PRIMAX

Karnataka Reg. No. : 48/159/CE/0103/2013

Print ISSN: 2321-3604
Online ISSN: 2321-3612

INTERNATIONAL JOURNAL OF COMMERCE AND MANAGEMENT RESEARCH (PIJCMR)

Volume No. II | Issue No. 3 | December 2014

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Primax International Journal of Commerce and Management Research

No.25/A, Nagadevanahalli, Boothappa Temple Road, 80 Feet Ring Road, Jnanabharathi Post, Bangalore -56, Karnataka, India. Ph: 08971725451

Email: primaxecf@gmail.com, kvr08@rediffmail.com

www.primaxijcmr.com

Publisher:

Primax Commerce and Management Research Academy, Bangalore-56

(**Karnataka Reg.: 48/159/CE/0103/2013**)

Issue:

Vol.II, Issue No.3 December 2014

Contact:

Prof. T. Rajeswari., M.Sc.,M.A(Eng.).,M.B.A.,M.A(Soc)

Founder and Managing Editor,

Primax Commerce and Management Research Academy,

No.25/A, Nagadevanahalli, Boothappa Temple Road
80 Feet Ring Road, Jnanabharathi Post,

Bangalore -56, Karnataka, India. Ph: 08971725451

Email: primaxecf@gmail.com, kvr08@rediffmail.com,

Editor Desk

Dear All

Greetings to one and all…….

A new year (2015) begins and a new challenge needs to be undertaken. Life is full of challenges, but those that we invite ourselves have something special of their own. In that spirit, I am really happy to be taking on as the editor for Primax International Journal of Commerce and Management Research. The combination of peer reviewed papers and editorial submissions provides a ground to publish the latest trade achievements in our field, but also position them within the context of our ever changing technological landscape.

With that in mind, I would like to continue encouraging the submission of the latest research results to Pimaxijcmr. I would also like to try to broaden its reach. A little less than two years ago. I am now part of one of the most diverse research groups.

In this December issue, you are not only going to find technical contributions, but also reports from workshops that took place in the recent months. In addition, I have invited an editorial covering in recent trend in Commerce and business. Recent trends in technology influence and enrich our research. If you do happen to attend venues such as WTO, Commerce association or standardization bodies, please do send me your editorial notes on your impressions from those events.

Finally, I would like to extend my sincerest thank to all editorial members includes chief-in- editor, Associate Editors, Editorial advisory board and welcome to new editors that are becoming part of our editorial team. With their expertise and motivation we are bound to do great things in 2015 With all that, I sincerely hope that you will enjoy this issue and I am looking forward to hearing any further suggestions to make PRIMAXIJCMR in bright way as timely and impactful as possible.

One again …… Wish you a very happy new year 2015.

T. Rajeswari

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

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

- Mark Twain.

Contents

ANALYSIS OF BALANCED FREEDOM AND ITS EFFECT ON SUSTAINABILITY OF AN ORGANIZATION AN EMPIRICAL STUDY

Dr. Arun B K[1]

Abstract

In view of changing business scenario and tightening legal statutes, organizations need to become more ethical in their outlook and hence the subject of ethics has emerged as a link between the organization and its external world both in terms of space and time. The term 'Balanced Freedom' refers to the freedom of the business constrained by the moral demands of the society. The 'balanced freedom' of an organization needs to manifest through 'moral responsibility'. In view of its increasing importance and relevance to the aspect of sustainability, the present study was undertaken. This study is based on both primary and secondary data covering a wide range of organization and societal contexts. The study critically analyzes the concept of balanced freedom and identifies its constituent organization and society related dimension. Based on the empirical results, the trends in the concept are identified. By separating and dividing the factors into controllable and uncontrollable categories, practical remedial steps are listed.

Key words: *Sustainability, Moral Demands, Moral Responsibility, Balanced Freedom, Ethical Behaviour of an Organization*

1. Introduction

Ethics is important from philosophical as well as professional point of view. Ethics involves everyday life choices by all individuals living in society. It enables us to reflect on what we do and whether or not we have acted for the good of others or for our own selfish ends. The emergence of industrialism and mass production over the years has fundamentally altered the way we produce and consume things in society. The increasing list of environmental problems from global warming to pollution reminds us that our previous choices were not wisely made.

Daily we are faced with ethical choices. Those who have been entrusted with the wise use of natural resources, the preservation of nature, and the protection of people from environmental contamination face this dilemma every day. Most do so in a professional and ethical way, sometimes with courage and valor, which is surely the case with most accounting professionals as well; but compromises are being made every day.

A business firm is free to exercise its own choices so as to protect and enhance its own interests through profit maximization and cost minimization. Since every action taken by a firm for profit maximization leads to moral implications, a firm cannot go on pursuing its interests and therefore, it has to be responsive to the demands generated in the society wherein it operates. Thus, an individual firm's freedom gets balanced by its obligations to the moral demands of the society. The manner and the degree in which a firm recognizes the moral demands of the society, its own moral obligations to such demands and responses towards such demands constitute moral responsibility of firm (Arun, 2010).

One of the barriers for sustainability is the modern concept of man in the form of individualism. Existentialism can be seen as a rigorous attempt to work out the implications of this individualism. Each of us is alone in the world. Only we feel our pains, our pleasures, our hopes, and our fears immediately, subjectively, from the inside. Other people only see us from the outside, objectively, and, hard as we may try, we can only see them from the outside. No one else can feel what we feel, and we cannot feel what is going on in any one else's mind. When we look at another person or object, we don't see it directly as it is; we see it only as it is represented in our own experience. With high focus on individualism, there is a over reliance on senses. Due to over reliance on senses, it seems, then, that we are minds trapped in bodies, only perceiving the images transmitted to us through our bodies and their senses. Each of us is trapped within our own mind, unable to feel anything but our own feelings and experiences. It is as if each of us is trapped in a dark room with no windows (Glaze, 2002; Marden and Mercer, 2005.).

In our obsession for our own survival we tend to be imperceptible ourselves to anyone outside of us. It is to be an island of subjectivity in an otherwise objective world. Extension of such a tendency has resulted in

[1] . Professor, Dayananda Sagar Business School, Bangalore.

recent revelations about improper accounting practices within some large corporations reminding us that it is our morals and values that ultimately determine the course of a society. As we learn more about the personalities involved in each accounting deception, we see that those who perpetrated the dishonest and damaging acts were doing so to protect themselves, their jobs, and their families, while forgetting about the workers and investors who could ultimately suffer from their misdeeds. Other reasons include greed, extravagant life style and the force of capitalistic environment creating a need to demonstrate totally unrealistic profits and growth rates.

Many were acting out of greed, expecting a large monetary return on their investment, but others were simply trying to support their commitment to a lifestyle to which they had become accustomed. In their defense, they were working within a capitalistic environment that required their corporation to demonstrate totally unrealistic profits and growth rates, or for their accounting firm to support their major customers who faced these unrealistic expectations. To succeed within this environment, they and their superiors faced individual decisions in which the temptation to exaggerate and even to lie, must have been intense (Lisa, 2002).

There is a tendency to blame a few corrupt individuals, large corporations, big government, or even to an economic system for the woes of society but the truth is that we are all responsible. Every day in our own lives, we are making or living with decisions that are not morally defensible. We give enough attention to the factors that create the climate that encourages greed. It is no surprise that scandals such as Enron and WorldCom happen; the surprise is that they are not more common in a society in which economic gain has become the most important measure of success. Amidst all these, there is a need to consider our obligations to the global community, to nature, and the needs of future generations and ethics would certainly help in this regard (Institute for Studies in Industrial Development, 2012).

The search for a better, more ethical, more sustainable society must go on, and although we will never succeed in reaching perfection, all of us must take responsibility for its progress. This calls for constant self-reflection and mistakes of today are the lessons for tomorrow (Reid, 2010).

2. Rationale of the Study

The following were the main reasons for taking up the present study.

- Since both ethics and sustainability are gaining importance vis-à-vis rapidly depleting natural resources, the present study was undertaken keeping their relevance in mind to know the relationship between these two vital constructs.
- During the directed literature survey it was noticed that there is a dearth of studies with respect to the concept of balanced freedom in Indian context. The present study makes an attempt to bridge this gap.
- The curiosity on the part of the researcher to get insights into the concept of balanced freedom was another reason for taking up the study.

3. Objectives of the Study

The following were the objectives of the study

- To arrive at the dimensions of balanced freedom as an important part of moral responsibility of an organization.
- Through literature survey to arrive at the conceptual relationship between moral responsibility and sustainability through balanced freedom.
- To empirically understand the current status of balanced freedom in Indian firms.
- Based on the study, to list the suggestions and recommendations.

4. Methodology

This study is based on both primary and secondary data. Since the study pertains to the societal dynamics, empirical method was adopted. The data was gathered at the source by interacting with the respondents in their natural surroundings.

The primary data for the study was gathered through application of Delphi technique, semi-structured questionnaire and interview schedules. Delphi technique was primarily applied to identify the dimensions of "Balanced Freedom". To start with, an exercise of designing a semi-structured questionnaire that identifies the dimensions of balanced freedom was undertaken. Eight experts were initially approached and four of them gave their consent, but, however, finally five experts could actually gave their thoughts, wisdom and opinions regarding the construct of "Balanced Freedom" as a ethical restraint of the organizations. These five experts represented different walks of life ranging from business to social service .The convergence of the considered opinions from the experts were carefully recorded and collated to arrive at the nine dimensions of "Balanced Freedom". These nine dimensions fall into two broad categories or factors viz., "Organizational Choice Related" and "Moral Demands from the Society". The dimensions thus identified were : Four under the factor "Organizational Choice Related" were *Competition, Technology Dependency, Mounting Operational Costs, Ability to read the situation.* Five under the factor "Moral Demands from the Society" were *Increased Misery Index,* *Resources going down, Media Pressure, Judicial Activism, Gap between need and fulfillment.* Based on these nine dimensions of balanced freedom a semi-structured questionnaire was designed to capture the impressions regarding the degree of control and reasons thereof.

The questionnaire thus designed was administered to the sample respondents and their responses were recorded. The respondents to the study consisted of a stratified random sample of 100 respondents comprising of practicing managers and general public. Interview schedules to get deeper insights were conducted for the 50 percent of the sample respondents.

The secondary sources of data included web literature, journals, periodicals and newspapers enabled to understand the context of "Balanced Freedom" in a better way.

5. Results and Discussion

The literature review, interaction with the experts and introspective reflections thereof revealed that there is a relationship between moral responsibility of an organization and its sustainability through the medium of balanced freedom. The degree to which the freedom of choice of an organization in its endeavour of pursuing its self-interest is restrained the more the likelihood of its moral responses. The degree of morally responsible behaviour would ensure an organization's sustainability.

The questionnaire for balanced freedom consisted of two-factor, nine-dimensional 18-items designed to a 5-point and was based on Likert's principle. A pilot-sample of 50 respondents who incidentally figured in final sample as well reported the test-retest reliability as 0.86 and comparable sample based concurrent validity as 0.81.

Based on the responses indicating the impressions to the semi-structured questionnaire, the dimensions of "Balanced Freedom" from an organization's position were categorized into *Controllable, Uncontrollable* and *Partially Controllable* categories. The results were summarized as shown in Table 1. Such a categorization provided insights into the probable set of interventions from the organization in the matter of ethical behaviour.

In order to probe further into the responses to the questionnaire, semi-structured interview schedules were conducted to the 50-percent of the questionnaire respondents. Based on the responses to the semi-structured interview schedules, the dimensions coming under the categories of Controllable and Partially Controllable **(Table 1)** were further probed by converting the intensity of responses on a 1 to 10 scale. This was done by multiplying the number of responses with the average score to obtain further insights into the phenomenon of "Balanced Freedom". The results were summarized as shown in **Table 2.**

The results indicated that Indian organizations are more transaction-oriented when tackling the ethical issues. They tend to respond only when the moral community rises its voice. This type of behaviour is attributable to the survival imperatives and lack of societal sensitivity among the decision-makers of the organizations. Very few Indian organizations recognize the moral demands of the members of the society.

Further, it is to be noted that organizations tend to pass on the ethical burden on the society as implied by majority of the respondents laying the onus in the society's court. This indicates that the concept of moral responsibility as restrainer of the concept of balanced freedom is in its nascent stage in India. Keeping the sentiments expressed by the respondents in mind, it would take at least one more decade for Indian organizations to become proactive in their moral behaviour.

6. Conclusions

The following were the major conclusions in line with the objectives of the study.

- The study has identified the nine dimensions of balanced freedom coming under two factors viz., The factor "Organizational Choice Related" consisted of four dimensions of *Competition, Technology Dependency, Mounting Operational Costs, Ability to read the situation.* Five dimensions under the factor "Moral Demands from the Society" were *Increased Misery Index, Resources going down, Media Pressure, Judicial Activism, Gap between need and fulfillment.*
- Through literature survey it was observed that balanced freedom is an implied function of the degree of moral responsibility evolving within an organization. At the conceptual level, there is a relationship between moral responsibility and sustainability through balanced freedom.
- The study has shown that three dimensions of balanced freedom viz., competition, mounting costs and need-fulfillment gap were dependent mainly on societal response. Since all these dimensions are vital for the survival of an organization, the organizations need necessarily to focus on societal demands in return.

7. Suggestions and Recommendations

Based on the study, the following were listed as major suggestions and recommendations.

(i) Suggestions

- The study may be replicated to cover a larger sample over a larger geographical spread.
- A longitudinal study correlating the financial performance and degree of moral responsibility may be undertaken.

(ii) Recommendations

- To be competitive, organizations need to include moral responsibility in their decision-making for sustainable results in the long-run.
- There is a need to develop some of the employees within the organization as "moral agents" so that the degree of moral responsibility exhibited by an organization would improve and thereby sustainability would result.

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Table 1: Classification of Dimensions of Balanced Freedom

Sl. No.	Dimension	Nature of the Dimension in Terms of Controllability (In terms of % of Responses)			
		Cont'ble	Uncont'ble	Partial	Remarks
1	Competition	22.0	34.0	44.0	Little Control
2	Tech. Dep.	50.0	24.0	26.0	Good Control
3	Oprtnl. Costs	20.0	35.0	45.0	Little Control
4	Situational Reading	30.0	23.0	47.0	Little Control
5	Resources	33.0	54.0	13.0	Uncontrollable
6	Misery Index	21.0	62.0	17.0	Uncontrollable
7	Media	31.0	57.0	12.0	Uncontrollable
8	Judiciary	29.0	56.0	15.0	Uncontrollable
9	Need Gap	32.0	23.0	45.0	Little Control

Table 2

Analysis of Controllable and Partially Controllable Dimensions of Balanced Freedom

Sl. No.	Dimension	Nature of the Dimension in Terms of Degree of Response (% of Responses *Avg. Score on a 1-10 scale)			
		Orgn. Res	Society Res	Not Sure	Remarks
1	Competition	4	6	4	Society Main
2	Tech. Dep.	7	5	5	Orgn. Main
3	Oprtnl. Costs	5	6	3	Society Main
4	Situational Reading	6	4	4	Orgn. Main
5	Need Gap	5	7	4	Society Main

PREDICTING PROBABILITY OF DEFAULT

Dr. C. S. Sharma[1] **Dr. R. K. Singh**[2] **Rajeev Kumar Upadhyay**[3]

Abstract

The paper studies the default probabilities of the 47 Indian firms over period of 2007 to 2013. This study uses options based method to predict the probability of default of these firms over the assessment period. In this paper we have employed the methodology developed by Bandyopadhyay (2007) which rests on the well known Black, Scholes and Merton model. The study estimates the market value of assets, asset volatility, risk neutral default probability and real default probability of firms and finds out the factors that have impact on the default probabilities.

Introduction

Banks lend huge portion of their total lending to corporate but among from these corporate, few companies default every year. According to market information, India Ratings had predicted that 15 firms from the list of BSE – 500 would default in financial year 2012-2013. Interestingly, 15 firms did eventually default during the period. Similarly in June 2013, India Ratings has forecasted that 22 firms from BSE – 500 would default in next 12-24 months. This has attracted the attention of banking and other lending companies for banking and other lending firms; such information is of huge importance. For banks and regulators, timely and accurate prediction of borrowers' default probability holds the key to developing a responsive and effective tool for risk management. Basel Committee on Banking Supervision (BCBS) advocates that an effective system of provisions for adequate/ required capital demands timely, and reliable, early warning indicators of changes in default risk of borrowers. For the purpose of forecasting the default probabilities, a number of methods and models have been proposed. These include ration analysis as well as statistical modeling of financial ratios using logistic regression, multiple discriminant analysis and forward intensity model. However, recently there has been growing interest in employing default models based on options. These are gaining recognition and acceptance in academic as well as corporate world. The default prediction method used by Moody's KMV (Kealhofer, McQuown and Vasicek) model is based on Black, Scholes and Merton Model of option valuation. In this paper Black and Scholes, Merton model will be used to predict the probability of default by the firms.

The present paper is essentially inspired by Bandyopadhyay (2007) who has developed a refined method of estimating default probabilities using options valuation models of Black, Scholes and Merton model. The present study employs the methodology developed by Bandyopadhyay (2007) for estimating default probabilities of different set of companies over a time period other than those used by him.

Literature Review

Forecasting of default probability is one of the objectives of financial analysis. There are firms which specialize in the business of predicting default probability, for example Moody's and S&P. The key variables in the whole process include asset liabilities ratios, coverage ratios (cash flows or EBIT relative to debt service payments), business prospects (growth of cash flows or return on assets), dividends and other payments, business risk (volatility of cash flows or value of assets) and asset liquidity and recovery ratios in default.

Several scholars have made attempts to create a rigorous formula to predict cumulative default probabilities at different horizons (Leland, 2004).

Default by firms can be indicated either by the asset value or the liquidity position being faced by the firm. To assess the economic well being (prosperity or distress) of any firm, the value of assets held by the firm is very important similarly the liquidity position of the firm do have impact on the probability of default. It has been observed that sometimes firms despite enough liquidity tend to default because very low assets value. A study by Brockman and Turtle (2003) shows that firms tend to default on payment of obligations if the value of assets fall below the average of 65 per cent of the face value of the debt. Moreover this average value varies from firm to firm and sector to sector and is dependent on the liquidity and asset volatility (Brockman and Turtle, 2003).

Acharya; Chatterjee and Pal (2003) found that liquidity, debt serviceability and capital turnover ratios of firms

1. **Director, Maharaja Agrasen Institute of Management Studies, Delhi.**
2. **Deputy Dean (Academic), University Of Delhi, Delhi.**
3. **Research Scholar, Department of Commerce, Delhi School of Economics, Delhi University, Delhi.**

are important indicators for forecasting probable debt default. They found that the probability of default is inversely related to these three ratios of the firm. Study has found that liquidity and capital turnover ratios are the most significant indicators even after controlling for the heteroscedasticity. After checking for heteroscedasticity at significance level of 5% the impact of debt service on default probability becomes insignificant. This result says that debt service in past is not important in prediction of debt default. Similarly the marginal effect of size is insignificant (at 5% level) (Acharya; Chatterjee and Pal, 2003).

A study by Aguado and Benito (2012) has suggested that the most robust determinants of firm default are firm-specific variables such as the ratio of working capital to total assets, the ratio of retained earnings to total assets, the ratio of total liabilities to total assets, and the standard deviation of the firm stock return. In contrast, aggregate variables do not seem to play a relevant role once firm-specific characteristics (observable and unobservable) are taken into consideration (Aguado and Benito, 2012).

Altman (2006) in his study found internal credit model to be useful because of the flexibility and ease offered by the model. It found that the extensive default histories of the external rating agencies can be combined to predict the probability of default over investment horizons stretching from 1 year to 10 years or even longer (Altman, 2006).

Patel and Pereira (2005) first examines different models such as those proposed by Merton (1974), Black and Cox (1976), Longstaff and Schwartz (1995), Leland and Toft (1996), Ericsson and Reneby (1998) and Collin-Dufresne and Goldstein (2001). These studies have estimated expected default probabilities (EDPs) for failed and non-failed firms. The study by Petal and Pereira had results that are generally consistent with models' predictions, and the estimates of EDPs for different models are closely clustered. Analysis of EDPs was done using logistic regressions. Findings suggest: the observed misclassification of the companies by structural models is due to special company management and/or regulatory circumstances rather than limitations of these models (Patel and Pereira, 2005).

Davydenko (2012) finds that default is triggered when the market value of the firm's assets falls below a certain solvency boundary. Based on market values of defaulting firms, default boundary was estimated to be 66% of the face value of debt. But although default predictions based on the value of assets can match observed average default frequencies, they misclassify a substantial number of firms in cross-section, affecting the accuracy of boundary-based models (Davydenko, 2012).

Bandyopadhyay, (2007) in his study, the author has found that option based models that use stock market and balance sheet information can fairly predict the default status of corporate prior to any credit ratings issued by credit rating agencies. Distance to default has been found to be single most important measure that can help in assessing the asset value and volatility and the balance sheet liquidity. Also option based model has been found to be more efficient than other ratio based models (Bandyopadhyay, 2007).

Data

The period of assessment for this paper is 1st April 2007 to 31st March 2013. The balance sheet information and other background information have been obtained from the CMIE Prowess. S&P BSE 500 have been used proxy for market return and the stock prices and market index have been obtained from the Bombay Stock Exchange website. The beta of each stock has been calculated using the market return and stock return. For the risk free rate 364 days treasury bills have been used as proxy and data has been obtained from the Reserve Bank of India website. The information on the bond and loan rating of companies has been obtained from CRISIL. For the purpose of the study only long term bonds ratings have been used. There are thousands of the firms that are rated by CRISIL and most the BSE 500 firms have been rated by CRISIL expect few. For this study the sample size is 47 and the firms with the relevant data have been used during the assessment period.

Methodology

Default is dependent on many factors such as market value of assets, outside liabilities, liquidity position and the variability in the value of assets. Once the market value of assets is equal to face value of the outside liabilities; the probability of default increases. This is basic concept behind the methodology followed. The methodology that has been used in this paper is based on the Black & Scholes Merton model. Numerical steps used are based on KMV (2001 & 2002) and Default Greeks under an objective probability measure (Farmen, Westgaard and Wijst, 2004).

Numerical Steps

According to Merton (1974), it is assumed that a firm's equity is an option on the assets of the company. So over time a firm often faces two situations; either $V T < D$ or $V T > D$. In first, the firm would default and fail to meet its outside obligations while in second case firm would repay its debt in time. In the first case value of equity is then zero and in second case it is $V T – D$ where V is market value of assets and D is book value of debt.

As per Merton's model, the value of the firm's equity at time *T* is:

$E_T = max(V_T - D, 0)$

This relationship indicates that the equity is a call option on the value of the assets with a strike price=repayment required on debt.

According to Morton Model, the value of firm's assets at time T can be measured by below equation.

$$V_T = V_0 \exp\left[\left(\mu - \frac{\sigma^2}{2}\right) T + \sigma\sqrt{T\, Z_T}\right]$$

Where V_T is the total value of the firm, μ is the expected return on firm's assets V_T (i.e., the asset drift), σ is the volatility of firm value and Z_T is a standard Weiner process. The incremental changes in V_T follow a generalized Wiener process with drift . $\mu - \frac{\sigma^2}{2}$

Estimating Asset Value and Volatility

Using Black and Scholes, Merton (BSM) option pricing model the value of asset and volatility of assets can be measured by below equation.

$$dV_A = \mu V_A dt + \sigma_A V_A dZ$$

V_A & dV_A are asset value and change in asset value, μ and σ_A are the firm's asset drift rate and volatility, dZ is a Wiener process.

The value of equity using Black Scholes and Morton Model can be calculated by the below equation.

$V_E = V_A N(d_1) - D_e^{-RfT} N(d_2)$

Where D is book value of debt which is due at time T, R_f is risk free rate and V_E is the market value of firm's equity.

$$d_1 = \frac{\ln(V_A/D) + (r + \frac{\sigma_A^2}{2})T}{\sigma\sqrt{T}}$$

$$d_2 = d_1 - \sigma_A\sqrt{T}$$

The equity and asset volatility can be measured by below equation

$$\sigma_E = \frac{V_A}{V_E}\Delta\sigma_A$$

Where, σ_E is equity volatility, σ_A is asset volatility, V_A is value of assets and V_E is value of equity. Δ is the change in the value of equity with respect to change in the debt.

Estimating Distance-to-Default

Distance-to-default (dtd) is calculated based on Moody's-KMV definition as follows

$$dtd = \frac{MVA - DP}{MVA \; X \; \sigma_A}$$

Where dtd is distance-to-default, MVA is market value of assets; DP is default point and σ_A is volatility of asset A. This equation can further expressed as below:

$$dtd = \frac{\ln\frac{V_A}{X_T} + (\mu - \sigma_A^2)T}{\sigma_A\sqrt{T}}$$

Estimating Probability of Default

The probability of default is the probability that the market value of the firm's assets will be less than the book value of the firm's liabilities by the time the debt matures.

$p_t = \Pr[\ln V_A^T \leq \ln X_T \mid V_A^O = V_A]$

Where p_t is the probability of default by time *t* V_A^T is the market value of the firm's assets at time *t*, and D_t is the book value of the firm's liabilities due at time *t*.

The BS model assumes that the random component of the firm's asset returns is normally distributed, and as a result we can define the default probability in terms of the cumulative Normal distribution

$$p_t = N\left[-\frac{\ln(V_A/D) + (R_f + \frac{\sigma_A^2}{2})T}{\sigma\sqrt{T}}\right] = \mathrm{N}(-d_2)$$

Where N(.) is the cumulative standard normal distribution.

Estimating Drift of Assets and Real Default Probability

For better indication of default, real default probability is considered to be more efficient than that of risk neutral default probability but estimating real default probability is more difficult than that of the risk neutral default probability. So in this process finding drift of the asset μ is the next step and this can be done by solving a number of equations as solved by Bandyopadhyay (2007)

$$dE_t = \mu E_t dt + \sigma_E E_t dZ$$

By using Ito's Lemma we get the following relation

$$\sigma_E E_t = \frac{dE}{dV} V_t \sigma_V = V_t \sigma_V N(d_1)$$

The next step is to obtain equity gamma by using the following expression (Hull, 2006)

Option Gamma $\Gamma = \frac{n(d_1)}{V_t \sigma_V \sqrt{T}}$

Equity Theta Θ can be estimated using the following equation (Hull, 2006)

Option Theta $\Theta = -\frac{V n(d_1)\sigma_V}{2\sqrt{T}} - De^{-R_f T}N(d_2)$

The drift of asset can be estimated by the following equation

$$\mu_V = \frac{\mu_E E - \theta - \frac{1}{2}\sigma^2 V^2 \Gamma}{V\Delta}$$

CAPM can used to estimate μ_E. According to CAPM

$$\mu_E - r = \beta(R_{M-} R_f)$$

Where $\beta = \frac{Cov\ (R_E, R_M)}{Var\ (R_M)}$.

Having found asset drift μ_V, V and σ_V, the real default probability can be estimated as follows (Bandyopadhyay, 2007)

$$N(-d_2) = N\left[-\frac{ln\frac{V}{D} + \left(\mu_V - \frac{\sigma_V^2}{2}\right)T}{\sigma_V \sqrt{T}}\right]$$

Empirical Results

On the basis of the above methodology we have attempted to predict the probability of default by 47 firms taken in the sample within a one year. Chart 1 for 3i Infotech illustrates the movement of the market value of assets and default point (book value of debt plus current liabilities) for the company. From the chart it is clear that by the end of 2012, the market value of asset approaches default point. In 2012 company was not to meet its obligations on the payment for foreign currency convertible bonds. Company defaulted on the due date and converted the bonds in equity after the due date. Also from real default probability and risk neutral default probability in 2011 and 2012 was 1 and DD in 2012 by -2.73. This clearly shows that company was expected to default and eventually it defaulted. During this period the debt of the company was downgraded to D category. So in this case prediction by the model is accurate.

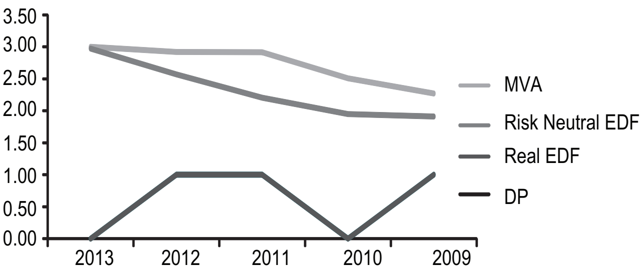

Chart 1: 3i InfoTech

Chart 2 for the Kingfisher Airlines illustrate the movement of the market value of assets and default point of the company. From the chart it is clear that market value of assets during the assessment period had always been below the default point making it a strong case for default and firm eventually defaulted in 2013 when it stopped paying for salaries and expenses. The real default probability for the company was 56% by the end of March 2012 and it increased to 100% by the end of March 2013. The distance to default increased to -7.7 by the end of March 2013 from -0.13 in March 2012. Company eventually default in 2013 and stopped its operations. This clearly shows that the model has been accurate in predicting the default by the company. Company could have defaulted earlier if it was operating in some other sector. Earlier the pressure from the lenders was very high as the whole sector in India was not performing well but lenders lightened their grip on company only when company completely stopped paying for salaries and other expenses. This was the reason why company did not default or lender did not force company to sell assets earlier even if all indictors were against to the company.

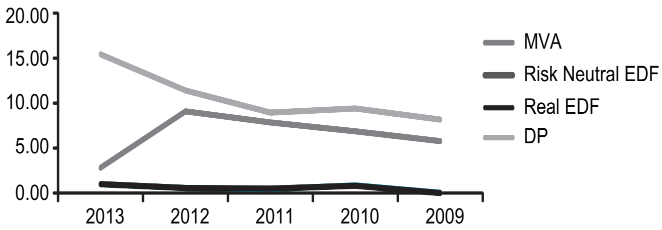

Chart 2: Kingfisher Airlines

Chart 3 for the KS Oils illustrates the movement of the market value of assets and default point of the company. From the chart it is clear that by the end of 2012, the market value of assets fell below the default point. That means the default risk increased significantly by the end of 2012. Real default probability by the end of 2012 was 100% and distance to default was -10.2. These indicators clearly show that company was expected to default in 2012 and as per audited annual report of the company; it eventually defaulted in 2012 on debt payment to its lenders.

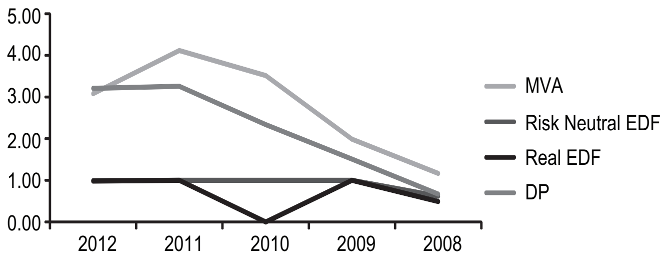

Chart 3: K S Oils

Chart 4 for S Kumar's Nationwide illustrates the movement of the market value of assets and default point of the company. From the chart it is clear that by the end of 2010, the market value of the assets were approximately equal to default point for the company. That means the relevant net worth of the company around zero by the end of 2010. Real probability of default was around 86% and distance to default was -1.07 by the end of March 2013, real default probability increased to 100% and distance to default increased -14.4. These indicators show that company was expected to default by 2013 and eventually company defaulted in 2013.

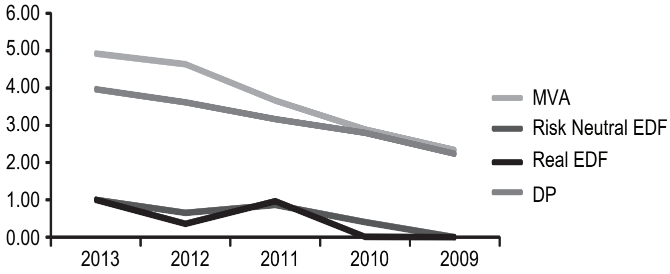

Chart 4: S Kumar's Nationwide

Chart 5 for Suzlon Energy illustrates the movement of the market value of assets and default point of the company. From the chart it is clear that by the end of 2008, the market value of assets of firm were lower than that of default point. That means that relevant net worth was zero. So company should have defaulted in 2008 or 2009 itself but it did not. But company defaulted it 2012 when the real default probability was 100% and distance to default was -6.5. This clear shows that the model can accurately predict the default prior to actual default.

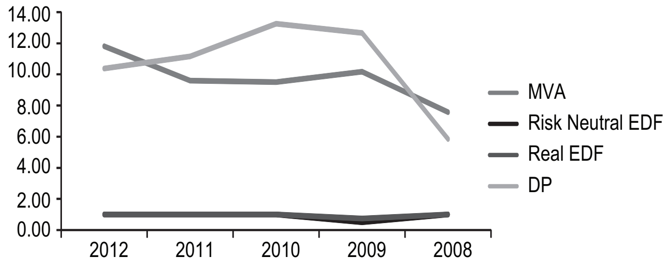

Chart 5: Suzlon Energy

Chart 6 for Varun Industries illustrates the movement of the market value of assets and default point of the company. From the chart it is clear that by the end of March 2010, the market value of assets was lower than that of the default point. And the real default probability was around 99% and distance to default was -1.86. This means the relevant net worth became zero. But company defaulted in 2012 when the real default probability was 63% and DD was -0.42. Company was able to carry on operations by continuously borrowing from banks and financial institutions till the time banks decided to stop extending any credit to company and started pushing for the repayment.

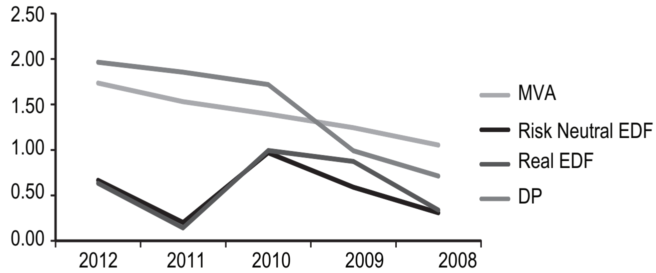

Chart 6: Varun Industries

Chart 7 for Electrotherm (India) illustrates the movement of the market value of assets and default point of the company. From the chart it is clear that by the end 2012, market value of assets of the company fell below the default point. The real default probability was 100% for year ending on March 2011 and 96% for year ending on 30th Sept 2012 and the distance to default was -2.1 on 30th Sept 2012. This clearly indicates that company should default during the year and as per auditor's report, company defaulted in 2012. This clearly shows that the discussed model is capable of predicting default.

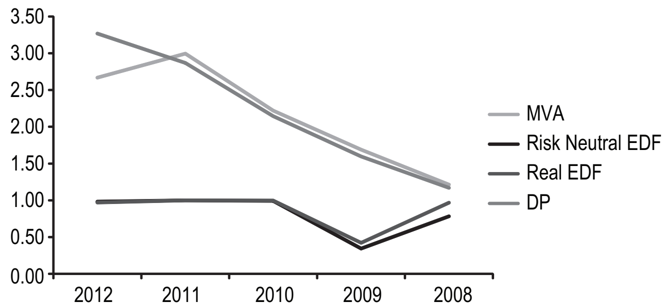

Chart 7: Electrotherm (India)

Table 1 has summary of the whole study of 47 firms from different sectors and industries. This contains the yearly projections. From the table it is clear that distance to default less than 1 increases the probability of default for the firms. Also it is clear that the used method is capable of categorizing defaulting and non-defaulting firms. As per this method 20 firms should default during the reported period and eventually 16 firms defaulted from the 20 firms categorized as defaulting firms. The efficiency is around 80%.

Table 1: Risk Neutral and Real EDFs of 47 Indian Firms (Yearly Projections)
(MVAs are Rs. Billion and others in either ratio or in %)

Company Name	Year	Asset Vol	MVA	DD	Risk Neutral EDF %	Crisil Rating	Asset Drift	Real EDF %
3i Infotech Ltd	2013	0.0003	2.99	17.88	0	D	0.34	0
	2012	-0.058	2.92	-2.73	1		0.004	1
3M	2013	17.73	0.94	8.77	0	AAA	-0.11	0
	2012	35.31	0.89	17.57	0		-3.65	0
Aditya Birla Nuvo	2013	1.38	6.87	-0.19	0.57	AA+	0.056	0.56
	2012	0.65	6.36	0.017	0.49		0.057	0.32
Alok Industries	2013	-0.23	24.4	-1.25	0.89	A-	-0.21	0.91
	2012	-0.32	17.1	-0.57	0.71		-0.87	0.06
Ambuja Cements	2013	0	10.4	21	0	AAA	-0.14	0
	2012	0	10.2	61	0		0	0
Apollo Tyres	2013	0.001	4.975	7.39	0	AA+	0.079	0
	2012	0.001	4.818	13.55	0		0.011	0
Asian Paints	2013	0.029	5.61	17	0	AAA	-0.02	0
	2012	0.006	5.14	6.8	0		-0.012	0
Bajaj Auto	2013	-2.65	5.7	-0.37	0.64	AAA	-0.06	0.91
	2012	-1.61	6	-1.8	0.97		-0.08	0.95
Bayer CropScience	2011	0	1.41	0.21	0.41	AA+	-0.17	0.37
	2010	0.001	0.99	33	0		0.016	0
BHEL	2013	-0.23	68.5	-1.7	1	AAA	-0.01	1
	2012	-24	64.9	11	0		-0.01	0
Bharat Petroleum	2013	-0.62	52.4	-1.1	0.87	AAA	-0.018	0.82
	2012	0.69	53.6	0.79	0.21		-0.19	0.23
Bharti Airtel	2013	0.042	58.6	40	0	AA+	0.054	0
	2012	-0.2	63.5	-6.6	1		-0.25	1
Biocon	2013	-1.5	2	-0.91	0.81	AA+	-0.006	0.8
	2012	0.11	1.99	20	0		0.04	0
Bombay Rayon Fashions	2013	-5.06	8	2.3	0.01		-9.9	0.06
	2012	-0.09	7	-14.49	1		-0.09	1
Cadila Healthcare	2013	-2.8	3.8	1.13	0.12	AA+	-0.55	0.09
	2012	-5.2	3.2	2.44	0.01		-0.49	0.01
Coal India	2013	-0.1	24.88	-32	0	AAA	-0.02	0
	2012	-0.93	24.1	-2.7	0		-0.84	0
Deccan Chronicle Holdings	2013	-6.09	3.9	3.1	0.05		-0.27	0.05
	2012	4.87	1.59	-1.9	0.97		0.01	0.98
DLF	2013	0.014	27.5	68	0	A	0.021	0
	2012	-0.05	26.8	-15	1		-0.011	1

Educomp Solutions	2013	-0.035	1.9	-15.7	1		-0.011	1
	2012	-0.504	1.54	-2.4	0.99		-0.018	0.997
Electrotherm	2012	4.2	2.67	-2.1	0.98		1.16	0.96
	2011	-17.8	2.99	-3.9	1		-0.03	1
Finolex Cables	2013	0.0014	1.04	15.5	0	AA+	0.024	0
	2012	-0.001	0.968	-3.6	0.461		-0.005	0.39
Finolex Industries	2013	0.012	1.5	6	0	A+	0.085	0
	2012	0.005	1.9	18	0		0.04	0
Firstsource Solutions	2013	0	0.45	-12	1	A-	-0.33	1
	2012	0	1.1	4.76	0		0.032	0
GAIL India	2013	-3.2	31.9	1.2	0.1	AAA	-0.31	0.09
	2012	-11	27.6	5.3	0		-0.41	0
Glenmark Pharma	2013	0.162	2.4	12	0	AA-	0.051	0
	2012	-0.032	2	-5.1	1		-0.16	1
Godfrey Philips	2013	-8.1	1.45	3.8	0	AA+	-0.13	0
	2012	12.9	1.1	-6.3	1		-0.57	1
Grasim Industries	2013	2.76	4.4	-0.9	0.82	AAA	0.09	0.8
	2012	1.91	3.7	-0.09	0.53		0.18	0.47
Gujarat Pipavav	2013	-0.006	1.42	-2.6	1	A+	-0.42	1
	2012	0.005	1.75	1.9	0		0.24	0
HCL Tech	2013	0.007	11.4	34	0	AA+	0.09	0
	2012	0.39	7	5.6	0		0.96	0
Hero Motocorp	2013	-2.8	5.9	0.33	0.36	AAA	-0.01	0.36
	2012	1.89	5.7	0.008	0.49		0.01	0.5
Hindalco	2013	-0.35	22.5	0.45	0.32	AA+	-0.5	0.3
	2012	-1.9	20	0.78	0.21		-0.01	0.2
Hinduja Global	2013	-0.89	0.517	-1.16	0.87	A+	-0.01	0.85
	2012	-1.4	0.503	-0.21	0.58		-0.09	0.56
Hindustan Petroleum	2013	-5.8	60.44	2.8	0.002	AAA	-0.48	0
	2012	-36.3	56.3	18.3	0		-0.29	0
Kingfisher Airlines	2013	15.5	2.8	-7.7	1		1.02	1
	2012	-0.23	9.08	-0.13	0.56		-0.05	0.56
KS Oils	2012	0.001	3.07	12.2	0.99		0.09	0.99
	2011	-0.004	4.1	-10.2	1		-0.006	1
Lanco Infratech	2013	0	12.47	3.4	0	D	0.014	0
	2012	-0.004	13.02	-29	1		-0.017	1
ONGC	2013	0.21	154	-	-	AAA	-	-
	2012	-4.4	93	1.54	0.06		-0.15	0.06
Orchid Chemicals and Pharma	2013	-0.04	4.2	-10	1		-0.004	1
	2012	-0.02	3.4	-28	1		-0.006	1

PSL	2013	-0.71	4.1	0.35	0.39		-0.26	0.27
	2012	-1.05	3.48	-0.23	0.59		-1.46	0.05
S Kumar's Nationwide	2013	-0.06	4.9	-14.4	1		0.003	1
	2012	-1.22	4.6	-0.37	0.64		-0.35	0.35
Sterling Biotech	2013	0	5.15	-9.1	1		-0.001	1
	2012	-0.001	5.12	-11	1		-0.004	1
Suzlon Energy	2012	-0.007	11.8	-6.5	1		-0.03	1
	2011	-0.001	9.6	-6.1	1		-0.02	1
Varun	2013	-0.23	1.7	-0.42	0.66		-0.06	0.63
	2012	-1.88	1.5	0.83	0.2		-0.465	0.14
Whirlpool of India	2013	0.003	5.7	-	-	AA-	-	-
	2012	-0.1	6	4.1	0		-0.08	0
Winsome Diamonds	2013	-0.18	4.915	-59.55	1	D	0	1
	2012	0.244	4.493	7.94	0		-0.02	0
Wockhardt	2013	-0.04	2.37	-6.23	1		0	1
	2012	0.07	2.39	11	0		0.03	0

Table 2: Correlation Matrix

	MVA	***Asset Volatility***	***DD***	***Default Probability***
MVA	1			
Asset Volatility	-0.2715	1		
DD	0.104556	-0.03065	1	
Default Probability	-0.12464	0.122392	-0.60412	1

From the Table 2, it is clear that there is inverse relationship between the market value of assets and asset volatility as well as default probability. That means the fall in the market value of the assets, assets volatility and default probability will increase making default chances higher. Market value of assets and distance to default are positively related. Similarly the asset volatility and default probability are positively related. That means higher is the asset volatility higher is default probability. Distance to default has very high inverse relationship with the default probability.

Conclusion

From the analysis, it is clear that the options based models can predict the probability of default. From the analysis it can be said that if the distance to default is below 1, the chance of default increases significantly. Also the market value of assets and asset volatility as well as default probability has inverse relationship. Similarly distance to default has inverse relationship with default probability. And asset volatility and probability of default have positive relationship. But at the same time from the analysis, it is also clear that default is not only subjected to the market value of assets and liquidity position of the firms but also certain other factors. Kingfisher kept operating for years even if the default was predicted many years earlier. It is the same case with Varun Industries, Suzlon Energy and Electrotherm (India). It seems that the industry in which companies operate is also important for availability of debt capital that has impact on default.

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PROBLEMS FACED BY THE AGRICULTURAL FARMERS TOWARDS CROP INSURANCE SCHEMES IN TAMILNADU.

Dr. Frank Rathana Kumar [1] **Breshnew[2]**

Abstract

Agriculture production and farm incomes in India are frequently affected by natural disasters such as droughts, floods, cyclones, storms, landslides and earthquakes. Susceptibility of agriculture to these disasters is compounded by the outbreak of epidemics and man-made disasters such as fire, sale of spurious seeds, fertilizers and pesticides, price crashes and so on. All these events severely affect farmers through loss in production and farm income, and they are beyond the control of the farmers. With the growing commercialization of agriculture, the magnitude of loss due to unfavorable eventualities is increasing. The question is how to protect farmers by minimizing such losses. For a section of farming community, the minimum support prices for certain crops provide a measure of income stability. This article highlights problems faced by the agricultural farmers' towards crop insurance schemes in Tamilnadu.

Key words: *Agriculture production, Crop Credit Insurance, Crop Insurance Approaches, Problems of Farmers, Farming Community, Insurance Protects Farmers*

Introduction

Agricultural risk is associated with negative outcomes that arise from imperfectly predictable biological variables like outbreak of pest and diseases, adverse climatic factors like drought, flood and storm, resource risks like non-availability or poor quality of inputs, and price risks, which altogether are not within the control of farmers. Under such a situation, crop insurance protects farmers' investment in crop production and thus improves their risk-bearing capacity. It facilitates adoption of improved technologies and encourages higher investment, resulting in higher agricultural production. Further, it spreads the crop losses that occur due to uncontrollable natural factors, over space and time, and helps the farmers make more investments in agriculture. Crop credit insurance also reduces the risk of becoming a defaulter of institutional credit. The reimbursement of indemnities in the case of crop failure enables a farmer to repay his debts and therefore, he/she has not to seek loan from a private moneylender.

