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From the Desk of the Chief Editor.......

I have the immense pleasure to publish CALYX – Journal of Business Management which is the end product of the devotion and untiring effort of the colleagues of the MBA and MCA Departments of the DSMS Business School. In fact we all dreamt for a standard journal on management education to be published and as such it is a fulfillment of such dream. I, along with my colleagues and the management of DSMS Business School, Durgapur, will remain grateful to the galaxies of academicians of management education for their heartfelt cooperation and help by providing their intellectual advise and articles for such publication, which in no case can be measured in terms of any considerations. We hope that we will get more and more support and encouragement from them in future. I hope, the journal will be appreciated by the interested academic circles and will give impetus for further publication of subsequent issues.

Prof. (Dr.) D. P. Samanta

Editorial....

The present issue of 'CALYX – Journal of Business Management' primarily focuses on 'Empirical Research on Management and Information Technology – Trends and Opportunities'.

The word 'empirical' was mainly referred by Greek medical practitioners who rejected the dogmatic doctrine and preferred on the observation of phenomena. Later it was referred to the theory of knowledge based on the principles of experience and gathering facts. In scientific study, the word empiricism refers to collecting data with some evidences and backed by observations and in some cases it applies calibrated scientific instruments.

Similarly, in social science management study, empirical research refers to gathering knowledge through observation and experience. It generally asks some research questions pertaining to the purpose of the study. Generally, the researchers develop a theory or model based on objectives and hypotheses and finally the results are tested against suitable statistical tools.

Against this background, the current issue is dealing with the following six aspects:

I: Marketing Management

II: Financial management

III: Human Resource Management

IV: Tourism management

V: Information System

VI: Economics

First article, **"Measurement of The Level of Motivation of Public Sector Employees: A Case Study on Bharat Sanchar Nigam Limited with Special Reference to its Siliguri Unit** by ***Dr. Debabrata Mitra and Ms. Paramita Choudhury*** intends to measure the present level of motivation of BSNL employees working under its Siliguri unit. This study is also intended to suggest some measures for enhancing effectiveness of performance of individual employee as well as the entire organization.

Second article, **"Self-Managed Teams: A key to organizational effectiveness"**, by ***Indranil Mutsuddi*** explores avenues through which autonomous working groups or self managed teams can contribute to enhance employee productivity and engage people in today's organizations. The paper also highlights opinions of management professionals from the industry and cites illustrations of several organizations like Motorola, GE, Xerox, Honeywell etc who had successfully utilized the self managed team approach for achieving organizational effectiveness and successfully meeting the challenges of organizational change and development.

Third article, **"Conceptualizing the Climate of an Organization from the Perceptual Viewpoint of the Employees – An Empirical Study"**, by ***Kaushik Kundu and Dr Debdas Ganguly*** identifies a framework and appropriate set of dimensions to study empirically the climate of the organizations. Results show that the dimensions are very much relevant and the model developed on the basis of dimensions is reliable to study organizational climate in Indian context.

Fourth article, **"Use of Artificial Intelligence in Teacher – Student Relationship"**, by ***Soumya Kanti Dhara and Dr Debdas Ganguly*** highlights how artificial intelligence (AI) can be used by the teachers in counseling the students, recognize cues to determine their strengths and weakness and mentoring them accordingly. The study reveals that AI - application in analyzing the behavioral pattern of the student from their body language – a kind of non-verbal communication and would help the teacher to find the possible ways of grooming the students on individual basis.

Fifth article, **"War For Talent"**, by *Reeme Mukherjee* discusses on the concept of Talent Management, its benefit and future trends along with the understanding of how talent outsourcing is helping this system to take a different outlook in this present time.

Sixth article, **"Causes and Effects of Brain Drain in India with special reference to IT Sector-An Empirical Study"**, by ***Durlav Sarkar, Dr. Subir Ghosh and Dr. Anil Bhulmali*** examines the reason behind the exodus of IT professionals from India to abroad and its effects on Indian IT market due to this brain drain.

Seventh article, **"The Impact of Organizational Culture on Employee Motivation"**, by ***Dr. Bandana Nayak*** investigates the relationship between organizational culture and motivation across the level of hierarchy, education, experience, age group etc. The study reveals that the executives are better motivated than employees belonging to supervisory and operative levels. The lower level employees feel that there is high disparity in pay structure, comfortable working conditions, recognition and benefits.

