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Editor Desk

Greetings to ALL….

I believe this is the phase, we can foresee the emerging face of innovative management practices. The present day executive are eager to rewrite rules to sail on the tides of success.

I consider today is very humbling for me to request, all of you to bestow your invaluable guidance to build to heralded new management direction, which can be achieved by inspiriting imaginative and innovative articles. Let the articles of us, so the seed in young executive mind which brings the best in them.

The lasting effects of this organization past accomplishments stand as testaments to the belief that a small group of committed individuals can make a difference. As we move forward, our emphasis will continue on creating young, vibrant and dedicated Managers and Leaders, intellectually and emotionally competent to meet the challenges of organizational nuances both at national and international level.

Entering its second year, the academy remains deeply rooted to its commitment on building a legacy of impacting quality of life in this region.

All these experiences in strategy formulation, marketing, HR , financing in various segments of service industry would be something that **PRIMAX IJCMR** values immensely. We would like to showcase the state of art research with lot of rigour and freshness in its approach. We value your support immensely and invite you to be a part of this research movement.

Finally, I truly believe in the African proverb **- "If you want to go fast, go alone. But if you want to go far, go together."** Indeed, we want to work together with all of you to proceed as far as our vision, mission, talents, resources, and dreams lead us. With your support, the only direction we can go is onward and upward.

With Regards

T. Rajeswari

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Managing Editor- PIJCMR.

"Truth is the most valuable thing we have. Let us economize it"..

- Mark Twain.

Contents

EFFECTIVENESS OF FORMAL KNOWLEDGE MANAGEMENT SYSTEMS IN INDIAN ORGANIZATIONS – AN EMPIRICAL STUDY

Arun B. K[1] **Ankita P**[2]

Abstract

In a world characterized by constant changes organizations need to adapt faster. In order to achieve such a faster adaptation, knowledge about the rate and direction of changes is necessary. Further, this has thrown additional pressure on an individual employee in the form of constant need to update himself/herself. Thus, from both organization and from employee's point of view formal knowledge management systems such as knowledge sharing forums are assuming importance. The present study is carried out against this backdrop. The study is based on responses to a structured questionnaire and semi-structured interview schedules of a randomly selected representative sample of 60 respondents belonging to two organizations located around Bengaluru city. The study was carried on between June to December, 2014. The results have shown that majority of the employees were not satisfied with existing functioning of formal knowledge management systems. In addition, it was noticed that with low level of awareness among employees there was even lower levels of, participation and further lower levels of contextualization with respect to such formal knowledge management systems. Based on the study, recommendations for improvement were listed.

Key words: *Words: Knowledge Management, Formal Knowledge Management Systems, Awareness, Participation, Contextualization.*

Introduction

A system is an arrangement of interdependent entities that interact to achieve some common purpose. It consists of input(s), processes and output(s) which are aimed at fulfilling a common purpose. Since purpose by definition has to be an unifying force of uniting different independent entities, in an ideal situation, there need to be a continual, honest and transparent transmission of knowledge among the entities constituting a system. Towards this requirement organizations normally have formal systems such as suggestion schemes, knowledge sharing forums, development review meetings, etc. All these formal systems, however are not devoid of imperfections which in turn, results in disorders and there will unnecessarily more energy wastages and dilution of intent towards the purpose and thereby consequent reduction in both efficiency and effectiveness (Arun, 2009; Arteta and Giachetti, 2006).

When there is limited or hindered knowledge sharing then the members of an organization feel their learning which is so vital for survival in present day circumstance, hampered. In summary, knowledge management systems can be thought of as systems composed of people, tools and technologies, and knowledge that interact to provide knowledge to people in the Organization that need it. Essentially, management is the stewardship of a resource; that is, the genera-tion or acquisition of that resource, the storing of the resource, and the caring, security and on-going support of that resource. Typically, most Knowledge management systems fulfill a number of these functions (Rubenstein-Montano, et.al, 2001).

Knowledge management is very important for organizations because it will help them to have competitive advantage and effective work through sharing and re-use of knowledge. In the market place of e-business, KM initiatives are used to systematically leverage in-formation and expertise to improve organizational responsive-ness, innovation, competency and efficiency. There are many reasons why knowledge should be managed properly in an organization. Among the reasons are as follows: information overloads, technology advancement, increased professional specialization, competition, workforce mobility and turnover, and capitalizes on organizational knowledge (Grant, 1996; Mayo, 1994).

Working in an organization calls for sequence of decisions which may happen consciously or unconsciously. Knowledge management systems are defined as systems designed and developed to give decision makers/users in organizations the knowledge they need to make their decisions and perform their tasks. These systems extend beyond the traditional information systems in that they must provide "context"

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for the information presented and thereby trigger the contextualizing ability of a person utilizing such a system Examples of some computer-based systems that are termed as knowledge management systems by the practitioners are some applications of Lotus Notes and "intranets". Knowledge management systems are concerned with the management of knowledge in the organization (Blacker, 1995; Bolloju et al, 2002; Greengard,1998).

Any formal management system has different stakeholders with different requirements. An ideal formal knowledge management system should aim at segregating the tacit and explicit components. This should be followed by documenting such explicit component and conveying the same through information to different. Towards this end, organizations seek to use a range of authoritative sources that includes knowledge held by individuals and knowledge within knowledge systems maintained by the organization. Further, organizational knowledge draws on different organizational knowledge sources, including data housed in organizational records and systems, explicit knowledge which is documented and accessible, and tacit knowledge held by employees, customers, shareholders and other organizational stakeholders. Some major corpo-rate knowledge systems include information databases, the company web site, the library and archives.

Rationale of the Study

Following are the reasons for taking up the present study:

- In view of burgeoning population and dwindling natural resources, knowledge in any sphere of business has increasingly been recognized as the necessary ingredient for success. To achieve and sustain knowledge systems are required. In view of this fact, the present study was undertaken.
- The researchers were curious to know about the effectiveness of formal systems in the process of knowledge management.
- Lack of available literature with respect to the effectiveness of formal knowledge management systems especially so in Indian context is another reason for taking up the study.

Objectives of the Study

The following were the objectives of the study derived from the research question ":

- To identify and list the generally prevailing formal knowledge management systems in Indian context.
- To estimate the level of satisfaction among the employees with respect to the formal management systems in an organization..
- To estimate the level of involvement of employees in formal knowledge management systems in an organization.
- Based on the study, to arrive at a list of recommendations

Methodology

Two organizations with one each belonging to service and manufacturing types located in and around Bangalore city were selected keeping in mind their longevity of existence and wide spectrum of operations so as approach the criteria of representativeness. These two organizations formed the 'frame of reference' for the study. A sample of 60 respondents was selected at random with randomization being achieved through the employee identification number available with the HR department of the frame of reference organizations. Equal representation was provided for manufacturing and service organizations. Bangalore city with its cosmopolitan nature facilitated in obviating the influence of cultural biases. The study was conducted during the period of June to December, 2014.

A structured questionnaire gathered impressions regarding the degree of satisfaction and level of involvement of individual and group of employees vis-à-vis formal knowledge management systems.. In addition to the questionnaire semi-structured interview schedules were employed for all the respondents who had responded to the questionnaire. The data thus collected were consolidated and prepared for the analysis. Statistical tools of categorization, tabulation and percentage analysis were employed for data analysis.

Results and Discussion

The data obtained from structured questionnaire and semi-structured interview schedules were collated and tabulated. Data were carefully observed and it was decided to analyze into degree of satisfaction and level of involvement of employees with respect to formal knowledge management systems as the best way to arrive at the hidden patterns with respect to arriving the effectiveness of formal knowledge management systems.

The results regarding the degree of employee satisfaction show that majority of the employees were not satisfied with respect to the existing formal knowledge management systems (Table 1). Further, when analyzed from the employee perspective it was observed that employees in general exhibit low levels of awareness. Further, lesser number of employees show their involvement in the form of participation and still lesser number employees exhibit active participation in the form of "contextualization" of knowledge obtained through formal knowledge management systems (Table 2).

In general, the formal knowledge management systems exhibit low levels of effectiveness as indicated by the results of the present study. Employees exhibit low levels of awareness about the existence and working of formal knowledge management systems. This is due to lower levels of belongingness among the employees indicating a need for sincere and honest communication between employers and employees. Further, there exists predominant amount of dysfunctional communication between the employees. This explains, employees difficulty in finding usefulness of knowledge provided by formal knowledge systems.

Conclusions and Recommendations

(a) Conclusions

The conclusions of the present study were arrived at with respect to the objectives of the study and are summarized as under:

- Majority of the employees who form an vital part of knowledge management processes are not satisfied with any of the five generally noticed knowledge management systems viz., suggestion schemes, knowledge sharing forums, development meetings, library facilities and training systems..
- Though a good number of employees are aware of the presence and activities of formal knowledge management processes in their organizations, a decreasing number of them take initiatives to participate and still less number would contextualize them in their day-to-day working contexts.

(b) Recommendations

The following were the recommendations emanating from the study:

- Any formal knowledge management system to be effective needs continous monitoring with small achievable targets. When they are actually put into practice, there will be increased effectiveness of formal knowledge management systems.
- The organizations need to activate the simple formal management systems such as common team meetings and knowledge sharing forums to ensure the active participation of the employees .

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Table - 1 : Frequency of Reviews Happening in Formal Systems

Sl. No.	Formal Systems	Degree of Effectiveness in terms of Percentage of Satisfied Responses (N = 60)		
		Satisfied	Neutral	Not Satisfied
1	Suggestion Schemes	15.20	15.40	89.40
2	Knowledge Sharing Forums	18.00	17.00	65.00
3	Development Meetings	15.20	20.70	64.10
4	Library Facilities	20.00	21.00	59.00
5	Training Systems	25.00	20.00	55.00

Table - 2

Degree of Effectiveness of Formal Systems

Sl. No.	Formal Systems	Degree of Efforts Involvement in Formal Systems in terms of Percentage of Responses (N = 60)		
		Awareness	Participation	Contextualization
1	Suggestion Schemes	30.20	10.10	7.25
2	Knowledge Sharing Forums	40.15	20.20	10.10
3	Development Meetings	10.20	7.20	4.30
4	Library Facilities	65,20	35.00	20.00
5	Training Systems	35.40	30.00	10.50

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IMPACT OF IT ON INDIAN COMMERCIAL BANKING INDUSTRY

Dr S. Sirisha[1] Dr. P. Malyadri[2]

Abstract

For an emerging economy like India, fast economic development is possible essentially by embracing ICT in a big way, as ICT alone can provide the requisite competitive edge that is essential for fast and sustained economic growth in a globalized environment. In its endeavor to become the 'global services hub', what India needs to attain is nothing but unmatched performance in respect of ICT. In this context, it is relevant to present the paper on a study of the Information Communication Technology (ICT) in the Indian Banking Industry. The researcher carried out this study to understand the overview of ICT in the Indian Banking Industry .The banking industry has undergone a major change in recent years. Global competition has forced the industry to be more agile and customer focused in all its services. Banks can no longer function in isolation, but have to operate cutting across physical boundaries. This has enthused software architects to develop suitable software development paradigms that can seamlessly integrate business functions across organizational boundaries. ICTs have been valuable in providing broader development benefits to all Indian citizens.. Banking across the world has undergone extensive changes, thanks to the profound influence of developments and trends in information communication technologies and the emerging technologies have made banking operations easier and more convenient. This paper presents the tremendous influence of information and communication technologies on banking. The paper concludes by saying that the banking technology discipline is all set for rapid.

Key words: *: Information Communication Technology (ICT), National Electronic Fund Transfer (NEFT), Automatic Teller Machine (ATM), Electronic Clearing System (ECS), Electronic Fund Transfer (EFT)*

Introduction

The world economy is experiencing the impact of rapid globalisation and emerging information age, which is bringing about a new global economic order. The growth of ICT in the last two decades has been spectacular and historic in the world. IT industry has changed the entire set-up and altered thought processes. The speed with which Information Communication Technology (ICT) is developing and its impact on socio-economic activities cannot be overemphasized. Evolution in information and communication technology (ICT) has radically influenced the business World. The banking sector is no exception as it plays a vital role in facilitating all kinds of business-related financial transactions. Thus, there is a growing need for the banking sector to keep pace with the emerging requirements of the business sector by adopting appropriate technology for its effectiveness. The emphasis today is on providing banking services anywhere, anytime, to anybody, with the sole objective of enhancing customer outreach and flexibility in transactions. The RBI has encouraged the use of ICT with smart cards, biometric identification, personnel computer operated kiosks, and mobile technology to deliver banking services. Banks in India have used IT not only to improve their own internal processes but also to increase facilities and services to the customer. Furthermore, the large scale increase in the number of transactions handled by banks has enhanced the dependence of banking sector on modern technology, including use of computers. Apart from reducing transactions costs, the use of technology has also provided new avenues to banks to expand their outreach, especially in the remote and rural areas.

Conceptual framework

The term "banking technology" refers to the use of sophisticated information and communication technologies together with computer science to enable banks to offer better services to its customers in a secure, reliable, and affordable manner, and sustain competitive advantage over other banks. Banking technology also subsumes the activity of using advanced computer algorithms in unraveling the patterns of customer behavior by sifting through customer details such as demographic, psychographic, and transactional data. From a theoretical perspective, banking technology is not a single, stand-alone discipline, but a confluence of several disparate fields such as finance (subsuming

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risk management), information technology, communication technology, computer science, and marketing science. From the functional perspective, banking technology has two important dimensions, as follows:

1. The use of appropriate hardware for conducting business and servicing the customers through various delivery channels and payment systems and the associated software constitutes one dimension of banking technology. The use of computer networks, security algorithms in its transactions, ATM and credit cards, Internet banking, telebanking, and mobile banking are all covered by this dimension. The advances made in information and communication technologies take care of this dimension.
2. On the other hand, the use of advanced computer science algorithms to solve several interesting marketing-related problems such as customer segmentation, customer scoring, target marketing, market-basket analysis, cross-sell, up-sell, and customer retention faced by the banks to reap profits and outperform their competitors constitutes the second dimension of banking technology. This dimension covers the implementation of a data warehouse for banks and conducting data mining studies on customer data.

Review of literature

R.K.Mudholkar, M.Shankar and S.Maitra (2011) in their study "e- Business Adoption and implications in banking industry in India" revealed that the introduction of ICT and E-Business in the Banking Industry has a significant impact on banks operating with physical branches. Especially the internet has made it possible for banks to cut cost by offering online banking at a lower cost. The econometric analysis show that ICT use is positively correlated with firm restructuring activities. Thus, ICT enables companies to redefine the boundaries of their organizations and possibly gain a competitive advantage. This paper is focusing on ICT and e-business usage in the banking industry. The study objectives are to describe how companies in this industry use ICT for conducting business, to identify opportunities and barriers for ICT adoption, and to assess impacts of this development for firms and for the industry as a whole. *Sanjaykumar l Vitthall Omase, Anil Trimbakrao Gaikwad (2012),in their paper* **"**A Review – Banking In India- Past, Present And Future" expressed their views stating that The Banking system India has glorious history, bright future and pleasant present which can be observed by sustaining the recession period from last five years. The Banks are the important organizations in society which require faith of customers to keep their assets in terms of money and gold in banks. The banks have to follow strict policies in terms asset and liabilities management. The banks are using ICT facilities to provide better service to the account holders. The authors have done decent effort to find out the major issues of the banks in India to the readers to update their knowledge . The banks in future will be very sensitive to the changing environment of the world wide customer.The Finance in terms of deposits and advances will depend on the bank polices to lend and take deposits with inter rate which will attract the account holders .

Dr.Sachin A. Kadam and Bharati V. Yelikar (2013) in their paper "Evolution of ICT use in Indian banking Domain" discussed that the banks are the important organizations in society which require faith of customers to keep their assets. The banks have to follow strict policies in terms of asset and liabilities management. The Indian banks have glorious history, bright future and pleasant present which is proved by sustaining the recession period from last few years. There has been massive use of technology across many areas of banking business in India. Various wholesale and retail payment and settlement systems have enabled faster means of moving the money to settle funds among banks and customers. The RBI has played a key role in the process of transformation of the banking sector with the use of ICT. Being an important institution in the financial sector, it too has undergone the process of technological change. Starting from back office automation which was aimed largely at processing of voluminous data and automation of cheque clearing operations, technology moved to the front desk in the form of total branch automation. The Indian banks are now offering attractive technology based services & products such as e -banking and core banking.

Objective: The main objective of the paper is to overview of ICT in the Indian banking industry and how far the ICT take care, the few dimensions of banking industry like ATMS,ECS Debit.ECS Credit. NEFT, Debit cards and Credit cards.

Source of Information: For this study data and information has been collected with the help of news papers, research articles, research journals, E- journals, RBI reports, and internet.

Scope of the study: The period of the study is seven years i.e., from 2007 to 2013.

Data Tool: To analyse the Data that is collected from secondary source (Trend and progress report of banking in India) the CAGR (Compound Annual Growth Rate) is used.

Table - 1: On-site ATMs of Scheduled Commercial Banks

Sl. No	Bank group	On-site ATMs	On-site ATMs	On-site **ATMs**	On-site ATMs	On-site ATMs	On-site ATMs	On-site ATMs	CAGR (%)
		2007	2008	2009	2010	2011	2012	2013	
I	Public sector banks	10289	12902	17379	23,797	29,795	34,012	40,241	21.51
	1.1 Nationalized banks	6,634	8,320	10,233	12,655	15,691	18,277	20,658	17.62
	1.2 SBI Group	3,655	4,582	7,146	11,142	14,104	15,735	18,708	26.27
2	Private sector banks	4258	5315	6996	8,603	10,648	13,249	15,236	19.98
	2.1 Old private sector banks	1,104	1,436	1,830	2,266	2,641	3,342	4,054	20.42
	2.2 New private sector banks	3,154	3,879	5,166	6,337	8,007	9,907	11,182	19.82
3	Foreign banks	249	269	270	279	286	284	283	1.85
4	All SCBs (I+2+3)	12,796	18,486	24,645	32,679	40,729	47,545	55,760	23.4

Source: *Trend and progress report of Banking in India -RBI*

The above study reveals that the On –site ATMs installed by the banks grew by 23.4 per cent, during the period 2007 to 2013. The ATMs of SBI Group registering a sharp growth of 26.27 percent, While, the ATMs installed by foreign banks were much lower than other bank groups.

Table - 2: Off-site ATMs of Scheduled Commercial Banks

Sl. No	Bank group	Off-site ATMs	Off-site ATMs	Off-site ATMs	Off-site ATMs	Off-site ATMs	Off-site ATMs	Off-site ATMs	CAGR (%)
		2007	2008	2009	2010	2011	2012	2013	
I	Public sector banks	6040	8886	9898	16,883	19,692	24,181	29,411	25.37
	1.1 Nationalised banks	3,254	5,035	5,705	7,047	9,145	12,773	14,701	24.04
	1.2 SBI Group	2,786	3,851	4,193	9,836	10,547	11,408	13,883	25.79
2	Private sector banks	5541	6652	8324	9,844	13,003	22,830	27,865	25.95
	2.1 Old private sector banks	503	664	844	1,124	1,485	2,429	3,512	32
	2.2 New private sector banks	5,038	5,988	7,480	8,720	11,518	20,401	24,353	25.24
3	Foreign banks	711	765	784	747	1,081	1,130	978	4.66
4	All SCBs (I+2+3)	12,292	16,303	19006	27,474	33,776	48,141	58,254	24.89

Source: *Trend and progress report of Banking in India -RBI*

The major technological development, which has revolutionised the delivery channel in the banking sector, has been the Automated Teller Machines (ATMs). ATMs, particularly off-site ATMs, act as substitutes for bank branches in offering a means of anytime cash withdrawal to customers. Growth in ATMs, which had been generally on a steady rise in the recent years, was observed to be 24.89 per cent during 2007-13. Private sector banks had the largest compound annual growth with regard to off-site ATMs. While the public sector banks occupy the second place and foreign banks are at last.

Table - 3: ATMs of Scheduled Commercial Banks

Sl. No	Bank group	Total number of ATMs	Total number of ATMs	Total number of ATMs	Total number of ATMs	Total number of ATMs	Total number of ATMs	Total number of ATMs	CAGR (%)
		2007	2008	2009	2010	2011	2012	2013	
I	Public sector banks	16329	21788	27277	40,680	49,487	58,193	69,652	23.03

	1.1 Nationalised banks	9,888	13,355	15,938	19,702	24,836	31,050	35,359	19.97
	1.2 SBI Group	6,441	8,433	11,339	20,978	24,651	27,143	32,591	26.06
2	Private sector banks	9799	11967	15320	18,447	23,651	36,079	43,101	23.57
	2.1 Old private sector banks	1,607	2,100	2,674	3,390	4,126	5,771	7,566	24.77
	2.2 New private sector banks	8,192	9,867	12,646	15,057	19,525	30,308	35,535	23.32
3	Foreign banks	960	1,034	1,054	1,026	1,367	1,414	1,261	3.97
4	All SCBs (I+2+3)	27,088	34,789	43651	60,153	74,505	95,686	1,14,014	22.79

Source: *Trend and progress report of Banking in India -RBI*

The above statistics reveals that the total number of ATMs installed by the banks grew by 22.79 per cent, over a period of seven years i.e., from 2007 to 2013. While, the ATMs installed by foreign banks was marginal during the above period.

Table - 4 : Volume of Electronic Transactions by SCBs

(Volume in million)

Type of transaction	2007	2008	2009	2010	2011	2012	2013	CAGR (%)
ECS Credit	69	78	88	98.1	117	121.5	122.2	8.51
ECS Debit	75	127	160	149.3	157	165	177	13.05
NEFT	4	13	32.1	66.3	132	226	394	92.65

Source: *Trend and progress report of Banking in India -RBI*

The volume of ECS credit and more significantly ECS debit continued to show an increasing trend during 2007-13 in line with the trend witnessed during past seven years. The electronic payment systems such as electronic clearing service (ECS) – both debit and credit, national electronic funds transfer system (NEFT), card based payment (credit and debit) are becoming increasingly popular as indicated by the increase in transactions through retail electronic payment methods. Both the variants of ECS, *i.e*., ECS (credit) and ECS (debit) for direct credit such as salary and pension payments and the other for direct debit such as collection of bills, insurance *premia* and equated monthly installment payments of loans are being increasingly preferred. Among the various electronic modes of payment, the centralised version of Electronic Fund Transfer (EFT) – National EFT (NEFT) – has become an important means of retail payments. Reflecting the increased application of technology, the use of electronic payments with respect to volume of electronic transactions there is a tremendous growth in NEFT by 92.65% during the period 2007 – 2013. As compared with ECS (credit) and ECS (debit), in particular, the use of ECS (Debit) is more than the ECS (Credit), this is observed in the above table where ECS Debit is 13.05% as compared to ECS credit where it stood at 8.51% only. The substantial increase in the ECS (Debit), was due to the use of ECS for payment of utility bills and regular *premia*,

Table 5: Credit cards issued by SCBs

(in millions)

Sl. No	Bank group	2006- 07	2007- 08	2008- 09	2009- 10	2010- 11	2011-12	2012 - 13	CAGR (%)
	Public sector banks	4.14	3.93	3.44	3.26	3.08	3.06	3.5	-2.37
	1.1 Nationalised banks	0.75	0.72	0.72	0.73	0.78	0.84	0.9	2.64
	1.2 SBI group	3.39	3.21	2.72	2.53	2.3	2.22	2.6	-3.72
II	Private sector banks	10.68	13.29	12.18	9.5	9.32	9.67	11.1	0.55
	2.1 Old private sector banks	0.03	0.04	0.06	0.06	0.04	0.04	0.04	4.2
	2.2 New private sector banks	10.65	13.25	12.12	9.44	9.28	9.63	11.1	0.59
III	Foreign banks	8.31	10.33	9.08	5.57	5.64	4.92	5	-7
All SCBs (I+II+III)		23.12	27.55	24.7	18.33	18.04	17.65	19.5	-2.4

Source: *Trend and progress report of Banking in India -RBI*

The issuance of credit cards facilitates transactions without having to carry paper money. Despite the decline in the number of outstanding number of credit cards, the volume of transactions with credit card recorded a growth of 2.64 per cent and 4.2 per cent, respectively in Nationalised banks and New private sector banks

Table - 6: Debit cards issued by SCBs

(in millions)

Sl. No	Bank group	2006- 07	2007- 08	2008- 09	2009- 10	2010- 11	2011-12	2012 - 13	CAGR (%)
I	Public sector banks	44.09	64.33	91.7	129.69	170.34	214.6	260.6	28.89
	1.1 Nationalised banks	19.24	28.29	40.71	58.82	80.27	97.7	118.6	29.67
	1.2 SBI group	24.85	36.04	50.99	70.87	90.07	112	136.4	27.54
2	Private sector banks	27.19	34.1	41.34	47.85	53.58	60	67.3	13.82
	2.1 Old private sector banks	3.94	5.34	7.09	9.81	12.44	13.9	15.4	21.5
	2.2 New private sector banks	23.25	28.76	34.25	38.04	41.14	46	51.9	12.16
3	Foreign banks	3.7	4.02	4.39	4.43	3.92	3.8	3.3	-1.62
All SCBs (1+2+3)		74.98	102.44	137.43	181.97	227.8	278.4	331.2	23.64

Source: *Trend and progress report of Banking in India -RBI*

During 2007-13, the number of debit cards grew at the rate of 23.64 per cent. In sync with the trend observed in case of debit cards, Public Sector Banks witnessed an increase in the growth as compared to other bank groups during the above period, while that of foreign banks witnessed a decline over the same period.

Further Research Scope: , There are a number of issues with regard to development of banking technology that need to be addressed. These relates to further improvement in back office management in the form of streamlining MIS, strengthening centralized processing, Customer Relationship Management (CRM) and IT Governance. The back office technological advancement would help in diverting banks' resources more towards the front office management thereby increasing the customer focus of their services and support greater financial penetration and inclusion.

Findings:

The Reserve Bank has been encouraging banks to use technology-based solutions for increased financial inclusion. The process of computerisation, marked the starting point of all technological initiatives. Developments in the field of Information Technology (IT) strongly support the growth and inclusiveness of the banking sector thereby facilitating inclusive economic growth. IT not only enhances the competitive efficiency of the banking sector by strengthening back-end administrative processes, it also improves the front-end operations and helps in bringing down the transaction costs for the customers. The Reserve Bank has thus been actively involved in harnessing technology for the development of the Indian banking sector over the years. The most fundamental way in which technology has changed the face of the Indian banking sector has been through computerisation. Public sector banks have been investing for upgrading their operations by way of computerization. There was a cumulative expenditure on 'computerisation and development of communication networks' by banks. Issuance of credit cards declined, while debit cards showed a high growth trend. A trend in favour of cashless payments is discernible in recent years with both volume and value of transactions through major electronic modes of payments registering an increase

Conclusions

During the recent years, the pace and quality of banking was changed by the technological advancements made in this area. Introduction of automated teller machines (ATMs) enabled customers to do banking without visiting the bank branch. The policy initiatives and the regulatory stance of the Reserve Bank has continued to focus on increasing the acceptance and penetration of safe, secure and efficient non-cash payment modes comprising cheques, credit/debit cards, and transactions through ECS/NEFT, over the years. Use of technology in expanding banking is one of the key focus areas of the Reserve Bank. Banks in India have used IT not only to improve their own internal processes but also to increase facilities and services to the customer. Furthermore, the large scale increase in the number of transactions handled by banks has enhanced the dependence of banking sector on modern technology, including use of computers. Apart from reducing transactions costs, the use of technology has also provided new avenues to banks to expand their outreach, especially in the remote and rural areas. Indian banks embrace financial inclusion as an economically viable and profitable business activity by innovation in service delivery process and information technology solutions to lower costs of transactions and improve customer satisfaction and acceptance

"At present, only bank account holders can withdraw cash from an ATM. Recently there was an approval, in-principle setting up of a payment system which will facilitate the funds transfer from bank account holders to those without accounts through ATMs, and People without a bank account in India would soon be able to withdraw cash from an (ATM) with the use of mobile technology", RBI Governor Mr.Raghuram Rajan announced this on, Wednesday, 02/12/2014 - 20:01. while speaking at the NASSCOM India Leadership Forum on financial inclusion and technology. This witnesses the fast journey of ICT in the Indian Banking Industry.

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PROJECT PLANNING AND CONTROLLING IN THE GLOBAL ENVIRONMENT

Dr. J.Pardha Saradhi[1]

Abstract

All over the world, socio-economic and other developments are achieved through implementation of various projects on science; technology, engineering and construction to stay in competition as whole world shrink into a small village. Project is an art of managing change. The number of IP's are increasing in phenomenal pace due to innumerable advantages, which compel the use of international project implementation. Planning is the formation of detailed scheme for proper arrangement of the necessary action steps and means for achieving accomplished objectives of the organization. Programming is the initial stage of successful project planning. Basing on the programme of action, schedules are prepared. These schedules normally called as levels or segments or elements which will remove ambiguity of work, disputes/ inefficiencies. Project is multidiscipline activity which can be simultaneously started as work in several fronts to complete the work in-time. In huge international projects, the number of supervising staff and managers will be large in number unless, a method to fix the responsibility is not there, many will shrink their responsibilities.Controlling in this aspect is the process of ensuring that the project is moving desired direction and that process being made towards the achievement of goals. It is a live function where executives (PM, PO) at various levels (HOD) of management continuously assess the performance of their subordinators. The main purpose of control is to check that the activity is achieving the desired results or not. Economic factors, cost aspect in investing, demographic factors, attracting foreign investment, varying levels of ecological regulations are major attributes for the growth of IP's.

Introduction

Knowledge explodes exponentially cut-throat competition prevails everywhere and like a war for the survival of the "quick or the dead", if we are not 'quick' enough to face the changes and challenges, we will be lost in the competition. All over the world, socio-economic and other developments are achieved through implementation of various projects on science; technology, engineering and construction to stay in competition as whole world shrink into a small village.

" Global competition, strategic alliances, political upheavals, corporate restructuring, worker-empowerment, travel at the speed of sound, e-mail, faxes, internet all there are eroding boundaries" [1] . Project once started as a management strategy within an organization can no longer remain within near boundaries as projects are ubiquitous. It is an art of managing change.

Project defines "Any undertaking with a definite starting point and defined objectives by which completion is identified" [2]. In practice, most projects depend on finite or limited resources by which the objectives are to be accomplished. It makes use of limited time and resources as it is an art of managing change. It involves multiple resources with its unique technologies, skills and traits. "Project – a one shot, time limited, goal directed major undertaking requiring the commitment of various skills and resources" [1] project includes the conceptual development, implementation and termination phases, normally on project must be completed before on other can begin. Implementation requires various kinds of resources like men, materials, machines, methodology and money and competencies available all over the world are pooled in international project to draw best results for the development of the humankind as a whole. The efficient implementation of projects without time and cost overruns and with excellent quality and performance largely depends upon the international business and industrial environment because the cost, quality, duration could be seriously affected by regulatory delays, non- availability of resources and lack of productivity.

International business environment is a sub system in the total environment which can be classified according to regional, local, national and international. "If the international business environment is adverse and if a project is launched without considering the environment especially international then the project may end in utter failure" [2]. In order to assess this, the following must be considered, as any project involving multinational efforts are called informational projects.

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[1] . Professor and Head- M.B.A, RRS College of Engineering and Technology, Hyderabad, A.P-India

1. David. I. Cleland's - what will replace project management p-5, Nov,1991
2. PMI-Project management body of knowledge

1. Economic indicators of a country in the form of GDP, inflation, capital market, BOT, country's currency value.
2. Political stability of the country in the aspect of relationships with other, neighboring countries and stability of government (Federal).
3. Legal liability of a foreign country and the regulations in laws connected with compensation.
4. Laws relating to settlement of disputes
5. Rigidity of environment laws.
6. Tax provision laws relating to exit, enter, sale, transfer of capital.
7. Availability of resources, infrastructure, housing, medical care and other welfare activities.
8. Local availability of skills, labour, steel, cement and other commodities.
9. Regional, local regulations for the requirement of approvals etc even for closing.

Inspite of above conditions, the number of IP's are increasing in phenomenal pace due to innumerable advantages, which compel the use of international project implementation. If we analyze various projects launched in India through V – year plans, most of them are international charter involving the collaboration of several developed or advanced countries as India is developing country. Thus I.P has become a necessity for growth, prosperity of a nation could also encourage global integration and cultural tolerance among the nations.

Transnational strategic alliances have been formed in the fields of nano-technology, robotic equipment, automotive vehicles, pharma, aircrafts, chemicals and other areas and hence it is better that countries with adequate know-how in the respective fields need to be cooperate and coordinate because products and services must be offered to demanding customers all over the world at competitive price.

Project Planning

Once DPR[1] is cleared, the next step will be project planning and organizing. The modern management system has developed many tools and techniques (quantitative, computer based methods, PERT, CPM, funds flow…) as this is turning point from abstract planning to realistic concretization of the plan by an efficient organization. Planning is the formation of detailed scheme for proper arrangement of the necessary action steps and means for achieving accomplished objectives of the organization. The steps in project planning are as shown in the following flow chart. Planning helps to achieve project completion by making the most effective use of time and resources.

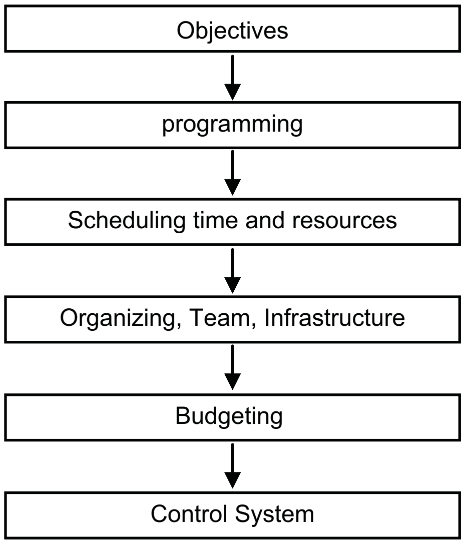

Fig. 1: Project planning Steps

Objectives must be measurable and consistent with the resources level fixed in the DPR. Integration, commitment and involvement are three important factors for the success.

Programming: Programming is the initial stage of successful project planning. Basing on the programme of action, schedules are prepared. These schedules normally called as levels or segments or elements which will remove ambiguity of work, disputes/ inefficiencies.

Project is multidiscipline activity which can be simultaneously started as work in several fronts to complete the work in-time.

WBS (Work Break-down Structure) is the major function of programming which can be discussed as 'listing of work', a WBS with codification makes easier to identify the specific task with computerization. **Fig. 2**

If any work indicate by elements as 110556, it infer from the number that it is the 6^{th} element of 5^{th} activity of 5^{th} task of 10^{th} segment of the Project – HPP project 1.

One can choose the combination of alpha – numeric codification depending on the number of sub-units to be represented at each level. Every activity have time duration based on its start-up and end-up. When sum-up, all these durations and deduct the net overlapping time, then the project duration will be known. Under PERT method, the duration is fixed based on the experience of the concerned technical experts and hence,

Scheduled completion time + Contingency time = the Target time.

[3] . Stukker bruck
[4] . IPM-Robert Youken (Handbook)

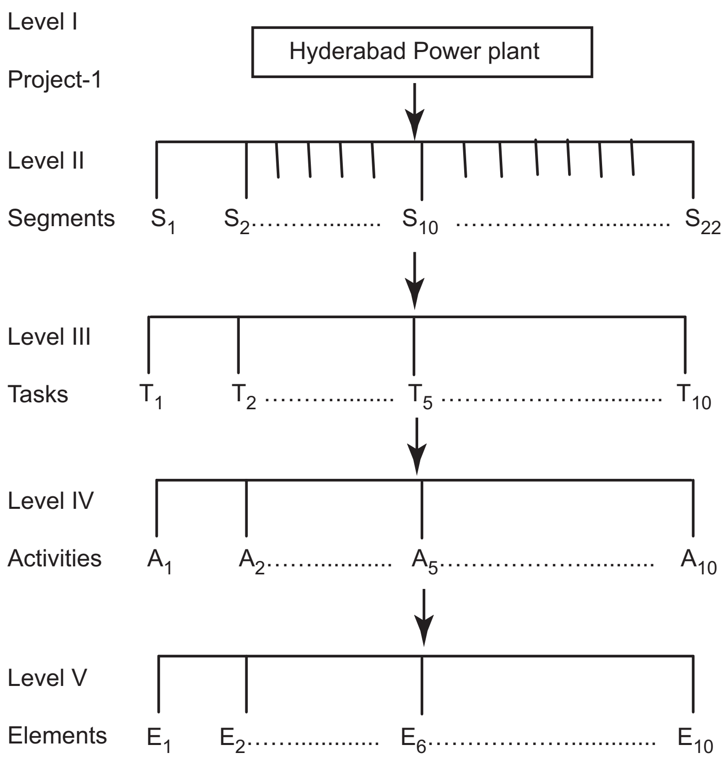

Fig. 2: Work Breakdown Structure (WBS)

Scheduling

As the contribution of programming, scheduling is done, it is the exercise of laying out the integrated time, utilizing resources in the most efficient manner for the success. The aim of scheduling is speedy execution of the project with optimum use of resources. All schedules are to be integrated; otherwise these might be confusion and chance for chaos. Once the work packages are defined, listed out and WBS done by the project engineer, then the master schedule comprising of the work packages along with corresponding networks can be prepared.