Crop Insurance

Crop insurance protects farmers' investment in crop production and thus improves their risk bearing capacity. Crop insurance facilitates adoption of improved technologies, encourages higher investment resulting in higher agricultural production.

Approaches of crop insurance

It is important to mention in the beginning that crop insurance is based on either Area approach or Individual approach. Area approach is based on, defined areas which could be a district, a taluk, a block/a mandal or any other smaller contiguous area. The indemnity limit originally was 80 per cent, which was changed to 60 per cent, 80 per cent and 90 per cent corresponding to high, medium & low risks areas. The actual average yield / hectare for the defined area are determined on the basis of Crop Cutting Experiments (CCEs). These CCEs are the same conducted as part of General Crop Estimation Survey (GCES) in various states. If the actual yield in CCEs of an insured crop for the defined area falls short of the specified guaranteed yield or threshold yield, all the insured farmers growing that crop in the area are entitled for claims.

The claims are paid to the credit institutions in the case of loanee farmers and to the individuals who insured their crops in the other cases. The credit institution would adjust the amount against the crop loan and pay the residual amount, if any, to the farmer. Area yield insurance is practically all-risk insurance. This is very important for developing countries with a large number of small farms. However, there are delays in compensation payments.

Review of Literature on Agricultural Insurance

Jodha (1981); It is argued that farmers' own measures to reduce the risk in farming in semi-arid tropical India were costly and relatively ineffective in reducing risk in farming and to adjust to drought and scarcity conditions. Jodha finds that the riskiness of farming impinges upon the investment in agriculture leading to suboptimal allocation of resources. He also finds that official credit institutions are ill equipped to reduce the exposure of

1. **Associate Professor and Research Advisor, Department of Cooperation, TBML College, Porayar.**
2. **Ph.D, Research Scholar, Department of Cooperation, TBML College, Porayar**

Indian farmers to risks because they cannot or do not provide consumption loans to drought-affected farmers.

Hazell *et al.,* (1986); Crop credit insurance also reduces the risk of becoming defaulter of institutional credit. The reimbursement of indemnities in the case of crop failure enables the farmer to repay his debts and thus, his credit line with the formal financial institutions is maintained intact (Hazell *et al.,* 1986; Pomareda 1986; Mishra 1996 ;). The farmers do not have to seek loans from private moneylenders. The farmer does not have to go for distress sale of his produce to repay private debts. Credit insurance ensures repayment of credit, which helps in maintaining the viability of formal credit institutions. The government is relieved from large expenditures incurred for writing-off agricultural loans, providing relief and distress loans etc., in the case of crop failure.

Mishra (1994); analyzed the impact of a credit-linked Comprehensive Crop Insurance Scheme (CCIS) on crop loans, especially to small farmers in Gujarat. It is observed that CCIS had a collateral effect as reflected through the increased loan amount per borrower and reduction in the proportion of non-borrowers among small farmers. The implications of credit expansion are that increased availability of credit can enhance input use and output and employment that increased share of small farmers in the total loan can have desirable effects on equity and efficiency considerations.

Bhende (2005); found that income of the farm households from semi-arid tropics engaged predominantly in rain-fed farming was positively associated with the level of risk. Hence, the availability of formal instrument for diffusion of risk like crop insurance will facilitate farmers to adopt risky but remunerative technology and farm activities, resulting in increased income.

Insurance schemes

- First Individual Approach Scheme 1972-1978
- Pilot Crop Insurance Scheme (PCIS) 1979-1984
- Comprehensive Crop Insurance Scheme (CCIS) 1985-99
- Experimental Crop Insurance Scheme (ECIS) 1997-98
- National Agricultural Insurance Scheme (NAIS) 1999- DATE
- Weather Based Crop Insurance / Rainfall Insurance or Varsha Bima (from2004 onwards).

History of Crop Insurance

A crop insurance scheme linking institutional credit (crop loan based on area approach) was suggested by Prof.Dandekar in 1976 & this scheme called as CCIS1 was implemented from kharif 1985 on all-India level. The objectives of the scheme were:

- Financial support to farmers in the event of crop failure- as a result of drought, floods.
- Credit eligibility of farmers after a crop failure for the next crop season.

All natural risks were covered excluding nuclear and war risks. Premium as well as the indemnity rate for notified crop was uniform for all insured farmers irrespective of their actual yield. Indemnities were paid to all insured farmers when average output of a given area fell below the normal output. The CCIS was in operation until Rabi 1999.

The risks covered under the NAIS are:

- Fire & Lightning
- Storm, Cyclone, Hailstorm, Typhoon, Tempest, Hurricane, Tornado
- Flood, Inundation & Landslide
- Drought, Dry spells
- Pests / Diseases

Deficit rainfall insurance scheme

This scheme was introduced during 2007-08 in the state in seven districts, namely, Salem, Thanjavur, Virudhunagar, to cover the risk against deficit rainfall. The scheme covered paddy in all the seven districts and groundnut in three districts, namely, Salem, Thanjavur and Pudukkottai. The indemnity was based on the deficit rainfall during three phases of crop growth.

Cropping patterns

In the Nagapattinam district, invariably all farms cultivated paddy, followed by rice–fallow-black gram or green gram and hence, the share was 200 per cent. In all the selected districts, paddy was largely grown and the area under paddy to total cultivated area was higher in *Varsha Bima* (50%) than in NAIS (48.5%).

Effectiveness of the crop insurance schemes

Agricultural output is greatly influenced by vagaries of nature. Some of the current responses to adverse weather conditions include changes in cropping patterns (shift to less remunerative more sturdy crops) and reduced input usage and low technology adoption. Government subsidies on fertilizers, power and interest on debt is available to farmers.

Multi peril crop insurance has been tried out in various forms, but the effectiveness of these measures has been, regrettably, low. This insurance can only be provided by government agencies due to unpredictable weather risk and co-variate risk of crop damage / failure over a large area.

Crop insurance is cumbersome to administer and prone to losses. Claims ratio has been around 500 per cent. Insurance companies may feel that crop insurance is a liability – there is a feeling that it is not a profitable proposition at all. Estimating crop loss due to an unexpected weather event is difficult so also estimation of potential yield and actual yield. This is why weather insurance is needed.

Table 1: State-Wise Distribution of Insurance Cases, Area and Claim to Premium Ratio under NAIS

States	Share in cases insured %	Share in area under insured %	Insurance cases received claims %	Premium / sum insured %	Claims / sum insured %	Claim / Premium ratio
Andhra Pradesh	15.41	14.37	19.69	2.76	7.30	2.65
Assam	0.09	0.04	12.26	2.51	2.18	0.87
Bihar	1.72	1.18	42.40	2.18	25.05	11.51
Chattisgarh	4.41	5.89	27.61	2.59	8.66	3.34
Goa	0.01	0.01	13.94	1.76	1.12	0.63
Gujarat	8.41	12.58	35.08	4.43	16.68	3.76
Haryana	0.37	0.28	8.34	3.16	0.84	0.27
Himachal Pradesh	0.14	0.05	59.56	2.29	9.64	4.21
Jammu & Kashmir	0.01	0.01	0.00	1.88	0.00	0.00
Jharkhand	1.26	0.43	67.13	2.43	30.76	12.67
Karnataka	7.31	7.23	46.58	3.25	16.06	4.94
Kerala	0.29	0.15	19.29	2.09	5.62	2.69
Madhya Pradesh	13.16	21.77	22.91	3.05	5.42	1.78
Maharashtra	19.47	12.56	29.71	3.63	8.47	2.33
Meghalaya	0.01	0.01	10.63	6.32	2.96	0.47
Orissa	7.96	4.99	21.86	2.53	7.13	2.82
Rajasthan	5.50	8.16	23.95	2.77	8.05	2.90
Sikkim	0.00	0.00	8.60	1.01	1.09	1.08
Tamil Nadu	**0.86**	**0.90**	**35.80**	**2.07**	**13.25**	**6.40**
Tripura	0.01	0.00	17.24	2.88	1.91	0.66
Uttar Pradesh	8.46	7.71	20.50	1.96	3.27	1.67
Uttaranchal	0.04	0.03	18.45	1.56	1.15	0.73
West Bengal	5.09	1.63	14.66	2.60	3.98	1.53
Andaman & Nicobar	0.00	0.00	5.60	2.32	0.69	0.30
Pondicherry	0.02	0.02	22.09	1.97	4.70	2.39
Total (India)	**100**	**100**	**27.02**	**3.08**	**9.55**	**3.10**

Source: *Calculations based on data taken from AIC (2010).*

It is inferred from the Table 1 shows that, an average, 1.63 ha area was insured per farmer under NAIS during r*abi* 1999 through r*abi* 2005-06. However, the average area insured per participating farmer varied across the states. It was around half a hectare in the states of Himachal Pradesh, Jharkand, Tripura and West Bengal, whereas, it was more than the national average of 1.63 ha / farmer in the states of Chhattisgarh, Gujarat, Madhya Pradesh, Rajasthan and **Tamil Nadu**. The average sum insured per household ranged from less than Rs. 5000 in Goa, Himachal Pradesh and Jharkand to more than Rs. 15000 in Gujarat, **Tamil Nadu** and Pondicherry. The average amount insured per farmer under NAIS at the aggregate level was Rs 9573. Similarly, the average sum insured was Rs. 5860 / ha and it varied from less than Rs 3000 / ha in Chattisgarh, Goa and Madhya Pradesh to more than Rs. 15000 / ha in Tripura.

Problems faced by farmers covered under NAIS

The problems faced by farmers covered under NAIS, given in Table 9, revealed that major problems were: lack of awareness about the scheme, followed by delayed settlement of claims, complex procedure, perceived high premium and wide variation between the yields of actual farm and that of crop cutting experiment. During personal interaction, many loanee farmers indicated ignorance about the coverage of their crops under crop insurance. Further, since the compensation was deposited with the borrowers' bank accounts, the farmers did not know whether they were covered under crop insurance scheme, what the compensation was paid to them and when it was deposited. They also expressed problems like wide differences between loss and compensation, delay in payment which was often more than one year, and so on.

Risk in agricultural production

Agriculture in India is subject to variety of risks arising from rainfall aberrations, temperature fluctuations, hailstorms, cyclones, floods, and 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 agriculture 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 risk in farm output is considered as the primary cause for low level of farm level 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 section is an effort in this direction. The section examines extent of risk by estimating year to year fluctuations in national production of major crops and also analyse whether risk in the post reforms period declined or increased. The analysis is extended to district level as there are vast variations in agro climatic conditions across states and districts.

Suggestions for improvement

The following of the possible suggestions for agricultural insurance could be as follows:

- Estimating actual acreage - sown at insurance unit level to check the discrepancy of „over-insurance (area insured being more than area sown).
- Monitoring crop health through the crop season, and investigation on ground for advance intimation of yield reduction.
- To check adequacy and reliability of CCE data.
- Developing satellite based crop productivity models for cereals and other crops.

Concluding remark

This present article concluded that, agricultural insurance is one method by which farmers can stabilize farm income and investment and guard against disastrous effect of losses due to natural hazards or low market prices. Crop insurance not only stabilizes the farm income but also helps the farmers to initiate production activity after a bad agricultural year. It cushions the shock of crop losses by providing farmers with a minimum amount of protection. It spreads the crop losses over space and time and helps farmers make more investments in agriculture. Good governance is as important for various developmental programmes as for successful operation of an agriculture insurance scheme. Poor governance adversely affects development activities. With the improvement in governance, it is feasible to effectively operate and improve upon the performance of various programmes including agriculture insurance.

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CREDIT CARDS AND IMPULSIVE BUYING BEHAVIOUR

Dr. N. Premavathy[1] **R. Kumudhini**[2]

Abstract

The research is to study the impact of credit cards on impulsive buying behaviour. With the advent of easy financing facilities such as the credit card, the effect of these on unplanned buying needs to be better understood. Even though there are numerous factors affecting buying behaviour, this study will confine its scope to the impact of credit cards on buying behaviour. Sample of 100 credit card users were randomly chosen in Chennai city based on the demographic variables like age (21 – 35years and 36 – 50years), gender (male and female), marital status (unmarried and married), education (non – graduates and graduates), occupation (Business and Salaried), socio economic status (low income and middle income). Buying behaviour checklist developed by the researcher was administered to credit card users. Student's "t" test was used to find out the difference in impulsive buying behaviour of credit card users based on the demographic variables. The findings reveal that credit card users who were in the age group 21 – 35 years, male, married, non-graduates, doing business with middle income found to have impulsive buying behaviour

Introduction

Ubiquitous in society, credit cards have become a fact of life for most consumers and are a part of consumer culture. Staggering credit card statistics provide evidence of their pervasiveness. The proliferation of credit card and their ease of access have given consumers increased opportunities for making credit purchases. However, while many consumers are able to use it wisely others seem to be unable to control their spending habits because of credit cards. Impulse buying is an unplanned decision to buy a product or service, made just before a purchase. One who tends to make such purchases is referred to as an impulse purchaser or impulse buyer. Research findings suggest that emotions and feelings play a decisive role in purchasing, triggered by seeing the product or upon exposure to a well crafted promotional message. Marketers and retailers tend to exploit these impulses which are tied to the basic want for instant gratification. Impulse buying disrupts the normal decision making models in consumers' brains. The logical sequence of the consumers' actions is replaced with an irrational moment of self gratification. Impulse items appeal to the emotional side of consumers. Some items bought on impulse are not considered functional or necessary in the consumers' lives. Preventing impulse buying involves techniques such as setting budgets before shopping and taking time out before the purchase is made.

Some of the important factors of impulsive buying are classified into internal and external.External factors includes Store apparent characteristics which includes attractiveness, i.e. the store location, size, physical aspects, convenience, store patronage, ventilation, attractive layouts, persuasive shop assistance, credit facilities, discounts effects the impulsiveness of consumer while making purchase at malls.

Internal factors or individual characteristics which focuses on individual that make them engaged in impulsive behaviour, it basically involves consumers personality trait, demographic factors, psychological variables and situational factors

Review of Literature

Stern (1962) classified four distinct types of impulse buying that can be categorized according to the amount of affect versus cognition present in the decision process. Pure impulse buying, where an emotional appeal triggers the impulse to buy, represents the least amount of cognitive involvement. The remaining type involves a combination of cognitive and affective influence, with cognition increasing respectively. A suggested impulse buy occurs when a shopper sees an item for the first time and desire to buy, is formed without prior product knowledge. Planned impulse buying occurs when a shopper has some specific purchase in his/her mind; however, the actual purchase depends upon price specials, coupon offers and the like.

Wood (2005) explained the fact that retailers should concentrate more on purchase behaviour in retail environment and understand the consumer's society. Impulse buying would be influenced from discretionary income positively. Due to individual's social needs,

1. **Principal, Shri Muthukumaran Arts and Science College, Chikarayapuram, Chennai**
2. **Ph.D, Research Scholar, Madras University, Chennai.**

consumer would make more impulse buying which makes them feel excited and gratified. Consumer's society includes consumers purchasing experience and characteristics of shopping environment.

Kathleen & Ronald (2007) explained that impulse buying is resulted from the depletion of a common-but-limited-resource that governs by self- control. According to them, participants whose resources were depleted felt stronger urges to buy, willing to spend more and actually did spend more money in unanticipated buying situation comparatively to participants, whose self-regulatory resources were depleted or not.

A study published in the June 2008 issue of the Journal of Consumer Research suggests that consumers are more susceptible to making impulsive purchases for one brand over another if they are distracted while shopping. In the study, Central Michigan University Psychology Professor Bryan Gibson surveyed college students by measuring their preference for a variety of soft drinks, including Coke and Pepsi.

Manoj Thomas et al, (2010) examined the factors that influence consumer's decision to buy unhealthy food. The author proposed that pain of paying in cash can deliberately reduce the impulsive purchases. Based on these theories the author formulated the hypothesis as the number, of unhealthy and impulsive food items will be lower when they use cash than credit cards. The results showed significant positive impact on the impulsiveness and unhealthiness of the basket. Finally, the study says that credit cards influence the buying behaviour of consumers when they use credit cards.

Gibson's study found that implicit attitude, or those that people may not be conscious of and able to verbally express, predicted product choice only when participants were presented with a cognitive task, suggesting that implicit product attitudes may play a greater role in product choice when the consumer is distracted or making an impulse purchase.

Jayaraman Munusamy (2010) said that retailers have long realized the power of impulse buying, which had contributed a significant amount of revenue to their offers. In this study he examined the role of customer service, store environment, sales promotion, and store communication and consumer mood in influencing impulse buying. The results of this study showed that customer service, store environment and consumer mood have significant positive relationship with impulse buying among the consumers who shop at the Shopping Malls.

Objectives of the study

To find out the difference in impulsive buying behaviour of Credit card users based on demographic variables chosen for the study.

Hypothesis

There will be no significant difference in Impulsive buying behaviour among Credit card users based on age (21 – 35 yrs and 36 –50 years), gender (male and female), marital status (unmarried and married), education (non – graduates and graduates), occupation (business and salaried) and socio economic status (low income and middle income).

Methodology

Sample

Sample of 100 credit card users were chosen based on purposive sampling who were using credit cards issued by Indian overseas, Punjab national and Vijaya bank were studied. The samples were further categorized based on age group 21 – 35 years (n=53), 36 – 50 years (n=47); male (n=57), female (n=43); unmarried (n=45), married (n=55); non – graduates (n=49), graduates (n=51); Business (n=41) salaried (n=59); low income (n=49), middle income (n=51).

Operational definition

Credit card users earning less than Rs.20,000 fall into the category of low income and earning above Rs.20,000 fall into the category of middle income. Cautious buying behaviour refers to the behaviour, that credit card users display with high careful forethought and prudence in searching for purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Impulsive buying behaviour refers to the behaviour the credit card user's display with low careful forethought and prudence in searching for products.

Tools

Impulsive Buying behaviour questionnaire was administered in the present study which is a new self-report rating scale consists of ten items developed by the researcher. The 5-point Likert-type scale, which is also known as the summated rating scale, is used in this study. Respondents were asked to indicate the extent to which they agreed or disagreed with a series of statements about a given construct such as factors responsible for impulse buying. They were then asked to select choices ranging from strongly agree to strongly disagree. A score of 10 – 25 represents cautious Buying behaviour while 26 – 50 represents impulsive Buying behaviour.

Reliability

The test reliability was found to be .96 and it has high face validity. Cronbach's alpha of .96 was obtained as index of the reliability based on the sample chosen for the present study.

Procedure

The Investigator obtained prior permission from the credit card users. The purpose of the study was explained to the subjects, and confidentiality was assured. Duration of the data collection lasted for three months in the year 2014 dating between March and May.

Statistical analysis

An independent student "t" test was used to find out the difference among Credit card user's impulsive Buying behaviour based on the demographic variables.

Table 1: Show the Mean, standard Deviation and t-value of Credit card user's Buying behavior

Demographic	Category	N	Mean	S.D	t value
Age	21-35 years	53	27.49	4.21	8.32**
	36-50 years	47	25.16	1.74	
Gender	Male	57	23.51	0.14	8.32**
	Female	43	26.72	0.44	
Marital status	Unmarried	45	24.44	4.21	4.19**
	Married	55	26.13	5.08	
Education	Non-graduates	49	28.64	6.10	6.71**
	Graduates	51	23.65	3.49	
Occupation	Business	41	26.55	5.13	6.01**
	Salaried	59	24.26	3.44	
Socio economic status	Low Income	49	24.90	2.64	7.15**
	Middle Income	51	29.12	6.47	

**Sig. at 0.01 level.

Results

Table 1 shows the mean, standard Deviation, t-value and level of significance of Credit card users in Impulsive buying behavior based on the demographic variables.

The mean value of credit card users in the age group of 21 – 35 years and 36 – 50 years is 27.49 and 25.16 respectively. The standard deviation is 4.21 and 1.74 for 21 – 35 years and 36 – 50years respectively. The t – value is 8.32 and is found to be significant at 1% level. This shows there is significant difference between 21 – 35 years and 36 – 50 years of credit card users in Impulsive buying behavior.

The mean value of male and female credit card users is 23.51 and 26.72 respectively. The standard deviation is 0.14 and 0.44 for male and female respectively. The t – value is 8.32 and is found to be significant at 1% level. This shows there is significant difference between male and female credit card users in Impulsive buying behaviour.

The mean value of unmarried and married credit card users is 24.44 and 26.13 respectively. The standard deviation is 4.21 and 5.08 for unmarried and married respectively. The t – value is 4.19 and is found to be significant at 1% level. This shows there is significant difference between unmarried and married credit card users in Impulsive buying behaviour.

The mean value of non graduate and graduate credit card users is 28.64 and 23.65 respectively. The standard deviation is 6.10 and 3.49 for non graduates and graduates respectively. The t – value is 6.71 and is found to be significant at 1% level. This shows there exists significant difference between non graduate and graduate credit card users in Impulsive buying behavior.

The mean value of business and salaried credit card users is 26.55 and 24.26 respectively. The standard deviation is 5.13 and 3.44 for business and salaried respectively. The t – value is 6.01 and is found to be significant at 1% level. This shows there is significant difference between business and salaried credit card users in Impulsive buying behavior.

The mean value of low income and middle income credit card users is 24.90 and 29.12 respectively. The standard deviation is 2.64 and 6.47 for low income and middle income respectively. The t – value is 7.15 and is found to be significant at 1% level. This shows there exists significant difference between low and middle income credit card users in Impulsive buying behavior.

The findings highlights the fact that age, gender, marital status, education, occupation and income of credit card users do show significant difference in Impulsive buying behavior.

Discussion

Researchers have found a relationship between age and impulsive buying (Bellenger et al, (1978) Wood (1998) Lin and Chuang (2005). Marketers think young adults as a separate market segment that boasts sizable purchasing power, these consumers spend high, compared to other age groups. The importance of this segment of customers is also widely noticed. Impulsive buying behaviour among young adults may be attributed to increased shopping experience, purchase intention, brand reputation and brand satisfaction. The research results mainly show that impulsive buying is associated with age (Bellenger et.al, 1978; Wood, 1998; Gutierrez, 2004). It has been argued that shoppers under 35 years of age were more prone to impulse buying compared to those over 35 years old. Impulsive buying tends to increase between the ages 18 to 39, and then it declines thereafter (Bellenger & Robertson & Hirshman, 1978; Kacen and Lee, 2002). An inverse relationship was found between age and impulsive buying. It was also found that the relationship is non monotonic. It is at a higher level between age 18 and 39 and at a lower level thereafter (Wood, 1998). They usually act before thinking without any premeditation before buying a product which results in impulsiveness. Also they fail to self monitor themselves when the urgency crops up to buy the product.

Impulsive buying is high among female consumers which may be characterized by an irresistible, intrusive and senseless preoccupation with buying. Lin and Chuang (2005) concluded that the level of impulsive buying behaviour is gender specific. It may also be attributed to buying unneeded items with poorly controlled behaviour resulting in impulsiveness. Coley A.L, (1999) suggested that females are more likely to experience an irresistible urge to buy compared to males, based on previous research demonstrating stronger impulse buying tendencies in female than male (Dittmar,2005). Dittmar, et al, (1995). A reason females may experience a greater irresistible urge to buy compared to males may be due to the greater number of total shopping experiences (Kollat & Willett, 1967). Coley A.L, (1999) concluded in the study that females are more likely to experience positive buying emotions compared to males. Dittmar (1995) found females mood and enjoyment were ranked highest on concern compared to male. Coley A.L, (1999) indicated that a difference existed between males and females in terms of mood management. Females were more likely to engage in mood management as compared to males.

Marriage motivates the buyer to go for impulsive shopping on his / her behalf and for the family members. Coley A.L. (1999) has suggested that couples married less than 10 years have the lowest rate of unplanned purchasing. The percentage of unplanned purchasing increases irregularly as length of marriage increases. They can't resist the urge to buy the product without considering whether it is too expensive or frivolous resulting in impulsive buying behaviour. It may be due to sensation seeking and buying more than one can afford.

Non-gradates tends to exhibit temptation and purchase something without considering the consequences of the buy. Wood (1998) found a relationship with education wherein he posited that impulsiveness has a significant association with education. They wanted to buy as a way to look good in the eyes of others. They tend to experience more anxiety and difficulty, controlling their emotions which may make it harder to resist emotional urges to impulsively spend money.

Impulsive buying is associated with employment status (Bassett and Beagan, 2008; Gilboa, 2009). It is presumed that Credit card users in business group have the urge to satisfy higher order needs, possessing desire to shop for fun. Normally they spend high because of the spending power and more disposable income. They tend to have financial motivation and it leads to high cost of living which results in impulsive buying behaviour.

Peter & Olson (1999) predict that a very strong relationship exist between income and impulse buying. This may be due to that middle income credit card users are social status conscious and image concerned. In order to pose themselves at higher strata in society they tend to spend more and impulsively. When they see a product their mind essentially starts acting like they already own the product and buy immediately to satiate their gratification.

Conclusion

The findings concluded that credit card users who were in the age group 21 – 35 years, male, married, non-graduates, doing business with middle income are found to have impulsive buying behaviour.

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Primax International Journal of Commerce and Management Research Print ISSN: 2321-3604

EMPLOYEE PERCEPTION TOWARDS JOB SATISFACTION: A CASE STUDY WITH REFERENCE TO CORPORATION BANK UDUPI ZONAL OFFICE

Dr. Umesh Maiya[1]

Abstract

Frequently, work underlies self-esteem and identity while unemployment lowers self-worth and produces anxiety. At the same time, monotonous jobs can erode a worker's initiative and enthusiasm and can lead to absenteeism and unnecessary turnover. Job satisfaction and occupational success are major factors in personal satisfaction, self-respect, self-esteem, and self-development. To the worker, job satisfaction brings a pleasurable emotional state that often leads to a positive work attitude. A satisfied worker is more likely to be creative, flexible, innovative, and loyal. Job satisfaction can also be seen within the broader context of the range of issues which affect an individual's experience of work, or their quality of working life. Job satisfaction can be understood in terms of its relationships with other key factors, such as general well-being, stress at work, control at work, home-work interface and working conditions. In these directions researcher made an attempt to study the job satisfaction at Corporation Bank Udupi Zonal office.

Key words: *Job satisfaction, Job enrichment, Performance, Employee relationship, Human Relation*

Introduction

Corporation Bank came into being as Canara Banking Corporation (Udipi) Limited, on 12th March, 1906, in the temple town of Udupi, by the pioneering efforts of a group of visionaries. The Bank started functioning with just Rs.5000/- as its capital and at the end of the first day, the resources stood at 38 Rupees-13 Annas-2 Pies. The Founder President Khan Bahadur Haji Abdullah Haji Kasim Saheb Bahadur, committed to fulfill the long felt banking needs of the people and also to inculcate the habit of savings, provided the much-needed impetus to founding a financial institution that would bring about prosperity to the society. In 1939, the Bank's name changed from Canara Banking Corporation (Udipi) Ltd., to "Canara Banking Corporation Ltd.," and strongly put forth its vision with the motto-" *Sarve Janah Sukhino Bhavantu"* which means" Prosperity to All "

The second change in the name of the Bank occurred in 1972, from 'Canara Banking Corporation Ltd.' to 'Corporation Bank Limited.' and finally 'Corporation Bank' following its nationalization on 15th April, 1980. On the other hand the success of any organization depends on the employees job satisfaction.

Job satisfaction can simply be defined as the feelings people have about their jobs. It has been specifically defined as a pleasurable (or un-pleasurable) emotional state resulting from the appraisal of one's job, an affective reaction to one's job, and an attitude towards one's job. These definitions suggest that job satisfaction takes into account feelings, beliefs, and behaviors. For the organization, job satisfaction of its workers means a work force that is motivated and committed to high quality performance. Increased productivity at "the quantity and quality of output per hour worked" seems to be a byproduct of improved quality of working life. It is important to note that the literature on the relationship between job satisfaction and productivity is neither conclusive nor consistent. Tangible ways in which job satisfaction benefits the organization include reduction in complaints and grievances, absenteeism, turnover, and termination; as well as improved punctuality and worker morale. In these direction researcher made an attempt to study the employee job satisfaction at Corporation bank, Zonal office Udupi .

Research objectives

The prime objective of this paper is to study the employee perception towards job satisfaction on various criteria or factors.

Research Methodology

Both primary and secondary data has been used for this study. Primary data has been collected through structured questionnaire. The sample size was 50. Random sampling method was used to collect the needed data. Simple statistical tools were used for analysis. Secondary was also collected through magazines, journals, internet, books etc.

[1] Assistant Professor & Head, Department of Commerce & Management Govt. First Grade College, Byndoor

Conceptual Framework

Employee: The term 'Employee' is defined as "Any person employed for wages in or in connection with work of a factory or establishment to which the Act applies.

***Job Satisfaction*:** Job satisfaction is defined as "the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs.

Job enrichment: It is a deliberate upgrading of responsibility, scope, and challenge in the work itself. Job enrichment usually includes increased responsibility, recognition, and opportunities for growth, learning, and achievement.

Findings of the Study

Table1: Perception on Wage Plan

Parameter	No. of respondents
Terrible	0
Satisfied	21
Good	18
Very good	11
Great	0
Total	**50**

Source: *Field Survey data*

Table 1 indicates that 42% of the respondents are satisfied, 36% accept the wage plan as good, 22% are very happy about the existing wage plan.

Table 2: Perception on increment slab

Parameter	No. of respondents
Below	2
At par	38
Better	10

Source: *Field survey data*

From the above table, it is clear that 76% of respondents agree that increment is at par, 20% agree that increment is better than others and remaining 4% say that it is below their expectation.

Table 3: Opinion on DA in comparison with cost of living

Parameter	No. of respondents
Not at all enough	0
Fairly enough	42
More than enough	8
Total	**50**

Source: *Field survey data*

Table 3 depicts that DA in comparison with cost of living 16% of the respondents are highly satisfied and remaining 84% of the respondents are satisfied.

Table 4: Perception on HRA

Insufficient	28
Sufficient	18
More than sufficient	4
Total	**50**

Source: *Field survey data*

From the above table, it is clear that 8% of respondents felt that the present HRA is more than sufficient, 36% of the respondents are said that given HRA is just sufficient and the rest 56% of the respondents felt that given HRA are insufficient.

Table 5: Perception on various other allowances

Inadequate	4
Adequate	44
Exhaustive	2
Total	**50**

Source: *Field survey data*

Table 5 indicates that respondents rated on various allowances as: 88% are adequate, 4% are exhaustive and the remaining 8% felt that what they get is inadequate.

Table 6: Analysis of pay levels as compared to employees in other public sectors

worse than others	0
At par with others	45
Better than others	05
Total	**50**

Source: *Field survey data*

Table 6 exhibit that respondents rated on pay levels as compared to employees in other public sectors as 90% are at par, 10% said that they got better than others.

Table 7: Opinion on various welfare benefits

Not enough	2
More than enough	42
Excellent	6
Total	**50**

Source: *Field survey data*

The employee rated on welfare benefits as: 12% said that their welfare benefits are excellent, 84% said that they got more than enough and 4% of the respondents have rated as not enough.

Table 8: Perception on monetary emoluments

Dissatisfied	11
Satisfied	37
Delighted	2
Total	**50**

Source: *Field survey data*

Table 8 indicates that respondents perceived on monetary emoluments as: 4% are delighted, 74% are satisfied, and 22% are dissatisfied.

Table 9: Perception on non – monetary benefits

Does Not exist	0
Inadequate	46
Adequate	4
Total	**50**

Source: *Field survey data*

Employees rated on non monetary benefits as: 92% are inadequate and 8% are adequate about the non monetary benefits.

28% of the respondents job itself is the most important motivator, for 12% of the respondents monetary benefits is the most important motivator and for the 60% of the respondents working conditions is the most important motivator.

Table 10: Perception on the overall Job

Not happy at all	0
Partially happy	3
Happy	13
Very happy	29
Delighted	5
Total	**50**

Source: *Field survey data*

From the above table, it is clear that 6% are partially happy about their job, 26% are happy, 58% are very happy and remaining 10% are delighted about their jobs. 64% of the respondents agree that they are at par regarding loan facility of corporation bank as compared to other public sectors undertakings and 36% agree that they are above others. As far as job security is concerned, 70% of the respondents felt that they are secure and 30% felt that they are highly secure. With regard to personnel department, 80% accept as very good and 20% accept as average. About the superiors, 74% agree that their superiors are open to suggestions and 26% agree that they are easy to talk. Training and orientation program is concerned, 40% of the respondents agree that their training and orientation program is good, 56% agree that it is adequate and remaining 4% say that it is inadequate.

Conclusion

Job satisfaction is the key factor for the successful running of an organization. Money alone is not a motivational tool. Other elements create a favourable working environment. Organizations understand that employee job satisfaction and engagement are important to their business sustainability. In today's uncertain economy, the best-performing employers know that taking their employees' pulse and linking it to their business goals will help companies succeed and put them at a competitive advantage. Employee engagement, which may be aligned with job satisfaction, is about employee's connection and commitment to their organization. This study aimed at knowing the employee's perception towards job satisfaction at Corporation Bank, Udupi zonal office and it is concluded that most of the employees are satisfied with their job. This proves that the Bank is providing them wonderful benefits and overall atmosphere is also good. This might be the one of the reasons that out of 26 nationalized banks, Corporation bank has not given VRS offer to any employees so far.

PERFORMANCE OF MICROINSURANCE PROGRAMMES FOR BOTTOM OF THE SOCIO-ECONOMIC PYRAMID (BOP) WOMEN IN MALNAD REGION OF KARNATAKA

Jyothi .V. S[1] **Dr Ashoka. M.L**[2]

Abstract

Building security for the bottom of the pyramid (BoP) women is on top of the micro-insurance programmes of governments. The proposed study is to assess the performance of these programmes in Malnad Region of Karnataka and explore the factors for re-engineering these programmes. Malnad Region of Karnataka State is selected as it is quite distinct, allowing us to capture considerable variability of circumstances relevant for this region Field investigations based on questionnaires were supplemented by consultative multi-stakeholder workshops covering operational, strategic and policy issues. Indexation would reveal the poor level of performance of various micro-insurance programmes as part of Financial Inclusion. The study is useful in identifying ground realities of micro-insurance in plantation areas. It would provide ideas to insurers for modification, replication and expansion, apart from supporting innovations in product design, pricing and distribution.

Key words: *Afinancial inclusion, women empowerment, microfinance, micro insurance, Malnad region, bottom of pyramid.*

Introduction

Moving towards poverty reduction requires not just the provision of credit to the poor, but also protecting them against a wide range of risks. In contrast with microfinance schemes, risk management among the poor has received much less attention, especially for those in rural areas and for women. Micro-insurance is an important constituent of a broader overall poverty reduction strategy. Building security for the BoP women is on top of the micro-insurance programmes of governments. The proposed study is to assess the performance of these programmes and explore the factors for re-engineering these programs with special reference to women of BoP families in Malnad region of Karnataka. How can insurance be adopted to cover the unique problems faced by the marginalized sections of Malnadsociety, particularly the woman of the BoP families, while simultaneously ensuring commercial viability for the insurance industry as a whole? What are the prospects and the policy support needed to promote nascent demand for MI and develop this market to its full potential? It is hoped that an enquiry into these related questions would help in throwing more light on the challenge of MI for BoP families in tribal pockets of the state of Karnataka.

Socio Economic Background Of Malnad Region

For the purpose of this study Malnad region includes 3 districts – Kodagu, Chikmaglur and Hassan. Malnad region is uniquely placed in Karnataka state with coffee plantation as the mainstay of the economy of this region. Table 1 below gives a brief account of the profile of socio economic background of MR.

TABLE -1 : Socio- Economic Background Of Malnad Region

Sl.No	Socio-Economic Parameter	Avg For State	Avg For Malnad Region
1	HDI (Human Development Index)	0.650	0.661
2	GDI (Gender Development Index)	0.637	0.651
3	HEALTH CARE(no of health institutions)	22	32
4	GENDER DISPARITIES(% of safe delivery)	60	72
5	AMENITIES (Safe drinking water)	85	77

Source: *Karnataka HDR 2005*

1. Research scholar, Department of studies and Research in Commerce, University of Mysore,ManasaGangothri, Mysore. Karnataka
2. Associate professor, Department of Studies and Research in Commerce, University of Mysore, ManasaGangothri, Mysore. Karnataka

From the table we can observe that MR stands out in 4 of the 5 socio economic parameters with index values well ahead of the average of the entire state. In case of HDI the average of for the state is 0.65 where as it is 0.661 for MR. Similarly for GDI it is 0.637 for Karnataka where as for MR it is 0.65. The health index value on the basis of the availability of no. of primary health care the average for state is 22 but for MR it is 32. Similarly for gender disparity in terms of safe deliveries the average for the state is 60 where as for MR it is 72. As for as basic amenities are concerned such as safe drinking water, the average for the state is 85 but it is marginally low for MR with a value of 77. Overall socio economic background of MR presents rosy picture but a microscopic examination of the plight if the womanofBoP families reveals some disturbing facts as per the findings of the study presented in the succeeding paragraphs.

Study Objectives and Methodology

The purpose of the study is to evaluate the performance of MI programmes in the tribal pockets of MR particularly the woman of BoP families, who secure their livelihood working in coffee plantations. The specific objectives of the study include:

1. Toreview various MI programs sponsored by the state or local govt in MR with a target of reaching out tothe marginalized section of the society.
2. To assess the life and health risk profile of woman of BoPfamilies in MR
3. To evaluate the extent to which the MI coverage has reached the BoPfamilies in MR by way of indexation of MI performance.
4. To examine the factors that impedes the progress of MI in MR
5. To study a various issues concerning the design, pricing and distribution of MI product for the target group of woman of BoP families in MR.
6. To offer suggestions for improving the level of penetration of MI for BoP families.

The study is based on both secondary and primary research. The secondary research included a survey of recent material on concept, issues and initiatives on MI in India, particularly the study conducted by UNDP in the year 2005. Further, data required for indexation and study of socioeconomic background of MR is drawn from the Karnataka Human Development Report 2005.

The primary research included the field investigation in the selected pockets of MR. Investigations were in the form of interviews with the target groupand focused group discussions with the selected stake holders. The pockets were selected to capture the socio economic conditions relevant for the study subject to time and budget limitations. These pockets were characterised by poor social indicators especially those related to woman. The group discussions provided an assessment of risk profile of target group and their perceptions on the risk and insurance need, product design, willingness to pay and delivery mechanisms. The target group interviewed consisted of mainly the woman working in coffee plantations and for this purpose 50 women were covered as part of the pilot study.

The group discussions were based on a structured questionnaire. The categories of stake holders covered were SHG’s, Bank officials in charge of micro finance and rural insurance experts. The interactions with these stake holders were useful in identifying special operational bottlenecks.

Risk Profile of Woman of BOP Families:

A review of primary data presented in ANNEXURE 1 reveals some interesting facts about the demographic features of the woman working in coffee plantations. Majority of them are over 35 years of age with literacy percentage of 42 and 84 % of them are married. As high as 58% of them have been working in plantation over 10 years with averagemonthly income of less than Rs.6000 for 76% of the respondents.The no. of dependents exceeded two for majority of the respondents i.e., 72% of them.

The source of life and health risks for woman of BoP families included some peculiar accidents and events closely related to their occupation. The incidents of death is very high due to snake bite, thunderbolt and fallen trees along with the severe illness caused by cold monsoon weather, plant allergies, harmful insects particularly leech menace.

During field investigations, respondents were asked to identify and list the top source of risk for their life and health. The respondents expressed their incapability to cope with adversity caused by these common sources of risk. In combination, their marginal income of less than Rs.200 a day.Therefore the vulnerability to small shockspushes them to the deeper level of poverty. The informal and traditional systems to meet the adverse situation are inadequate for a number of reasons. The strategies evolved over the years have a small reach and range. Apart from many sponsored and subsided MI programmes are not quite suitable for addressing risks that affect the target group under study.

A close examination of sources of the risk indicates that many of the shocks are unanticipated. Unanticipated events are difficult to be budgeted at the house hold level but can only be handled through pooling and aggregation of risks.

Many of the common sources of risk faced by woman of BoP familiesreceive little attention among the main stream insurers including state owned insurance agencies and are typically not covered by insurance. Insurance as a cover to protect woman and girls receives the lowest priority and is a deliberate neglect leading to a key impediment in protecting vulnerable women section of the BoP families. To sum up the woman of BoP families working in coffee plantations says a variety of risks and shocks in diverse working conditions that can result in severe economic hardship with implications for stress, health and nutrition and more generally the quality of life.

Performance Indexation

The recent past many attempts have been made to develop an index to indicate the degree of performance of MIschemes for the target groups. Mandira (2007), Suresh (2009) and others have suggested some generalised models for finding an index value on the basis of several parameters of MI programmes.

The index of micro insurance is basically a measure of inclusiveness of MI sector of the target region. It is constructed as a multi-dimensional index that captures information on various aspects of MI such as its accessibility, availability and usage. for the purpose of this study the index of MI incorporates information on the following parameters in one single number ranging from a minimum of zero up to a maximum of one(0 – 1). A value close to zero denotes complete exclusion of MI ad a value close to one indicates complete inclusion of MI. These parameters are

1. MI schemes-availability, accessibility, and usage
2. Level of awareness
3. No. of primary health centers
4. Percentage of safe drinking water
5. Percentage of safe delivery
6. Infant mortality rate.

The index for each of these parameters has been first computed by applying the following formula:

$$pi = \frac{Mi}{Ai}$$

Where, Pi=parameter index for i^{th}parameter

Ai=averagevalue for MR or for the state

Mi=actual value for the target group

Each value of Pi is multiplied by the respective weight assigned to each of the 6 parameters identified above. The first parameter is assigned with the weight of 0.25 and all the rest 5 are assigned with the rate of 0.15.

At the end the total is arrived on the basis of the following equation:

IMI=ΣPiWi

Where, IMI= index of micro insurance

Pi=as defined earlier

W=the weight of each parameter.

The work sheet attached at the end as annexure 2 gives the details of the IMI value found in this study. The index value of less than 0.5 indicates a high deficient level of MI penetration.

Issues Concerning MI Programmes IN MR:

The BoP families have to cope with both adverse events and their limited capacity to weather shocks. In MR, MI program is characterized by limited and inappropriate services, inadequate information gaps. There is a low demand in spite of intense need in MR Rural markets combined with under use of available distribution channels, hinder the growth of MI services. Cumbersome and inappropriate procedure inhibit of development of the sector.

Why was the willingness to buy insurance so low? Responses by the client in MR were distinctly different. The main reasons are unaware of MI products, poor affordability, annual cycle followed by insurance companies didn't match timeline of the plantation workers, no one was willing to visit them for sales and claim servicing because the plantations are located in the remote areas even though they were interested in finding out insurance, unfamiliar with the local agent or company selling insurance products so they don't have trust on them. The field investigation done in MR revealed low awareness about insurance related issues, not just among the woman of BoP families but also among the facilitating agencies and field staff. The purpose of insurance was differently understood by clients and insurers. Both concepts were partial and led to a gap in motivation for insurance.

Provision of MI programs to the MR requires management and operational capacity at the grassroots level. The well reputed NGO's and microfinance institutions have managed to negotiate good deals with insurance companies for more relaxed conditions and suitable insurance product at better prices. Mismatch between customer needs and products available in the market found to be a common issue.

Woman at the bottom of the socio economic pyramid have limited access to formal financial resources so they tend to depend on informal source for most of their needs. Currently offered MI products are not flexible and not priced suitably. Woman face barriers such as limited mobility, access to resources, access to information and pressure on their time.

The issue in MI programs in MR lies in the gap in perspectives between the insured and the insurer leading to low customization of product and low demand for what is available. The woman of BoP families specific about their need for insurance to cover high frequency risk , many of which are low impact events such as weather change, and safe deliveryetc.MI programs are sometime sold by rural agents who are not always convincing and sometimes not usually traceable.

Recommendations

The need of the hour is to understand the unique requirements for the development of the MI to reach the target community, particularly the woman of BoP family in the plantation industry designing of MI products should focused primarily on risks related to life and health protection. Insurers could customize their products to watch with the different segment of communities in MR. They could cover mainly women of Bop families on a priority basis. Product so designed to be monitored to ensure their utility. Communication gap between insurance companies and rural clients to be reduced by harnessing regular language based mobile phase technology. This would also facilitate speedier claim settlement.

The study indicates that target client cannot bear premium cost that exceeds than the 20% of their daily average income of Rs. 200. Therefore subsidy is to be granted for covering major part of the premium.

To achieve better outreach of the target client, the insurer could use the services of intermediary. Community based micro agent model invented by TATA-AIG may be promoted. The central building blocks are rural community insurance groups. Supervised by NGOs, MFIs, SHGs and MATTs. This is quite essential to facilitate claims process and would also help in building demand for insurance.

Conclusion

To sum up , the core issue is the language gap between demand and supply of MI for the women of BoP families in MR, The MI products should fulfils their unique needs and be affordable when both criteria are met. The demand for MI would increase frequently occurring adverse events which are unique for the target group are difficult to covers making them challenge for insurers. Besides insurers are yet to identify and effectively used appropriate distribution channels. A coordinating agency exclusively for Malnad region would go a long way in accomplishing the mission of MI. It can be concluded that MI should take the shape of a moment if at all a desired level of reachout is to be accomplished for a target group like women of BoP families working in coffee plantations.