Eighth article, **"Marketing of Dooars as a Tourism Destination: Identification of Pre-visit Expectation and Post-visit Satisfaction of Tourists"**, by ***Dr. Debasis Bhattacharya and Bhaskar Chowdhury*** identifies 16 attributes that were considered in evaluating the destination image of Dooars and its adjoining areas. The study finds that the behavior of tourists considering a few key variables reflect that the tourists visiting Dooars are quite satisfied with the flora and fauna, turbulent rivers and serene atmosphere.

Ninth article, **"IPTV Market: Can advertising help it grow in India?"**, by ***Samiran Sur and Dr. Mrinalini Pandey*** explores the recent market status of Internet Protocol Television (IPTV) in India and whether IPTV can spread its market with the help of advertising. Ultimately, this paper provides the contextual basis for deeper examination of the concept, namely conducting empirical research applied to the nascent India Internet Protocol television (IPTV) market.

Tenth article, **"Green marketing as core competency"**, by ***Sumanta Dutta*** examines how far the concept of "green marketing" is used strategically by the corporate in order to gain competitive advantage, which ultimately leads to core competency for a business organization.

Eleventh article, **"'Customers' Expectations and Perceptions: An Empirical Analysis in the UBI Branches of Orissa"**, by *Uma Sankar Mishra and Sujit Kumar Patra* investigate the expectations and perceptions of the customers across the branches of UBI in Orissa. It also analyses a gap between customer expectation and perception regarding the quality of services rendered, which should further act as a motivator to enhance reputation and gain customer loyalty.

Twelfth article, **"Trend and Progress of Banking in India with Special Reference to Performance of Commercial Banks: A Contemporary Service Delivery Perspective"**, by ***Sumanta Mukhopadhyay, Dibyendu Chowdhury and Vikesh Sachdeva*** aims with an introspection of vital role played by the commercial banks in India and anticipate the future trends and the steps that need to be taken for realization of further improved financial performance leading to better growth and better customer satisfaction.

Thirteenth article, **"Direct Tax Reforms in India: An Overview"**, by ***Dr. Chitta Ranjan Sarkar*** studies with the objectives to widen the tax base to bring more people under the tax net, to plug the loopholes of the existing tax system, to make it really effective to mobilize more tax revenue into the central exchequer, to dismantle the practice of enjoying area based tax exemptions and tax holidays so as to ensure tax equity and tax neutrality.

Fourteenth article, **"Financial Analysis for Bank Lending in Liberalized Economy– An Analysis in Indian Perspectives"**, by ***Dr Debdas Ganguly*** reveals specially the banks need to suitably analyze each lending activity and the lending activities in general so that it satisfies the national objective as well as the financial objective for which bank lending process is encouraged by Government in most efficiently satisfied keeping the eye towards the environment of liberalized economy.

Fifteenth article, **"Impact of Investment in Gross Block on Value Addition: A Study of selected Public Sectors in India"**, by *Dr. Chittaranjan Sarkar and Dr. Kartik Chandra Nandi* attempts to study and examine empirically the interrelationship between the Value Addition and the investment in Gross Block of eight selected Public Sectors in India namely Steel sector, Power sector, Coal & Lignite sector, Petroleum sector, Heavy Engineering sector, Minerals & Metals sector, Fertilizer sector and Chemicals sector respectively during the period from 1999-2000 to 2008-09.

Sixteenth article, **"Financial Management System of Urban Local Bodies –A case study of a Cooch Behar Municipality in West Bengal"**, by *Dr. Chanchal Kumar Mandal and Asit Roy karmakar* examines the practice of financial management in Cooch Behar municipality from 1994-1995 to 2007-2008. The study reveals that preparation of budget proposal and financial statement are found to be defective and not in accordance with the rules.

Seventeenth article, **"Working Capital Financing – Case Studies of ACC and Ultratech"**, by ***Soummya Banerjee and Anulekha Banerjee*** focuses on the very nature of working capital, an in-depth analysis of its financing aspects and analysis and the working capital financing policy of ACC and Ultratech.

Eighteenth article, **"A study on the performance of the banking sector with special reference to the different guidelines of RBI for the period of 2004-05 to 2007-08"**, by ***Sayanti Samanta*** examines how the banking sector is performing by practicing strict adherence to the guidelines specified by RBI. In this study, the financial management has played a crucial role in determining the growth of banking sector.