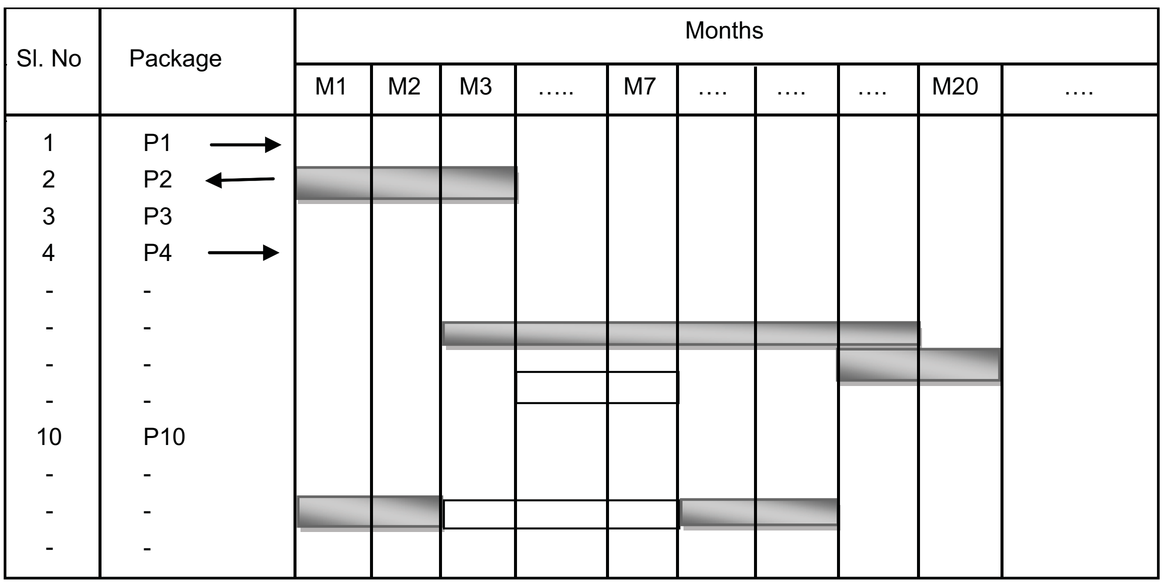

Fig. 3 : Master Schedule Format

[5] . A document prepared by the company which has meant for approval from CCEA (Cabinet Committee on Economic Affairs) may includes cost estimation, town-ship costs, ancillary units and gestation period

Note:

1. Bars are different sub-packages
2. Durations as months/weeks/days/man hours
3. Prepared for financial allocation, cost estimation (or) Project investment.

In addition to above, network schedule can be prepared as supporting document where key events or ending of key activities in the course of executing a project.

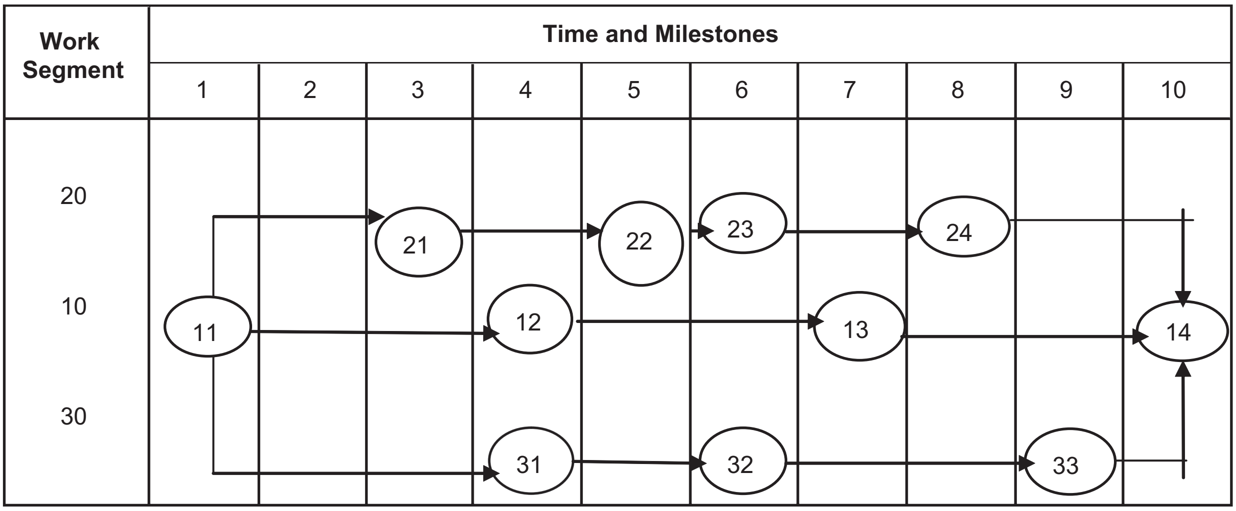

Fig. 4 : Network, Mile Stone

Note:

1. Events are numbers inside the circle.
2. Calendar time as columns
3. Arrows linking the preceding and succeeding events.
4. Between two circles there must be description of activity.

After having the above two documents, master schedule will be prepared which shows the quantum of work involved and estimated craft time required for the project.

Programme

Activity	Basic Craft	Unit	Estimated Quantity	Mon days	Schedule Months							
					1	2	3	4	5	6	7	8
Civil Works	Concreting	M3	4080	2800	700	1000	1000	1000	380			
					500	700	700	500	400			
Structural's	Fabrication	Tonnes	540	250			40	140	140	120	100	
							40	50	60	55	45	
	Erection	Tonnes	540	180			50	160	160	100	70	
							30	40	50	40	20	
Equipment	Erection	Tonnes	550	220					100	200	200	50
									40	80	80	20

Fig. 5 : Construction of Master Schedule

[6] . **Organisation structure possesses a dual chain of command by functional and project managers who exercises authority over organisational activities. It has two superiors like production manager and functional head**

Note

1. Above bar – Quantity of work
   Below bar – Mandays
2. The total of individuals should tally with respective totals in columns 4 and 5

Many schedules like man power, construction-equipment usage, ordering and delivery; maintenance of spare parts can be prepared. There is no use in preparing detailed schedules unless they are followed and implemented. For this integration of different schedules both level – wise and phase-wise are essential.

Organizing

It is essential that all individuals are interact in achieving objectives of the project. There are many types of organization models are existed but, "Matrix" [1] type is suitable for projects where provides for integration of all the project teams. The organization success depends on appointment of efficient project managers along with planning officer. The responsibilities of team member, groups must be clearly drawn and informed and even training can be arranged for them. For integration and co-ordination, a detailed operating manual (OM) or a project charter should be prepared. The following are the suggested contents for the OM.

1. General information and guidelines
2. Documentation procedure, lists and specimen
3. Cost and financial control
4. Engineering
5. Contracting
6. Procurement and vendors
7. Project Execution
8. Public Relationships
9. Types of communication channels
10. PLB (project log book) and its importance

In huge international projects, the number of supervising staff and managers will be large in number unless, a method to fix the responsibility is not there, many will shrink their responsibilities. For this, a detailed schedule in the form of a matrix (Responsibility matrix) to be prepared for watching and follow-up. This type matrices can be prepared for each of major work packages/ activities.

Sl. No	Activities	Target Date	Responsibility				Team		
			Owner	Consultant	Contractor	Vendor	IPT	EPT	AT
1	A1	31-12-13	A	C	Ex	I	S		Co
2	A2	31-12-13	----	----	----	---	--	--	---
3	A3	31-12-13	----	----	----	----	---	---	----

Fig. 6 : Responsibility Matrix

Note:

1. IPT = International Project Team
2. EPT = External Project Team
3. AT = Agency Team
4. Responsibility :
   I: Integrity
   P: Planning

S: Supervising
C: Coordinating
A: Authorizing
Co: Controlling
I: Issuing
Ex: Executing

[7] . **Capability to do the project after identification in the form of techno-economical report**
[8] . **Consolidation of various functional budgets**

There are several agencies, departments, organizations involved from the stage of project identification, clearance and even for implementation. Therefore conflicts are quite common when/organizations report to different chief officers. The project manager should be mentally prepared to live with conflicts and determined to resolve them. He should try to understand the causes / factors of conflicts and curtail them by applying proper conflict management techniques.

Budgeting

Budget is an estimate prepared for definite future period either in terms of financial or non-financial terms. It is a detailed plan of action of the project for a definite period of time, usually expressed in terms of total volume. It is in the form of statement of financial affairs quantitative terms of an activity for a defined period to achieve the enlisted objectives of the project. Budgeting is the course involved in the preparation of budget for an activity. At the feasibility study[1] stage, budget has to be prepared and these estimates have to be now, at the planning stage, rechecked, revised and time-phased. Master Budget[2] should have relation with master schedule similarly will have linkage with time phased WBS. It is a tool of control measure which integrates any defects in planning by cross checking each other.

Project Controlling

So far, project planning have been discussed in fig (1) as a basic managerial function which is the vital aspect both in the project phase and the process of planning itself. Controlling and planning are interactive like two twins of management process. Controlling plans should be evolved at planning stage itself and planning should also be controlled like control of other phases of control.

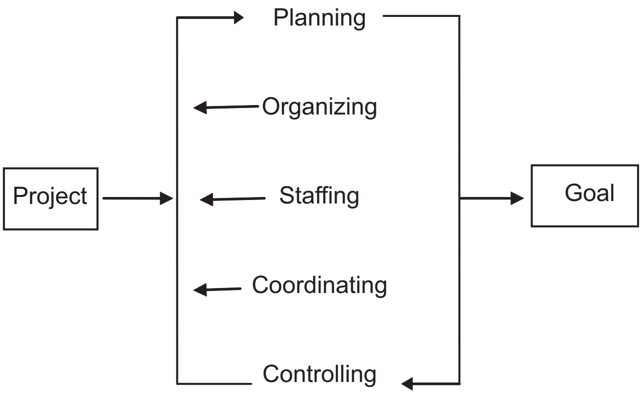

Fig. 7: Aspects of management Process

Controlling in this aspect is the process of ensuring that the project is moving desired direction and that process being made towards the achievement of goals. It is a live function where executives (PM, PO) at various levels (HOD) of management continuously assess the performance of their subordinators. The main purpose of control is to check that the activity is achieving the desired results or not. It involves the following steps:

1. Establishing standards of performance
2. Measuring actual performance
3. Comparing the actual with standards
4. Finding variances, if any
5. Taking corrective measures (or) actions.

The success of the project depends on time, cost and quality/performance and therefore if the project has to be successful, some of the controlling measures are to be taken. Few of the measures are given in brief:

Measure 1 - Integration:

Many elements of project are interrelated/ inter connected. If procurement is not done in time then fabrication can't be done in time. If specialist for fabrication is not recruited and trained, fabrication can't do. If fabrication is not completed, creation can't be done and so on… Therefore integration at all levels (top, middle, low i.e., Conceptual, managerial, operational) are necessary. Failure in integration will create a "chain reaction" of delay and will have "Multipler effect" on the project as a whole.

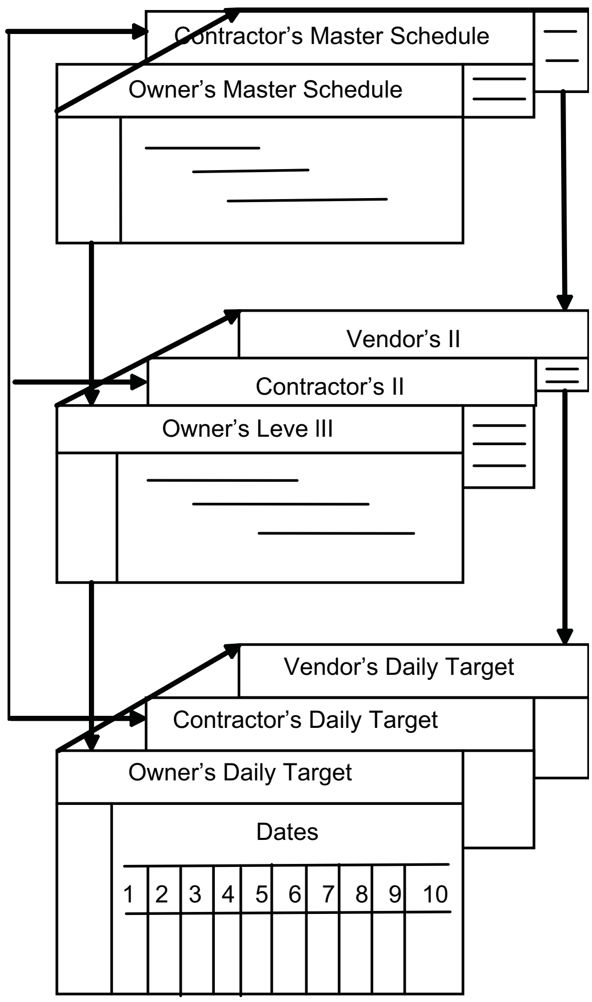

Fig. 8 : Integration of all schedules with plans

Measure 2 – Standards and Monitoring:

Standards for performance and rates for productivity for all activities should have been included in the project estimates and schedules. Monitoring on daily basis could be done easily rather than weekly, monthly or yearly basis.

Measure 3 – Evaluation and corrective action

Evaluation is done on the basis of standards or bench-marks by comparison. Once variance and its level is known, immediate action to correct the deficiency should be made apart from taking steps to prevent such failures in the future by analysing the causes/factors of failure.

Measure 4 – Updating

In spite of all efforts, necessary changes updating the plans, schedules are inevitable. There may be need to change the work sequence, for this two reports are to be prepared:

1. Narrative on status, problems, milestones
2. New computation of schedule to maintain completion date

Measure 5 – Reporting

This system should be planned with the following components:

1. Regular flow of data /reports from all agencies / departments.
2. Analyze the data and convert them in to MIR to remove unnecessary details and collating or converting data into crisp indices, ratios, percentages etc..,
3. Distribution of MIR to all concerned people.
4. Procure management decisions and sanctions on critical events.
5. State feedback and feed forward information as a preventive measure.

IV Project Controlling: Tools and techniques

Controlling function must also be all pervasive – applicable in all phases of project implementation. The Phases of project life cycle (PLC) have unique technical and managerial characteristics that require management personnel with unique skills, experience and training for effective completion. Apart from control over phases of international project (IP) implementation, control should be introduced at functional levels. This control should assure performance in time, cost and quality. Normally the control process would be in a loop form as shown in following diagram.

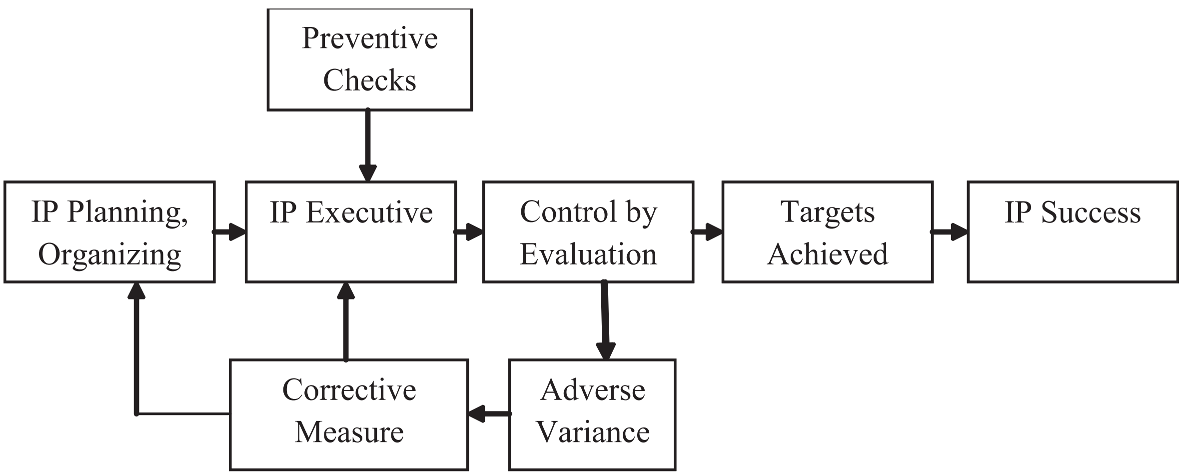

Fig. 9 : Control Functions of IP

The control measure is introduced to achieve performance through the control factors of time, cost and quality. The following figure (10) depicts how time, cost and quality processes are integrated.

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[9]. **Excess of duration over planned time**

[10]. **Reducing**

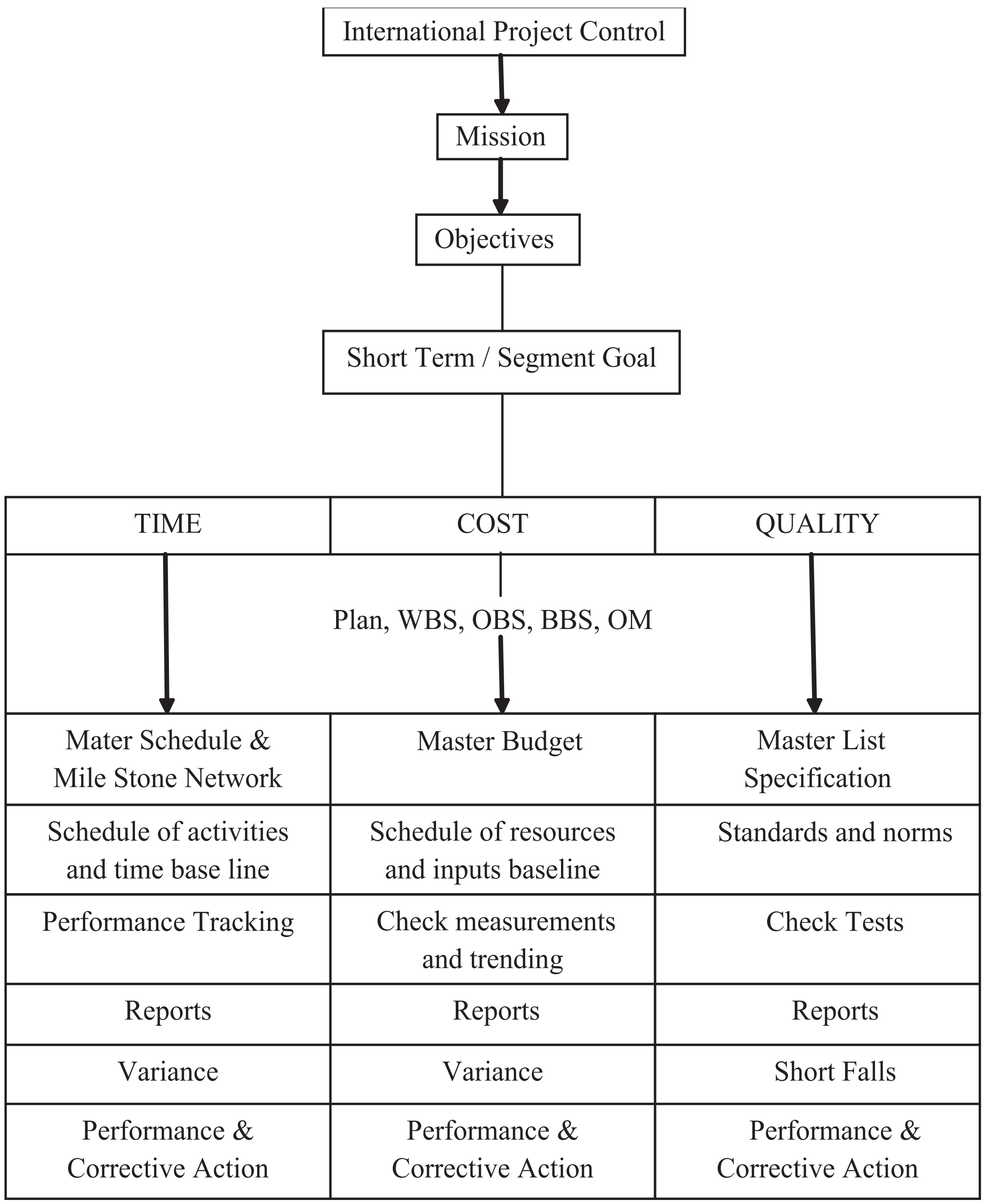

Fig. 10 : Integrated Control Process

Note: (1) Work breakdown Structure
(2) Organization Breakdown Structure
(3) Budget Breakdown Structure

Time Control Tool

TCEA (Time Crashing[1] Economy Analysis) is a technique adopted to cut down days in the case of time – overrun[2] projects; few points need to be considered while applying this tool.

Illustration: (TCEA)

1. Prep – tax profit per day after completion of the project is 25 million $.
2. Crashable and crashing cost for 3 jobs

Table:1

Job	Maximum crashable day	Crashing cost per day $ In million
A	2	10
B	3	30
C	1	20

Explanation:

1. The number of days crashed (A2,B3,C1) are : 2+3+1 = 6 Days
2. Profit per day is 25 million $ and hence 150 million $ increased in profit (6 days x 25 million)
3. Normal Profit as per c.d and c.c is 130 million $ [10x2 + 30x3 + 20x1]
4. Let see all combinations of jobs and the possible number of days as CCBA (Crashing Cost benefit Analysis)

TABLE - 2 : CCBA

Crash Days	Increase in Profit	Combination of Jobs	Crashing Cost	Net Saving
1	25	A1	10	(-) 15
2	50	A1 B1	40	(-) 10
3	75	A1 B2	70	(-) 5
4	100	A1 B3	100	Nil
5	75	A1 B1 C1	60	15
6	100	A1 B2 C1	90	10
7	125	A1 B3 C1	120	5
8	50	A2	20	30
9	75	A2 B1	50	25
10	100	A2 B2	80	20
11	125	A2 B3	110	15
12	75	A2 C1	40	35

Note:

(1) $A_1 = 25$ $A_2 = 50$ $A_3 = 75$
$B_1 = 25$ $B_2 = 50$ $B_3 = 75$
$C_1 = 25$ $C_2 = 50$ $C_3 = 75$

(2) When there are large number of jobs and number of days then, this can be worked through the computer programming of LOTUS (or) Spread-sheet in the Computer system.

A2 C1 is the best crashing as 35 million $ is the saving at 12th crashing day.

Cost control tools

Procurement and construction alone will contribute about 70-75 percent of the total cost and hence effective control on these items will have better control on these items will have better control on budgeted expenditure. In addition 10-15 percent will be controlled by project engineering division by man-hour control process. The over –head cost about 15-20 percent can be controlled with managerial, supervising, administrative expenses as on the basis of project month elapsed. Basing on the above concept, following are the cost control tools in brief.

Budgeting

In preceding chapter i.e.., in 2.4, have mentioned that budget as tool of control. Budgeting should be done scientifically taking into account all possible events and their costs. It can be done in two ways namely,

1. Based on committed expenditure
2. On actual spending (accrual)

Funds Flow Analysis

It is widely used by financial analyst for analyzing the financial performance in IP. It explains the different sources and application of funds during the particular period of time. It includes capital and personal nature of transactions which includes exact flow and uses of funds as complementary to Income statement. It provides additional information to the management to discharge its functions effectively in IP's.

Based on budget, the requirements for the current month, 2nd and 3rd months are arrived it. This plan is indicated in following figure.

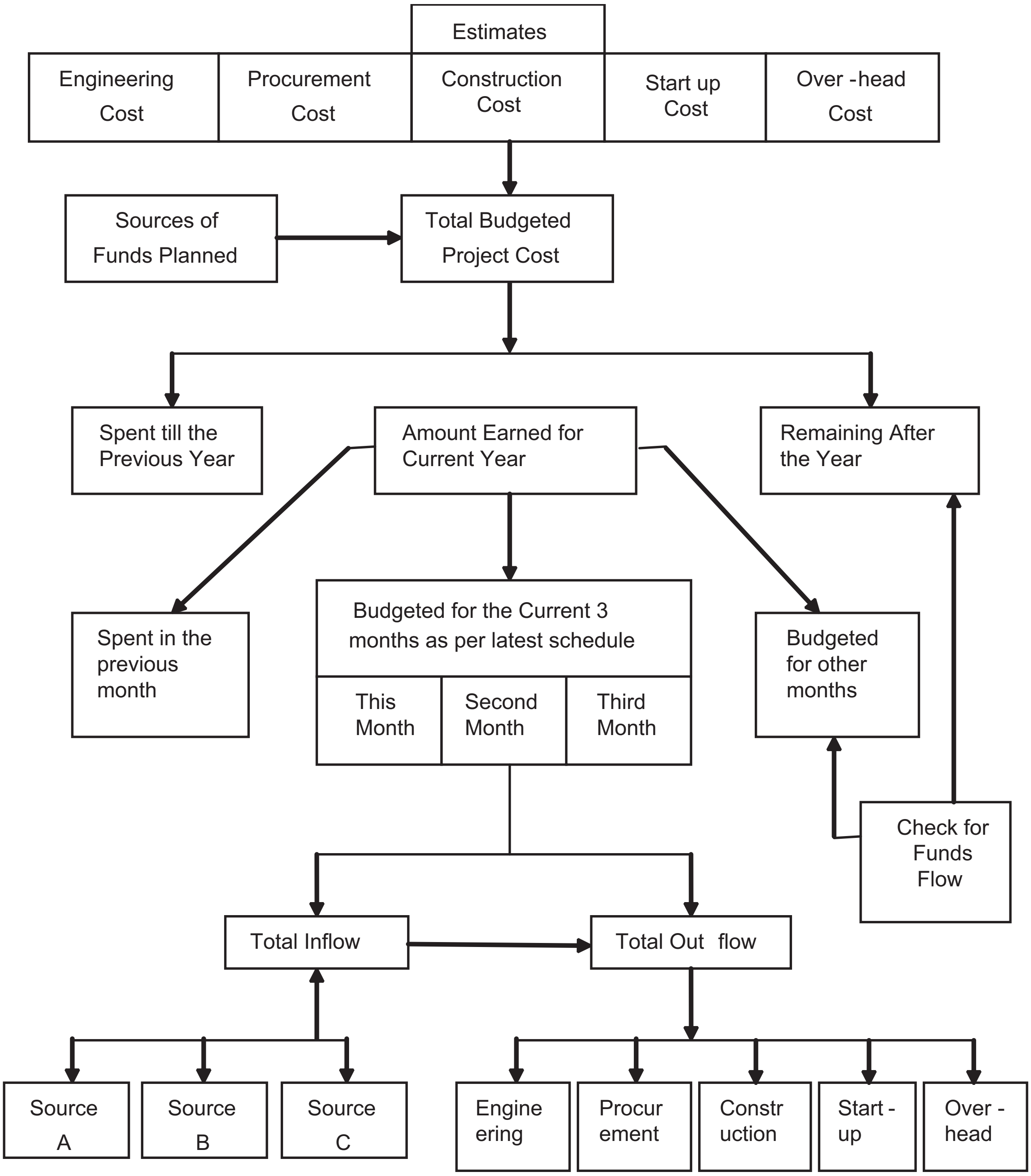

Fig. 11 : Funds Flow Control System

Note: All boxes indicates the concerned amount

Conclusion

Of late, the numbers of IP's are increasing phenomenally due to several advantages and opportunities for host country and participating countries. It happening due to globalization trends since over three decades. Trade barriers within many countries have been removed and hence there is considerable interest has been taken in this area by developing and developed countries. Certain developed countries grew faster and after having reached a saturation point have turned to new projects outside those countries. New awaking countries have paving way for launching new projects.

Economic factors, cost aspect in investing, demographic factors, attracting foreign investment, varying levels of ecological regulations are major attributes for the growth of IP's and in short, the following benefits are encouraging

1. Tax provisions
2. Protection against domestic recession
3. Hedge against inflation
4. Sharing in natural resources
5. Expanding of market
6. Optimum usage of factors of production
7. Optimal mix of various resources

The future IP' would make the global village more comfortable, product cost effective commodities and processes, provides the teams of managers take precaution not to meddle with the environment.

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A STUDY ON THE SOCIO – ECONOMIC CONDITION OF INDUSTRIAL WORKERS IN THUVAKUDI, TIRUCHIRAPPALLI DISTRICT

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Indian industries are the major aspects for the rapid growth in modern India. Industries play a vital role in shaping the economy of a society. Though India is basically an agrarian nation. Yet Indian industries provide a financial support to the country. Industries are the major aspects for the rapid growth in modern India. India is counted among the most important emerging economies of the world, but employment conditions in the country still remain poor. Overall, labour force to population ratio in the age group 15 years and above at 56 per cent is low in India For a healthy and sustained development of the economy the agriculture, industry sectors to grow harmoniously and gradually. Industry can be defined to mean the application of mechanized means of production to transforming inputs into outputs. It offers the potential of raising the productivity of all inputs used in the economy to substantial degree. As per the Census 2001, the Indian workforce is over 400 million strong, which constitutes 39.1 percentage of the total population of the country. The workers comprise 312 million main workers and 88 million marginal workers. Sex differential among the number of male and female worker in the total workforce is significant. Of the total 402 million workers, 275 million are males and 127 million females. This would mean that 51.7 percent of the total males and 25.6 percent of the total females are workers. The number of female workers is about less than half the number of male workers. In terms of proportion, 68.4 percent of the workers are males and 31.6 percent females. Main workers constitute 77.8 percent of the total workers. The remaining are marginal workers. Among the main workers, female workers, are only 23.3 percentage and 76.7 percentage are male workers. Majority of female workers 87.3 percent are from rural areas. This is also twice that of male workers, which may be due to their being employed predominantly in activities like cultivation and agricultural labour. The main objective of the present study has been to bring in to focus the various social and economic aspects of life of industrial workers in the study area .

Objectives

- To study the socio –economic conditions of industrial workers in the Thuvakudi.
- To analyze the satisfaction of workers towards their organizational working condition.
- To analyze the job satisfaction of the sample workers.

Methodology

This study is based on both primary data and secondary data .For the purpose of collecting primary data question were prepared and answer for the questions were collected through personal interview from 50 respondents and data also collected from books, journals and websites.

Socio –Economic Condition of Industrial Workers

To understand the findings on various characteristics, it is essential to have the demographic and socio-economic profile of population on which the study is being carried out . Hence it has been attempted to collective various demographic particulars such as religion , caste , family back ground , and the economic study of the families. The result of the analysis is given in the following paragraphs.

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Table No - 1.1 : Age of the Respondents

Sl. No	Age	No. Of Respondents	Percentage
1	Below 25 to 35	25	50
2	35 to 45	15	30
3	45 to 55	10	20
	Total	50	100

Sources : Primary Data

Age is one of the important factors determining the productivity and performance level of industrial workers. Table No:1.1 reveals that majority of the respondents 50 percentage are in age group between 25 to 35 years, the most productive age group in the life span of an individuals . 30 percentage reported to be in the age group between 35 to 45 year. A equally high productive age group. A meager 20 percentage is the age group between 45 to 55 years . The study shows 50 percentage of workers in age group between 25 years to 35 years.

Table No - 1.2 : Community –wise classification of the Respondents

Sl. No	Community	No. Of Respondents	Percentage
1	SC	12	24
2	BC	18	36
3	MBC	20	40
	Total	50	100

Sources: *Primary Data*

It is evident from Table No.1.2 shows that an absolute majority of 40 percentage of the respondents MBC and 36 percentage of the respondent of BC and SC 24percentge.

Table No - 1.3 : Sex of the Respondents

Sl. No	Gender	No. Of Respondents	Percentage
1	Male	42	84
2	Female	8	16
	Total	50	100

Sources: *Primary Data*

It is evident from Table No. 1.3 shows that the respondents chosen for study are not equality distributed between male and female population majority of the respondents 42 percentage were chosen from male workers 8 percentage respondents were chosen from female population.

Table no- 1.4 : Respondent working experience in Industry

Sl. No	Working period	No. Of Respondents	Percentage
1	Below 5 years	21	42
2	5-10 years	14	28
3	10-15 years	7	14
4	15-20 years	7	14
5	above 30 years	1	2
	Total	50	100

Table No:1.4 indicates that 2 percentage of them were working in industry for above 30 years. 14 percentage of workers experience in industry 10 to 20 years .There are 28 percentage of the workers who are working in industry 5to 10 years . 42 percentage of the respondents who are working in industry for 5 years .

Table no - 1.5 : Job Satisfaction of the respondents

Sl. No	Job satisfaction	No. Of Respondents	Percentage
1	Yes	24	52
2	No	26	48
	Total	50	100

Sources : *Primary Data*

Table No 1.5 explains that an absolute majority of 52 percentage respondents have expressed their opinion that they are satisfied towards the work which they carrying out this is a clear indication that the industrial relation is well maintained in the industries where the repentance 48 percentage respondents dissatisfied chosen for study area.

Table No - 1.6 : Satisfaction of Respondents towards Wage

Sl. No	Wage Satisfaction	No. Of Respondents	Percentage
1	Yes	14	28.0
2	No	36	72.0
	Total	50	100

Sources: Primary Data

Wage are the reward paid to the workers. Wages will definitely have a profound influence on the job satisfaction of the workers their level of the efficiency and productive. Table No 1.6 present the fact that a majority of 72 percentage respondents that they are not satisfied with the wage paid and 28 percentage of people are satisfied with the wage.

Table No - 1.7 : Size of the family respondents

Sl. No	Family size	No. Of Respondents	Percentage
1	3members	6	12
2	5 members	29	58
3	7 members	15	30
	Total	50	100

Source : *Primary Data*

Table No1.7 shows that 12 percentage families of workers in the area of this study less than members in their family whereas 58percentage families had of five members.30 percentage families were very consisting of seven members .The members in the bigger families comprised of the parents, brother and sister of the husbands of the respondents and their children .

Table No - 1.8 : Saving Habit of the Respondent (per month)

Sl. No	Saving per month	No. Of Respondents	Percentage
1	100	8	16
2	100-200	12	24
3	200-300	25	50
4	300-400	5	10
	Total	50	100

Sources : *Primary Data*

Table No 1.8 indicates that 16 percentage of respondents were able to save than £ 100 where as 24 percentage could save between£ 100 to 200 in month . There were just 10 percentage respondents were likely to save more than £ 300 to 400 in month saving

Table No - 1.9 : Industrial working hours of the Respondents

Sl. No	Working hours	No. Of Respondents	Percentage
1	8 hours	45	90
2	10 hours	5	10
	Total	50	100

Sources :Primary Data

Table No :1.9 shows that Industrial working hours of the respondents explain that majority of the workers 90percentage workers working for 8 hours a day but the factories Act 1948 stipulates a maximum of 48 hours per week or 8 hours a day for the workers this clearly shows that 5 workers are working more than 8 Hours of work.

Table No - 1.10 : Satisfaction of the workers towards their industrial working condition

Sl. No	Working condition	Yes	Percentage	Yes	Percentage
1	Safety	48	96	2	4
2	ventilation	47	94	3	6
3	Industrial health and hygiene	43	86	7	14
4	Nature of work	36	72	14	28
5	Relationship with the employers	43	86	7	14
6	Industry demography	41	82	9	18

Sources : Primary Data

Table No1.9 that more than 80percentage of the respondents are satisfied with the working condition of their organization such as safety 96 percentage, ventilation 94 percentage, health and hygiene 86 percentage, industrial relation 86 percentage and industrial demography 82 percentage .Comparatively speaking workers are not satisfied with the nature of working. 28percentage of the respondents expressed that they find their work monotonous.

Table No - 1.11 : Membership of the Respondents in trade union

Sl. No	Membership	No. Of Respondents	Percentage
1	Yes	2	4
2	No	48	96
	Total	50	100

Sources :Primary Data

It is clear from Table No 1.10 shows that 96 percentage of the respondents are not the members of trade union in the their organization. 4 percentage of the respondents effectively participate in union activities. This shown, that in voluntary character of workers for social cause.

The major finding of the present study are:

- 50 percentage of respondents are in the age group between 25 years and35 years .The most productive age group in the life span of the individual.
- Respondent chosen for study are not equally distribution between male and female population majority of the respondents 84 percentage were chose for male workers,16percentage respondents were from female population
- Majority of the respondents 82 percentage are married and 18 percentage of the respondents are un-married.
- 82 percentage of the respondents are from a nuclear family which has now become the order of the day and 18 percentage of the respondents from joint family.
- 56 percentage of the rural native background which shows their migratory character and search of job could have been the driving force of migration. 44 percentage of the respondents hail from urban area.

- 44percentageof the respondents dwell in their own house and 56 percentage of the respondents well in rented house.
- 48 percentage respondents have expressed their opinion that they are satisfied towards the work which they are carrying out 52 percentage of the respondents of not satisfied
- 72 percentage of the respondent that they are satisfied with the wage paid from to them.
- 94 percentage of the respondents have the habit of saving.
- 97 percentage of work for more than 8 hours a day.

Conclusion:

The study highlight an overview of the socio-economic conditions of industrial workers in the study area and also their level of satisfaction towards their job, working conditions, conditions of the work and workers participation in trade union activity. It is disheartening to note that majority of the respondents are not members of trade union. Therefore, representing the common interests of workers to employers will be a difficult job which will ultimately affect the industrial relation and therefore productivity of the organization .As for as possible democratic functioning of organization must be encouraged and the social security measures of the employees must be strengthened for good industrial relation .

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RISK MANAGEMENT IN BANKING

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Abstract

Banking institution has contributed to the economic development of the country. Bank faces numerous risks such as credit risk, market risk and operational risk. Banks assume credit risk when they act as intermediaries of funds. The business of banking is credit and credit is the primary basis on which bank's quality and performance is centered failure of banks had been poor loan quality that is loans and advances given by them are not yielding expected returns are not coming back to the lenders. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or some external events. A market risk is a risk of loss that may accrue on account of adverse changes in interest rates, prices and foreign exchange rates. Liquidity refers to excess of liability over assets and interest rate risk refers to fluctuations in interest rates. The concept of risk and management are core of financial enterprise

***Key words:** : bank, credit risk, loan, risk management, Basel-II,*

Introduction

Risk Management in Indian banks:-

Risk management in Indian banks is a relatively newer practice, but has already shown to increase efficiency in governing of these banks as such procedures tend to increase the corporate governance of a financial institution. In times of volatility and fluctuations in the market, financial institutions need to prove their mettle by withstanding the market variations and achieve sustainability in terms of growth and well as have a stable share value. Hence, an essential component of risk management framework would be to mitigate all the risks and rewards of the products and service offered by the bank. Thus the need for an efficient risk management framework is paramount in order to factor in internal and external risks.

The financial sector in various economies like that of India is undergoing a monumental change factoring into account world events such as the ongoing Banking Crisis across the globe. The 2007–present recession in the United States has highlighted the need for banks to incorporate the concept of Risk Management into their regular procedures. The various aspects of increasing global competition to Indian Banks by Foreign banks, increasing Deregulation, introduction of innovative products, and financial instruments as well as innovation in delivery channels have highlighted the need for Indian Banks to be prepared in terms of risk management.