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Primax International Journal of Commerce and Management Research Print ISSN: 2321-3604

WORKING FUNDS ANALYSIS OF EMPLOYEES' CO-OPERATIVE SOCIETIES IN THANJAVUR DISTRICT

Dr. S. Prabhu[1]

Abstract

Banking constitutes an important sector of an active financial system of a country. The banking system consists of Central banks, Commercial banks, Co-operative banks and foreign banks, etc., co-operative credit structure is made up of agricultural and non-agricultural credit institutions. Non-agricultural credit cooperatives include urban cooperative banks, housing cooperative banks, salary earners' cooperatives and employees' cooperative banks. Employee's co-operative credit society is a voluntary association of permanent salary earners who gather together for a common economic need and to help them without any profit motive.

Introduction

The organised system in India banking can broadly be divided into three categories the Central bank of the country known as the Reserve Bank of India, the Commercial banks and the Cooperative banks respectively. In India the Co-operative movement was introduced as a remedy for the proverbial poverty of the small agriculturalists. Co-operation emphasizes on the idea of a voluntary association of individuals for the achievement of common goals.

Fredric Nicholas suggested the idea of using co-operation in India as a means to combat indebtedness; no legislation was put in place to this effect. In 1889, Annoyanaya Sahakari Mandali was established at Baroda, which is the first urban Co-operative Bank of India. It was only in 1904, the co-operative credit societies Act was encourage thrift habits in people and to reduce the dependence on money lenders, besides the control and registration of co-operative credit societies.

Cooperative credit Structure

Co-operative credit structure of India is made up of agricultural and non-agricultural credit institutions. Agricultural Credit Institutions play a pivotal role in the rural credit delivery system dispensing short term, medium-term, and long term credit to rural weaker sections of society. On the other hand, non–agricultural credit institutions serve the urban areas and provide credit other than agriculture purposes with three tier federal structures. In a three tier federal structure of co-operative credit system UCBs come at the gross root level but occupy an important place in it. They have got a unitary structure and advance short-term loans to small traders, artisans, and salary earners in urban areas against personal security as well as against gold, silver and other commodities and so on. Employees' cooperative credit societies play an important role among the non-agricultural credit cooperatives.

Employees' Societies

The urban credit cooperatives including Employees' Co-operative societies were registered under Second All India Cooperative Societies Act, 1912. Subsequently, urban credit cooperatives / employees' co-operatives were organized in various parts of the country. Among the non-agricultural credit cooperatives next to the urban cooperative banks, prominent are the employees' cooperative credit societies, salary earners' cooperatives and employees' cooperative banks.

There are two types of employees' cooperatives viz., Employees' thrift and credit societies and Employees' cooperative banks registered by the RCs and controlled both by cooperative department and RBI. Employee's cooperative thrift and credit societies follow the Act, rules and byelaws of the society, where as the employees cooperative bank have to function not only as per the cooperative societies Act but also as per the Banking Regulation Act.

Statement of the problem

The employees' co-operative are vital segment of the co-operative sector of the country and are among the oldest co-operative institutions in the country. It plays an important role in mobilizing deposits from the members and non-members. They essentially cater to the credit needs of their members and also have made significant contribution towards financing their essential and emergency needs. Even though there is a progress in the growth of employees' co-operatives, certain defects are noticed, they are as follows:

[1] **Assistant Professor & Head, PG Department of Commerce, Annai vailankanni Arts and Science College. Thanjavur**

- There was no proper helps and guidance received by employees' co-operatives due to the absence of federation from the beginning.
- Operational problems are one of the causes for slow growth in some employees' co-operatives.
- Development of urban credit and employees' co-operatives was uneven in various states.
- In many societies, there is primarily lack of appreciation that organizational set-up is an important input as much as human resources.
- The co-operative societies including ECS which could not offer new strategy to meet the employees' expectations.
- The amount of deposits as well as credit per account is small and the servicing costs are obviously high. It affects the performance and profitability of the society.

Objectives of the study

The present study has the following objectives.

1. To examine the different sources of working funds of the selected Employee Societies.
2. To appraise the deployment of working funds with reference to loans and advances and investments.
3. To assess the customers perception towards the working of the selected employee societies.
4. To evaluate the overall financial performance of the sample employees' societies, and
5. To arrive at major findings and suggestions.

Methodology

Survey method has been followed for this study. Primary and secondary information has been collected through various sources. To collect primary information about the policies, procedures and practices of the performance of the societies, only one schedule was constructed for the sample employee societies. The information gathered through discussions with the officials in the selected societies, offices of the apex societies and co-operative union has been supplemented. The secondary information has been gathered from financial statements, audit reports and records. The profit and loss accounts and balance sheets of selected employee societies have been recast and presented in a condensed form.

In this study, various accounting and statistical techniques has been made. Ratio analysis, trends, percentages, correlation coefficient, t-test, F-test, chi-square test and analysis of variance have been applied. The use of all these techniques at different places has been made in the light of the nature and stability of the data available and requirements of analysis.

Sampling

Simple random sampling method has been followed in this study. There are 38 employees' societies functioning in the Thanjavur district, of which 3 societies were selected for this study on the basis of covering the 3 revenue divisions in Thanjavur District, such as Thanjavur, Pattukkottai, Kumbakonam, respectively. The selected Employees' societies are Police employee's Cooperative Societies in Thanjavur (PECST), Teachers employee's Cooperative Societies in Pattukkottai (TECSP) and Noon Meals employee's Cooperative Societies in Kumbakonam (NMECSK).

There are 50 employees chosen in each society. The total sample size is 150.

Period of the study

The study covers a period of 10 years from 2002-2003 to 2011-2012.

Deployment of working funds

Employee co-operative societies deploy their working funds mainly in loans and investments. The assets sides of the balance sheet of employee cooperative society chosen for the study have been grouped and tabulated for a detailed analysis are cash and bank balances, loans and advances, investments and fixed & other assets. Table 4.1 shows the deployment of working funds by the selected employees' co-operative societies.

Cash and bank balances

The TECSP and PECST have an average of 25.02 per cent and 23.22 per cent of their total assets under cash and bank balances respectively. But NMECSK had nearly half of its total assets under cash and bank balances.

Loans and advances

Loans and advance is one of the important parts of the assets, where the bank can get more interest income. Generally advances portfolio carries more risk and yields more income.

TABLE–7.1 A DEPLOYMENT OF WORKING FUNDS OF PECST (Rupees in Lakhs)

Year	Cash & Bank balance	Loans & Advances	Investments	Fixed Assets	Other Assets	Total Assets	Trend %
2002-2003	15.41 (11.47)	84.23 (62.69)	29.60 (22.03)	0.33 (0.24)	4.79 (3.57)	134.36 (100)	100
2003-2004	18.04 (10.40)	115.89 (66.83)	30.83 (17.78)	0.37 (0.21)	8.29 (4.78)	173.42 (100)	129.07
2004-2005	27.43 (7.94)	168.96 (48.91)	109.06 (31.57)	1.37 (0.40)	39.61 (11.18)	345.43 (100)	257.09
2005-2006	33.03 (5.23)	257.47 (40.78)	244.54 (38.74)	3.59 (0.57)	92.66 (5.17)	631.29 (100)	469.85
2006-2007	69.15 (8.18)	306.16 (36.23)	336.29 (39.80)	3.30 (0.39)	130.08 (15.39)	844.98 (100)	628.89
2007-2008	373.92 (40.59)	350.76 (38.07)	45.71 (4.96)	3.05 (0.33)	147.87 (16.05)	921.31 (100)	685.70
2008-2009	407.50 (38.59)	375.26 (35.54)	102.89 (11.72)	3.47 (0.33)	166.80 (15.80)	1055.92 (100)	785.89
2009-2010	378.39 (36.68)	381.08 (36.94)	120.89 (9.74)	2.89 (0.28)	148.37 (14.38)	1031.62 (100)	767.80
2010-2011	378.50 (37.46)	387.70 (38.37)	120.89 (11.96)	2.65 (0.26)	120.68 (11.94)	1010.42 (100)	752.02
2011-2012	372.91 (35.67)	423.47 (40.50)	120.89 (11.56)	5.17 (0.50)	123.11 (11.77)	1045.55 (100)	778.17
Average	23.22	44.48	19.99	0.35	11.00	-	-

Source: *Annual reports of the selected ECSs.*

Figures in brackets denote common size percentage for respective items to total

TABLE–7.1 B DEPLOYMENT OF WORKING FUNDS OF TECSP (Rupees in Lakhs)

Year	Cash & Bank balance	Loans & Advances	Investments	Fixed Assets	Other Assets	Total Assets	Trend %
2002-2003	11.73 (15.08)	45.04 (57.93)	15.72 (20.21)	0.11 (0.14)	5.16 (6.64)	77.76 (100)	100
2003-2004	16.30 (15.68)	57.88 (55.68)	21.74 (20.91)	0.11 (0.10)	7.93 (7.63)	103.96 (100)	133.69
2004-2005	23.07 (17.94)	73.45 (57.12)	24.77 (19.26)	0.11 (0.05)	7.18 (5.58)	128.58 (100)	165.35
2005-2006	19.37 (12.04)	101.42 (63.06)	27.89 (17.34)	0.12 (0.07)	12.03 (7.48)	160.83 (100)	206.83
2006-2007	59.43 (23.39)	130.80 (51.47)	44.13 (17.37)	0.11 (0.04)	19.65 (7.73)	254.12 (100)	326.80
2007-2008	68.43 (23.48)	152.92 (52.46)	40.75 (13.98)	0.11 (0.04)	29.27 (10.04)	291.48 (100)	374.85
2008-2009	100.53 (32.26)	163.95 (52.62)	21.87 (7.02)	0.10 (0.03)	25.13 (8.07)	311.58 (100)	400.69
2009-2010	122.42 (35.44)	172.19 (49.86)	25.74 (7.45)	0.11 (0.03)	24.92 (7.21)	345.38 (100)	441.16
2010-2011	120.70 (34.22)	179.73 (50.95)	26.78 (7.59)	0.11 (0.03)	25.41 (7.20)	352.73 (100)	453.61
2011-2012	151.99 (40.69)	168.43 (45.09)	28.12 (7.53)	0.12 (0.03)	24.90 (6.67)	373.56 (100)	400.40
Average	25.02	53.62	13.87	0.06	7.43	-	-

Source: *Annual reports of the selected ECSs.*

Figures in brackets denote common size percentage for respective items to total

TABLE–7.1 C DEPLOYMENT OF WORKING FUNDS OF NMECSK (Rupees in Lakhs)

Year	Cash & Bank balance	Loans & Advances	Investments	Fixed Assets	Other Assets	Total Assets	Trend %
2002-2003	26.35 (31.85)	45.96 (55.55)	3.69 (4.46)	0.20 (0.24)	6.53 (7.89)	182.73 (100)	100
2003-2004	89.45 (56.88)	55.76 (35.46)	4.15 (2.64)	0.19 (0.12)	7.70 (4.90)	157.25 (100)	190.08
2004-2005	124.03 (54.85)	87.13 (38.53)	4.67 (2.09)	0.17 (0.08)	10.13 (4.48)	226.13 (100)	273.33
2005-2006	199.14 (59.12)	114.43 (34.03)	5.26 (1.56)	0.15 (0.04)	17.27 (5.14)	336.25 (100)	406.44
2006-2007	254.11 (59.62)	142.86 (33.52)	9.17 (2.15)	0.90 (0.21)	19.16 (4.50)	426.20 (100)	515.17
2007-2008	270.21 (56.83)	169.30 (35.61)	14.56 (3.06)	0.96 (0.20)	20.44 (4.30)	475.47 (100)	574.73
2008-2009	289.48 (51.07)	202.08 (35.65)	49.78 (8.78)	0.91 (0.16)	24.60 (4.34)	566.85 (100)	685.18
2009-2010	258.42 (45.28)	217.34 (38.08)	72.73 (12.74)	0.46 (0.08)	21.75 (3.81)	570.70 (100)	689.83
2010-2011	189.60 (35.51)	216.80 (40.60)	103.13 (19.31)	0.32 (0.06)	24.10 (4.51)	533.95 (100)	645.41
2011-2012	119.27 (24.20)	227.50 (46.15)	119.85 (24.31)	0.28 (0.06)	26.01 (5.28)	492.91 (100)	595.81
Average	47.53	39.32	8.11	0.13	4.92	-	-

Source: *Annual reports of the selected ECSs.*

Figures in brackets denote common size percentage for respective items to total

The average of advances in total assets was highest of 53.62 per cent in TECSP and it is 44.48 per cents in PECST while the same is at 39.32 per cent in NMECSK. An advance is an area where the banks can earn more interest income and it is one of the vital functions of a bank. Therefore the selected employees' co-operative societies, particularly NMECSK and PECST have to enhance their level of loans and advances.

Investments

PECST has the highest percentage among the three employees' co-operative societies as its average is arrived at as ' 126.18 lakhs of the total assets. Higher percentage of funds deployed in investments denotes that the society takes low risk and derives low income, as investments are safer than loans with reference to the risk of recovery of both interest and the principal. PECST may divert certain percentage of its investments to loans portfolio to earn more interest income taking calculative steps to overcome the risk.

Fixed and other assets

The fixed and other assets may not yield any income, but the land and buildings may be appreciated in value. However, banks including employees co-operative societies do not prefer to lock their working funds in fixed assets.

The proportion of non-remunerative assets held by TECSP and NMECSK may be treated as tolerable limits while that of PECST has to be reviewed. PECST has funds under other assets little over the prudent level. The higher percentage of deployed funds under these categories will affect the chances of earning more interest income.

Trend of Total assets

The growth trend in total assets intimates a message that all the three employees co-operative societies are marching ahead with their banking operations. They continue to serve the customers of their service area by deploying their mobilized funds aiming their profitability and to improve their business performance. However there are disparities in the growth total assets of the three employees' co-operative societies.

Findings

Cash and bank balances

The TECSP and PECST have an average of 25.02 per cent and 23.22 per cent of their total assets under cash and bank balances respectively. But NMECSK had nearly half of its total assets under cash and bank balances.

Loans and advances

The average of advances in total assets was highest of 53.62 per cent in TECSP and it is 44.49 per cents in PECST while the same is at 39.32 per cent in NMECSK. The selected employees' co-operative societies, particularly NMECSK and PECST have to enhance their level of loans and advances.

Investments

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Fixed and other assets

The proportion of non-remunerative assets held by TECSP and NMECSK may be treated as tolerable limits while that of PECST has to be reviewed. PECST has funds under other assets little over the prudent level.

Trend of total assets

The growth trend in total assets of all the three employees co-operative societies are marching ahead with their banking operations. They continue to serve the customers of their service area by deploying their mobilized funds aiming their profitability and to improve their business performance.

Suggestions

- The ECSs (Employees' Cooperative Society) have to shift their dependence from thrift deposits to saving deposits with planned strategies to reduce cost of funds.
- An advance is an area where the societies earn more interest income and it is one of the vital functions of the society. Therefore the ECSs, particularly PECST and NMECSK have to enhance their loans and advances based on their working funds positions, demand for loans etc. further, the ECSs have to train their officials and staff to handle the credit proposals.
- The ECSs must review their investments and other assets periodically to avoid accumulation of idle assets.
- The ECSs can expand their loans under medium term and long term loans category taking all possible precautions both at pre-disbursement survey and post disbursement follow up.
- The society should come forward with attractive deposits schemes such as children deposits, marriage deposits etc,

Conclusion

All employees' co-operative societies to maintain their solvency at the cost of their profitability as they keep high level of cash to deposits ratios. All the three employees' co-operative societies are found to be strong in their capital structure and hence they can have a balanced policy to consolidate their position in their credit portfolio as well as in other functional areas.

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WOMEN IN INFORMAL SECTOR: A SCENARIO FROM BEEDI INDUSTRY

Dr. V. Darling Selvi[1]

Abstract

Most Indian women comprise part of the country's sprawling 'informal sector', defined by the absence of decent working conditions as specified by the International Labour Organisation. Indian women, in spite of enjoying better status and position compared to other developing countries, have low levels of participation in economic activity. In such setting, this study aims to take a fresh look at the current situation of gender equality in the labour market in India and examine the trend of women's employment status using both macro and micro level data and finally evaluates the effects of employment on economic independence relative to men. Women being the threshold of a family, extend their support in earnings for the mobilization of income for their children's education and better living. Bidi manufacturing is that sector in which the poor and the oppressed, especially rural women folk are exploited. The majority of women are working about 90-95 hours per week; the only comfort is that women bidi workers enjoy freedom in the work place and also flexible working hours. This paper provides an insight into the socio economic conditions of bidi workers and the impact of employment by taking a sample of 60 workers from the marginalized society of Tirunelveli District. The researcher has used the Man Whitney test and Kruskal Wally's test to interpret the results. The result reveals that though the women workers have encountered a few problems in relation to the work basically, the employment provides them more positive impact in the socio economic welfare of their family.

Key words: *Beedi, Employment, Hypothesis, Impact, Informal Sector, Labour, Women Workers*

Introduction:

Most Indian women comprise part of the country's sprawling 'informal sector', defined by the absence of decent working conditions as specified by the International Labour Organisation. Indian women, in spite of enjoying better status and position compared to other developing countries, have low levels of participation in economic activity. In such setting, this study aims to take a fresh look at the current situation of gender equality in the labour market in India and examine the trend of women's employment status using both macro and micro level data and finally evaluates the effects of employment on economic independence relative to men. In the micro-level analysis the study examines the factors that led to the marginalization of women's labor force. The results suggest that women's work patterns in terms of formal vs. informal employment are determined by the family organization rather than by labor market . Women form an integral part of the Indian workforce. Women being the threshold of a family, extend their support in earnings for the mobilization of income for their children's education and better living. Bidi manufacturing is that sector in which the poor and the oppressed, especially rural women folk are exploited. The majority of women are working about 90-95 hours per week; the only comfort is that women bidi workers enjoy freedom in the work place and also flexible working hours. This paper provides an insight into the socio economic conditions of bidi workers and the impact of employment by taking a sample of 60 workers from Tirunelveli District.

Review of Literature

In India, the beedi or bidi rolling is a traditional activity with highly labour intensive and predominantly unorganized. The beedi industry is one of the largest employers of workers in India, after agriculture, handloom and construction (GoI, 1995). However, the estimates of the numbers of beedi workers engaged in this industry vary depending on who is making the estimates. The India's Ministry of Labour estimates about 4.4 million workers in the beedi rolling industry, majority of who are home based women workers. The trade unions claim that there are over 7 million beedi workers. Women make the largest proportion of labor in the beedi industry. Published literature estimate women make up 76 per cent of total beedi employment (Sudarshan and Kaur, 1999). ILO (2001) in its labour report focused on the beedi industry in India, in which it attempted to explain a project on improving working conditions and employment opportunities for women in beedi industry. Margaret and Merlyn (2001) explain beedi rolling as a cottage industry has been a boon to the vast number of home based women beedi rollers. Selvi (2006) in her study argues that the beedi industry as labour intensive, weak capital base and unorganized sector. Author highlights it as the work preferred by women, poor people,

[1] Assistant Professor of Commerce, Rani Anna Government College for Women, Tirunelveli

children and mainly uneducated women as employment opportunity is limited in agriculture. Rajasekhar and Anantha (2006) in their study highlight the role of the Trade Unions in helping women beedi workers to obtain statutory benefits. Madheswaran et al (2005) carried out a comprehensive study which deals with the problems of the beedi workers and industry in Karnataka. It seeks to analyze the important issues relating to the industry, workers, government programmes and organizations working for the upliftment of the beedi workers. This empirical study highlights the socio economic conditions of the workers, impact of interventions by different organizations like Trade Unions, Non-Governmental Organisations and Self Help Groups etc.

Indian women in the Employment Scenario

According to the information provided by the office of Registrar General & Census Commissioner of India, As per Census 2011, the total number of female workers in India is 149.8 million and female workers in rural and urban areas are 121.8 and 28.0 million respectively. Out of total 149.8 million female workers, 35.9 million females are working as cultivators and another 61.5 million are agricultural labourers. Of the remaining female workers, 8.5 million are in household Industry and 43.7 million are classified as other workers. As per Census 2011, the work participation rate for women is 25.51 percent as compared to 25.63 per cent in 2001. The Work Participation Rate of Women has reduced marginally in 2011 but there is an improvement from 22.27 per cent in 1991 and 19.67 per cent in 1981. The work participation rate for women in rural areas is 30.02 per cent as compared to 15.44 per cent in the urban areas. In so far as the organised sector is concerned, in March, 2011 women workers constituted 20.5 percent of total employment in organised sector in the country which is higher by 0.1 percent as compared to the preceding year.
As per the last Employment Review by Directorate General of Employment & Training (DGE&T), on 31st March, 2011, about 59.54 lakh women workers were employed in the organised sector (Public and Private Sector). Of this, nearly 32.14 lakh women were employed in community, social and personal service sector. (ILO), lax labour laws and insufficient or insecure wages. According to a 2011 ILO report, 83.8 percent of South Asian women are engaged in so-called vulnerable employment that can in most cases be defined as casual labour or sporadic employment such as the manufacturing of garments and other handmade items produced within the worker own home. Indian women workers represent a considerable share of this segment, which has expanded substantially over the last 20 years, researchers say. While the percentage of women employed in the informal economy remains high, the number of Indian women engaged in formal, secure and recognised labour is still minimal. Only 14-15 percent of workers in the formal sector are women, a number that has remained stagnant for several years. India also lags far behind the world average when it comes to female representation in management, with women occupying a miserable two to three percent of administrative and managerial positions nationwide.

Women in Beedi Employment

The beedi manufacturing is a traditional agro-forest based industry in India, highly labour intensive and predominantly unorganized. The beedi industry is one of the largest employers of workers in India, after agriculture, handloom and construction. However, the estimates of the numbers of beedi workers engaged in this industry vary depending on who is making the estimates. The government estimates about 4.4 million workers in the beedi rolling industry, majority of who are home based women workers. The trade unions claim that there are over 7 million beedi workers. It is said that if those engaged in beedi trade and the tendu leaf collection are also taken into account, the actual numbers of people involved in the beedi sector is much higher. The unions also point out that beedi workers constitute a major share of the workforce under the poverty line. The beedi rolling is generally done by poor households in backward areas where the workers have usually no other means of sustainable employment. Although beedi rolling began in the factory sector (in early twentieth century), over the last three decades, the beedi manufacturers have increasingly shifted the work from factories into the households. Currently, about 10% of the beedi manufacturing takes place in the organised factory sector. Beedi manufacturing takes place in almost all the major states of India such as in Madhya Pradesh, Maharashtra, Gujarat, Tamil Nadu, Andhra Pradesh, West Bengal, Orissa, Uttar Pradesh, Rajasthan, Bihar, Kerala and Karnataka.

Bidi (a handmade cigarette) manufacturing is more than a century old and an unorganized sector in India. Ever since the introduction of tobacco cultivation in India, a sizeable segment of women labor force is engaged in production for consumption of tobacco rolled in the form of bidi. The Indian market of smoking tobacco is dominated by bidis, which outsell cigarettes by 10:1 ratio. Women being the threshold of a family, extend their support in earnings for the mobilization of income for their children's education and better living. Bidi manufacturing is that sector in which the poor and the oppressed, especially rural women folk are exploited. The majority of women are working about 90-95 hours per week; the only comfort is that women bidi workers enjoy freedom in the work place and also flexible working hours. Bidi rolling reasonably contributes as an income in the interior regions of Vellore and Tirunelvelli districts, Tamilnadu, India and a few parts of southern Tamilnadu. The study is undertaken in Trinelveli District among 60 sample respondents to have an in-depth understanding of the work life of women bidi workers and throws light on the problems and issues of the bidi workers.

Objectives of the Study

1. To explore the problems and prospects of women in Beedi employment
2. To analyse the impact of Beedi employment on women workers

Hypotheses of the Study

1. Reasons for the selection of job and the problems faced in the working place do not differ significantly
2. Reasons for the selection of job and the benefits derived from the employment do not differ significantly
3. Problems faced and the benefits derived from the employment do not differ significantly
4. Economic, Social, Psychological and Political impact of employment do not differ significantly

Research Methodology

For the purpose of the study, the researcher has taken 60 sample respondents from Trinelveli district who involved in home based beedi rolling activity. The collected data were tabulated and interpreted with the help of suitable statistical tools like percentage analysis and ranked by weighted average method. Further the hypotheses were tested with the help of Man Whitney test and Kruskal Wally's test to interpret the results.

Condition of Beedi Workers

The primary date collected from 60 women beedi workers reveals that 65 percent of the sample respondents fall below the age group of 40 while 35 percent above the age group of 40, except 3 percent who have completed the degree in education while others have hardly reached higher education, 83 percent married and 17 percent unmarried. Among them, 67 percent have their own houses, 20 percent live in rented houses, 10 percent in houses donated by Government and 3 percent in houses donated by NGOs. For 75 percent of the respondents, the work is of regular nature while for 25 percent it is irregular. The family monthly income of the respondents were also limited to the maximum of Rs. 20000 for 67 percent of the respondents.

The reasons for choosing an occupation are many. Indeed, family responsibilities are important both for steering women toward informal employment, and for constraining their income earning activities as informal economy workers. The possible reasons were chosen and surveyed among the sample respondents and the gathered information were tabulated after assigning weights in the reverse order and then the reasons were ranked as per weighted averaged rank. The analysis shows that the major problems encountered by the women beedi workers, it is noted that Welfare of the children occupies the prime important place which is followed by unemployment, to avail loan facilities, raise the monthly income, flexible working hours, non-marketable skills, improve the level of savings, Upliftment of status in the society, to satisfy various needs, economic reasons, demand for the work, low literacy level, safe working environment and the woman happened to be the bread winner of the family. The major problem of respondents while dealing with the beedi workers it is noted that diseases rank first which is followed by non-co-operation of works, family problem, heavy work, no security, hard work, low wages, immorality, limited rest time, few day's work, no redaction and no basic facilities. the benefits derived by the respondents were ranked and the result show that children's education ranks first which is followed by family management, scholarship, provident fund, status in the family, bonus, house rent, savings, loan facility, medical expenses, maternity leave, leave salary, economic freedom and pension.

$H_{0:}$ Reasons for the selection of job and the problems faced in the working place do not differ significantly

Table 1

The framed hypothesis is rejected as the calculated value (3.50) is greater than the table value (1.96) at 5% level of significance of Z and so it can be concluded that there is significant difference between the reasons for the selection of job and the problems faced in the working place

$H_{0:}$ Reasons for the selection of job and the benefits derived from the employment do not differ significantly

Table 2

The framed hypothesis is accepted as the calculated value (1.52) is lesser than the table value (1.96) at 5% level of significance of Z and so it can be concluded that there is no significant difference between the reasons for the selection of job and the benefits derived from the employment in beedi industry.

$H_{0:}$ Problems faced and the benefits derived from the employment do not differ significantly

Table 3

Table 1 Man- Whitney test between the reasons for the selection of job and the problems faced in the working place

Reasons for the selection of job	Weighted Score	R_1	Problems faced in the working place	Weighted Score	R_2
Raise the monthly income	595	23	No basic facilities	294	1
Good life of the children	650	26	Few day's work	344	2.5
Improve the level of savings	494	20	No security	395	11
Get loan	615	24	Family problem	421	14
Uplift status	479	19	Hard work	393	10
Satisfy needs	477	18	Diseases	460	17
Economic reason	431	16	Non co-operation of works	429	15
Bread winner	346	4	Low wages	376	9
Safe work environment	357	5.5	Heavy work	415	13
Flexible working hours	586	22	No redaction	344	2.5
Demand for the work	413	12	Limited rest time	362	7
Low literacy	357	5.5	Immorality	372	8
Unemployment	645	25			
Non-marketable skills	502	21			
Total		**241**	**Total**		**110**

$$U = n_1 n_2 + \frac{n_1(n_1+1)}{2} - R_1 = 31 \qquad |Z| = \frac{U - n_1 n_2/2}{\sqrt{n_1 n_2 (n_1 + n_2)/12}} = 3.50$$

Table 2 Man- Whitney Test between the reasons for the selection of job and the benefits derived from the employment

Reasons	Weighted Score	R_1	Benefit	Weighted Score	R_2
Raise the monthly income	595	25	Provident fund	468	16
Good life of the children	650	28	Pension	366	4
Improve the level of savings	494	20.5	Loan facility	450	11
Get loan	615	26	Bonus	463	14
Uplift status	479	18	Children education	563	23
Satisfy needs	477	17	Family management	494	20.5
Economic reason	431	9	Status in the family	466	15
Bread winner	346	1	Scholarship	483	19
Safe work environment	357	2.5	House rent	454	13
Flexible working hours	586	24	Medical expenses	440	10
Demand for the work	413	6	Maternity leave	430	8
Low literacy	357	2.5	Leave salary	420	7
Unemployment	645	27	Savings	451	12
Non-marketable skills	502	22	Economic freedom	399	5
Total		229	**Total**		178

Source: Derived

$$U = n_1 n_2 + \frac{n_1(n_1+1)}{2} - R_1 = 72.5 \qquad |Z| = \frac{U - n_1 n_2/2}{\sqrt{n_1 n_2 (n_1 + n_2)/12}} = 1.52$$

Table 3 Man- Whitney Test between the problems faced and the benefits derived from the Employment

Problems	Weighted Score	R_1	Benefit	Weighted Score	R_2
No basic facilities	294	1	Provident fund	468	23
Few day's work	344	3	Pension	366	5
No job security	395	9	Loan facility	450	17
Family problem	421	13	Bonus	463	21
Hard work	393	8	Children education	563	26
Diseases	460	20	Family management	494	25
Non co-operation of works	429	14	Status in the family	466	22
Low wages	376	7	Scholarship	483	24
Heavy work	415	11	House rent	454	19
No recreation	344	3	Medical expenses	440	16
Limited rest time	362	4	Maternity leave	430	15
Immorality	372	6	Leave salary	420	12
			Savings	451	18
			Economic freedom	399	10
Total		**98**	Total		**253**

Source: Derived

$$U = n_1 n_2 + \frac{n_1(n_1+1)}{2} - R_1 = 148 \qquad |Z| = \frac{U - n_1 n_2 / 2}{\sqrt{n_1 n_2 (n_1 + n_2)/12}} = 3.35$$

The framed hypothesis is rejected as the calculated value (3.35) is greater than the table value (1.96) at 5% level of significance of Z and so it can be concluded that there is significant difference between the problems faced and the benefits derived in the working place.

Table 4 Impact of Employment

Variable	Highly satisfied	Satisfied	Fair	Not satisfied	Weighted Score	Rank
Economic Impact						
Increases the capacity to spend more	12	35	11	2	177	2
Increases the value of asset	12	36	10	2	178	1
Increases the income	12	37	7	4	177	2
Increases the savings	13	25	19	3	168	5
Provides employment opportunity	12	37	7	4	177	2
Average					175	
Social impact						
Induces social responsibility	6	41	9	4	169	3
Provide strength to protest against social evil	5	34	17	4	160	5
Increases power of decision making	6	35	14	5	162	4
Better awareness about health	10	37	11	2	175	1
Knowledge about banking operation	6	43	7	4	171	2
Average					167	
Psychological impact						
Creating confidence to face problem	9	40	9	2	176	1
Creating awareness about self-reliance	12	33	11	4	173	2
Improving literacy and communication skill	14	30	10	6	172	3
Average					174	

Political impact						
Including participation in politics	2	14	20	24	114	4
Induce to contest election	1	17	21	21	118	2
Creating awareness about voting	4	25	19	12	141	1
Including assume leadership on issues	1	17	19	23	106	5
Improving leaders skills	1	18	16	25	115	3
Average					119	

Sources: Primary Data

From the above table, the impact on employment is perceived from four dimensions like Economic Impact, Social impact, Psychological impact and Political impact and the study reveals that the economic impact is more (175) among the sample respondents which is closely followed by positive Psychological impact (174), Social impact (167) and then Political impact (119). Within economic impact, increase in the value of assets ranks first and the savings ranks last, Within the Psychological impact, Creating confidence to face problem ranks first and Improving literacy and communication skill ranks last, Within the Political impact, Creation of awareness about voting ranks first and leadership on issues ranks last and Within the Social impact, Better awareness about health ranks first and strength to protest against social evil ranks last. However, the significant relationship of the impact levels are tested as below.

H_0: Economic, Social, Psychological and Political impact of employment do not differ significantly

Table 5 Impact of Employment through Kruskal Walli's Test

Economic Impact		Social impact		Psychological impact		Political impact	
Weighted Score	**R_1**	**Weighted Score**	**R_2**	**Weighted Score**	**R_3**	**Weighted Score**	**R_4**
177	16	169	9	176	14	114	2
178	18	160	6	173	12	118	4
177	16	162	7	172	11	141	5
168	8	175	13			106	1
177	16	171	10			115	3
Total	74		45		37		15

Source: Derived

$$H = \frac{12}{n(n+1)} \left\{\frac{R_1^2}{n_1}+\frac{R_2^2}{n_2}+\frac{R_3^2}{n_3}+\frac{R_4^2}{n_4}\right\} - 3(n+1) = 11.48$$

Degrees of Freedom: k-1 = 4-1=3

The framed hypothesis has been rejected as the calculated value of 11.48 is greater than the table value (7.81) of chi square at 5% level of significance, it is concluded that there is significant difference among the four impact levels of women workers in the beedi industry.

Conclusion

The occupational life of Beedi workers are characterized by low wages, piece rated remuneration, lack of social security and absence of organization. The Beedi workers are in the clutches of contractors and sub-contractors. The contractors are the suppliers of raw materials as well as collectors of the final products. Beedi workers are usually home based workers. The condition of Beedi workers today as well as in the past, has not been very conducive. The making of Beedi is an industry widely is spread all over the country. Beedi rolling is party carried on in the homes but mainly in workshops in the bigger cities and towns. Many of these places are small airless boxes often without and windows, where workers are crowded together. They usually sit on damp mud floors. Payment is almost universally made on piece rate basis. Many smaller workshops are open day and night. Regular intervals for meals and weekly holidays are generally non – existent. The study which has been conducted among sixty sample respondents in Tirunelveli district of Tamilnadu shows that there is wide disparity between the selection of job and the problems faced and between the problems and benefits derived from the job while the disparity has no significance in case of selection of job and the benefits derived from the job. While testing the hypothesis on the impact of employment, it is revealed that the impact has significant role on the employment in various perspectives like economic, social, psychological and political. Hence it is concluded from the study that the positive impact is more for the women workers than the problems faced by them in employment.

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Primax International Journal of Commerce and Management Research Print ISSN: 2321-3604

E-TAILING – THE MANTRA OF MODERN RETAILER's SUCCESS

Dr.N.Subburaj[1]

Abstract

Internet is a potent medium that can serve as a unique platform for the growth of retail brands in India. The Indian retail market is witnessing a revolution. The current web-based models for etailing are part of an embryonic phase preceding an era of rapid transformation, challenge, and opportunity in Indian retail market. It is not just the metros that are fueling the online scene in India the demand supply gap in tier 2-3 cities where there is brand awareness but no availability of products and services is also adding to growth. Online retailing portals such as eBay.in, Snapdeal.com, and Naaptol.com are registering anywhere between 40 and 60% of their sales from rural areas apart from the tier II and III cities. The penetration rate is quite low in comparison to other countries worldwide; however the number of users is significantly high. The present scenarios of e-tailing opportunities, its market, the viabilities and trends etc., have been discussed in this paper.

Key words: *E-tailing, Multichannel, Product Diversity, Service, Strategy.*

Introduction

The Internet has changed the way many consumers shop, not just in the digital domain, but also in the physical world. Imagine a prospective book-buyer who spends an hour or two browsing the aisles of his or her favorite neighborhood bookstore, and who also perhaps spends some money on a coffee at the store. In addition, this prospective customer makes a mental note of interesting titles which he or she might likely buy. Later that evening, this same person gets home, and places an online order for the very same books at an online bookstore. The great advantage of a retail store is that the customer can pay for the item and receive it immediately. Other forms of retailing tried to match this great advantage by offering the convenience of shopping from home. Thus, mail order catalogues emerged, often in conjunction with large retail chains (for example, Sears).

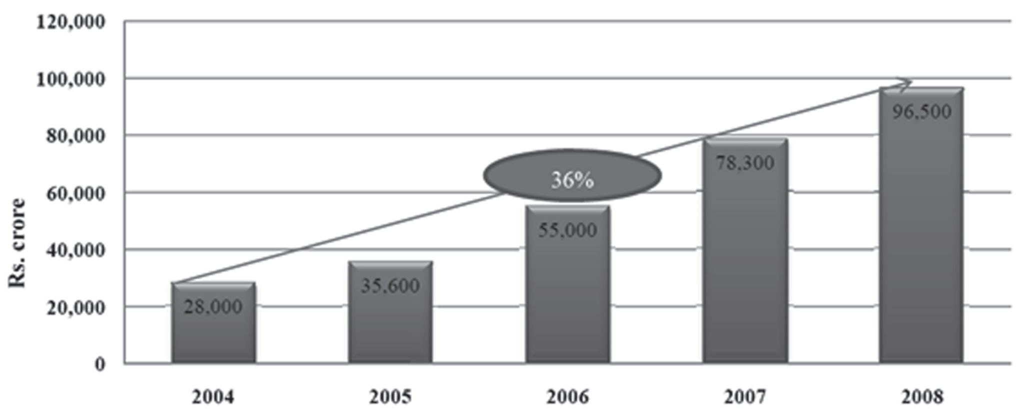
When it was recognized that the mail order catalogue was an effective means of presenting products to customers, televised shopping channels emerged which exploited the medium of television to enhance and convey details of the products to customers. The advent of credit cards also made this process of payment even easier. It also made it possible for the customer to pay for an item, even though the customer did not, at the specific time of the sale, actually have the money in hand to pay for it. Another practice also set the stage for online retailing: cross-border shopping.

In the United States, where every state and region may have a different rate of sales tax, it is common for customers to drive across a state line in order to purchase items at a lower sales tax rate. In Europe, the same may apply by crossing national borders to purchase items such as liquor, cigarettes or perfume where tax or duty is lower: customers enjoy tax-free shopping. As soon as online shopping became available, customers immediately recognized the great advantages of being able to ignore state or national boundaries.

The e-tailing industry is expanding rapidly with strong early life cycle growth. In U.S. between 2003 and 2008 industry revenue rose at a CAGR of 20%. Even in 2009, when total retail sales fell 7.2%, online sales grew 4.3%. Despite the recent economic slowdown, the e-tailing sector enjoys continued growth due to increasing worldwide internet penetration and other factors. Long term trends driving increases in online activity remain positive. We expect such trends to support continued expansion by internet companies despite a weak economic environment. Coming to Indian scenario, the organised retailing is showing a tremendous growth in recent years (See Figure 1: Growth of Organised Retailing in India). And proportionately the electronic retail growth of Indian market as estimated by Euro-monitor report stands close to 48% CAGR and in value term it is going to touch INR 27 billion(Rs 2700 crores) by 2010 from INR 4 billion in 2005.

[1] . **Principal, Padmavani Arts and Science Collge for Women. Salem**

Figure 1: Industry size and growth of Organised Retail



***(Source:** www.nsdcindia.org)*

Traditional Bricks and Mortar re-tailers (B&M), realizing the importance of online sales and acquiring a Bricks and Clicks (B&C) platform both as a defensive strategy and to access market opportunities. With a 43% share of total Mergers & Acquisitions (M&A) volume between 2005 and 2009, B&M retailers have been the largest category of acquirers. An acquisition of an e-tailer provides B&M retailers with a multi-channel retail format, helping them overcome store location limitations and access a wider consumer base.

Existing e-tailers are also important acquirers, with a 32% share of total deal volume over the same period. E-tailing M&A is driven by large e-tailers' aggressive product diversification strategy involving the acquisition of specialty e-tailers to augment product and service offerings. There has been some geographical expansion through M&A, and this is expected to increase.

Most sector companies have consistently outperformed overall economic growth. In the US, the e-tailing sector performed robustly throughout the recent recession with sales increasing 6.4% in 2008 and by an estimated 4.3% in 2009. By comparison, retail sector sales overall fell 1.8% in 2008 and by an estimated 7.2% in 2009. This growth phase is expected to continue; strong forecast growth is shown in Figure 2.

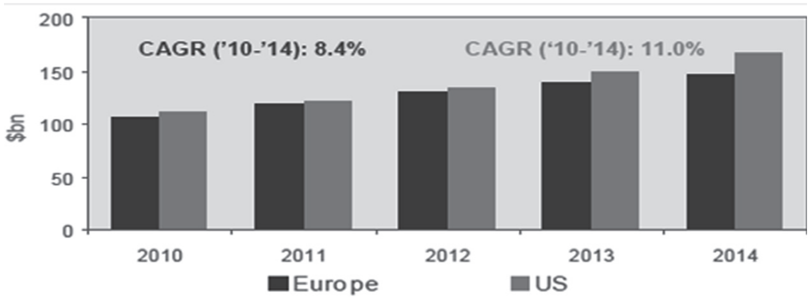


Figure 2: Forecast Growth of e-tailing in U.S. and Europe Regions:

Source: IBSI, World

Literature Review

According to Turban (2006), e-tailing is defined as retailing conducted online, over the internet. Wang (2002) has provided a broad definition of e-tailing by defining it as the selling of goods and services to the consumer market via the internet. Zeithaml (2002) has defined that the success of e-tailing depends on the efficient web site design, effective shopping and prompt delivery. The other e-store services are delivery on real time, return and replacement process, period of filling out online orders form, speed of response time to e-customers queries. Ratchford (2001) have told that through Internet, consumers can gather information about merchandise and they compare a product across suppliers at a low cost.

Rao (1999), E-commerce offers increased market activity for retailers in the form of growing market access and information and decreased operating and procurement costs. Myerson (1998) expressed that consumers are getting smarter in using e-tailers (and online search engines and agents) for convenience and comparison shopping. Guttman (1998), describes Several unique elements make online shopping different from the traditional in-store retail model.

Besides offering convenience and expanded product variety, the online model also makes it easy for consumers to access and compare data from multiple sources. Meeker (1997), retailers might cry foul, but the new shopping paradigm they have to face is that as premium customers begin to accept the e-tail alternative in larger numbers.

Need Of The Study – Few Live Bytes

Retailers are increasingly leveraging their presence across channels of catalogue, web, stores and kiosks, to increase their share of the customer's wallet and expand across consumer segments. Recent studies on consumer shopping behaviour indicate that multichannel shoppers show a significantly higher value and frequency of purchase than single channel shoppers. Thus, the focus of modern retailing shifted to 'e-tailing', one of the most adoptive channel. Few 'Live Bytes' of organised retailers are quoted to emphasize the need of "e-tailing".

Need of Multichannel

"We are definitely planning to enter the online space this year with Reliance Timeout. Our current mix of merchandise suits the online business. We will start with books and music, followed by electronics and mobile items," says Deepinder Kapany, vice-president & head, books, entertainment and e-commerce business, Reliance Leisure.

Strategic Retailing

When 'Bata' decided to develop a new e-commerce platform for the Indian market last year, it was confident of the online model clicking with the consumers who are traditionally more inclined to buy products from stores. Today Bata's online business has grown to become one of its largest stores in terms of transactions and value growing by 25% month on month.

Internet Penetration

With increasing internet penetration and flexible payment modes such as cash-on-delivery being used widely nowadays. In the next couple of months bigwigs like Reliance Retail, Aditya Birla Retail and Tata's Croma are looking at entering the R2,050 crore e-retailing market, growing at over 30% annually.

Cost Benefits

Manoj Chandra, vice-president, marketing and customer services, Bata India, feels depending on the growth plans, e-commerce revenues can always become an important part of the company's total business as the market is very large. "Our costs are very low, as the system derives huge synergies from existing retail systems. Due to lower operating costs, the online business gives a higher net margin than normal retail," he adds.

Objectives Of The Study

- To draw out, the driving factors for growth of the e-tailing.
- To elucidate the strategic role of e-tailing in achieving the retail organization objectives.

The Fact File

Seeing huge potential in the e-tailing market, early entrants like Shoppers' Stop, Globus, Gitanjali and Futurebazaar are looking at expanding their online presence. Shoppers' Stop is also looking at increasing its reach to more delivery locations, convenient payment methods, and better integration with its stores. Vivek Mathur, vice-president, corporate planning and e-commerce, Shoppers' Stop, says, "We are working on plans to grow this channel more actively over the next few months, including large additions to the product range in terms of the brands and options available to the customer. And also continually working to streamline and improve the user experience and service levels. We are actively engaging with customers on various social media platforms and essentially working towards making a truly integrated multichannel experience."

Growth Drivers of E-Tailing

The key global e-tailing drivers includes, increasing broadband penetration Expansion in e-tailing services is closely correlated with an increase in broadband penetration. Continuing growth in broadband uptake, as well as faster connection speeds, provides support for growth at internet companies. Continuing increased broadband penetration will remain a key factor in the ability of e-tailers to acquire market share at the expense of general retailers.

Better Technology = Better Services

Increased internet connectivity and lower costs of computer processing power are making the mechanics of conducting an e-tailing business easier. The advent of sophisticated software and supporting hardware has allowed e-tailers to study consumer behavior more efficiently, facilitating targeted sales and increased product cross-selling. This gives e-tailers a major and increasing competitive advantage compared to their B&M competitors. Extensive product search, instant product comparison, wide scope of brand selection, easy transacting, and free shipment and flexible sale return policies (within 1-3 weeks time) are more petals of this service flower.

Increased Product Diversity

With e-tailers better understanding customer requirements, online shopping has responded by providing a greater diversity of products and services, include more specific, niche offerings. In the case of a number of very small specialist markets, regarded as either too small or specific for traditional retail outlet viability, the development of online retailing has improved their commercial feasibility, increasing the range of products available online.

More Confidence in Payment Options

Another crucial driver has been improvements in processing payments for transactions. For example, Amazon allows payment using either credit cards or electronic funds transfer.

eBay has implemented PayPal, through which shoppers run a personal online account, enabling them to shop online without disclosing their financial details to retailers. Credit card providers have made advances in security, and increasing consumer familiarity has also improved confidence.