Nineteenth article, **"Opportunities in Software Product Market"**, by *Dr.S.K.Nagarajan, Dr.Vanathi Vembar and S.Sandhya* highlights the opportunities in software as a product market and the key factors involved in the software product development stages.

Twentieth article, **"Tourism Destination Development: Entrepreneurial Opportunities"**, by *Supriya Biswas Sikari* comprises the determinants of entrepreneurial opportunity at any tourism destination, which is developing or in the process of being developed. Finally it concludes that apart from creating job opportunities, entrepreneurs related to Tourism Industry also create a deep impact on the community in terms of economic, social and cultural upliftment.

Twenty-first article, **"Assessing the relevance of Transport Demand Management (TDM) policies in India"**, by ***Dr. Asis Pain*** examines the transportation problems faced by urban cities/towns of India as a result of population rise/multiple rise in economic activities and the role of TDM in gaining control of the situation.

Twenty-second article, **"Knowledge Management under IT Still a Stiff Challenge But Pivotal for Holistic Rural Development"**, by ***Dr. Visvarup Chakravarti and Dr. Tarak Kate*** discusses how Knowledge management helps in rural development.

Twenty - third article, **"Economic Growth and Expectation of Future Employment in Indian IT Sector With Special Reference to Kolkata"**, by ***Dr. Basistha Chatterjee*** analyses the growth of Indian IT sector and states the constraints of cause of shortcomings to capture the market. The causes as revealed by the study are: lack of infrastructure specifically power, transportation, bandwidth, tele-networking facility and skilled labour.

Twenty-fourth article, **"Empirical analysis on Micro, Small, Medium Enterprises (MSMEs)"**, by ***Binayak Purkayastha, Gopal Chandra Saha and Subhabrata Banerjee*** examines how MSMEs help in generating employment in the economy.

The last article, **"Marketing Strategy of Telecom Product – A Study on Bharati Airtel Limited"**, by ***Gautam kumar and Prosenjeet chatterjee*** highlights empirical study on marketing strategies of Bharati Airtel to hold a sizable market share.

Dr. Subir Ghosh
Editor, Calyx – Journal of Business management

MEASUREMENT OF THE LEVEL OF MOTIVATION OF PUBLIC SECTOR EMPLOYEES: A CASE STUDY ON BHARAT SANCHAR NIGAM LIMITED WITH SPECIAL REFERENCE TO ITS SILIGURI UNIT

Dr. Debabrata Mitra[1]
Ms. Paramita Choudhury[2]

Abstract

Motivation to work is human state where competence to work and will to work fuse together. In the absence of will, competence alone does not result in performance. Similarly, in the absence of competence, will alone does not produce results. Motivation of employees cuts across all topics and principles of industrial psychology. It is also the ultimate test of effectiveness of industrial and business organizations because it directly relates to the results achieved. It provides for optimum use of human resources in organizations through the involvement of the employees and determines the performance of the unit organization. Looking at it from a broader perspective work motivation of employees in each organization, ultimately determines the state of the national economy, as it is an aggregate of unit organizational performances which determines the national economy. It is indeed, the main concern of management of any enterprise as without employee motivation other resources (material, finance, time etc.), however great, become sterile. It is known to all of us that our government declared its new economic policy in the year of 1991 aimed at improving the competitiveness of Indian industries. As a part of this policy Bharat Sanchar Nigam Limited was established as a fully owned government company from its erstwhile departmental form of government ownership. Most of the present Bharat Sanchar Nigam Limited (BSNL) employees are having government work culture since they were working under departmental form of government ownership. But after corporatization, the employees are having different work culture in contrast to pure governmental culture. In view of the above, it can be stated that Bharat Sanchar Nigam Limited employees are going through transitional state of cultural change. A strong organizational culture with values that is congruent with organizational objectives for productivity, customer services to motivate the BSNL employees. The present study is intended to measure the present level of motivation of BSNL employees working under its Siliguri unit. This study is also intended to suggest some measures for enhancing effectiveness of performance of individual employee as well as the entire organization.

INTRODUCTION

Motivation to work is a human state where competence to work and will to work fuse together. In the absence of will, competence alone does not result in performance. Similarly, in the absence of competence, will alone does not produce results. Motivation of employees cuts across all topics and principles of industrial psychology.