Indian Banks have been making great advancements in terms of technology, quality, as well as stability such that they have started to expand and diversify at a rapid rate. However, such expansion brings these banks into the context of risk especially at the onset of increasing Globalization and Liberalization. In banks and other financial institutions, risk plays a major part in the earnings of a bank. The higher the risk, the higher the return, hence, it is essential to maintain a parity between risk and return. Hence, management of financial risk incorporating a set systematic and professional methods especially those defined by the Basel II becomes an essential requirement of banks. The more risk averse a bank is, the safer is their Capital base.

Objectives of the Study:-

The following are the objectives of the study.

i. To identify the risks faced by the banking industry.
ii. To trace out the process and system of risk management.
iii. To study the risk management tools and techniques as prescribed by RBI

Review of Literature:

M. Manoj Kumar**:** February 28, 1997. The banking industry recognizes that an institution need not engage in business in a manner that unnecessarily imposes risk upon it; nor should it absorb risk that can be efficiently transferred to other participants. Rather, it should only manage risks at the firm level that are more efficiently managed there than by the market itself or by their owners in their own portfolios. In short, it should accept only those risks that are uniquely a part of the bank's array of service.

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Ms.Asha Singh July (2013): Credit Risk Management Policy of the bank dictates the Credit Risk Strategy. These policies spell out the target markets, risk acceptance/avoidance levels, risk tolerance limits, prefer levels of diversification and concentration, credit risk measurement, monitoring and controlling mechanisms. The ever-improving risk management practices in the Bank will result in Bank emerging stronger, which in turn would confer competitive advantage in the market.

Dr. Krishna A. Goya (2010): Risk management has thus emerged as a new and challenging area in banking. Basel II intended to improve safety and soundness of the financial system by placing increased emphasis on bank's own internal control and risk management process and models.

Dr.P.Veni (2011) Credit is the real activity that should be managed to generate profitability by keeping the three cardinal principles of banking in mind "Liquidity, Solvency and Profitability". With the thinning of spreads in the deregulated and liberalized economy, risk management has become all the more crucial. So proper mechanism should be put in place for anticipation and identification of risks, together with a suitable mechanism to deal with such risks in an efficient and pro-active.

Methodology:-

The methodology used in the study is descriptive study The study was the pure research that mainly required Secondary data .The secondary data was mainly collected for theoretical purpose from various avenues like, internet, Materials , textbooks etc.

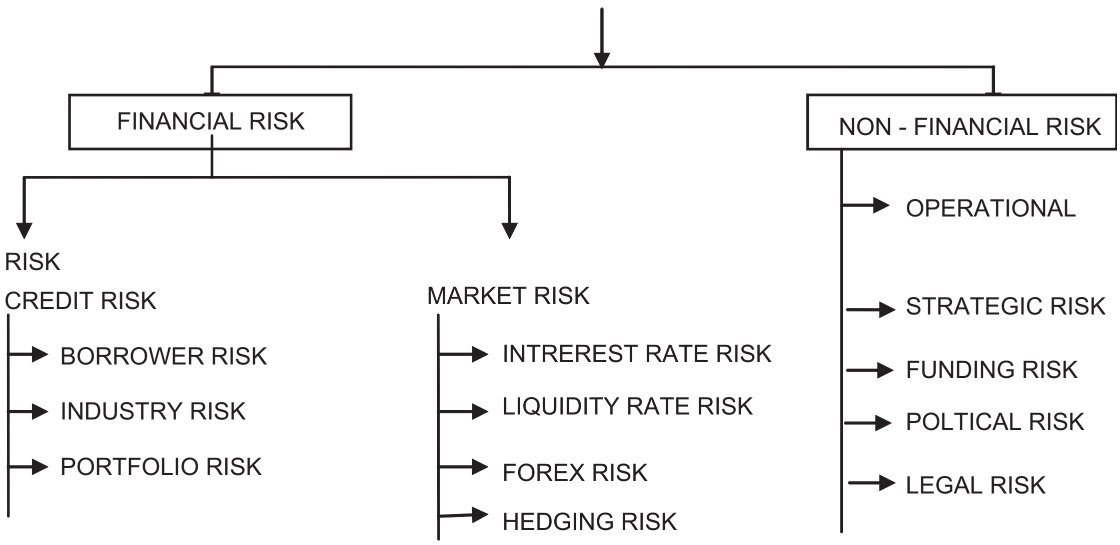
Definition of 'Risk Management'

The process of identification, analysis and either acceptance or mitigation of uncertainty in investment decision-making.

Risk management is a two-step process - determining what risks exist in an investment and then handling those risks in a way best-suited to your investment objectives. Risk management occurs everywhere in the financial world. It occurs when an investor buys low-risk government bonds over more risky corporate debt, when a fund manager hedges their currency exposure with currency derivatives and when a bank performs a credit check on an individual before issuing them a personal line of credit.

Types of Risk

Chart showing the types of risk



The type of risks can be fundamentally subdivided in primarily of two types,

Financial and Non-Financial Risk.

A) **FINANCIAL RISK:** Financial risk arises from any business transaction undertaken by a bank, which is exposed to potential loss. This risk can be further classified into Credit risk and Market risk.

1. **Credit Risk**

Credit risk refers to the risk that a borrower will default on any type of debt by failing to make required payments. The risk is primarily that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. The loss may be complete or partial and can arise in a number of circumstances. For example:

A consumer may fail to make a payment due on a mortgage loan, credit card, line of credit, or other loan .To reduce the lender's credit risk, the lender may perform a credit check on the prospective borrower, may require the borrower to take out appropriate insurance, such as mortgage insurance or seek security or guarantees of third parties. In general, the higher the risk, the higher will be the interest rate that the debtor will be asked to pay on the debt.

The Credit Risk is generally made up of transaction risk or default risk and portfolio risk. The portfolio risk in turn comprises intrinsic and concentration risk. The credit risk of a bank's portfolio depends on both external and internal factors. The external factors are the state of the economy, wide swings in commodity/equity prices, foreign exchange rates and interest rates, trade restrictions, economic sanctions, Government policies, etc.

The internal factors are deficiencies in loan policies/ administration, absence of prudential credit concentration limits, inadequately defined lending limits for Loan Officers/Credit Committees, deficiencies in appraisal of borrowers' financial position, excessive dependence on collaterals and inadequate risk pricing, absence of loan review mechanism and post sanction surveillance, etc.

2. **Market risk**

Market risk is the risk of losses in positions arising from movements in market prices.

Types market risk:

- *Equity risk*, the risk that stock or stock indices (e.g. Euro Stocks 50, etc.) prices and/or their implied volatility will change.
- **Interest rate** :Interest Rate Risk (IRR) refers to potential impact on NII or NIM or Market Value of Equity (MVE), caused by unexpected changes in market interest rates *risk*,
- **Liquidity Risk :** The liquidity risk of banks arises from funding of long-term assets by Short-term liabilities, thereby making the liabilities subject to rollover or refinancing risk.
- **Currency risk:** the risk that foreign exchange rates (e.g. EUR/USD, EUR/GBP, etc.) and/or their implied volatility will change. the risk that a bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position, either spot or forward, or a combination of the two, in an individual foreign currency.
- ***Commodity risk*****:** the risk that commodity prices (e.g. corn, copper, crude oil, etc.) and/or their implied volatility will change.

B) **Non-Financial risks** would entail all the risk faced by the bank in its regular workings, i.e. Operational Risk, Strategic Risk, Funding Risk, Political Risk, and Legal Risk

1. **Operational Risk** is defined as any risk, which is not categorized as market or credit risk, or the risk of loss arising from various types of human or technical error. It is a synonymous with settlement or payments risk and business interruption, administrative and legal risks. Operational risk has some form of link between credit and market risks. An operational problem with a business transaction could trigger a credit or market risk.

Techniques of Risk Management

a) **GAP Analysis:** It is an interest rate risk management tool based on the balance sheet which focuses on the potential variability of net-interest income over specific time intervals.

b) **Value at Risk (VaR):** it is one of the newer risk management tools. The Value at Risk (VaR) indicates how much a firm can lose or make with a certain probability in a given time horizon.

c) **Securitization: It** is a procedure studied under the systems of structured finance or credit linked notes. Securitization of a bank's assets and loans is a device for raising new funds and reducing bank's risk exposures. The bank pools a group of income-earning assets (like mortgages) and sells securities against these in the open market, thereby transforming illiquid assets into tradable asset backed securities.

d) **Sensitivity Analysis:** It is very useful when attempting to determine the impact, the actual outcome of a particular variable will have if it differs from what was previously assumed. By creating a given set of scenarios, the analyst can determine how changes in one variable(s) will impact the target variable.

e) **Internal Rating System:** An internal rating system helps financial institutions manage and control credit risks they face through lending and other operations by grouping and managing the credit-worthiness of borrowers and the quality of credit transactions.

Conclusion

The future of banking will undoubtedly rest on risk management dynamics. Only those banks

that have efficient risk management system will survive in the market in the long run. The effective management of credit risk is a critical component of comprehensive risk management essential for long-term success of a banking institution. Credit Risk Management in today's deregulated market is a big challenge. Increased market volatility has brought with it the need for smart analysis and specialized applications in managing credit risk. A well defined policy framework is needed to help the operating staff identify the risk-event, assign a probability to each, quantify the likely loss, assess the acceptability of the exposure, price the risk and monitor them right to the point where they are paid off.

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THE VITALITY OF MICRO FINANCE

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Abstract

What does microfinance actually mean? It appears that what microfinance means is very well understood, but not clearly articulated. There are some definitions of microfinance offered in past literature. Robinson (2001) for instance says ?microfinance refers to small-scale financial services – primarily credit and savings – provided to people who farm, fish or herd.? However, she later admits that the definitions could be narrower and more focussed, depending on the typology of lending. She however maintains that it would be good to keep the definition to ?refer to all types of financial services provided to low-income households and enterprises.?

Key words: *Self - help groups, Micro finance institutions, Bank linkage models, financial needs of poor people, Poverty alleviation programmes, Socio economic profile*

Introduction

Human lives are loaded with enormous complexities like shelter, clothing, security, status and even religion. But all these complexities differ from individual to individual on the ground of their financial stability as well as the earning capacity clubbed with their investment patterns. In fact this distinguishes a person either as rich or poor. Now, in the modern scenario, though the poor become the poorest, with the emergence of micro finance and NGO managements, a portion of the poorest makes phenomenal changes in their modes of life. The only reason could be micro finance.

Vision of Micro Finance

'Micro Finance', the recent past originated trend has become a supportive tool to ensure the financial stability of poor people. The fundamental vision of micro finance is to provide micro credit to poor in the form of short term and long term loans through which the poor can initiate micro enterprises and even small scale industries and thereby they can mobilize fund at an optimum level with help and support of different nongovernmental organizations and at the stage of maturity, micro enterprises and small scale industries can repay its debts. This vision is beyond control since the unavoidable environmental factors like politics, religion, caste and existing systems often interfere in the affairs of micro finance. If it can be kept away from all these realities, then micro finance would be an influential device to uplift the financial stability and solidity of low level income segmented group.

Vitality of Micro Finance

The structure of micro finance itself summarizes its strengths as well as vitality; such as the vitality of micro-credit; the vitality of micro-loan; the vitality of micro help and strengthening. The first two vitalities are of a finance nature whereas the third one points out the sociological aspect of micro finance. The micro credit and micro loan are totally based totally on the mobilization of finance either through NGOs and SHGs or from higher money lenders like financial agencies, finance institutions and bank. The magnificence of micro finance absolutely lays upon the micro credit and micro loan. But the question is this: if micro finance concentrates only on micro credit or micro loan, then how can it accumulate fund for micro credit or micro loan. Here we have to think of micro investment, micro insurance and micro capital. The three vitalities are discussed as follows:

Micro Credit or Micro Loans

Micro credit or micro loan is comparatively a small amount which is given to people to be self employed. It is also known as micro lending. Generally, it has a small value with a rate of nominal interest.

Micro Investment or Micro Savings

Micro investment or micro savings is a small portion of earnings of poor which is invested or saved in micro financial institutions to get a nominal rate of interest. This leads to micro interest.

Micro Insurance

Since micro finance is set apart with micro loan and micro investment, it would be easy for micro financial

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institutions to develop micro insurance which may assist poor to attain insurance policies, which ensures their social and financial stability to a certain extent, by paying a nominal insurance premium. Micro insurance is a new concept in development stage and is still in the experimental stage and has to be debated on its pros and cons from different perspectives.

Micro Capital

It is unattainable for a poor to think of a large scale operation of business; but he can think of a small scale operation of business to earn profit through adequate capital with the support of investors. In a broad sense this capital can be called as micro capital.

Conclusion

Micro finance can make differences in the life of the poor provided it reaches them in its perfection. Economic participation should be open to all so that it might caste away aberrations from the financial stability of the poor.

NARASIMHAM COMMITTEE – THE CHANGING SCENARIO OF INDIAN BANKING SECTOR

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Abstract

In order to correct imbalances in the banking system, nationalised banks set an objective to initiate a branch expansion programmes particularly in unbanked and under-banked areas. In terms of the branch licensing policy laid down by the RBI the assent was on the opening of branches in rural and semi-urban areas, backward regions and under-banked States, so that inter-regional disparities could be reduced. One of the important objectives of branch expansion was to mop up national savings both actual and potential and to channel them into investments according to plan a priorities. In response to the reforms made by the government in the banking sector it becomes necessary to restructuring the banks in India. The RBI had taken certain measures such as, enabling measures, strengthening measures and institutional measures for restructuring the banks in India to make internationally competitive. In response to the reforms, the progress of banking sector in the last seventeen years has been impressive. The banks have been adjusting very well to the new environment and becoming internationally competitive. Hence, the period 1992-2007 may be regarded as the phase of reformation in the evolution of Indian banking system.

Introduction

The Banking System in India consists of commercial banks, co-operative banks and foreign banks, of which the former accounts for around 98 per cent of banking system assets. The Public Sector Banks (PSBs) dominate the commercial banking system of India, accounting for a little more than 80 per cent of commercial banking assets. In India the PSBs have played their role as growth facilitators and the evaluation of banking is closely inter-twined with the growth and evaluation of the real sector.

During the pre-reform era, domestic private banks and foreign banks were allowed to co-exist along with the PSBs, but their activities were closely monitored and highly restricted through regulated entry and strict branch licensing. A large number of regulatory measures were adopted by the RBI to achieve a desired sectoral allocation of credit, i.e., subsidised lending rates to priority sectors, provision of refinance facilities, setting up credit guarantee schemes, rural and semi-urban branching, ceiling on deposit rates and differential lending on borrowers level of income and type of loan. These measures led to a phenomenal growth of the banking system, especially that of the PSBs. In fact, during the early 1990s PSBs owned nearly 90 per cent of total business in the banking industry. However, this rapid growth, owing to excessive focus on quantitative achievements made many banks inefficient, unprofitable and undercapitalized. With this background the present paper seeks to examine the following:

- The Status of PSB during Nationalisation period.
- Banking Sector Reforms- 1991
- Narasimham Committee during 1998
- Major challenges encountered by the Indian Banking

Public Sector Banks During Nationalization

The period 1969-1991 was considered as the expansion phase/pre-reform era of the banking sector. Major developments had been made during this period. Major scheduled commercial banks were came under the control of the Government of India which made the banking sector more vibrant and stronger. Substantial acceleration in the branch expansion had been made after the introduction of the social control scheme, yet there was not significant reorientation of the lending activities of banks for the legitimate credit requirements of priority sectors and weaker sections of the society. It was felt that social control by itself would not be adequate to make the commercial banking system a meaningful instrument of socio-economic policies. Hence, Bank Nationalisation has become the necessity for furthering socialism in India. A serious thought was made for expansion of public sector banking through the nationalisation of major fourteen Indian schedule commercial banks. Accordingly, on 19th July, 1969, fourteen large commercial banks incorporated in India having deposits of Rs. 50 crore and above were nationalised by promulgating an ordinance called the Banking Companies (Acquisition and Transfer of Undertaking) Ordinance, 1969. The details of the 14 banks are given in Table 1

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Table - 1 : Position of 14 Nationalised Banks on the Eve of Nationalisation (Rs. in crore)

Sl. No.	Name of the Bank	No. of Branches	Deposits	Advances
1	Central Bank of India	564	442	303
2	Bank of India	273	358	243
3	Punjab National Bank	570	358	257
4	Bank of Baroda	373	283	176
5	United Commercial Bank	349	203	136
6	Canara Bank	325	148	109
7	United Bank of India	175	147	107
8	Dena Bank	234	125	76
9	Union Bank of India	241	115	74
10	Allahabad Bank	153	114	82
11	Syndicate Bank	307	110	90
12	Indian Bank	218	79	60
13	Bank of Maharashtra	153	78	65
14	Indian Overseas Bank	198	67	45
Total		**4134**	**2626**	**813**

Source: *Rangaswamy, PSB in India, GOI P.20*

Table - 2

Position of Banks in 1969 (Rs. in crore)

Sl. No.	Name of the Bank	No. of Branches	Deposits	Advances
1	Public Sector Banks	6596	3872	3035
2	State Bank of India	1569	948	966
3	State Bank of India Asso.	893	291	219
4	14 Nationalised Banks	4134	2633	1850
5	Private Sector Banks	1666	774	574
6	All Commercial Banks	8262	4646	3609
Total		**79.8%**	**83.1%**	**84.1%**

Source: Rangaswamy, PSB in India, GOI P.20

Nationalisation Of Six More Banks In 1980

On 15th April, 1980, six more banks in the private sector having demand and time liabilities in India of less than Rs. 200 crore on 14th April, 1980, were nationalised through a presidential ordinance. The six banks were:

a) Andhra Bank Limited
b) Corporation Bank Limited
c) New Bank of India Limited
d) Oriental Bank of Commerce Limited
e) Punjab and Sindh Bank Limited
f) Vijaya Bank Limited

The positions of six nationalised banks as on the last Friday of March 1980 are shown in Table 3. The objective of nationalising these banks was to enhance the ability of the banking system to meet more adequately the needs of the development of economy and to promote the welfare of the people more adequately.

Table - 3

Position of Six Nationalised Banks, on the Eve of Second Phase of Nationalisation

(Rs. in crore)

Sl. No.	Name of the Bank	No. of Branches	Deposits	Advances
1	Andhra Bank Limited	588	460	308
2	Corporation Bank Limited	304	212	134
3	New Bank of India Limited	402	291	237
4	Oriental Bank of Commerce Limited	301	216	152
5	Punjab and Sindh Bank Limited	520	466	336
6	Vijaya Bank Limited	571	365	208
Total		**2686**	**2110**	**1375**

Source: *Rangaswamy, PSB in India, GOI P.20*

Branch Expansion

In order to correct imbalances in the banking system, nationalised banks set an objective to initiate a branch expansion programmes particularly in unbanked and under-banked areas. In terms of the branch licensing policy laid down by the RBI the assent was on the opening of branches in rural and semi-urban areas, backward regions and under-banked States, so that inter-regional disparities could be reduced. The details of the progress of branch network during the period 1969 to 1991 are presented in Table 4

Table - 4 : Branch Network of Banks during 1969 to 1991

Year	Total No. of Branches	Rural Branches	Semi-Urban Branches
1969	8262	1833	3342
1980	32419	15105	8122
1991	60220	35026	11344

Source: Velayudam T.K. "Development in Indian Banking", Bank Quest, Indian Institute of Bankers, October-December 2002

The total number of bank branches increased eight fold between 1969 and 1991 and the bulk of the increase was on account of rural branches, which increased from less than two thousand in 1969 to over 35 thousand in 1991. The percentage share in the total number of branches of rural and semi-urban offices rose from 22 per cent and 4 per cent respectively in 1969 to 45 per cent and 25 per cent in 1980 and 58 per cent and 18 per cent in 1991. A substantial part of the increase in branches expansion took places in the first decade after nationalisation. The share of rural and semi-urban branches together, in the total number of branches rose from 26 per cent in 1969 to 76 per cent in 1991. The impact of this phenomenal growth was to bring down the population per branch from 60,000 in 1969 to about 14,000. Thus, one of the objectives of nationalisation, i.e., to make banking reach out to the small man in rural and semi-urban areas may be said to have been served to a great extent.

Resource Mobilisation

One of the important objectives of branch expansion was to mop up national savings both actual and potential and to channel them into investments according to plan a priorities. The magnitude of resources mobilised by the banks during 1969 to 1991 is indicated in

Table - 5 : Resource Mobilisation of Banks during 1969 to 1991

Year	Total No. of Branches	Rural Branches	Semi-Urban Branches
1969	5137	3280	1524
1980	37,988	19,253	10,937
1991	2,30,758	1,28,768	56,902

Source: *Velayudam T.K. "Development in Indian Banking", Bank Quest, Indian Institute of*

Bankers, October-December 2002

Total deposits increased six-fold between 1969 and 1980 and was five-fold between 1980 and 1991. The substantial increase in total deposits was because of the rise in the term deposits of the rise in the term deposits and saving deposits, which represent the savings of the community. These two categories of deposits recorded a six-fold increase in each of the periods from 1969-1980 and 1980-1991. The share time deposits was on an average 56 per cent of total deposits for the period 1969-1991 while the average share of savings deposits was 27 per cent. It was crore in 1969 rose to Rs. 1.2 crore in 1980 and 3.8 crore in 1991. This is the result of both widening and deepening of the branch network of banks.

Narasimham Committee on Banking Sector Reforms - 1991

Considering the growing erosion in the efficiency and profitability of the banking sector, the Government decided to restructure the banking sector in order to infuse greater competition and efficiency in their workings and to increase their profitability. Accordingly, the Government of India appointed a nine-member committee headed by M. Narasimham, the former Governor of RBI on 14th August 1991. The Committee was appointed to review the working of the commercial banks and other financial institutions of the country and to suggest measures to remodel these institutions for raising their efficiency.

The Narasimham committee submitted its report in November, 1991 and the report was placed before the parliament on 17th December, 1991. The objective of the banking sector reform was to promote a diversified, efficient and competitive financial system with the ultimate object of improving the allocative efficiency of resources through operational flexibility, improved financial viability and institutional strengthening.

In the report the Committee has acknowledged the success of the PSBs in respect of branch expansion, deposit mobilisation in household sector, priority sector lending and removal of regional disparities in banking sector. But the banking sector suffered serious erosion in its productivity, efficiency and profitability. Two important factors such as directed investment and directed credit programme responsible for this situation as pointed out by the committee. The committee also not favoured the high statutory liquidity ratio (SLR – 38.5 per cent) as it is a kind of tax on the banking system and diverted a good amount of banking fund for unproductive purpose. Similarly, the CRR, in the form of “reserve requirement tax” has reduced the potential income of the banks and thus reduced the profitability of the bankers.

The Committee also mentioned that the operational expenditure of the banks has increased significantly due to phenomenal increase in branch banking, lack of proper supervision, rapid growth of staff and accelerated promotion, improper role of trade unions and higher unit cost administering loan to the priority sector.

Hence, the Narasimham Committee recommended for reforming the banking system on the sole rational criteria. The recommendations of the committee aimed at:

1) Ensuring higher degree of operational flexibility;
2) Autonomy in decision making and
3) To infuse competitiveness and higher degree of professionalism in banking operations in order to achieve efficiency and effectiveness of the financial system.

The important recommendations made by the Narasimham Committee for making necessary reforms in the banking system as well as in the financial system are as follows:

a) Establishment of a four-tier hierarchy for the banking structure consisting of three or four large banks including the SBI at the top, 8 to 10 national banks with a network of country wide branches, local banks for regional operations and rural banks at the bottom mainly engaged in financing agriculture and related activities,
b) Government should not contemplate to nationalize any private commercial banks in future and private banks should be treated at par with PSBs,
c) Lifting the bar on setting up new banks in the private sector and abolishing the licensing procedure for branch expansion,
d) The Government should be more liberal in allowing the foreign bank to open more branches keeping in line with the foreign investment policy. Foreign operations of Indian banks should be rationalised,
e) The statutory liquidity ratio (SLR) and cash reserve ratio (CRR) should be progressively brought down from 1991-1992,
f) The directed credit programme should be re-examined; the priority lending should be curtailed. The priority sector should be redefined to comprise small and marginal farmers, the tiny industrial sector, small business operators and other weaker sections,
g) Interest rate be further deregulated to reflect emerging market conditions and the present interest rates on bank deposits may continue to be regulated,
h) In respect of doubtful debts, provisions should be created to the extent of 100 per cent of the security short fall. Loss of assets should either be fully written off. A board for tackling the problem of bad debts is to be formed,

i) Common staff recruitment system for bank officers be done away with a part of the banking reforms. Urgent need of the greater use of computer system,

j) Every PSB should setup rural banking subsidiaries a part with regional rural banks,

k) A percentage of shares of the public sector banks should disinvested like others PSBs, and

l) Government guidelines relating to matters of internal administration should be rescinded to ensure the independence and autonomy of the banks. The quality of control over the banking system between the RBI and the banking division of the Ministry of Finance should be end and RBI should be the prime agency for regulation of the banking system.

The Narasimham Committee also recommended for:

1) Assigning supervisory functions over banks and other financial institutions to a separate quasi-autonomous body to be sponsored by RBI,
2) Infusing competition among the development financial institutions (DFIs) to adopt a syndicating or participating approach rather than consortium approach. The DFIs should adopt internationally accepted norms to restore capital adequacy and extend loans for short periods to meet working capital requirements,
3) Prudential guidelines should govern the functioning of all financial institutions, and
4) Provision to make for proper classification of assets and full disclosure and also for transparency of accounts of bank and other financial institutions.

In spite of strong opposition from different corners, Government initiates the recommendations in the country. These recommendations are a landmark in the evolution of banking sector in the country, which transformed the Indian banking system from a highly regulated to a more market-oriented system.

Committee on Banking Sector Reforms-1998

Again the Government of India appointed Mr. Narasimham as chairman for Second High Level Committee on Banking Sector Reforms to review the progress of banking sector reforms to date and chart a programme on financial sector reforms necessary to strength and makes Indian banking internationally competitive. The Committee on the banking sector reforms submitted its report to the Government on 23rd April, 1998. This report covers the entire gamut of issues, ranging from capital adequacy, bank mergers, and the creation of global sized banks, recasting bank boards and revamping bank legislation. The important findings and recommendations of the second committee (1998) are stated below:

The committee recommended for:

1) Merger of strong banks;
2) Rehabilitation of weak public sector banks which have accumulated a high percentage of non-paying assets (NPAs);
3) Setting up of small, local banks;
4) Raising the prescribed capital adequacy ratio to improve the inherent strength of bank and to improve their risk absorption capacity;
5) Setting up an asset reconstruction fund (ARF);
6) Public ownership and real autonomy to banks;
7) Review and up to date the banking laws;
8) Computerisation process in PSBs;
9) Professionalising and depoliticising bank boards;
10) Review of recruitment procedures;
11) Training and remuneration policies, etc.

The recommendations of the committee were approved in principle.

Challenges Ahead

Liberalisation, privatization, globalisation and de-regulation process started in 1991-92 has made a sea change in the banking system. From a totally regulated environment, we have gradually moved into market driven competitive system. The first phase of banking sector reforms has come to a successful end and banks are now under second generation of reforms. Banking industry is entering into a new phase where it will be facing increasing competition from non-banks, areas where the element of risk is greater and should compete for its survival. The major challenges are:

a) Technological Challenge
b) Operational Challenge
c) Manpower Challenge
d) Capital Requirement
e) Marketing Challenges
f) Qualitative Customer Services
g) Challenges of Globalisation

These challenges demand a well-planned strategy to cope with the challenging business environment. In a globalising economy there is a dire need for every management to develop the strategies to enhance competitiveness to become successful in the global competitive market. The future of Indian banks depends on their ability to respond to the changed realities in the new environment. Public Sector Banks would need to devise imaginative ways of responding to the evolving challenges within the context of mixed ownership. All in all, this is an existing phase of PSBs to grow and prosper and it is up to these banks to respond to the challenges. Only the successful banks will survive and others will vanish like dew.

Conclusion

In the post-reform period, it is pointed out that though there was a phenomenal growth in the Indian banking system in the pre-reform period, but the government was not satisfied with the performance of the banks due to certain weaknesses such as, low operational efficiency, inadequate capital base, high level of non-performing assets, low profitability, unhealthy balance sheets and unsatisfactory customer services.

In response to the reforms made by the government in the banking sector it becomes necessary to restructuring the banks in India. The RBI had taken certain measures such as, enabling measures, strengthening measures and institutional measures for restructuring the banks in India to make internationally competitive.

In response to the reforms, the progress of banking sector in the last seventeen years has been impressive. The banks have been adjusting very well to the new environment and becoming internationally competitive. Hence, the period 1992-2007 may be regarded as the phase of reformation in the evolution of Indian banking system.

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"EMPOWERMENT OF WOMEN THROUGH SELF HELP GROUPS- A STUDY IN KURNOOL DISTRICT OF ANDHRA PRADESH"

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Abstract

The Government of A.P. has taken up the theme of women's empowerment as one of the strategies to tackle the socio-economic poverty. There are 8.17 Lac women self- help group's in A.P. covering 97.47 Lac poor women. A.P alone has about half of the SHGs organised in the country. The Self –Help groups also popularly known as DWCRA Groups (Development of Women & Children in Rural Area) through which women groups were assisted initially. The SHG's are not only resorting to thrift but also are taking small loans out of the corpus fund available with the group. The Group corpus fund consists of Savings, Government Assistance and Bank loans, Members of the SHGs use the corpus fund for their personal needs like medical issues, livelihood generation, and water shed management, with a degree of self-sufficiency. In the long run such loans and corpus funds are used for income generation activities. Since, inception an amount of Rs. 1757.00 Crores is mobilized as corpus fund by these groups.

Key words: *SHG (self-help groups), women Empowerment, Rehabilitation, mutual- support, DWCRA(Development of women and children in Rural Area),Self-employment, Eradication of poverty, Economic growth , To avoid micro-credit etc.*

Introduction:

A Self-Help Group (SHG) is a non-professional organization formed by people with a common problem or situation, for the purpose of pooling resources, gathering information, and offering mutual support, services, or care. Self-help groups began to *spread in the United States following World War II and proliferated rapidly in the 1960s* and 70s. Among these groups are such organizations as Alcoholics Anonymous and those for the victims and families of victims of specific diseases, child abuse, suicide, and crime. Groups concerned with a shared situation include those for the elderly, single parents, and homosexuals. The definition of such groups sometimes includes social-advocacy organizations and halfway services (e.g., drug rehabilitation centers). Although self-help groups may draw on, or offer a bridge to, professional assistance, free services are usually provided by the members themselves through meetings, publications, the Internet, and individual contacts.

Self-Help Group may be registered or unregistered. It typically comprises a group of micro entrepreneurs having homogenous social and economic backgrounds; all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by micro finance institutions.

Self-help groups are started by non-profit organizations (NGOs) that generally have broad anti-poverty agendas. Self-help groups are seen as instruments for a variety of goals including empowering women, developing leadership abilities among poor people, increasing school enrolments, and improving nutrition and the use of birth control. Financial intermediation is generally seen more as an entry point to these other goals, rather than as a primary objective. This can hinder their development as sources of village capital, as well as their efforts to aggregate locally controlled pools of capital through federation, as was historically accomplished by credit unions. By this, an economically poor individual gains strength as part of a group. Besides, financing through SHGs reduces transaction costs for both lenders and borrowers. While lenders have to handle only a single SHG account instead of a large number of small-sized individual accounts, borrowers as part of an SHG cut down expenses on travel (to & from the branch and other places) for completing paper work and on the loss of workdays in canvassing for loans.

In Andhra Pradesh with special reference to the Kurnool district, about ninety percent of the self help groups are women groups. Majority women lack assets that help

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contribute to their empowerment and well-being, economic independence through self-employment and entrepreneurial development must be paid attention to. So, the Government of India has provided for Self-Help Groups (SHGs). In India, women Empowerment is a buzz word to-day. As a nation, India is committed to the empowerment of women. Though women is regarded as "the unsung heroine who works from dawn to dusk", yet it is unfortunate that even the ignorant and worthless men had been enjoying superiority over women which they do not deserve and ought not to have. So, since Independence, Government has made concerted efforts towards removing various biases. A Self-Help Group is a small voluntary association of poor people preferably from the same socio-economic back drop. The micro-credit given to them makes them enterprising; It can be all women group, all-men group or even a mixed group. However, it has been the experience that women's groups perform better in all the important activities of SHGs. Self help support groups provide a setting in which people who share similar experiences come together to offer practical and emotional support in a reciprocal and mutually beneficial manner. People go to self help support groups for many different reasons. Some simply want information and will then move on. Others may want to make sense of what is happening to them by sharing with those who have been through something similar. The Indian state of Andhra Pradesh, one of India's poorest, has used development self-help groups (SHGs) extensively as a primary tool of poverty alleviation and empowerment. A SHG is a small group of persons who come together with the intention of finding a solution to a common problem such as medical issues, livelihood generation or watershed management, with a degree of self-sufficiency. However, in Andhra Pradesh, the groups largely are the conduit through which *micro credit* is routed to the poor in the belief that it will serve as a catalyst in helping them to pull out of poverty.

Many groups provide support to people who are facing a transition in their life and are finding their changed circumstances difficult to cope with, for example:

- The death of a partner or family member
- The diagnosis of a life-threatening illness
- The onset of a long-term medical condition
- The loss of a valued role or work

Conversely there are those who use self-help support groups as a route to change, for example:

- To take active steps in getting well again or learning to cope in a different way
- To end a negative lifestyle or habit, to put the past behind and start living in a more positive way
- To get a new angle on an old problem.

Self-help groups, also known as mutual help, mutual aid, or support groups, are groups of people who provide mutual support for each other. In a self-help group, the members share a common problem, often a common disease or addiction. Their mutual goal is to help each other to deal with, if possible to heal or to recover from, this problem. While Michael K. Bartalos (1992) has pointed out the contradictory nature of the terms "self-help" and "support," the former U.S. surgeon general C. Everett Koop has said that self-help brings together two central but disparate themes of American culture, individualism and cooperation ("Sharing Solutions" 1992).

In traditional society, family and friends provided social support. In modern industrial society, however, family and community ties are often disrupted due to mobility and other social changes. Thus, people often choose to join with others who share mutual interests and concerns. In 1992, almost one in three Americans reported involvement in a support group; more than half of these were Bible study groups ("According to a Gallup Poll" 1992). Of those not involved in a self-help group at the time, more than 10 percent reported past involvement, while another 10 percent desired future involvement. It has been estimated that there are at least 500,000 to 750,000 groups with 10 million to 15 million participants in the United States (Katz 1993) and that more than thirty self-help centers and information clearinghouses have been established (Borman 1992).

Self-help groups may exist separately or as part of larger organizations. They may operate informally or according to a format or program. The groups usually meet locally, in members' homes or in community rooms in schools, churches, or other centers.

In self-help groups, specific modes of social support emerge. Through self-disclosure, members share their stories, stresses, feelings, issues, and recoveries. They learn that they are not alone; they are not the only ones facing the problem. This lessens the isolation that many people, especially those with disabilities, experience. Physical contact may or may not be part of the program; in many support groups, members informally hug each other.

Using the "professional expert" model, many groups have professionals serve as leaders or provide supplementary resources (Gartner and Riessman 1977). Many other groups, using the "peer participatory" model, do not allow professionals to attend meetings unless they share the group problem and attend as members or unless they are invited as speakers (Stewart 1990).Comparing the self-help peer participatory model with the professional expert model, experiential knowledge is more important than objective, specialized knowledge in the peer model. Services are free and reciprocal rather than commodities.

Equality among peers, rather than provider and recipient roles, is practiced. Information and knowledge are open and shared rather than protected and controlled. Peers can model healing for each other. By "the veteran helping the rookie," the person who has "already 'been there'" helps the newer member (Mullan 1992). Through peer influence, the newer member is affected (Silverman 1992). Although the newer member learns that the problem can be dealt with and how, the older member who helps also benefits (Riessman 1965).One possible effect of this peer model is empowerment. Self-help group members are dependent on themselves, each other, the group, perhaps a spiritual power. Together they learn to control the problem in their lives. Those who share a common shame and stigma can come together, without judging, to provide an "instant identity" and community (Borman 1992). They can give emotional, social, and practical support to each other. They can explore and learn to understand and to combat the shame and stigma together, enhancing their self-esteem and self-efficacy. Through participation, they can enhance their social skills, promoting their social rehabilitation (Katz 1979).Through "cognitive restructuring" (Katz 1993), members can learn to deal with stress, loss, and personal change (Silverman 1992).

The Government of Andhra Pradesh has taken up the theme of women's empowerment as one of the strategies to tackle the socio – economic poverty. Self-help movement through savings has been taken up as a mass movement by women– a path chosen by them to shape their destiny for better. Development Agenda of the State in the last few years placing the people, especially women in the fore –front has enabled formation of a large number of Self Help Groups (SHGs) throughout the State and majority of women are saving one rupee a day. The State government is consciously making an effort to assist SHGs by providing Revolving Fund / Matching grant under various programs.

In SHGs the SHG members by learning from the past experiences are walking through the present are marching ahead for a bright future. Government of Andhra Pradesh has rightly realized that the involvement of the rural poor women in development will speed up attainment of Swarnand hrapradesh and realizing the Vision indeed There are about 4.65 lakhs women SHGs in Andhra Pradesh covering nearly61.70 lakhs poor women. Andhra Pradesh alone has about half of SHGs organizedin the Country. The SHGs are also popularly called DWCRA Groups, ant this name became popular after the DWCRA programme (Development of Women and Children in Rural Areas) through which women's groups were assisted initially. The SHGs are not only resorting to thrift but also are taking small loans out of the corpus available with the group. The group corpus consists of savings, government assistance and also bank loan. Members use the loan out of group corpus for their personal needs initially. However, in the long run such loans are utilized for income generation activities. Since inception an amount of Rs.1556.90 crores is mobilized as corpus by these groups.