Reducing the Incremental Mark-Up

Majority of Intermediaries are feeling the pinch from manufacturers as the Internet threatens, disintermediation in channel networks allowing the manufacturers to sell direct to the consumers. It is possible to enjoy the cost advantages of direct selling while still maintaining an effective and economic customer service without passing the expense for either on to the consumer. Such a business model sounds too good to be true yet its configuration is simple. The manufacturer initiates a web strategy allowing it to sell direct to the customer reducing the incremental mark-up at intermediate levels.

Recession: A Key Driver:

The protracted weakness in consumer spending has continued to threaten B&M retailers with significant numbers having filed for bankruptcy. Recent B&M bankruptcies are expected to drive more consumers towards e-tailers. According to the Centre for Retail Research, UK consumers spent £38bn online in 2009, a record high 10% of total retail sales. We expect this share to continue to increase, both in the UK and globally. The mobile revolution Smart phones are fast emerging as an alternative computing platform. According to Morgan Stanley, global mobile data users will increase at a CAGR of 29%, reaching 1.1 bn by 2013. This trend could change the dynamics of the e-tailing sector, while there is no consensus on the exact impact.

The Role of Social Sites in Shopping Research:

Today's shopper is savvy with almost black belt certification in researching product and pricing. There is a method to their madness where they are willing to make a significant investment in time when the reward reaped is finding the right product at the right price. Concept of research via social sites and given their continued influence and time spent by consumers in these communities, it appears to be a divide between community and commerce as just significant number of customers take advantage of social sites for research.

Discussion and Recommendations

Large e-tailers have adopted an aggressive M&A strategy in which they acquire specialty e-tailers in order to increase product and service offerings in their existing portfolio and achieve economies of scale. As a result, such companies are able to offer an integrated product portfolio to consumers and increase market penetration. Over the past five years, pure play e-tailers comprised 32% of total deal volume in the e-tailing sector. The sector is competitive, with a number of larger companies offering similar products.

Although price competition (both with B&C and with B&M) is an important element, e-tailers are trying to avoid margin pressure by focusing on differentiation by products and services provided (e.g. through product ratings, product descriptions and pictures, payment options and shipping). For these reasons, e-tailers have become keen to acquire companies which either provide them with new and differentiated product lines or enhance the service they can offer. The leading example, of course, is Amazon.com, which began operations in 1995 as a relatively small online bookseller before growing rapidly to become a multinational e-tailer with a highly diverse and extensive product portfolio. Based on revenue, Amazon.com is now the largest e-tailer in the world, with growth also reflecting the acquisition of multiple e-tailers to expand both geographical penetration (e.g. joyo.com, enabling access to China) and product portfolios (e.g. netflix.com, providing entry to the lucrative DVD rental market and online video services).

What E-Tailers Can Learn From Their Counterparts?

Traditional retailers have several competencies which a pure e-tailer can be hard pressed to match, but which are equally important when competing in a digital format. Two such skills that can prove extremely important to retail success are outlined below:

A) Merchandising Skills and Assortment Planning

One of the core strengths of a good retailer is the ability to plan merchandise assortments based on early detection of customer trends and to source products through a network of trusted suppliers. An efficient supply chain plus the ability to allocate adequate resources to merchandising needs in a timely fashion add to the ability to stay on top of competition.

B) Forecasting and Demand Management

Although many retailers would like to get an accurate handle on future customer demand, only a few have succeeded in harnessing information technology to solve this problem. Matching supply to demand remains one of the most pressing problems for any retail organization. Harnessing the power of information technology through large and accurate data warehouses, and using focused data mining solutions should help both retailers and e-tailers reduce stockouts, manage inventory and respond accurately to customer demand. E-tailers are finding that the process of data collection is more dynamic in a digital environment, but not necessarily easier to analyze or act upon. They have to address problems which have been around in retail operations for a long time, and which critically impact success at the end of the day.

Conclusion

There are several important lessons to be learnt in the transition from bricks and mortar retail to the digital e-tail world. While skills like speed, differentiation, and branding are equally if not more important in the digital world, it is the ability to transform core operations and practices to this new medium which might make the difference between success and failure.

Retailers need to examine the viability of such a transition, and look into the synergies of using the new channel of e-tail. E-tailers, on the other hand, need to revisit some basic retail functions, and develop further competencies in the areas of merchandising and demand forecasting, then, it can be a new success mantra of any retailer.

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PERFORMANCE EVALUATION OF RISK AND RETURN IN MUTUAL FUND

E.Shyamala[1] Dr. A.A.Ananth[2]

Abstract

This study was undertaken to know the risk and return involved in various schemes. The performance evaluation of Indian mutual funds in a bear market is carried out through relative performance index, risk and return analysis. The sources of date is collected from website of Association of mutual funds in India (AMFI). This study period is conducted based on the data from April 2012-2013.

Key words: *Mutual Fund, Risk and Return Analysis, Asset Management Company Limited*

Introduction

In this study, the mutual funds, schemes are provide good return with reasonable risk. I have comprehensively studied the risk, return and awareness about mutual fund and performance of the investor in various ways of investment avenues.

Statement of the problem

In the current economic scenario interest rates and economic conditions are falling and fluctuations. So, investors have more confusion. While selecting investment avenue this is primarily, because investments are risky in nature and investors have to consider various factors investing in investment avenues. The study aims to compare this risks, returns, and liquidity about mutual fund schemes among the investors.

Objectives of the study

- To measure the risk and return in each selected funds.
- To suggest measures to reduce the risk of investors.

Need of the study

This Study will enrich the investors in gaining risk adjusted return. To accomplish this, a study has been made to analyze the portfolio performance of top performing funds in under Asset Management Company Limited. Mutual Fund has the highest Profitable returns and it is given expected returns to the unit holders

Literature Review

IPOs and Mutual Fund Returns (Richard J. Buttimer Jr., 2001)

Research on mutual fund performance has ignored the impact of initial public offering on mutual fund performance. We show that the real estate mutual funds returns, at least in the 1990's, are almost entirely a function of REIT IPO returns, and that, after controlling for the REIT IPO returns, the real estate mutual funds exhibit no sensitivity to the Fama-French or momentum factors. We find that while REIT IPOs exhibited statistically significant long-run abnormal performance, real estate mutual funds did not.

Predicting Mutual Fund Performance: A portfolio commonality Approach (Louis T.W.Cheng , 2003)

In order to outperform his peers, a mutual fund manager may decide to invest in stocks that are considerably different from his competitors. By investing in a unique portfolio, the fund manager has a greater chance of either outperforming or underperforming his peers than those managers who invest in a common portfolio (i.e., herding). This study finds some evidence that mutual funds with unique portfolios tend to earn higher returns on an absolute and a risk-adjusted basis, compared to funds that invest in more common portfolios. The results demonstrate some empirical supports for our hypothesis for both six-month and one-year holding periods as well as for growth and growth/income funds. We conjecture these results are consistent with the argument that fund managers investing in uncommon portfolios possess superior stock selection ability. Consequently investing in these undervalued stocks significantly improves their fund returns.

Research Methodology

Research Design

This research design is an analytical research, analytical research is primarily concerned with testing hypothesis and specifying and interpreting relationships, by analyzing facts information already available. Explains cause and effect relationship among the variables, analyzing how one variable control over the other by

[1] Research Scholar, Department of Business Administration, Annamalai University, Chidambaram, Tamil Nadu
[2] Associate Professor, Department of Business Administration Annamalai University, Chidambaram, Tamil Nadu

testing hypothesis. Analysis the situation and make a critical evaluation.

Data Collection for Research

The Secondary data for this study was collected from newspapers, books, magazines, the Internet, mutual fund prospectus, offer documents, fact sheets, memorandums and other literatures.

The data are collected from www.amfiindia.com and the values of the S&P CNX Nifty, CNX Midcap, and BSE 200 were collected from nseindia.com., bseindia.com.

Size of Data

The study concentrates on selected 3 performing funds of Mutual funds as they dominate the market. The researcher has selected 3 performing funds in the year from April 2012 to Mach 2013. The sampling is selected by the based on **Judgemental** sampling.

- HDFC midcap opportunity
- Miraeindia opportunity RP(G)
- Axis Long term equity fund

Tools used in the Study

To find out the best Performing Funds to be invested right now in India, the top 3 Funds were chosen based on their NAV's. These 3 funds were analyzed on the following parameters:

- Standard Deviation.
- Beta.
- The Sharpe ratio.
- The Treynor measure.
- Jensen's Alpha

Limitations of the study:

- The study based on the past data which may not guarantee to the future performance of the market.

Data Analysis and Interpretation:

Risk and Return comparison of HDFC Midcap Opportunity portfolio with Nifty:

Table No: 1

MEASURES	PORTFOLIO	NIFTY
Monthly Average Return	0.0021	-0.0019
SD	0.0359	0.0804
Beta	0.8646	1
Jensen's Alpha	-0.01	0.4
Sharper	-2.991	-2.2854
Treynor	-0.1425	-0.0665

Inference:

The above table reveals that this fund has positive return 0.0021 even the market return has also negative return -0.0019. The portfolio risk was slightly greater than the market risk. Here Beta is 0.8646 which is lesser than 1.00 is referred to as a defensive portfolio. It shows that this portfolio has to give 2% of the market return .But it has given high return when compared to market. The sharper ratio of portfolio -2.991. While market ratio is -2.2854. Based on this the portfolio was able to generate a negative return on a risk adjusted basis return. The Jensen's alpha of the fund is -0.01 negative returns a treynor of 0.4 has market positive return relative to related risk.

Risk and Return comparison of Axis Long Term Equity Fund portfolio with Nifty:

Table No: 2

MEASURES	PORTFOLIO	NIFTY
Monthly Average Return	0.008	0.006
SD	0.163	0.175
Beta	0.340	1
Jensen's Alpha	-0.05	-0.01
Sharper	-0.514	-0.543
Treynor	1.167	1.20

Inference:

The above table reveals that this fund has positive return 0.008 even the market return has also positive return 0.006. The portfolio risk was slightly lesser than the market risk. Here Beta is 0.340 which is lesser than 1 is referred to as a defensive portfolio. It shows that this portfolio has to give 1% of the market return .But it has given high return when compared to market. The sharper ratio of portfolio -0.514 while market ratio is -0.543. Based on this the portfolio was able to generate a negative return on a risk adjusted basis return. The Jensen's alpha of the fund is -0.026 negative return a treynor of 1.167 has market negative return relative to related risk.

Risk and Return comparison of Mirae India Opportunity Fund portfolio with Nifty:

Table No:3

MEASURES	PORTFOLIO	NIFTY
Monthly Average Return	0.005	0.004
SD	0.037	0.037
Beta	1.039	1
Jensen's Alpha	0.004	0.002
Sharper	-2.447	-2.998
Treynor	-0.043	-0.074

Inference:

The above table reveals that this fund has Positive return 0.005 even the market return has also Positive return 0.004. The portfolio risk was slightly lesser than the market risk. Here Beta is 1.039 which is lesser than 1 is referred to as a defensive portfolio. It shows that this portfolio has to give 1% of the market return .But it has given high return when compared to market. The sharper ratio of portfolio -2.447 while market ratio is -2.998. based on this the portfolio was able to generate a negative return on a risk adjusted basis return. The Jensen's alpha of the fund is 0.004 positive returns a treynor of -0.074 has market Negative return relative to related risk.

Findings of the study:

- From the schemes we have taken for our study we observed that Birla HDFC Midcap Opportunity, Mirae India Opportunity Regular Plan growth, Axis Long Term Equity Fund, these schemes were performing well there is a strong portfolio management policies behind the success of the above said funds.
- Top performing schemes having positive relationship between movements of Nifty Vs NAV and another one Sensex Vs NAV return and also fluations in the last year.
- Mirae India Opportunity Regular Plan growth had a very good jensen alpha of 0.004 which has very high as compare to other mutual funds schemes and HDFC Midcap Opportunity is the only fund had negative Jensen alpha.
- Axis Long Term Equity fund had highest risk of 16.3% and only one fund had risk higher than the market.
- Axis Long Term Equity fund performed well in giving expected returns in last year as per treynor ratio.
- Axis Long Term Equity fund performed well in giving expected returns in last year as per sharper ratio.

Suggestions of the study:

- Economic crisis and other factor affect the market. So the investor should carefully chose scheme and invest.
- The performance of the funds depends on the market conditions, so the fund managers must consider the market movements when funds are allotted.
- Some good news must be given to the public for the better performances of funds.
- The percentage of funds invested by fund managers must be in balanced form to avoid high volatility.
- It is suggested to invest in fund where the volatility is minimum. Because high volatility some time produces more gain and also more loss to the investor must carefully watch the volatility of performance of funds before investing in any mutual funds.
- In order to give maximum return to the investor the company should control over cost of managing the funds.
- Risk adverse investors may look for schemes having less equity exposure like balanced schemes and debt mutual funds than pure equity.

Conclusion:

Today, the people are finding the best alternative way to invest their money in trading and the investors have confidence, which paves them to invest their money in mutual fund market to earn more return on short term and long term basis. As the level of risk is known before to the investor while trading, investors can earn good profit, with minimum risk.

The study has come up with the various suggestions that can be used by the company to help the investors to earn good rate of return.

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Primax International Journal of Commerce and Management Research Print ISSN: 2321-3604

INDIVIDUAL INVESTORS' AWARENESS ON THE INVESTMENT AVENUES-A STUDY WITH SPECIAL REFERENCE TO CUDDALORE DISTRICT, TAMILNADU

S. Ramprasath[1] **Dr. B. Karthikeyan**[2]

Abstract

This study mainly focuses on the awareness of the individual investors in cudddalore District on select investments avenues and the risk and return associated with them.Besides this an attempt has also been made to know the investment preference of the individual investors in the study area. The study has been conducted among 700 investors in different parts of cuddalore District. The collected data have been analysed with the help of SPSS package. Statistical tools such as Regression analysis, One- way analysis and percentages have been used to analyse the collected data. Regression, one- way analysis have been used to analyse the significant relationship between certain demographic variables and investment awareness variables. The study reveal that individual investors in the Cuddalore district have preferred bank deposits (87.1 per cent), bullion (78.2 per cent) and post office small savings (52.8 per cent) as investment avenues in the order of priority. Majority of the individual investors in the study area are not fully aware of the existence of demat account, credit rating agencies and tax deduction of source.

Investment

An investor has different investment avenues to park his/her hard earned savings. Investment is the current commitment of money or other resources in the expectation of repairing future benefit. An investor has different investment avenues to park his/her hard earned savings. Investment is the current commitment of money or other resources in the expectation of repairing future benefit. Investment is the allocation of monetary resources to assets that are expected to yield some gain or positive return over a given period of time. It is an important means for channelizing the savings into the development of the economy.

Objectives of the study

The specific objective of this study is to examine the awareness of the individual investors' in cuddalore district on the investment avenues and risk return associated with them. However the study has the following specific objectives.

- To assess the level of awareness of the individual investors in cuddalore district.
- To know which assets (physical/financial) are preferred by the Individual investors in cudddalore district.

Hypotheses of the study

H_o: There is no association between level of awareness of the individual investors in cuddalore district and their educational status.

$H_{o:}$ There is no significant difference among the different annual income group of Individual investors in cuddalore district towards level of awareness on financial assets/ physical assets.

Research methodology

The study has been conducted among 700 individual investors in different parts of cuddalore District. The sample individual investors were selected by adopting convenience sampling method. Primary data relating to the study were collected by using questionnaire method. The questionnaire contains two parts. Part A contains the questions which are related to demographic variables. Part B contains questions relating to awareness of the individual investors on select investments. The collected data have been analysed with the help of SPSS package. Statistical tools such as Regression analysis, one- way analysis and percentages have been used to analyse the collected data. Regression, one- way analysis have been used to analyse the significant relationship between certain demographic variables and investment awareness variables.

Data Analysis

The demographic profile of the individual investors in Cuddalore district is explained in the following Table.

[1] Ph.D Research scholar, Department of Commerce, Annamalai University, Tamil Nadu.
[2] Assistant Professor, Department of Commerce, Annamalai University, Tamil Nadu, India.

TABLE 1

Demographic Profile of the Individual Investors

	Demographic Variables	No. of theRespondents	Percentage
Gender	Male	494	70.6
	Female	206	29.4
Age (in years)	Less than 25	56	8.0
	26-35	272	39.0
	36-45	228	32.5
	46-55	112	15.9
	Above 56	32	4.6
Education Qualification	Uneducated	116	16.6
	Primary school	180	25.7
	High school/H.S.C	164	23.4
	Degree	100	14.3
	PG Degree	114	16.3
	Diploma/ITI/Others	26	3.7
Occupational Status	Farmer	204	29.1
	Homemaker	62	8.9
	Employed	258	36.9
	Businessman	96	13.7
	Professional	32	4.6
	Retired Persons	22	3.1
	Others	26	3.7
Marital Status	Married	560	80.0
	Unmarried	140	20.0
No. of Members	Less than 2	46	6.6
	3-5	524	74.8
	Above 5	130	18.5

Source: *Primary data*

Out of the 700 individual investors70.6percentage of them belong to male category and the remaining belong to female category.39.0 per cent of the individual investors are in the age group of 26-35 years. Around 50 per cent of the individual investors in this district are having school level education only. A considerable number of respondents (258) are employees. Around 72 per cent of the respondents fall in the annual income category of less than Rs.1, 20,000. Majority of the sample respondents (80.0 per cent) are married. Majority of the respondents' family contains 3-5 members.

Individual investors have various investment avenues to invest their hard earned money. Even though the researcher listed out the ten popular investment avenues viz., post office small savings schemes, bank deposits, company deposits, chit fund, life insurance policies, mutual fund, corporate securities(shares/ debentures/ bonds), government bonds, bullion(gold/ silver), real estate and asked the individual investors to mention in which of them they have parked their hard earned money. For research purpose the all the ten investments have been classified as financial assets and physical assets. Their investment preference have been given in the following Table.

TABLE: 2 Investment Pattern of Individual Investors

Sl. No.	Investment Avenues	Present Investment
	Financial Assets	
1	Post Office Small Savings Schemes	370 (52.8)
2	Bank Deposits	610 (87.1)
3	Company Deposits	96 (13.7)
4	Chit Fund	164 (23.4)
5	Life Insurance Policies	354 (50.7)
6	Mutual Fund	62 (8.8)
7	Corporate Securities(Shares/ Debentures/ Bonds)	54 (7.7)
8	Government Bonds	70 (10.0)
	Physical Assets	
9	Bullion(Gold/ Silver)	548 (78.2)
10	Real Estate	206 (29.4)

Source: Primary data

From the above Table 2 it is crystal clear that out of the 700 individual investors in Cuddalore district 87.1 per cent of them have invested in bank deposits, 78.2 per cent of them have invested their hard earned savings in bullion (gold/silver), 52.8 have deposited their money in the post office small savings schemes, 50.7 per cent of them have preferred life insurance policies, 29.4 per cent of them have invested in real estate, 23.4 per cent of them have preferred chit fund, 13.7 per cent of them have invested in company deposits at present. 10.0 per cent of them have opted for Government bonds, 8.8 per cent of them have preferred 'mutual fund' schemes, and 7.7 per cent of them have purchased corporate securities which include shares, debentures and bonds. Hence it is concluded that bank deposits, bullion (gold/ real assets), life insurance policies, post office small savings schemes have been preferred by 86.6 per cent 77.0 per cent, 52.6 per cent, 52.3 per cent of the individual investors respectively.

In the present global scenario the individual investors should be aware of about Dematerialization account (Demat account), credit rating agencies, Securities and Exchange Board of India (SEBI), Tax Deduction at Source (TDS), Post Office Small Savings Schemes are Guaranteed by Central Govt. The level of awareness of the individual investors are given below.

TABLE: 3 Awareness

SL. No		Fully Aware	Very little Unaware	Little Aware	Very Little Aware	Fully Unaware	Total
1	Demat Account	34 (4.9)	28 (4.0)	64 (9.1)	60 (8.6)	514 (73.4)	700 (100)
2	Credit Rating Agencies	22 (3.1)	20 (2.9)	54 (7.7)	68 (9.7)	536 (76.6)	700 (100)
3	SEBI	54 (7.7)	16 (2.3)	94 (13.4)	216 (39.0)	320 (45.6)	700 (100)
4	TDS	60 (8.6)	50 (7.1)	64 (9.1)	136 (19.4)	390 (55.7)	700 (100)
5	Post Office Small Savings Schemes are Guaranteed by Central Govt.	94 (13.4)	84 (12.0)	186 (26.6)	242 (34.6)	94 (13.4)	700 (100)

Source: Primary data

Demat Account

Out of the 700 sample individual investors 73.4 per cent of them are fully unaware, 9.1 per cent of them are little aware, 8.6 per cent of the individual investors are very little aware and 4.9 per cent of the respondents are fully aware, 4.0 per cent of the individual investors are very little unaware about the Demat account. Hence it is concluded that majority of the sample individual investors (73.4 per cent) are fully unaware of about the Demat account.

Credit Rating Agencies

For the factor credit rating agencies out of the 700 individual investors 76.6 per cent of them are fully unaware, 9.7 per cent of them are very little aware, 7.7 per cent of them are little aware, 3.1per cent of the individual investors are fully aware, 2.9 per cent of the individual investors are very little unaware of about the credit rating agencies. Hence it is c oncluded that majority of the sample respondents (76.6 per cent) are fully unaware of about the credit rating agencies.

SEBI

For the factor “SEBI” 45.6 per cent of the individual investors are fully unaware, 39.0 per cent of them are very little aware, 13.4 per cent of them are little aware, 7.7 per cent of them are fully aware and 2.3 per cent of the individual investors are very little aware about the existence of SEBI. Hence it is concluded that around 46 per cent of the sample individual investors are unaware of about the existence of SEBI.

TDS

It is crystal clear that out of the 700 individual investors 55.7 per cent of them are fully unaware, 19.4 per cent of them are very little aware, 9.2 per cent of the individual investors are little aware, 8.6 per cent of the respondents are fully aware and 7.1 per cent of the respondents are very little unaware about the tax deduction at source. Hence it is concluded that majority of the individual investors are unaware of about the tax deduction at source.

Post Office Small Savings Schemes are guaranteed by Central Govt.

out of the 700 sample 34.6 per cent of the individual investors are very little aware, 26.6 per cent of the respondents are little aware, 13.4 per cent of the respondents are fully aware, another 13.4 per cent of the individual investors are fully unaware, 12.0 per cent of the respondents are very little unaware about the features of post office small savings schemes. Hence it is concluded that the level of awareness on post office small savings schemes is somewhat encouraging when the responses under fully aware, very little aware and little aware.

The researcher has framed and tested two hypotheses which are given below.

Hypothesis: There is no association between level of awareness of the individual investors in Cuddalore district and their educational status.

TABLE 4 Result of Regression Coefficient Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	0.409[a]	0.167	0.161	1.423

a. Predictors: (Constant), Post Office Small Savings Schemes are Guaranteed by Central Govt., Credit Rating Agencies,TDS, SEBI, Demat Account

ANOVA[b]

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	282.488	5	56.498	27.897	0.000a
Residual	1405.512	694	2.025		
Total	**1688.000**	**699**			

a. Predictors: (Constant), Post Office Small Savings Schemes are Guaranteed by Central Govt., Credit Rating Agencies , TDS, SEBI, Demat Account

b. Dependent Variable: Occupational Status of the Respondents

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	2.234	0.144		15.527	0.000
Demat Account	0.020	0.087	0.014	0.227	0.821
Credit Rating Agencies	-0.044	0.092	-0.028	-0.483	0.629
SEBI	-0.004	0.075	-0.003	-0.050	0.960
TDS	0.545	0.057	0.458	9.519	0.000
Post Office Small Savings Schemes are Guaranteed by Central Govt.	-0.161	0.052	-0.127	-3.120	0.002

a. Dependent Variable: Occupational Status of the Respondents

From the above tables, it is found that R^2value is 0.167, which shows significant as the F statistic is significant. It may be concluded that only 1 per cent of the total variation in 'y' is accounted for the explanatory variable (level of awareness). Hence the proposed hypothesis is rejected. It is concluded that there is an association between the level of awareness of the individual investors on Post Office Small Savings Schemes are guaranteed by Central Govt., Credit Rating Agencies, TDS, SEBI, Demat Account and their educational status.

An investor has various alternative avenues of investments for his savings to flow in accordance with his preference. Even though savings are invested in assets depending upon their risk and return characteristics. The objective of investors should be to minimize the risk involved in investment and maximise the return the individual investors should be aware of the risk and return associated with the investment avenue which he has preferred. In this part the researcher has made an attempt to assess the level of awareness of the individual investors and the responses are tabulated below.

TABLE: 5

Level of Awareness on the Risk and Return Associated with the Investment Avenues

SL. No.	Investment Avenues	Level of Awareness					
	Financial Assets	**Fully Aware**	**Very little Unaware**	**Little Aware**	**Very Little Aware**	**Fully Unaware**	**Total**
1	Post Office Small Savings Schemes	146 (20.8)	56 (8.0)	212 (30.3)	226 (32.3)	60 (8.6)	700 (100)
2	Bank Deposits	276 (39.4)	106 (15.1)	206 (29.4)	88 (12.6)	24 (3.4)	700 (100)
3	Company Deposits	28 (4.0)	26 (3.7)	36 (5.1)	54 (7.7)	556 (79.4)	700 (100)
4	Chit Fund	62 (8.9)	58 (8.3)	110 (15.7)	150 (21.4)	320 (45.7)	700 (100)
5	Life Insurance Policies	134 (19.1)	76 (10.9)	128 (18.3)	166 (23.7)	196 (28.0)	700 (100)
6	Mutual Fund	26 (3.7)	14 (2.0)	64 (9.1)	78 (11.1)	518 (74.0)	700 (100)
7	Corporate Securities(Shares/ Debentures/ Bonds)	24 (3.4)	20 (2.9)	34 (4.9)	48 (6.9)	574 (82.0)	700 (100)
8	Government Bonds	26 (3.7)	10 (1.4)	42 (6.0)	90 (12.9)	532 (76.0)	700 (100)
	Physical Assets						
9	Bullion(Gold/ Silver)	562 (80.3)	76 (10.9)	48 (6.9)	14 (2.0)	0	700 (100)
10	Real Estate	334 (47.7)	134 (19.1)	136 (19.4)	56 (8.0)	40 (5.7)	700 (100)

Source: Primary data

The above Table exhibits that out of the 700 individual investors majority of them (80.3 per cent) are fully aware of about the risk and return associated with bullion (gold/silver). Similarly 82 per cent, 79.4 per cent, 76 per cent 74.1 per cent of the individual investors have expressed that they are fully unaware of about the risk and return associated with corporate securities (shares/ debentures/ bonds), company deposits, government bonds and mutual fund respectively. It may be concluded that out of the 10 listed invested avenues, the level of awareness on risk and return on bullion (gold/silver) is high, (80.3 per cent) followed by real estate (47.7) and bank deposits (39.4 per cent).

Annual Income of the Individual Investors and Their Level of Awareness Associated with Investment Avenues

Hypothesis : There is no significant difference among the different annual income group of individual investors towards level of awareness on financial assets/physical assets.

TABLE 6

Results of the Mean, And Standard Deviation One- Way Analysis

Financial Assets	N	Mean	Std. Deviation
Post office Small Savings Scheme	370	2.72	1.049
Bank Deposits	610	3.01	0.973
Company Deposits	96	2.00	0.940
Chit Fund	164	2.43	1.039
Life Insurance Policies	354	3.28	1.031
Mutual Fund	62	2.48	1.141
Corporate Securities(shares/ bonds/ debentures)	54	2.22	1.076
Government Bonds	70	2.09	1.004
Bullion (gold /silver)	548	2.84	1.089
Real Estate	206	2.81	1.177

ANOVA[b]

Model	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	207.862	3	69.287	2.521	.059
Within Groups	5495.825	200	27.479		
Total	**5703.686**	**203**			

The above Tables shows the results of the mean, standard deviation and 'F' value of the investor according to their annual income towards the constraints in individual investors. In order to confirm the result and to know the significant difference among the respondents one-way analysis of variance is used. The obtained 'F' value is 2.521 and the 'p' value is 0.059. Hence, the proposed null hypothesis is rejected. This means that there is a significant difference among the individual investors who belong to different income group and their level of awareness on financial assets/ physical assets.

Major Findings

The important findings of the study are presented below.

- 70.6percentage of the investors belong to male category and the remaining belong to female category.
- 39.0 per cent of the respondents are in the age group of 26-35 years.
- 25.7 per cent of the respondents are having primary level of education.
- 36.9 per cent of the respondents are private sector employees, 29.1 per cent of the respondents are farmers.
- 36.1 per cent of the respondents fall in the annual income group of 60,001 –1, 20,000, 35.7 per cent of the respondents fall in the annual income group of below 60,000.
- 80.0 per cent of the respondents are married and 20.0 per cent of the respondents are unmarried.
- 74.8 per cent of the respondents have stated that their family contains 3-5 members.
- Majority of the sample individual investors (73.4 per cent) are fully unaware of about the Demat account.76.6 per cent of the individual investors are fully unaware of about the Credit rating agencies.46 per cent of the sample individual investors are unaware of about the existence of SEBI.55.7 per cent of the individual investors are unaware of about the Tax Deduction at source. The level of awareness on post office small savings schemes is somewhat encouraging when the responses under fully aware, very little aware and little aware.
- There is an association between the level of awareness of the individual investors on Post Office Small Savings Schemes are guaranteed by Central Govt., Credit Rating Agencies, TDS, SEBI, Demat Account and their educational status.
- Out of the 10 listed invested avenues, the level of awareness on risk and return on bullion (gold/silver) is high, (80.3 per cent) followed by real estate (47.7) and bank deposits (39.4 per cent).
- There is a significant difference among the individual investors who belong to different income group and their level of awareness on financial assets/ physical assets.

Conclusion

Findings of the study reveal that individual investors in the Cuddalore district have preferred bank deposits (87.1 per cent), bullion (78.2 per cent) and post office small savings (52.8 per cent) as investment avenues in the order of priority. Majority of the individual investors in the study area are not fully aware of the existence of demat account, credit rating agencies and tax deduction of source. Besides this out of the ten listed investment avenues the level of awareness of the individual investors in the study area is high on bullion (80.3 per cent), followed by real estate (47.7 per cent) and bank deposits (39.4 per cent). It is concluded that awareness may be created among the individual investors in the Cuddalore district about the investment related matters by the NGOs and the concerned organizations.

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MAN MADE CAUSES OF DISASTER

N. Jayalakshmi[1]

Abstract

Man cannot live a life divorced from environment. Environment and man has to co-exist, thus this is the great challenge to man. Man has to keep pace with environment and with the fundamental law of the nature. If man tries to replace nature or initiate any deliberate change in the laws of nature, environment would be merciless on us and create disaster and would set the dharma of nature into motion. When such stressful condition is created by nature, man is a mute witness to various impacts that it creates. Thus a study on the impact of disaster and how such impact can be reduced or what measures should the laws adopt, and what are the policies required along with the management of such situation is the concentration of this further study.

Introduction

We live in a fragile society, on the dangerous surface of our changing earth[2]. The earth is a naturally dynamic world[3], if the environmental change is gradual and continues for a long time, the system adjusts to it through normal processes of collective decision making and change in role system. But if the change is rapid, it disrupts these processes and creates new ones, which call into being an "emergency social system"[4].

Many events in nature are chance occurrences, like earth quakes or tornado, which could happen with violence and more than once, but without any regular interval. These are called natural hazards. When these meet the unprepared societies, disaster happens[5]. The functioning of the society is from time to time disturbed by such occurrences as pestilences, floods, fires, famines, storms, earthquakes, volcanic eruptions and large scale industrial accidents. Property is destroyed and lives are lost in such disasters and there are social complications of peculiar character[6].

Disasters occur rapidly, instantaneously and indiscriminately[7]. Disasters may range from few seconds to many years and the severity of the effects of a disaster may vary according to the degree to which man has created an environment susceptible to damage[8]. A disaster is an occurrence arising with little or no warning, which causes or threatens serious disruption of life and perhaps death or injury to large number of people[9].

Objective of the Study

1. The study aims at understanding the concept of disaster.
2. To understand the man made causes of disaster.
3. The research is an attempt to prepare the people to fight further natural disaster in an effective manner with the best available resources by understanding the manmade reasons for such disaster.
4. The study aims at educating people as to how they contribute for disaster.

Hypothesis

Natural Disaster has caused havoc and destruction to property, environment and sufferings to human beings and India has been a vulnerable state. As a result there is a need to develop a comprehensive legislation, effective enforcement mechanism and managerial framework to respond to such natural disaster.

Scope & Limitations: The scope of the study is limited to natural disaster like tsunami, earthquake, droughts etc. The study is to analyze the man made causes that lead to the adversities by the disaster, but the first hand information and on the spot data is very difficult to obtain as it is a situation of physical and psychological stress, as human emotions are involved, it's impossible to learn about the situation in depth.

Sources of Data:

Sources of data for the most part of this research paper are secondary and heavy dependency is placed on the

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5. Satyesh C. Chakraborty, Natural Hazards and Disaster Management, August 2007, Pragatishil Prokashak, 37A, College Street, Kolkata – 73, p. 11
6. Encyclopaedia of the Social Sciences, Volume – 5, Editor in Chief Edwin. R.A. Seligman, The Mac Millan Company, MCMLIIII, New York, November 1937, p. 161

secondary sources such as books, journals and the online data base materials are extensively used to bring out this research.

Definitions

Etymologically the word is derived from Middle French *de'sastre* and that from old Italian *disastro*, which in turn comes from the Greek pejorative prefix (*dus*) "bad"[10](*aster*) "star"[11] (The root of the word disaster comes from an astrological theme in which the ancients used to refer to the destruction of deconstruction of a star as a disaster.

The **American People Encyclopedia** defines Disaster as an unforeseen event that causes large scale property damage or loss of life. A disaster usually results primarily or directly from natural rather than from man-made causes. Disaster may be of such great proportion that they affect the general course of history.[12]

The **Oxford English Dictionary** defines the word disaster as one which is derived from 16th century French word "*desastre*". *Desastre* is a combination of two terms "*Des*" and "*Astre*". Des means bad or evil and Astre means star. Thus Desastre signifies a Bad Star or Evil Star. Disaster therefore, was implying loss or damage occurring due to some unfavourable star.[13]

WHO defines disaster as "any occurrence that causes damage, ecological disruption, loss of human life, deterioration of health and health services, on a scale sufficient to warrant on extraordinary response from outside the affected community or area"

- A disaster is an overwhelming ecological disruption occurring on a scale sufficient to require outside assistance.
- A disaster is an event located in time and space which produces conditions whereby the continuity of structure and process of social units becomes problematic.
- It is an event or series of events which seriously disrupts normal activities.[14]

The term disaster may be defined as an unexpected happening, causing a huge loss of life and property. Major disaster may be defined as those causing at least one of three consequences which are as follows:

(a) Causing damage to more than 1 percent of Gross National Product

(b) Causing death of more than 100 persons at a time and place

(c) Affecting more than 1 percent of the total population in an area.[15]

On analyzing various definitions on disaster we may conclude that disaster has huge impact on human beings as their life is torn apart from this phenomenal event. It disturbs the equilibrium of the society in short span of time leaving the picture of instability and instills fear in human mind. Disaster reiterates the theory of Charles Darwin, i.e., the survival of the fittest. An implication of the disasters reminds one of the constant contradictions between the environment and human being.

Man Made Causes Of Disaster

The magnitude of each disaster, measured in deaths, damage, or costs for a given developing country increases with the increased marginalization of the population. This is caused by a high birthrate, problems of land tenure and economic opportunity, and the lack or misallocation of resources to meet the basic human needs of an expanding population[16].

Poverty: The most important single influence on the impact of a disaster is poverty. All other factors could be lessened if the affected population were not also limited by poverty. Virtually all disaster studies show that the wealthiest of the population either survive the disaster unaffected or are able to recover quickly. Across the broad spectrum of disasters, poverty generally makes people vulnerable to the impact of hazards.

Poverty explains why people in urban areas are forced to live in hills that are prone to landslides, or why people settle near volcanoes or rivers that invariably flood their banks. Poverty explains why droughts claim poor peasant farmers as victims' as rarely the wealthy, and why famines more other than not are the result of a lack of purchasing power to buy food rather than an absence of food. Increasingly, poverty also explains why many people are forced to move from their homes to other parts of their countries or even across borders to survive. Such crisis-induced migration poses considerable challenges both in terms of immediate assistance to the displaced and of longer-term development.

Population Growth: There is an obvious connection between the increase in losses from a disaster and the

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7. Dr. S.R. Singh, Disaster Manager, A.P.H Publishing Corporation, 4435-36/7, Ansari Road, Darya Ganj, New Delhi, 110 002, 2008, p. 1.

8. International Encyclopedia of the Social Sciences, Volume 3 &4 complete and unbridged, David L. Sills, Editor, The Macmillan Co and The Free Press, New York, Collier – Mac Millian Publishers, 1968, by Crowell Collier and Mac Millan London, Reprint Edition 1972, p. 202

9. Nikuj Kumar, Disaster Management, Alfa Publication, 4398/5, Ansari Road, Daryaganj, New Delhi, First Edition 2006, p.1.

increase in population. If there are more people and structures where a disaster strikes, then it is likely there will be more of an impact. The growth of population has been so spectacular that it is inevitable that more people will be affected by disaster because more will be forced to live and work in unsafe areas. Increasing numbers of people will be competing for a limited amount of resources (such as, employment opportunities, and land), which can lead to conflict. This conflict may result in crisis-induced migration. Such growth occurs predominantly in developing countries, resulting in various contributors to disasters.[17]

Rapid Urbanization: Rapid population growth and migration are related to the major phenomenon of rapid urbanization. This process is also accelerated in developing countries. It is characterized by the rural poor or civilians in an area of conflict moving to metropolitan areas in search of economic opportunities and security. These massive numbers of urban poor increasingly find fewer options for availability of safe and desirable places to build their houses. Here again, competition for scarce resources, an inevitable consequence of rapid urbanization, can lead to human-made disasters.

Many landslides or flooding disasters are closely linked to rapid and unchecked urbanization, which forces low-income families to settle on the slopes of steep hillsides or ravines, or along the banks of flood-prone rivers. Many earthquakes victims in urban areas have been impoverished families whose sites have failed rather than their houses, usually through landslides onto the house or out from under it.[18]

Transitions in Cultural Practices: Many of the inevitable changes that occur in all societies lead to an increase in the societies' vulnerability to disasters. Obviously, all societies are constantly changing and in a continual state of transition. These transitions are often extremely disruptive and uneven, leaving gaps in social coping mechanisms and technology. These transitions include nomadic populations that become sedentary rural people who move to urban areas, and both rural and urban people who move from one economic level to another. More broadly, these examples are typical of a shift from non-industrialized to industrializing societies. One example of the impact of these transitions is the introduction of new construction materials and building designs in a society that is accustomed to traditional materials and designs. This often results in new materials being used incorrectly. In disaster prone areas, inadequate new construction techniques may lead to houses that cannot withstand earthquakes or wind storms.

Lack Of Awareness And Information: Disasters can also happen because people vulnerable to them simply did not know how to get out of harm's way or to take protective measures. This ignorance may not necessarily be a function of poverty, but a lack of awareness of what measures can be taken to build safe structures on safe locations. Perhaps some people did not know about safe evacuation routes and procedures. Other populations may not know where to turn for assistance in times of acute distress. Nevertheless, this point should not be taken as a justification for ignoring the coping mechanisms of the majority of the people affected by disasters. In most disaster-prone societies, there is a wealth of understanding about disaster threats and responses. This understanding should be incorporated into any efforts to provide external assistance.

Environmental Degradation Many disasters are either caused or exacerbated by environmental degradation. Deforestation leads to rapid rain runoff, which contributes to flooding. The destruction of mangrove swamps decreases a coastline's ability to resist tropical winds and storm surges. The creation of drought conditions – and the relative severity and length of time the drought lasts – is mainly a natural phenomenon. Drought conditions may be exacerbated by: poor cropping patterns, overgrazing, the stripping of topsoil, poor conservation techniques, depletion of both the surface and subsurface water supply, and, to an extent, unchecked urbanization. [19]

Problems of Environmental Degradation

Acidification: Acidification is yet another important problem of environmental degradation. According to Pearson (1987), acidification has created potential danger to our environment since 1960s when Scandinavian Ecologists drew attention to declining fish stocks as the precipitation was becoming progressively more acidic.

Scientific uncertainties about acid rain, however, persist. In the case of forest damage, the contribution of acid rain is hard to isolate from other stresses such as drought, fire and pests that figure heavily in forest health.

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It has been established by scientists that acid rain leaches as much as 50 percent of the calcium and magnesium from forest soils; these are crucial minerals which buffer or neutralize acids and are essential for plant growth. If soil chemistry is changed dramatically in this way, it may take many decades for all the linked ecosystems to recover.

Salinisation: Salinisation is also one of the important problems degrading the local and regional environment at a faster pace. After the Industrial Revolution, there had been an increasingly more use of chemical fertilizers in agriculture. The application of nitrate, phosphate and potassic fertilizers after the Second World War has changed the soil chemistry. Although the production of cereals and other crops has enhanced, these fertilizers are depleting the health of the soil. Consequently, many wetland habitats, along with fauna and flora, suffered a detrimental change.

Deforestation: Under the growing pressure of population in the developing countries as well as industrialization, urbanization and consumerism in the developed countries, there is large-scale deforestation in the tropical and temperate areas of the world. Deforestation is one of the leading causes of environmental degradation. The need for more agricultural land, increasing demand for fuel and commercial wood and for beef and mutton as well, can be fulfilled by replacing forests with clear grazing and agricultural lands. Deforestation appears to be beneficial to a country because it raises GNP through the production of pulp, paper, furniture, and charcoal. However, GNP does not measure the negative impacts of deforestation, such as erosion, flooding, siltation and malnutrition.

Soil Erosion: Soil is a complex mixture of rock particles, organic material, living organisms, air and water. Under natural conditions, soil is constantly being formed by the physical and chemical decomposition of rock material and by the decay of organic matter.

Soil erosion not only affects the areas from which soil is removed but also the environment where it is deposited. Such deposits, if take place in lakes, swamps and ponds, destroy the aquatic ecosystems by adding more nutrients, notably nitrogen and phosphorous.

Desertification: The causes of desertification are numerous. Climatic change is one of them, yet the increasing human pressure exerted through overgrazing, deforestation for fuel wood and timber, and expansion of agriculture in the forest and pasture lands are the main causes of desertification.

The basic economic activity of the people living in the desert is nomadic herding. In recent years, there has, however, been large-scale sedentarisation and agricultural development in the desert and semi-desert areas. The development and expansion of irrigation and the consequent intensification of agriculture in the highly fragile ecosystems of the desert and semi-desert areas have brought radical changes in their environment. Removal of natural vegetation, overgrazing and over cropping have resulted in nutrient depletion, widespread soil erosion and desertification. The construction of dams for the development of canal irrigation has transformed the character of landscape. The mismanagement of canal water has created the problems of salinization and water logging that counteracts the beneficial effects.

Desertification is the long-term degradation of dry lands, resulting either from overuse by man or his animals or from natural causes such as climatic fluctuations. It leads to the loss of vegetative cover, loss of top-soil by wind or water erosion or loss of useful plant productions, as a result of salinisation or excessive sedimentation associated with sand dunes and sheets, to torrents.

Tourism as an Agent Apart from herding, agriculture and industrial development, environmental changes have also occurred in recent decades due to fast increasing tourism and recreational activities. In the developed countries, rural areas are being increasingly exploited as a source of recreation and as the places for sporting events.

Tourism and recreation in the natural areas and countryside damage the vegetation by trampling, accelerating the loss of soil and disturb animals and wildlife. Sports like skiing, boating, camping, trekking, riding and picnicking also adversely affect the landscape and environment. Accidental fires can have devastating effects on landscapes. Such fires damage the environment more severely, if they occur in summer season after a long dry period. In such cases, seed banks are impaired and even below ground roots may be damaged. Consequently, the recovery of ecosystem is slow.

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17. G.K. Ghosh, Disaster Management, Volume I, 2006, A.P.H. Publishing Corporation, 5, Ansari Road, Darya Ganj, New Delhi – 110 002, pp. 111 – 112.
18. Ramakant Gaur, Disaster Management, 2008, GNOSIS, E-35/103, Jawahar Park, Laxmi Nagar, Delhi – 110 092, p. 3

Tourism, which is developing fast as an industry, is also bringing significant changes in the local, regional and global environments. The uncontrolled tourism may result in destruction of land forms, fauna and flora.

Disposal of Wastes Our industrialized society produces an ever-increasing variety and quantity of toxic wastes. Traditionally, people have used fresh water to remove and dilute solid and liquid wastes, and have used the atmosphere to dilute the gaseous waste products of combustion. Until recently, however, people generally have been unaware that a local natural system of waste disposal can become saturated, creating an unhealthy environment. The problem is made particularly acute by such business practices as planned obsolescence, use of throw away containers and the hard sell of new models of old products. In addition, high labour costs often make it uneconomical to repair, reclaim and recycle used items, so the volume of waste grows unnecessarily, at a staggering rate. The replacement of products, of course, greatly reduces natural resources. Unfortunately, waste is not just a by-product. Eventually, it is a product itself.

Waste disposal has many geologic ramifications. If waste is buried, the quality of groundwater is threatened. If it is dumped into streams and rivers, it accumulates on beaches and in estuaries, altering the environment of the oceans.