It is also the ultimate test of effectiveness of industrial and business organizations because it is directly related to the results achieved. It provides for optimum use of human resources in an organization through the involvement of employees and determines the performance of unit organization. Looking at it from a broader perspective work motivation of employees in each organization, ultimately determines the state of national economy. It is indeed, the main concern of management of any enterprise as without employee motivation other resources (material, finance, time etc.), however great, become sterile. It is well known to all of us that our government declared its new economic policy in the year 1991 aimed at improving the competitiveness of Indian industries. As a part of this policy, Bharat Sachar Nigam Limited was established as a fully owned government company from its erstwhile departmental form of government ownership.

OBJECTIVES OF THE STUDY

As Bharat Sanchar Nigam Limited was established as a fully owned government company from its erstwhile departmental form, most of the present BSNL employees are having government work culture since they were working under departmental form of government ownership. But after corporatization, the employees have started to face different work culture. In view of the above, it can be stated that Bharat Sanchar Nigam Limited employees are going through transitional state of cultural change. A strong organizational culture with values that is congruent with organizational objectives for productivity, customer services to motivate the BSNL employees. The present study is intended to measure the level of motivation of BSNL employees working under its Siliguri unit. The study is also intended to suggest some measures for enhancing effectiveness of performance of individual employees as well as the entire organization. The objectives of the present study may be stated as follows:-

i) To study the various factors that determine "Motivational levels"
ii) To study the present level of motivation of BSNL employees

[1]*Associate Professor, Department of Commerce, University of North Bengal*
[2]*Lecturer, Department of Management, University of North Bengal*

working under Siliguri unit in relation to motivational factors

iii) To suggest some measures for improving the motivational level of BSNL employees working under Siliguri unit.

RESEARCH METHODOLOGY AND DESIGN

The research methodology pays much greater stress on the technique which use and the quality of the researcher is independent of the results, his or her function being restricted to the guidelines. The five point Likert scale has been used for this purpose.

A research design is the arrangements of conditions for collecting and analyzing of date in such a manner so that it aims to combine relevance to research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted. For collecting date, questionnaires have been constructed in the way so that it gives primary date and information. Dates have been generated through the use of specific questionnaires. Necessary permission was obtained from the competent BSNL authority for interviewing the offices of BSNL.

REVIEW OF EXISTING LITERATURE

It is to be mentioned that a good number of studies have already been conducted related to this aspect.

Sharma and Mohapatra (2009) in their study opined that the theory of human behaviour is a product of combination of both personal attributes and situational factors. The situational factors are far more powerful than personal attributes in influencing behaviour. Robbins, Judge and Sanghi (2008) in their study opined that South East Asia has its unique perception on motivation. Three basic needs viz, sociability, security and status are satisfied through interpersonal interaction.

Koo and Fish bach (2008) in their study suggested two factors which help to increase the motivation to adhere to a goal commitment and lack of goal progress. The study observed that when people asked about commitment focusing on what they have accomplished signal to them high commitment which will lead towards increasing of motivation. Conversely, when commitment is certain and people ask about goal progress then it is suggested to focus on what they have yet to accomplish and it will give a signal to them about lack of progress which may lead to increase motivation.

Dahiya Santosh (2006) in his study opined that the employees of BSNL are not motivated enough and not performing upto their best of ability. Junior and Middle level managers are the backbone of BSNL; if they are not motivated then the entire organizational structure may crumble. Therefore it was suggested that Junior and Middle level managers should be motivated. It should be the endeavour of the company to provide an environment which is conducive to growth, people friendly and learning intensive.

ANALYSIS AND FINDINGS

This study was conducted to ascertain the level of motivation of employees working under BSNL Siliguri unit.

Here the respondents were classified into two groups viz, Executive and Non Executive. Five points Likert scale was used. It was started from the point strongly agree, agree, neutral, disagree and strongly disagree. A score was assigned to each response. The score of scale was as follows:-

For strongly agree	5
Agree	4
Neutral	3
Disagree	2
Strongly Disagree	1

Accordingly mean value of questionnaires is calculated.

1. A question was placed before the employees whether they consider increase in salary is sufficient or not?

Out of 40 employees belonging to non – executive section 47.5% respondents strongly agree, 47.5% respondents agree, 5% respondents were neutral and no one neither disagree nor strongly disagree about the sufficiency of their salary.

Out of 35 employees belonging to executive class 37.14 % respondents strongly agree, 57.14% respondents agree, 5.71% respondents neutral about the sufficiency of their salary.