To conclude, each self-help group is different. A peer counselor uses each member's unique issues and qualities to make every meeting different and interesting. The flavor of the group depends on the personality of the peer counselor as well as its members'. However, there are some basic concepts and experiences that are common to self-help groups. Self Help groups should provide a safe and comfortable opportunity for all members to share ideas and feelings regarding stuttering. Members are encouraged to share their experiences giving them a better chance to understand each other's feelings and concerns. In order to better facilitate participation all members must be given an equal opportunity to speak without interruption. Consideration must also be given to the self- help group's agenda and keeping on task. The maximum number is more critical than the minimum number for member sharing. Five to seven is a good size; ten should be the upper limit. Ten members divided by an hour of group time works out to six minutes each—not much time for a member to talk about his or her life. However even when a member is not sharing there is still much learning taking place. The peer counselor may decide to close the self-help group meeting to "X" number of participants. Also, when a new member joins the self-help group the peer counselor must set aside time to inform him or her about the rules of the self-help group including confidentiality. Self-help group facilitation is the approach taken which calls upon the peer counselor to follow the members' lead as they address issues. Peer counselor can open, maintain and close discussions, and if necessary, remind members that all must have an equal opportunity to share feelings. Peer counselors can also help members explore feelings and behaviors brought up in self-help group discussion more deeply.

In almost all the areas where the SHG movement is active, there is a predominant presence of MFIs, thereby reinforcing the arguments of the Government of AP, that the MFIs rather than developing new markets were riding on the infrastructure and framework built by the government. In almost all the areas we visited, loans from SHG-Bank linkage programmes were an important source of borrowings. Invariably, all the borrowers, except those in the more choreographed meetings in Orvakal, SHG members invariably complained that the money lent to them was insufficient to meet their credit requirements. In some cases, since some of the SHGs were formed nearly 13 years ago, they tend to have access to larger loans as well as larger amounts of owned funds.

The fact that we could not undertake a more exhaustive analysis into the internal dynamics and an overview of the strengths and weakness of the SHGs may limit an analysis of SHGs provided in this paper. We get the impression that the SHGs (especially the older ones) may have become too tightly knit organisations. This may inhibit their capacity building measures over the long-term as they may become overly dependent on initiatives from above. For the long-term growth of the SHGs, it may be imperative that the government emphasis a system that encourages the less articulate members to take up positions of responsibility. A good starting point could be for those SHGs that have been efficiently functioning for more than 10 years. An impression we got was the impression (obviously based on a superficial observation of some SHGs) that the more articulate members may be setting the agenda at a speed that not all the members may be able to cope with.

A problem area that the government needs to urgently focus on is the nature of income flows that accrue to members of the SHGs. SHG members are gradually seeing their incomes become completely dependent on rural incomes. This completely subjugates their incomes to the cyclicality of the broader economy or makes them completely dependent on the well-being of the incomes generated from buoyancy in agricultural production. It is imperative to note that such cases where incomes are growing due to taking up various activities are relatively few in number. This is not to claim that it would be possible to complete insulate the incomes of SHG members from the broader society and economy in which they live and work. However, they do not seem to have diversified their occupations sufficiently in a manner that may provide a buffer if not completely insulate them from agriculture. In cases where members follow a different occupation, members are borrowing money to take up real estate business or selling electronic items to those in the surrounding villages, etc. These occupations make the SHGs more dependent on the vagaries of the broader market rather than insulating incomes. The way out may be to provide niche services in conjunction with third parties. There is a need for SHGs to transform themselves from simple thrift collection and loan providers. There seems to be a complete lack of other (beyond simple loan and savings) financial services provided by SHGs. Moreover importantly, SHGs do not seem to have used their organizational and institutional support mechanisms to build sustainable, vibrant business linkages with other members of the community.

The impact of SHGs can be seen in two dimensions. The first is in poverty alleviation. This impact cannot be captured at one point of time in a conclusive manner. There has to be a sustained upward trend in moving away from poverty for the families of SHG members and the *process* of poverty alleviation should be studied. The second dimension of the impact of SHGs is the empowerment of the poor and of women in particular. An increase in incomes, livelihoods or assets does not necessarily lead to empowerment in the true sense. Any intervention, such as participation in a SHG and access to micro credit, will shift five spaces in a person's life, economic, physical, socio-cultural, political and mental. Impact will lead to empowerment if the non-mental spaces are instrumental in increasing mental spaces in such a way that action and voice are generated to improve the quality of life. Social inclusion, information and people's participation are significant catalysts that empower people through positive shifts in spaces.

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CUSTOMER SATISFACTION TOWARDS LIC PRODUCTS AT KANYAKUMARI DISTRICT IN TAMILNADU

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Abstract

Social perception and brand loyalty are the radical changes that are taken place in customer profile. Policy holder's satisfaction measures are the important instrument to fulfill the safety and security needed to the people. Customer expectation often changes, they expect more and more from the service providers. In order to sustain in the sector, each service provider should satisfy the expectations of the customers. The insurance industry is in the midst of an exhilarating journey. The industry has grown more over the past decade as evident from the surge in insurance penetration and density levels. Further regulatory reforms, particularly in the past few years have stabilized and created a favorable environment for the industry to grow further. These policy measures have led to the opening of the industry for private participation resulting in enhanced competition and changes in product pricing. Post liberalization, the insurance industry is undergoing constant changes in terms of innovative products, alternate distribution and marketing channels, use of technology, improved customer service, demographic shifts, changing customer behaviors etc. Insurers need to swiftly adapt to these changes and create suitable business models to explore full potential of the insurance market. Against this backdrop, the research study is carried out to know the Customer Satisfaction on Life Insurance Products and Services at kanyakumari district in TamilNadu.

Key words: *liberalization, Customer Satisfaction, India, Insurance Penetration, Insurance Density.*

Introduction

The concept of insurance is believed to have emerged almost 4500 years ago in the ancient land of Babylonia where traders are used to bear risk of caravan by giving loans, which were later repaid with interest when the goods arrived at safely. The first insurance contract was entered into by European Maritime Nations in 1937 to accept marine insurance as a practice. The older life insurance company in existence today is the society for the equitable assurance of life and survivorship, known "Old Equitable". It was established in England in 1756.

In India, there were about 245 insurance companies operated prior to 1956. The insurance coverage was mostly confined to life and vehicles. The Government of India felt that a strict government control of insurance industry is required which resulted in nationalization of insurance industry in 1956. Life Insurance Corporation of India (LIC) was formed through an enactment in parliament in 1956, with a capital contribution of 50 million from the Government of India. In the present day globalized era, many private player have come into existence, due to that Indian insurance industry is ranked 51 across the world in terms of penetration. With the changing demographical profile of Indian population, growth of the economy, changeover to new technologies, etc. are likely to push the demand for insurance cover further. Today Life Insurance Corporation functions with 2048 fully computerized branch offices, 992 satellite offices, and the corporate office. LIC has 53 product portfolios and sold more than 80 crore policies in the year 2012-2013. It has set the new target of 54000 crores as a first time premium income for 2011-2012. Life Insurance Corporation is the front runner with 78 percent market share because the private players mostly concentrate on big ticket premium. LIC offers at a minimum premium of Rs. 250 for a life insurance value of Rs. 30000, which enables LIC to achieve the social objective of taking its insurance cover to a wider range of the country's population. The Indian Insurance Industry seems to have travelled a full circle. Started as a ownership activity in 1818, it got nationalized in 1956 with a view to promote the socio-economic development. With liberalization of Indian economy functioning of insurance sector allowed private and foreign companies to increase their operation with international standards. Foreign insurance companies as first ventures in India started changing the rules of the game first. They tried to provide customers good service and flexible products. The year 2000 witnessed an increase in participation of private players which brought fresh perspective in the situation. Satisfaction of customers is the prerequisites for existence and survival in the insurance sector.

Current Status of Insurance Sector in India

India's Insurance Penetration and Density indicate tremendous potential for growth. Insurance penetration and insurance density are the two widely used parameters for the assessment of the potential and performance of the insurance industry. Despite rising insurance penetration and insurance density, the Indian insurance market is still at an early stage of development thus demonstrating significant potential for growth in the insurance industry.

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Life insurance Density in India

Life insurance density expanded from US$ 11.7 in FY02 to US$ 42.7 in FY12 at a CAGR of 13.8 per cent.

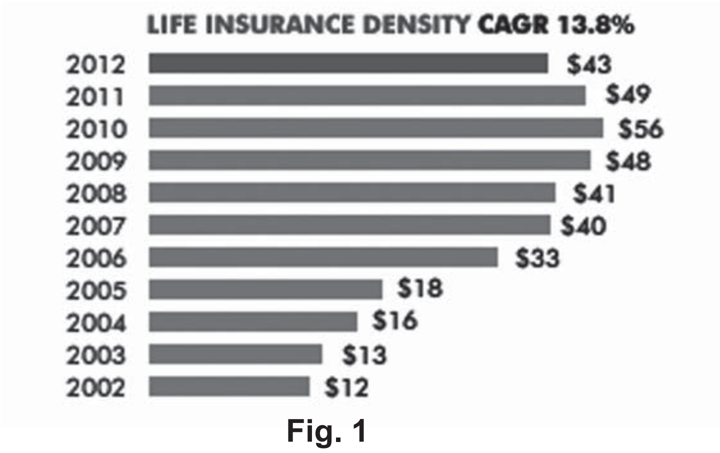

Fig. 1

Source: *www.ibef.org*

Growth in life insurance premiums

Over FY03-FY13, life insurance premiums in India expanded at a CAGR of 16.5 per cent.

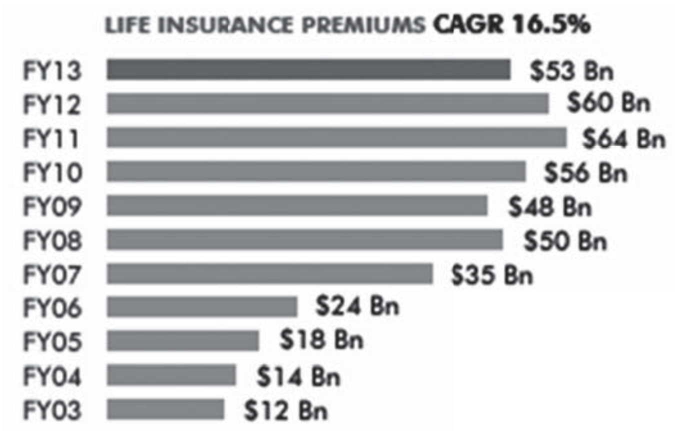

Figure. 2

Source: www.ibef.org

Market share of major Life Insurance companies in terms of total life insurance premium collected:

LIC is the market leader, with 72.7 per cent share in FY13, followed by ICICI Prudential, with 4.7 per cent share.

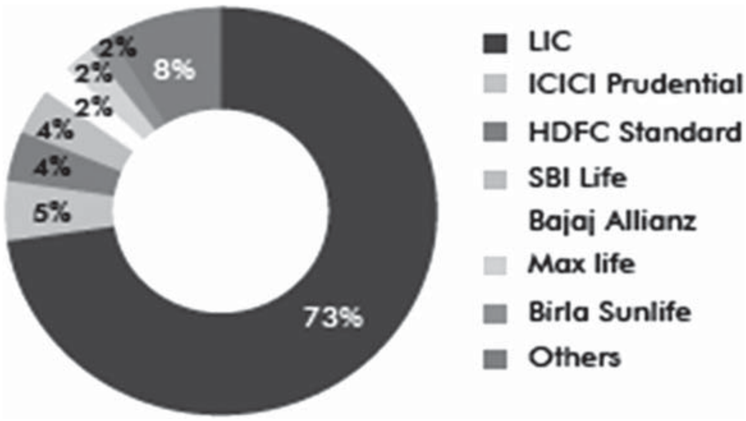

Figure. 3

Source: www.ibef.org

Statement of the Problem:

A person can take a policy to any unlimited amount on his own life. The insurable interest on own life is unlimited because the loss to the insurer or his/her dependent cannot be measurable in terms of money. The main challenge before the insurance companies is to constantly innovate new products, ascertain changes in policy holder's behavior, government intervention, competitions, distribution network, technological advancement, quality in client relationship, etc.

Social perception and brand loyalty are the radical changes that are taken place in customer profile. Policy holder's satisfaction measures are the important instrument to fulfill the safety and security needed to the people. Customer expectation often changes, they expect more and more from the service providers. In order to sustain in the sector, each service provider should satisfy the expectations of the customers. In this direction, each service sector provides more contribution towards customer satisfaction. In this background this paper attempt to assess the type of policy held, attitude of the respondents towards the policies of LIC, the level of satisfaction of the respondents.

Literature Review

The existing studies on consumer's perception and attitude towards life insurance products are many. Many research articles in this area are found in research journals and reports, in this section, an attempt is made to review the studies made in the area of consumer perception on the products/services offered by the various life insurance companies in India. Skipper (2000) argues for insurance as simple pass through mechanism for diversifying risks and indemnification. He highlights insurance as a fundamental contributor of prosperity and greater economic opportunities. While the role of insurance as contributor to the process of economic development has not been properly appreciated and examined in economic literature. Pushpa Kumari (**2002)** attempts to find out how LIC provides security to the masses and its contribution to the development of the economy. As per the annual report, number of policies in individual assurance increased more than 13 times i.e., from 85.77 Lakhs in 1961 to 1131.11 Lakhs by 2001. Rural share which was 36.5% in1961 increased to 55.5% in 2000-01. To conclude, investment structure seems to have undergone a shift in favour of the government securities and in corporate sector as a whole. Kishore (2006) has published a paper entitled "LIC Golden Jubilee – 50 years Saga of Security". He has said that LIC was the largest insurer not only in Asia but also in the whole world. He also stated that LIC had created trust and faith, extensive reach and substantial market share even in the risk-averse traditional Indians. Competitions have taken advantage and worked on it further to reach new heights in exploration and greater insurance consciousness. This article has brought out the fact that one of the primary aims of the LIC was to mobilize maximum savings of the society and put them into productive investments. Abhishek Agarwal (2002) has studied the changes in distribution channels in life insurance. He has found that the new type of distribution channels were wide and were expected to be more technology oriented. He further concluded that new customer-friendly methods would find way to the market, making customers win in all the metamorphosis by eliminating multi-faceted barriers that remained in the insurance sector, to free-trade. Dr.P.Sheela and G.Arti (2007), in her study mentioned that the insurance companies have to understand the changing needs of customers. They have to develop viable and cost-effective distribution channels, build consumer awareness and confidence which will together contribute in further strengthening the insurance business in India.

Objectives

The main objectives of the study are

1) To study the origin, growth and development of insurance industry in India.
2) To know the customer awareness about LIC's product
3) To analyze the association of demographic and economic factors with customer satisfaction.
4) To know the satisfaction level of customers.

Methodologies

The study was exploratory in nature and aimed at exploring the factors which formed the basis for selection of insurance products by individuals. The study is a blend of both primary and secondary data. The primary data were collected with the help of a interview schedule which was tailor made to suite the objectives from 90 respondents through convenient random sampling method in Kanyakumari district. The secondary data were collected from the LIC offices, books, journal and related websites. The collected data were analyzed by using ranking technique.

Data Analysis

Table - 1 : Demographic factors

Factors	Classification	No. of respondents	Percentage
Sex	Male	56	62
	Female	34	38
	Below -30	12	13
	30-40	19	21
	40-50	26	29
	50-60	23	26
	Above- 60	10	11
Residential status	Rural	35	39
	Urban	55	61
Marital status	Married	48	53
	Unmarried	13	14
	Divorced	8	9
	Widow	21	23
Educational qualification	Up to school	20	22
	Graduate	25	28
	Post graduate	12	13
	Professional	10	11
	Others	23	26
Occupation	Business	22	24
	Self employed	17	19
	Govt. employee	13	15
	Private employee	22	24
	Others	16	18
Earning members in the family	Less than 2	50	56
	3-4	30	33
	5-6	10	11
Type of family	Joint	49	54
	Nuclear	41	46
Monthly income	Below –Rs.10000	54	60
	Rs.10000-Rs.50000	26	29
	Rs.50000Rs.100000	8	9
	Above Rs.100000	2	2
Purpose	Risk coverage	37	41
	Savings	44	49
	Income tax	8	9
	Others	1	1
Source of information	Family members	23	26
	Friends	23	26
	Advertisement	11	12
	Agents	22	24
	Others	11	12
Period of holding	Below 1 year	22	24
	1-3years	29	32
	3-5 years	25	28
	Above 5years	14	16

Table - 2 : Policy holder's opinion

Factors	Classification	No. of respondents	Percentage
1) Opportunity to discuss the problem with service provider	Yes	55	61
	No	35	39
2) Satisfaction level	Highly satisfied	70	78
	Satisfied	11	12
	Moderate	9	10
3) Willingness to take additional policy	Yes	78	87
	No	12	13
4) Type of policy	Whole life	21	23
	Pension	29	32
	Children	25`	28
	ULIP	8	9
	Others	7	8
5) Premium payment	Monthly	18	20
	Quarterly	12	13
	Half yearly	17	19
	Annually	43	48
6) Policy contributes for improvement of life style	Strongly agree	27	30
	Agree	19	21
	Moderate	16	18
	Disagree	13	14
	Strongly disagree	15	16

Table - 3 : Garret ranking for customer satisfaction

Sl.No	Variables	Total scoring	Mean scoring	Rank
1	My company treats me well and maintain high standard of service quality	660	7.5	6
2	Keep me informed about my policies	752	8.3	1
3	Never encountered communication difficulties with the staff in charge	710	7.8	4
4	The return on my investment is always good	609	6.7	10
5	Use of IT for my transaction	730	8.1	2
6	Product mix satisfy my entire family needs	687	7.6	5
7	Give required information on product	578	6.4	11
8	Premium is reasonable and flexibility in payment	654	7.2	7
9	Loan terms are simple and convenient	654	7.2	7
10	Claim settlement process is very simple and fast	615	6.8	9
11	Office environment is pleasant and peaceful	630	7	8
12	Employees are well groomed and friendly	660	7.5	6
13	Always recommends LIC to others	724	8	3
14	With LIC my investment is highly secured	615	6.8	9

Analyses and Interpretation

The findings of the study are: nearly one-third of the respondents (29%) are under the age group of 40-50. Around two-third of the respondents (61%) are living in urban. Majority (53%) are married. With regard to the educational qualification (28%) are graduate. One-fourth of the respondents (25%) are working in private firms. 33 percent of the respondents are having 2-4 earning member in their family. Nearly half of the respondents (49%) live in joint family. 60 percent of the respondent's monthly income is below Rs.10000. Nearly half of the respondents are having policy to stimulate savings. 26 percent each of the respondents know the policy through family and friends respectively.

Nearly two-third (61%) of the respondents said that the company is providing enough information about the policies. 59 percent of respondents got a chance to discuss the policy related issues with service providers. Majority (78%) of the respondents are highly satisfied with LIC's products. 87 percent of the respondents are willing to have additional policy from LIC. Nearly one-third (32%)of the respondents are pension benefits policy holders. 48 percent respondents pay premium annually.

Suggestions

The following suggestions are put forth by the researcher based on the studies. The renewal procedures should be made simple and time taken for transfer of policies should be reduced. The Life Insurance Corporation should make use of the mass media to advertise its policies in details to popularize its schemes among the public. The LIC should reduce the premium; so as to reach the unreached in the lower level of the society.LIC should introduce policy with multiple benefits such as medical, pension and death.

Conclusions

Life insurance is an intangible product and the gestation period is usually very long. Given the unique feature, the customers tend to invest their hard earned monies in secured places. There is confusion in the minds of the customers between the insurance, general insurance, health insurance and some investment products. Therefore, LIC should educate the customer and make the customer understand what the life insurance is. The commitment of the LIC towards social objectives can enhance the life insurance penetration. However, the penetration of insurance in rural India remains comparatively low. To reach the rural investors, the LIC should interact with local government/ developmental agencies as well as panchayats and identify various products which suit their expectations.

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ARCHITECTURE FOR CUSTOMER RELATIONSHIP MANAGEMENT APPROACHES IN FINANCIAL SERVICES

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Abstract

The majority of financial services companies in Germany and Switzerland have, with varying objectives and success, conducted customer relationship management(CRM) implementation projects. In this paper we present a framework for the analysis of CRM approaches in financial services companies. Building on previous research and using comprehensive literature research, we develop a CRM reference architecture that focuses on the process and system level for the description and classification of CRM approaches in companies. Moreover, we analyze three CRM case studies in Swiss and German financial services companies and derive different types of CRM approaches in the financial services industry: Customer Satisfaction Management, Customer Contact Management, and Customer Profitability Management. We describe each type in accordance with the CRM architecture and a case example.

Key words: *Customer Relationship Management, Knowledge Management, Performance Management*

Introduction

Increasing competition and decreasing customer loyalty have led to the emergence of Customer Relationship Management (CRM), a concept that focuses on the nurturing of customer relationships. To build long lasting, profitable relationships with customers, CRM requires the management of 'customer-related knowledge' which entails knowledge from, about and for customers. Over the past few years CRM has played an increasingly important role in the financial services industry. During this time the majority of financial services companies in Germany and Switzerland have, with varying success, conducted CRM implementation projects. Only a few companies have particularly realized the implementation of a CRM strategy aligned with company profitability and employing integrated information systems for both performance measurement as well as for the control of marketing, sales, and service processes.

The objectives of this contribution are

1. The development of a CRM reference architecture on the process and systems levels for the description and classification of CRM approaches in financial services companies, and
2. The derivation of the types of CRM approaches in the financial services industry and their description by means of the CRM architecture.

The developed CRM architecture and defined CRM types can be used in the analysis of CRM in companies to determine the actual state and to define a target state. In the next section we describe the foundations and strategic objectives of CRM. We thereafter develop the CRM architecture for the process and system levels. Thus, we provide an holistic picture of CRM over the levels strategy, processes and information systems .

Customer Relationship Management in the financial services industry

The following paragraphs describe CRM on the levels of strategy, processes and information systems.

Strategic objectives

Decreasing customer loyalty in different industries has led to the emergence of concepts that focus on the nurturing of customer relationships [13][14], in

Particular Customer Relationship Management (CRM). Following Shaw and Reed [20, p. 4], we define CRM as an interactive approach that achieves an optimum balance between corporate investments and the satisfaction of customer needs in order to generate maximum profits. This entails:

- Acquiring and continuously updating knowledge on customer needs, motivations, and behavior over the lifetime of the relationship.
- Applying customer knowledge to continuously improve performance through a process of learning from successes and failures.
- Integrating marketing, sales, and service activities to achieve a common goal.
- The implementation of appropriate systems to support customer knowledge acquisition, sharing, and the measurement of CRM effectiveness.

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To integrate marketing, sales, and service activities, CRM requires the strong integration of business processes that involve customers.

CRM delivery processes

In contrast with transaction marketing, relationship marketing is based on interactive, individualized contacts [8, p. 11]. Campaign management is the core marketing process that implements relationship marketing's ideas. We define it as the planning, realization, control, and monitoring of marketing activities aimed at known recipients, who are either current or prospective customers. Marketing campaigns are individualized (one-to-one marketing) [15] or segment-specific, usually use different communication channels, and offer at least one communication channel for feedback from the recipients to allow interaction. The objective of campaign management is to generate valuable opportunities or 'leads', which can be further qualified by lead management and then used by sales management. Campaign management addresses the need articulation phase of the customer process.

The objectives of sales management are to understand the needs of a current or prospective (but known) customer as completely as possible, to consult the customer on possible alternatives with which to satisfy his needs, and finally to submit an offer, and close a deal. Therefore sales management covers the customer process phases of need articulation, evaluation, and buying.

Service and complaint management cover the customer process phases of using and expiry / renewal of a service contract complementarily. Service management is the planning, realization and control of measures for the provision of services. Examples include contract management and information services in the after-sales phase.

Customers' articulated dissatisfaction is received, processed, and communicated in the enterprise within the scope of complaint management [21]. The objectives are to improve customer satisfaction in the short-run by directly addressing problems that led to complaints, and to support a continuous improvement process (in the form of feedback management) to avoid complaints in the long-run. Complaint management primarily addresses the using phase of the customer process.

CRM support processes

Market research is the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company [10, p. 129].

Loyalty management is the planning, realization, control, and monitoring of measures to optimize the duration and intensity of relationships with customers. Exemplary measures are loyalty programs such as airlines' frequent flyer programs, but also churn management to identify customers who are in danger of migrating to competitors at an early stage.

CRM analysis processes

Lead management is the consolidation, qualification, and prioritization of contacts with prospective customers. Contacts may be received from campaign management or other sources, e.g., the service management process.

Customer profiling is the analysis of current knowledge about customers in order to classify and characterize each customer, for example with regard to his value for the company, loyalty, and preferences regarding products and communication channels. Campaign management, sales management, service management, complaint management, and loyalty management processes use the results of customer profiling to address customers in a more personalized way.

Feedback management is responsible for the consolidation and analysis of knowledge from customers, which is collected in the CRM delivery processes, particularly in the complaint management process. The results feed a continuous improvement process of a company's products, services and processes.

Multi-channel management is a cross-functional activity and is responsible for the synchronization of the CRM delivery and support processes. It is the coordinated development, design and control of product and knowledge flows to and from customers over different media and communication channels.

Research Methodology

Our approach is based on a case study method by Senger and Österle, which is an adaptation of Yin's methodology [23] developed to analyze business transformation projects [18].

Case sites

The research data was collected from June to October 2003 in a study of three Swiss and German financial services companies. Site selection was based on a willingness to cooperate [23] and on the role and use of customer knowledge in CRM. To ensure comparability, we focused on CRM in the retail banking segment of the respective companies.

Data collection

In all three cases, data was collected through semi-structured interviews with key informants and a document analysis of annual reports, organizational charts, and system charts. Senger and Österle's case study method [18] provided the structure for the central semi-structured interviews. The interview questions were based on the levels strategy, process and system.

Data analysis

We used a two-stage strategy for data analysis [23]. During the first stage, the within-case analysis of the data from each case study site was undertaken. The objective was to build an explanation of the case, using a cycle of deduction and induction. The validity of the data was ensured through multiple sources of evidence, reviews of case interpretations by interviewees and a chain of evidence provided by the case data.

CRM as Customer Satisfaction Management

CRM as Customer Satisfaction Management aims at high customer satisfaction by offering customers a high quality of service and proximity. These objectives are often supported by knowledge management systems, in order to improve service quality and accelerate processes and problem solutions. Detailed knowledge on customers is not, however, necessary, because Customer Satisfaction Management does not distinguish between individual customers. Rather, the measures implemented are applied to all customers equally.

For example, the application of a customer typology within the scope of campaign management facilitates the precise addressing of customer needs. Within sales management, a counseling methodology can guarantee the systematic discovery of customer needs and the offering of suitable products to improve the counseling quality. Furthermore, within service management, service level agreements (SLA) can be used to specify maximum response times.

CRM as Customer Contact Management

CRM as Customer Contact Management aims at reducing costs by improved process efficiency and the use of media-based communication channels.

Integrated information and communication technology is used to maintain or even increase service quality by realizing shorter cycle times. Moreover, Customer Contact Management aims to provide customers with a consistent interface across all communication channels.

CRM as Customer Profitability Management

The strategic objective of CRM as Customer Profitability Management is to develop long-lasting, profitable relationships with customers. This is achieved by increasing customer loyalty and exploiting the potential of the customer base.

In Customer Profitability Management, a company has to identify and nurture profitable customer relationships. Unprofitable relationships have to be made profitable or abandoned. Extensive data analysis that will not only differentiate between profitable and unprofitable customers, but will also target product offers to individual customers, can support this task. In a first step, a company has to implement loyalty management, customer profiling, and customer scoring processes. Customer profiling develops a profile for each customer, which forms the foundation of long-term strategic customer planning. Customer scoring, moreover, discovers individual cross- and up-selling opportunities. The results are transferred to the campaign and sales management process.

Findings

The analysis of three case studies has shown that there are distinct types of CRM approaches in the financial services industry. The types can be distinguished by the use of customer knowledge and CRM strategy, processes, and systems. They can be described using the CRM architecture.

Conclusion

Building on previous research and comprehensive analysis of research literature, we developed a CRM reference architecture focused on the process and system levels. This architecture can be used for the description and classification of CRM approaches in companies. We furthermore analyzed CRM case studies in Swiss and German financial services companies and derived three types of CRM approaches in the financial services industry: Customer Satisfaction Management, Customer Contact Management, and Customer Profitability Management. We described each type, using the CRM architecture and a case example. The CRM architecture and types can be used as a structural framework in the analysis of CRM approaches in financial services companies, to compare the context and objectives with those of other enterprises, and to derive new strategies and objectives.

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HUMAN RESOURCE DEVELOPMENT PRACTICES IN SELECTED INDIAN COMMERCIAL BANKS AND FOREIGN BANKS

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Abstract

In the present day global scenario, and enhancing interdependence amongst different sectors especially in service sectors like banks, human resource development is anticipated to perform a key role. HRD intrinsically recognizes that 'people' are the organizations singularly important and precious resources and they need to be nurtured in the areas of knowledge, skill and attitude for fulfilling organization as well as personal goal. Human resource development must focus on moving up the value chain and has to concentrate additionally on both value creation and value addition. Human resource development facilitates all round development of banks in addition to allowing them to be dynamic and responsive to environmental changes. The present study focuses on theoretical background of HRD and also examines the various human resource development practices in few selected Indian commercial and foreign banks and also suggests measures in implementation of human resource development practices.

Key words: *Human resource development, theoretical background, HRD practices, Commercial banks and foreign banks.*

Introduction to Human Resource Development

Human resource management as a concept and as a profession underwent tremendous changes during last three decades. In an evolutionary process when developing economy struggles to attain higher levels of living it can hardly over look the need of developing its human resources to meet the bigger and new challenges of raising the quality of masses. Human resource development field is still evolving in tune with times. The concept of human resource development is comparatively of recent origin although, the development of human beings in one form or the other has been in existence even since the dawn of civilization. In the later part of the 20th century, before HRD emerged as a planned and systematic function.

Human resources in other words, well informed capable citizenry can improve the total ability of an organization, a society, a government agency and virtually of a country, of a nation (khan, 2003). Banking industries across the world are going through a series of rapid changes due in part to the pace of technological development. Use of automated teller machines (ATM), advance statistical models for risk management and Advance Ledger Posting Machines (ALPM) has transformed the way traditional banking activity was performed. Technological advancement has changed the nature of banks demand for employee to perform banking activities. Computer literate, skilled workers are in demand with better compensation on offer compared to that received by low paid clerical and subordinate workers even a few years ago (S. Jaffry et al. 2008).

Literature Review

The modern view of HRM first gained prominence is 1981 with its introduction on the prestigious MBA course at Havard Business School (Price, 2004). The Human Resources, in its simplest sense, refer to manpower or people resources, who are engaged in any organizational settings to meet institutional goals by virtue of their physical and intellectual capacity (Roknuzzaman, 2006). Sarkul (2003) defines manpower as power available from or supplied by the physical as well as intellectual efforts of man. Effective HR practices are found to lead to positive organizational outcomes (Becker and Gerhart, 1996) such as turnover (Huselid, 1995) and productivity (Katz et al., 1987). HR practices are generally categorized into the following: hiring and selection practices, incentives and rewards, safety training, communication and feedback, worker participation, management commitment, and performance evaluation.

Staffing is a major HRM practice that organization uses to help to co-ordinate and control their global operations (Schuler et al, 2002). Recruitment, selection and placement are the activities concerned with fining suitable people to fill job vacancies within organization (Molander, 1996). Performance appraisal is a managerial tool to control individual performance in organizations in order to achieve maximum performance (Morley, 2004). Compensation should be more immaterial in nature. This might involve the person s career prospects, for example the opportunity to grow within the company or participate in international exchanges of information which allow him

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to get involved in strategic policy planning (Harzing and Van Ruysseveld, 1995).

Training and development are the systematic process concerned with facilitating the acquisition of skills, knowledge and attitudes which result in improved organizational performance. The lack of training and development strategies within organizations can be viewed negatively by graduates (Molander, 1996). Training is a hallmark of good management, and a task manager ignore at their peril. Having high potential employees does not guarantee they will succeed. Instead, they must know what the management want them to do and how to do that (Afroj, 2012).

HRM is being practiced either formally or informally to a greater or lesser extent in business enterprises regardless of their size (Moyeen and Hug, 2001). In the recent period of time Human Resource Management (HRM) practices became so familiar and momentous in every business sector of Bangladesh (Afroj, 2012).

There is, in fact, no comprehensive study found on overall HRM practices in Commercial banks of Bangladesh. In this state of affairs a study on this area is essential to uncover the significant facts. Those studies are endeavored for the same.

Objectives of the study

1. To study the theoretical back ground of the HRD practices
2 To know the HRD practices followed in selected Indian Commercial and foreign banks
3. To make suggestions and draw conclusion regarding the various HRD practices followed in selected Indian commercial and foreign banks based on information gathered

Present Study

The present study shall concentrates on HRD practices in selected Indian commercial and foreign banks. Banks especially Canara Bank and SBI from Indian commercial banks and HSBC, Standard Chartered banks from foreign banks are considered. HRD is inevitable for both types of institutions due to the diversified policies of Indian commercial and foreign banks.

Need of the Study

HRD is basic requirement of any dynamic organization. Success of every organization depends upon the development of its human resources in an ever changing environment. The study will be helpful for formulating the strategies and suitable HRD polices to improve the organizational climate. Because the study is based on the analysis of the HRD practices, it will help the Banking industries to understand the overall impact of HRD on the whole system.

Statement of the problem

The problem to manage employees efficiently and effectively depends on the behavioral part of individuals which comprises aspects like satisfaction, dissatisfaction, perceptions and attitude etc. The concept of employees satisfaction is not only correlated to monetary and motivational mechanism, however it is also connected with various HRD practices like Training, performance appraisal, involvement of employees in decision making process etc. In certain cases, despite the ability and competence of the bank, banks fail to synchronize their HRD practices with the fast changing requirement due to specific factors like technology attitude. Even though a giant sum has been spent by banks on developing soft and technical skill on their employees, banks have failed to failed reap strategic benefits from their HRD practices. In this context a honest attempt has been made to study the HRD practices in the selected commercial and foreign banks.

Scope of the study

The present study covers the HRD practices of selected Indian commercial banks namely Canara bank , State Bank of India and foreign bank includes Standard Chartered bank and HSBC bank. The analysis of the present study is undertaken purely based on thesecondary sources.

Methodology

The study being conceptual in nature secondary data from books, articles, magazines, RBI bulletins were adopted for the purpose of studying HRD practices in selected public, private and foreign banks.

HRD practices in selected Indian commercial and foreign banks

Indian commercial banks

Canara bank

It is an Indian state-owned bank headquartered in Bangalore, Karnataka. It was established in 1906, making it one of the oldest banks in the country; the bank was nationalised in 1969. As of December 2014, the bank had a network of 5641 branches and more than 7000 ATMs spread across India. The bank also has offices abroad in London, Hong Kong, Moscow, Shanghai, Doha, Dubai, and New York. The HR policies of the Bank have been revisited to suit the changing banking scenario. HR interventions like 'JAGARAN – soft skill training program' for bringing attitudinal change among front line staff and Executive grooming through reputed institutes and other signifi cant HR tools like Study Circles, Staff Meetings and Brain Storming Sessions have been implemented for effective team building and fostering collective excellence. Various

Corporate Communications are brought out to boost the morale of the employees and educate them in various facets of banking. The Bank has in place exhaustive training processes that cover Internal Training, External Training, In-company Training and Foreign Training. Further, the Bank's quest to enhance the competencies of the workforce continued through focused and need based trainings at various institutes of repute like IIMs, JNIBF, ISB, IMI, XLRI and NIBM, etc. Customized programmes are also organized to develop expertise in certain niche areas like Risk Management, Treasury Operations and IT. Specialized trainings to the Senior Management Level/ Top Management Level Executives are conducted based on the requirement. The Bank has been able to add substantially to the skill level of its officials through training intervention and motivating them to perform with renewed vigor and enthusiasm. A Sub-Committee of the Board of Directors on HR is in place to review and improvise the existing HR policies and make suggestions to accelerate the employee engagement initiatives.

Canara bank -Recruitment and selection of employee

Bank follows systematic procedure in recruitment and selection activities. For personnel Recruitment and Selection these banks follows some standard most of the cases. The practiced arrangement for selection and recruitment is the corporate decide what positions will have to fill and how to fill the immediate as well as future requirements. This total procedure is designed to cover all positions from bottom to top level. Succession planning is done by the higher authority to identify and forecast demand and source of HR (Afroj 2012).

It describes how to employ, monitor the employees and where to set them. By using the computer based information system-HRIS & Skill Inventory helps estimate current and future employee s requirement. This information system also records the average employee demand and transfers of employee from one branch to another. Table 3 lists minimum educational qualification of different categories of the employees for their fresh or departmental recruitment.

State banks of India

It is India's largest commercial banks and is ranked one of the top five banks worldwide. The Bank is actively involved since 1973 in non profit activity called community services banking. It offers a wide range of banking services including personal banking, gold banking, NRI banking, International banking, corporate banking, small business finance, rural banking and home loans.

SBI operates through 52 foreign offices with presence in 34 countries. SBI India serves the international needs of its foreign customers, in addition to conducting retail operations. The banks has eight banking subsidiaries in Bikaner and Jaipur, Hyderabad, Indore, Mysore, Patiala, Saurashtra ands Travancore. The bank works through group dynamics and work culture through team building. The bank also has a dedicated faculty for training and development of its employees. The Bank has become an employer of choice in India and one of the most employee-friendly organizations today. HR audits and mammoth HR exercises now form critical strategies in change management to facilitate employee communication and develop a leadership pool by careful succession planning. HR awards and accolades includes Golden Peacock Award for HR excellence. World HRD Congress Award for Organization with innovative HR Practices. World HRD Congress Award for innovation in Recruitment. Talent management is considered as an equally important facet of an organization's effectiveness.