Solid Wastes Solid wastes are disposed off in many ways, including land filling, incinerating, composting, open dumping, animal feeding, fertilizing and disposing in oceans. The geologic consequences include changes in the environment (rivers, lakes, oceans and groundwater) where the mass of waste is concentrated. The major problems with solid waste disposal involve the disposal site's hydrologic characteristics. These include the porosity and permeability of the rock in which the fill is located and whether the waste deposit intersects the water table. The altered topography associated with dumps and landfills is also critical because it can change the drainage and ground water conditions. Perhaps, the most critical contamination problem is created as water passes through a landfill, dissolves organic and inorganic compounds, and incorporates them into the ground water reservoirs.

Liquid Wastes Traditionally, liquid wastes have been discharged into surface drainage systems and diluted. They accumulate ultimately in lakes and oceans, where they are stored. As the volume of liquid waste increases, the capacity of the natural water system to dilute it is overwhelmed, and the drainage system becomes a system of moving waste.

One very subtle type of liquid pollutant is the hot water created by cooling systems in power plant and factories. Although the water itself is not contaminated, the temperature alone is enough to alter the biological conditions in the streams and lakes into which it flows. Such pollution is called thermal pollution.

Gaseous Wastes (Air Pollution): The population explosion, with its consequent industrial expansion, has produced a variety of gaseous wastes and pollutants in the form of gases, and minute liquid and solid particles that are suspended in the atmosphere. In the past, pollutants were expelled into the air with the reasonable assurance that normal atmospheric processes would disperse and dilute them to a harmless, unnoticeable level. In many heavily industrialized areas, however, the atmosphere's capacity for absorption and dispersal has been exceeded, and the composition of the air has been radically altered. The problem is so severe in some areas that rain is made more acid than normal by pollutants, particularly oxides of sulphur and nitrogen, and is called acid rain. If the troposphere (the lower part of the atmosphere which is involved in most human activities) extended indefinitely into space, air pollution would not pose a problem. The troposphere, however, extends only to an altitude of 10 or 15 km, and few pollutants move out of it into the overlying stratosphere for any great length of time. A steadily increasing volume of pollutants is thus concentrated mostly in the lower part of the troposphere.

Radioactive Wastes: All industries face waste disposal problems, but none are greater than those of the nuclear energy industry. The generation of nuclear energy creates numerous radioactive isotopes – some with short half lives, others with very long ones. Nuclear waste is extremely hazardous itself, but another nuclear waste product is a large amount of heat. Any disposal system must therefore be capable of removing the waste while completely isolating it from the biological environment. In addition, containment must be maintained for exceptionally long periods. Compared to the waste produced by many other industries, the volume of radioactive wastes is not large, but the hazards and the heat that are generated are considerable.

Mining Wastes: The waste products from mining operations include: (a) tailings and dumps, (b) altered

[19] **Ramakant Gaur, Disaster Management, 2008, GNOSIS, E-35/103, Jawahar Park, Laxmi Nagar, Delhi – 110 092, p. 3 – 5**

[20] **Amit Kumar, Disaster Management, Ist Edition 2009, Sonali Publications, 4228/1, Ansari Road, New Delhi – 110 002, pp 270 – 284**

terrain (due to open-pit mining and strip mining), (c) changes in the composition of the surface, and (d) solid, liquid and gaseous wastes produced by refining. The principal geologic problem arises from the alteration of the terrain by the creation of open pits and artificial mounds and hills of tailings.

An additional problem arises if mine tailings enter the drainage system. They can choke a stream channel, increasing the flood hazards. Alteration of a stream system also can be produced from placer mining, in which the movement of large quantities of sediment upsets the balance of the stream.[20]

OZONE DEPLETION: The ozone layer protects the Earth from the ultraviolet rays sent down by the sun. If the ozone layer is depleted by human action, effects on the planet could be catastrophic. Ozone is present in the stratosphere. The stratosphere reaches 30 miles above the earth, and at the very top it contains ozone. The sun rays are absorbed by the ozone in the stratosphere and thus do not reach the earth.

Ozone is a bluish gas that is formed by three atoms of oxygen. Ozone layer protects both plants and animal life on the planet. The fact that the ozone lay was being depleted was discovered in the mid 1980s. The production and emission of CFCs is by far the leading cause.

Even minor problems of ozone depletion can have major effects. Every time even a small amount of the ozone layer is lost, more ultraviolet light from the sun can reach the earth. Every time 1 % of the ozone layer is depleted, 2 % more UV-B is able to reach the surface of the planet. UV-B increase is one of the most harmful consequences of ozone depletion because it can cause skin cancer. In addition to cancer, some research shows that a decreased ozone layer will increase rates of malaria and other infectious diseases. According to the EPA, 17 million more cases of cataracts can also be expected.

The environment will also be negatively affected by ozone depletion. The life cycles of plants will change, disrupting the food chain. Effects on animals will also be severe, and are very difficult to foresee.

Oceans will be hit hard as well. The most basic microscopic organisms such as plankton may not be able to survive. If that happened, it would mean that all of the other animals that are above plankton in the food chain would also die out. Other ecosystems such as forests and deserts will also be banned.

The planet's climate could also be affected by depletion of the ozone layer. Wind patterns could change, resulting in climatic changes throughout the world.

Global Warming: Global Warming is called the greenhouse effect because the gases that are gathering above the earth make the planet comparable to a greenhouse. By trapping heat near the surface of the earth, the green house effect is warming the planet and threatening the environment.

Global Warming is the increase in the average temperate of the Earth's near-surface air and oceans since the mid-twentieth century and its projected continuation. Global surface temperature increased 0.74 = 0.18^0 C (1.33 = 0.32^0F) during the 100 years ending in 2005.

Increasing global temperature will cause sea levels to rise and will change the amount and pattern of precipitation, likely including an expanse of the subtropical desert regions. Other likely effects include Arctic shrinkage and resulting Arctic methane release, shrinkage of the Amazon rainforest, increases in the intensity of extreme weather events, changes in agricultural yields, modifications of trade routes, glacier retreat, species extensions and changes in the ranges of disease vectors.[21]

A disaster is thus an event that disturbs the vital functioning of a society. It affects the system of biological survival (subsistence, shelter, health, and reproduction), the system of order (division of labour, authority, patterns, cultural norms and social roles), and the system of meaning (values, shared definitions of reality, communication mechanism) and the motivation of the actors within all these systems.[22]

Conclusion:

Disasters turn our attention and make us take a serious concern over man's deliberate misuse and abuse of nature under the guise of progress and development. When disaster strikes man opines that he is paying a heavy price for the acts of his, towards environment. Disasters are also a kind of warning that if the rhythm of the nature is seriously upset it may lead to extinction of mankind. Disaster is a matter of life, survival and death. Preserving of the nature is the need of the hour and entrusting it further to the next generation is the responsibility of every right spirited man of the society. Disciplined use, sustainable development, firm law, and affirmative decision on the part of the individual, the nation and at the international level should be the thought process and action at this juncture to protect our nature.

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Primax International Journal of Commerce and Management Research Online ISSN: 2321-3612

A STUDY ON CUSTOMER BUYING BEHAVIOUR OF INTERNATIONAL BRAND APPAREL RETAIL OUTLETS IN KERALA WITH SPECIAL REFERENCE TO ERNAKULAM CITY

Rajeswari.R[1] **Dr. M. Gomatheeswaran**[2]

Abstract

Consumers are now into apparel shopping in a more involved manner than ever before. The perception and opinion of consumers vary while buying international brand apparels from retail market. An exorbitant growth due to change in life styles, favourable demographics, increase of disposable incomes, usage of plastic moneys, growth of middle class, Globalisation and Liberalisation of the country's economy . Apparel retailing has both organized and unorganized retail channels after Food and Grocery. Though the market size is Very big we have only about 8 to 10 % of the Organised Retailing, As the Various International Brands such as Lacoste, Crocodile, Benneton, Dockers, Lee, Nike, Levi Strauss etc have built a retail presence in India. Buying behaviour of men and women on international brand apparels in the retail outlet are with high expectation , As the quality of fabric , Brand Image are key criteria in driving their choice ,A number of people visit the showroom with a brand in mind because the quality and comfort..

Key words: *Indian Retail Market, Apparel Retailing, International brand, Consumer buying behaviour*

Introduction

The Indian retail market is expected to reach $637 billion by 2015, An exorbitant growth due to change in life styles, favourable demographics, increase of disposable incomes, usage of plastic moneys, growth of middle class, Globalisation and Liberalisation of the country's economy . Customers need and purchasing power has established 12 million retail outlets spread across the country; These Retail Segment is the second largest employment provider after agriculture. Major shares and Foreign Direct Investment has been attracted by Food, Grocery and Apparel retailing. According to the report of AT Kearney's Global Retail Development Index (GRDI) 2012 India remains a high potential market in another five years with accelerated retail growth of 15-20%. Apparel retailing has both organized and unorganized retail channels after Food and Grocery. Though the market size is Very big we have only about 8 to 10 % of the Organised Retailing, As the Various International Brands such as Lacoste, Crocodile, Benneton, Dockers, Lee, Nike, Levi Strauss etc have built a retail presence in India. While many others such as Zara, FCUK, Versace, Mother Care, Ikea, Fendi and many others have charted out strategy to enter the Indian Retail market. Most of these brands which are entering the Indian market are targeting the premium end. The structure of apparel retail has changed dramatically in the recent past with the growth of large multi-brand apparel outlets and manufacturer brand-led chains. Customer buying behaviour can be defined as the way in which customers or buyers of goods and services tend to react when purchasing what they like. Buyers tend to exhibit different kinds of buying behaviour when they are in the process of purchasing goods and services. Customer buying behaviour involves a long process where the buyers has to identify the product, study its features, the pros and cons and lastly deciding on whether purchasing it. India has recently gained the attention of customer behaviour, clothing research related to Indian customers exists, even though multinational apparel brands operate in the Indian market and Indian consumers have increased purchasing power with regards to buying International brand apparel.

Statement of The Problem

In the present situation global retailers have become more strategic in their expansion. For the most part, multinational retailers are continuing their push into developing markets and regional giants are spreading to neighboring markets. Buying behaviour of men and women on International brand apparels in the retail outlet are with high expectation , As the quality of fabric , Brand Image are key criteria in driving their choice ,A number of people visit the showroom with a brand in mind because the quality and comfort of that particular brand are suitable for them. Most of the youth are giving much importance to specific international brand apparels because they expect smart fit and look with different style s. An attempt is made in this study to assess the customer buying behaviour of international brand apparel retail outlets in Kerala with special reference to Ernakulam city .

1. P.HD full time Research Scholar, School of Commerce, CMS College of Science and Commerce, Coimbatore
2. Associate Professor ,School of Commerce, CMS College of Science and Commerce, Coimbatore

Objective of The Study : To analyze the customer buying behaviour of International brand apparel retail outlets

Scope of The Study : The study has been undertaken mainly to highlight the customer buying behaviour of International brand apparel retail outlets in Kerala. The study is confined to Ernakulam City. The sample respondents are the customers of various selected retail outlets namely: Peter England, Louis Philippe, Arrow, Lee, Levi's, Pepe Jeans, Wrangler, Allen Solly, Benetton, and Van Heusen

Methodology & Research Design

The methodology to be adopted for a particular area would depend upon the purpose and objectives to be achieved. Based on the objectives and the hypothesis to be tested, the required data have been gathered from both primary and secondary sources. Primary data were collected from questionnaires and very few data would be collected from secondary sources like newspapers, magazines, journals, books and websites etc. The sample size restricted to 250 customers in various retail outlets at Ernakulam city. A convenient random sampling technique has used this study.

Pre Test and Pilot Study

Questionnaires were used as a major tool to collect first hand information from the sample respondents. The Questionnaires was prepared and administrated. Field survey technique was adopted to collect information from customers in Ernakulam district. It has been pre-tested by Questionnaires with fifty customers in Ernakulam districts and the Questionnaires has been modified in the light of the findings of the study.

Framework Analysis

On the basis of data collected, the data has been analyzed by using statistical techniques and tests has been conducted. The objectively collected data have been suitably classified and analyzed in to tables. Factor analysis is the statistical techniques adopted for the analysis of data

Limitation of The Study

This is an empirical study on the study on satisfaction level of customers on International retail apparel brand outlets in Kerala. Due to limitations of time and money consideration, the sample size has been restricted to 250 customers. Many respondents have been unable to provide proper answer with insight due to lack of knowledge about the international brand apparel retail outlets.

Analysis and Interpretation Dimensionality of the Multi-Scale Items (Factor Analysis)

Factor Analysis is a set of technique which by analyzing correlations between variables reduces their numbers into fewer factors which explain much of the original data, more economically. Even though a subjective interpretation can result from a factor analysis output, the procedure often provides an insight into relevant psychographic variables, and results in economic use of data collection efforts. The subjective element of factor analysis is reduced by splitting the sample randomly into two and extracting factors separately from both parts. If similar factors result, the analysis is assumed as reliable or stable[23].

TABLE -1

KMO AND BARTLETT'S TEST FOR FACTORS RELATED TO OPINION ABOUT BUYING BEHAVIOR OF INTERNATIONAL BRAND APPAREL RETAIL OUTLETS

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	**0.822**
Bartlett's Test of Sphericity: Approx. Chi-Square	**4584.91**
Sig	**.000**

From the above table, two tests namely, Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) & Bartlett's Test of Sphericity have been applied to test whether the relationship among the variables has been significant or not. The Kaiser-Meyer-Olkin Measure of sampling adequacy shows the value of test statistics is 0.882 which means the factor analysis for the selected variable is found to be appropriate or good to the data. Bartlett's test of sphericity is used to test whether the data are statistically significant or not with the value of test statistics and the associated significance level. It shows that there exists a high relationship among variables.

TABLE -2

The results of the factor analysis presented in the table – 2 regarding opinion about opinion about buying behavior of international brand apparel retail outlets, have revealed that there are ten factors that had Eigen value exceeding "one". Among those seven factors, the first factor accounted for 27.796 percent of the variance, the second 7.259 percent, the third factor 6.923 percent, the fourth factor 6.093 per cent and the fifth factors accounted for 5.321 percent, the six factor 4.696 per cent, and the last factor 4.144per cent of the variance in the data set. The first ten factors are the final factors solution and they all together represent 84.86 percent of the total variance in the scale items measuring the opinion about buying behavior of international brand apparel retail outlets. Hence from the above results, it is certain that there are five underlying dimensions of opinion about buying behavior of international apparels

TABLE –2.

EIGEN VALUES AND PROPORTION OF TOTAL VARIANCE OF EACH UNDERLYING FACTORS RELATED TO OPINION ABOUT BUYING BEHAVIOR OF INTERNATIONAL BRAND APPAREL RETAIL OUTLETS

	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.949	27.796	27.796	6.949	27.796	27.796	2.942	11.767	11.767
2	1.815	7.259	35.055	1.815	7.259	35.055	2.563	10.253	22.020
3	1.731	6.923	41.979	1.731	6.923	41.979	2.369	9.476	31.496
4	1.523	6.093	48.072	1.523	6.093	48.072	2.234	8.934	40.430
5	1.330	5.321	53.393	1.330	5.321	53.393	2.064	8.257	48.688
6	1.174	4.696	58.089	1.174	4.696	58.089	1.694	6.776	55.463
7	1.036	4.144	62.233	1.036	4.144	62.233	1.692	6.770	62.233

Extraction Method: Principal Component Analysis

TABLE —3

COMMUNALITIES FOR FACTORS RELATED TO OPINION ABOUT BUYING BEHAVIOR OF INTERNATIONAL BRAND APPAREL RETAIL OUTLETS

S.NO	ITEMS	Initial	Extraction
1	I likely to buy international apparels	1.000	.614
2	I consider brand name for purchasing international apparels	1.000	.669
3	I think brand enhances my status	1.000	.736
4	I like to use my favorable brands regularly	1.000	.657
5	I think brand name is not a success symbol for me	1.000	.506
6	international apparels play important role in my life	1.000	.558
7	I judge people personality by international apparels they are wearing	1.000	.676
8	whenever i purchase international apparels, I feel happy	1.000	.737
9	Purchasing international apparels is an enjoying activity for me	1.000	.597
10	I always have one or more international apparels of current trends	1.000	.553
11	usually i will take much time and effort to purchase international apparels	1.000	.499
12	some time I confuse to purchase when i aware about more international apparels	1.000	.595
13	I will purchase international apparels within the limit of my personal budget	1.000	.688
14	some time I tend to stick to purchase international apparels	1.000	.547
15	I wish to purchase expensive international apparels	1.000	.630
16	I wish to purchase new fashionable cloths	1.000	.617
17	I like to buy international apparels from the same store	1.000	.732
18	response of friends & family is important to me when purchase international apparel brands	1.000	.696
19	I consider response of co-workers or managers important to me when purchase apparels from international retailers	1.000	.606
20	Even the product price is high ,prefer to buying from international apparel retail outlets	1.000	.639
21	traditional organized retail outlets have limited variety and real items	1.000	.506
22	I feel product quality in international apparel retail outlets are comparatively better than traditional organized retail outlets	1.000	.605
23	Reliable& trusted brands are important to me	1.000	.628
24	Price & quality is very important to me	1.000	.641
25	I think clothing is non-verbal communication form of the individual personality and self image	1.000	.628

Source: primary data

The above table shows the Factor Extraction Process, it was performed by Principal Component Analysis to identify the number of factors to be extracted from the data and by specifying the most commonly used Varimax rotation method. In the principal component analysis, total variance in the data is considered. The proportion of the variance is explained by the twenty five factors in each variable. The proportion of variance is explained by the common factors called communalities of the variance. Principal Component Analysis works on initial assumption that all the variance is common. Therefore, before extraction the communalities are all 1.000. Then the most common approach for determining the number of factors to retain i.e., examining Eigen values was done.

TABLE 4

COMPONENT FOR FACTORS RELATED TO OPINION ABOUT BUYING BEHAVIOR OF INTERNATIONAL BRAND APPAREL RETAIL OUTLETS

Variable code	**Component**						
	1	**2**	**3**	**4**	**5**	**6**	**7**
X_{17}	**.819**	.108	.031	.039	.175	.128	-.013
X_{16}	**.714**	.103	.171	.198	.050	.095	.129
X_{25}	**.588**	.261	.100	.366	-.037	.251	.083
X_{22}	**.569**	.067	.097	-.074	.380	.166	.299
X_{15}	**.552**	.428	.370	.255	.129	-.104	.113
X_{12}	.089	**.717**	.080	.195	-.029	.118	.116
X_{21}	.198	**.620**	.109	.108	.028	.238	.037
X_{14}	.249	**.522**	-.074	.173	.174	-.137	.358
X_{2}	-.068	**.516**	.348	-.079	.392	.259	.223
X_{8}	.123	.041	**.845**	.055	.050	.037	-.004
X_{5}	.115	.135	**.632**	.085	.081	.070	.239
X_{3}	.118	.531	**.592**	-.058	.153	.246	-.041
X_{9}	.049	.163	-.073	**.719**	.112	.166	-.076
X_{24}	.122	.299	.190	**.633**	-.103	.050	.293
X_{23}	.208	-.042	.318	**.576**	.114	-.344	.136
X_{10}	.160	-.074	-.053	**.514**	.397	.302	.078
X_{11}	.019	.258	.330	**.477**	.337	-.028	-.257
X_{13}	.145	.115	.040	.359	**.712**	-.059	.116
X_{4}	.323	.320	.049	-.128	**.626**	-.075	-.186
X_{7}	.010	-.238	.410	.113	**.616**	.113	.214
X_{18}	.406	.235	.050	.015	-.063	**.682**	.070
X_{20}	.144	.178	.256	.247	.089	**.642**	.200
X_{1}	.005	.240	.175	.088	.046	.263	**.668**
X_{19}	.395	.199	-.052	.068	.225	.279	**.524**
X_{6}	.422	-.019	.213	.034	-.036	-.239	**.523**

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 14 iterations.

Table 4 represents the factor matrix, which is an important output of principal component analysis. The coefficients are the factor loadings which represents the correlation between the factors and the twenty five variables (X_1 to X_{25}). From the above factor matrix it is found that coefficients for factor-I have high absolute correlations with variable X_{17}(I like to buy international apparels from the same store), X_{16}(I wish to purchase new fashionable cloths), X_{25} (I think clothing is non-verbal communication form of the individual personality and self image), X_{22}(I feel product quality in international apparel retail outlets are comparatively better than traditional organized retail outlets) and X_{15}(I wish to purchase expensive international apparels), that is, **.819, .714, .588, .569 and .452**respectively. Similarly factor-II has high absolute correlation with variable X_{12}(some time I confuse to purchase when i aware about more international apparels), X_{21}(Traditional organized retail outlets have limited variety and real items), X_{14} (some time I tend to stick to purchase international apparels) and X_2 (I consider brand name for purchasing international apparels)that is, **.717, .620,** .522 and **.516** respectively. Next factor-III has high absolute correlation with variable X_8(whenever i purchase international apparels, I feel happy), X_5 (I think brand name is not a success symbol for me) and X_3 (I think brand enhances my status)that is, **.845, .632 and.592** respectively. Factor-IV has high absolute correlation with variable X_9(Purchasing international apparels is an enjoying activity for me), X_{24}(Price & quality is very important to me), X_{23}(Reliable& trusted brands are important to me), X_{10} (I always have one or more international apparels of current trends)and X_{11} (usually i will take much time and effort to purchase international apparels) that is, **.719, .633, .576, .514and .477** respectively.Next factor-V has high absolute correlation with variable X_{13}(I will purchase international apparels within the limit of my personal budget), X_4(I like to use my favorable brands regularly) and X_7(I judge people personality by international apparels they are wearing) that is, **.712, .626 and .616** respectively. Similarly factor-VI has high absolute correlation with variable X_{18}(Response of friends & family is important to me when purchase international apparel brands) and X_{20}(Even the product price is high ,prefer to buying from international apparel retail outlets) that is, **.682 and .642** respectively. Finally, factor-VII has high absolute correlation with variable X_1(I likely to buy international apparels), X_{19}(I consider response of co-workers or managers important to me when purchase apparels from international retailers) and X_6(international apparels play important role in my life) that is, **.668, .524 and.523** respectively. Although the factor matrix indicates the relationship between the factors and individual variables, it seldom results in factors that can be interpreted, because the factors are correlated with many variables. For example in our study, factor one is at least somewhat correlated with four of the five variables with absolute value of factor loading greater than or equal to 0.5. In such a complex matrix it is difficult to interpret the factor. So we proceed to compute the rotated factor matrix.

TABLE 5

Component Transformation Matrix

Component	1	2	3	4	5	6	7
1	.511	.458	.384	.350	.326	.257	.295
2	-.383	-.221	.529	.282	.487	-.414	-.193
3	.467	-.464	-.495	.437	.217	-.287	.046
4	-.380	.328	-.210	.747	-.353	.065	-.130
5	-.124	.279	-.426	-.118	.626	.301	-.478
6	-.376	-.432	-.054	.117	.206	.595	.508
7	-.269	.393	-.316	-.145	.225	-.482	.608

The above table reveals the factor correlation matrix. If the factors are uncorrelated among themselves, then in the factor correlation matrix, the diagonal elements will be 1's and off diagonal elements will be 0's. Since matrix was rotated with Varimax, barring some variables all other variables are found to have, even if not zero correlations but fairly low correlation.

Thus the twenty five variables in the data were reduced to seven factor model and each factor may identified with the corresponding variables as follows:

TABLE 6

Conclusion

In the past few years the whole concept of shopping has been altered in terms of format and consumer buying behavior. With the increasing urbanization, the Indian consumer is emerging as more trend-conscious. There has also been a shift from price considerations to Fashion, quality and Image . Changes in Life style , Higher Income, Tranformation of global economics , penetration of foreign employment providers creating high purchasing power to the consumer which makes consumers to buy international brand apparels. Consumers are now into apparel

TABLE -6

SHOWING THE FACTORS IDENTIFIED AGAINST STATEMENTS SHOWING FACTORS RELATED TO OPINION ABOUT BUYING BEHAVIOR OF INTERNATIONAL BRAND APPAREL RETAIL OUTLETS

Variable code	Variable name	% of Component	
X_{17}		67.08	F1
X_{16}		50.98	
X_{25}		34.57	
X_{22}		32.38	
X_{15}		30.47	
X_{12}		51.41	F2
X_{21}		38.44	
X_{14}		27.25	
X_{2}		26.63	
X_{8}		71.40	F3
X_{5}		39.94	
X_{3}		35.05	
X_{9}		51.70	F4
X_{24}		40.07	
X_{23}		33.18	
X_{10}		26.42	
X_{11}		22.75	
X_{13}		50.69	F5
X_{4}		39.19	
X_{7}		37.95	
X_{18}		46.51	F6
X_{20}		41.22	
X_{1}		44.62	F7
X_{19}		27.46	
X_{6}		27.35	

shopping in a more involved manner than ever before. The opinion of consumers vary while buying international brand apparels from retail outlets. This study emphasized on understand the attributes which influence the international brand apparel buyer decisions in Ernakulam City. The result of the present study will help Retailers to streamline their thoughts to the factors affecting international brand apparel buying behaviour of the consumers.

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MARKETING STRATEGY CHANGE IN A SERVICE-BASED WORLD IMPLICATIONS AND DIRECTIONS FOR RESEARCH

J Murali Krishnan [1] **Dr. S TameemSharief [2]**

Abstract

The shift towards service can be seen worldwide in several industries. For instance, software companies, personal computers and electronics manufacturers are experiencing a massive change in their business mission, from manufacturing goods to providing services to customers. Companies such as IBM, Dell, Oracle and HP are relying on services as their most importance source of profits. This trend from tangible to intangible products does not seem restricted to high-technology industries, and includes conventional channels such as grocery store chains and car manufacturers. Along with this process, it becomes imperative to review the firm's internal structure, strategic goals and, most importantly, the relationships with customers.

Introduction

Scholars have recently discussed a paradigm shift in the marketing discipline. For example, Vargo and Lusch's (2014) recent article, published in the Journal of Marketing, argues in favor of an emerging new dominant logic for marketing. This paradigm shift or new logic, sometimes referred to as the "service revolution", relies on the notion that the core element in the exchange between firms and customers is service provision. The boundaries between goods and services are increasingly becoming blurred and the conventional characteristics that differentiate goods and services have been shown to be artificial and ineffective (Vargo and Lusch 2014b). Thus, a broader perspective of marketing considers physical products as distribution mechanisms for service provision (Vargo and Lusch 2014b). Consumers acquire products to obtain the services that they provide.

The service revolution affects both macro and microeconomic levels of our society. At the macro level, for example, the growing service-based economy is changing the requirements for the workforce. The U.S Federal Reserve chairman recently stated that Americans face a never-ending necessity to learn new skills because of the ever-growing *conceptualization* of economic output (The Washington Post, 21/12/2014). At the micro level, managers from a wide array of industries are being urged to move away from marketing strategies and tactics based on brands and product lines to strategies based on developing relationships with individual customers.

The expression, "paradigm shift", implies the notion of change from one philosophical and theoretical framework to another. We believe that several of our theories will need to be revised to incorporate (and explain) all the impacts of a service-based view of the firm. This does not mean, however, that everything we know so far is invalid or outdated; rather, it suggests that we need to rethink some of our key marketing concepts and reevaluate the way marketing strategy is formulated and implemented.

In this chapter, our goal is threefold. First, we will address the driving force of this new service logic – information technology (IT). Second, we will describe why the customer equity framework fits a service-based view of the firm and summarize its advantages as the central element of marketing strategy. Lastly, we will comment on the impact of this service perspective on firm and consumer behavior and suggest important new areas for investigation.

Information Technology and the Service Revolution

We believe that information technology drives services. It is the ability to generate, transform and distribute information that ultimately enables firms to provide services to customers. Developments in digitization of information and advances in computing and telecommunications have created higher levels of mobilization and unbundling of intelligence, which in turn have altered how valued is created in the economy (Sawhney and Parikh 2014). As Sawhney and Parikh (2014, p.80) summarized, economic value is now linked to improving the utility of information: "where intelligence resides, so too does value." Overall, informationtechnology allows firms to have more complex transactions with customers (transactions that involve a larger volume of information) and complete these transactions at a greater distance from the firm's site (Xie and Shugan 2014).

[1].Research Scholar, The New College (Autonomous), Chennai
[2].Professor, , The New College (Autonomous), Chennai

We will focus on four main outcomes from information technology that shape firms' capability to offer services: 1. e-service opportunities, 2. demand-driven production systems, 3. personalization of communication, and 4. organizational agility.

The accelerated progress in information technology during the twentieth century developed a wide array of technologies to generate, transport and transform information, such as the Internet, wireless networks, smart cards, agent technologies, customer relationship management programs, supply chain management networks and data mining tools, just to cite a few. These technologies substantially increase firms' capacity to decompose and reassemble information in different ways; they allow the firm to learn and store more information about the market and its customers, which in turn leads to an enhanced understanding of customers needs and greater ability to offer services and develop relationships with customers.

In our opinion, one of the most important business impacts of such IT developments is the ability to provide service over electronic networks (including Internet, wireless networks, ATMs, smart card networks, etc), or *e-services*. Today, several industries are transforming their physical products into e-services. As the transport of voice and data become a commodity, telecommunication businesses face the need to provide other services like hosting, maintenance, portals with content for end users, etc. The same trend appears in personal computer and information products. "The functionality that was once built into computers or sold as software packages can now be delivered over the Internet, much as utility companies deliver electricity through power lines. Just as corporations and consumers no longer need to own their owngenerators, they'll soon be freed from having to own their one computing hardware and applications." (Sawhney and Parikh 2014, p.82-83). For instance, Microsoft is viewing software as a service to which customers can subscribe, Yahoo! offers the ability to store e-mail messages, digital photographs and other files, and Dell Computers recently launched "Dell E Works", which consists of e-services such as e-consulting and web hosting (Sawhney and Parikh 2014).

Moreover, the development of smart card networks (including electronic tickets, smart cards and online prepayments) has facilitated advance-selling services, where sellers allow buyers to purchase (online or offline) at a time preceding consumption (Xie and Shugan 2014). Advance selling strategies increase firms' profits by increasing the number of buyers or by allowing a premium advance price (Xie and Shugan 2014), and risk of arbitrage is controlled due to the encryption of personalized information in the card or ticket.

A very important aspect of the nature of e-services resides on its revenue-expansion effect. In contrast with the early e-service applications (traditional e-commerce perspective) which were primarily developed to decrease operational costs and increase efficiency through automation, an emerging view of e-services focuses on its ability to improve the level of customer service (enhance the service experience), increase customer satisfaction and lead to higher profits (Rust and Kannan 2003). Based on this perspective, e-services should be used to foster relationships with customers and increase customer equity, i.e., their lifetime value to the firm. In a recent research project funded by IBM and by the Center for e-Service at the University of Maryland, we studied the impact of governmental e-services (e-government) on small businesses in three states of the United States. We found that governmental e-services were significantly improving the performance of small companies through revenue-expansion, rather than through cost reduction. Small firms that used governmental online services more frequently generated greater amounts of market intelligence and showed superior financial performance, relative to firms that had a lower usage rate (Thompson, Rust and Rhoda 2014).

Advances in information technology have also allowed companies to migrate from supply-driven production (build-to-forecast) to complex and flexible demand-driven production systems (build-to-order) (Dedrick and Kraemer 2012). Sophisticated internal information systems can now integrate all the fulfillment process, from order entry, manufacturing, and billing to delivery. Information technology allows the three main stages of customization to be integrated in a seamless network: elicitation, the mechanism to interact with the customer and obtain specific information, process flexibility to fabricate the product according to the information, and logistics to deliver the right product to the right consumer (Zipkin 2014). Thus, it is the information system connecting the different players in the supply chain that made possible what researchers are calling co-creation of value.

The impact of such flexible production systems that allow consumers to configure their own products is tremendous. Firms are substantially reducing inventory, offering higher levels of customization and giving more power to consumers. Consumers can choose from larger assortments and can match product configurations to their exact preferences, possibly increasing the value of the products they buy. For instance, Levi Strauss sells custom-fitted jeans, Andersen Windows can produce windows to fit any house, and Nike allows you to personalize your own tennis shoes.

A third important outcome of information technology that enhances the quality of firms' services is the opportunity to design communications or marketing programs at the individual level (one-to-one marketing). In this case, the personalization of information is initiated by the firm itself, which can filter information about individual customers. The Internet allows a high level of targetability - the possibility of reaching individual customers at low cost. Further, the interactivity of the Internet allows firms to collect and update information about customers' preferences obtained from on-site surveys and from clickstream data. This intelligence can be later integrated with algorithms in an optimization approach to provide unique content to each customer (Ansari and Mela 2013). The integration of knowledge about customers' preferences and optimization algorithms has also led to collaborative and content filtering systems, which use data on users' preferences to recommend products or content (Ansari and Mela 2013), such as the ones used by Amazon.com, Yahoo!, Macys, Blockbuster, among others. Firms use these systems to offer recommendation services and other decision aid services (e.g., product comparison services, search engines, matchmaking services, etc) to help consumers to search for information and make purchase decisions. Research in marketing has shown that the usage of such services significantly reduces consumers' search effort and improves the quality of their purchase decisions (Haubl and Trifts 2010).

The fourth outcome of information technology that directly impacts firms' capability to offer services is corporate agility – the ability to quickly detect and seize market opportunities (Sambamurthy, Bharadwaj and Grover 2013). Previous research shows that firms with wide-ranging information networks were more responsive in turbulent business environments due to the possibility of quickly leveraging assets and knowledge of suppliers, manufacturers and other partners (Zaheer and Zaheer 1997). Technologies that facilitate interorganizational collaboration such as portals and supply-chain systems are primarily responsible for higher level of agility in service innovation. Yahoo!, for example, has migrated from a search engine to a portal by developing alliances to provide content and several other services in the web site. AOL has followed a similar trend and offers a myriad of services from weather information, to financial and real estate resources.

Further advances in information technology will happen in the years to come, thus we expect that the service orientation in business will only intensify. All industries, including packaged-goods, which historically have focused on short-term transactions, will be able to use information technology tools: 1) to understand customers' needs better and offer customized products or personalized content, 2) to unbundled or bundle different useful pieces of information and deliver them to customers, and finally, 3) to strengthen the customer relationships and increase customer equity.

Customer Equity Framework

The essence of the business movement towards service is the shift from product-centered thinking to customer-centric thinking. Service provision aims at developing relationships with customers, increasing their satisfaction, inducing switching costs over time, building customer loyalty, and, ultimately, improving performance by expanding revenues. According to the service logic (enabled by information technology), the key unit of analysis is the value of the relationship between the firm and each individual customer. The lifetime value of the customer base is firms' most important asset. Therefore, as companies become increasingly service-oriented, marketing strategy will need to accompany this shift and become less product-centered and increasingly customer-centered. We propose that the customer equity framework is a flexible, customer-based approach that should be the central element in marketing strategy. By using this approach, firms can focus on marketing actions that lead to the greatest payoff.

In the remaining of this section, we will discuss the rationale behind one specific model of customer equity: the framework proposed by Rust, Zeithaml and Lemon (2000). Our goal is to discuss advantages of this model over other models that measure financial impact of marketing expenditures and point out how it reflects some of the foundational premises of the service dominant logic presented by Vargo and Lusch (2004a). For those interested in how to implement the customer equity framework, we suggest two readings: Rust, Zeithaml and Lemon (2000) for broader managerial implementation issues, and Rust, Lemon and Zeithaml (2004) for statistical and computational details.

Customer equity is the total of the discounted customer lifetime values summed over all the firm's current and potential customers (Rust, Lemon and Zeithaml 2004). The ultimate goal of the customer equity model is to link marketing actions to firm's financial return, making marketing a financially accountable investment. Customers' lifetime values to the firm mediate the relationship between strategic actions and return on investments. The chain of effects behind this approach is the following: 1) marketing investments produce improvements in drivers of customer equity (i.e. improvements in dimensions that affect customer satisfaction and retention, such as brand associations, product improvements, etc), 2) improvements in these drivers lead to improvements in customers' perceptions and enhance customer attraction and retention, 3) attraction of new customers and retention of current customers increase customer equity, and 4) increased customer equity, relative to the cost of marketing actions, results in favorable returns on investment.

The estimation of customer equity is based on data about individual customers' frequency of category purchases, average quantity purchased, brand switching patterns and firm's contribution margin. Model inputs such as drivers of customer equity, estimated shift in customer ratings, size of the total market, competitors and discount rate are obtained through exploratory research. A key piece of information is the estimate of the shift in customers' perceptions induced by a specific marketing action. A shift in a driver of customer equity produces an estimated shift in customer's utility, which in turn, produces an estimated shift in the conditional probabilities of choice. The revised choice probabilities are used to compute customer's lifetime value.

The customer equity framework presents several important advantages over previous models of customer lifetime value and models of financial impact of marketing actions. First, the customer equity framework allows managers to project the comparative impact of alternative marketing expenditures, providing a data-driven basis for trading-off marketing actions and making marketing financially accountable. Second, the customer equity framework incorporates customers' switching behavior. To capture the flow of customers from one competitor to another, the model uses a Markov switching matrix, where each customer has a probability of being retained by each brand in the subsequent purchase occasion. This feature of the model allows managers to consider the impact of competitors' actions on firm's customer equity. Third, the customer equity framework considers the impact of both current customers and prospective, future customers. Thus, it is a forward-looking model that considers customer acquisition and retention. Fourth, to implement the customer equity framework, firms do not need to have longitudinal data on customers' purchases. The model can be implemented with cross-sectional data, using purchase intentions. Fifth, firms can use the customer equity framework to segment their customers in terms of the distribution of customer lifetime value. Finally, the mathematical models behind this approach are easily implemented using standard, commercially available software.

What main changes does the customer equity approach bring to marketing strategy? We believe that the customer equity view changes five important components of marketing strategy, which we briefly describe below.

Focus of Strategic Efforts. In the customer equity perspective, firms use increasingly personalized expenditures to increase the value of an individual customer relationship. So, the focus is on the value of individual customers, rather than on aggregate sales responses, and marketing efforts are closer to one-to-one interactions, rather than to mass marketing actions.

Competitive Advantage. Previous theories on marketing strategy such as Porter's product differentiation are based on product characteristics. In contrast, customer equity shifts firm's focus from its products to knowledge of customers' needs and to drivers of equity. Customer lifetime value, a strategic asset *outside* the firm, becomes the main strategic resource.

Measuring the Financial Impact of Marketing. The customer equity approach shifts firm's attention from market share and other aggregate measures to measures of current and future individual customer profitability. This shift to measures that capture revenues and costs of serving individual customers allows managers to segment the market based on individual current and/or future profitability to the firm.

Product Utility. Product utility has been traditionally a function of its attributes (attribute-based models have been extensively used in economics and consumer behavior). Market research models, such as conjoint analysis, estimate consumers' choice based on how they trade-off different levels of product attributes. This view of product utility assumes a transactional choice and do not take into consideration the context of the customer relationship with the firm. In the customer equity framework, product utility is a function of product value, brand *and* relationship history, such as switching costs and emotional ties to the company.

Product attributes (physical, tangible aspect) are reframed as benefits to the customer (intangible aspect).

Marketing Planning. Historically, firms have organized their marketing departments and marketing planning around products and brands. For instance, advertising campaigns, product differentiation strategies, product line and brand extension efforts are all centered on product and brand managers. Resource allocation is also based on product lines. Conversely, the customer equity framework is centered on customers, so, logically, marketing planning activities revolve around customers and drivers of customers' lifetime value. The customer relationship focus on marketing planning relies on the fact that brand equity is not equal across customers and products will inevitably change as technology develops.

To conclude our reasoning of why customer equity fits a customer-centric, service-oriented view of marketing strategy, we would like to highlight the links between this approach and three specific foundational premises of the service dominant logic presented by Vargo and Lusch (2004a). First, according to Vargo and Lusch (2004a), in a service-based world, *knowledge* is the fundamental source of competitive advantage. Consistent with an information driven approach to strategy, the customer equity approach relies on knowledge about customers' needs to maximize their lifetime value and their contribution to firm's profits. It is the intelligence about customers that drives firm's efforts to improve customer equity drivers, which in turn, improve acquisition and retention. Second, service-oriented enterprises can only make value propositions, rather than value distribution (Vargo and Lusch 2004a). This proposition directly addresses the notion that products and brands have no intrinsic value by themselves, but only in the context of developing relationships with customers. The customer equity framework is consistent with this proposition. It argues for a replacement of the main marketing asset: from brand equity to the discounted lifetime value of the firm's relationships with all its current and future customers. Finally, a service-centered view is customer oriented and relational (Vargo and Lusch 2004a). The customer equity approach is a relational model to measure (and maximize) firm's financial return from individual relationships with customers.

Research Implications of the Service-Dominant Logic

Research about Firm Behavior

The cornerstone of the service-dominant logic and the customer equity framework is a customer-centered firm. Therefore, the key resource to competition is knowledge about customers' needs. Hogan, Lemon and Rust (2002) proposed that the ability to acquire, manage, and model customer information to initiate and maintain profitable customer relationships is the key source of competitive advantage for customer-centered firms. The role of marketing is, then, to maximize the profitability of such relationships.

We believe that three bodies of literature provide useful and insightful conceptual frameworks for research on the strategic behavior of service-oriented firms: the resource-based view of the firm (RBV) (e.g., Peteraf 1993), core competency theory and organizational learning (e.g., Day 1994a, 1994b), and market orientation studies (e.g., Jaworski and Kohli 1990). Taken together, the ideas and empirical results of these research streams are consistent with the simple notion that those who know their customers better profit the most.

RBV and core competency theories assume the firm as a bundle of resources. Resources that are valuable, distinctive, relative to those of competitors, and hard to imitate become the source of competitive advantage. Some of these resources are internal and tangible such as machine capacity, others are internal and intangible, such as bundles of skills and technologies called competencies (e.g., production experience and IT capability), and others are external to the firm's boundaries, such as customer loyalty, mergers and acquisitions (Wernerfelt 1984). The shift from product to service orientation emphasizes one internal core competency as the key to competitive advantage: the firm's capability to acquire and process information about customers and to apply this information to increase customer equity. Using Vargo and Lusch (2004a) terminology, knowledge about customers is the firm's *operant* resource. Moreover, the organizational learning literature focuses on how firms actually learn information about the market (and customers) and on the strategic benefits of learning. Learning implies more than "simply taking in information" and includes the ability of managers to ask the right questions, absorb the answers into their mental models, share the information and make decisions (Day 1994a, 1994b). Finally, the concept of market orientation (as a corporate culture) remains current and appropriate to understand the behavior of a service-oriented firm. Jaworski and Kohli (1990) defined market orientation as the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it (Jaworski and Kohli 1990, p.54). We believe that the market orientation is the most important source of competitive advantage of service-oriented firms.

Even though these previous literatures seem appropriate to guide our understanding of the service-dominant logic, they cannot fully answer several new important questions. We present below three broad areas that we consider particularly relevant for future research about firm behavior.

What is the impact of information technology on business performance? The information system literature has long debated this topic, but there is no consensus about how exactly information technology leads to superior performance. Recent managerial literature has challenged the positive effect of information technology on performance. Carr (2003) argues that companies overspend in information technology. For instance, from the 7,500 largest U.S companies, the 25 companies that presented the highest economic returns spent, on average, just 0.8% of their revenues on IT. The relationship between information technology and superior performance is a complex one. Future research should investigate the *indirect* effects of IT on economic returns. The strategic value of IT is, probably, linked to how firms use their IT capabilities to generate knowledge, develop relationships with customers and expand revenues, rather than just increase efficiency and cut costs.

How can information technology resources be transformed to superior customer equity management *skills*? This is a crucial question for the effective implementation of the customer equity model. How firms can make use of available technologies to generate knowledge about their customer base and enhance their level of services? Ansari and Mela (2003) study on e-customization is a good example. They propose an optimization approach for customization of the design and content of e-mails with customers. Rust and Verhoef (2004) present a hierarchical model to personalize a mix of CRM interventions at the individual level, which led to higher profitability than other common segmentation approaches. Much more work should be done on how managers can use current technologies to foster relationships with customers.

What is the impact of customer equity on the value of the firm? The ultimate role (and credibility) of marketing in the service-oriented firm will depend on how a superior customer base can potentially affect shareholder value. How does customer lifetime value impact cash flow measures? Does it impact the stock market? Rust, Lemon and Zeithaml (2004) and Srivastava, Shervani and Fahey (1998, 1999) provide conceptual frameworks that integrate marketing and finance and discuss the links between market-based assets, such as customer relationships, market performance (e.g. market penetration, price premium loyalty, etc), and shareholder value. Empirical work documenting this chain of effects is much needed.

Research about Consumer Behavior

The service-dominant logic carries important implications for consumer behavior. We will focus here on the proposition that *customer is always a coproducer*(Vargo and Lusch 2004a). We believe that the assumption that consumers will (and should) have a proactive involvement in their exchanges with service firms is more complex than it seems, and actually may have negative consequences to consumer welfare. So, our goal is to incite interest and encourage research on how and to what extent consumers will be coproducers.

First, we think that exchange relationships must be truly considered *from the consumers' point of view*. Fournier and her colleagues, in an insightful article entitled "Preventing the Premature Death of Relationship Marketing", argue that consumers feel trapped in a confusing, stressful and insensitive marketplace. They say (Fournier, Dobscha and Mick 1998, p.42):

"Companies may delight in learning more about their customers than even before and in providing features and services to please every possible palate. But customers delight in neither. Customers cope. They tolerate sales clerks who hound them with questions every time they buy a battery. They muddle through a plethora of products that line grocery store shelves. They deal with the glut of new features in their computers and cameras. They juggle the flood of invitations to participate in frequent-buyer reward programs."