The above thing may be sated as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non Executive	47.5%	47.5%	5%	0%	0%
Executive	37.14%	57.14%	5.71%	0%	0%
Overall	42.67%	52%	5.33%	0%	0%

Out of total 75 respondents 42.67% respondents strongly agree, 52% respondents agree, 5.33% respondents were neutral. So, it can be concluded that overall employees were satisfied with their present pay structure.

2. Whether the employees are satisfied with the promotional opportunities available in the company?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non Executive	32.5%	50%	15%	2.5%	0%
Executive	34.29%	51.43%	2.86%	11.43%	0%
Overall	33.33%	50.67%	9.33%	6.67%	0%

Out of total 40 non executive respondents 32.5% respondents strongly agree, 50% respondents agree, 15% respondents neutral and 2.5% respondents disagree and 0% strongly disagree that they have ample promotional opportunities.

Out of total 35 executive respondents 34.29% respondents strongly agree, 51.43% respondents agree, 2.86% respondents neutral, 11.43% respondents disagree and 0% strongly disagree that they have effective promotional opportunities in the company.

On overall out of 75 respondents 33.33% respondents strongly agree, 50.67% respondents agree, 9.33% respondents neutral, 6.67% respondents disagree and 0% strongly disagree that they have ample promotional opportunities available in the company.

3. Whether the employees are satisfied with the Rewards, incentives provided to them by the Company?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non – Executive	15%	40%	25%	20%	0%
Executive	5.71%	34.29%	42.86%	14.29%	2.86%
Overall	10.67%	37.33%	33.33%	17.33%	1.33%

Out of the total 40 respondents (Non-executive), 15.00% respondents strongly agree, 40.00% respondents agree, 25.00% respondents neutral, 20.00% respondents disagree, and 0% strongly disagree that they are satisfied by the rewards, incentives provided by the Company.

Out of the total 35 respondents (Executive), 5.71% respondents strongly agree, 34.29% respondents agree, 42.86% respondents neutral, 14.29% respondents disagree, and 2.86% strongly disagree that they are satisfied by the rewards, incentives provided by the Company.

On overall out of 75 respondents, 10.67% respondents strongly agree, 37.33% respondents agree, 33.33% respondents neutral, 17.33% respondents disagree, and 1.33% strongly disagree that they are satisfied by the rewards, incentives provided by the Company.

4. Whether the employees feel that Job Security exists in the Company?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non – Executive	42.5%	52.5%	5%	0%	0%
Executive	25.71%	65.71%	8.57%	0%	0%
Overall	34.67%	58.67%	6.67%	0%	0%

40 non executive respondents 42.50% respondents strongly agree, 52.50% respondents agree, 5.00% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that the job security exists in the Company

Out of the total 35 executive respondents 25.71% respondents strongly agree, 65.71% respondents agree, 8.57% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that the job security exists in the Company.

On overall out of 75 respondents, 34.67% respondents strongly agree, 58.76% respondents agree, 6.67% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that the job security exists in the Company.

5. Do you like the job what you are doing?

The answer of the respondents may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non – Executive	50	50	0%	0%	0%
Executive	45.71	54.29	0%	0%	0%
Overall	48	52	0%	0%	0%

Out of the total 40 non executive respondents 50% respondents strongly agree and 50% respondents agree that they like the job.

Out of total 35 executive respondents 45.71% respondents strongly agree and 54.29% respondents agree that they like the present job.

Out of total 75 respondents, 48% respondents strongly agree and 52% respondents agree that they like their present job.

6. Whether the employees share good relationship with their Co – workers and Superiors?

The answer of the respondents may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non – Executive	77.5%	22.5%	0%	0%	0%
Executive	57.14%	42.86%	0%	0%	0%
Overall	68%	32%	0%	0%	0%

Out of the total 40 non executive respondents 77.50% respondents strongly agree, 22.50% respondents agree, 0% respondents neutral, 0% respondents disagree and 0% strongly disagree that they have good relationship with Co-workers and Superiors.

Out of the total 35 executive respondents 57.14% respondents strongly agree, 42.86% respondents agree, 0% respondents neutral, 0% respondents disagree and 0% strongly disagree that they have good relationship with Coworkers and s Superiors.

On overall out of 75 respondents, 68% respondents strongly agree, 32% respondents agree, 0% respondents neutral, 0% respondents disagree and 0% strongly disagree that they have good relationship with Co-workers and Superiors.

