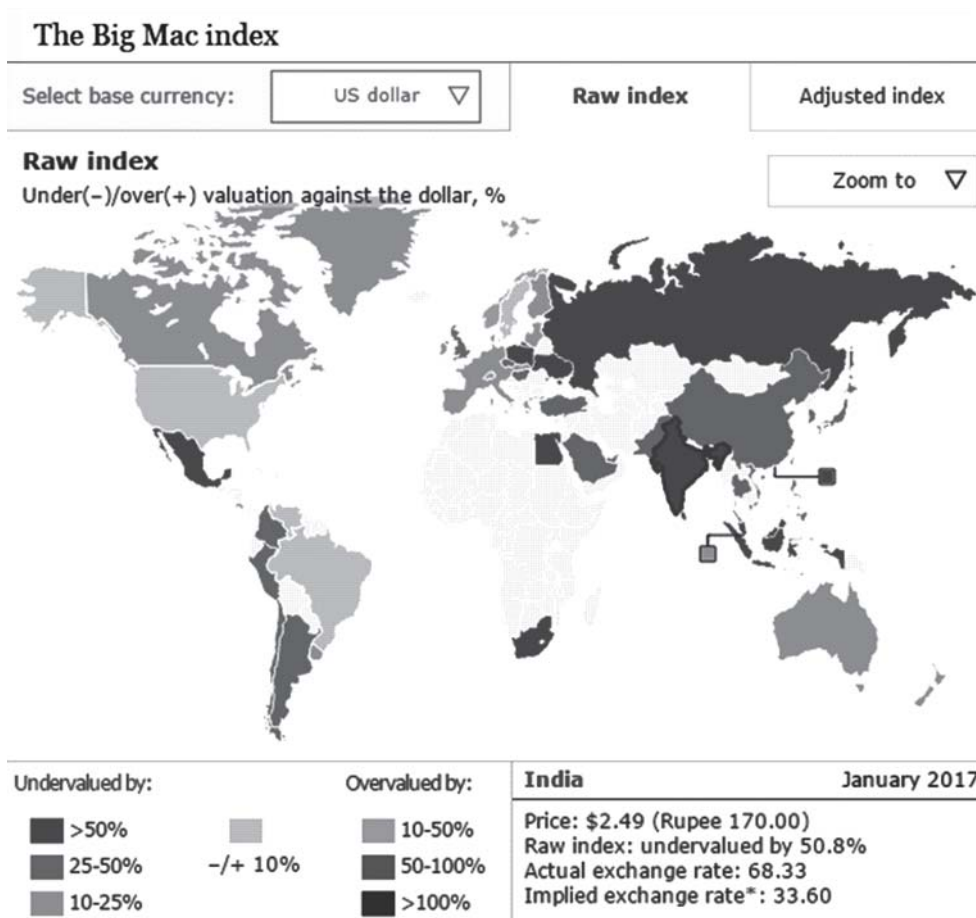


Fig. 1 : US/ India- Big Mac Index

While for the first analysis Direct exchange rate is taken, in the second analysis using the Big Mac Index it is identified that Indian currency is undervalued by 50.8%, Thus the current exchange rate of Rs. 68.33 should actually be Rs. 33.60, this is done in order to compare India and US taxable liability at implied exchange rate. As using the Big Mac Index produces result that are very near to the expected result the same is used when computing the Income from House Property.

The Result derived through the comparison of Table 1 and Table 2 using the exchange rate is that India collects more Tax than US which contradicts the expected result. This is because the earning and spending capability has not been matched in both the countries. In order to do so, we take in to consideration "The Big Mac Index". The "Big Mac Index" will help in understanding the earning of individual in both the countries. Using this Index we would be able to compare the Tax liability of both the countries based on same level of earning capabilities of same class of people.

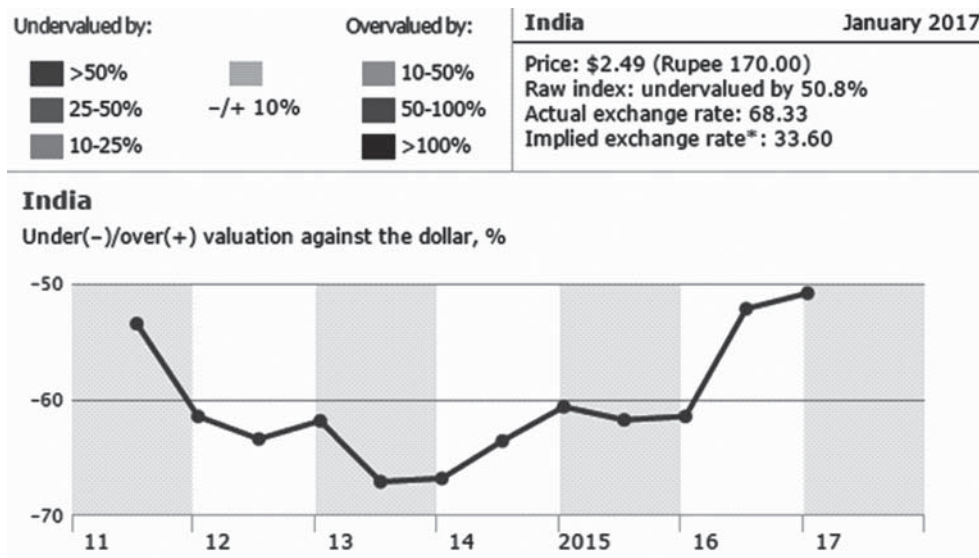


Fig. 2 : US/ India- Historical Big Mac

Hence with the help of Big Mac Index Table 3 is created and a comparison is made between Table 1 and Table 3 the results are US collects more tax than India. Hence the “Big Mac Index” analysis has helped in attaining the result, that US taxes its taxpayer’s more than most of the other countries including India.

The next analysis is the computation of Income form House Property using the same Big Mac Index. The result of that computation is arrived after comparing the Table 4 and Table 5. The result shows that US collects more tax than India. The main reason being Indian taxpayer’s is allotted with additional deduction that they can claim on their House property Income. Other factor for the result could also be the US tax bracket. The Taxable Income for India falls after Rs. 2,50,000 this is equal to \$ 3800 approximately, whereas the taxable income for US starts from any income earned.

Conclusion

From the analysis it is clear that the Indian Tax system has not been able to make any huge turnaround in the matter of Tax inclusions. Comparing to United States tax system, India has a huge gap not only in the Income generated through Tax but also in framing a clear, rigid and transparent policy.

Currently the Indian Taxation System is going through changes that will help clear the loopholes in the system; However considering the pace of development of other countries, Indian Taxation system has a long way to go in order to bring ease of filing returns, educating the people on the importance of filing taxes and to bring transparency in their process. While the future growth of the country shows promise, in order to reap the maximum benefit of it, proper taxation policies and framework must be in place as well.

For now there is no doubt that United States Tax system is better than the Indian Tax system in terms of Transparency and Rigid system as well as generating a high source of revenue for the Government.

Recommendation

The Government must bring their notice to the high income earning people and increase the slab rate. In United States, maximum revenue to the Government is generated from the high income earning people. Indian Taxation system needs to take more effort in simplifying the laws and make strict rules that cannot be easily curved. It is also necessary to strengthen their existing policies and cover all exits for Tax evaders. A series of steps such as conducting seminars, conferences, advertisements through media is necessary to increase awareness among the taxpayers.

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