The bank has trained more than 2,34,763 participants during 2013-14 covering 60% of Officials and 68% of award staff. The bank has hosted 366 lessons, covering operationally relevant topics, in e-learning portal and also uploaded 219 short duration e-capsules (of 15 minutes each) for faster dissemination of knowledge among employees, especially frontline staff. Mobile nuggets (short study materials on mobile handsets) made available on pilot basis. Arranged video lectures on industry specific inputs for senior executives.

SBI -Recruitment and selection of employee

Employment is always in formal basis and generally freshers are encouraged to apply for entry level position. Leave vacancies, transfers and promotion are the secondary techniques for the employment of medium and higher level positions. The surveyed banks, in selection process, use successive hurdle system. They followed a series of procedural steps, viz. completion of application form, employment test, comprehensive interview (written test, viva, presentation), and final employee selection.

Foreign banks

Standard chartered bank

Standard chartered bank was established in1969 through the merger of separate banks, the standard bank of British South Africa and the chartered Bank of India, Australia ands china. SCB is India's largest international bank with 00 branches in 42 cities and been operating sincde 1858. Standard bank use global capabilities and deep local knowledge in India to provide a wide-range of products and services to meet the needs of individual and business customers. Standard Chartered is the world's leading promising markets bank. It is headquarter situated in London. Its businesses though, have always been overwhelmingly international. Standard Chartered is name after two banks, which merged in 1969. They originally have known as the Standard Chartered Bank of British South Africa and the Chartered Bank of India, Australia and China. The various HRD practices of SCB includes the following

Recruitment

Standard Chartered Bank recruits the most talented individuals from the external market to supplement our internal pipeline of talent. Their Human Resources department provides guidance on the use of psychometric tests and has robust recruitment criteria to ensure that all candidates are treated fairly, equally and with respect. It has a global Graduate Recruitment Program; where in the region of 150 graduates are recruited each year on a management trainee program across all businesses, functions and countries.

Selection

Standard Chartered selects employees based on knowledge, skills and talent. They are committed to providing equality of opportunity to all employees, regardless of gender, race , nationality , age , disability, ethnic origin , or marital status.

Training & Development

Standard Chartered provides a framework within which the employee can identify the training and development needs. Such training provides a consistent standard of management learning throughout Standard Chartered. It also enables the employees to take all of the programs or study for individual modules according to their particular development needs.

Performance Appraisal

Performance management is the process through which managers ensure that employee activities and outputs are congruent with the organization's goals. It is central to gaining competitive...

Hong Kong Shanghai Banking Corporation (HSBC)

HSBC holdings a British financial holding company with organs in Honking and shanghai opened in 1865 .the company shifted its headquarters from Hong Kong to United Kingdom in 2003. The bank has got intense competition all over Asia .the Company is doing well in business for the past 3 years and attained a huge rise in revenue. HSBC bank gives foremost priority to its employees and make certain their rights are preserved. Taking proper approach to HRM the company will soon be best in personnel among the competitors. The main functional areas or activities of human resource in HSBC bank are as follows:-

Training

The training of HSBC mainly concentrated on some special criteria's like to concentrate on the performance improvement, communication, computer development skills, customer service, diversity, ethics, human relations, quality improvement and safety. In this the important thing is customer service the main element of an organization is customer so and employer should be more oriented on the customers have to respect them their needs and queries so its very important for the employer to keep good training and their by the management can increase the good will of the organization

Human Resource Management Models

Two models of HRM are defined by store (1989) as Hard and Soft model. Hard model insist on meeting the requirement with work force .soft model is considered as more employee oriented and give room to the employee to grow within the organization.HSBC bank implements both models of HRM and varies with the situation.

Hard Model

Hard model also referred as matching model or best fit approach is a method of extracting the maximum potentials from the employee for the benefit of the company. Here the employees are considered as a tool of the organization to achieve its goals.HSBC bank doesn't use hard model often but their cashing sections were the functions are a routine.

Soft Model

Soft model gives foremost consideration to the employee and will try to develop the skills of the employee for the betterment of the organization. here the employee is motivated to achieve the goals of the organization .soft model is very relevant in the industries which requires innovative and creative works.HSBC mainly follows this model of HRM as it considers for its employees and preserve their rights to make them grow with the company and intact increases the productivity of the organization.

Motivation and appraisal:

HSBC bank rewards the employee with reward points ,incentives or gift to motivate the employee to achieve more goals. The bank will give warnings and try to improve the performance of those employees whose performance is bad to avoid quick terminations.

Conclusion

The primary function of HRD in the banking industry is to promote performance improvement not only in terms of financial indicators of operational efficiency but also in terms of quality of financial services provided.

Qualitative attributes aspects comprising employees includes suskill level, attitude and knowledge play an important role in determining the competitiveness of a bank. Banks must stress that technology and capital which was once considered as pillars of banking can be replicated where as human capital cannot be replicated which needs to be viewed as valuable resource for the achievement of competitive advantage. Human resource development practices are inevitable because of its potential to boost the morale of the employees in terms of soft skills. Finally banking sector, HRD practices has being widely recognized and crucial to ensure competitive advantages

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A STUDY ON INNOVATIONS IN TECHNOLOGY AND SERVICES OF PRIVATE AND PUBLIC BANKS

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Abstract

The study presents a broad overview of the current state of the banking industry in India. It then goes on to identify some important forces for change and some important forces resisting change. Attention is paid finally to growth path of banking sector with technological advancement. Most of the banks have begun to take an innovative approach towards banking with the objective of creating more value for customers, and consequently, the banks. The banking industry has been on an unprecedented growth trend during the past decade in the country. Banking sector today is fast and paced and is consistency in the changes, with new regulation, new process and new policies. Branches are working on the concept of 24 X 7 working made possible due to Tele banking, ATMs, Internet Banking, Mobile Banking and E - banking. This technology driven delivery channels are used to reach maximum customers at lower cost and in most efficient manner. The beauty of these banking innovations is that it puts both banker and customer in a win-win situation. This paper concludes that financial market has turned into a buyer's market. Banks are have now bloomed into one-stop Supermarkets and their focus is shifting from mass Banking to Class banking with introduction of value added and customized products.

Key words: *Technology, Innovation and Challenges*

Introduction:

Now a day there is different classes of banks with fairly well developed system and over the years, the banking sector in India has seen a number of changes. In ***Post-Reform period, there is an*** entry of technology in the Indian banking sector can be traced back to the Rangarajan Committee report, way back in the 1980s but during nineties, the banking sector witnessed various liberalization measures. New private sector and foreign banks emerged - equipped with the latest technology. These banks opted for a different model of having a single centralized database through a network infrastructure, instead of having multiple databases for all their branches.

Most of the banks have begun to take an innovative approach towards banking with the objective of creating more value for customers, and consequently, the banks. Some of them have engaged in the areas of consumer credit, credit cards, merchant banking, internet and phone banking, leasing, mutual funds etc. A few banks have already set up subsidiaries for merchant banking, leasing and mutual funds and many more are in the process of doing so. The banking industry has been on an unprecedented growth trend during the past decade in the country. Banking sector today is fast and paced and is consistency in the changes, with new regulation, new process and new policies. Technology has played a very important role in the past in shaping the way things are today and will continue to do more than even before from beginning just a support function.

Globalization challenges are not restricted only to global banks. Banks in India also need to face them. Overcoming these challenges makes them more competitive and will also equipthem to launch themselves as global players.

Objective of study

The objective of study is –

(i) To identify and analyze the innovation initiative of selected bank, in special reference to SBI and HDFC Bank

(ii) To analyze that how the innovation are profitable for the society as well as banks.

(iii) To analyze the effect of these innovation on the rural area of the country.

iv) To find the challenges and explore the future opportunities for Indian banks in the global markets

v) Understand the need for innovations in banking to create greater value for customers and enhanced efficiency for the banks.

Methodology

This is the conceptual one with detailed review of literature for the purpose of study. The official website of banks were considered along with the additional

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literature, some good journals and research paper were also taken during the study, there were a personal query from the bank's employee regarding their services.

Literature review:

- Research (e.g. Ford, 1996; Kanter, 1988; Van de Ven, 1986; Wolfe, 1994) suggests that the term 'innovation' can be defined in terms of a new or innovative idea applied to initiating or improving a product, process, or service. Innovation has been a buzz word in banking right from beginning.
- Byers and Lederer, 2001, examined that Banks in India and other countries have largely implemented service delivery technology as a way of augmenting the services traditionally provided by bank personnel. Implementation results both from the need to reduce the cost of delivering service primarily through personnel, and the corresponding need to meet the challenge posed by technologically innovative competitors.
- Chanaka Jayawardhena and Paul Foley, 2000, focused, some of the reasons for the awareness by the banks regarding these challenges are impact of deregulation, rapid global competition and networking, the rise in personal wealth and increasing customer expectations. Many external forces like political, economic, social and technological and internal forces like customers, employees, organization structure, product development, service delivery have great impact on the innovation in banking.
- Schumpeter, 1934, studied that, Innovations are discontinuous because innovation is difficult and "only accessible to people with certain qualities"
- Dabholkar (1996) started to apply service quality frame work into technology adoption. Based on the service quality doctrine, perception relates to post-consumption evaluation of service performance is related to consumer intention use of service technology. There are two proposed models, one on quality attributes and another on affective predisposition toward technology.
- M.V.Nair Economic Times 2011,stated that, As India moves towards financial inclusion in the banking sector, technology will play a key role in achieving this goal and *Technology is going to make a big difference in the future in the banking sector. It will* bring in efficiency; improve the MIS and help to make decisions based on analytics. It would be imperative to deploy the right type of technology and appoint the right type of people for the same**."**
- *Elliott Holley* 2014, Banks and other financial institutions are now spending more on new products such as mobile and data analytics than on maintaining their legacy systems. Mobile and cloud technologies are leading the way, according to a new report by technology and in its *2014 World Quality Report*, Capgemini notes that 53% of financial services IT budges now focus on new application development initiatives.

Growth of Banking:

The Indian banking industry experienced sustained productivity growth, which was driven mainly by technological progress after an initial adjustment phase and innovative efforts become essential the moment it finds a change in the level of expectations. Most of the banks have begun to take an innovative approach towards banking with the objective of creating more value for customers, and consequently, the banks. Some of the significant changes in the Indian banking sector are discussed below:

There are two types of customers using the services of banks, such as general customers and the industrial customers.

a) **General Users**:

Persons having an account in the bank and using the banking facilities at the terms and conditions fixed by a bank are known as general users of the banking services. Generally, they are the users having small sized and less frequent transactions or availing very limited services of banks.

b) **Industrial Users**:

The entrepreneurs, industrialists having an account in the bank and using credit facilities and other services for their numerous operations like establishments and expansion, mergers, acquisitions etc. of their businesses are known as industrial users. Generally, they are found a few but large sized customers.

Challenges Facing by Banking Industry:

Bank marketing is a managerial approach to survive in highly competitive market as well as reliable service delivery to target customers.

1. Enhancement of customer service.
2. Innovations in technology.
3. Improvement of risk management systems.
4. Diversifying products.
5. It is a fair way of making profits
6. It is a professionally tested skill to excel competition

- **Product Innovation and Process Re-Engineering**

  With increased competition in the banking Industry, the net interest margin of banks has come down over the last one decade. Liberalization with Globalization will see the spreads narrowing further to 1-1.5% as in the case of banks operating in developed countries. Product innovations and process re-engineering will be the order of the day. The changes will be motivated by the desire to meet the customer requirements and to reduce the cost and improve the efficiency of service. All banks will therefore go for rejuvenating their costing and pricing to segregate profitable and non-profitable business.

- **Technology In Banking**

  Technology will bring fundamental shift in the functioning of banks. It would not only help them bring improvements in their internal functioning but also enable them to provide better customer service. Technology will break all boundaries and encourage cross border banking business. Banks would have to undertake extensive Business Process Re-Engineering and tackle issues like a) how best to deliver products and services to customers b) designing an appropriate organizational model to fully capture the benefits of technology and business process changes brought about.

- **Core Banking Solution**:

  CBS is a centralized platform, which creates environment where the entire bank s operations can be controlled, and run from a centralized hub. This creates a centralized customer database, which makes anytime, anywhere, anyway banking possible.

Immediate advantages of CBS are:

a) Faster and efficient customer service.

b) Offering multiple delivery channels, like ATMs, Cards, mobile/ Telephone Banking, internet Banking, Call centers, etc.

c) Reducing the operational costs, through manpower saving and space saving.

d) Centralizing the back end processes and reporting.

- **Entry of ATMs**

  Most popular devise in India, enables the customers to withdraw their money 24 hours a day 7 days a week. ATMs can be used for payment of utility bills, funds transfer between accounts, deposit of cheques and cash into accounts, balance enquiry etc. Tele Banking /Mobile Banking do entire non-cash related banking on telephone. Under this devise Automatic Voice Recorder is used for simpler queries and transactions. For complicated queries and transactions, manned phone terminals are used.

- **IT in Banking**

  IT spent by banking and financial services industry in USA is approximately 7% of the revenue as against around 1% by Indian Banks. With greater use of technology solutions, we expect IT spending of Indian banking system to go up significantly.

- **Real Time Gross Settlement**

  By sharing of facilities one area where the banking system can reduce the investment costs in technology applications and ATM Networks. And also FIs coming together to share facilities in the area of payment and settlement, back office processing, data warehousing, etc. While dealing with technology, banks will have to deal with attendant operational risks. This would be a critical area the Bank management will have to deal with in future. Payment and Settlement system is the backbone of any financial market place. The present Payment and Settlement systems such as Structured Financial Messaging System (SFMS), Centralized Funds Management System (CFMS), Centralized Funds Transfer System (CFTS) and Real Time Gross Settlement System (RTGS) will undergo further fine-tuning to meet international standards.

- **Focus aspects of New Banking Systems**

  Core banking solutions (CBS),customer relationship management(CRM), Electronic Payment Services (E - CHEQUES) India, as harbinger to the introduction of e-cheque, the Negotiable Instruments Act has already been amended to include; Truncated cheque and E-cheque instruments

- **Electronic Fund Transfer**(EFT)

  This is a system whereby anyone who wants to make payment to another person/company etc. can approach his bank and make cash payment or give instructions/authorization to transfer funds directly from his own account to the bank account of the receiver/beneficiary and RBI is the service provider of EFT

- **Point of Sale Terminal**

  Computer terminal that is linked online to the computerized customer information files in a bank and magnetically encoded plastic transaction card that identifies the customer to the computer Electronic Data Interchange (EDI) Electronic exchange of business documents like purchase order, invoices, shipping notices, receiving advices etc. in a standard, computer processed, universally accepted format between trading partners. EDI can also be used to transmit financial information and paymentsq in electronic form.

- **Transfer of Technology**

  Foreign Direct Investment (FDI), Transfer of technology from overseas countries to the domestic market and ensure better and improved risk management in the banking sector. It assures better capitalization and Offers financial stability in the banking sector in India.

- **Risk Management**

  Globalization and liberalization are forcing banks to take more risk to compete effectively in the global market place. One of the important risks is compliance risk. It is the risk to comply with laws, rules and standards such as market conduct, treating customers fairly, etc.To mitigate this risk, banks should develop compliance culture in their organization. It is not only the duty of compliance specialists, but banks can also manage compliance risk by putting in place compliance functions that are in consistence with compliance principles.

- **Union Mitr**

  Union Mitr is especially designed for the rural population. It facilitates financial education to all strata of people.

Services offered in Union Mitr:-

- Information on financial products, services and where they are available.
- Guidance on opening a bank A/C
- Information on products of bank including interest rates and charges
- Information on managing savings.
- Guidance about management of existing debt.
- Information on likely avenues of investment

- **Village Knowledge Centre (VKC)**
  - Village Knowledge Centre (VKC) serves as information dissemination centre providing instant access to
  - farmers to latest information/ knowledge available in the field of agriculture, starting from crop
  - Production to marketing. A "VKC In-charge" who looks after the operations of the VKC mans every VKC

- **Innovations In Customer Services**

  Satisfied customer is the best guarantee for stability of the organization in the long-run.

  Banks can satisfy their customers only by providing customized, cost effective and timely services. With the help of technology banks are able to provide plethora of products and services to their customers which suit them. Major services provided by the Indian banks that are of international standards are Any time banking, Anywhere banking, Global ATM and Credit Cards, Internet banking facility etc.

- **Innovations In Housing Loans**

  Housing loans are one of the products that banks are concentrating more. The booming housing loans market positively affects many industries. So to provide impetus to any economy, booming housing market is vital.

Service Innovation by both private and public bank:

A conceptual framework for service innovation was developed by Pim den Hertog (2010) and they define Service Innovation as a new service experience or service solution that consists of one or several of the following dimensions. The new innovative ideas of these banks in terms of services offered are mentioned below. For the purpose of study, recent and innovative services are only considered.

A. State Bank of India (Public Bank)

State bank of India, the largest public sector bank in India, offers the following innovative services.

SMS Unhappy

This innovative idea was initiated by Mr. Siva Kumar, Dy. Managing Director of SBI. Any customer who wants to lodge a complaint sends the message "Unhappy" to a specified number (8008202020). The Happy Room then calls the customer and records the details of the complaint. The complaint is then forwarded. SBI has received thousands of such messages since its commencement and this service is a great success. Other banks have also started imitating this service.

Crorepati Only Branch

SBI has launched first of its kind branch for High Networth Individuals (HNI) where it takes minimum Rs 1 crore to open an account, and that too on invitation only. This branch offers specialized banking facilities like relationship managers, 24/7 lockers, extended banking hours, doorstep pick-up and drop facilities, in addition to pampering customers five-star amenities at the branch. According to SBI, an attractive feature of the branch is 24 hour open lockers. The bank also is providing special dressing rooms for customers to cater to the needs of late night function goers segment.

One Rupee Bank

In its urban financial inclusion initiative, SBI has started a new innovation through „One rupee bank . A customer can open an account with just one rupee through the bank s kiosks5. This is a part of SBI s service through kiosks, an initiative to provide banking services to under-banked sections of society. Other innovative strategies of SBI also include, Online Education, Online Home, Online SME, Online Demat, Online Car Loans, USA Patriot Act Certification, SBI Loan for Pensioners, e-Invest (IPO investments. SBI Yuva Card (18-30 years), CAG (Corporate Accounts Group), Cyber Plus and Swarojgar Credit Card etc.

ICICI Bank (Private Bank)

Undoubtedly, the pioneer of Private Sector banking in the country, ICICI Bank has lot of innovative feathers in its cap. Some of its recently launched innovative services are,

Online Account Opening
Money Manager
Gold Online
Mutual Funds Online
Forex Online
Life Insurance Online
Shop on iMobile
Mobile Money Transfer (IMPS)
Investments at ATM
Payments and Transfers at ATM
Compliments and Complaints
TV Banking

Analysis of Service Innovation in Banks:

The service innovation of the above four banks have been analyzed and various services offered by these banks were tried to fit into the 4P s Innovation Model and Six Dimensional Service Innovation model. The results of the analysis are presented in the following.

4 P's	State Bank	ICICI Bank
Product Innovation	One Rupee Bank	Online Account Opening
Process Innovation	SMS Unhappy	Investments in ATM
Position Innovation	Expansion Abroad	IMPS
Paradigm Innovation	Mobile Banking	Customer Friendly

Benefit of IT Innovation	Potential for electronic-only retail commercial banking
Innovation in Service Offering	• Greater price transparency. • Greater convenience to customers (including congenial resolution of customer complains through electronic media). • Each customer segment interacts with the bank through the most cost effective distribution channel. • Innovations (such as smart cards and digital cash) that circumvent banks • proprietary networks with alternative distribution or payment systems. • Creation of new customer segments and improved relationship banking.
Operational Function Innovation	• Enhanced financial performance due to reductions in overhead expenses (i.e. no retail branch network) which are not offset by reductions in revenue or increases in other expenses. • Standardization of activities in payment and lending services eliminates the uniqueness of banks' proven expertise and ability to control losses from payment activities efficiently • Access to a much wider base of depositors and high rates of asset growth

Conclusion

It is observed that banks in India are moving towards sustainability through innovation and innovative service operations and offerings. The sample considered here for analysis has proved this point very clearly. The trend is evident in both public sector as well as private sector banks. It is found that both types of banks have embraced service innovation as a part of their future banking strategy and are moving continuously towards customer-centric and service-centric banks. It is also found that the innovation is not limited only to product or process innovations but also to business model innovation, operations innovation, markets innovation, and more importantly, paradigmatic innovations. These banks must create and sustain an environment that promotes creativity, leverages diversity, and facilitates multidimensional collaboration of resources and technologies in pursuit of desirable social and economic outcomes in future. The rate at which innovations are adopted by firms constitutes an important part of the process of technological change

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RELATIONSHIP BETWEEN HRM PRACTICES AND SERVICE QUALITY IN HEALTH SECTOR

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Abstract

This study presently focus on HRM practices in service quality in health sector. The implications are like Internal organisational practices and employee perceptions have the potential to impact on customer satisfaction. The value of linkage research is in its ability to recognise the organisational practices that are the most important drivers of customer satisfaction in a specific organization. The Reviewing of previous literatures that cover the field of HRM in hospitals and health organizations shows the need for further improvement in any health organization. The management of human resources is essential to enable the delivery of efficient and effective medical services and to achieve patient satisfaction, the study shows that human resources management has a strong impact on healthcare quality, and most of literatures show the importance of human resources management to achieve the goals of health organizations.

Keywords: *Ogranisation, HRD practices, Service quality, Health sector*

Introduction

Internal organisational practices and employee perceptions have the potential to impact on customer satisfaction. The value of linkage research is in its ability to recognise the organisational practices that are the most important drivers of customer satisfaction in a specific organisation (Pugh, Dietz, Wiley & Brooks 2002).HRM practices, which play a central role in the exchange relationships between the organisation's management and its employees, are connected to every stage of the employment circle, and through these engagements employees obtain valuable information about the organisation and the way it is managed. These activities show employees, in practice, what is valued in general, and how the organisation views them in particular. When employees deal with customers they bring to the interaction their perceptions of HRM practices (Ulrich, Halbroock, Meder, Stuchlick & Thorpe 1991).

Several studies of service organisations have examined the direct connections between HRM and aspects of SQ (Schneider & Bowen 1993, Peccei & Rosenthal 2001, Humphrey, Ehrich, Kelly, Sandall, Redfern, Morgan & Guest 2003). Indeed, empirical studies of the healthcare industry have evaluated the relationship between HRM practices and aspects of service delivery to patients (Clark 1999, Weech-Maldonado, Dreachslin, Dansky, De Souza & Gatto 2002). These studies have provided findings to suggest that HRM practices are directly related to SQ. However, the results of other research (Ramsay, Scholarios & Harley 2000) suggest that it is more reasonable to assume that these relationships are mediated by employee behaviours, intention, and attitudes. For example, researchers (Huselid 1995, Delaney & Huselid 1996) have already proposed that organisational climate may have a mediating role between HRM and performance. Nevertheless, although earlier studies investigated several facets of climate as possible mediators, none of them examined trust as a mediating variable that affects the relationship between HRM practices and SQ. This lack of interest is surprising given social exchange theory emphasises relationship development over time (Blau 1964), and indicates that a successful social exchange circle involves trust and uncertainty. Therefore, in searching for a mediating link in the chain of organisational practices and employee perceptions, that affect customer satisfaction, the present study will investigate a conceptual model that incorporates the role of trust as a mediator between HRM and SQ in a HCO.

The first step of the analysis is to summarise the existing literature in three critical domains: SQ-HCO; HRM-SQ; HRM-trust-SQ. Specifically, the relationship between these variables and potential outcomes are addressed. The next section of the paper describes the study methodology, which includes the respondents, the procedure, employed scales and assessment tests. Part three of the paper presents the research results. In the last sections these results are discussed together with implications for the findings,

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and a coherent agenda for future research is proposed as well as practical guidance for managers.

Theory and Hypothesis

It has been shown that when the organisation nurtures relationships with employees, the result can lead to a real improvement in services provision to customers (Schneider & Bowen 1995). Employees who feel that the organisation provides them with a supportive working environment, and see that the organisation aspires to a high quality of service and excellence, are often more willing to give customers the best service. When customers meet a satisfied and enthusiastic employee, their perceptions of the service are likely to reflect the positive encounter (Schneider, White & Paul 1998). Thus, it would seem that the organisational atmosphere also helps shape customers' perceptions of SQ.

Service Quality and Healthcare Organisations

In the healthcare industry, as in most other service industries, the interaction between patients and healthcare service providers (professionals and other employees) is an integral part of the service process (Conway & Willcocks 1997, Benbassat & Taragin 1998). HCOs should be encouraged to take the role of the patient into consideration in the healthcare service process, and in order to achieve high quality service (White 1999) respond to patients' needs and expectations. Another issue that is likely to challenge HCO management is the central role played by employees in SQ achievement. White (1995) reported cooperation between employees and managers as the key to providing high quality care, because it can compensate for the constraints imposed by cost containment and managed care. In pursuit of this objective, management might seek to implement progressive HRM practices that encourage service oriented behaviour and show concern for employees' organisational and personal needs.

A service oriented logic is demonstrated by alignment between the service concept and employee perception. In contemporary progressive institutions this can be done by shaping practices in a way that emphasises service orientation and creates a climate for service (Schneider & Chung 1996) as well as adopting HRMpractices that employees perceive as positive and considerate (Schneider & Bowen 1993, Gilson, Palmer & Schneider 2005). It is likely that such institutions will be reflected in employees' attitudes and behaviour, which will be demonstrated in the way employees serve their customers. This potential added value of HRMpractices lies in their ability to create a foundation for a work environment that encourages SQ in service organisations, given that quality and productivity in such organisations depend, to a great extent, on employee behaviour (Zerbe, Dobni & Harel 1998). Furthermore, knowing how employees perceive HRM practices may shed light on how customers perceive the service process (Schneider & Bowen 1985). Indeed, a study (Mallak, Lyth, Olson, Ulshafer & Sardone 2003) that was undertaken in two hospitals (a main hospital and a satellite hospital in the USA) showed a positive and significant correlation between employee job satisfaction and patient satisfaction.

HRM as a Tool for Improving Service Quality

HRM practices can potentially affect SQ along three parallel channels. The first one is a control based channel, which refers to all practices taken by the organisation in order to sustain productivity and efficiency in the service process. One example for this channel is when service employees in a call centre of a firm are being measured for their number of calls per hour and the mean length of calls. The second way in which HRM might affect SQ is through a knowledge based channel, in which HRM practices are adjusted to the service delivery process. By shaping practices in a service oriented manner employees will be more aware of the service delivery process and SQ (Schneider & Chung 1996). The third way is via a motivational based channel, in which the organisation promotes practices that are focused on employees' well being. Research (Schneider & Bowen 1993) has shown that adopting HRM practices that employees perceive as positive and considerate, such as employment security or a compensation system that acknowledges employee efforts and contributions, results in more service committed employees. The current research is focused on the knowledge and motivational based channels because such practices are directed toward employees' well being as well as SQ.

The Impact of HRM practices in Health Care Sectors:

Salah Mahmoud Diab (2012) in his study entitled "Measuring the dimensions of the quality of medical services provided in the Jordanian government hospitals from the perspective of patients and staff'. The study found an increase rate to quit job among doctors and nurses working in hospitals and the Ministry of Health, and the low degree of satisfaction and low desire among the staff to continue working in the hospital, and this giving impact to the low quality of health services provided to patients. The most important recommendations by the study with regard to the condition of individuals working in the hospital: a. The provision of material and moral incentives for employees working in government hospitals to generate their desire to continue to work and provide medical services appropriately. b. Training courses for workers in the hospitals in the area of the dimensions of medical service quality, and to deepen the quality concept between the staff and to achieve the quality dimensions at the best degree.

Al Kudhat Mohammed (2004), with his study entitled "Methods of selecting staff in King Abdullah in the light of technological developments," one of the main findings of this study is the existence of a positive relationship between the personality traits of those who have been recruited and technology employed in the hospital. In addition to that the contrast of views of the staff about the availability of specialist personal attributes required. It also revealed the existence of the impact of high technology in the analysis and design work and job classification and the nature of the work. A study entitled “Determining staff requirements in hospitals", Ozcan and Hornby (2005).

The study found that one of the reasons for poor performance of employees in government hospitals in Turkey, was mainly due to lack of interest by the managers of head departments in government hospitals to provide better conditions to hospital’s staff and develop incentives system. The study recommended the adoption of incentives system and rewards for staff and nurses who perform good and choosing a group each month as a role model for individuals working in the hospital and pay them special bonuses to encourage other staff who have not been selected, and the study emphasized that adopting this system will improve the performance of all individuals working in the hospital dramatically.

Recommendations

The Reviewing of previous literatures that cover the field of HRM in hospitals and health organizations shows the need for further improvement in any health organization. However, this study sets the following recommendations:

1. Setting a strategy for human resources management
2. The development of personnel management process
3. Engage the staff of the hospital in the larger functional tasks in order to give them more confidence in the health institution in which they work
4. Continuous development and training of staff performance
5. The need to measure the performance of the managers of human resources department in the hospital before starting performance development process, and these measures include (leadership ability, self-qualification, risk management, strategic thinking, decision-making, innovation, management experience, and communications)

Conclusion

The management of human resources is essential to enable the delivery of efficient and effective medical services and to achieve patient satisfaction, the study shows that human resources management has a strong impact on healthcare quality, and most of literatures show the importance of human resources management to achieve the goals of health organizations, and emphasize to develop the performance of hospital staff and nurses through periodic training in order to improve the quality of healthcare service, also a strong, well-motivated and highly trained medical profession is critical to the success of the national healthcare reform. The practices of human resource management are very important in health sector and modern hospitals need should have alternative approaches for practicing HRM successfully. The senior management in hospitals should have a clear strategic direction and clear objectives to improve the management of employees and staff in the hospital.

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AWARENESS TOWARDS HEALTH INSURANCE – A PILOT STUDY IN TAMILNADU

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Abstract

The paper provides an overview of awareness of health insurance and evaluating the behaviour of consumers with reference to Tamilnadu. It also provides a brief overview of the existing forms of and emerging trends in health insurance. The study also tries to understand the status of the respondents and also to evaluate the awareness and source of information about health insurance and to identify the purpose of taking health insurance. This study has been conducted as a pilot in two districts of Thanjavur.

Keywords: *Health Insurance, consumer behavior, growing segment*

Introduction

Health Insurance has emerged as one of the fastest growing segments in the non life insurance industry with 35% growth in 2011 – 12. Health Insurance works on the basic principle under risks of unexpected costs of persons falling ill and needs hospitalization. In the current scenario India spends about 6.5% to 7% GDP on health care out of which 12% is in the government sector and 4.7% in private sector. Health insurance annual premium collected over Rs. 9,500 crore. Despite the high growth, the business is a huge challenge for insurer because of high losses over souring medical expenses. According to survey by NSSO (National Sample Survey Organization) over 70% of people spends out of pocket which leads to lot of hardships. Out of 40% of people had to borrow money or sell assets to cover their medical expenses. Apart from awareness the growth in the segment was also being driven by central and state government taking up large scale insurance programmes. This study aims at evaluating the awareness of Health Insurance in two blocks from Thanjavur district viz Papanasam and Kumbakonam.

Research Methodology

The present study has covered two blocks from Thanjavur district viz, Papanasam and Kumbakonam were selected for the study. The primary data was collected with the help of specially prepared interview schedule. Totally 216 respondents were selected from two blocks by using simple random sampling method. This is purely a descriptive study. The data relates to the month of January 2013. For analyzing the data statistical tools such as percentages, chi-square tests, averages, Cramer's V and probability analysis technique were used.

Objectives

- To know the status of respondents of Thanjavur District
- To evaluate the awareness and source of information about health insurance
- To identify the purpose of taking health insurance

Table : 1 – Educational Status of the Respondents

Education level	Papanasam	%	Kumbakonam	%	Total	%
Illiterate	1	0.46	1	0.46	2	0.92
Primary	1	0.46	6	2.78	7	3.24
High School	8	3.70	31	14.35	39	18.05
Higher Secondary	6	2.78	26	12.04	32	14.82
Degree	21	9.72	94	43.52	115	53.24

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Others	4	1.85	17	7.87	21	9.72
Total	41	18.98	175	81.02	216	100

(X2= 1.45, P = 0.919, Correlation = 0.08169, t = 1.5827, df = 10, S.D: 7.47 : 33.75; SEM: 3.05 : 13.78)

About 3% of the respondents had primary education, about 19% had high school education, about 15% possessed higher secondary level education and about 53% had pursued degrees. Further, only about 1% remained illiterate and the difference was statistically not significant. (X2= 1.45, P = 0.919, Correlation = 0.08169, t = 1.5827)

Table : 2 – Age of the respondents

Age (years)	No of Respondents	Percentage
Below 25	26	12.04
25 - 34	58	26.85
35 - 44	90	41.67
45 - 54	22	10.19
55 - 64	8	3.70
Above 65	12	5.56
Total	216	100

(Mean: 36; Standard deviation: 31.80; Standard error of difference = 12.98; X2 = 14044.44, t = 2.77, DF = 5, the two-tailed P value equals 0.0392)

Majority of the respondents were in the age group of 35 – 44 years of age (42%) followed by 25 – 34 years of age (27%). Only 6 percent of respondents were in the age group of above 65 years of age. The result of chi-square analysis (X2 = 9.14044.44, P = 0.0392, df = 5, t = 2.77, revealed that there is significant relationship of awareness of health insurance and age of the respondents in the study area.

Table : 3 – Monthly incomes of the respondents

Size of income (Rs.)	Papanasam	%	Kumbakonam	%	Total	%
Below 10,000	4	1.85	18	8.33	22	10.18
10,000 – 20,000	13	6.02	67	31.02	80	37.04
Above 30,000	24	11.11	90	41.67	114	52.78
Total	41	18.98	175	81.02	216	100

(X2= 0.72, P = 0.6977, df = 2, Cramer’s V = 0.0577)

The study revealed that 11% of the respondents are earning an income upto Rs. 10,000, 37% of the respondents are earning Rs. 10,000 to Rs. 20,000 monthly and the others (53%) are earning above Rs. 30,000 monthly. The result of chi-square test (X2= 0.72, P = 0.6977, df = 2, Cramer’s V = 0.0577) revealed that there is no significant difference between awareness of health insurance and earning of the respondents in Thanjavur district.

Table No: 4 – Awareness of Health Insurance

Awareness	Papanasam	Kumbakonam	Total
Yes	28 (68)	99 (57)	127 (59)
No	13 (32)	76 (43)	89 (41)
Total	41 (100)	175 (100)	216 (100)

(X2= 1.43, P = 0.2318, df = 1, Cramer’s V = 0.0933)

The whole study was based on the awareness of the respondents. Of the total of 216 respondents 59% of the respondents were aware of health insurance whereas 41%of them had no idea about it. The chi-square analysis result ($X2= 1.43$, $P = 0.2318$, $df = 1$, Cramer's $V = 0.0933$) shows no significant relationship of awareness of health insurance in Thanjavur district.

Table : 5 – Source of Information

Source of Information	Papanasam	%	Kumbakonam	%	Total	%
Insurance agents	3	1.39	7	3.24	10	4.63
Doctor	1	0.46	-	-	1	0.46
Newspaper	8	3.70	21	9.72	29	13.43
Internet	3	1.39	4	1.85	7	3.24
Family/Friends	12	5.56	103	47.69	115	53.24
Television/Radio	14	6.48	40	18.52	54	25
Total	21	18.98	175	81.02	216	100

(Mean: 6.83 : 29.17; SD: 5.34 : 39.01; Standard error of difference: 16.07; df: 10)

The table depicts the source of information of health insurance. 53% of the respondents said that family/friends were the source of information followed by television and radio (25%), Newspaper (13%). A good number of respondents also got to know about it from insurance agents (5%), doctors (0.46%) and internet (3%) showed significant difference ($t = 1.3892$; $df = 10$).

The most population preferred government health insurance schemes (58%) over private schemes (31%), this trend was statistically significant.

($X2= 0.73$, $P = 0.6942$, $df = 2$, Cramer's $V = 0.0581$)

Conclusion

With the booming economy and high literacy rates the capacity to send along with the capacity of the people to pay has increased. As people earning and education level increase with it will lead to more spending in the health care. The increase in purchasing power is a positive trend for Health care industry. Health insurance companies should come out to frame a clear policy as many of the respondents had vague ideas about the benefits and risks involved in the policy. Most of the respondents prefer government health insurance schemes to understand the people perception, develop a viable health insurance scheme acceptable to all sections of the society. To conclude, to avoid unnecessary pocket expenditure and better utilization of Health care facilities the government should come out with clear cut policy, public to contribute compulsory Health Insurance scheme.

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A STUDY ON MOBILE PHONE USER WITH RESPECT TO PERAMBALUR DISTRICT

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Introduction

The success of the firm will be determined by how effective it has been in meeting the diverse consumer needs and wants by treating each customer as unique and offering products and services to suit their needs. Profits from customer relationships are the major aspects of all business. So, the basic objective of any business is profit maximization through customers satisfaction.

The transmission of information has occupied a place of significance with the changes in economic reforms. Communication can aid in the acceleration of the growth of the economy by transmitting information and simplifying motivation. Communication has been playing a pivotal role in man's life from time immemorial. Development in the field of communication is at a galloping pace.

Mobile communication is fairly an achievement of the late 20th century which revolutionized the way human beings communicate with each others. The system is in the process of bringing a major change in the world scenario and transforming the world into a global village. Mobility helps one to send and receive information anytime, anywhere and make one to keep up the pace in the competitive world. The telecommunication services have made a rapid stride both in quality and quantity. The process of technological sophistication has gained the momentum, but the users are yet to get the quality service. The managerial experts feel that the telecommunication department needs a conceptualized marketing, which would not only improve the quality of services but also provide ways for generating profits.

Objectives of the Study

1. To ascertain the opinion of the cell-phone users in various regions of Perambalur district.
2. To examine the factors influencing the purchase decision of cell-phone service providers in Perambalur district.
3. To study the extent of brand awareness and the concept of brand loyalty among the cell-phone buyers of Perambalur district.