7. Whether the employees feel that the Company provides good working conditions and equipments?

and 2.5% respondents disagree and 0% strongly disagree that they have ample promotional opportunities.

Out of total 35 executive respondents 34.29% respondents strongly agree, 51.43% respondents agree, 2.86% respondents neutral, 11.43% respondents disagree and 0% strongly disagree that they have effective promotional opportunities in the company.

On overall out of 75 respondents 33.33% respondents strongly agree, 50.67% respondents agree, 9.33% respondents neutral, 6.67% respondents disagree and 0% strongly disagree that they have ample promotional opportunities available in the company.

3. Whether the employees are satisfied with the Rewards, incentives provided to them by the Company?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non – Executive	15%	40%	25%	20%	0%
Executive	5.71%	34.29%	42.86%	14.29%	2.86%
Overall	10.67%	37.33%	33.33%	17.33%	1.33%

Out of the total 40 respondents (Non-executive), 15.00% respondents strongly agree, 40.00% respondents agree, 25.00% respondents neutral, 20.00% respondents disagree, and 0% strongly disagree that they are satisfied by the rewards, incentives provided by the Company.

Out of the total 35 respondents (Executive), 5.71% respondents strongly agree, 34.29% respondents agree, 42.86% respondents neutral, 14.29% respondents disagree, and 2.86% strongly disagree that they are satisfied by the rewards, incentives provided by the Company.

On overall out of 75 respondents, 10.67% respondents strongly agree, 37.33% respondents agree, 33.33% respondents neutral, 17.33% respondents disagree, and 1.33% strongly disagree that they are satisfied by the rewards, incentives provided by the Company.

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Non – Executive	42.5%	52.5%	5%	0%	0%
Executive	25.71%	65.71%	8.57%	0%	0%
Overall	34.67%	58.67%	6.67%	0%	0%

40 non executive respondents 42.50% respondents strongly agree, 52.50% respondents agree, 5.00% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that the job security exists in the Company

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On overall out of 75 respondents, 34.67% respondents strongly agree, 58.76% respondents agree, 6.67% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that the job security exists in the Company.

5. Do you like the job what you are doing?

The answer of the respondents may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non – Executive	50	50	0%	0%	0%
Executive	45.71	54.29	0%	0%	0%
Overall	48	52	0%	0%	0%

Out of the total 40 non executive respondents 50% respondents strongly agree and 50% respondents agree that they like the job.

Out of total 35 executive respondents 45.71% respondents strongly agree and 54.29% respondents agree that they like the present job.

Out of total 75 respondents, 48% respondents strongly agree and 52% respondents agree that they like their present job.

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Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non – Executive	77.5%	22.5%	0%	0%	0%
Executive	57.14%	42.86%	0%	0%	0%
Overall	68%	32%	0%	0%	0%

Out of the total 40 non executive respondents 77.50% respondents strongly agree, 22.50% respondents agree, 0% respondents neutral, 0% respondents disagree and 0% strongly disagree that they have good relationship with Co-workers and Superiors.

Out of the total 35 executive respondents 57.14% respondents strongly agree, 42.86% respondents agree, 0% respondents neutral, 0% respondents disagree and 0% strongly disagree that they have good relationship with Coworkers and s Superiors.

On overall out of 75 respondents, 68% respondents strongly agree, 32% respondents agree, 0% respondents neutral, 0% respondents disagree and 0% strongly disagree that they have good relationship with Co-workers and Superiors.

7. Whether the employees feel that the Company provides good working conditions and equipments?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non– Executive	32.50%	65%	2.50%	0%	0%
Executive	31.43%	57.14%	8.57%	2.86%	0%
Overall	32%	61.33%	5.33%	1.33%	0%

Out of the total 40 non – executive respondents 32.50% respondents strongly agree, 65.00% respondents agree, 2.50% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that the company provides them good working conditions and equipments.

Of the total 35 respondents (Executive), 31.43% respondents strongly agree, 57.14% respondents agree, 8.57% respondents neutral, 2.86% respondents disagree, and 0% strongly disagree that the company has good working conditions and equipments

On overall out of 75 respondents, 32% respondents strongly agree, 61.33% respondents agree, 5.33% respondents neutral, 1.33% respondents disagree, and 0% strongly disagree that the company has good working conditions and equipments.