Consumers cannot keep close, one to one relationships with all the firms they interact. Further, many times they do not want to. This extends to coproduction. Consumers do not have the cognitive resources to customize all the products they buy. And several times, they may not want to customize products or to have a personalized connection with the firm. This is a challenge for firms whose primary goal is to maximize customer lifetime value. How to exactly calibrate the optimal amount of customization and personalization? Gateway, a direct computer seller, used to offer twenty-three million combinations of computers. The company recently reduced this number (due to costs) to hundreds of possible configurations. Starbucks can currently prepare a cup of coffee in nineteen thousand different ways. The service revolution brings more power and control to consumers, but this empowerment also implies higher levels of purchase involvement, that is, consumers tend to spend a greater amount of cognitive resources configuring products, choosing and trading off alternatives, etc. However, after decades of research in decision-making, we know that consumers frequently cannot accurately predict what they want. Thus, the possibility to customize and configure their own products does not lead, necessarily, to better decisions. A recent book by Barry Schwartz (2004) expands on what he calls the paradox of choice: that fact that today's world offers more choices but less satisfaction. Consistent with Fournier, Dobscha and Mick (1998), Schwartz argue that, under the customer's point of view, opportunities can become so numerous that individuals feel overwhelmed, and the supposedly increased control is experienced as a loss of control.

From the customer's point of view, when companies attempt to give them more flexibility, more options and more power over the exchange process, companies may end up creating more problems. We are currently investigating some of these issues. One of our projects (Thompson, Rust and Hamilton 2004) is examining the effects of increasing the number of features offered by e-services, such as online media players (music and video players), on consumers' evaluations. We tested only features that are considered important individually. Preliminary results suggest that before usage, consumers prefer media players that offer a high number of features, relative to players that offer a low number of features. Consumers tend to focus on desirability issues, such as "what can this player do for me?" However, after using theservice, users of more complex media players (high number of features) indicated lower levels of satisfaction and behavioral intentions (e.g. likelihood to recommend), compared to those obtained from users of simpler players (lower number of features). After using the service, consumers seem to focus more on the usability dimension. Thus, what a priori seems to be a strategy to increase the value of the e-service (adding more features) may actually decrease its value to customers.

Other interesting area of investigation is the psychological effect of customization. We are currently testing the possibility that interfaces where consumers specify at least some of the attributes of the product create an affective cost due to an increased attachment to the forgone options. This option attachment effect has been recently described in the consumer behavior literature (Carmon, Wertenbroch and Zeelenberg 2003) but has not yet been linked to product customization. According to Carmon, Wertenbroch and Zeelenberg (2003), as individuals consider or deliberate about options more closely, they become more attached to the options and experience more discomfort (consumers feel bad after considering their options more closely). When customizing the products they buy, consumers are forced to make higher number of choices, increasing the amount of deliberation on the forgone attribute options. The increased deliberation may lead to an enhanced attachment to the options and may cause postchoice discomfort ("choosing feels like losing"). We predict that consumers will not anticipate this option attachment effect. As a result, there may be a gap between consumers' beliefs about the value of product customization and their actual responses to product customization. More specifically, consumers may overestimate the value of customizing their own products. From the consumer's viewpoint, if our predictions are empirically supported, our results may suggest that the best customization strategies are the ones that allow for a closer match with consumers' preferences but *do not* increase consumers' amount of deliberation on the diverse set of options.

To summarize, we think future research should address the following interrelated areas of consumer behavior:

Impact of offering more flexibility, more choices, and transferring more power to consumers. How does this empowerment influence satisfaction, quality of life, levels of stress and happiness? Schwartz (2004) presents robust evidence that this empowerment may hurt well-being. We believe these are important aspects of our work as marketers, important issues for public policy and, therefore, topics that marketing researchers should be concerned with.

Psychological effects of product customization. While from the economics point of view, customization has a value-enhancing effect, offering unique value and closer match to consumers' preferences, customization may increase the complexity of the shopping experience and also induce more attachment to the existent options. Future studies should explore the cognitive and affective costs of customization.

When and how to allow co-production. For instance, co-production probably adds more value for consumers who have the expertise to configure a product, relative to novices. Moreover, consumers may be more willing to configure certain categories of products, where they extract utility from the act of configuring the product itself (e.g., customizing a cruise vacation). Future research should explore these moderator variables on the value of co-production. Finally, firms can use different elicitation strategies to link consumers to their production systems. What types of interfaces do work better from the customer's viewpoint? How can firms concurrently increase the match between the product and customer's preferences and decrease cognitive and affective costs to consumers?

Summary

We are witnessing a transition between an economy based on tangible goods to an economy driven by information and services. This movement, enabled by developments in information technology, permeates all sectors, from labor intensive, goods-based industries to information products. Because progress in information technology is not likely to cease, we believe that firms' service orientation will only increase.

The service-dominant logic is customer-centric. Customers are the key asset that leads to superior profitability. We think that the role of marketing in service-oriented firms is to maximize customer equity, that is, to maximize the discounted lifetime value summed across current and future customers. The customer equity framework is an information-based, customer-driven, competitor-cognizant and financially accountable approach to marketing strategy, therefore, it is fully consistent with the foundational premises of the service-dominant logic.

This paradigm shift in marketing, where all products are merely distribution mechanisms of services and consumers are coproducers of value, brings several new challenges for scholars and practitioners. Our goal here was to identify a few of these challenges. We hope that future research will improve marketers' ability to maximize the welfare of both the consumer and the firm.

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A STUDY ON BUYER DECISION OF A RESIDENTIAL FLAT- IN SELECT METROPOLITION CITIES IN TAMIL NADU

P. Manivannan[1] **Dr. M. Somasundaram**[2]

Introduction

The Real Estate sector is important to the Indian economy. In terms of employment generation, it is second only to the agricultural sector. The housing sector contributes nearly 5% to India's GDP. It is expected to rise to 6 per cent in the next five years.Purchasing a property is one of the most crucial decisions taken by an individual in his entire life. Apartment" means a part of property intended for any type of independent use including one or more floors or enclosed spaces located in one or more floors (or part or parts thereof) in a building, intended to be used for residence, office, practice of any profession or for carrying on any occupation, trade or business or for other type of independent use and with a direct exit to a public street, road, or highway or to a common area leading to such street, road or highway. For the purpose of this clause, an apartment shall be deemed to be intended for independent use notwithstanding that provision for sanitary, washing, bathing or other conveniences have been made as common for two or more apartments. When considering the term 'housing supply', we generally envisage additions to, or deletions from, the physical stock of housing. Additions to the housing stock occur through the development of new housing units, or the maintenance, alteration and improvement of existing housing units. Deletions from the housing stock occur through the demolition of a unit or the permanent conversion of its use. Therefore, analysis of the aggregate supply of housing stock focuses on physical changes to housing units.

Statement of the Problem

A business with high service quality will meet customer needs whilst remaining economically competitive. Improved service quality may increase economic competitiveness.

In India, the housing problem is felt most acutely in recent years. Even after independence, there is a huge scarcity in the availability of houses. The housing problem has distinctive characteristics in its dual dimensions of quantity and quality. The former is found more in urban areas and the later in rural areas. The problem of insufficient sheltering is a result of the staggering population explosion, migration and concentration in particular areas. Lower per capita income, the phenomenon of nuclear family formation, scarcity of developed land, hike in the cost of building materials, non-availability of skilled manpower and the highly speculative trend in real-estate business dealing in house-sites contribute to the worsening of the situation. A systematic enquiry is to be made to understand the multi-dimensional factors that affect buying decision of the customers. The customers have to consider so many factors before and after purchasing the residential apartment. The knowledge of different factors affecting the buying behaviour and buying preferences of the consumers will provide to builders and developers to launch their residential apartment schemes and to understand the insight of buying behaviour. Hence, promoters will be able to launch their housing schemes better and effectively. Keeping these in mind the research problem has been identified key factors purchase decision of Residential Apartments in the largest cities of Tamil Nadu namely Chennai, Coimbatore, Madurai and Tiruchirapalli.

Review of Literature

Morel et al. (2000)describe the process of materials selection, design and construction used for small residential building in southern France, they found out that materials were resourced in situ in order to minimize the environmental impact of the new building, the process of materials selection, and the form construction are outlined. Local tax rates, crime rate, parks, education level, median income, median age, capturing the features of the socioeconomic environment, Neighborhood variables.

Bond, Karolyi and Sanders (2003)examine the risk and return attributes of securitized international real estate shares, covering 288 real estate companies in 14 countries in Asia, Europe and North America. They examine the usefulness of a range of single factor and multifactor returns-generating models. Using international CAPM model with the MSCI world index as the global market proxy, multifactor models that capture country-

[1].Ph.D Research Scholar, Department of Commerce, Annamalai University.
[2].Associate Professor, Department of Commerce, Annamalai University.

specific and global market risks, country-specific and global size and value risks, they find that there is strong evidence of a strong global market risk component in the real estate sectors of most countries. Another finding is that a country-specific value risk factor has some explanatory power in addition to the country-specific market factor, but U.S.-based market, value and size risk factors do not provide any additional explanatory power. They also find sensitivity to country specific market risk is much more significant for real estate markets in the Asia Pacific region than for those in Europe or North America. The presence of a strong local market risk factor attest to the utility of diversification program across real estate markets for U.S.-based investors, these programs are likely to be more effective in Asia-Pacific markets than in European markets. They imply considering different dimensions of the real estate market fundamentals, such as value (book-to-market equity ratios) and size.

Jacqui Daly, et al (2003) reports the results of empirical investigations that examine behavioural aspects of residential property valuations. Following the house price collapse of the late 1980s in the UK, there was considerable criticism of the valuation methods used by residential valuers. In particular for the current research, the valuation methods employed by valuers had not taken account of buyer behaviour in the valuation process, which contributed to inaccurate valuations. This research investigates both the attitudes of the consumers of residential property and the actual valuation methods used by valuers to determine whether they account for buyer behaviour accurately. The study was undertaken on a cross-national comparative basis in the UK, Ireland and Australia and pursued on a qualitative basis. Overall, the research concludes that although valuers believe that buyer behaviour is an important part of the valuation process they simply do not consider buyer preferences. In effect, valuers have reduced the valuation task to a confirmation of bid price and, because of lender pressure which occurs worldwide, valuers overlook the economic sustainability of the property asset, which has severe implications for housing markets and national economies that interact with these markets.

Joaquim Montezuma (2004)concludes that housing returns are weakly correlated with those of ûnancial assets (mortgages, short- and long-term government bonds, and shares). They also suggest that housing is able to diversify a multi-asset portfolio and that the proportion of housing allocations increases with the risk aversion of the investor. However, the optimal amount of housing varies across the studies. There is some theoretical and empirical evidences that the household's optimal portfolio is constrained by the ratio of housing investment to net worth, and this ratio tends to be related to age. The households tend to hold different portfolios of ûnancial assets over their life-cycle. For example, a young household compared with a mature household tends to hold an optimal portfolio with lower allocation on shares. Because the housing returns tend to exhibit positive autocorrelation and the transaction costs are high, the optimal household's portfolio is dependent upon the holding period. For instance, for short-holding periods, housing allocation in an optimal portfolio is nearly zero. On the other hand, for longer periods, low risk portfolios contain 15 to 50 percent on housing. Additionally, the transaction costs decrease the frequency of housing adjustment and restrict investors' ability to take advantage of serial correlation in house prices. Finally, labour income and interest rate risk seem to crowd out housing investment.

Scope of the Study

This study throws light on the service quality and the factors that affects the buying decision of residential apartments in the largest cities Chennai, Coimbatore, Tiruchirapalli andMadurai in Tamil Nadu. An attempt has been made in this research the various factors affects the purchase decision of the residential flat in the selected cities and perceived value of the customers about the service quality of the residential flat promoters. This study will be helpful to draw up a further policy for improving customer satisfaction in residential flat and increase performance of the real estate promoters and will act as a secondary data for further research.

Objectives of the Study

The objectives of the study are;

1. To examine the growth and development of real estate in India
2. To study the factors that affects purchase decision of residential flat in the study areas.
3. To analyze the relationship between demographic variables and importance assigned to the factors that affect the purchase of residential flat.
4. To study the relationship between demographic variables and perception of the customers about the service quality of the residential flat promoters.
5. To analyze perception and expectation of the customers about the service quality of the promoters in the study area.
6. To offer valuable suggestions to the residential flat promoters to improve customer satisfaction and to enhance their service quality.

Hypothesis

Several hypotheses were formulated keeping the content and coverage of the framed objectives. The formulated hypotheses are tested by employing appropriate statistical tools. The following hypotheses framed in the study are;

1. There is no significant difference between region-wise distribution and importance assigned to factors by the respondents.
2. There is no significant difference between demographic variables and importance assigned to factors that affect the purchase of residential flat.
3. There is no significant difference between region-wise distribution of the respondents and their level of perception about overall service quality.
4. There is no relationship between perceived value of the service quality dimension such as tangible, reliability, responsiveness, assurance, empathy and perceived value of overall service quality.
5. There is no significant difference between demographic variables and level of perception about service quality.

Methodology

The study analyzes the factor that affects purchase decisions of residential flat and perceptions of the respondents about the service quality of the promoters in Chennai, Coimbatore, Tiruchirapalli and Madurai, survey method has been used to fulfill the objectives of the research.

Data Collection

In the present study, both primary and secondary data are used. The required primary data have been collected through survey method with a pre-tested, well structured and non-disguised questionnaire. developed by the researcher for collecting data regarding factors affecting purchase decisions of residential flat in the study areas. The primary data for service quality were collected from the sample respondents through the interview. The original instrument designed by Parasuraman et.al (1988) with 23 statements in 5 categories has been modified in the questionnaire.

The secondary data were collected from the relevant publications of government and non-governmental organizations, previous research studies, national and international journals and online journals.

Population

The population of the study is owners residing in their own residential apartments in Tamil Nadu.

Sampling Size

There are twelve corporations in Tamil Nadu namely Chennai, Coimbatore, Madurai, Tiruchirappalli, Salem, Tiruneveli, Tiruppur, Erode, Vellore, Thoothukudi, Thanjavur and Dindugal of which the largest cities, namely Chennai, Coimbatore, Madurai, and Tiruchirappalli were selected for the study on the basis of industrial background and availability of employment opportunities. Each city is divided into four regions, namely North, South, East and West. From each region 10 apartments which are constructed from 2009 to 2014 were selected at random, a total of 40 apartments were selected from each city. Therefore, a total of 160 apartments was chosen from Chennai, Coimbatore, Madurai, and Tiruchirappalli cities. Among the selected apartments, three units (flats) were selected for the study on the basis of random sampling technique (drawing lots). Thus, 480 owners of residential flat were selected for the study.

Instruments Design

For collection of data, a questionnaire was used. Before drafting of final questionnaire, informal interviews carried out with owners of the residential flat to list the various variables, which customers generally consider before buying of a residential flat. The five-point Likert scale was used for constructing the questionnaire for factors affecting purchase decisions of residential flat. The scale ranging from 'Most Important' to 'Most Unimportant' were used to calculate the mean score of the factors. Scores awarded to the variables Most important-5 and Most unimportant- 1. To identify the important factors that affect purchase decision of residential flat, the factor, Basic Amenities, Financials, Layout, Proximity, Connectivity, Environmental/Location, Recreational and Leisure and Goodwill were selected for the study.

To analyze perception and expectation of the respondents about service quality, The SERVQUAL model developed by Parasuraman et.al (1988) with 23 statements in 5 categories is used to assess consumers' expectations and perceptions regarding service quality of the residential flat promoters. Both expectations and perceptions are measured using a 7 point scale to rate their level of agreement or disagreement (1 strongly disagree and 7 strongly agree), on which the higher numbers indicate a higher level of expectation or perceptions. The service quality dimensions Tangibles, Reliability, Responsiveness, Assurance and Empathy were selected for the study.

Descriptive and inferential techniques such as cross tabulations, mean, standard deviation, chi-square test, correlation, ANOVA test, and t-test were used for the analysis of data and testing the hypotheses in accordance with the objectives of the study.

The Study Region

Tamilnadu State is situated at the South Eastern extremity of the Indian Peninsula bounded on the north by Karnataka and Andhra Pradesh on the east by Bay of Bengal, on the South by the Indian Ocean and on the West by Kerala State. The provisional population of India

(2011 Census) is 121, 019, 3422, comprising of 655,875,026 males and 614,379,076 females. The population of Tamil Nadu stood at 72,147,030 comprising of 36,137,975 males and 36,009,0555 females. The population of Tamil Nadu constitutes 5.96 per cent of the India's population. It ranks 6th among the States/ Uts. The population, which was 62,405,679 in 2001, has gone up by 72,147,030 over the last ten years. The growth rate of 15.61 per cent during the period 2001-2011. The density of population per Sq. Km is 555 in 2011 as against 478 in 2001. There are twelve corporations in Tamil Nadu namely Chennai, Coimbatore, Madurai, Tiruchirappalli, Salem, Tiruneveli, Tiruppur, Erode, Vellore, Thoothukudi, Thanjavur and dindugal of which the largest cities, namely Chennai, Coimbatore, Tiruchirappalli, and Madurai, were selected for the study. The brief profile of selected cities is given below.

Findings

The study reveals that the most of the customers willing to purchase the residential flat size ranging from 1000—1500 sq. feet in the selected study areas. It observed from the study that the majority of the respondents source finance to buy residential flats is housing loan from housing financial institutions. Therefore, it can be inferred from the study table that financial institutions which provide housing loan dominate the residential apartment industry in the study area.It is found that words of mouth and advertisements in the media are the most effective medium to disseminate the information about residential flats and promoters in the study area. The study shows that among the variables included in the basic amenities, respondents give most important to water supply and sewerage system while deciding to purchase a residential flat.

Suggestions

Based on the major findings of this study, the researcher has made several recommendations to increase customer satisfaction and improve service quality. The recommendations are highlighted in the succeeding pages.The study reveals that the customers prefer the residential flat size ranging from 1000—1500 sq. feet in the selected study areas. Therefore, the residential flat promoters should focus medium size flat to tap the market demand in the study area. It is understood from the study buyers depend housing loan from financial institutions. Therefore, the residential flat promoters should tie-up with good financial institution and ensure speedy disbursal of loan with minimum necessary documents for providing housing loan to the customers.

The study shows that words of mouth and advertisements in the media are the most effective medium to disseminate the information about residential flats and promoters in the study area. Therefore, the residential flat promoters should advertise in the medium which is suitable to potential buyer in the study areas. The residential flat promoters should ensure adequate water supply, proper sewerage system, arrange electricity backup and providing sufficient car/two wheeler parking place to increase buyer satisfaction.

Conclusion

The result of the study reveals that the Basic Amenities is the most important factor while selecting a residential flat followed by Financials, Layout, Proximity, Connectivity, Environmental/Location, Recreational and Leisure and Goodwill factors while deciding to purchase residential flat in the study areas. The study also reveals that there is no significant difference between region-wise distribution and importance assigned to factors and there is no significant relationship between demographic variables and importance assigned factors that affect purchase of residential flat in the study areas. It is seen in the study that customers perceived service quality as poor in all dimensions. In this regard, all the dimensions show a gap between perceived service and expected service and this therefore means that service quality of the residential flat promoters in the study area needs to make improvements in all dimensions in order to close gaps that could lead to increased customer perception about service quality. The real estate sector particularly residential flat segment in India has assumed growing importance with the liberalization of the economy. The consequent increase in business opportunities and migration of the labour force has, in turn, increased the demand for residential flats. There is enormous scope of growth of the real estate sector especially in residential market in the coming years. This is primarily because metropolitan cities in Tamil Nadu are still on a growth trend as there are a lot of untapped markets in the sector. Therefore, the promoters should provide better service quality to tap the potential demand in highly competitive business environment.

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Primax International Journal of Commerce and Management Research Online ISSN: 2321-3612

HUMAN RESOURCE ACCOUNTING, A BASE FOR FINANCIAL ACCOUNTING AND REPORTING

Keerthan Kumar. M[1] **Haritha. M [2]** **Ravi. V[3]**

Abstract

Accounting is crossing its boarders since the inception of single and double entry system. The accounting concepts and conventions made a stronger contribution to the field of accounting. However, the conservatism and other principles and concepts of accounting limited the usage and treatment of human resources in right dimension. There were earlier researches with respect to human resources valuation and treatment both from investment and cost perspective. However, still human resource accounting is in infancy due to varied reasons and in one way the present research aimed to rethink and stress the need for further studies in the subject. The present research paper aimed at the treatment of human resources with a true and fair view, like other elements involved in financial accounting and the inclusion of human resources not only from the expenditure perspective but also from the investment point of view is argued to depict the true and fair view of financial accounts and financial reports. Further, it is intended to discuss setting up of an apex body for valuation and treatment of human resources and other concerns which limits the practice of human resource accounting. Finally, it concluded with the future road map for financial accounting to consider it as "Human Resource Financial Accounting".

Key Words: *Accounting, Conservatism, Valuation, Human Resources and Investment Perspective*

I. Introduction

Ever since the concept of Accounting is introduced it is undergoing significant changes and in one way Accounting is aimed at streamlining the financial processes and elements. However, the major asset, which undertakes this essential element is ¯Human Resources , is not given proper importance or scope in today's accounting framework. Though, there were considerable arguments both for and against viewing ¯Human Resources as assets, the behaviourial scientists, who argues, considering ¯Human Resources as assets, have to realize the fact, majority of Human Resource Management practioner and management scholars have advocated that ¯Human Resources should be viewed from investment perspective. As early as in 19th century itself, thrust was made to introduce ¯Incentive Payments by erstwhile social scientists like F.W.Talyor, Merrick, Rowan, Halsey and Bedux etc. for betterment of performance of human resources. Over and above, unlike other assets, human resources value increases with passage of time because of gaining expertise. However, Financial Accounting could not consider ¯Human Resources in accounting parlance due its inherent limitations. The Financial Accounting community has to undertake the consideration of ¯Human Resources as a compulsory theme. Though, certain firms have already including in their annual returns, human resources as assets both from investment and expenditure perspective, the same is not well accepted either by organizations, employees and employee unions. Now, the time came to consider ¯Human Resources as vital limb of financial accounting.

II. Problem Statement

The major problem identified with HR Accounting is estimation of the value of human resources and ensuring effective utilization of the human resources and projecting a consolidated version of Human Resources in the annual returns.

III. Key Objectives Of HR Accounting

- Assigning quantitative values to qualitative figures like human resources
- Shifting the focus of firms from cost perspective to investment perspective on human resources
- Development of a concrete model for inclusion of human resources in both profit and loss account and balance sheet

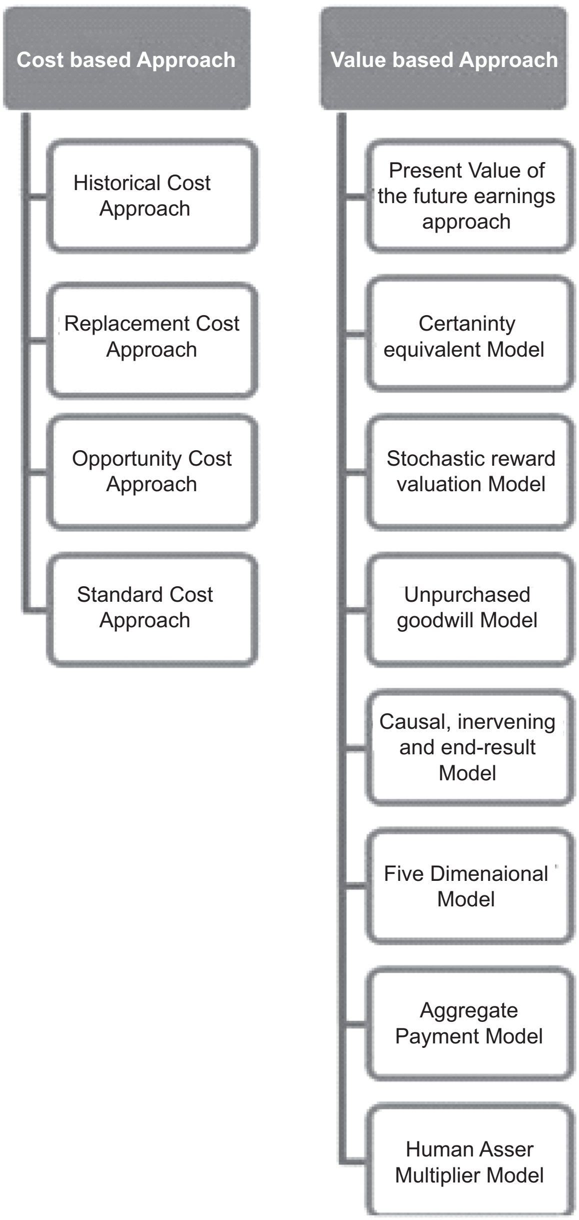
IV. Approaches To HR Accounting

Though HR accounting is in infancy, some experts provided logical and accepted approaches to Human Resource Accounting. These approaches are majorly classified either into cost based or value based. The

[1] .CEO, Soundarya Educational Trust, Bangalore
[2] .Assistant Professor,SIMS ,Bangalore
[3] .Assistant Professor,SIMS ,Bangalore

cost based approach focusses on cost of acquisition, training and other costs incurred on human resources and various value based approach focuses on income-earning capacity of human resources. Some of the approaches prevailed in HR accounting is depicted in chart 1.

Chart 1: Approaches to Human Resource Accounting



Review of Literature

American Accounting Association has defined ¯Human Resource Accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties.

R.L.WoodruffJr (1989) defined ¯Human Resource Accounting is an attempt to identify and report investment made in human resources of an organization that are presently not accounted for in conventional accounting practice.

Management Scholar Edward Lawler(1992) described human resources from investment perspective as ¯to be competitive, organizations in many industries must have highly skilled, knowledgeable workers. They must also have a relatively stable labor force since employee turnover works directly against obtaining the kind of coordination and organizational learning that leads to fast response and high-quality products and services .

Lee Brummet, Eric Flamholtz and William C.Pyle(1968) developed Historical Cost Approach, according to them, the cost incurred for recruitment, training and developing the employees should be capitalized (converting the expenses into capital investment or asset) and total amount capitalized is then amortized (gradually reduced) over the estimated useful life of the human resources.

Hekimian and Jones (1967) developed Opportunity Cost Approach, according to them ¯an opportunity cost exists for all human resources that are in short supply and basically any decision that involves a choice from more than one alternative has an opportunity cost .

David Watson developed Standard Costing Approach according to him ¯human resource data is used for setting standard costs for various HR functions like hiring and training

Brauch Lev and Aba Schwartz (1971) developed Present Value of Future Earning Model and according to this model, the value of human resources depends on the present value of the future earnings to be made from a person's employment.PekinOgan(1976) developed The Certainty Equivalent Model and this Model consist of two major components (a) the net benefit and (b) the certainty factor, which provides the means of determining the net present value of the human resources.

W.J.Giles and D.F.Robinson (1972) developed The Human Asset Multiplier Model and according to them, the valuation of human resources is normally made in the same way as other business assets are valued on a ¯going concern concept basis

Human Resource Accounting: a frame work for better Financial Accounting and Reporting

Roger H. and Hermanson (1964) developed ‒The Unpurchased Goodwill Model according to this model, the organization must ascertain its actual earnings and average it for the past few years.

RenisLikert and David G.Bower(1973) introduced ‗The Causal, Intervening, and End-result Model and according to them, the development of participative approach requires the introduction of new organizational structure and style of management behavior and these views as causal variables.

Myers and Flowers (1974) developed a ‗Five Dimension Model according to this model five dimensions of the employees like knowledge, skills, health, availability and attitudes have to be considered

V. Methodology Of The Study

The present study is made based on secondary sources of data like books, journal articles, research papers, web based sources and other sources of unpublished data. The data collected is further refined and used for present research.

VI. Weaknesses Of Financial Accounting In Treatment Of Human Resources As Assets

Organizations have realized the importance of human capital and they are moving from financial capital concept to intellectual capital concept. However, Generally Accepted Accounting Principles (GAAP), which issue the standard framework of guidelines for financial accounting, does not recognize human capital in the financial books. It continues to treat the expenses on employees as expense only and not as capital. This majorly happened due to some of the accounting principles and concepts.

Accounting has certain principles like **conservatism and prudence**, which in one way limits the consideration of human resources in right dimension. The conservatism principle takes into consideration all possible expenses and liabilities but not all possible gains unless they are realized in cash or kind.

The prudence concept in accounting governs the recording and reporting of financial transactions, ‗such that the assets or income are not overstated and liabilities or expenses understated . The prudence concept creates a proper platform for accounting standards and reinforces the fundamentals of financial reporting—such as the principle of Fair Presentation, which dictates that financial reports should fairly reflect the financial position and cash flows of an organization.

VII. Weaknesses Of Human Resource Accounting

The Generally Accepted Accounting Principles (GAAP) has declined to treat the expenses on human resources as capital investment for certain reasons. They are:

- Violation of conservatism concept
- Uncertainty about the future benefits
- Absence of initial investment in the acquisition of human assets
- Lack of real ownership ofemployees physically by the employer
- Lack of guiding principles, concepts, conventions and regulatory body
- Lack of recognition by tax authorities
- Trade union opposition
- Lack of awareness and adequate research

VIII. Relevance Of Considering Human Resources From Investment Perspective

The majority of management practioners and human resource scholars have advocated that human resources should be viewed from an investment perspective. Some of the organizations like Boeing, Cummins, Ford, General Electric, IBM, Kodak, Motoroala, Polaroid, Procter & Gamble and Xerox have invested on employee training considering human resources as investments. However, still some of the organizations still view their employees as variable cost of production, while physical assets are treated as investments. The organizations, which view their employees as variable costs, there is little recognition of the firm's contribution towards training or costs of recruitment, training and employee replacement. The Human Capital Asset majorly consists of outstanding depth in human skills, logistics capabilities, knowledge bases, or other service strengths that the competitors lack. Therefore the organizations, which realized the fact that a firm's competitive advantage majorly derives from human resources are adopting in investment perspective on recruitment, training, management development, prevention of skill obsolescence, reductions in career plateauing and employee health etc. instead from cost perspective. Over and above, strategic management thinkers' view is that considering employees from investment perspective acts as morale booster and better job security provides a meaningful contribution from the bottom line. The strategic management thinkers another view is that firms, which not considers from investment perspective will face high cost of employee turnover. HR consulting expert Hay group estimated that finding and training a replacement, costs 50% to 60% of the departed employee's annual compensation. Therefore, to establish a solid ‗HR accounting frame work an investment perspective provides a valuable guide for better evaluation of human resource's real value.

IX. Trends In HR Accounting

A large number of HR parameters are expressed in accounting terminology such as employee leave account, provident fund account, gratuity account, conveyance account, medical reimbursement account etc. all these are managed through special HR software and quantification of HR expenditure is no longer an issue. The total cost derived for the entire HR gives the entire picture of cost of total human resources.

Along with the above dimension, there are a number of HR software versions available for quantification of HR performance. The sum derived for the entire organization can be regarded as benefits derived or accrued from the total human resources. Therefore, the most complicated element in HR

Quantification is no longer an issue and it is the high time to re-organize the outdated principles as per advancement in technology. It is in one way a technology enabled HR accounting.

Further, there are a large number of associations established throughout the world concerning human resources. However, these associations like accounting standards either GAAP (Generally Accepted Accounting Principles) or ASB(Accounting Standards Board) of India have not prescribed any standards for governing or valuing Human Resources. These associations or institutes have to take steps for setting up an apex body concerning the ¯Human Resources at each and every country level. The concerned ministries of HRD have to support in augmenting these standards.

Over and above, the majority of HR managers have to update their knowledge in understanding ¯HR Accounting theme and philosophy, their active participation and involvement will really bring the concept to live and last forever.

X. Filling The Gap Between HR Accounting And Financial Accounting

Though Financial Accounting is not showing the ¯Human Resources in annual accounts, there are some acceptable facts, which in one way fill the gap and gives scope for inclusion of ¯Human Resources in annual accounts. They are:

- The profit/loss shown in profit and loss account without considering value earned by human is not the actual profit, in fact the rest of the things are valued by human only and ignoring the contribution of human is in one way amounts to not showing of annual accounts in true and fair view of the affairs
- In Profit and Loss account the expenditure on Salaries is shown on the debit side, whereas no mention about revenue earned out of the expenditure on credit side can be considered as a human trick to invade taxes vis-à-vis cannibalization of human resources
- In case, if human resources have to considered only from expenditure point of view treat the entire element of human resources separately and consider the only net worth generated through human resources in annual account
- A concrete and universally accepted ¯Human Resource Accounting has to be established to provide the ¯Net Worth or Net Loss generated through human resources and the same can incorporated in annual accounts to depict the true and fair view of the affairs of the organization
- Employee awareness has to be increased in establishing and realizing the importance of ¯Human Resources Value as in the case Performance Appraisal System
- Organizations have to come forward voluntarilyin establishing and providing their annual accounts in a pro-active manner, so far only few companies like BHEL, Infosys, NIIT and Reliance Industries etc. have implemented the process of showing their value of ¯Human Resources in annual accounts

XI. Conclusion

Human Resource Accounting in fact is not a new discipline in Human Resource Management. However, it has not received wide recognition due to wide variety of factors. Now, it is the high time due to liberalized and globalized environment to provide the necessary impetus to this branch of accounting in general financial accounting. At the end of each financial year there will be thorough feedback analysis on each and every aspect of financial matter, but unfortunately it is the only element, which is window dressed in financial accounts is ¯Human Resources . The annual accounts are in fact incomplete, if they fail to consider each and every element in providing the end result. The result can be profit or loss/ product or service. Therefore, a concrete research in a standardized fashion in this respect is an immediate requirement from the ambit of organizations, academicians and practioners.

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Primax International Journal of Commerce and Management Research Print ISSN: 2321-3604

REFORMS OF URBAN COOPERATIVE BANKS IN TAMILNADU -AN OVERVIEW

Dr. M. Rajarajan[1]

Dr. K. Vijayarani [2]

Abstract

The Urban Cooperative Banking (UCB) system has come a long way since 1904 when the first UCB was started at Kancheepuram in Tamil Nadu. UCBs remain not-for-profit, owned and controlled by the members who use their services. They are unit banks of the American model rather than branch banks of the British model. This article highlights the reforms of urban cooperative banks in Tamilnadu -an overview

Key Words : Urban Cooperative Banking (UCB), Memorandum of Understanding, Banking Regulations Act 1949, Licensing Policy, Legislative Reforms

Introduction

Urban Cooperative Banks provide banking and credit facilities to urban and semi-urban population. In 2009, 120 Urban Cooperative Banks functioned in the State. They mobilized deposit from the public and extended credit facilities for specified purposes. Their lending operations include provision of credit facilities to small traders, artisans and persons belonging to middle income group for the purposes like housing, business, education, consumer and other non-farm sector activities. During 2008-09, they have issued loans to the extent of Rs.3071.32 crores. The deposit position in the Urban Cooperative Banks has improved by 17% to Rs.3113.07 crores as on 31.3.2009 from Rs.2655.47 crores as on 31.3.2008. The Urban Cooperative Banks are expected to issue not less than 60% of their total lending to priority sector. Besides, it is needed to ensure that at least 25% of the priority sector allocations would be issued to the weaker section of the community. The Urban Cooperative Banks have formed 4499 Joint Liability Groups (JLGs) of Petty Vendors in urban areas and lent Rs 11.95 crores to them in 2008-09. The Banks have also decided to disburse Rs.8.90 crores to 17,986 individual petty traders, thus extending a total credit of Rs.20.85 crores to this sector during 2008-09. It was hoped that it helped many small vendors to avoid paying exorbitant rates of interest. This initiative was substantially expanded in 2009-10 and thereafter.

Brief History of Urban Cooperative Banks in India

The Bank was formed in 1872 in the city Manchester in UK. The Co-operative banks in INDIA have a history of almost 100 years. The Co-operative banks are an important constituent of the Indian Financial System. Co-operative Banks in India are registered under the Co-operative Societies Act. The cooperative bank is also regulated by the RBI. They are governed by the Banking Regulations Act 1949 and Banking Laws (Co-operative Societies) Act, 1965. These banks were conceived as substitutes for money lenders.

The origins of the urban cooperative banking movement in India can be traced to the close of nineteenth century when, inspired by the success of the experiments related to the cooperative movement in Britain and the cooperative credit movement in Germany such societies were set up in India. Cooperative societies are based on the principles of cooperation, mutual help, democratic decision making and open membership. Cooperatives represented a new and alternative approach to organisaton as against proprietary firms, partnership firms and joint stock companies which represent the dominant form of commercial organisation.

Urban co-operative banks are those co-operative banks which do banking business in urban areas. There functions are similar to those of commercial banks but their organization is akin to those of co-operative societies.

The term ‘Urban Co-operative Bank’ has not been uniformly defined. The different states have defined these banks differently. An urban co-operative bank normally confirms its operation to the municipal limits of a town. Nowadays, the urban co-operative banks play a significant role in the national economy. They have achieved a remarkable success in various areas of co-operative banking.

In the past, poor and backward class people were exploited by petty moneylenders to the extent that they

[1].Assistant Professor, Commerce Wing, DDE, Annamalai University, Annamalai nagar
[2].Professor and Head, Commerce Wing, DDE, Annamalai University, Annamalainagar

were debt-bound all their lives with the opening of co-operative banks branches in rural areas. They have been able to back masses at grass root level and by providing soft loans to farmers and small traders. Co-operative banking has become a part of their lives. These poor and backward people are now not only borrowing but also depositing money in co-operative banks.

Role of Urban Co-Operative Banks

Urban Co-operative Banks have an important role to play in several respects and some of them are listed below:

First and foremost, they can organize and bring together middle and working classes kin urban and semi-urban areas and inculcate in them the habits of thrift and self-help and acquaint them with the elements of ordinary banking principles.

The mobilization of savings by urban co-operative banks and the consequent drawing of urban resources into the apex and central co-operative banks which are in need of funds to finance the rural, industrial and other functional co-operatives can contribute to general economic development. By providing credit on reasonable terms to the middle classes they can rescue them from the exploitation of money lenders and others unscrupulous agencies, which is particularly important in the context of rising price and by financing individual industrialist and artisans working in urban area, they can cost. This has a consequently effect also on non-operative lending; make a significant contribution to industrial development.

They can make certain essential banking facilities such as remittance of funds and so on, available in areas which may not be considered suitable for commercial banking and to persons who may not be able to get such civilities from commercial banks; and they can provide intelligent, experienced and active leadership to the cooperative movement including the central and apex cooperative banks, which in view of their federal character draw their directors from member's institutions.

Reforms of Urban Cooperative Banks

The urban co-operative banking sector, being an integral part of financial system, RBI has brought in a series of reforms in it.

Narasimham Committee Recommendations (High Powered Committee)

The Committee suggested that RBI should review the entry norms in respect of UCBs and prescribe revised prudent minimum capital norms for them. To achieve an integrated system of supervision over the financial system, the Committee recommended that UCBs should also be brought within the ambit of the Board of Financial Supervision. In response to the recommendations of the Committee, the Reserve Bank set up a High Powered Committee on Urban Co-operative Banks under the Chairmanship of Shri K.Madhava Rao, Former Chief Secretary to Government of Andhra Pradesh, to review the performance of UCBs and suggest measures to strengthen them. The committee gives its views on important areas such as follows:

Licensing Policy:

In the new liberalized regime, licensing policy for new UCBs is expected to be not only transparent, but also precise and objective, based on established standards and procedures. Moreover, the procedures governing these licensing norms have to be simple and minimal.

Dual Control:

One of the problem areas in the supervision of UCBs is the duality in control by the State Government and the Reserve Bank. Since UCBs are primarily credit institutions meant to be run on commercial lines, the responsibility for their supervision devolves on the Reserve Bank. Therefore, while banking operations pertaining to branch licensing, expansion of areas of operations, interest fixation on deposits and advances, audit and investments are under the jurisdiction of the RBI, the managerial aspects of these banks relating to registration, constitution of management, administration and recruitment, are controlled by the State Governments under the provisions of the respective State Co-operative Societies Act. The Narasimham Committee (1998) recommended that this duality of control be done away with and the responsibility of regulation of UCBs be placed on the Board for Financial Supervision. This will require amendment of the Multi-State Co-operative Societies Act, 1984, State Co-operative Societies Act, and the Banking Regulation Act.

Corporate Governance:

Good corporate governance is essential for the effective functioning of any financial entity. To this end, the Madhava Rao Committee suggested that at least two directors with suitable professional qualification and experience should be present on the Boards of UCBs and that the promoters should not be defaulters to any financial institutions or banks and should not be associated with chit funds, NBFCs, co-operative banks, commercial banks as Director on the Board of Directors. These recommendations would need to be examined intensively before formulating policy actions in this regard.

Capital Adequacy:

The Narasimham Committee (1998) had raised the issue of extending capital adequacy prescription for co-operative banks. Accordingly, the Committee recommended that the co-operative banks should reach a minimum 8 per cent CRAR over a period of five years. The findings of the Madhava Rao Committee on UCBs also reiterated that a majority of the UCBs was in favour of extending the CRAR discipline to UCBs. However, the ability of the UCBs to raise additional capital for the purpose has been limited by certain features viz., inability to make public issue of capital and that, they can raise capital only from members, subject to an overall ceiling and restrictions imposed by the various Acts (State Co-operative Societies Act and Multi- State Co-operative Societies Act, 1984) which constrains the number of shares that an individual can hold.

Legislative Reforms:

The Narasimham Committee in its Report had rightly observed that a legal framework that clearly defines the rights and liabilities of the parties to contract and provide speedy resolution of disputes is the essential bedrock of the process of financial intermediation and UCBs are no exceptions. Accordingly, the Government had appointed an Expert Group under the Chairmanship of Shri T.R. Andhyarujina, Former Solicitor General of India, to suggest appropriate amendments in the legal framework affecting the banking sector. The Committee would address amendments in the various external Acts affecting banking sector such as, the Transfer of Property Act, foreclosure laws, Stamp Act, Indian Contract Act, DRT Act, etc. The Committee, in its Report submitted in April, 2000, recommended the inclusion of a new law for granting statutory powers directly to banks (and financial institutions) for possession and sale of securities backing a loan, enabling framework for securitization of receivables and strengthening recovery mechanism.

Unlicensed and Weak banks:

The existence of a large number of unlicensed banks has become a serious cause for concern to regulators. The main reason for proliferation of such banks has been a mild screening process in the past. In view of the regulatory discomfiture that such banks impose on the system as a whole, it has been suggested that these banks be licensed, provided they satisfy the quadruple criteria of (a) minimum prescribed CRAR, (b) net NPA ratio not exceeding 10 per cent, (c) have made profits continually for the last three years, and (d) have complied with the RBI regulatory directions.

One issue of serious concern regarding UCBs is the delay/ non-submission of returns within the stipulated time frame. In particular, PCBs are required to submit two types of returns (statutory returns and control returns) to the Reserve Bank with a view to exercise adequate supervision over them. Unfortunately, there is often a serious delay in the submission of these returns by individual banks. Non-availability of adequate and timely data would no doubt have serious effect on timely policy action. In this context, PCBs have to improve their statistical reporting system and bridge the wide gap in data availability as compared to that of commercial banks.

Urban Cooperative Banks In Tamilnadu

The state of Tamil Nadu, Which was formerly called Madras Province, takes pride in initiating the Cooperative movement in this country. In 1892, Fredrick Nicholson was appointed by the Madras Government for the purpose of enquiring the possibility of introducing a system of Agricultural and Land Banks in the Presidency. He submitted his report in two parts in 1895 and recommended for the establishment of "Cooperative Credit Societies". Mr.Nicholson's Report was reviewed by the Government of India and the opinions of local Governments on the Report were considered in 1901 by a Committee under the Chairmanship of Shri Edward Law. Considering the recommendations, the need for a special legislation was felt by the Government of India and accordingly the Cooperative Credit Act of 1904 was passed. The State of Madras had a strong root for the growth of Urban Cooperative credit movement. The Madras Committee on co-operation said that "The Madras Presidency was peculiarly congenial to the birth of urban credit societies in that for many years, nidhis or indigenous financing associations had been in existence in the towns". The first Urban Cooperative Bank in Tamil Nadu was registered in Kanchipuram in the Chengalpattu District of Madras Presidency on October, 1904, with an initial share capital of Rs. 2005. The Madras Committee on Cooperation laid a strong emphasis on the organisation of non-agricultural credit societies. The Committee said that "The emphasis laid on rural credit did not prevent recognition of the fact that the interest of the small artisans, traders, shop-keepers, industrial employees and others in towns should be protected and facilities provided for reasonable credit to them as well. The money-lender exerts to the same baneful influence over this urban Clients and suitable machinery is necessary to provide relief to these classes. The Committee advised the Government to devote special attention towards urban banks by way of distinguishing them from other societies".

The State Government has signed a Memorandum of Understanding with the Reserve Bank of India to improve the functioning of the Urban Cooperative Banks. The computerisation of all the Urban Cooperative Banks and their branches has been taken up. This will improve their operational efficiency so that they can offer best services to their customers on par with the commercial banks. In continuation of the execution of the Memorandum of Understanding with the RBI, the State Government has initiated various actions for improving the functioning of Urban Cooperative banks. The progress of urban cooperative banks in Tamil Nadu as on 31st March is shown in Table 1.