Hypothesis:

1. There is no significant difference between gender of the respondents and their overall customer satisfaction
2. There is no significant difference between type of family of the respondents and their overall satisfaction.

Table : 1 – Difference between Gender of the Respondents and their Overall Customer Satisfaction

Sl.No.	Overall customer satisfaction	Mean	S.D	Statistical inference
1	Male (n=364)	100.55	6.548	t = -.876 .381>0.05 Not Significant
2	Female (n=236)	101.01	5.914	

Df = 598

The above table indicates that there is no significant difference between gender of the respondents and their overall customer satisfaction. Hence, the calculated value greater than table value.

Research hypothesis

There is a significant difference between gender of the respondents and their overall customer satisfaction.

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Null hypothesis

There is no significant difference between gender of the respondents and their overall customer satisfaction.

Statistical test

Student ‘t’ test was used the above hypothesis

Table : 2 - Difference between type of Family of the Respondents and their Overall Customer Satisfaction

Sl.No.	Overall customer satisfaction	Mean	S.D	Statistical inference
1	Joint family (n=41)	101.32	6.117	t =.619 .536>0.05 Not Significant
2	Nuclear Family (n=559)	100.69	6.322	

Df = 598

The above table indicates that there is no significant difference between type of family of the respondents and their overall customer satisfaction. Hence, the calculated value greater than table value.

Research hypothesis

There is a significant difference between type of family of the respondents and their overall customer satisfaction.

Null hypothesis

There is no significant difference between type of family of the respondents and their overall customer satisfaction.

Statistical test

Student ‘t’ test was used the above hypothesis

Findings:

1. There is no significant difference between gender of the respondents and their overall customer satisfaction. Hence, the calculated value is greater than the table value. So the research hypothesis are rejected and the null hypothesis are accepted.
2. There is no significant difference between type of family of the respondents and their overall customer satisfaction. Hence, the calculated value is greater than the table value. So the research hypothesis are rejected and the null hypothesis are accepted.

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MARKETING PROBLEMS OF COTTON

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Introduction

Agriculture plays a very important role in the economic development of a country. It is the backbone of an agriculture country like India. India's prosperity depends upon agricultural prosperity. Agriculture is fundamentally different from industry. The marketing of farm products generally tends to be a complex process. The types of agricultural commodities produced in our country are various and varied. Agriculture is the largest and most important sector of the Indian economy. It contributes nearly 45 percent of the national population of the country. It also provides goods for consumption, exports and manufacturing sectors.

Agricultural goods which are raw materials for industrial and consumer activities can be classified into three groups:

a. Raw materials for industries like cotton, jute and tobacco.
b. Raw materials or industrial goods, and
c. Consumer and industrial goods.

Raw materials for industries are cotton, jute and tobacco. They are processed and the ultimate consumers use these products after they are passed through many manufacturing process. The process is long some cases like cotton into cloth, sugarcane into sugar. Cotton is one of the most important commercial crops playing a key role in economics, political and social affairs of the world. Chiefly as a fiber crop, cotton is cultivated in about 60 countries of the world but ten countries, viz, the erstwhile USSR, the USA, china, India, Brazil, Pakistan, Turkey, Egypt, Mexico and Sudan account for nearly 85 percentage of the total production. Millions of people in India, Egypt, and China wear cotton clothes the year around. Even in the bitter winder of northern China, most people wear cotton coats paddled with cotton. As the days grow colder, they simply add another padded coat, saying it is 'two coat weather' or three coat weather'

Cotton, a crop of prosperity having a profound influence on men and matter, is an industrial commodity of world – wide importance. Cotton cultivation in India encompasses total diversity in vastness, spread, agro – climate, farming methods, cropping systems planting the marketing seasons, varieties, duration, yield quality and costs and returns. Despite these setbacks, cotton continues to remain the back bone of the rural economy, particularly dry land areas. Some 60 nations grow cotton plant. The chief producers were China, the Soviet Union and the Second World War Almost all the southern states of India grow cotton as a cash crop. Today cotton is still the chief cash crop in the south, but many southern farmers no longer cultivate cotton in all their lands. They rotate and diversify their crops. A vast new region, however, is now producing cotton. The far west cotton farms still outnumber all others in India, and cotton ranks as one of the most available agricultural products worth about four billion dollars each year.

The organized sector of the Indian textile industry constitutes the largest single industrial segment in the country in terms of the annual value of output and lab our employed. The industry provides direct employment for nearly ninety thousand workers and indirect employment for several millions. The decentralized sector comprising the power looms, handlooms and charkha are reported to provide employment for over 2.5 million people with nearly eight million hectares under the cotton crops. India ranks first in the world in the world in respect of area and fourth in total production. The other major cotton growing countries in the world are the United States of America, Russian countries and China.Besides being money – spinner, cotton is an employment generator as its cultivation provides 200 men – days of employment per annum. About 60 million people earn their livelihood through its cultivation or trade and processing.

In Tamilnadu, consumption of cotton by mills is around 28 lakhs bales while the output is only 4.5 lakh bales. In 1996 – 97 the state produced just 3.39 lakh bales of cotton from 2.61 lakh hectares of land. The stage government decided to increase the area under cotton from 2.5 lakh to 5.0 lakh hectares in the next five years in steps of 50,000 hectares every year. The state government was hopeful of achieving good results from technology mission on cotton in 1998 -99. The

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Tamilnadu government had plans to put 2.50 lakh hectares of land under cotton and produce seven lakh bales of cotton. The output is expected to be six lakh bales.

Statement of Problems

Cotton is one of the most important raw materials for the textile industry. In India it is widely used all over the country because it is affordable and available any where. The cotton industry in India gibes direct and indirect employment to millions of people. "Cotton in India is the king of crops and is also the white gold of India. The cotton market planners, while acknowledging its importance, have failed to understand the major problems faced by the producers in marketing their products. Some of the problems faced by producers are stated here under. First, lack of awareness of various aspects of cotton marketing is found among producers. Second, there is high demand for transportation and storage facilities in the harvest seasons, in order to protect the produce from determination in quality. So special transportation and storage facilities have to be provided. The producers face hardships of payment, requisite go down facilities and transportation while selling their products. Third, pricing of cotton is done arbitrarily, mainly depending upon the middlemen and their influence on market. This has not only led to fluctuation in process, but also resulted in raw deal to the growers, and Last, financial seasonal requirements more finance is necessary in a particular period. Financial need also varies from year to year depending upon the quantity if production. Method of financing their production and post – production activities, is not an easy one. So an attempt to study the above problems in depth.

Review of Literature

According to study by Vandanasiva and Ashokemani, cotton is one of the most ancient and important, cash crops. It constitutes nearly 70 percent of the raw material for the textile industry and directly or indirectly provides huge employment in rural as well as in urban areas.It is also found that there are high social and ecological costs linked to globalization of non – sustainable agriculture which have been experienced in all commercially grown and chemically farmed crops in all regions, while the benefits of globalization go to the seeds and chemical corporations. Through expanding markets the cost and risks are exclusively borne by the small farmers and landless peasants. While the commercial private seed supply system needs strong state regulations, farmer seed supply system should function free of sate interference with strong community control. Public participation and strong biosafety regulation with public participation are both a democratic and an econological imperative.

K.Ramamoorthy and R. Venkataswamy have said that Andhrapradesh is the most important cotton growing state in India. Or the cotton growing area of India, nearly nine percent was shared by Andhrapradesh alone. It stood third in cotton production next to Maharashrta and Gujarat, having shared 15 percent of Indian cotton production.

Andhrapradesh yields nearly 40 percent higher that the Indian average yield of 294 kg/ ha. In Andhrapradesh, nearly 51 percent of cotton is being cultivated in all the 22 districts of Andhrapradesh. But Guntur, Adilabad, Warangal, Kurnool, Karimanagar and Khammam are the main cotton growing districts of Andhrapradesh.

N.S. Kulkarani has studied about the marketing of cotton in India. His detailed study is about Gujarat state co-operative marketing, Maharashtra State co-operative cotton growers marketing federation ltd, the cotton corporation of India ltd, role and operation of the corporation, marketing of cotton in the future and regulated market.

L.P.Singh found the regulated markets in the 21st century and outlined their future role. His main findings are that there is

1. Rapid increase in the volume of marketable surplus on account of increase in agricultural production,
2. Specialization in commercial production production over different agro climatic zones and

Objects of the Study

On the basis of the problems identified, the main objectives of this study are listed below. They are,

1. To study the existing practices in cotton marketing in the study area,
2. To Study the problems faced by the growers and dealers in Sirkali in the marketing of cotton.
3. To analyze the role of regulated market in marketing of cotton in Sirkali, and
4. To offer suggestions in the light of the findings of the study.

Scope of the study

This study covers the problems of marking of cotton in Sirkali Talk only. All traders and farmers of the taluk undertake similar activities and therefore there may not be any significant difference between farmers and traders activities. Hence no attempt is made to compare their performance with that of any other farmers and traders.

Methodology

The present study is base on both primary and secondary data. Secondary data were collected from various magazines, newspapers, books and reports on cotton market. Regarding the collection of primary data three schedules were prepared and administrated on growers, traders and regulated/ co – operative marketing of cotton. Two stage sampling method was used. Accordingly from two blocks viz. sirkali and Kolidam, 20 villages 200 respondents were chosen by the lottery method. Similarly from each block 10 villages were chosen at random and from each village 10 respondents, eight form cotton producer and two from cotton traders were also selected.

Findings, Suggestions and Conclusion

The problems of marketing of cotton in Sirkali Talk have been studied in the previous chapter. An attempt is made in this Chapter to summaries the main findings with suggestions and conclusion.

Findings

1. Out of 160 respondents, 75 are marginal farmers and they posses 1 to 2.5 acres, 55 are small farmers holding 2.5 to 5 acres and 30 are large farmers having above 5 acres.
2. Out of 75 marginal farmers, 23 have wet lands, 27 dry lands and 25 both wet and dry lands. Among 55 small farmers, 18 have wet and lands; 22, dry lands and 15, both wet and dry lands. Out of 30 farmers 8 have wet lands, 9 dry lands and 13, both wet and dry lands. It we take the total number of sample farmers who are 160 in number, 58 have dry lands, 49 have wet lands and 53 have both wet and dry lands.
3. Out of 75 marginal farmers, 37 (49.00 percent) belong to cotton crop cultivation; 23 (31 percent) belong to paddy crop cultivator; and 15 (20 percent) respondents belong to other crops (like black gram, green gram, groundnut). Out of 55 small farmers, 25 (46 percent) respondents belong to cotton cultivation; and 12 respondents belong to other crops. Out of 30 large farmers, 15 (50 percent) respondents belong to cotton cultivation; 12 (40 percent) respondents belong to paddy cultivation; and 3 (10 percent) respondents belong to other crops cultivation.
4. Out of 75 marginal farmers, 18 (24 percent) are cultivating to LRA seeds; 25 (33 percent) respondents, MCU5; and 32 (43 percent) respondents MCU7. Out of 30 respondents, 8 (27 percent) respondents cultivate LRA; 15 (50 percent) respondents, MCU5; and 7 (27 percent) respondents MCU7.
5. Out of 75 marginal farmers, 18 (24 percent) spend Rs.1,000 – 3,000 per acre; 28 (37 percent) respondents spend Rs.3,000 – 5,000; and 29 (39 percent), Rs. 3,000 – 5,000; and 22 (40 percent) above Rs.5,000. Out of 30 large farmers, 8 (27 percent) incurred an expenses Rs.1,000 – 3,000 ; 15 (50 percent), Rs. 3,000 – 5,000 and 7 (23 percent) above Rs. 5,000. It is also observed that out of 160 sample farmers, those who spend above Rs.5,000 are more 58 more than those who spend Rs. 3,000 – 5,000 i.e., 56 those who spend Rs.1,000 – 3,000.
6. There are 40 traders of them 12 (30 percent) to traders bought paddy and cotton; 16 (40 percent) traders bought cotton and black gram from the farmers; 6 (15 percent) traders, groundnut and cotton, and 6 (15 percent) bought other crops.
7. Regarding the level of finance of sample farmers, it is observed that out of 75 marginal farmers, 15 (20 percent) respondents have sufficient and 60 (80 percent) respondents have in sufficient finance. In the case of small farmers, 20 (36 percent) respondent have sufficient and 60 (80 percent) respondents have in sufficient finance. In case of small farmers 20 (36 percent) respondents have sufficient, 35 (64 percent) have in sufficient finance. Out of 30 large farmers, 22 (74 percent) have sufficient and 8 (27 percent) having in sufficient finance. Out of 160 sample farmers 57 have sufficient finance. Out of 160 sample farmers 57 have sufficient and 103 have in sufficient finance and they get, money through the bank loan and private lenders.
8. Regarding transport facilities, 75 marginal farmer, 75 (100 percent) respondents arrange hired vehicles. Similarly in the case of small farmers who are 55 in number, all the 55 (100 percent) respondents arrange the hired vehicles. Out of 30 large farmers, 5 (17 percent) have bullock carts; 18 (60 percent) respondents have trailer or tractors. 7 (23 percent) respondents arrange the hired vehicles. It we take the entire sample farmers who are 160, 5 have bullock carts; 18 have trailer / tractor, and 137 arrange the hired vehicles. In the situation of hired vehicle they are charging abnormal rate of rent and they have to wait some more days. So farmers are losing the quality of the commodity and the right price also. That is why they go to private market which renders better services to them on spot marketing.
9. In respect of storage facilities, out of 75 marginal farmer, 100 percent fully did not have storage facilities of their own; out of 55 small farmers, 10 (18 percent) respondents had storage facilities of their own 45 (82 percent) respondents did not have storage facilities. Out of 30 large farmers, 18 (60 percent) respondents had their own storage godown and 12 (40 percent) respondents did not have any storage facilities.

10. Regarding price fixation, out of 75 marginal farmers 6 (8 percent) said that they were satisfied with the price fixation on private marketers; 15 (20 percent) respondents were not satisfied; 13 (17 percent) respondents told that they were satisfied with the regulated market price fixation method; 9 (12 percent) respondents were not satisfied. 20 (27 percent) respondents were satisfied with the price fixation method on co-operative marketing society; 12 (16 percent) respondents were not satisfied. The relevant details are given in table 4.4. Out of 55 small farmers, 7 (13 percent) respondents were satisfied with the private marketers price fixation; 14 (26 percent) respondents were satisfied with the regulated market,4 (7 percent) respondents were not satisfied. 11 (20 percent) respondents were satisfied with the co-operative market price fixation method; 4 (7percent) respondents were not satisfied. Out of 30 large farmers, 5 (17 percent) respondents were satisfied with the private price fixation method; 7 (23 percent) respondents were not satisfied 6 (20 percent) respondents were satisfied 2 (7 percent) respondents were not satisfied; 6 (20 percent) respondents were satisfied; 4 (13 percent) were not satisfied.

Suggestions

1. Cotton marketing is not only a seasonal market but also a technical one. In modern days the government and NGO's in the agricultural department should educate the farmers about the proper method of selling.
2. Regulated and co- operative marketing societies should directly involve in the purchase of cotton from the farmers to order to avoid the role of middlemen.
3. Transporting and storage facilities are very poor in the rural area. The rural farmers are not provided with adequate facilities of transport and storage. So the co-operative marketing society should tie-up with primary agricultural credit society in this respect.
4. The cost of production of cotton in increasing every year. So the farmers need more financial assistance. Some time they do not have sufficient finance. In this situation co-operative market and regulated market must provide some advance amount to the farmers on the basis of their yield.
5. A number of varieties of cotton seeds are available today. The farmers do not understand value to the varieties and they are using high yielding varieties of seeds which are available in market. However, at the time of cultivation, mixing with normal varieties, they are automatically losing the high quality seeds. So government should train the farmers in this respect. Farmers should also utilize the services of the agricultural department which sells hybrid cotton seeds.
6. Due to monsoon failure farmers do not produce cotton in the dry land. So the farmers should be trained to use drip irrigation and also to get the benefit of rain water harassment.
7. The government organization should arrange to provide awareness for cotton marketing program me to get the benefit of organized sector.
8. The government should strictly take some steps to formulize and control the regulated marketing function regarding measurement, payment, price fixation ad approach with the farmers.
9. The government should also strictly control the private traders activities and take action against traders who have no license.
10. There is inordinate delay in payment to cotton sellers at regulated and co-operative markets. So proper action should be taken for immediate payment for their output.

Conclusion

Clothing is one of the needs of human beings. This is satisfied by the textile industry, which is one of the largest processing industries in our country , and contributes significantly to the economy of the country in terms of employment, rural and urban, foreign exchange earnings and income to the government in the terms of duties and taxes. So cotton growers are nation builders and all the produced cotton should be marketed well. Government and other concerned people should study the problems of marketing of cotton and find the solution for them, which should be in favour of cotton cultivators.

The present marketing network is not sufficient to cope with the increased flow of high quality cotton, as a result of wide scale cultivation of hybrid cotton. There are inadequacies in respect of quality and grading standards, storage and handling and the problems of payment. Movement as more and more high quality cotton at high price is entering the market it is indeed a challenge to marketing network to devise new methods and infrastructural facilities to tackle the problems of marketing more effectively and efficiently. The study area is not an exception to this situation. So all the problems of marketing will aggravate, it timely changes are not brought in the cotton marketing will aggravate, it timely changes are not brought in the cotton marketing system of India in general and Sirkali Taluk in particular. In short we may sat that.

THE IMPORTANCE OF HUMAN RELATIONS IN AN AGE OF GLOBALIZATION

M. Vanitha Jyothi [1] **Dr.N.G.S.Prasad [2]** **Dr .G. S. Rama Krishna[3]**

Abstract

Globalization refers to the increasing integration of the world countries brought largely by closer economic interaction, that is, by expanded international flows of trade, investment, human resource, capital, knowledge and information. Contemporary globalization has rapidly developed into a complex system of circuits of exchange, interactive dynamics, and structures that collectively interact at high levels to produce rapid change affecting most aspects of human life. Human relations is the study of human behaviour at work and efforts to better action producing desired goals. Human relations have become diverse due to the increasing personal and workplace complexities. Similarly many Indians are working overseas who have their own values and norms. Globalization involves a process of stretching or extension of human activities, relations and networks across the globe.

Key Words: *Human Relations, Globalisation, Social Change, Norms, Culture*

Introduction

Globalization is a process of change mostly affecting the social, cultural and political gamut of life. The twentieth century ends as the globe moves towards a new era characterized by a globally integrated economy, where decisions regarding production consumption and other aspects of social relations increasingly includes transnational dimensions. Forces of globalization are real and their influences are felt everywhere. It entails free trade, free mobility of both financial resource and products, technologies, information, markets, and human resources aspects.

Globalization refers to the increasing integration of the world countries brought largely by closer economic interaction, that is, by expanded international flows of trade, investment, human resource, capital, knowledge and information. It means operating and planning to expand business throughout the world. Globalization of markets, production, investment, technology, HR. Contemporary globalization has rapidly developed into a complex system of circuits of exchange, interactive dynamics, and structures that collectively interact at high levels to produce rapid change affecting most aspects of human life.

The spread of globalization has been so rapid and comprehensive that its effects are being felt in the smallest and most remote human communities and natural areas in both developed and undeveloped countries. It is making the world a smaller place and HRM must respond appropriately. It is a term in business that refers to the integration of an organization's operations, processes and strategies into diverse cultures, products, services and ideas. Because of its emphasis on diversity, globalization also has a deep impact on the way companies manage their employees. Understanding the effects of globalization on human relations can help managers to better equip their organizations for the increasingly global business environment.

"Globalization can thus be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa" (Giddens,1990). "Globalization can be thought of a process which embodies a transformation in the spatial organization of social relations and transactions – assessed in terms of their extensity, intensity, velocity and impact – generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power" (Held et al, 1999).

Significance of Human Relations

It was industrial revolution which led to the replacement of the old domestic system of production by the factory system. A large number of men worked together on machines in return for wage. This destructed the old personal tie between workers and their employee. Employer began to regard workers as a commodity and almost forgot that he was a human being.

An area of management in integrating people into work situation in a way that motivates them to work together

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productively. The term "Human Relations" applies broadly to the interaction of people. Human relations is the study of human behaviour at work and efforts to better action producing desired goals. Human relations is integration of people into work situation that motivate them to work together productively, co-operatively to provide economic psychological and social satisfaction.

Human relations is motivating people in organizations to develop team work spirit in order to fulfill their needs and to achieve organizational goals efficiently and economically. The term "Human Relations" does mean the relationship between two human beings. Human relations in industry implies that relationship between employer and employees as human beings but not in the capacity of employment relations whereas industrial relations implies relationship between employees and employer in the process of employment. The term human relations include the relationship during and out of employment situations.

Role of Human Relations

- **Diversified Culture**

  Diversity involves a wide range of group and individual characteristics. One should be capable of accepting these kinds of diversities and working with people of diverse behaviours in personal life and work places.

Diversity isn't a slogan—it's a reality when you're hiring people everywhere. Robert M. Teeter, U.S. Pollster and business executive.

Globalization refers to the spread of new forms of non–territorial social activity (Ruggie, 1993; Scholte, 2000). Human relations have become diverse due to the increasing personal and workplace complexities. Similarly many Indians are working overseas who have their own values and norms. This type of diversity may be useful in learning new and more efficient ways of doing things. If the individuals are better trained in accepting the diversities they will be more successful in their personal and organizational life.

Globalization is introducing and instilling cross cultural values in people. Many people from overseas are working in various organizations in India who come from different cultures. The cultural differences may exist within the same country or from different countries. Being able to work well with people from other cultures, both outside and inside of country is important for personal and organizational success. Being able to relate to a culturally diverse customer base is also necessary for success.

Globalization brings about both evolution and extinction. On one hand, they have an inter-twining culture—learning new languages, connecting to people from different parts of the globe, getting a taste of varying music etc. On the other hand, there's an increasing dilution of cultural inheritance and stressed relationships.

Kofi Annan proves right "arguing against globalization is like arguing against the law of gravity". Because of globalization – which started as an initiative towards economic prosperity by opening up trade routes, eventually led to cross cultural mixing.

People from some cultures accept power distance at different organizational levels; in some other cultures people do not recognize a power hierarchy. There are cultures where people work as a team in an organization. In Indian culture there is hierarchy of power. Some cultures emphasize assertiveness and the acquisition of money and material objects. At the other end of the continuum is concern for others, an emphasis on personal relations, and the common welfare.

There are some cultures which are high context, and there are others which are low context. Chinese culture is high context culture. High-context cultures make more extensive use of body language. People in low-context cultures seldom take time in business dealings to build relationships and establish trust. Another diversity is regarding being present or future oriented. Those people who belong to present oriented culture believe in rewards in present, whereas future oriented people believe in future rewards.

In the 'Eiffel Tower Culture', relationships are specific, contractual, hardboiled and formal. Managers in this rarely create off-the-job relationships with people, since they fear that it will taint their rational judgmental process. In this type culture, the boss is highly revered. In the 'Guided Missile Culture' is characterized by strong emphasis on equality in the workplace and orientation to the task. All team members treat each other with respect, because of their sense of mutuality and need-based requirements from each other. UK and USA fit well into the description of this type of culture.

The main principle to recognizing cultural differences is to be alert to these differences, and to be sensitive to how they could affect to dealing with people. To improve interpersonal relationships on the job, recognize that a person's national values might influence his or her behaviour. For example, emphasize non-verbal communication with a person from a high-context culture.

- **Processes of Social Change**

  A process can be described simply as a series of developing changes. In this sense, globalization is the process of becoming global, but not yet complete, that is, the condition of being global. There are, however, processes that point in that direction. These processes are multiple and cover most areas of social life and human relations such as economy, polity, culture, ideology, religion. Since globalization is a work-in-progress, the end result – what a global society would look like – is yet undetermined.

- **Deterritorialization and IT**

  Under conditions of globalization, territory becomes less relevant to human relations. For instance, gratitude or thanks to information technology, anyone in the world equipped with a computer and an internet connection can play the stock markets, chat online with friends, up-load or down-load all sorts of information and data from any place in the world from other individuals similarly equipped, as well as watch a television network via satellite. Territories and borders have become irrelevant to such interactions that are therefore global in nature.

Globalization involves a process of speeding up, or increasing velocity, of human activities and relations. Developments in technologies of transportation and communication have accelerated the speed of social interactions as well as the diffusion of material goods and ideas, money and people

Practically every phenomenon that can think of has acquired such supra-territorial qualities: electronic communications, environmental degradation, terrorism, religious fundamentalism, financial flaws, health threats, etc. All these areas of human life are being globalized insofar as they are no longer attached to specific territories but develop and affect us at a transnational level. The process of globalization, as deterritorialization, turns the world into a single space.

- **Gender equality**

The relationship between globalization and gender equality, and the relevance of globalization for transforming gender relations has been increasingly well documented. The significant gender differences and disparities with respect to decision-making powers, participation, and returns for effort that prevail in different societies need to be taken into account when responding to the forces of globalization. Because of gender inequalities and discrimination in all parts of the world, women can be affected negatively by globalization processes to a greater extent than men. On the other hand, there can be significant gains for women with globalization. At the policy level, the impact of globalization on women and gender relations continues to be neglected nationally and internationally. The extension of the employment market can have both positive and negative effects for women's situation and gender relations. In both developing and developed countries, on gender relations is still not too clear.

For many countries, trade could be the primary vehicle for realizing the benefits of globalization. Trade policies affect employment, production, distribution and consumption patterns, cultural values, social relations and the environment, all of which engage and affect women as well as men. Increases in world trade, particularly in the services, has increased the involvement of women in the various occupations and professions of the services sector.

Globalization involves a process of stretching or extension of human activities, relations and networks across the globe. Events taking place in one part of the world have an impact for other people in distant locations, a process akin to the butterfly effect. **Globalization involves a process of intensification of human activities and relations.** Intensification refers to the sheer magnitude of existing global relations. More and more aspects of our lives are tied, in one form or another, to locations and people in other parts of the world. Most of the consumer goods were manufactured and assembled in different places. We are also more intensively connected to the whole world through a growing number of treaties and agreements that cover practically every area of social relations, from human rights to environmental statutes to the production and sale of weapons of mass destruction.

Conclusion

In the age of globalization, the gap between high and low income countries is not only persisting, but in many cases it is widening. Globalization brings about a change in people's lifestyles and behaviours. Globalization brings in significant changes not only in operating boundaries, but also in the corporate HR functions and strategies. Forms of alternative income earning have grown faster than formal and secure employment. Global companies have maintained control over planning, and sent to LDCs (less developed countries) all stages of production that involve financial and human risk. Life in LDCs has become more unstable, generating and/or expanding many different types of conflict, from crime to intra-household violence, from environmental destruction to unfair competitive practices in human relations and commerce. The aftermath of liberalization and globalization has made Indian companies conscious of competition and quality and acquire a totally global mindset.

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MARKETING PROBLEMS FACED BY COTTON FARMERS: A STUDY

Dr. P. Mohanasundaram[1]

Abstract

The agricultural marketing occupies a dominant position in marketing economy as three-fourth of Indian population depends on agriculture for their livelihood. Hence, there is every need for sound agricultural marketing. Production enhancement would be of no value, if sound marketing doesn't follow it. Marketing of goods normally implies their physical transfer as well as the economic terms on which these transfers are made. For increasing cotton production, productivity and improving the quality of cotton vis-à-vis increase the income of the cotton growers and ensuring abundant supply of quality cotton to the textile mills, the corporation had been undertaking various developmental activities in the form of extension activities. Against this background, this study is an attempt to analyse the marketing problems faced by cotton farmers in Gobichettipalayam Taluk.

Introduction

The occupational structure of India is dominated by the "agriculture sector" and the "manufacturing sector" and the "service sector" are lagging for behind in this context. This shows that India is predominantly an agricultural economy and hence it requires strongest protection and development of its "agricultural resources". India is facing certain "agricultural challenges" that must be resolved as soon as possible. India is moving towards an agricultural emergency due to lack of attention, insufficient land reforms, defective land management, non-providing of fair prices to farmer for their crops, inadequate investment in irrigational and agricultural infrastructure in India.1

Problems of Agriculture in India

The productivity of crops in India is compared to China and very low compared to developed countries. The Government of India and state governments brought many reforms through very good proposals, but had set backs at implementation stage leading to many problems rather than expected outputs.

By way of implementation of "Samithis" or "Panchayat raj" systems many agricultural officers were posted to improve the position of agriculture through application of fertilizers, introduction of improved and hybrid varieties and new cultural practices, use of plant protection chemicals, tracterization and electrification of irrigation system. Village level workers and field man at the lower level were available to meet the farmers and support them with new technologies.2

Cotton cultivation in China continues to face certain problems through it remains the world's largest producers of this natural fibre.

This is compared to some other developing countries like USA, Australia under cotton cultivation in China remains highly fragmented with most of its cotton farms being very small and the quality of fibre remaining for from favourable.

The area under cotton cultivation in China has remained around 5.0 million hectares. It was estimated at 5.6 million hectares in 2004. The number of cotton farmer families, however exceeded 40 million.

China is unhappy with the number of problems being faced by its cotton production. Most of its cotton farmers are very small landholding the quality of its cotton remains unfavourable. Some of the farmers may be growing two or three varieties at the same time on their tiny farms.

USA too had in the beginning of 1940's a large number of small cotton growers and the lack of good roads had resulted in installation of thousands of small cotton gins near tiny cotton farms.

China is just now introducing further reforms in this sector. It is reforming its cotton inspection system. It is reforming its cotton inspection system. It is considered to be the accepted international levels. This is expected to inject in this sector standardization and scale enlargement.

It also recognizes the need for its cotton entrepreneurs and cotton machinery manufacturers to go abroad. It also wants foreign capital to come in to China. The

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cotton processing industry in China is expected to undergo dramatic changes in the forthcoming years.

PROBLEMS FACED BY COTTON FARMERS IN INDIA

There are plenty of problems faced by the cotton farmers in our country. Under the problems facing cultivation of cotton varieties and as well as problems facing by while marketing of cotton.

Agriculture in India is subject to variety of risks arising from rainfall observations, temperature fluctuations, hail storms, cyclones, floods, climate change. These risks are exacerbated by price fluctuation, weak rural infrastructure, imperfect markets and lack of financial services including limited span and design of risk mitigation instruments such as credit and insurance. These factors not only endanger the farmers livelihood and incomes but also undermine the viability of the agricultural sector and its potential to become a part of the solution to the problem of endemic poverty of the farmers and agricultural labour.

Management of risk in agriculture is one of the major concerns of the decision makers and policy planners as instability in farm output is considered as the primary cause for low level of farm investments and agrarian distress. Both in turn have implications for output growth.

In order to develop mechanisms and strategies to mitigate risk in agriculture it is imperative to understand the sources and magnitude of fluctuations involved in agricultural output. The present paper is an effort in this direction. The paper examines extent of risk by estimating year to year fluctuations in national production of major crops and also analyze whether risk in the post reforms period declined. The analysis is extended to state level as there are vast variations in agro-climatic conditions across states.

Statement of the Problem

Cultivation of agricultural goods is more complicated than the production of non-agricultural goods. Cultivation of cotton poses more problems when compared to other agricultural commodities. The cultivation of cotton is generally depending on fertility of soil, climatic situations, high yielding varieties of seeds and rainfall. The farmers are facing many problems in cultivation of cotton. The cotton growers are affected by the problems in cultivation of cotton due to non-availability of labour, high wage rate, high transportation cost, storage cost, poor quality of fertilizers, non-availability of fertile seeds, loss due to pest and inadequate technical know-how. This study is focused to find out answer to the following question:

1. What are the problems faced by the farmers in the marketing of cotton?

Objective of the Study

1. To identify the marketing problems faced by the cotton farmers

Methodology

This study is an empirical research based on the survey method. The study is based on primary data. The required primary data have been gathered from the respondents with the help of a well structured and pre-tested interview schedule.

Sampling Design

For the purpose of the study a multi-stage stratified random sampling technique was adopted.

Selection of Block

The present study is confined to Erode District in Gobichettipalayam taluk. Gobichettipalayam taluk has three blocks namely Gobi, Nambiyur and Thookanaikanpalayam. Out of these three blocks, Gobichettipalayam block was purposively selected.

Selection of Growers

To constitute a sample size of 100 sample farmers were selected by adopting purposive sampling method. The farmers were classified into three different groups namely Small (upto 2 acres), Middle (2 to 5 acres) and **Large (above 5 acres).**

Framework of Analysis

Based on the data collected from the farmers, a master table was prepared and the data was analyzed with the help of Garrett's ranking technique.

Marketing Problems Faced By the Cotton Farmers

Marketing is not only an economic link between the producer and the consumers. It maintains a balance between the demand and supply. The objectives of price stability, rapid economic growth and equitable distribution of goods and services can't be achieved without the support of an efficient marketing. Today's concept, without marketing there is no business activities.

Marketing is indispensable to industry as well as agriculture. The industrial commodity can be marketed at any time. But in case of agriculture, marketing problem is severe due to the nature of commodity, the commodity should be marketed immediately soon after the harvest due to the very nature and characteristics of the commodities.

In order to increase the income of the sample farmers and also to promote the economic development of the country, it is necessary that the problem of agricultural marketing is to be analyzed and solved. Incase of cotton marketing is very miger than its cultivation.

In the field of study, it is found that there are four ways for disposal of products namely, through co-operative marketing society, commission agents, through millers and ginners. The marketing problems are delay in payment, high commission charges, low price, price fluctuation, credit sales, lack of awareness about market information, forced to sell, high cost of transport, market fees. High cost of storage, Inefficiency of co-operative marketing society, Absence of grading & standardization and adulteration.

To identify the problem, which is most important one, ranking analysis has been applied.

Garrett's ranking technique has been applied to rank the problems in marketing of cotton with the following formula:

$$\text{Percent Position} = 100 \frac{Rij-0.5}{Nj}$$

Where,

Rij – Rank given for the ith problems by the jth respondents

Nj – Number of problems ranked by jth respondents

By referring the Garrett's ranking table the percent position estimated is converted into scores. Then for each problem the scores of each individual are added and the mean value is calculated. The problem having highest mean value is considered to be the most important problem of marketing. The table 6.3 discloses the ranking analysis for finding out the marketing problems faced by the cotton farmers.

Table 1 indicates that the Lack of awareness about market information is a very huge problem to all 100 sample respondents with highest mean score of 58.64, followed by price fluctuation with the mean score of 54.73, forced to sell with the mean score of 52.06, high commission charges with the mean score of 51.87, high cost of transport with the mean score of 50.76, credit sales with the mean score of 50.58, inefficiency of co-operative marketing society with the mean score of 48.35, absence of grading and standardization with the mean score of 48.33, high cost of storage with the mean score of 47.31, adulteration with the mean score of 47.21, market fees with the mean score of 46.40, delay in payment with the mean score of 44.85 and low price with the mean score of 42.91.

It is concluded that the lack of awareness about market information is an utmost important marketing problems faced by the cotton cultivators. This is the sample farmers can't aware to know about market information through various marketing mass media, telecommunication.

Findings

To analyzing the problem, which is the most important factor, Garrett's ranking analysis has been applied. It is found that lack of awareness about market information is the foremost important marketing problem faced by the sample respondents while marketing their cotton, followed by price fluctuation, forced to sell, high commission charges, high cost of transport, credit sales, inefficiency of co-operative marketing society, absence of grading and standardization, high cost of storage, adulteration, market fees, delay in payment and low price.

Further to examine the marketing problems of cotton cultivators while selling their products through co-operative marketing society, through commission agents, through millers and Ginners.

Suggestions

In the present study, it is found that the Lack of awareness about market information is the most important problem faced by the cotton growers. Hence, it is suggested that Department of Agriculture, Government of Tamil Nadu should create more awareness about market information by way of fastest growing advertisement channels, newspaper, mass media, to conducting several awareness programmes.

Conclusion

Agriculture being an important sector in the Indian economy, drastic changes is required to develop agriculture in India on par with advanced countries. The government must initiate steps to improve agriculture in India through proper and well-defined strategies, so as to make the agricultural sector more flourishing in the coming future.