8. Whether the employees feel that adequate safety measures have been adopted by the Company?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non - Executive	32.50%	52.50%	15.00%	0%	0%
Executive	14.29%	71.43%	8.57%	5.71%	0%
Overall	24.00%	61.33%	12.00%	2.67%	0%

Out of the total 40 non executive respondents 32.50% respondents strongly agree, 52.50% respondents agree, 15.00% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that good safety measures have been adopted by the Company.

Out of the total 35 executive respondents 14.29% respondents strongly agree, 71.43% respondents agree, 8.57% respondents neutral, 5.71% respondents disagree, and 0% strongly disagree that good safety measures have been adopted by the Company.

On overall out of 75 respondents, 24% respondents strongly agree, 61.33% respondents agree, 12% respondents neutral, 2.67% respondents disagree, and 0% strongly disagree that good safety measures have been adopted by the Company.

9. Whether the employees feel that there is scope for career advancement in the company?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non - Executive	20.00%	40.00%	20.00%	20.00%	0%
Executive	11.43%	51.43%	22.86%	11.43%	2.86%
Overall	16.00%	45.33%	21.33%	16.00%	1.33%

Out of the total 40 non executive respondents 20.00% respondents strongly agree, 40.00% respondents agree, 20.00% respondents neutral, 20.00% respondents disagree, and 0% strongly disagree that they have career advancement opportunities in the Company.

Out of the total 35 executive respondents 11.43% respondents strongly agree, 51.43% respondents agree, 22.86% respondents neutral, 11.43% respondents disagree, and 2.86% strongly disagree that they have career advancement opportunities in the Company.

On overall out of 75 respondents, 16% respondents strongly agree, 45.33% respondents agree, 21.33% respondents neutral, 16% respondents disagree, and 1.33% strongly disagree that they have career advancement opportunities in the Company.

10. Whether the employees feel that there is growth potential in the company?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non - Executive	12.50%	30.00%	35.00%	22.50%	0%
Executive	17.14%	62.86%	11.43%	8.57%	0%
Overall	14.67%	45.33%	24.00%	16.00%	0%

Out of the total 40 non executive respondents 12.50% respondents strongly agree, 30.00% respondents agree, 35.00% respondents neutral, 22.50% respondents disagree, and 0% strongly disagree that there is Growth Potential in the Company.

Out of the total 35 executive respondents 17.14% respondents strongly agree, 62.86% respondents agree, 11.43% respondents neutral, 8.57% respondents disagree, and 0% strongly disagree that there is Growth Potential in the Company.

On overall out of 75 respondents, 14.67% respondents strongly agree, 45.33% respondents agree, 24% respondents neutral, 16% respondents disagree, and 0% strongly disagree that there is Growth Potential in the Company.

11. Whether the employees feel that training and experience on job is helpful for their individual growth?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non - Executive	47.50%	47.50%	2.50%	2.50%	0%
Executive	42.86%	48.57%	8.57%	0%	0%
Overall	45.33%	48.00%	5.33%	1.33%	0%

Out of the total 40 non executive respondents 47.50% respondents strongly agree, 47.50% respondents agree, 2.50% respondents neutral, 2.50% respondents disagree, and 0% strongly disagree that the training and experience on job is helpful for their individual growth.

Out of the total 35 executive respondents 42.86% respondents strongly agree, 48.57% respondents agree, 8.57% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that the training and experience on job is helpful for their personal growth.

On overall out of 75 respondents, 45.33% respondents strongly agree, 48% respondents agree, 5.33% respondents neutral, 1.33% respondents disagree, and 0% strongly disagree that the training and experience on job is helpful for their personal growth.

12. Whether the employees feel that the job they are doing demands the use of best of their abilities?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non - Executive	65.00%	30.00%	5.00%	0%	0%
Executive	42.86%	54.29%	2.86%	0%	0%
Overall	54.67%	41.33%	4.00%	0%	0%

Out of the total 40 non executive respondents 65.00% respondents strongly agree, 30.00% respondents agree, 5.00% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that their present job requires the use of their best abilities.

Out of the total 35 executive respondents 42.86% respondents strongly agree, 54.29% respondents agree, 2.86% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that their present job requires the use of their best abilities.

On overall out of 75 respondents, 54.67% respondents strongly agree, 41.33% respondents agree, 4% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that their present job requires the use of their best abilities.