Table 1: Progress of Urban Cooperative Banks in Tamilnadu

S.No	Particular	1975-76	1985-86	1991-92	1996-97	2006-07	2008-09	2009-10	2010-11
01	Number of Banks	133	135	131	125	117	113	110	114
02	Total membership (in Lakhs)	2.49	27.66	17.87	13.80	11.43	12.78	13.25	15.87
03	Paid up Capital (in Crores)	3.91	16.11	21.55	39.87	42.2	43.4	45.79	48.67
04	Reserve Fund and other Reserve (in Crores)	3.74	20.31	50.16	36.86	35.3	36.7	38.58	34.23
05	Owned Funds (in Crores)	7.65	36.42	71.71	76.73	78.4	79.02	81.45	83.67
06	Deposits (in Crores)	31.30	203.87	441.00	792.20	799.67	804.73	814.85	886.74
07	Borrowings (in Crores)	1.60	28.16	12.16	36.59	32.54	35.32	37.82	42.28
08	Working Capital (in Crores)	46.98	282.07	475.75	1047.00	977.56	989.90	1103.57	1189.34
09	Loans out standing (in Crores)	29.10	208.46	324.82	626.40	712.09	745.29	803.28	854.54

Source: Record of the office of the Registrar of Cooperative Societies, Chennai.

At present, 120 Urban Cooperative Banks are functioning in the State. These Urban Cooperative Banks provide banking and credit facilities to the urban and semi-urban population. They mobilize deposits from the public and extend credit facilities to small traders, artisans and persons belonging to the middle income group for various purposes like housing, business, education, consumer and other non farm sector activities. During 2011-12, Urban Cooperative Banks disbursed loans of Rs.5552.77 crore to 16,53,267 beneficiaries. A target of Rs.6500 crore is fixed for the year 2012-13. The total deposit amount available with the Urban Cooperative Banks as target of Rs.5000 crore is fixed for the year 2012-13. The Urban Cooperative Banks should lend not less than 60% of their total advances to the priority sector of which 25% is disbursed to the weaker sections of the society.

Schemes Implemented By Cooperative Credit Structure

(i) Waiver of Agricultural Loans by State Government

The State Government of Tamilnadu during the year 2009-10 under the then former Chief Minister has waived the crop loans of farmers and issued orders on the very first day of assuming charge. The historic decision of the Government to waive the entire crop loan has benefited lakhs of farmers to avail fresh agricultural credit. So far waiver certificates have been issued to 22,86,405 farmers. The Government has ordered to compensate the amount of waiver of agricultural loan in five equal installments starting from 2006-07. The amount released so far to compensate the waiver of loan is as below:-

TABLE : 2

(ii) Waiver of agricultural loans by Central Government

Following the footsteps of the State Government, the Union Government also waived the agricultural loans of small and marginal farmers which were issued up to 31.3.2007 and overdue on 31.12.2007 and unpaid as on 29.2.2008 and one time settlement of 75% debt relief to other farmers. Under Government of India's waiver

Table 2: Waivers of Agricultural Loans by State Government (Rs. in crores)

S.No.	Details	2006-07	2007-08	2008-09
1.	Payment to Cooperative Banks	1044.63	976.05	891.11
2.	Payment to NABARD	613.59	645.11	298.53
3.	Payment to Government of India	15.82	9.06	8.36
	Total	**1674.04**	**1630.22**	**1198.00**

Source: Record of the office of the Registrar of Cooperative Societies, Chennai.

scheme the cooperative sector received Rs.88.52 crores as against the eligible amount of Rs. 158.07 crores benefiting 1,12,621 farmers. The resultant impact was that the farmers of Tamil Nadu were fully liberated from the burden of debt and they had easily accessed to institutional credit for agricultural operations.

(iii) Kisan Credit Card Scheme

The Kisan Credit Card Scheme is being implemented to provide timely credit to the farmers so that delay in disbursement of credit is minimized. As on 31.3.2009, the Primary Agricultural Cooperative Credit Societies have issued Kisan Credit Cards to 17.13 lakh farmer members.

(iv) Credit to Weaker Sections

The Primary Agricultural Cooperative Credit Societies are paying special attention to meet the credit needs of the weaker sections. The National Bank for Agriculture and Rural Development has stipulated to extend not less than 30% of short term lending by cooperatives to small farmers who own or cultivate less than 5 acres. The actual coverage during 2008 - 09 was 47%. Further, it was targeted to extend 14% of the quantum of loan issued under short-term loans and 30% under medium term loans to the members belonging to Scheduled Caste/ Scheduled Tribe.

(v) Produce Pledge Loan

Produce Pledge Loan is useful to the small and marginal farmers to get remunerative price for their produce by holding their stocks during slump period and selling at a more opportune time. Hence, the Produce Pledge Loan was reintroduced as one of the main activities of Primary Agricultural Cooperative Credit Societies from 2008-09. An ambitious target of Rs.100 crores was fixed for Cooperative Institutions under produce pledge loan during 2008-09. Primary Agricultural Cooperative Credit Societies have issued produce pledge loans to the tune of Rs. 60.12 crores during 2008-09 and the Cooperative Marketing Societies have issued produce pledge loans to the tune of Rs 46.35 crores thus bringing the total produce pledge loans issued by the Cooperatives to Rs. 106.47 crores during 2008-09. This operation was substantially stepped up during 2009 - 10 as with a target of Rs. 125 crores.

(vi) Micro Credit Scheme

An ambitious scheme of group lending for the petty vendors in urban and semi-urban areas was launched by Tamilnadu Government, amplified and streamlined over the years. The District Central Cooperative Banks and Urban Cooperative Banks implemented this unique scheme. Under the scheme, the loan amount up to Rs. 5000/- per member was provided without any security for doing business like selling of flowers, vegetables, fruits and running petty shops. As against the target of Rs. 50.00 crores, co-operatives disbursed Rs. 53.05 crores to 46,909 persons during 2008-09 including Rs. 31.53 crores to 10,410 Groups under group lending programme. A target of Rs. 69.00 crores has been fixed under this scheme for the year 2009 - 10.

(vii)Assistance to Self-Help Groups

Under various schemes and Government sponsored programmes, lending is extended through self-help groups. During 2008-09, cooperative institutions have issued loans to the tune of Rs. 284.88 crores to self-help groups, marking an increase of 57% over the previous year.

(viii)Women Entrepreneur Loan Scheme

The District Central Cooperative Banks and Urban Cooperative Banks are providing loans up to Rs.10 lakhs to women entrepreneurs to start small industries and to take up service activities. During 2008-09, a sum of Rs. 15.35 crores has been disbursed to 6760 women entrepreneurs.

(ix) Working Women Loan Scheme

Under this scheme, the District Central Cooperative Banks and Urban Cooperative Banks are issuing loans up to Rs.1.00 lakh to working women drawing monthly income. This loan is repayable in 36 installments. As many as 6946 women were beneficiaries to the extent of Rs. 17.76 crores during 2008-09.

(x) Maternity Loan Scheme

Cooperative credit institutions are issuing maternity loan to pregnant women up to Rs.2000/-. During 2008 - 09, a sum of Rs. 1.23 crores has been disbursed to 6158 women beneficiaries.

(xi) Professional Loan

The District Central Cooperative Banks and Urban Cooperative Banks are extending Professional Loan to Doctors and Engineers up to Rs.10 lakhs. This loan is repayable over a period of 15 years. During 2008-09, a sum of Rs. 23.70 crores has been disbursed to 3359 beneficiaries.

(xii)Interest Free Share Capital Loan to SC/ST Members

In order to enhance the borrowing power of SC/ST members, interest free share capital loan is provided every year. During 2008-09, a sum of Rs.20 lakhs has been provided to 8000 SC/ST members of Primary Agricultural Cooperative Credit Societies at Rs.250/- per member and a sum of Rs. 5 lakhs have been provided to 1000 SC/ST members of Urban Cooperative Banks at Rs. 500/- per member as share capital loan. It is proposed to extend the scheme for the year 2009-10 also.

(xiii)Interest Free Share Capital Loan to Women Members

The borrowing power of the women members in the cooperative banks needs to be enhanced. Considering the poor financial condition of the rural women particularly those belonging to weaker sections, the Government is providing interest free share capital loan as the normal level of borrowing is limited to 20 to 40 times of the share capital investment. This amount is repayable in five installments commencing from the succeeding year in which loan is sanctioned. During 2008-09, 4500 beneficiaries were provided with Rs. 25 lakhs under this scheme.

Suggestions and Recommendations

The following suggestions are recommended to improve efficiency of the urban co-operative banks in Tamilnadu.

- In order to increase loans and advances the urban co-operative banks should minimize and simplify the formalities to be followed by customers for getting the loans sanctioned and for its disbursal
- Urban co-operative banks consortium may be arranged for utilizing surplus funds, so that idle funds in certain areas can be transferred to places where it is highly demanded.
- Officers up to the rank of senior accountant may be given discretionary powers to decide upon matters particularly in the field of sanctioning of loans.
- The UCBs should utilize the information technology to disseminate their performance to attract new customer. For that purpose every UCB should create web site from which their financial report should publish to reach the customers easily.
- The present study reveals that all the sample UCBs have shown more dependence on deposits as compared to other sources. Since deposits involve interest cost, it is therefore, suggested that these entire sample UCBs should make concerted efforts to augment their owned funds component, particularly share capital base at a faster pace by enrolling more and more members in their folds.
- To promote better performance, shares of UCBs should be treated at par with the shares of the joint stock companies and their shares should be allowed to be traded.
- The UCBs must maintain adequate liquid resources, margin and proper scrutiny of loans and should try to qualitatively improve to the staff. The staff should be augmented and training facilities should be given in the new field.
- Many of the evils that weaken the financial soundness of banking institutions are due to its defective loaning policies and procedures. A thorough review of the loan policies and procedures will, therefore, be necessary with a view to streamlining them.

Conclusion

This present article concluded that, the urban cooperative banks in the study area have not performed well on all the parameters. The banks need to improve liquidity position, management efficiency, earning capacity and asset quality to survive in the competitive market. Urban Co-operative Banking is a key sector in the Indian Banking scene, which in the recent years has gone through a lot of turmoil. UCBs are operating in a hostile socio-economic environment and mounting a coherent direct challenge to the mainstream banking is not easy. Market competition and the need to retain good clientele are affecting the Urban Co-operative Banks (UCBs) too. The commercial banks, with their ability to invest more in technology and offer better remuneration to attract skilled persons, are better off in fending competition.

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WOMEN EMPOWERMENT THROUGH CROCHET LACE INDUSTRY

Dr.T.V.S.Prasad[1] Dr.G.S.Rama Krishna[2] Dr.N.G.S.Prasad[3]

Abstract

Empowerment results in a change in the balance of power, in living conditions, and in relationships. The human species is capable of modifying its behaviour as well as its organizations and social systems whenever survival demands it. Empowerment is the activity of passing authority and responsibility to individuals at lower levels in the organization hierarchy. Hence it is women who matter because, if one women is empowered through education, health and information then the whole family is benefited and these benefits are spread-over the whole society.

Introduction

'To empower' means to enable or to allow women empowerment means that they can take decisions about their life, their children and family and can also contribute to the community decisions, where women's right to 'personhood', 'bodily integrity' is respected where their reproductive rights, social, economic and political rights are respected, their work contribution to the family, society is recognized, where there is no fear of sexual and social violence, where women feel a sense of acceptance and belongingness, where their right to their home and to their children as guardians is recognized.

According to Second National Commission on Labour (2002), empowerment is the process by which powerless people can change their circumstances and begin to exercise control over their lives. Empowerment results in a change in the balance of power, in living conditions, and in relationships. The human species is capable of modifying its behaviour as well as its organizations and social systems whenever survival demands it.

The future development of society lies in the status of women. One reality is that women not only form a major section of the society but also hold greater responsibilities than men. Hence it is women who matter because, if one women is empowered through education, health and information then the whole family is benefited and these benefits are spread-over the whole society. Thus the empowerment of women is a part of human resource development and cannot be treated independently.

Empowerment is the activity of passing authority and responsibility to individuals at lower levels in the organization hierarchy. As already stated the usually strategy adopted to empower women could be broadly classified into the following categories:

- Empowerment Through Education
- Empowerment and Economic Status
- Empowerment Through Political Awareness
- Empowerment Through Law
- Empowerment Through Gender Equality and Human Rights.
- Women Empowerment and Unions

Role of Alankriti Lace Park in Women Empowerment

Lace entered into the lives of the local poor women as a means of livelihood and to mitigate their financial problems to some extent and to keep them away from the daily grind of the bondages of life. Lace making came as a hobby but later on become a craft grind of the bondages of life. Almost every household in the rural areas at least one pair of hands are always busy knitting and knotting simple cotton thread into beautiful designs. Lace making became a part and parcel of the cultural life of the rural women folk. For rich and middle class it may be hobby but to the poor it is the chief means of livelihood. The craft spread to the neighouring villages with a radius of 50 kilometers around Narsapur.

The State Government with an objective of overall development of Andhra Pradesh economy is focusing on the development of labour-intensive and export oriented industry for generating both sustainable employment and valuable foreign exchange. Creating a brand name 'Alankriti' and establishment of Lace Park in a cooperative setup with a corporate framework and outlook at Narsapur to give a strong image to lace business. Establishment of Alankriti Lace Park at

1 . President, ICSA India Ltd., Kukatpally, Hyderabad.
2. Associate Professor, Dept. of Management Studies, Dr.C.S.Rao P.G. Centre, Sri Y.N. College, Narsapur
3. Professor & HOD, Department of Mgt. Studies, Swarnandhra Institute of Engineering and Technology, Seetharamapuram, Narsapur

Narsapur is the first step in this direction in the year 2004.

This Lace Park has been conducting training programmes for women and given the encouragement for women workers. West Godavari District in Andhra Pradesh is the centre place for the handicraft crochet lace and especially Narsapur is the heart of this lace craft. Narsapur is a remote place in West Godavari District of Andhra Pradesh. It is famous for the crochet lace product. The lace industry at Narsapur is a stable business which produces lace-goods for the global market. Crochet lace industry is one of the important handicrafts with a highly artistic appeal. For many women at Narsapur area of West Godavari District, crochet lace is the chief livelihood and has become the main craft in terms of employment generation. It is estimated that around two lakh women are involved in this craft which is a major foreign exchange earner for the country.

The Lace Park is acting as a liaison in between the local women and the middlemen. The Lace Park provides training to the local women after which they return to their own home and continue knitting. The trained women now are extremely quality conscious and so produce high quality articles. The Lace Park provides the raw material of cotton yarn. The finished product is bought by Lace Park and is in turn sold to the middlemen for a better price.

This organization brings the desperate, scattered women groups into self-help groups under one umbrella, brings in experts from outside for educating and training these groups, allows experiments in improving the designs and skills and makes the groups self-sufficient to market their own produce and decide their own future. The Lace Park vision is to have uncompromising attitude on quality, professionalism that sparks discipline, hard work and adherence to schedule, something that was not known earlier in this sector.

Hence, it is observe that through this mode of vocational training Lace Park has touched the lives of innumerable local women and given them a better chance to eking out a living through their craft. Lace Park is proud to share the fact that it has provided training directly to 8,500 local women and 16,230 artisans were trained at primary society level since its inception. Training programmes were conducted for lace artisans in batches in the art and technique of quality lace product making.

Conclusion

It is well known fact that women workers play a major role in making of lace items. The natives of Narsapur town and nearby villages, majority of women workers depend upon lace industry. There by women are economically empowered by earning on their own. In these days all intellectuals are speaking about empowerment of women and concrete works and training has been done in the lace making industry.

The women in their part time are pursuing this work and producing laces in different design according to the orders of exporters and it is not a direct profession to earn their livelihood, they are not aware of the actual cost of the raw material used for the lace making and the value added after the lace is prepared and the rates at which the finished lace is sold in the market. In other words, their work is totally restricted to their labour only. Therefore, artisans are earn very less amount as a remuneration in this lace making process.

Lace industry currently behind the iron curtains of a few private exporters and most of the lace women workers are un-organised and desperate. The crochet lace industry has potential for women employment and foreign exchange earning.

There is still male dominance persist in the society and most of the women earnings are spent on the family and they are treated like machines with out giving due weightage for their empowerment. The government is to bring out the women at their invisible marginalized and dependent position to an independent confident member of the society, playing a conscious role in the development of the community and their by the State and the country as a whole.

The Government is giving best packages for the benefit and development of women and making them to play a pivotal role in the countries economic development. In the lace industry the workers are women, they are economically poor. It is the Government through the Lace Park the economic status of women has been raised considerably and some of them started their own lace workers. The Lace Park is acting as a trainer and mediator for empowerment of lace workers.

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Primax International Journal of Commerce and Management Research Print ISSN: 2321-3604

A STUDY ON THE BRAND PREFERENCE OF WOMEN TOWARDS TWO-WHEELERS IN PUDUKKOTTAI TOWN

Dr.R.Sudha[1] **A. Parvathi** [2]

Abstract

The role of women in building a strong nation is great. A nation cannot progress unless women are given equal opportunity to take part in every sphere of our modern society. Now- a-days the customer preference have changed in favour of motorcycles and gearless scooters that score higher on technology, fuel economy and aesthetic appeal, at the expenses of metal-bodied geared scooters and mopeds . In the India Automobile industry many varieties of two-wheelers are entering in the market. So there is sudden shift or change in the tastes and preference for two-wheelers necessary to make a detailed analysis of various aspects that impel the women users to choose a particular two-wheeler. The study was limited to a sample size of 75 respondents in Pudukkottai Town. In this paper we found that 47% of the respondents are prefer TVS Scooty Pep/Pep+, 64% of the respondents are aware the brands of two wheeler through advertisement in Television, 80% of the respondents were completely satisfied with the mileage, 83% of the respondents are satisfied with the after sales service. According to the chi-square test find that there is significance difference between the preferable factors like mileage, pick-up, price and design. Two wheeler market in India is one fastest growing industry along with good number of competitors. All the major auto mobile giants are taking interest into the gearless bikes by targeting girls are more attracting towards the low weight bikes with good mileage and stylish design. So again there is huge competition going on between the two wheeler manufactures.

Keywords: Women Preference, Two-wheeler,

Introduction

The Indian two-wheeler industry has come long way since its humble beginning in 1948 when Bajaj Auto started importing and selling Vepsa Scooters in India. Since then, the customer preference have changed in favour of motorcycles and gearless scooters that score higher on technology, fuel economy and aesthetic appeal, at the expenses of metal-bodied geared scooters and mopeds. These changes in customer preference have had an impact on fortunes of the players. According to the Indian constitution men and women have equal rights and hence they are all in fields like civil administration and in various other public services acquitting themselves well. This in turn changed their roles and status in the society. This transition of women's status no doubt, brings about many healthy and welcome changes in society. The contribution of modern women born to the society and the family is considered important because she plays a dual role, which needs to be played in an effective way. Now women have come to accept all kinds of jobs and so the working women's responsibilities both in domestic activities like motherly, spousal, home management and in occupational assignments warrant proper time-management to accomplish satisfactory results almost everyday.

As a product category, scooters have covered a considerable distance over the last decade. From being a laggard in technology and characterised by two-stroke engines, higher emissions, and old styling, scooters have now acquired more refined engines and contemporary styling. Product positioning has also undergone a change with all OEMs now including in their portfolios gearless scooters with low kerb weight and self-start, features that appeal to certain consumer categories like women. HMSI currently occupies the leading position in the scooters segment with a market share of 51% (April-January 2010) and drawing on its flagship brand *Activa* (besides *Aviator and Dio*). It is followed by TVS (*Scooty Pep+* and *Streak*), which has a market share of 22%. In the past, several players such as Scooters India Limited, Kinetic Motor Company Limited (KMC), and LML Limited exited the segment, unable to run a profitable business in a scenario of declining volumes industry-wide; even BAL has recently announced that it plans to exit from scooters. That notwithstanding, the segment has also seen several relatively new entrants in the form of HHML, which launched *Pleasure* in January 2006, and SMIPL, which launched *Access 125* in September 2007. Besides, Mahindra & Mahindra has also entered the 2W circuit via its acquisition of the business assets of KMC in July 2008. Outlook for the scooters segment.

[1]. **Assistant Professor and Research Advisor of Commerce, Periyar E.V.R. College, Trichy**
[2]. **Assistant Professor of Commerce, Sudharsan College of Arts and Science, Perumanadu Pudukkottai.**

The deceleration in volume growth of the domestic 2W industry in 2012-13 was largely attributable to the motorcycles segment which grew by 0.1% over the previous year; even as the scooters segment posted 14.2% YoY expansion during this period, albeit on a smaller base. With this, the share of the scooters segment in the domestic 2W industry volumes increased to 21.2% in 2012-13 from 17.5% in 2010-11.

Necessity of Two-wheelers

The saving of time is considered as an important factor by working women and so they prefers to use two-wheeler, which is one of the easiest and quickest modes of transport on land. Rushing up to catch the train on time, boarding crowded buses, depending on husband or son to take her to mental stress, college – going girls or working women are now making use of two wheelers not only for going to their office but also for their personal errands. Thus the two-wheelers have become an integral part of the working women's life.

Importance of the study

In this modern and competitive world two wheelers play an important role without Two-wheelers, it will be difficult to move from one place to another. Two-wheelers are highly economical, time saving. It saves fuel and it can run on a rough road. It is a convenient automobile and anybody can easily drive it. It is also possible to carry loads. Hence, two-wheelers have major role in a modern economy. In the India Automobile industry many varieties of two-wheelers are entering in the market. So there is sudden shift or change in the tastes and preference for two-wheelers necessary to make a detailed analysis of various aspects that impel the women users to choose a particular two-wheeler.

Statement of the problem

Pudukkottai district is one of the backward district in the state of Tamil Nadu. It came into existence in January 1947 and was announced as economically backward district both by Central and State Government. Pudukkottai is the only major town in this district. All the enterprises and banks are situated in the middle of the town. Hence the density of the population is more in the heart of the town. Due to the migration of people from various places the new housing complexes are constructed away from the town. The collector office is situated in two kilometers from the heart of the town. It necessitates the usage of transport vehicles. Middle class people chiefly prefer the low cost vehicles, which fulfils their desires and requirements.

Generally the two-wheelers are the only vehicles which fulfill the needs of public. Hence the researchers concentrated his study on the brand preference of women towards two- wheelers.

Review of Literature

(S.Saravanan, 2010).Women play a major role in the purchasing decision and give highest preference to product quality. **(Kamolwan (2010))** found that the factors like social status, personal values, educational level have impact on purchasing behaviour of women on luxury fashion goods **. (Surindar .k.v.Miglani,2011).**Considering the buying behaviour of Indian women, it is influenced by advertisements, discounts offers and new schemes on the commodity. **V.Jayakumar(1998)** in his study " A study on consumer preference for two wheeler in Madurai city", has found that the major factors which are influencing the purchase of any two-wheeler are smooth ride, convenience, reliability and ease of handling. Further, the image of two wheeler and manufacturer reputation is considered by the buyer while making a decision on his own. **Prof.S.Saaravanan and Prof.N.Panchanathan (2009)** they discussed the essentials for promotion of a product. The result shows that a customer considers all factors at the time of purchasing a two wheeler, although majority of customers give importance to the brand image. This study also describes the socio-economic factors which satisfy two wheeler customers and that the employees and students crave for show room services.

Objectives of the study

- To enquire into the factors that lead to the choice of two-wheeler among the women users.
- To assess comparative features of two-wheeler which influenced the buyers.
- To know the level of satisfaction with regard to vehicle and after sales service provided by the dealers.

Methodology

A research design is considered as the framework or plan for a study that guides as well as helps the data collection and analysis of data. Present study is an analytical and descriptive in nature and based on empirical study. The data was collected from both primary and secondary sources. The primary source of data is respondents concerned and collected by using a predefined questionnaire. The secondary sources include books, articles, newspaper, various reports, websites etc.

- **Data sources:**

  The study is based on both primary and secondary data.
- **Research approach**: Survey method
- **Research Instrument**: Questionnaire

- **Secondary data:** Secondary data is collected from the company records publications of Journals, Newspapers and Website etc.
- **Primary data**: Primary data is collected questionnaire from the women users of two wheeler
- **Sampling size**: The sample units selected for the study were confined only to the women in Pudukkottai. The total size of the sample was 75, selected from the three categories

  Employed - 35

  House wife - 15

  Students - 25
- **Data analysis:** Chi-square test, percentage analysis

Scope of the study

The study was conducted in Pudukkottai town and it was confined only to women users of the two-wheelers.

Limitation of the study

1. The population selected for the study was confined only to the women users of two-wheelers in Pudukkottai town.
2. The research has studied two-wheeler preference for only TVS Scooty Pep, Hero Pleasure, Yamaha Ray, Honda Activa.
3. The study was limited to a sample size of 75 respondents in Pudukkottai Town.

Data Analysis

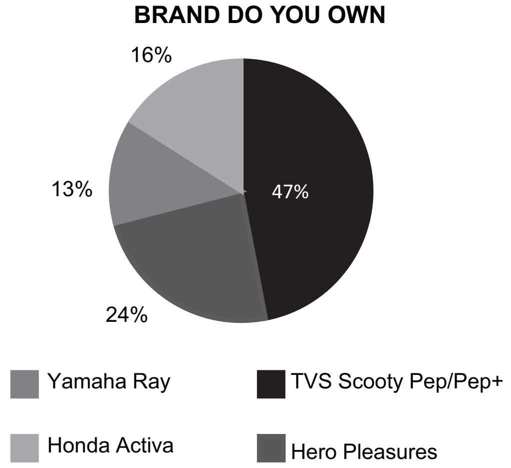
(A) Analysis on the basis of proportion.

The data after collection have to be processed and analyzed in accordance with the outline laid down for the purpose at the time of developing the research plan. The processing of data implies editing, coding, classification, tabulation and presentation of collected data so that they are enable to data analysis.

Table – 1 The brand of Two wheeler owned

S.NO	VEHICLE NAME	RESPON DENTS	PERCEN TAGE
1.	TVS Scooty Pep/ Pep+	35	47%
2.	Hero Pleasure	18	24%
3.	Yamaha Ray / Z Ray	10	13%
4.	Honda Activa / Activa-i	12	16%
Total		75	100

Graphical Representation

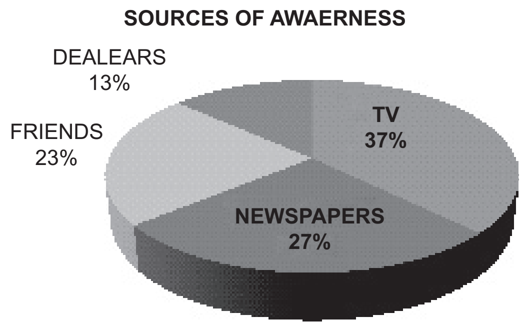


Interpretation: From the above analysis out of 75 respondents. 47% of them are using the TVS Scooty Pep/Pep+, 24% of them are having Hero Pleasure, 13% of them are having Yamaha Ray/Z Ray, 16% of them are having Honda Activa / Activa i. The above analysis concludes the fact that majority of the respondents are using TVS product.

Table - 2 Sources of awareness

S.NO	SOURCES	RESPON DENTS	PERCEN TAGE
1.	TV	28	37%
2.	NEWSPAPERS	20	27%
3.	FRIENDS	17	23%
4	DEALEARS	10	13%
Total		75	100

Graph



Interpretation: Out of the respondents obtained from 37% said that they became aware of the TV and through the 27% of the customers are aware from the Newspapers. And another 23% are aware of by friends. And only 13% are aware by the dealers.

Table - 3 Shows the valuable attributes you normally look while purchasing a Two-wheeler

S.NO	ATTRIBUTES	RESPON DENTS	PERCEN TAGE
1.	QUALITY ERVICE	24	32%
2.	LESS PRICE	12	16%
3.	BRAND IMAGE	10	13%
4.	GOOD MILEAGE	29	39%
	Total	**75**	**100**

Interpretation: From the above it can be stated that general normally any one while purchasing a two wheeler most of the members are seeing 39% Good mileage and 32% of members are seeing Quality service and 16% of the members are seeing Less Price and only 13 % of the members are Brand Image.

Graphical Representation

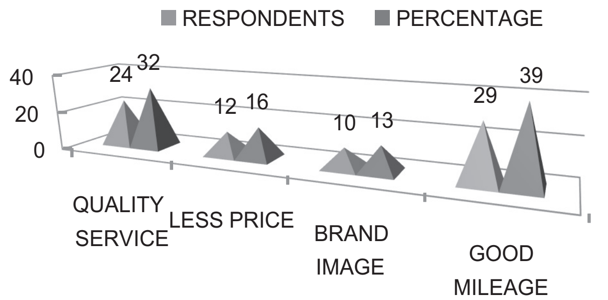
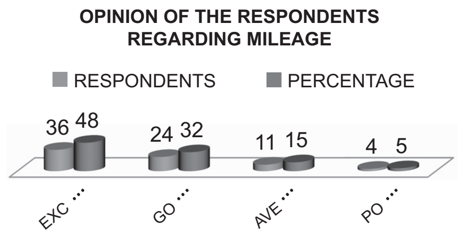


Table - 4 opinion about the Mileage

S.NO	OPINION	RESPON DENTS	PERCEN TAGE
1.	EXCELLENT	36	48%
2.	GOOD	24	32%
3.	AVERAGE	11	15%
4.	POOR	4	5%
	Total	**75**	**100**

CHART

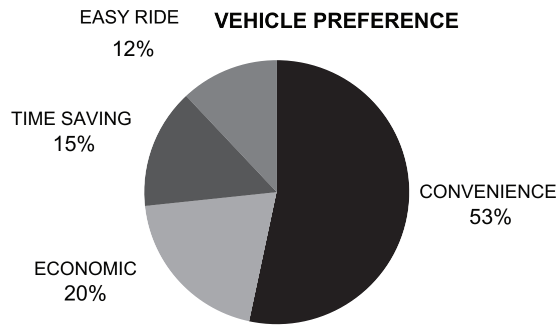


Interpretation: Out of 75 respondents 48% of the respondent stated "EXCELLENT" and 32% of the respondent stated "GOOD" and 15% of the respondent stated "AVERAGE" and 5% of them stated "POOR".

Table - 5 Reason for preferring the vehicle

S.NO	OPINION	RESPON DENTS	PERCEN TAGE
1.	CONVENIENCE	40	53%
2.	ECONOMIC	15	20%
3.	TIME SAVING	11	15%
4.	EASY RIDE	9	12%
	Total	**75**	**100**

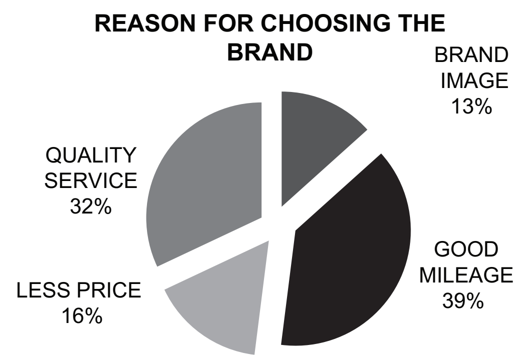
CHART



Interpretation: In today's world convenience seems to be the most overriding factor while preferring cellular service. It is clear that 53% of the respondents have preferred this service due to easy & hands free availability, making it convenient to use it. On the other hand 20% have said economy of the service, while 15% of the respondents have given time saving as their choice. While a meager 12% of the said easy ride as the reason for preferring the service.

Table - 6 The reason for Choosing the Brand

S.NO	REASON	RESPON DENTS	PERCEN TAGE
1.	BRAND IMAGE	10	13%
2.	GOOD MILEAGE	29	39%
3.	LESS PRICE	12	16%
4.	QUALITYSERVICE	24	32%
	Total	**75**	**100**

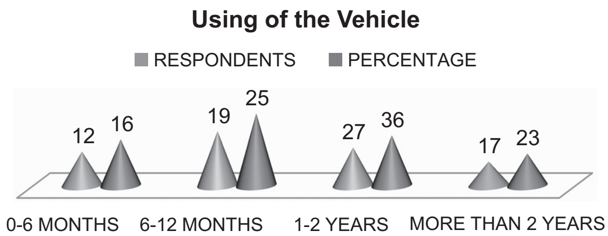


Interpretation: From the above table it is clear that 39% of the respondents are citing good mileage as the factor. While 32% cited quality of service as the reason for choosing the service. As far as price is concerned only 16% of the respondents have quoted it as the reason for choosing this service and 13% of the respondents choosing brand image.

Table - 7 The period of usage of this vehicle

S.NO	MONTHS	RESPONDENTS	PERCENTAGE
1.	0-6 MONTHS	12	16%
2.	6-12 MONTHS	19	25%
3.	1-2 YEARS	27	36%
4.	MORE THAN 2 EARS	17	23%
	Total	**75**	**100**

CHART

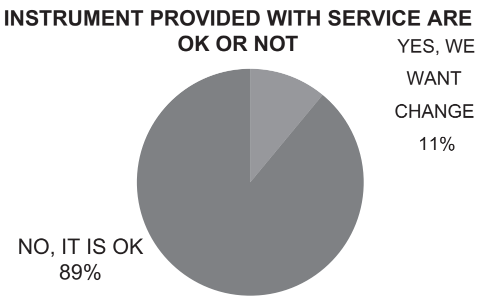


Interpretation: From the above table it is seen that 36% of the respondents have been using vehicle for the more than one years. While 25% have been using it for past one years and 23% of the respondents have been using the vehicle for more than one2-years. Only 16% of the respondents have been using vehicle for less than six months.

Table - 8 Opinion on the instruments being provided along with theTwo wheeler

	NO OF RESPONDENTS	PERCENTAGE
YES, WE WANT CHANGE	8	**11%**
NO, IT IS OK	67	89%
TOTAL	75	100

CHART

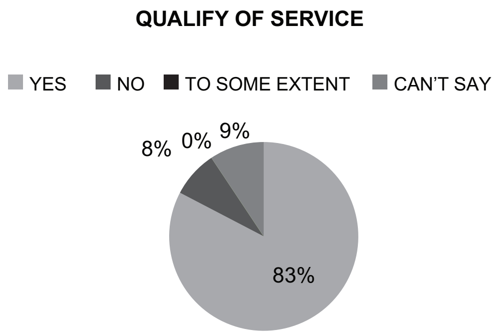


Interpretation: From the above table is clear that 89% of the total 75 respondents don't want any change instruments being provided by the company, they want as it is. But the remaining 11% of the respondents are willing to have change in that at some choice, in terms of certain features as compared with competitors.

Table -9 Satisfaction level regarding quality of service provided for Two wheeler

S.NO	OPNION	RESPONDENTS	PERCENTAGE
1.	YES	62	83%
2.	NO	6	8%
3.	TO SOME EXTENT	0	0%
4.	CAN'T SAY	7	9%
	Total	**75**	**100**

CHART



Interpretation: From the above table it is clear that 83% of the respondents are satisfied with the quality of service while a significant number i.e.,9% of the respondents couldn't say anything and 8% of the respondents replied they are not satisfied with the quality of service.

(B) Analysis on the basis of Chi Square test

TABLE : 1

H0: Age Group independent on vehicle

H1:Age Group dependent on vehicle

X2 = ∑ (Oij2/Eij) – N

X2 = 79.3-75 = 4.3

Calculated X2 = 4.3 where Table X2 =12.6

As cal X2< Table X2 hence reject H1 and accept Ho

Interpretation: Age group is independent on vehicle i.e. there is no significant relationship between two wheeler model and age group.

TABLE : 2

Chi-Square = ∑ **(O-E)2/E**

Null hypothesis: There is no significant difference in the preferable factors

TABLE 1: Age group

VEHICLE/ AGE	TVS SCOOTY PEP/PEP+Oij-Eij	HERO PLEASUREOij-Eij	YAMAHARAY/Z RAY Oij-Eij	HONDAACTIVA/ ACTIVAi Oij-Eij	TOTAL Oij2/Eij
18-30	20 (18.2)	10 (9.36)	6 (5.2)	3 (6.24)	39 (41.03)
30-40	11 (12.6)	6 (6.48)	3 (3.6)	7 (4.32)	27 (29.00)
Above 40	4 (4.2)	2 (2.16)	1 (1.2)	2 (1.44)	09 (9.27)
	35(35)	18 (18)	10 (10)	12 (12)	75 (79.3)

TABLE 2: Preferable factors

S.NO	TYPE	RESPONDENTS (O)	E	O-E	$(O-E)^2$	$(O-E)^2/E$
1.	Mileage	30	18.75	11.25	126.56	6.75
2.	Pick-up	22	18.75	3.25	10.56	0.56
3.	Price	16	18.75	2.75	7.56	0.40
4.	Design	7	18.75	11.75	138.06	7.36
					Σ(O-E)2/E=	15.07

Degree Of Freedom = (4-1) = 3
Level of significance = 5%

Chi-square =15.07

The calculated value is 15.07
The chi-square table value at 5% level of significance at 3 degree of freedom 7.815

Interpretation: The computed value of chi-square is greater than the table value hence, the null hypothesis is rejected. So, there is significance difference between the preferable factors.

Findings

1. Analysis reveals that out of 75 respondents, 47% of the respondents are prefer TVS Scooty Pep/Pep+. of the two wheeler.
2. 64% of the respondents are aware the brands of two wheeler through advertisement in Television and News papers.
3. 39% of the respondents are attract the good mileage to choose this brand, 32% of the respondents are Quality of service, 16% of the respondents are Less price and 13% of the respondents were like Brand image.
4. 80% of the respondents were completely satisfied with the mileage and performance of the two wheeler, 20% of the respondents are dissatisfied with the mileage.
5. 53% of the respondents have bought the two wheeler for their Convenience.
6. 36% of the respondents are using their brands of two-wheeler for a period of 1-2 years.
7. 89% of the respondents are feel that the instruments being provided along with the service is Ok.
8. 83% of the respondents are satisfied with the after sales service.
9. According to the chi-square test find that there is no significance difference between the age group and two wheeler model.
10. According to the chi-square test find that there is significance difference between the preferable factors like mileage, pick-up, price and design.

Suggestions and Conclusion

Two wheeler market in India is one fastest growing industry along with good number of competitors. All the major auto mobile giants are taking interest into the gearless bikes by targeting girls are more attracting towards the low weight bikes with good mileage and stylish design. So again there is huge competition going on between the two wheeler manufactures.

Generally women prefer attractive colours, less weight, reasonable price and comfort hence the manufacturers should develop a two-wheeler according to the taste and preference of the women to capture the market.

The manufacturers while giving advertisement must highlight the major features and colours availability to induce the women.

Usually, women are influenced by attractive offers which may include gift- scheme, free accessories etc., and have any special offer directed towards women is some to alter their choice of two wheelers also.

TVS Scooty should be very economic, fuel efficient, low maintenance , middle weight, much storage capacity, service centre easily available, good looking, comfortable and etc.,

Hero Pleasure is designed in such a way that it gives utmost comfort to girls while driving, pleasure is a light weight two wheeler and the mileage of pleasure is goes up to a great 50 to 55 kilometers per liter. It is available many attractive colours.

The people at Yamaha have created an excellent scooter which smart, youthful, trendy ad fun to ride. Honda Activa gives a good mileage, good pick-up, easy maintenance and is spacious and best for long drive. It is a bit heavier than say scooty.

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Primax International Journal of Commerce and Management Research Online ISSN: 2321-3612

PERFORMANCE OF INDIAN STEEL INDUSTIES- A COMPARATIVE STUDY OF TISCO AND SAIL

Gurumurthy K. H[1] **Priyadarshan K[2]**

Abstract

In the Indian scenario both public sector as well as private sector has performed extensively. So this paper compares the performance of two leading steel companies of India one being a private company TISCO and the other a public sector undertaking SAIL industries by using secondary data of five years. The measurement of performance is indeed a difficult task due to the existence of a numerous methods. This study makes an attempt to measure the performance of the companies using quantitative method through ratios; the various such ratios are liquidity, solvency, turnover and profitable. These ratios are used to calculate simple arithmetic mean, standard deviation and also used for testing hypotheses. The conclusion is drawn based on mean, CV and p value result. The study reveals that private sector TISCO seems to have an edge over public sector SAIL

Key Words : Performance, Public sector, Private sector, Ratio

Introduction:

After liberalization in 1990-91 the industrial growth has been phenomenal all over the Asian countries especially India & China. Steel being the important raw material for majority companies benefited from this growth. India being a mixed economy is a home for both private sector and public sector companies. The steel industry is one of leading industries in the Indian industrial sector and is the major provider of raw material to many industries like automobile, electrical, construction and infrastructure. This study makes an attempt to find out the relative performance of two leading companies namely Tata Steel Limited (formerly Tata Iron and Steel Company Limited (*TISCO*) is an Indian multinational steel-making company headquartered in Mumbai and Steel Authority of India (SAIL). SAIL is India's largest steel producing company. The company is among the seven Maharatnas of the countries. SAIL has five integrated steel plants, three special plants, and one subsidiary in different parts of the country

Objectives of the Study

a. To study the comparative performance of TISCO and SAIL

b. To offer valuable suggestions

HYPOTHESIS

a. There no difference in The performance of TISCO and SAIL (H0)

b. There is difference in The performance of TISCO and SAIL (H1)

Research Methodology

a. **Source of Data**: The study is based on secondary data of five years from 2010-14

The required data have been collected from the five years financial statement of TISCO and SAIL

b. **Plan of analysis:** collected data analysed through various Ratios such as Current Ratio for measuring liquidity position of the two companies Debt-equity and proprietary ratio for measuring solvency position, stock turnover ratios is used to measure the efficiency of the two companies' and net profit ratio and earnings per share is used to measures the profitability of two companies and theses ratios are used to calculate Mean C.V and testing of hypotheses. t-test is used for testing hypotheses and drawing inference using p value**;**

Higher the p value there is no significant difference between the performances of two companies

Lower the p value there is significant difference between the performances of two companies

So P =0.5 or greater than 0.5 is not significant, p=0.2-0.5 significant, p-0.00-0.2 is highly significant

c. **Limitation:** study covers five statement ratios, finding is based on ratios and p value result and suggestion is made on the bases of findings**.**

1. **RESULTS ANALYSIS AND FINDINGS**

1. Liquidity position

A. **Current Ratio =** $\frac{\text{Current Assets}}{\text{dxCurrent liabilities}}$

[1].Assistant Professor,Department of Commerce and Management, Government First Grade College Magadi, Ramanagar, Karnataka

[2].Assistant Professor,Department of Commerce and Management, Government First Grade College Magadi, Ramanagar, Karnataka

TABLE - 1 CURRENT RATIO (CR)

CURRENT RATIO (CR)							Mean	SD	CV
TISCO	Years	2010	2011	2012	2013	2014			
	CA	6746.72	8523.3	12820	11505	11565	0.845	0.22	26%
	CL	6657.01	7447.8	16838	16489	18882			
	Ratio	1.01	1.14	0.76	0.70	0.61			
SAIL	CA	35738	33433	27752	27086	26891	1.968	1.05	53%
	CL	10918	11475	18423	22504	28340			
	Ratio	3.27	2.91	1.51	1.20	0.95			
						T value	d.f	P value	Result
Difference between liquidity of TISCO and SAIL						2.132	4	0.02	H sig

(**Source:** Secondary data from the Balance sheet of two Companies)

From the above table it is reveals that the CR of two companies for five years from 2010 -2014. Both companies CR's are decreases. The standard CR is 2:1. Both companies do not meet the standard. It indicates that current assets are not enough to meet current liabilities. The liquidity positions of both the companies are not satisfactory. Comparing the result of both companies CV of SAIL is greater than TISCO is indicate that SAIL is more variable in respect of liquidity position. Testing result reveals that there is highly significant difference in liquidity position of the both companies

Conclusion: both companies need to improve the liquidity position

2. Solvency positions

A. Share Holder Ratio = $\frac{\textit{Share Holder Fund}}{\textit{Total Assetss}}$

TABLE - 2 SHAREHOLDER RATIO

SHAREHOLDER FUND TO TOTAL ASSETS RATIO							Mean	SD	CV
TISCO		2010	2011	2012	2013	2014			
	SHF	36961.8	46945	52216	55210	61148	0.564	0.025	5%
	TA	64232.8	78556	95803	101877	111040			
	Ratio	0.58	0.60	0.55	0.54	0.55			
SAIL	SHF	33317	37069	39811	41025	42666	0.55	0.085	15%
	TA	51243	58726	76337	84218	91962			
	Ratio	0.65	0.63	0.52	0.49	0.46			
						T value	d.f	P value	Result
Difference between Performance of TISCO and SAIL						2.132	4	0.36	sig

(**Source:** Secondary data from the Balance sheet of two Companies)

From the above table it is evident that both the companies have maintained a constant SH ratios over the study period of 2010-14. Both TISCO & SAIL have utilised only 56 to 55% of their share holder's funds to finance their total assets. Comparing the result of both companies CV of SAIL is more variable than TISCO in respect of share holder fund utilisation. Testing result shows that there is a significant difference in share holders fund utilisation of both companies.

Conclusion: Both companies need to utilise shareholder's funds much effectively.

A. **Debt-equity Ratio** = $\frac{\textit{Debt (out fund)}}{\textit{Share Holders fund}}$

TABLE - 3 DEBT-EQUITY RATIO

DEBT-EQUITY RATIO							Mean	SD	CV
		2010	2011	2012	2013	2014			
TISCO	E B	25239.2	28301	24473	27904	28736	0.546	0.092	17%
	SHF	36961.8	46945	52216	55210	61148			
	Ratio	0.68	0.60	0.47	0.51	0.47			
SAIL	E B	16511	20165	18102	20689	20955	0.496	0.032	6%
	SHF	33317	37069	39811	41025	42666			
	Ratio	0.50	0.54	0.45	0.50	0.49			
						T value	d.f	P value	Result
Difference between Performance of TISCO and SAIL						2.132	4	0.133	H sig

(**Source:** Secondary data from the Balance sheet of two Companies)

It is observed that the Debt-Equity ratio of TISCO has come down drastically from 68% in 2010 to 47% in 2014 when compare to a constant 49% of SAIL. It is also observed that the CV of TISCO is more variable when compared to SAIL and has shown a decreasing trend. Testing result shows that there is a highly significant difference in share debt equity ratio of both companies.