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TABLE : 1 - SCALE AND SCORE VALUES OF MARKETING PROBLEMS FACED BY THE COTTON GROWERS (Garrett's Ranking Technique)

S. No.	Factors	Rank / Score Value	I 84	II 73	III 67	IV 62	V 57	VI 53	VII 50	VIII 46	IX 42	X 37	XI 32	XII 26	XIII 15	Total Score	Mean Value	Rank
1.	Delay in Payment	F	6	4	5	6	9	5	8	4	12	9	12	9	11	100	44.85	XII
		FX	504	292	335	372	513	265	400	184	504	333	184	234	165	4485		
2.	High Commission Charges	F	13	8	12	9	5	5	10	4	2	5	9	8	10	100	51.87	IV
		FX	1092	584	804	558	285	265	500	184	84	185	288	208	150	5187		
3.	Low Price	F	2	8	9	7	9	4	1	4	2	13	11	16	14	100	42.91	XIII
		FX	168	584	603	434	513	212	50	184	84	481	352	416	210	4291		
4.	Price Fluctuation	F	9	19	9	6	9	8	6	3	8	6	4	9	4	100	54.73	II
		FX	756	1387	603	372	513	424	300	138	336	222	128	234	60	5473		
5.	Credit Sales	F	7	9	9	9	7	7	8	7	9	7	9	5	7	100	50.88	VI
		FX	588	657	603	558	399	371	400	322	378	259	288	130	105	5088		
6.	Lack of awareness	F	23	13	15	5	6	2	4	3	7	2	10	4	6	100	58.64	I
		FX	1932	949	1005	310	342	106	200	138	294	74	320	104	90	5864		
7.	Forced to Sell	F	11	12	5	7	6	4	9	12	6	12	4	7	5	100	52.06	III
		FX	924	876	335	434	342	212	450	552	252	444	128	182	75	5206		
8.	High Cost of Transport	F	8	4	5	14	5	10	11	12	8	7	6	5	5	100	50.76	V
		FX	672	292	335	868	285	530	550	552	336	259	192	130	75	5076		
9.	Market Fees	F	2	5	9	8	7	14	7	8	8	7	6	7	12	100	46.40	XI
		FX	168	365	603	496	399	742	350	368	336	259	192	182	180	4640		
10.	High Cost of Storage	F	3	5	4	11	8	9	12	8	10	10	5	8	7	100	47.31	IX
		FX	252	365	268	682	456	477	600	368	420	370	160	208	105	4731		
11.	Inefficiency of Co-operative Society	F	3	9	9	7	5	10	8	15	6	4	8	8	8	100	48.35	VII
		FX	252	657	603	434	285	530	400	690	252	148	256	208	120	4835		
12.	Absence of Grading..	F	8	1	3	5	16	15	8	8	6	9	8	6	7	100	48.33	
		FX	672	73	201	310	912	795	400	368	252	333	256	156	105	4833		
13.	Adulteration	F	5	3	6	6	8	7	8	12	16	9	8	8	4	100	47.21	X
		FX	420	219	402	372	456	371	400	552	672	333	256	208	60	4721		

Note : X – Scale Value, F – Number of Sample Respondents, FX – Score Value

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NEED OF FOOD MANAGEMENT FOR THE POOR IN ANDHRA PRADESH

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Abstract

The performance of Andhra Pradesh in reducing income poverty has been impressive, particularly in rural areas. Estimates based on NSS household consumption data indicate that poverty in AP has always been lower than the national average and also its pace of reduction is faster than that of all India. The poverty head count ratio declined from 44.6% to 29.6% during 1993-94 to 2004-05. There has been acceleration in the pace of reduction of poverty in the state especially between 2004-05 and 2009-10. A noteworthy feature is that the faster rate of poverty reduction has led to a fall in absolute number of poor in the state. The total number of poor in the state has declined by nearly half from 15.39 million in 1993-94 to 17.66 million in 2009-10. If the current elasticity and growth rate continue, the state has a good prospect of reducing poverty by another 8-10 percentage points by 2017. The role of improving nutrition status is important aspect in attaining food security. Livestock sector plays an important role in providing nutrition, food security and livelihood to the poor. Demand for livestock products is income elastic. Constraints in development of livestock sector are from the supply side. The livestock sector has grown at an annual rate of 6.1% as against 6.4% in the crop sector during the period 1999-2000 to 2010-11. With loose ends dangling, food security in the form of supply of subsidised food grains will also promote, among other things, unwanted alcoholism among men and domestic violence among the poor sections of society. The change brought about over the years through supply of subsidised foodgrains in the lives of the poor in Adilabad shows that women are now completely burdened with taking care of the family while men are given to carefree life styles. Hence, there should be proper management system which should bring change in the lives the poor by providing food security measures.

Introduction

The Government of Andhra Pradesh has adopted a multifold strategy to eradicate poverty, which is multi-dimensional. Eradication of poverty has been the overriding objective since the beginning of economic planning in India. Eradication of poverty through overall economic and social development by ensuring equitable access in resources and skills, as well as by widening the opportunities for gainful employment to the deprived sections of the society, is enunciated as the principal objectives of all the rural development programmes initiated by the government. It has assumed significance more so in the context of ongoing economic reforms due to the apprehensions that the short-run impact of reforms may not be favorable for the eradication of poverty. It is known that economic growth alone is not sufficient to reduce poverty and there is a need for direct state intervention for poverty eradication (Dev and Rao, 2002).

The performance of Andhra Pradesh in reducing income poverty has been impressive, particularly in rural areas. Estimates based on NSS household consumption data indicate that poverty in AP has always been lower than the national average and also its pace of reduction is faster than that of all India. The poverty head count ratio declined from 44.6% to 29.6% during 1993-94 to 2004-05. There has been acceleration in the pace of reduction of poverty in the state especially between 2004-05 and 2009-10. Estimates for 2009-10 indicate a further decline in poverty to 21.1% in the state from 29.6% in 2004-05 in AP while it fell to 29.8% from 37% at all India level during the same period. A noteworthy feature is that the faster rate of poverty reduction has led to a fall in absolute number of poor in the state. The total number of poor in the state has declined by nearly half from 15.39 million in 1993-94 to 17.66 million in 2009-10.

During 2004-05 to 2009-10, the inequalities in state increased marginally to 0.28 (from 0.27 in 2004-05) in rural areas and remained more or less stable in urban areas. In addition, the growth differential in rural and urban consumption has come down. These factors have contributed to rise in the elasticity of poverty for the state to nearly one. If the current elasticity and growth rate continue, the state has a good prospect of reducing poverty by another 8-10 percentage points by 2017.

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The focus on food security is required along with the poverty reduction. Involvement of marginal and small farmers in crop diversification and food security are important aspects to be addressed for accelerating crop diversification in the state during the 12th Plan period. Research and Re-orientation in Agriculture needs towards reduction of cost of cultivation by increasing the productivity through HYV seeds, lesser usage of fertilizers and pesticide, less water utilization, change in farming methods, food products, export of Agro Foods. The role of improving nutrition status is important aspect in attaining food security.

Importance of Nutrition in attaining Food Security:

Livestock sector plays an important role in providing nutrition, food security and livelihood to the poor. Demand for livestock products is income elastic. Constraints in development of livestock sector are from the supply side. The livestock sector has grown at an annual rate of 6.1 % as against 6.4 % in the crop sector during the period 1999-2000 to 2010-11. The growth rate of the livestock sector is more stable than that of the crop sector. While all the three sub-sectors - milk, meat and eggs grew substantially during the 1990s, during the subsequent decade only the milk sector grew. The State needs to concentrate on the milk sector in the next ten years as the per capita consumption of milk is not high and the productivity of milch animals is very low in the state. The proportion of CB cows is only 25.9% at present and can be raised to 60% in the next ten years. In the case of buffaloes, the graded percentage of buffaloes presently is 42% which can be raised to 60% in the next ten years through improvement in feeding. While artificial insemination needs to be strengthened for raising the population of cows, for buffaloes, natural service can be proposed with quality bulls. Green fodder can be developed on common lands and fallow lands through convergence with NREGS. Emphasis is to be given in the 12th Plan period for such measures that are already under implementation in the State. Focus for the development of the meat sector has to be on districts where the density of small ruminants is already high.

The performance of Andhra Pradesh in reducing income poverty has been impressive, particularly in rural areas. Economic growth of the state especially in agriculture has definitely been contributing to decline in poverty levels. Besides, the most important factor is the poverty alleviation programmes implemented in the state such as PDS since 1980s and the MGNREGS in recent times. Estimates based on NSS household consumption data indicate that poverty in AP has always been lower than the national average and that its pace of reduction is faster than that of all India1. The poverty head count ratio declined from 44.6% to 29.6% during 1993-94 to 2004-05 at a rate of 1.3 % points per annum. During the same period all India poverty ratio fell from 45.3% to 37.2% at a rate of 0.7 % points per annum. There has been acceleration in the pace of reduction of poverty especially in the state between 2004-05 and 2009-10. Estimates for 2009-10 indicate a further decline in poverty to 21.1% in the state from 29.6% in 2004-05 while it fell to 30% from 37% at all India level during the same period (Table – 1)

Table :1 - Poverty Ratios in Andhra Pradesh and for All India

	Poverty Head Count Ratio			% Change/Annum	
	1993-94	2004-05	2009-10	1993-2004	2004- 2010
Andhra Pradesh					
Rural	48.1	32.3	22.8	-1.44	-1.90
Urban	35.2	23.4	17.7	-1.07	-1.14
All	44.6	29.6	21.1	-1.34	-1.76
All India					
Rural	50.1	42.0	33.8	-0.75	-1.60
Urban	31.8	25.5	20.9	-0.55	-0.96
All	45.3	37.2	29.8	-0.74	-1.48

Source: Planning Commission, 2014.

A noteworthy feature of the poverty trends in the State is that the absolute number of poor is also declining faster than the all India level (Table – 2). The total number of poor in the state declined by nearly half from 31 million in 1993-94 to 16 million in 2009-10, whereas the size of poor at all India level declined by only about 9% from 405 million to 370 million during this period. As result the share of the state in the overall poverty in the country declined significantly since 1993-94.

Table : 2 - Number of Poor in Andhra Pradesh and in India

State/Sector	Number of poor (millions)		
	1993-94	2004-05	2009-10
Andhra Pradesh			
Rural	24.3	18.0	11.6
Urban	6.6	5.5	4.1
All	30.8	23.7	15.9
All India			
Rural	330.1	324.2	292.6
Urban	74.9	81.9	71.8
All	405.1	407.0	369.9

Source: 12th Five Year Plan Andhra Pradesh, 2013

The New Poverty Line Basket

In defining the new consumption basket separating the poor from the rest, the Expert Group (Rangarajan) is of the considered view that it should contain a food component that addresses the capability to be adequately nourished as well as some normative level of consumption expenditure for essential non-food item groups (Education, clothing, conveyance and house rent) besides a residual set of behaviorally determined non-food expenditure.

As a first step towards defining the food component of the poverty line basket, the Expert Group (Rangarajan) has recomputed the average requirements of calories, proteins and fats, per- capita per-day at the all- India level for 2011-12, separately for the rural and the urban populations. This has been done by reference to the 2010 ICMR norms differentiated by age, gender and activity-status; the age and gender distribution of All-India rural and urban populations as per the 2011 Population Census; and, the broad work- status distribution, again by age and gender and separately for the rural and urban population, as per the NSS 68th Round Employment –Unemployment Survey (2011-12).

The existing Official Planning Commission poverty lines for 2011-12 , based on Expert Group (Tendulkar) methodology and derived from the Mixed Recall Period (MRP) consumption distribution of the NSSO , are Rs 816/ and Rs 1000/ per capita per month, for, respectively, the all- India Rural and Urban populations. The Expert Group (Rangarajan) poverty lines, based on consumption estimates on MMRP are, thus 19 percent higher for Rural India and 41 percent higher for Urban India. Because of the differences in the underlying recall periods, only a part of the total difference (Rs 156 for rural India & Rs 407 in urban India) between the current official poverty lines and those proposed by the Expert Group (Rangarajan) is real. To see this, note that, a rural Head Count Ratio of 30.9 % with a poverty line MPCE of Rs. 972 on the MMRP consumption distribution will translate to Rs 868 on the MRP size-distribution. Similarly, in the case of urban India the poverty line of Rs. 1407 (and, the associated HCR of 26.4 percent) on MMRP will translate to a MPCE of Rs. 1293 on MRP. So that, 67 percent (972-868/156) and 28 percent (1407-1293/ 407) of the two sets of poverty lines for rural and urban India, respectively ,will merely reflect the change in the underlying recall periods , and, in that sense, notional. The balance of the difference between the two sets of poverty lines (Rs 52 for the rural and Rs. 293 for the urban areas) represents what may be termed as the real increase in the poverty lines flowing from the recommendations of the Expert Group (Rangarajan).

Some further comments on the differences between the current official poverty lines and the ones proposed by the Expert Group (Rangarajan) are in order. First, not only is the size of the difference between the two sets of poverty lines larger in urban India (Rs 407 or 41 percent vs Rs 156 and 19 percent in Rural India, in the Urban case, the Food / non-food composition is heavily weighted (67 per cent) in favour of non-food expenditures. And, of this difference in non-food expenditures, the four selected non-food items for which the Expert Group (Rangarajan) has recommended normative levels of expenditure, together, account for an overwhelming 91 percent. Further, of this difference due to these 4 items, Conveyance and house rent account for over 50 percent. The fact that in rural India only a small proportion of households reside in hired dwellings requiring payment of rent shows up in average rents of less than Rs 1 per month even in the median fractile is an important part of the explanation for the smaller absolute difference as between the two sets of Rural poverty lines. In the case of rural India, in contrast, the differences in respect of food expenditures in the two sets of poverty lines account for 65 percent of the total and, of this again, nearly 74 per cent is accounted for by the shift from MRP to MMRP.

From a different perspective, the derivation of the MRP-equivalent poverty lines for 2011-12 corresponding to the MMRP –based poverty lines proposed by this Expert Group (Rangarajan) makes it possible to derive the corresponding poverty lines for 2004-05 as well. These turn out to be, Rs 475 for Rural India and Rs 749 for Urban India. And, the corresponding poverty ratios for 2004-05 are: 47.7 % (41.8 % as per Tendulkar Methodology) for Rural India; and, 42.5 % (25.7 % as per Tendulkar Methodology); and, 46.2 % (37.2%) for the country as a whole. It is important to emphasize that, the percentage- point decline in HCRs over the period 2004-05—2011-12 are not markedly different under the two methodologies: a reduction of 16.7 percentage points as per the Rangarajan methodology compared to a reduction of 15.3 percentage points as per the current official poverty lines.

Disaggregation of National Poverty Line into State-Specific Poverty Lines

The poverty lines in 2011-12 at the national level are expressed as monthly per capita consumption expenditure of Rs. 972 in rural areas and Rs. 1407 in urban areas, both at 2011-12 prices. These poverty lines are estimated from the MMRP (Modified Mixed Recall Period) consumption expenditure distribution of NSS 68th Round. These national level poverty lines are disaggregated into state-specific poverty lines in order to reflect the inter-state price differential. The method of constructing the state-wise poverty lines from the national level poverty line in 2011-12 is broadly similar to that outlined by the Expert Group (Tendulkar) and is described below.

Implicit prices for several commodity and commodity groups namely cereals, pulses, milk, oil, egg, fish, meat, vegetables, fresh fruit, dry fruit, sugar, salt, spices, other-food, intoxicants, fuel and light, clothing, bedding and footwear are calculated from their quantity and value of consumption gathered in NSS consumer expenditure data of the 68th Round (2011-12). From these, state relative to all-India Fisher price index has been computed, separately in rural and urban areas. For the remaining items for which the prices could not be computed from the NSS consumer expenditure data, a similar price differential is assumed. These items include: entertainment, personal care items, miscellaneous goods and services, durables, education and health services.

Using the Fisher index, the inter-state price differential is calculated separately in rural and urban areas and from these the national poverty lines (separately in rural and urban areas) in 2011-12 are disaggregated into state-specific poverty lines. The state-specific poverty lines in rural and urban areas derived in this manner for the year 2011-12 is Rs. 1031.74 for Rural and 1370.84 for Urban areas of Andhra Pradesh. For all India, it is Rs. 972 and Rs. 1407 for rural and urban areas respectively.

Table : 3 - Poverty Ratio and Number of Poor in 2011-12 based on Proposed Methodology

	Rural		Urban		Total	
	Percentage of Persons	No. of Persons (lakhs)	Percentage of Persons	No. of Persons (lakhs)	Percentage of Persons	No. of Persons (lakhs)
Andhra Pradesh	12.7	71.5	15.6	45.7	13.7	117.3
All India	30.9	2605.2	26.4	1024.7	29.5	3629.9

Source: 12th Five Year Plan Andhra Pradesh, 2013

Food security leads to increased alcoholism in Andhra Pradesh

With loose ends dangling, food security in the form of supply of subsidised food grains will also promote, among other things, unwanted alcoholism among men and domestic violence among the poor sections of society. The change brought about over the years through supply of subsidised foodgrains in the lives of the poor in Adilabad shows that women are now completely burdened with taking care of the family while men are given to carefree life styles.

Andhra Pradesh is among the first States in the country to experiment in food security by supplying rice at just Rs. 2 a kilogram way back in 1983. Pumping in of subsidised rice in the tribal areas of this district has had negative consequences like decline in the body resistance of the jowar consuming aboriginal people.

A greater change was initiated in 2002 when the then N. Chandrababu Naidu government introduced a Centrally-sponsored programme aimed at providing food security to the poor, the Food for Work (FFW) scheme. The poor were seen to be spending money gained through illegal sale of rice, a part of the wages, on alcohol.

From a paltry Rs. 27 crore that year, the sale of liquor by Andhra Pradesh Beverages Corporation Limited (APBCL) increased to Rs. 50 crore the next year. Decrease in the price of subsidised rice to Re. 1 a kg by Y.S. Rajasekhara Reddy in 2009 gave a big boost to liquor sales by the government which added up to Rs. 300 crore the following year subsequently jumping to Rs. 600 in the current year.

Cheap Liquor

As cheap liquor accounts for over 70 per cent of all government liquor sales in this district, it can be safely assumed that the labour class has taken to alcoholism in a big way and it could further go up as the State government has brought in the Amma Hastam, a programme to supply foodgrain and groceries on subsidy. The scenario looks much worse if the sale of non duty paid and illicitly distilled liquor, assumed to be worth about Rs. 100 crore, is added to the figure.

A case study of Pusai village in Jainad mandal reveals that at least 50 per cent of its 200 male population, comprising mostly agriculture labourers and poor farmers, each consumes liquor worth a minimum of Rs. 100 every day. The average monthly income of a labourer family being about Rs. 7,000, calculated for 20 days of employment at Rs. 200 and Rs. 150 per day for men and women respectively, the expenditure on liquor itself is at least Rs. 3,000 (Singh S.H.).

According to the National Sample Survey Office (NSSO), key indicators of consumer expenditure generated from the data collected for the period from July 2011-June 2012, the average monthly amount spent on intoxicants like tobacco, paan, alcohol, gutka etc stood at Rs 88.98 per person in rural Andhra Pradesh and Rs 61.61 per person in urban areas.

The national average expenditures per person in the rural and urban areas are comparitively much lower at Rs 45.93 and Rs 42.3 respectively. With regard to A.P., Tamil Nadu’s urban per capita expenditure on intoxicants is only Rs 40.14, while that of Karnataka is Rs 48.68. The spending in the state is also comparatively much higher than in Maharashtra and Odisha as well (Rohit, 2013).

Summary and Conclusion

The procurement of foodgrains is open-ended and government agencies purchase all the quantities offered by farmers at government announced procurement price in many states. This open ended procurement policy has led to excessive stocks of foodgrains causing high procurement, distribution and carrying costs. During the mid-1960s to mid-1970s, government used to announce minimum support price (MSP) and procurement price (PP). The MSP was based on the variable cost of production (cost A2 plus cost of family labour used in production) and MSP was required to ensure farmers remain in business as long as their variable costs are covered and also to encourage farmers to adopt new technologies without fear of a price collapse if the output increased substantially (Desai, et. al. 2011). The procurement price (PP) was determined based on both the variable cost as defined above and the fixed cost of production. PPs were set above minimum support prices. But over time, the distinction between the two disappeared and in effect, the government purchased whatever quantity was offered at the announced procurement prices. Inevitably, this led to political pressure not only for raising procurement prices, and open ended procurement policy but also lowering standards for the grains to be procured. In order to contain food subsidy, the practice of using MSP must be restored in the context of higher risks associated with rapid production increases from the preferred technical change and MSP should be announced before the sowing season. Secondly, procurement of the needed quantity for TPDS and welfare schemes as well as for buffer stock should be undertaken at PP, determined based on both the variable cost and fixed cost of production, and purchases by the government in excess of this quantity should be undertaken only if farm harvest price (FHP) fall below MSP. In recent years, with substantial increase in procurement price, foodgrains procurement has been much higher than buffer stock norms, resulting in an inevitable build-up of stocks and high carrying costs resulting in significant increase in food subsidy bill. It is clear that any inefficiency in FCI and/or increase in procurement prices, excessive stocks and unchanged issue prices would raise the subsidy cost, so restricting procurement based on actual requirement rather than open-ended procurement policy will help in reducing food subsidy burden.

The focus on food security is required along with the poverty reduction. Involvement of marginal and small farmers in crop diversification and food security are important aspects to be addressed for accelerating crop diversification in the state during the 12th Plan period. Food security in the form of supply of subsidised food grains will also promote, among other things, unwanted alcoholism among men and domestic violence among the poor sections of society. Hence, there should be proper management system which should bring change in the lives the poor by providing food security measures.

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INVESTOR PREFENCE TOWARDS MUTUAL FUNDS IN BANGALORE CITY

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Abstract

Mutual fund is one of the best investments in the present modern financial scenario. In Investment in mutual fund has shown a growing importance in India in the recent years when compared with other investment avenues. Investment in mutual funds is considered as one of the safest mode which earns fair and safest returns to the small investors which significantly contributes to the growth of capital markets. The present study explains briefly about the mutual fund industry and the market potentiality of mutual funds among the investors.

Key words: *Mutual fund industry, investor's preferences.*

Introduction

Mutual funds are a type of professionally managed collective investment scheme that pools the savings of number of investors who share a common goal. The money thus collected is invested in capital market instruments such as shares, debentures, and other securities. The income earned through these investments is shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The small savings of all the investors are put together to increase the buying power and hire a professional manager to invest and monitor the money. Anybody with an investible surplus of as little as a few thousand rupees can invest in Mutual Funds. Each Mutual Fund scheme has a defined investment objective and strategy.

From the inception till 1987, UTI enjoyed monopoly in Indian Mutual Fund market. In the year 1993, this market was opened for private players. The first private sector fund to operate in India was Kothari Pioneer, which later merged with Franklin Templeton. Securities Exchange Board of India (SEBI) formulated the Mutual Fund (Regulation) 1993, which was the first established comprehensive regulatory framework for the mutual fund industry. This proved to be a boon for the mutual fund industry and since then several mutual funds have been set up by the private sector as well as the joint sector. Several private sector companies have established their own funds in the country, making mutual fund industry one of the most followed sectors by critics and investors alike. The industry now functions under the SEBI (Mutual Fund) Regulations 1996.

Importance of Mutual Fund

When considering investment opportunities, the first challenge that almost every investor faces is a plethora of options. From stocks, bonds, shares, money market securities, to the right combination of two or more of these, however, every option presents its own set of challenges and benefits. Mutual funds allow investors to pool in their money for a diversified selection of securities, managed by a professional fund manager. It offers an array of innovative products like fund of funds, exchange-traded funds, Fixed Maturity Plans, Sectoral Funds and many more.

Whether the investor fetches mutual funds for financial gains or convenience, mutual funds offer many benefits

- Mutual Funds help investors generate better inflation-adjusted returns, without spending a lot of time and energy on it. While most people consider letting their savings 'grow' in a bank, they don't consider that inflation may be nibbling away its value.
- Mutual Funds provide an ideal investment option to place the savings for a long-term inflation adjusted growth, so that the purchasing power of and investors hard earned money does not plummet over the years.
- Investors are provided with the services of an experienced fund manager who handles the financial decisions based on the performance and prospects available in the market to achieve the objectives of the mutual fund scheme.
- When the convenience and time saving is taken into consideration, mutual funds are an ideal investment option.

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- With low investment amount alternatives, the ability to buy or sell them on any business day and a multitude of choices based on an individual's goal and investment need, investors are free to pursue their course of life while investment earn for them.
- The biggest advantage for any investor is the low cost of investment that mutual funds offer, as compared to investing directly in capital markets. Mutual funds, on the other hand, are relatively less expensive. The benefit of scale in brokerage and fees translates to lower costs for investors.
- Mutual funds help mitigate risks to a large extent by distributing the investment across a diverse range of assets. Mutual funds offer a great investment opportunity to investors who have a limited investment capital.
- In case of open ended schemes investors have the advantage of getting their money back promptlybased on the Net Asset Value (NAV) at that time. In case close-ended schemes, it can be traded in the stock exchange.
- Based on medium or long-term investment, mutual funds have the potential to generate a higher return, as the investor can invest on a diverse range of sectors and industries.
- To give a clear picture of how the investments are doing, fund managers provide regular information about the current value of the investment, along with their strategy and outlook.
- Since every mutual fund is regulated by SEBI, it can be assured theinvestment. Every form of investment involves risk. However, skilful management, selection of fundamentally sound securities and diversification can help reduce the risk, while increasing the chances of higher returns over time.

History of the Indian Mutual Fund Industry:

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

First Phase – 1964-87: Unit Trust of India (UTI) was established on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978 UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988 UTI had Rs.6,700 crores of assets under management.

Second Phase – 1987-1993 (Entry of Public Sector Funds): 1987 marked the entry of non- UTI, public sector mutual funds set up by public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first non- UTI Mutual Fund established in June 1987 followed by Canbank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). LIC established its mutual fund in June 1989 while GIC had set up its mutual fund in December 1990. At the end of 1993, the mutual fund industry had assets under management of Rs.47,004 crores.

Third Phase – 1993-2003 (Entry of Private Sector Funds): With the entry of private sector funds in 1993, a new era started in the Indian mutual fund industry, giving the Indian investors a wider choice of fund families. Also, 1993 was the year in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993. The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996.

The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1,21,805 crores. The Unit Trust of India with Rs.44,541 crores of assets under management was way ahead of other mutual funds.

Fourth Phase – Since February 2003: In February 2003, following the repeal of the Unit Trust of India Act 1963 UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with assets under management of Rs.29,835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The Specified Undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations.

The second is the UTI Mutual Fund Ltd, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than Rs.76,000 crores of assets under management and with the setting up of a UTI Mutual

Fund, conforming to the SEBI Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its current phase of consolidation and growth. As at the end of September, 2004, there were 29 funds, which manage assets of Rs.153108 crores under 421 schemes.

Mutual Funds Vs Other Investments:

Mutual Funds offer several advantages over stock investments, including diversification and professional management. A mutual fund may hold investments in hundreds or thousands of stocks, thus reducing risk of any particular stock. Also, the transaction costs associated with buying individual stocks are also spread around among all the mutual fund shareholders. As well, a mutual fund benefits from professional fund managers who can apply their expertise and dedicate time to research and investment options. Mutual funds, however, are not immune to risks. Mutual funds share the same risk associated with the types of investments the fund makes. If the fund mainly invests in stocks, the mutual fund is usually subject to the same ups and downs and risks as the stock market.

Risks involved in Mutual Funds:

Mutual funds may face the following risks, leading to non-satisfactory performance:

1. Excessive diversification of portfolio, losing focus on the securities of the key segments.
2. Too much concentration on blue – chip securities which are high priced and which do not offer more than average return.
3. Necessity to effect high turnover through liquidation of portfolio resulting in large payments of brokerage and commission.
4. Poor planning of investment with minimum returns.
5. Unresearched forecast on income, profits and government policies.
6. Fund managers being unaccountable for poor results.
7. Failure to identify clearly the risk of the scheme as distinct from risk of the market.

Table : 1 – Different Investment avenues

OPTIONS	RETURN	RISK	LIQUIDITY
Fixed Deposits	Low	Low	Low
Direct Equity	Very high return	Very high	High
Insurance	Medium	Low	Low
Company fixed deposits	Low	High	Very low
Debentures	Low	Medium	Medium
Bonds	Low	Low	Low
MUTUAL FUNDS	High	Medium	High
Post office schemes	Low	Low	Low
Government securities	Low	Low	Low
Real estate	High	High	Low
Currency	High	High	High

Review of Literature

1. **V, C. G. (2003).** *"Investors Behavioral Pattern of Investment and Their Preferences of Mutual Funds".* He concluded that off all the sections of the society, the household group contributes much of the capital, forming the lifeblood for the economy. According to his analysis, the mutual fund business in India is still in its embryonic form as they currently account for only 15 % of the market capitalization. The success of mutual funds business largely depends on the product innovation, marketing, customer service, fund management and committed manpower. The investment pattern of the investors reveals that a majority of the investors prefer real estate investments followed by mutual fund schemes, gold and other precious metals.

2. **Singh J. And S. Chander (2006).** *"Investors Preference for Investment in Mutual Funds: Empirical Evidence".* They pointed out that since interest rates on investments like public provident fund, national saving certificate, bank deposits, etc. are falling; the investment avenues available for small investors may be questioned. Direct investment in capital market is an expensive proposal, and keeping money in saving schemes is not advisable. One of the alternatives is to invest in capital market through mutual funds. The findings also revealed the varied experience of respondents regarding the returns received from investments made in mutual funds.

3. **Ranganathan, K. (2006).** *"A Study of Fund Selection Behavior of Individual Investors towards Mutual Funds - with Reference to Mumbai City"*. This study has made an attempt to examine the related aspects of the fund selection behavior of individual investors towards Mutual funds in the city of Mumbai. She also aims to obtain a better understanding about how the financial markets are affected by the 'financial behavior' of investors. With the reforms of industrial policy, public sector, financial sector and the many developments in the Indian money market and capital market, Mutual Funds which has become an important portal for the small investors, is also influenced by their financial behavior. This research will help in developing and expanding knowledge in the field of mutual funds and the behavior of individual investors towards the same.

4. **Walia, N. (2009).** *"An Analysis of Investor's Risk Perception towards Mutual Funds Services."* this research proposes to identify the critical gaps in the existing framework for mutual funds and further extend it to realizing the need for redesigning the existing mutual fund services by acknowledging Investor Oriented Service Quality Arrangements (IOSQA) in order to comprehend investor's behavior while introducing any financial innovations. Markets are becoming more exhaustive with financial products seeking new innovations and to some extent innovations are also visible in designing mutual funds portfolio but these changes need alignment in accordance with investor's expectations. Thus, it has become imperative to study mutual funds from a different angle, i.e., to focus on investor's expectations and uncover the unidentified parameters that account for their dissatisfaction.

5. **Vyas, R. (2012).** "*Mutual Fund Investor's Behaviour and Perception in Indore City*". This research paper focused attention on number of factors that highlights investors' perception about mutual funds. It was found that mutual funds were not that much known to investors, still investor relies upon bank and post office deposits. Most of the investor used to invest in mutual fund for not more than 3 years and they used to quit from the fund which were not giving the desired results. Equity option and SIP mode of investment were on top priority in investors' list without considering the risk involved in their investment.

6. **Das, S. K. (2012*).*** *"Semi Urban Investors Attitude and Preferences in Mutual Funds Investment: Case Study".* This study aims at finding out the attitude of the investors towards investment in mutual funds in Nagaon district of Assam. The investigation outlined that mostly the investors have positive approach towards investing in mutual funds.

7. **Jain, S., & Jain, A. (2012).** *"Analysis Regarding Mutual Funds Awareness and Opinion".* The study aims to gather an understanding of the awareness and opinions on mutual funds of investors. A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal.

8. **Rathnamani, V. (2013).** *"The Investor's Preferences towards Mutual Fund Industry in Trichy".* This study aims to show the growing importance of mutual fund investment in India, when compared with other financial instruments. The study also explains briefly about the mutual fund industry and the role of investment pattern and preferences of investors behind investing in mutual fund.

9. **Kaur, S. (2013).** *"The Investor's perception towards Selection of Mutual Funds rather than Stock Markets".* This paper is an attempt to know the investors perception towards selection of mutual funds. Moreover this study is also attempted to give suggestions to investors for making investment in mutual funds. A five point Likert scale questionnaire has been constructed. The analysis of data has been done with factor analysis. The findings of the study revealed that investor consider mutual funds.

Objective of the study

- To study various investment alternatives, in particular investors preference towards mutual funds.
- To obtain the percentage of savings being invested in mutual funds.
- To analyze the level of awareness regarding diversifiable risk & non-diversifiable risk.
- To study market potentiality of mutual fund among investors.

Methodology

The methodology includes data and sources of data, sample size, area of the study and framework of analysis. The study is based on primary and secondary data. Primary data have been collected from 100 respondents through a questionnaire covering different groups of people in Bangalore City area. The secondary data have been collected from various books, magazines, journals, news papers and websites.

Sampling

For the purpose of this study 100 respondents have been chosen on a randomly convenient base in Bangalore city. The respondents are segregated on the basis of different variables such as income, age, occupation, gender, academic qualification and annual saving. All the required information from investors has been collected based on their knowledge.

Tools of Data Analysis:

The data and information collected have been classified, tabulated and processed and its findings were presented in a systematic manner in percentiles.

Of the 100 respondents, the predominant age group of sample investors comes under the age group 30 to 45 years. A good majority of the remaining respondents are distributed in the age group up to 45 years & above. Forty tow percent and 31%of the respondents are in the age group up to 30-45 years and above 45 yearsrespectively. The highest literacy rate (38%) of the respondents is U.G level. Twenty three percent and 20% ofthe respondents have SSLC and P.G qualifications respectively. Sixteen percent and 13% of the respondents arehaving Professional level and others respectively. Forty nine percent, 36%, 10% and 4%,1% of therespondents earn annual family income about up to ‘0- 2lakh ,‘2.01-5 lakh,‘5.01-10 lakh,‘10.01-20 lakh and above 20 lakh respectively. Nearly 36% of respondents invest 0-10 percentage of their income.

Findings

1. It was found that 34% of the investors have opted for mutual funds as an investment option; considering mutual funds to be a safe investment. Followed by fixed deposits, Insurance, savings account, post office schemes and only 3% of the population prefer other investment avenues. As mutual funds is the most preferred, 66% of the population have invested in mutual funds and the remaining 34% have not invested in mutual funds.
2. Most of the investors preferred investments with high risk in turn giving them high returns, while low risk was only preferred by 25% of the population. The reputation and liquidity of the company influences minimum number of investors as majority of them invest it for tax saving purpose.
3. Majority of the population have partial knowledge of mutual funds and 38% are only aware of specific schemes, very small margins of investors are fully aware and totally ignorant. Of these investors majority of them prefer public sector mutual funds when compared to private sector mutual funds.
4. Many of the investors came to know about mutual funds through their peer groups and others came to know through their financial advisors and banks, very minimum number of investors found advertisements as a source of information regarding mutual funds.
5. Majority of the investors nearly 34% have opted for growth funds though there is high risk still they could get good returns on it. Further it is followed by open ended schemes and regular income funds as these are the salaried class of population and very few investors have opted for close ended schemes and liquid schemes. .
6. 53% did not have any specific reasoning for not choosing mutual funds. However, 30% of this population says the lack of awareness about mutual funds deters them from investing and the remaining 17% consider mutual funds a high risk investment option.
7. 25% of the population considers mutual funds as high returns investments, diversification (17%) and tax benefits (18%) are preferred as an attractive feature by a relatively similar group of population. Investment objective (15%), regular income (13%) and reduction in risk and transaction cost (12%) attract only a small group of the investor population.
8. 68% of the population has opted systematic Investment Plan(SIP) and the remaining 32% have opted for one time investment.
9. 41% of the population opted for investing in baking and financial sector, followed by information technology sector (19%) and oil and gas sector (22%). Pharmaceuticals (10%) and automotives sector (6%) attracted only a small percentage of the population. 2% of the population prefer other sectors like insurance, real estate, film industry etc.
10. 37% prefer purchasing mutual funds directly from AMC’s, 25% prefer approaching brokers for purchasing mutual funds and 21% consider other sources for this purpose. Brokers and sub brokers are preferred only by 17% of the investing population.
11. 48% of the population invests in mutual funds for the purpose of retirement benefits. 20% of the population invest in mutual funds for the purpose

housing benefits.18% invest with the objective of funding education and 14% invest for other objectives.

12. 56% prefer earning a moderate return of 10-15%, while only 22% of the population prefers a relatively higher rate of return of 15-20%. Only a small group of the population prefers getting relatively low returns; that is 12% prefer returns of 5-10%. 10% of the population would like to receive a high rate of return of above 20%.
13. 37% of the population opted for dividend reinvestment, 35% prefer growth in NAV and 28% choose dividend payout as a mode of receiving returns.
14. 34% of the population prefer to reinvest 20-80% of the investment or receive 80% and reinvest the rest. 27% of the population is willing to reinvest their entire earnings while the remaining 6% would prefer to use it in some other way.
15. 20% of the mutual fund investors have incurred a loss while the remaining 46% haven't incurred any such loss. Out of the 20% of investors who have incurred a loss, only 4% of the population has changed their mindset towards mutual fund investment.
16. The various reasons that people chose to invest in mutual funds are:

- Low risk.
- Less risky and provides expected returns.
- Better choice for long term investment and higher return with low or moderate risks.
- Diversified portfolio.
- Taxation benefits.
- It is safe and people with less knowledge about the industry can also invest in them.
- Professional management.
- Less expensive in comparison with other investing options.
- Reasons for not investing in mutual funds:
- Lack of experienced fund managers leads to losses.
- Since mutual funds are subject to market risk, the returns may fluctuate.
- Do not prefer the high risk of investment involved.
- Lack of awareness about the schemes.

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Conclusion

Mutual funds as an investment option have become popular over the past few years. With new SEBI regulations mutual funds investments is going through sea face changes. However the regulations are welcoming change in making the industry far more transparent to investors. With scrapping of entry load and other regulations such as mandatory disclosure of dividend as rupees and not in terms of percentage, new tenure for short term investment, using weighted average for valuing all money market and debt securities including floating rate securities etc has helped in increasing the trading compatibility. With the economy taking an upward swing again, the stock market looks promising as before; however the market volatilities need to be valued and speculated for deriving at any reasonable conclusion. This is undertaken by online stock trading providers. Their professional and methodological outlook along with reports, surveys, new updates, and tips it will give you the latest insider reviews into mutual funds investment.

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CHALLENGES AND ISSUES OF SALES FORCE MANAGEMENT

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Abstract

Sales organisations and sales force management have been affected by a number of important changes in recent years. Sales force management are undergoing dramatic changes such as behavioural, technological, and managerial forces. Sales people and those who manage them realize these changes affect every aspect of sales force management from the way the sales department is structured to the selection, training, motivating and compensation of individual sales people and how to overcome the global challenges and issues of sales force management in the Twenty- First Century.

Introduction

Sales Force Management

The term 'Sales Force Management' referred to the direction of sales force personnel. But, it has gained a significant position in the today's world. Now, the sales management meant management of all marketing activities, including advertising, sales promotion, marketing research, physical distribution, pricing, and product merchandising. The American Marketing Association (AMA'S) definition takes into consideration a number of these viewpoints. Its definition runs like: the planning, direction, and control of the personnel, selling activities of a business unit including recruiting, selecting, training, assigning, rating, supervising, paying , motivating , as all these tasks apply to the sales force management[1].

Significance

Sales Management is one of most important elements in the success of modern organisations. When major trends emerge, such as the shift of the economy move towards small to medium – sized businesses, it is incumbent upon sales managers to react new selling approaches. And not only is personal selling the expensive component of the marketing mix for most companies, but is the firms most direct link to the customer.

Key areas of Sales Force Management

What we have learned so far about today's world of selling, including the key success factors sales managers believe are important, it should not be too surprising to learn that sales people who work for IBM in developing client solutions spend a large portion of their time collecting information about potential customers, planning, coordinating the activities of other functional departments and servicing existing customers, in addition to making sales calls. It is difficult to specify the full range of activities in which sales people engage because they can vary greatly across companies and types of sales jobs. However, in one extensive study, a sample of 1,393 salespeople from 51 firms rated 121 possible activities on a seven-point scale according to how frequently they performed each activity during a typical month. These responses were examined statistically to identify the underlying categories of various activities. Ten different dimensions or job factors were identified. These factors are: Selling function, working with others, servicing the product, Managing information, servicing the account, Attending conferences and meetings, Training and recruiting, Entertaining, Travelling and Distribution2.

Challenges of Sales Force Management in present scenario

Sales management and personal selling are dramatically changes. These changes are being driven by several behavioural, technological, and managerial forces that are dramatically and irrevocably altering the way sales people understand, prepare for, and accomplish their jobs. Among the behavioural forces are rising customer expectations, globalization of markets and declassification of domestic markets; technological forces includes sales force automation, virtual sales officers and electronic sales channels; and managerial forces consist of a shift direct marketing alternatives, out sourcing sales functions and a blending of the and marketing functions [3].

Salespeople and those who manage them realize these changes affect every aspect of sales Management from the way the sales department is structured to the selection, training, motivation, and compensation of

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individual salespeople. Sales organisation is being reinvented to better address the needs of the changing marketplace. A number of critical issues have been identified in reinventing the sales organisation, including the following: (1) building long-term relationships with customers, which involves assessing customer value and prioritizing customers; (2) creating sales organisational structures that are more nimble and adaptable to the needs of different customers groups; (3) gaining greater job ownership and commitment from salespeople by removing functional barriers with in the organisation and leveraging the team experience;(4) shifting sales management style from commanding to coaching; (5) leveraging available technology for sales success; and (6) better integrating salesperson performance evaluation to incorporate the full range of activities and outcomes relevant with in sales jobs today4 .

The highly dynamic and competitive environment of the 21st century demands a more responsive, flexible approach to sales management. Sales force is becoming less hierarchical with fewer layers of management while more responsibility is being given to the sales person. Leading vs. managing is an important distinction for today's successful sales manager. Effective sales management is now more often defined by how a good leader you are than how good a manager. Effective leadership of sales people includes:

a. Communicating with sales people rather then controlling them.
b. Becoming a cheer leader and coach instead of a supervisor or boss.
c. Empowering sales people to make decisions rather then directing them.

Common across these items is an approach of mentoring, rather than directing, sales people 5.

Another study was conducted to update this original list of selling activities based on changes in the field of selling. Six activities dropped off and 49 new activities entered. The 49 new activities are organized and grouped by either technology or nontechnology activities, and by five key content categories of communication, sales process, relationship-oriented, team-related, and database. The majority of new activities centred on the use of technology in communication (14 new activities, including e-mail, internet, laptops, voice mail, fax, cellular phone, pager, and virtual office) and nontechnology-driven activities in the sales process (14 new activities, including adaptive selling, avoidance of litigation, sell value-added services, target key accounts, consultative selling, and sell unique competencies)

Issues to be addressed

New issues in Sales Management in the 21st century represent key themes such as performance, prospecting customers, motivation, role perceptions, rewards, training and satisfaction. These issues play as firms modify the way do business to accommodate the twenty first century market place. Now we introduce the themes and briefly address their impact on personal selling and sales management.

Salesperson performance:

A research in industrial and organizational psychology suggests a worker's job performance is a function of five basic factors: (1) role perceptions, (2) aptitude, (3) skill level, (4) motivation, and (5) personal, organisational, and environmental variables.

Table 1 presents an overall model of a salesperson's performance that includes these factors as primary determinants. The success of any salesperson is a complex combination of these forces, which can positively or negatively influence on performance7. **(Flow Chart : 1)**

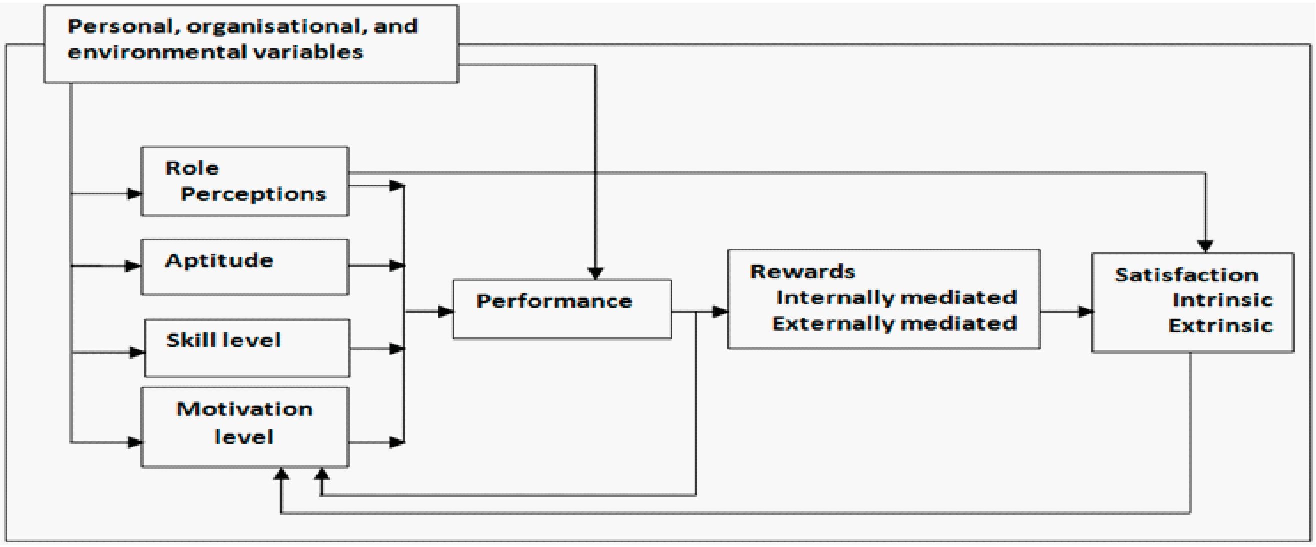
Table: 1 Model of the determinants of a salesperson's performance

Prospecting for Customers:

In many types of selling, prospecting for new customers is critical. It can also be one of the most disheartening aspects of selling, especially for beginning salespeople. Prospecting efforts is often met with rejection, and immediate payoffs are usually minimal. Nevertheless, the ability to uncover potential new customers often separates the successful from the unsuccessful salesperson.

In some consumer goods business, prospecting for new customers simply involves cold canvassing going from house knocking on doors. In most cases, though, the target market is more narrowly defined, the salesperson must identify relevant prospectus, including trade association and industry directories, telephone directories, other customers, suppliers, non-sales employees of the firm, and social and professional contacts with in the market.

Telemarketing is used by many firms to find prospectus. Outbound telemarketing involves calling potential customers at their home or office, either to make a sale or to make an appointment for a field representative. Inbound telemarketing, where prospective customers call a toll-free number for more information, is also used to identify and qualify prospectus. When prospectus call for more information about a product or services, a representative attempts to determine the extent of interest and whether the prospect meets the company's



Flow Chart : 1

qualifications for new customers. The internet is also providing a useful technology for generating leads to potential new customers. While an increasing number of firms are soliciting orders directly via a home page on the Internet, many particularly those selling relatively complex goods or services use their Internet sites primarily to provide technical product information to customers or potential customers. These firms can have their sales people follow up on technical inquiries from potential new accounts with a more traditional sales call 8.Many of these issues on relationship selling and strategic partnering presented later relate to customer marketing. Ultimately, the sophistication and multiplicity of available technology today enable true one-to-one marketing, as some firms are now able to truly customize offerings for individual users. This concept has been introduced and expanded upon in several books by Don Peppers and Martha Rogers9.

Motivation:

Every sales job is succession ups and downs, a series of experience resulting in altering feelings of exhilaration and depression. In the course of a day's work, salespersons interact with many pleasant and rude customers and are difficult to deal with. They are frustrated, particularly when aggressive competing sales personnel vie for the same business, and they meet numerous turndowns. Further more, sales personnel spend not only working time but considerable after – hour's time away from home, causing them to miss many attractive parts of family life. These conditions cause sales persons to become discouraged, to achieve low performance levels, or even to seek non selling positions. The inherent nature of the sales job, then, is the first reason that additional motivation is required 10.

The Role Perceptions:

The role perceptions component has three dimensions: role accuracy, perceived role conflict, and perceived role ambiguity. The model indicates the three role perceptions variables have psychological consequences for the individual salesperson 11.

All these perceptions can increase turnover within the sales force and hurt performance. However, role stress (role conflict and role ambiguity) does not necessarily always imply a negative job outcome (e.g., increased turnover). Indeed, research suggests that a certain degree of role conflict and ambiguity enables sales people to make creative decisions can be beneficial to the customer and the organization. Businesses to business sales people are particularly vulnerable to role perceptions. Fortunately, many of these variables can be controlled or influenced by sales management policies and methods, thus allowing the sales manager to influence the performance of individual salespeople 12.

Personal Variables

A few studies have found significant relationships between personal and organizational variables – such as job experience, closeness of supervision, performance feedback, influence in determining standards, and span of control – and the amount of role conflict and ambiguity perceived by salespeople. Other studies related personal characteristics to variations in motivation by showing that sales people's desires for different job-related rewards (e.g., pay, promotion) differ with such demographic characteristics as age, education, family size, career stage, or organizational and environmental climate. Overall, though, many questions concerning the effects of personal, organizational, and environmental variables on the other determinants of sales performance remain unanswered. An important concern in recent years has been the effect of global sales responsibilities on individual sales person performance 13.

Rewards

The relationship between performance and rewards is very complex. However, firms often choose to evaluate and reward different dimensions of sales performance. Companies use a variety of performance based metric's to evaluate their sales people including total sales volume, quota attainment, selling expenses, profitability of sales, new accounts generated, services provided to customers, performance of administrative duties or some combination of these. Different firms are likely to use different dimensions. Even firms that use the same performance criteria are likely to have different relative emphasis. A company can also bestow a variety of rewards for given level of performance 14.

Satisfaction

The job satisfaction of sales people refers to all the characteristics of the job that representatives find rewarding fulfilling, and satisfying, or frustrating and unsatisfying. There are seven different dimensions to sales job satisfaction: 1. The job itself, 2. Co-workers, 3. Supervision, 4. Company policies and support, 5. Pay, 6. Promotion and advancement opportunities, and 7. Customers. Sales people's total satisfaction on their jobs is a reflection of their satisfaction with each of these elements.

The rewards received by a salesperson have a major impact on the individual satisfaction with the job and the total work environment. The seven dimensions of satisfaction can be grouped into two major components: intrinsic and extrinsic. Extrinsic satisfaction is associated with the extrinsic rewards bestowed on the salesperson, such as satisfaction with pay, company policies and support, supervision, co-workers, chances for promotion, and customers. Intrinsic satisfaction is related to the intrinsic rewards the salesperson obtains from the job, such as satisfaction with the work itself and with the opportunities it provides for personal growth and accomplishment.

The amount of satisfaction salespeople obtain from their jobs is also influenced by their role perceptions. Sales people with high levels of conflict tend to be less satisfied than those who do not. So do those who experience great uncertainty in what is expected from them on the job 15.

Role Conflicts

Some evidence exists that experienced sales personnel perceive significantly less role conflict than do those with less experience. This suggests that a salesperson's perceptions and ability to cope with, role conflict are influenced not only by experience but by the effectiveness of sales training. It also suggests that those who become experienced sales personnel may cope better with role conflicts (i.e. psychologically) than those leaving the sales organization earlier. So improving sales training effectiveness and revising selection criteria are two roads to reducing the impact of role conflict on sales force morale 16.

Effective Training

Management has identified post training follow up as a major issue. Of the top five issues reported by sales training managers in a recent study, three were related to post training: Poor implementation of training programmes, Lack of measurable results, Lack of management support. The following were identified as the most effective tools for bolstering sales training:

1. Sharing sales experiences and practical among the sales team (59%).
2. Coaching by the sales manager (46%).
3. Follow up training classes (43%).
4. A concise statement by management detailing expectations of the training (39%).
5. Incentive compensation for new sales behaviours (36%).

Clearly, for training to be effective, management must commit to follow up and use tools that will reinforce the training for sales people17.

Conclusion

The highly dynamic and competitive environment of the twenty first century demands a more responsive, flexible approach to sales force management. Innovation, technology, and leadership are pervasive themes in sales management today. Because companies now operate in a global marketplace, these themes play out on a global stage. Global suppliers have increased the importance of vendor relationships, considered a process of big multinational corporations. However, in today's global society even small domestic companies are doing business in international markets as a result of independent distributor relationships, trade shows, and the ability of the internet to generate awareness and interest literally anywhere in the world. All of these changes have led to dramatic transformation in the focus of personal selling and diversify in the sales force has created new challenges for sales managers. As a result sales people and their managers can and should benchmark their own approaches to managing customer relationships against the best practices of world class sales organisations.

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AN EVALUATION OF FINANCIAL PERFORMANCE AND PORTFOLIO MANAGEMENT OF INVESTMENT BANKING PARTICIPANTS IN KARNATAKA

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Abstract

Effective operations of banking sector are required for the growth of overall economy of a country. Banking plays a noiseless, yet crucial role in our day-to-day lives. The banks work as financial intermediaries, pooling savings and channelizing them into investment, helps in economic development of a country. The banking system of India is featured by a large network of bank branches, serving much kind of financial needs of the people. Indian banking system is significantly different from those prevalent in other countries due to its unique geographic, social and economic characteristics. India has a large population, different cultures in different parts of the country and also disparities in income. Also in India the population spread among rural and urban areas is also skewed in the favour of urban areas. This article conceptually discuss about the investment banking system, Portfolio management, financial performance of SBI and ICICI banks in India.

Introduction to Investment Banking

In India is there are fifteen multinational Investment banks in investment banking industry, fifteen to twenty large home developed investment banks, and there are about five hundred Investment banks that have a team of around five to five-hundred members and approximately thousand Investment banks with one or two partners running the entire show. This last division is now known as the boutique investment banks; which have shown a sudden upsurge in the recent past. Boutique I-banks typically handle Rs115 crore deals, aiding fund-raising, debt, and private equity and venture capital investments. The industry dynamics have pushed even big Investment banks to tread into deals of $25-75 million, below their usual $100 million benchmark. The growing numbers of smaller deals have created a demand for the boutique investment banks in India. These banks charge nearly two to three percent of the deal size. With more cross border acquisitions happening for Indian companies, boutique I-bankers are finding an opportunity to form alliances with global partners as well. The recent collapse of the big players in the Investment banking industry across the globe International banks have a fee benchmark, which is sizeable in the Indian context, which permits only handful Indian deals to be eligible for global banking advisory.

Objectives of the Study

The following are set as objectives for the study.

1. To know the evaluation and network of investment banks in India and in Karnataka state
2. To understand the regulatory framework on investment banking in India
3. To know the portfolio management services of investment banks
4. To analyze and compare the financial performance of State Bank of India and ICICI Bank

Evolution of Private Sector Banks

In 1951, there were 566 private banks, 474 non-scheduled and 92 scheduled as classified on the basis of their capital size. The role of private sector banks started declining when the Government of India entered banking sector with the establishment of State Bank of India in 1955. Consequently, the existence of public sector banks has increased. At present, there are 32 private banks comprising of 24 old banks, which existed prior to 1993-94 and eight new private banks, which were established during 1993-94 and onwards after the RBI announced guidelines in January 1993 for establishment of new private sector banks followed by the recommendations of Narasimham Committee-I (1991). The guidelines prescribed that the private banks should be established with the paid-up capital not less than Rs. 100 crore. The new guidelines issued in 2001 raised the minimum paid-up capital to Rs. 200 Crore, which

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shall be enhanced to Rs. 300 Crore within three years after the commencement of business. Also, the private sector banks are required to observe priority sector lending targets ensuring that the new entrants are ab initio financially viable and technologically up-to-date. Accordingly, nine banks were set-up in private sector including some by development financial institutions including ICICI Bank, GTB, HDFC and IDBI bank. Another interesting development was merger of some banks. Bareily Corporation Ltd merged with Bank of Baroda in 1999, Times Bank merged with HDFC Bank in 1996, Bank of Madura Ltd merged with ICICI bank in 2001 and Nedungadi Bank Ltd merged with Punjab National Bank in 2003. In 1995-96, the share of old private sector banks in total assets was 6.2 per cent while that of new private sector banks was 1.4 per cent. The Private sector banks had improved their market share to 5.3 per cent by 1999-2000 with comparison to the Public sector banks. The share of private sector banks in the total number of branches in 1992-93 was only 8.33 percent. In 2002-03, the share of private sector banks in total bank branches is 8.75 per cent.

LIST OF INVESTMENT BANKS IN KARNATAKA

TABLE SHOWING INVESTMENT BANKS IN KARNATAKA

S.No	Name of the Investment Bank	S.No	Name of the Investment Bank	S.No	Name of the Investment Bank
1	Akasam consulting pvt.ltd.5 branches in India and 1 in Germany	16	Goldman Sachs (India) Securities Pvt.Ltd.	31	Networth Stock Broking Ltd.
2	Ambit corporate finance Pvt.Ltd	17	HEM Securities Ltd.	32	O3 Capital Global Advisory Pvt.Ltd.
3	Avendus capital Pvt.Ltd.	18	ICICI Securities Ltd.	33	Pioneer Investcorp Ltd.
4	Axis capital ltd.	19	ICICI Securities Primary Dealership Ltd.	34	PL Capital Markets Pvt Ltd.
5	BNP Paribas	20	IDBI Capital Market Services Ltd.	35	SBI Capital Markets Ltd.
6	Canara Bank.	21	IDFC ltd.	36	Spark Capital Advisors (India) Pvt.Ltd.
7	Centrum Capital Ltd. Mumbai	22	IFCI financial services ltd.	37	Standard Chartered Securities (India) Ltd.
8	Choice Capital Advisors Pvt.Ltd.	23	Indbank Merchant Banking Services Ltd.	38	STCI Primary Dealer Ltd.
9	Citigroup Global Markets India Pvt.Ltd	24	Ing Vysya Bank Ltd.	39	Sumedha Fiscal Services Ltd.
10	Darashaw & Co.Pvt.Ltd.	25	Integrated Enterprises (India) Ltd.	40	Syndicate Bank
11	DCB Bank Ltd.	26	JP Morgan India Pvt.Ltd.	41	Tamilnad Mercantile Bank Ltd.
12	Deutsche Bank AG	27	Karn Merchant Bankers Ltd.	42	TATA Securities Ltd.
13	Edelweiss Financial Services Ltd.	28	Karvy Investor Services Ltd.	43	Tipsons Consultancy Services Pvt.Ltd.
14	Emkay Global Financial Services Ltd.	29	Mape Advisory Group Pvt.Ltd.	44	Vc Corporate Advisors Pvt.Ltd.
15	Fortune Financial Services (India) Ltd.	30	Mata Securities India Pvt.Ltd.	45	Vertex Securities Ltd.

Network of Banks

Today banks follow a strategy of building a network of branches and ATMs with effective penetration so that they can continue to enlarge their geographical coverage with a greater potential for growth. The banks try to deeply entrench across the country with significant density in areas conducive to the growth of their businesses. The private sector banks have expanded themselves at a much faster rate than public sector banks. The customer base of these banks has grown manifold since they are able to provide innovative services to the customers at a much faster pace. This is helping them to capture a higher market share and depleting some of the share of the public sector counterparts.

Productivity

Productivity is the ratio of what is produced to what is required to produce. In the banking scenario productivity can be measured by profit per employee, business per employee. Productivity is a very important measure of efficiency of banks because it means that the firm can meet its obligations to employees, shareholders, and governments (taxes and regulation), and still remain competitive in the market place.

Capital adequacy Ratio

Capital Adequacy signifies the banks ability to maintain capital with the nature and extent of all types of risk and the ability of management to identify, measure, monitor and control these risks. It also tells about the ability of bank to absorb a reasonable amount of loss and comply with statutory Capital requirements. Currently Reserve Bank of India (RBI) prescribes banks to maintain Capital Adequacy Ratio. The Capital Adequacy ratio (BASEL-II) of new private sector banks is way above RBI s minimum requirement of 9%. This shows that private banks are in comfortable position to absorb losses since they have more capital to cover for their risk weighted assets and they have less risky assets in their portfolio for a fixed capital base.

Growth of Bank

Every bank aspires to grow and its growth can be judged by various parameters like growth in balance sheet size i.e. asset base, total income and many others. The public sector banks asset base and income grew at an increasing rate in the last 2 years whereas new private sector banks faced many fluctuations mainly due to recession. But the growth of these banks was phenomenal during 2010-11 that shows their ability to recover faster after such a phase.

Asset Quality

Asset Quality reflects the amount of existing credit risk associated with the loan and investment portfolio as well as off balance sheet activities. The asset quality of banks can be judged by the non-performing assets (NPA) ratio. However there is huge difference in asset qualities of public & new private sector banks because the public sector banks have higher NPAs in services sector. The NPAs in other sectors like Agriculture, Industry and Personal Loans are almost similar for these banks. The asset quality of a bank directly affects its credit rating.

Regulatory Framework of Investment Banking In India

Investment Banking in India is regulating in its various facets under separate legislations or guidelines issued under statute. The Regulatory powers are also distributed between different regulators depending upon the constitution and status of Investment Bank. Pure investment banks which do not have presence in the lending or banking business are governed primarily by the capital market regulator (SEBI). However, Universal banks and NBFC investment banks are regulated primarily by the RBI in their core business of banking or lending and so far as the investment banking segment is concerned, they are also regulated by SEBI. An overview of the regulatory framework is furnished below:

- At the constitutional level, all invest banking companies incorporated under the Companies Act, 1956 are governed by the provisions of that Act.
- Investment Banks that are incorporated under a separate statute such as the SBI or IDBI are regulated by their respective statute. IDBI is in the process of being converted into a company under the Companies Act.
- Universal Banks that are regulated by the Reserve Bank of India under the RBI Act, 1934 and the Banking Regulation Act which put restrictions on the investment banking exposures to be taken by banks.
- Investment banking companies that are constituted as non-banking financial companies are regulated operationally by the RBI under sections 45H to 45QB of Reserve Bank of India Act, 1934. Under these sections RBI is empowered to issue directions in the areas of resources mobilization, accounts and administrative controls.
- Functionally, different aspects of investment banking are regulated under the Securities and Exchange Board of India Act, 1992 and guidelines and regulations issued there under.
- Investment Banks that are set up in India with foreign direct investment either as joint ventures with Indian partners or as fully owned subsidiaries of the foreign entities are governed in respect of the foreign investment by the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management

(Transfer or issue of Security by a person Resident outside India) Regulations, 2000 issued there under as amended from time to time through circulars issued by the RBI.

- Apart from the above specific regulations relating to investment banking, investment banks are also governed by other laws applicable to all other businesses such as – tax law, contract law, property law, local state laws, arbitration law and the other general laws that are applicable in India.

Portfolio Management

Much of modern portfolio management has been motivated by the seminal work of Harry Markowitz (Markowitz, 1952) and his well-known Markowitz optimization approach. Markowitz demonstrated how stock investors could select an efficient set of portfolios that would minimize the standard deviation (risk), subject to a particular portfolio return (expected return). Markowitz (1956) showed through a classic quadratic optimization technique that investors could virtually eliminate their exposure to the unique or unsystematic risk associated with individual securities.

This optimization approach is applied in the context of a fixed investment amount for the portfolio. The unsystematic risks are those risks specific to the business or industry. This ability to diversify away the unsystematic risk leaves the stock investor with a portfolio containing only the systematic or market specific risks, such as inflation, purchasing power, and other market-wide risks.

A good bank is not only the financial heart of the community, but also one with an obligation of helping in every possible manner to improve the economic conditions of the common people. A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities. Banks are a fundamental component of the financial system, and are also active players in financial markets. The essential role of a bank is to connect those who have capital (such as investors or depositors), with those who seek capital (such as individuals wanting a loan, or businesses wanting to grow). Banks play an important role in the economic development of every nation. They have control over a large part of the supply of money in circulation. Through their influence over the volume of bank money, they can influence in nature and character of production in any country. Economic development is a dynamic and continuous process. Banks are the main stay of economic progress of a country, because the economic development highly depends upon the extent of mobilization of resources and investment and on the operational efficiency of the various segments (i.e. Trade, Industrial Development, and Agriculture) of the economy. Thus, in the modern economy, banks have become a part and parcel of all economic activities in India.

Comparison of Financial Performance of SBI and ICICI

The following ratios were used to compare the trends in banking business and financial performance.

1. Credit Deposit Ratio
2. Operating Expenses / Total Funds
3. Net Profit / Total funds
4. Cash Deposit Ratio
5. Return on Equity

Credit Deposit Ratio

Credit-Deposit Ratio is the proportion of loan-assets created by a bank from the deposits received. Credits are the loans and advances granted by the bank. In other words it is the amount lent by the bank to a person or an organization which is recovered later on. Interest is charged from the borrower. Deposit is the amount accepted by bank from the savers and interest if paid to them.

Table : 1

Year	State Bank of India	ICICI Bank
2008-09	74.97	95.93
2009-10	75.96	95.04
2010-11	79.9	92.97
2011-12	82.14	97.71
2012-13	85.17	99.25

(figures given is in %)

Table 1.1 shows that over the course of five financial periods of study the Credit Deposit Ratio in ICICI was higher (99.25%) than in SBI (85.17%) in 2012-13. In both SBI and ICICI the credit deposit ratio was highest in 2012- 13. This shows that ICICI bank has created more loan assets from its deposits as compared to SBI.
Operating Funds to Total Funds

A measure of what it costs an investment company to operate funds. An expense ratio is determined through an annual calculation, where funds operating expenses are divided by the average dollar value of its assets under management. Marketing expenses are taken out of funds' assets and lower the return to a fund's investors. **(Table: 2)**

Table : 2

Year	State Bank of India	ICICI Bank
2008-09	1.86	1.94
2009-10	2.01	1.58
2010-11	2.02	1.72
2011-12	2.03	1.75
2012-13	2.02	1.76

(figures given is in %)

Table 1.2 reveals that the ratio of operating funds to total funds of ICICI was varied from 1.94 per cent to 1.76 percent. It was at 1.58 percent in 2009-10, lowest among five years again it increased to1.72 percent in 2010-11. But the operating funds ratio in case of SBI has increased over the five years. It was at its lowest in 2008-09(1.86%), after that it has shown almost increment in operating funds.

Net Profit to Total Funds

Net profit to total funds is a ratio that measures a company's ability to generate profits from its funds. The ratio is considered an indicator of how effectively a company is using its assets to generate earnings before contractual obligations must be paid.

Table : 3

Year	State Bank of India	ICICI Bank
2008-09	1.08	0.96
2009-10	0.91	1.08
2010-11	0.73	1.34
2011-12	0.91	1.44
2012-13	0.97	1.62

figures given is in %)

Table 1.3 reveals that the ratio of net profits to total funds of ICICI was varied from 0.96 per cent to 1.62 percent. It increased to1.62 percent from 0.96 percent in 2008-09. But the net profit in case of SBI has decreased to 0.73 percent in 2010-11 from 1.08 percent in 2008-09; it further increases to 0.97 percent in 2012-13. However, the net profit margin was higher in ICICI (1.62%) as compared to SBI (0.97%) during the period of study. Thus, the ICICI has shown comparatively lower operational expenses than SBI.

Cash Deposit Ratio

The amount of money a bank should have available as a percentage of the total amount of money its customers have paid into the bank. This amount is calculated so that customers can be sure that they will be able to take their money out of the bank if they want to (Table : 4)

Table : 4

Year	State Bank of India	ICICI Bank
2008-09	8.37	10.14
2009-10	7.56	10.72
2010-11	8.96	11.32
2011-12	7.51	8.6
2012-13	5.34	7.21

(figures given is in %)

Table 1.4 depicts that the Cash Deposit Ratio in ICICI and SBI was highest in 2010-11. In both SBI & ICICI the cash deposit ratio has decreased in period 2011-13. It is an indicator to customers whether they will be able to get back their cash whenever required or not.

Return on Equity

Return on Equity is the ability of the firm's management to realize an adequate return on the capital invested by the owners of the firm. Tendency is to look increasingly to this ratio as a final criterion of profitability.

Table : 5

Year	State Bank of India	ICICI Bank
2008-09	17.05	7.83
2009-10	14.8	7.96
2010-11	12.62	9.65
2011-12	15.72	11.2
2012-13	15.43	13.1

(figures given is in %)

Table 1.5 depicts that return on equity in SBI bank has decreased to 12.62% in year 2010-11 from 17.05% in 2008- 09 while in ICICI bank ROE has continuously increased in last five years ranges from 7.83% to 13.1%. In SBI bank ROE shows a growth sign in the years 2011-13 but its slower in comparison to ICICI bank's ROE. Hence it depicts that ICICI bank has been successful in generating returns on the shareholders' capital more than SBI bank.

Discussion and Conclusion

Results of the study reveal that over the course of five financial periods of the study the Credit Deposit Ratio in ICICI was higher (99.25%) than in SBI (85.17%) in 2012-13. This shows that ICICI Bank has created more loan assets from its deposits as compared to SBI. It is also revealed that the ratio of operating funds to the total funds of ICICI was varied from 1.94 percent to 1.76 percent. It was 1.58 percent in 2009-10; lowest among five years again it increased to 1.72 percent in 2010-11.

But the operating funds ratio in case of SBI has increased over the five years. It was at its lowest in 2008-09 (1.86%), after that it has shown almost increment in operating funds. The ratio of net profits to total funds of ICICI was varied from 0.96 percent to 1.62 percent. It increased to 1.62 percent from 0.96 percent in 2008-09. But the net profit in case of SBI has decreased to 0.73 percent in 2010-11 from 1.08 percent in 2008-09; it further increases to 0.97 percent in 2012-13. However, the net profit margin was higher in ICICI (1.62%) as compared to SBI (0.97%) during the period of study. Thus, the ICICI has shown comparatively lower operational expenses than SBI. The Cash Deposit Ratio in ICICI and SBI was highest in 2010-11. In both SBI & ICICI the cash deposit ratio has decreased in period 2011-13. Return on Equity in SBI bank has decreased to 12.62% in year 2010-11 from 17.05% in 2008- 09 while in ICICI bank ROE has continuously increased in last five years ranges from 7.83% to 13.1%. In SBI bank ROE shows a growth sign in the years 2011-13 but it's slower in comparison to ICICI bank's ROE. Hence it depicts that ICICI bank has been successful in generating returns on the shareholders' capital more than SBI bank. Hence, on the basis of the above study or analysis ICICI bank is performing well in comparison to SBI.

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REVIVING UP THE RETAIL SECTOR

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Abstract

The retailing industry in India. It examines the growing awareness and brand consciousness among people across different socio-economic classes in India and how the urban and semi-urban retail markets are witnessing significant growth. It explores the role of the Government of India in the industries growth and the need for further reforms. In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the India Retail Industry to grow faster. The paper includes growth of retail sector in India, strategies, strength and opportunities of retail stores, retail format in India, recent trends, and opportunities and challenges. This paper concludes with the likely impact of the entry of global players into the Indian retailing industry. It also highlights the challenges faced by the industry in near future.

Key words: *: Retailing, Unorganized Sector, Organized Sector, Traditional Retail, Modern Retail.*

Introduction

The Maharashtra government has notified that retailers can keep shops open for 365 days in a year subject to fulfilment of the conditions it has prescribed in the relevant notification. Women employees can work till 9.30 PM in retail shops. This proved to be music to the FMCG players' ears. After all, FMCG items are invariably the most conspicuous amongst the items stacked at the retail outlets, organised or otherwise. Maharashtra, in general and the "maximum city" it is home to, namely, Mumbai, can really help the FMCG industry scale up its performance on all fronts – or so it was believed.

However, another announcement from the same government (made through its budget) said that the local body tax (LBT) being levied on traders would be abolished by Aug 1, 2015. The affected local bodies (municipal corporations) barring the corporation of Mumbai city would be compensated by the government of Maharashtra. The compensation to be released to the affected local bodies would not in any way affect the state government's kitty. The government would raise the value added tax (VAT) commensurately to compensate the affected municipal corporations.

Objective of the study

Mall culture, the concept of merchandising under one roof has seen boom-berry not only in metros, the Tier I and Tier II has also sensational feather touch of mall culture glory. The objective of our study was to find out the adaptability of mall culture in our Tier II city & to analyze the consumer behavior in the city of Maharashtra

Purpose of the Study

1. To study the growth of the retail sector in India with special study on the recently commissioned mall at our Tier II city, Maharashtra
2. To know the consumers' sensitivity on the kind of shopping.
3. To know the behavior of customers on mall culture of Maharashtra

Scope the Study

Since VAT is pan-state in nature, it means that it will turn out to be a double whammy for consumers based in Mumbai city. On the one hand, their municipal corporation will not be compensated and on the other hand, they have to pay more for what they buy in view of the hiked pan-state VAT rate. The dent in revenues occasioned by the abolition of LBT will be cited by the municipal corporation of Mumbai to justify its already-sloppy performance.

The rob-Peter-to-pay-Paul strategy was clearly not called for, on the part of the Maharashtra government to fulfil one of its poll premises. No doubt the traders had a valid point when they claimed that they were subjected to double taxation by requiring them to pay LBT as well as VAT. But this is not the right way to address the problem. The remedy lies in persuading all the stakeholders associated with the proposed GST regime at the national level to speed up its implementation.

Literature Review

Our analysis included assessment of publications on the development of the Indian retail industry (www.indianground.com, 2008; Gupta, 2005; www.expresstextiles.com, 2005). These publications

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were mainly published between the years 2000 and 2010 in order to make sure that the most current industry and market activity were captured. Publications included popular Internet sites, industry publications, and reports by major retail houses. Other sources included blog spots and interviews of executive managers working in retail in newspaper publications like Business Line and The Hindu. The other major source of data collection is Mall Culture magazine.

Akash (2009) says that Retail business in India, as anywhere else in the world, plays a crucial role in an economy. Retail in India has the potential to add value over Rs 2,00,000 crore ($45billion)business by the year 2010 generating employment for some 2.5 million people in various retail operations and over10 million additional workforce in retail support activities including contract production and processing, supply chain and logistics, retail real estate development and management.

Gibson, CEO Retail Association 0f India opines (2007) that modern retailing today is growing faster than expected while the current growth rate is around 30 percent, the sector is expected to grow at 40- 50percent on a year basis.

Mishra (2008) says, there is a hectic activity in the sector in terms of expansion, entry of international brands and retailers as well as focus on technology, operations, infrastructure and processes. All these present a tremendous opportunity in this high growth industry.

Yuvarani (2010) opines that according to a study the size of the Indian Retail market is currently estimated at Rs 704 corers which accounts for a meager 3% of the total retail market. As the market becomes more and more organized the Indian retail industry will gain greater worth. However, the future is promising, the market is growing, government policies are becoming more favorable and emerging technologies are facilitating operations.

Biyani (2007) describes that we are on the cusp of change wherein a huge, multicultural India is transforming from a socialist economy to a consumption-led, creative economy. The scope and depth of change that is taking place due to the revolutionary retail market with a gigantic opportunity for marketers and retailers, not only in large cities but also in small towns. So retailing can play a significant role in creating the India of tomorrow

Important of the study

At a time when the tax regime warranted simplification, at a time when the cascading effect of tax had to be addressed and at a time when a countrywide tax system covering goods and services was badly needed to replace the existing tax system to free up the movement of goods and services across the states of the country, this is the last thing a state government can afford to do. Needless to say, such a move on the part of the government of Maharashtra is not in the national interest particularly at a time when most of the states have consented to abide by a countrywide GST system.

In fact, a national level approach is required to make way for the healthy growth of the retail sector. State-wise clearances / approvals have to be done away with and countrywide clearances / approvals should take their place. Presently, at least 75 licences and permits are to be sought by the retailers if they want to commence business. This is ridiculous and absurd considering that the bricks-and-mortar retailers have a national presence and hence contribute to the economic development of the states they operate in. Trading should become a seamless activity across the states of India. This is possible only if the GST regime is rolled out at the earliest.

Stakeholders like consumers do not know that the rental overhead is unreasonably high in India. It is easily around thrice the rent that the Indian retailer's counterpart pays in the advanced western markets. In other words, premises rent is a major overhead in the Indian scenario. At least if the GST is implemented promptly, it will help the retailer set off the service tax paid in respect of rent thereby reducing the rental overhead a bit. As if to rub salt into the wound, in the recent Union budget, the service tax has been hiked. At least the government could have waited until it rolled out the GST regime. It would have led to two healthy developments – one, it could have mitigated the burden that the rental overhead placed on retailers; two, it would have widened the taxpayer's base.

Given the nature of the retail sector's operations, the "transport" overhead should logically be the major component of expenditure. But given the tax structure obtaining across the country, encompassing the state-level and local body-level taxes, the retailers have no alternative but to design their supply chain mechanism based on the tax aspect! This is ridiculous! Perhaps India is the only major economy wherein retailers have to primarily base their supply chain mechanism and by extension, their business model on the tax structure! Hopefully, the government will review the flawed regulatory ecosystem.

Conclusions of the Study

1. Malls have marveled the lifestyle of shoppers. These are the magnetite pagodas where you merchandise from 'pin to pyramid'. You enjoy panasonic scenic beauty of unique architeck of malls while shopping.
2. A shopping mall can be described as a 'shopaholic paradise' for a number of reasons.
3. The retails and shoppers hope the upward trend in the mall purchase to stay longer. It is proved by the rising graph of sales figures in the mall merchandise.
4. The super bazaars, hyper malls really contribute a lot for the product development.

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