Conclusion: both companies are maintaining the ideal debt equity ratio of 1:2

3. Turnover Ratio

A. **Stock Turnover Rati** = $\frac{\textit{Sales}}{\textit{Closing inventory}}$

TABLE - 4 STOCK TURNOVER RATIO

STOCK TURNOVER RATIO							Mean	SD	CV
		2010	2011	2012	2013	2014			
TISCO	Sales	25022	29396	33933	38199	41171	8.076	1.5	18%
	Inventory	2454	3237.6	4859	5257.9	6007.8			
	Ratio	10.20	9.08	6.98	7.27	6.85			
SAIL	Sales	40551	42719	47965	44441	46698	3.522	0.67	19%
	Inventory	9027.5	11303	13742	16008	15201			
	Ratio	4.49	3.78	3.49	2.78	3.07			
						T value	d.f	P value	Result
Difference between efficiency of TISCO and SAIL						2.132	4	0.0002	H sig

(**Source:** Secondary data from the financial Statements of two Companies)

The stock turnover ratios of both companies have shown a decreasing trend in observation period of 2014-15. There is not much of a variation in the companies CV both TISCO & SAIL have 18% & 19% respectively. TISCO is able to convert its inventory much effectively then SAIL even though it has shown a decreasing trend. Testing reveals a high significant difference between the stock turnover ratios among both the companies.

Conclusion: TISCO is much efficient in converting its raw material into sales than SAIL

B. **Turnover to Assets Ratio** = $\frac{\textit{Sales}}{\textit{Total Assets}}$

TABLE- 5 TURNOVER TO ASSETS RATIO

ASSETS TURNOVER RATIO							Mean	SD	CV
		2010	2011	2012	2013	2014			
TISCO	Sales	25022	29396	33933	38199	41171	0.37	0.0126	3.4%
	TA	64233	78556	95803	101877	111040			
	Ratio	0.39	0.37	0.35	0.37	0.37			
SAIL	Sales	40551	42719	47965	44441	46698	0.64	0.123	19%
	TA	51243	58726	76337	84218	91962			
	Ratio	0.79	0.73	0.63	0.53	0.51			
						T value	d.f	P value	Result
Difference between efficiency of TISCO and SAIL						2.132	4	0.0037	H sig

(**Source:** Secondary data from the financial Statements of two Companies)

It has been observed that the sales to total assets ratio of TISCO is comparatively constant than SAIL over the observation period. The CV of TISCO is much lower than SAIL indicating a much constant sales to total assets ratio. Testing reveals a high significant difference between the asset turnover ratios among both the companies.

Conclusion: SAIL has shown a decreasing trend in sales to assets

1. Profitability Ratio

A. Net Profit Ratio = $\frac{\textit{Net profit}}{\textit{Total Revenue}}$

TABLE - 6 NET PROFIT RATIO

NET PROFIT RATIO							Mean	SD	
		2010	2011	2012	2013	2014			
TISCO	NP	7214.3	9776.9	9346.3	8511.1	9855.3	0.264	0.042	
	TR	25876	30187	34820	39101	42499			
	Ratio	0.28	0.32	0.27	0.22	0.23			
SAIL	NP	10132	7194.3	5412.9	3470	2265.4	0.126	0.071	
	TR	43320	44919	47965	45560	47580			
	Ratio	0.23	0.16	0.11	0.08	0.05			
						T value	d.f	P value	
Difference between Profitability of TISCO and SAIL						2.132	4	0.0020	

(**Source:** Secondary data from the Income Statements of two Companies)

On an observation of the table it is evident that SAIL has experienced higher decline in net profit to total revenue than TISCO in the observation period. The CV of SAIL is very high at 56% when compared to 16% of TISCO indicating a fluctuating net profit ratio and also a declining trend. Testing reveals a high significant difference between the net profit ratios to Total revenue of both the companies.

Conclusion: TISCO is highly profitable & constant than SAIL

B. Return on Equity = $\frac{\textit{Profit After Tax}}{\textit{Equity Share Holder Fund}}$

TABLE - 7 RETURN ON EQUITY

RETURN ON EQUITY							Mean	SD	CV
		2010	2011	2012	2013	2014			
TISCO	PAT	5046.8	6865.7	6696.4	5063	6412.2	0.122	0.023	19%
	ESHF	36962	46945	52216	55210	61148			
	Ratio	0.14	0.15	0.13	0.09	0.10			
SAIL	PAT	6754.4	4904.7	3542.7	2170.4	2616.5	0.106	0.061	58%
	ESHF	33317	37069	39811	41115	42666			
	Ratio	0.20	0.13	0.09	0.05	0.06			
						T value	d.f	P value	Result
Difference between Profitability of TISCO and SAIL						2.132	4	0.244	sig

(**Source:** Secondary data from the Income Statements of two Companies)

It is evident from the table that both the companies have experienced a declining trend over the observation period. The CV of SAIL is much higher at 58% than TISCO at 19% showing a higher fluctuating trend in returns given to Equity holders and a decreasing trend. Testing reveals a significant difference in return on equity given by the companies.

Conclusion: TISCO has given a constant return than SAIL

A. EARNING PER SHARE = $\frac{\textit{Earning avilable to equity share holder}}{\textit{Number of equity share holder}}$

TABLE - 8 EARNING PER SHARE

EARNING PER SHARE (EPS)							Mean	SD	CV
TISCO		2010	2011	2012	2013	2014			
	EPS	57.31	70.99	66.62	50.28	64.21	61.882	8.163	13%
SAIL	EPS	16.35	11.87	8.58	5.25	6.33	9.676	4.509	47%
						T value	d.f	P value	Result
Difference between EPS of TISCO and SAIL						2.132	4	0.0001	H sig

(**Source**: Secondary data from the Financial Statements of two Companies)

It is seen that TISCO has observed a fluctuating trend where as SAIL has shown a decreasing trend during the observation period. The CV of 13% of TISCO shows a relatively lower fluctuation in EPS than SAIL at 47%. Testing shows that a high significant difference between the EPs given by the companies.

Conclusion: EPS of TISCO is higher and much constant than SAIL

SUGGESTIONS:

1. It is suggested that SAIL being public sector enterprise has to make use of its resources
2. SAIL has to make attempt to become more dependent on external borrowings rather than share holder's funds.
3. Attempts have to be made to improve the inventory turnover by adopting much efficient production methods
4. Comparing the performance of TISCO with SAIL, TISCO comparatively better than SAIL

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Primax International Journal of Commerce and Management Research Print ISSN: 2321-3604

E-BANKING: BENEFITS & CHALLENGES

R. Shiva Shankar[1] Dr. S Tameem Sharief [2]

Introduction

The advent of Internet has initiated an electronic revolution in the global banking sector. The dynamic and flexible nature of this communication channel as well as its ubiquitous reach has helped in leveraging a variety of banking activities. Electronic banking, also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by cheque or cash. You can use electronic funds transfer to

1. Have your paycheck deposited directly into your bank or credit union checking account.
2. Withdraw money from your checking account from an ATM machine with a personal identification number (PIN), at your convenience, day or night.
3. Instruct your bank or credit union to automatically pay certain monthly bills from your account, such as your auto loan or your mortgage payment.
4. Have the bank or credit union transfer funds each month from your checking account to your mutual fund account.
5. Have your government social security benefits check or your tax refund deposited directly into your checking account.
6. Buy groceries, gasoline and other purchases at the point-of-sale, using a check card rather than cash, credit or a personal check.
7. Use a smart card with a prepaid amount of money embedded in it for use instead of cash at a pay phone, expressway road toll, or on college campuses at the library's photocopy machine or bookstores.
8. Use your computer and personal finance software to coordinate your total personal financial management process, integrating data and activities related to your income, spending, saving, investing, recordkeeping, bill-paying and taxes, along with basic financial analysis and decision making.

Review of the Study

The study basically concentrates on the colossal revolution of E-banking and the Challenges thereof. E-Banking has revolutionized to days banking by making it very fast, easy and far reaching. The expectations are growing at very fast speed on the E-Banking services. With the result, it is demanding more attention for study from various people around the globe. Huge volume of research has been done and is still going on different issues of E-banking. The research has helped the customers, the bankers, and other dependent institutions in understanding various aspects of E-banking. E-Banking has over-performed all the obsolete banking practices and the threat of security measures has also been growing with it. Researchers are trying to find out the ways to cover up this risk in the E-Banking and make it more sophisticated for everyone. The present research study has been done in this context only. There were huge amount of issues related to E-Banking available on the internet. But our study has emphasized on threats and the preventive measures to accept the challenging situations. Due, to the presence of time constraint, the study is based upon limited papers on the same issue.

Objectives

Internet banking has become very much popular now a day's throughout the globe. It has made the banking activities easier, faster and more accessible. Now people are trying to learn more about the E-banking. The primary objective of the research is to get the full acquaintance of the internet banking and its benefits. To add more knowledge about internet banking the following are the secondary objectives of this research study.

1. To know how the internet banking has revolutionized the banking sector.
2. To help the leaner's to know about the current concerns in the internet banking.
3. To know how challenging internet banking has become and how the banking sector applies different strategies to cope up with the challenging environment

Research Methodology

The primary source of the information in this research study is the secondary data. The available information on internet regarding the E: Banking has been extensively used to complete the dissertation report. All the available Journals, Articles, papers provided

[1].Research Scholar, The New College (Autonomous), Chennai
[2].Faculty and Research Supervisor, The New College (Autonomous), Chennai

necessary information to the group to finalize the research study. The group worked hard to collect all the necessary data to frame this report.

Limitations

The following limitations have been found by the team

1. The research study has been done from a selective material on the internet.
2. Only selective journals, papers and articles have been put to use because of the time factor.
3. There is the possibility of further updating of this research paper because of limited sources.

Internet Banking

Internet Banking lets you handle many banking transactions via your personal computer. For instance, you may use your computer to view your account balance, request transfers between accounts, and pay bills electronically.

Internet banking system and method in which a personal computer is connected by network service provider directly to a host computer system of a bank such that customer service requests can be processed automatically without need for intervention by customer service representatives. The system is capable of distinguishing between those customer service requests which are capable of automated fulfillment and those requests which require handling by a customer service representative. The system is integrated with the host computer system of the bank so that the remote banking customer can access other automated services of the bank. The method of the invention includes the steps of inputting a customer banking request from among a menu of banking requests at a remote personnel computer; transmitting the banking requests to a host computer over a network; receiving the request at the host computer; identifying the type of customer banking request received; automatic logging of the service request, comparing the received request to stored table of request types, each of the request types having an attribute to indicate whether the request type is capable of being fulfilled by a customer service representative or by an automated system; and, depending upon the attribute, directing the request either to a queue for handling by a customer service representative or to a queue for processing by an automated system.

Automated Teller Machines (ATM):

An **automated teller machine** or **automatic teller machine(ATM)** is an electronic computerized telecommunications device that allows a financial institution's customers to directly use a secure method of communication to access their bank accounts, order or make cash withdrawals (or cash advances using a credit card) and check their account balances without the need for a human bank teller. Many ATM s also allow people to deposit cash or cheques, transfer money between their bank accounts, top up their mobile phones' pre-paid accounts or even buy postage stamps. On most modern ATMs, the customer identifies him or herself by inserting a plastic card with a magnetic stripe or a plastic smartcard with a chip that contains his or her account number. The customer then verifies their identity by entering a pass code, often referred to as a **PIN** (**P**ersonal **I**dentification **N**umber) of four or more digits. Upon successful entry of the PIN, the customer may perform a transaction. The growth of ATM's has rapidly grown in the public places around the globe.

Tele Banking:

Undertaking a host of banking related services including financial transactions from the convenience of customers chosen place anywhere across the GLOBE and anytime of date and night has now been made possible by introducing on-line Tele banking services. By dialing the given Tele banking number through a landline or a mobile from anywhere, the customer gets the following facilities

- Automatic balance voice out for the default account.
- Balance inquiry and transaction inquiry in all
- Inquiry of all term deposit account
- Statement of account by Fax, e-mail or ordinary mail.
- Cheque book request
- Stop payment which is on-line and instantaneous
- Transfer of funds with CBS which is automatic and instantaneous
- Utility Bill Payments
- Renewal of term deposit which is automatic and instantaneous
- Voice out of last five transactions.

Smart Card

A smart card usually contains an embedded 8-bit microprocessor (a kind of computer chip). The microprocessor is under a contact pad on one side of the card. Think of the microprocessor as replacing the usual magnetic stripe present on a credit card or debit card.

The microprocessor on the smart card is there for security. The host computer and card reader actually "talk" to the microprocessor. The microprocessor enforces access to the data on the card.

The chips in these cards are capable of many kinds of transactions. For example, a person could make purchases from their credit account, debit account or from a stored account value that's reload able. The enhanced memory and processing capacity of the smart card is many times that of traditional magnetic-stripe cards and can accommodate several different applications on a single card. It can also hold identification information, which means no more shuffling through cards in the wallet to find the right one — the Smart Card will be the only one needed.

Smart cards can also be used with a smart card reader attachment to a personal computer to authenticate a user.

Smart cards are much more popular in Europe than in the U.S. In Europe the health insurance and banking industries use smart cards extensively. Every German citizen has a smart card for health insurance. Even though smart cards have been around in their modern form for at least a decade, they are just starting to take off in the U.S.

Debit Card:

Debit cards are also known as check cards. Debit cards look like credit cards or ATM(automated teller machine) cards, but operate like cash or a personal check. Debit cards are different from credit cards. While a credit card is a way to "pay later," a debit card is a way to "pay now." When you use a debit card, your money is quickly deducted from your checking or savings account.

Debit cards are accepted at many locations, including grocery stores, retail stores, gasoline stations, and restaurants.

E-Cheque:

An e-Cheque is the electronic version or representation of paper cheque.

The Information and Legal Framework on the E-Cheque is the same as that of the paper cheque's. It can now be used in place of paper cheques to do any and all remote transactions.

An E-cheque work the same way a cheque does, the cheque writer "writes" the e-Cheque using one of many types of electronic devices and "gives" the eChequeto the payee electronically. The payee "deposits" the Electronic Cheque receives credit, and the payee's bank "clears" the e-Cheque to the paying bank. The paying bank validates the e-Cheque and then "charges" the check writer's account for the check.**Other Forms Of Electronic Banking**

- Direct Deposit
- Electronic Bill Payment
- Electronic Check Conversion
- Cash Value Stored, Etc.

Benefits/Concerns Of E-Banking

Benefits of E-Banking

For Banks:

Price- In the long run a bank can save on money by not paying for tellers or for managing branches. Plus, it's cheaper to make transactions over the Internet.

Customer Base- the Internet allows banks to reach a whole new market- and a well-off one too, because there are no geographic boundaries with the Internet. The Internet also provides a level playing field for small banks who want to add to their customer base.

Efficiency- Banks can become more efficient than they already are by providing Internet access for their customers. The Internet provides the bank with an almost paper less system.

Customer Service and Satisfaction- Banking on the Internet not only allow the customer to have a full range of services available to them but it also allows them some services not offered at any of the branches. The person does not have to go to a branch where that service may or may not be offer. A person can print of information, forms, and applications via the Internet and be able to search for information efficiently instead of waiting in line and asking a teller. With more better and faster options a bank will surely be able to create better customer relations and satisfaction.

Image- A bank seems more state of the art to a customer if they offer Internet access. A person may not want to use Internet banking but having the service available gives a person the feeling that their bank is on the cutting image.**For Customers:**

Bill Pay: Bill Pay is a service offered through Internet banking that allows the customer to set up bill payments to just about anyone. Customer can select the person or company whom he wants to make a payment and Bill Pay will withdraw the money from his account and send the payee a paper check or an electronic payment

Other Important Facilities: E- banking gives customer the control over nearly every aspect of managing his bank accounts. Besides the Customers can, Buy and Sell Securities, Check Stock Market Information, Check Currency Rates, Check Balances, See which checks are cleared, Transfer Money, View Transaction History and avoid going to an actual bank. The best benefit is that Internet banking is free. At many banks the customer doesn't have to maintain a required minimum balance. The second big benefit is better interest rates for the customer.**Concerns with E-Banking**

As with any new technology new problems are faced.

Customer support - banks will have to create a whole new customer relations department to help customers. Banks have to make sure that the customers receive assistance quickly if they need help. Any major problems or disastrous can destroy the banks reputation quickly an easily. By showing the customer that the Internet is reliable you are able to get the customer to trust online banking more and more.

Laws - While Internet banking does not have national or state boundaries, the law does. Companies will have to make sure that they have software in place software market, creating a monopoly.

Security: customer always worries about their protection and security or accuracy. There is always question whether or not something took place.

Other challenges: lack of knowledge from customers end, sit changes by the banks, etc.

E-Banking Global Perspective

The advent of Internet has initiated an electronic revolution in the global banking sector. The dynamic and flexible nature of this communication channel as well as its ubiquitous reach has helped in leveraging a variety of banking activities. New banking intermediaries offering entirely new types of banking services have emerged as a result of innovative e-business models. The Internet has emerged as one of the major distribution channels of banking products and services, for the banks in US and in the European countries.

Initially, banks promoted their core capabilities i.e., products, services and advice through Internet. Then, they entered the e-commerce market as providers/ distributors of their own products and services. More recently, due to advances in Internet security and the advent of relevant protocols, banks have discovered that they can play their primary role as financial intermediate's and facilitators of complete commercial transactions via electronic networks especially through the Internet. Some banks have chosen a route of establishing a direct web presence while others have opted for either being an owner of financial services centric electronic marketplace or being participants of a non-financial services centric electronic marketplace.

The trend towards electronic delivery of banking products and services is occurring partly as a result of consumer demand and partly because of the increasing competitive environment in the global banking industry. The Internet has changed the customers' behaviors who are demanding more customized products/services at a lower price. Moreover, new competition from pure online banks has put the profitability of even established brick and mortar banks under pressure. However, very few banks have been successful in developing effective strategies for fully exploiting the opportunities offered by the Internet. For traditional banks to define what niche markets to serve and decide what products/services to offer there is a need for a clear and concise Internet commerce strategy.

Banking transactions had already started taking place through the Internet way back in 1995. The Internet promised an ideal platform for commercial exchange, helping banks to achieve new levels of efficiency in financial transactions by strengthening customer relationship, promoting price discovery and spend aggregation and increasing the reach. Electronic finance offered considerable opportunities for banks to expand their client base and rationalize their business while the customers received value in the form of savings in time and money.

Challenges of The "E-Banking Revolution"

Electronic banking is the wave of the future. It provides enormous benefits to consumers in terms of the ease and cost of transactions. But it also poses new challenges for country authorities in regulating and supervising the financial system and in designing and implementing macroeconomic policy.

Electronic banking has been around for some time in the form of automatic teller machines and telephone transactions. More recently, it has been transformed by the Internet, a new delivery channel for banking services that benefits both customers and banks. Access is fast, convenient, and available around the clock, whatever the customer's location (see illustration above). Plus, banks can provide services more efficiently and at substantially lower costs. For example, a typical customer transaction costing about $1 in a traditional "brick and mortar" bank branch or $0.60through a phone call costs only about $0.02 online.

Electronic banking also makes it easier for customers to compare banks' services and products, can increase competition among banks, and allows banks to penetrate new markets and thus expand their geographical reach. Some even see electronic banking as an opportunity for countries with underdeveloped financial systems to leapfrog developmental stages. Customers in such countries can access services more easily from banks abroad and through wireless communication systems, which are developing more rapidly than traditional "wired" communication networks.

The flip side of this technological boom is that electronic banking is not only susceptible to, but may exacerbate, some of the same risks—particularly governance, legal, operational, and reputational—inherent in traditional banking. In addition, it poses new challenges. In response, many national regulators have already modified their regulations to achieve their main objectives: ensuring the safety and soundness of the domestic banking system, promoting market discipline, and protecting customer rights and the public trust in the banking system. Policymakers are also becoming increasingly aware of the greater potential impact of macroeconomic policy on capital movements.

NEW CHALLENGES FOR REGULATORS

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

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

Determining when a bank's electronic services trigger the need for a license can be difficult, but indicators showing where banking services originate and where they are provided can help. For example, a virtual bank licensed in country X is not seen as taking deposits in country Y if customers make their deposits by posting checks to an address in country X. If a customer makes a deposit at an automatic teller machine in country Y, however, that transaction would most likely be considered deposit taking in country Y. Regulators need to establish guidelines to clarify the gray areas between these two cases.

Legal Risk: Electronic banking carries heightened legal risks for banks. Banks can potentially expand the geographical scope of their services faster through electronic banking than through traditional banks. In some cases, however, they might not be fully versed in a jurisdiction's local laws and regulations before they begin to offer services there, either with a license or without a license if one is not required. When a license is not required, a virtual bank—lacking contact with its host country supervisor—may find it even more difficult to stay abreast of regulatory changes. As a consequence, virtual banks could unknowingly violate customer protection laws, including on data collection and privacy, and regulations on soliciting. In doing so, they expose themselves to losses through lawsuits or crimes that are not prosecuted because of jurisdictional disputes.

Money laundering is an age-old criminal activity that has been greatly facilitated by electronic banking because of the anonymity it affords. Once a customer opens an account, it is impossible for banks to identify whether the nominal account holder is conducting a transaction or even where the transaction is taking place. To combat money laundering, many countries have issued specific guidelines on identifying customers. They typically comprise recommendations for verifying an individual's identity and address before a customer account is opened and for monitoring online transactions, which requires great vigilance.

In a report issued in 2000, the Organization for Economic Cooperation and Development's Financial Action Task Force raised another concern. With electronic banking crossing national boundaries, whose regulatory authorities will investigate and pursue money laundering violations? The answer, according to the task force, lies in coordinating legislation and regulation internationally to avoid the creation of safe havens for criminal activities.

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

Reputational Risk: Breaches of security and disruptions to the system's availability can damage a bank's reputation. The more a bank relies on electronic delivery channels, the greater the potential for reputational risks. If one electronic bank encounters problems that cause customers to lose confidence in electronic delivery channels as a whole or to view bank failures as system wide supervisory deficiencies, these problems can potentially affect other providers of electronic banking services. In many countries where electronic banking is becoming the trend, bank supervisors have put in place internal guidance notes for examiners, and many have released risk management guidelines for banks.Reputational risks also stem from customer misuse of security precautions or ignorance about the need for such precautions. Security risks can be amplified and may result in a loss of confidence in electronic delivery channels. The solution is consumer education—a process in which regulators and supervisors can assist. For example, some bank supervisors provide links on their websites allowing customers to identify online banks with legitimate charters and deposit insurance. They also issue tips on Internet banking, offer consumer help lines, and issue warnings about specific entities that may be conducting unauthorized banking operations in the country.

REGULATORY TOOLS TO OVERCOME CHALLENGES

There are four key tools that regulators need to focus on to address the new challenges posed by the arrival of E-banking.

Adaptation: In light of how rapidly technology is changing and what the changes mean for banking activities, keeping regulations up to date has been, and continues to be, a far-reaching, time-consuming, and complex task. In May 2001, the Bank for International Settlements issued its “Risk Management Principles for Electronic Banking,” which discusses how to extend, adapt, and tailor the existing risk management framework to the electronic banking setting. For example, it recommends that a bank’s board of directors and senior management review and approve the key aspects of the security control process, which should include measures to authenticate the identity and authorization of customers, promotion on repudiation of transactions, protect data integrity, and ensure segregation of duties within E-banking systems, databases, and applications. Regulators and supervisors must also ensure that their staffs have the relevant technological expertise to assess potential changes in risks, which may require significant investment in training and in hardware and software.

Legalization: New methods for conducting transactions, new instruments, and new service providers will require legal definition, recognition, and permission. For example, it will be essential to define an electronic signature and give it the same legal status as the handwritten signature. Existing legal definitions and permissions—such as the legal definition of a bank and the concept of a national border—will also need to be rethought.

Harmonization: International harmonization of electronic banking regulation must be a top priority. This means intensifying cross-border cooperation between supervisors and coordinating laws and regulatory practices internationally and domestically across different regulatory agencies. The problem of jurisdiction that arises from “borderless” transactions is, as of this writing, in limbo. For now, each country must decide who has jurisdiction over electronic banking involving its citizens. The task of international harmonization and cooperation can be viewed as the most daunting in addressing the challenges of electronic banking.

Integration: This is the process of including information technology issues and their accompanying operational risks in bank supervisors’ safety and soundness evaluations. In addition to the issues of privacy and security, for example, bank examiners will want to know how well the bank’s management has elaborated its business plan for electronic banking. A special challenge for regulators will be supervising the functions that are outsourced to third-party vendors.

LOOKING FORWARD

An old Chinese saying goes: **If you don’t know where you are going -you will never get there**. Globally, the financial sector is metamorphosing under the impact of competitive, regulatory and technological forces. The banking sector is currently in a transition phase with re-alignment, mergers and entry of new players from different industry is becoming common. Many countries including are de-regulating their banking sector and government policies no longer form an entry barrier to banks competitors.

Technology has leveled the playing field: the bargaining power of consumers is increasing, switching costs are becoming lower and consumer loyalties are harder to retain. Primary goal of the banking sector including every Bank is mainly to make profit, which in turn is ploughed back to increase business and reach, and pay dividends or share profits to the stakeholders. This is perfectly correct, yet generic goal. More over the product (schemes) differentiation is very difficult for banks as most of the products sold are constrained by legal or industry regulations. Now, if you are already thinking about Technology as a tool in Banking you could probably set some of these goals:

Selling financial products and services

Cutting operational costs

Branding & Market recognition

Keeping profitable customers

Every day more and more people are turning to the Technology for their personal banking. It is a safe, convenient way to shop for financial services, maintain bank accounts and conduct business 24 hours a day. Every one of us has always enjoyed a special relationship with their neighborhood bank. Why are so many people suddenly choosing their personal computers as the new way to view and manage their money? Quite simple - because it is a valuable option to have. Bank customers can save time by banking online. There is no need to stand in one more line to perform the most basic transactions when they can be done quickly from the desktop PC anytime, day or night. But even with more complicated transactions or investment decisions, people like having direct control over their finances themselves. They find it convenient to access all of their financial information in one place. Ease of use is one of the most important factors. Navigation through online banking should be simple and intuitive. Banks need to appeal to customers who may not be technologically sophisticated, and should not require an engineering degree to get started or use the service. Customers also choose banks whose online services are reliable. Most Banks now offers a comprehensive range of financial products and services, including a FREE checking account and internet bill paying services. In addition, an array of checking accounts is available in which you may also request a FREE check card. Hence most Banks of following Electronic Banking or Internet Banking FREE have following services:

Get your balance details, Obtain your last 3 transaction details, Request a cheque book, Stop a cheque payment, Enquire cheque status, Request an account statement, Get Fixed Deposit details, Bill payment details for electricity, mobile phone and telephone services, Convenience of setting an operative account, Designate a particular account linked to your customer id as the operative account. Customer Service available 24 hours a day, 7 days a week E-banking Benefits
Benefits for the bank should always reflect benefits for the customer of banking Services.

CONCLUSION

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

E-banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. Today, the click of the mouse offers customers banking services at a much lower cost and also empowers them with unprecedented freedom in choosing vendors for their financial service needs. No country today has a choice whether to implement E-banking or not given the global and competitive nature of the economy. The invasion of banking by technology has created an information age and commoditization of banking services. Banks have come to realize that survival in the new e-economy depends on delivering some or all of their banking services on the Internet while continuing to support their traditional infrastructure.

The rise of E-banking is redefining business relationships and the most successful banks will be those that can truly strengthen their relationship with their customers.

Without any doubt, the international scope of E-banking provides new growth perspectives and Internet business is a catalyst for new technologies and new business processes. With rapid advances in telecommunication systems and digital technology-banking has become a strategic weapon for banks to remain profitable. It has been transformed beyond what anyone could have foreseen 25 years ago.

Two years ago, E-banking was a strategic advantage, nowadays; it is a business reality, if not a necessity.

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FOREIGN DIRECT INVESTMENT IN AUTOMOBILE SECTOR IN INDIA

Dr. Dinesh Mahajan[1]

Abstract

India a country of 125 billion people is becoming the lucrative place for investors in Automobile Sector. The rise in the standard of living of the people in India has paved the way for increased demand of Automobiles in India. The present study relates to the time period 2000-2013. In this study an attempt has been made to highlight the existing scenario of Automobile sector in India and to examine the inflows of Foreign Direct Investment (FDI) in this sector. It has been observed from the study that FDI inflows have increased upto Rs. 9,002 crores in the year 2013. The percentage share of this sector in the total FDI inflows is 7 percent in the year 2013. This sector is mainly dominated by Japan and followed by Netherlands, Germany, U.S.A. and Mauritius. The major share in FDI inflows in this sector is attracted by Mumbai region. It has been suggested that Government should more focus on the quality of technical education so that more competent technical workforce may be produced for getting absorbed in this sector.

Key words: *FDI, Automobile, Employment, Development, Regions.*

Introduction

Foreign Direct Investment (FDI) is an investor's acquisition of "long-term influence" in the management of a firm in another country. Emerging, transition, and developing countries usually welcome FDI, assuming that investment through this multinational activity will bring additional capital, managerial expertise, and technology (Contessi and Weinberger, 2009). FDI is considered to be the most attractive type of capital flow for emerging economies as it is expected to bring latest technology and enhance production capabilities of the economy (Hameedu, 2014). FDI provide opportunities to host countries to enhance their economic development and opens new opportunities to home countries to optimize their earnings by employing their ideal resources (Singhi et al., 2014). It helps in the economic advancement of an economy especially underdeveloped economy. It has the potential of giving momentum to the economic activity in an economy.

FDI has potential for making a contribution to the development through augmenting of domestic capital, transfer of capital, knowledge and technological resources into the economy of a country (Kochar, 2014). India's economic reforms way back in 1991 has generated strong interest in foreign investors and turning India into one of the favourite destinations for global FDI flows (Madem et al., 2012). The foreign investors see India as a safe and reliable option for their investment now. The changes in the policies of the Government during the last two decades have also a positive impact on them. With more and more liberalisation measures, India has got favourable response from the foreign investors and they are undertaking new projects in India.

The Automobile Industry is a pillar of the global economy, a main driver of macroeconomic growth and stability and technological advancement in both developed and developing countries, spanning many adjacent industries. For developing countries such as India, understanding the auto industry's evolution in other countries offers a roadmap forward. India's auto industry is world's sixth-largest producer of automobiles in terms of volume and value. It has grown 14.4 percent over the past decade, according to the Society of Indian Automobile Manufacturers (SIAM). With more than 35 automakers it is responsible for 7 to 8 percent of India's total employed population (www.atkearney.com). This shows the significance of this sector for India.

The automobile industry is one of India's most vibrant and growing industries. This industry accounts for 22 per cent of the country's manufacturing gross domestic product (GDP). India's domestic market and its growth potential have been a big attraction for many global automakers. India is presently the world's third largest exporter of two-wheelers after China and Japan. The auto sector is one of the biggest job creators, both directly and indirectly. It is estimated that every job created in an auto company leads to three to five indirect ancillary jobs (http://indiainbusiness.nic.in). FDI in automobile manufacturing contributes appreciably to employment generation in all segments of the sector and also generates demand in skill development to match with the technology upgrading and productivity of labour

[1]. **Assistant Professor in Commerce and Head of Department, Mayur College, Kapurthala, Punjab, India.**

(Bhasker, 2013). FDI is expected to augment the existing stock of knowledge in the recipient economy through labour training and skill acquisition, on the one hand and through the introduction of alternative management practices and organisational arrangements, on the other (De Mello, 1999). This sector can boost employment opportunities for the young Indian population and exploit their full potential.

Objectives of the Study

The study has been conducted keeping in view the following objectives:

1. To highlight the existing scenario of Automobile sector in India.
2. To examine the inflows of FDI in Automobile sector in India.

Database and Methodology

As per the objectives of the study use of secondary data has been made. The time period for the study ranges from 2000 to 2013. The sources of data for the study are various issues of Secretariat of Industrial Assistance (SIA) Newsletter, journals, newspapers and websites. The various statistical tools used in this study are tables, percentages and diagrams.

The Existing Scenario of Automobile Sector in India

The historical background of FDI in India can be traced back with the establishment of East India Company of Britain. British capital came to India during the colonial era of Britain in India. After Second World War, Japanese companies entered Indian market and enhanced their trade with India, yet U.K. remained the most dominant investor in India. Further, after Independence issues relating to foreign capital, operations of MNCs, gained attention of the policy makers. Keeping in mind the national interests the policy makers designed the FDI policy which aims FDI as a medium for acquiring advanced technology and to mobilize foreign exchange resources (Sharma and Khurana, 2013). An automobile is a wheeled motor vehicle used for transporting passengers. It also carries its own engine or motor. Automobiles are designed to run primarily on roads, to have seating for one to eight people. While the automotive industry in India started developing in the 1940s, distinct growth rates started only in the 1970s. An embryonic automotive industry emerged in India in the 1940s. Mahindra & Mahindra was established by two brothers as a trading company in 1945, and began assembly of Jeep CJ-3A utility vehicles (Shastry and Pradhan, 2013).

Initially, the automobile industry of India was ruled by national vehicle manufacturers like Premier Automobile and Hindustan Motors (Rajesh and Dileep, 2013). Until 1983 the Indian automotive segment was a closed market with limited players such as Hindustan Motors, Premier, Telco, Ashok Leyland, and Mahindra & Mahindra. Therefore the growth of the market was limited by supply and most of the cars were outdated models compared to neighbouring countries. During the time of 1983–1993, joint venture concept was evolved through relaxation of Indian policies on foreign investments. This period was really very helpful to India for learning technology from foreign companies. In the liberalisation period (after 1991), automotive industry was getting improved in various aspects such as technological, infrastructural, production and delivery. Besides, foreign investment had a significant influence on the Indian automotive industry as we see it today (Rajan and Ravichandran, 2014). The Indian market is now loaded with multi feature vehicles due to the inflows of FDI in this sector.

The Indian auto industry comprises of passenger cars, two-wheelers, three-wheelers and commercial vehicles. Two-wheelers dominate the Indian market; more than 75% of the vehicles sold are two wheelers. The main automobile hubs in India are based at Chennai, Gurgaon, Manesar, Pune, Ahmedabad, Halol, Aurangabad, Kolkata, Noida and Bangalore. Chennai is the biggest hub accounting for 60% of Indian auto exports. The auto components industry, although largely concentrated near automobile hubs, is fairly widespread in other parts of the country too. According to the Department of Industrial Policy and Promotion (DIPP), the auto sector accounts for 4% of total foreign direct investment (FDI) inflow into India.

The Indian Government encourages foreign investment in the automobile sector and allows 100% FDI under the automatic route. It is a fully delicensed industry and free imports of automotive components are allowed. Moreover, the government has not laid down any minimum investment criteria for the automobile industry. Besides offering a liberal FDI regime, the government has made successive policy changes that allow for stronger growth in the automotive sector. The size and high growth potential of the Indian car market has attracted several foreign players, such as Mercedes Benz, BMW, Volkswagen, Toyota, Honda, Ford, Hyundai and General Motors, among others.

The major Indian companies present in the automobiles market include Tata Motors, Maruti Suzuki India, Mahindra & Mahindra, Ashok Leyland, Hero MotoCorp and Bajaj Auto. Tata Motors is India's largest automobile company; the company manufactures commercial and passenger vehicles, and is the world's fourth-largest truck manufacturer and the second-largest bus manufacturer. Maruti Suzuki is India's largest passenger car company, accounting for 45% share of the Indian car market. Hero MotoCorp is the world's largest two-wheeler manufacturing company. Its market share in the Indian two-wheeler segment is 41%. Bajaj Auto is the world's fourth-largest two-wheeler and three-wheeler manufacturer (www.investindia.gov.in). These companies have played a crucial role in meeting the domestic demand for automobiles in India and have also helped in increasing revenues from exports of vehicles.

The manufacturing of automobiles and components are permitted 100 percent FDI under automatic route. The automobile industry in India does not belong to the licensed agreement. Import of components is allowed without any restrictions and also encouraged (http://business.mapsofindia.com). The major foreign companies who have a significant role in the development of Indian automobile industry are as follows:

- Ford from USA
- DaimlerChrysler AG from Germany
- General Motors from USA
- Suzuki from Japan
- BMW from Germany
- Honda from Japan
- Renault from France
- Hyundai from South Korea
- Toyota from Japan

FDI in the automobile industry of India has helped in the growth of this sector in terms of production, domestic sales and export. FDI is also permitted in the manufacture of auto components in India (www.economywatch.com). FDI has helped a lot in technical up gradation of automobile sector in India with the help of world class technology brought in India by these manufacturing companies. A competitive environment in this sector in India has helped a lot in improving the operational efficiency of Indian companies in this sector. At present some companies like Tata and Hero have made their presence felt in the whole world.

FDI Inflows into Automobile Sector in India

The first FDI player in the Indian automobile industry was Suzuki. In 1980s this company entered into a joint venture with Maruti Udyog, a state run enterprise. The then Indian government permitted this company to enter the Indian automobile market in 1983. In 1991, the government of India liberalised its policies regarding the automobile sector. FDI in this sector was permitted. In 1993, FDI was also allowed in the passenger car segment of Indian automobile industry. The liberalisation of government policies with regard to FDI in this sector has resulted in its rapid growth post 1993. The major global players in the automobile industry have invested in the Indian vehicle manufacture as well as auto component part manufacture (www.economywatch.com). The growing Indian population and their increasing standard of living have encouraged the foreign investors to invest heavily in Indian automobile sector to harvest heavy gains from their investment. With the rise in average income of an Indian and imitation of western life-style, demand for luxuries has increased manifold in recent times. The demand for automobiles has shown an increasing trend in the last decade, which has encouraged immense FDI inflows in this sector.

Table 1: FDI inflows into Automobile Sector (2000-2013)

(Amount in Rs. Crores)

Year	FDI equity inflowsin Automobile Sector	Total FDI equity inflows	Percentage share in total FDI equity inflows
2000-2004	5,902.7	66,402.9	8.9
2005	589.2	19,270.7	3.1
2006	1,177.4	50,357.3	2.3
2007	1,489.5	65,495.0	2.3
2008	4,809.5	1,39,725.5	3.4
2009	6,728.2	1,30,979.9	5.1
2010	5,660.0	96,015.0	5.9
2011	3,926.7	1,59,934.9	2.5
2012	5,979.8	1,21,591.4	4.9
2013	9,002.0	1,29,482.5	7.0
Cumulative Total	45,265.0	9,79,255.1	4.6

Source: Compiled from Various issues of SIA, Newsletter.

FDI equity Inflows into Automobile Sector in India during the time period 2000 to 2013 and their comparison with the total FDI equity inflows have been shown in Table 1. FDI inflows have increased upto Rs. 9,002 crores in the year 2013. The percentage share of this sector in the total FDI inflows is 7 percent in 2013, which needs to be improved. FDI in this sector will have a tremendous impact on our technical workforce, which requires jobs. Moreover, India can also become a manufacturing hub for automobiles and their exports as we have cheap and talented young technocrats.

Table 2: Share of Top Five Countries in FDI Inflows into Automobile Sector (2000-2013)

(Amount in Rs. Crores)

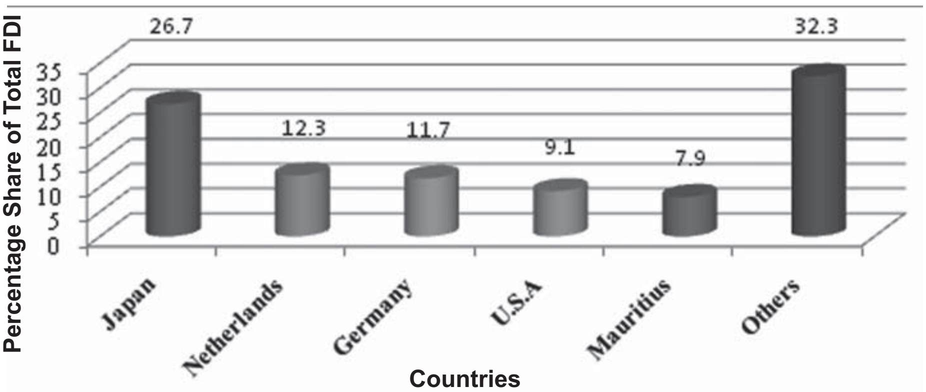
Rank	Country	Amount of FDI inflows	% age with FDI Inflows for Automobile Sector
1	Japan	12,100.6	26.7
2	Netherlands	5,568.5	12.3
3	Germany	5,306.3	11.7
4	U.S.A	4,127.0	9.1
5	Mauritius	3,557.8	7.9
Total of Above		30,660.2	67.7

Source: Compiled from SIA, Newsletter, Annual Issue, 2013.

Table 2 depicts the share of major contributors in the Automobile Sector. This sector is mainly dominated by Japan and followed by Netherlands, Germany, U.S.A. and Mauritius. The respective shares of these countries in the total FDI inflows in this sector during the period of study are 26.7%, 12.3%, 11.7%, 9.1% and 7.9% respectively. About 67.7% FDI comes from these five countries and rest from other countries. Japan has good bilateral relations with India. Moreover, demand for Japanese vehicles is more in the world due to their superior quality and technology. India should take advantage of this favourable situation to encourage Japan to invest more in this sector in India so that we may reap multiple benefits from FDI coming from Japan. It will make Indian automobile sector more efficient and competitive.

A more precise view of this situation has been presented through Figure 1.

Figure 1: Share of Top Five Countries in FDI Inflows into Automobile Sector (2000-2013)



Source: Same as Table 2.

The regions which have attracted maximum FDI equity inflows in Automobile Sector are shown in Table 3. The major share in FDI inflows is attracted by Mumbai i.e. 32.6% during the time period 2000 to 2013. It was followed by New Delhi, Chennai, Ahmedabad and Bangalore. The respective shares of these regions in the total FDI equity inflows in this sector are 24.1%, 23%, 5.7% and 3.4% respectively. These five regions account for 88.8% of the total FDI equity inflows in this sector. The Government should make an effort to develop other regions also so that a balanced development of the country may be undertaken. For this purpose liberal concessions should be given to foreign investors for establishing their companies in less developed areas so that the benefit of development should reach the people of that area.

Table 3: Share of Top Five RBI's Region-wise (with states covered) in FDI Inflows for Automobile Sector (2000-2013)

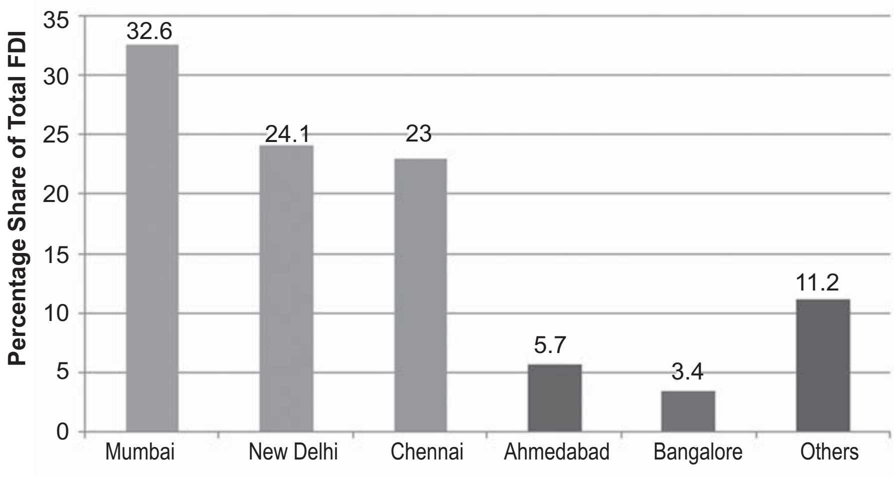
(Amount in Rs. Crores)

Rank	RBI's Regional Office	States Covered	Amount of FDI inflows	% age with FDI Inflows for Automobile Sector
1	Mumbai	Maharashtra, Dadra & Nagar Haveli, Daman &Diu	14,775.8	32.6
2	New Delhi	Delhi, part of U.P. and Haryana	10,915.5	24.1
3	Chennai	Tamil Nadu, Pondicherry	10,410.8	23.0
4	Ahmedabad	Gujarat	2,597.7	5.7
5	Bangalore	Karnataka	1,485.3	3.4
	Total of Above		40,185.1	88.8

Source: Compiled from SIA, Newsletter, Annual Issue, 2013

The above stated analysis can be more precisely understood with the help of Figure 2.

Figure 2: Share of Top Five RBI's Region-wise (with states covered) in FDI Inflows for Automobile Sector (2000-2013)



Source:Same as Table 3.

Conclusion

The rise in the standard of living of the people in India has paved the way for increased demand of Automobiles in India. The domestic companies are not able to fully meet the local demand as per the specifications of the customers. To cope with this scenario 100 percent FDI in this sector has been allowed by Government of India. The present study relates to the time period 2000-2013. In this study an attempt has been made to highlight the existing scenario of Automobile sector in India and to examine the inflows of FDI in this sector. It has been observed from the study that FDI inflows have increased upto Rs. 9,002 crores in the year 2013. The percentage share of this sector in the total FDI inflows is 7 percent in the year 2013. This sector is mainly dominated by Japan and followed by Netherlands, Germany, U.S.A. and Mauritius. The major share in FDI inflows in this sector is attracted by Mumbai region. To take the advantage of skilled Indian workforce and technical expertise, companies are establishing their manufacturing bases in India. This activity has further helped in creating more employment opportunities for young Indian technology savvy people. It has been suggested that Government should more focus on the quality of technical education so that competent technical workforce may be produced for getting absorbed in this sector.

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Contact Details

Prof. T. Rajeswari., M.B.A.,M.A(Eng.).,M.Sc.,M.A(Soc).,
Founder and Managing Editor,
Primax Commerce and Management Research Academy,
No.25/A, Nagadevanahalli, Boothappa Temple Road,
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