13. Whether the employees feel that their job situation has changed in such a manner as to improve their home life?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non - Executive	17.50%	57.50%	20.00%	5.00%	0%
Executive	37.14%	48.57%	11.43%	0%	2.86%
Overall	26.67%	53.33%	16.00%	2.67%	1.33%

Out of the total 40 non executive respondents 17.50% respondents strongly agree, 57.50% respondents agree, 20.00% respondents neutral, 5.00% respondents disagree, and 0% strongly disagree that the job situation has changed in such a way as to improve their home life.

Of the total 35 executive respondents 37.14% respondents strongly agree, 48.57% respondents agree, 11.43% respondents' neutral, 0% respondents disagree, and 2.86% strongly disagree that the job situation has changed in such a way as to improve their home life.

On overall out of 75 respondents, 26.67% respondents strongly agree, 53.33% respondents agree, 16% respondents neutral, 2.67% respondents disagree, and 1.33% strongly disagree that the job situation has changed in such a way as to improve their home life.

14. Whether the employees feel that the Company gives them more responsibility and authority in their job?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non - Executive	35.00%	60.00%	0%	5.00%	0%
Executive	48.57%	45.71%	2.86%	2.86%	0%
Overall	41.33%	53.33%	1.33%	4.00%	0%

Out of the total 40 non executive respondents 35.00% respondents strongly agree, 60% respondents agree, 0% respondents neutral, 5.00% respondents disagree, and 0% strongly disagree that the company gives them more responsibility & authority in their job.

Out of the total 35 executive respondents 48.57% respondents strongly agree, 45.71% respondents agree, 2.86% respondents neutral, 2.86% respondents disagree, and 0% strongly disagree that the company gives them responsibility & authority in their job.

On overall out of 75 respondents, 41.33% respondents strongly agree, 53.33% respondents agree, 1.33% respondents neutral, 4.00% respondents disagree and 0% strongly disagree that the company gives them more responsibility & authority in their job.

15. Whether the employees feel that the Company provides them with opportunities for taking up challenging assignments?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non - Executive	17.50%	52.50%	22.50%	7.50%	0%
Executive	20.00%	71.43%	5.71%	2.86%	0%
Overall	18.67%	61.33%	14.67%	5.33%	0%

Out of the total 40 non executive respondents 17.50% respondents strongly agree, 52.50% respondents agree, 22.50% respondents neutral, 7.50% respondents disagree and 0% strongly disagree that the company provides them with opportunities for taking up challenging assignments.

Out of the total 35 executive respondents 20.00% respondents strongly agree, 71.43% respondents agree, 5.71% respondents neutral, 2.86% respondents disagree, and 0% strongly disagree that the company provides them with opportunities for taking up challenging assignments.

On overall out of 75 respondents, 18.67% respondents strongly agree, 61.33% respondents agree, 14.67% respondents neutral, 5.33% respondents disagree and 0% strongly disagree that the company provides them with opportunities for taking up challenging assignments.

16. Do the employees feel that the company recognizes and acknowledges their work?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non - Executive	30.00%	60.00%	0%	7.50%	2.50%
Executive	31.43%	54.29%	8.57%	5.71%	0%
Overall	30.67%	57.33%	4.00%	6.67%	1.33%

Out of the total 40 non executive respondents 30.00% respondents strongly agree, 60% respondents agree, 0% respondents neutral, 7.50% respondents disagree and 2.50% strongly disagree that the company recognizes and acknowledges their work.

Out of the total 35 executive respondents 31.43% respondents strongly agree, 54.29% respondents agree, 8.57% respondents neutral, 5.71% respondents disagree and 0% strongly disagree that the company recognizes and acknowledges their work.

On overall out of 75 respondents, 30.67% respondents strongly agree, 57.33% respondents agree, 4.00% respondents neutral, 6.67% respondents disagree and 1.33% strongly disagree that the company recognizes and acknowledges their work.

17. Whether the employees feel that the Management is really interested in motivating them?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non - Executive	10.00%	50.00%	32.50%	5.00%	2.50%
Executive	34.29%	40.00%	20.00%	2.86%	2.86%
Overall	21.33%	45.33%	26.67%	4.00%	2.67%

Out of the total 40 non executive respondents 10.00% respondents strongly agree, 50% respondents agree, 32.50% respondents neutral, 5% respondents disagree, and 2.50% strongly disagree that the management is really interested in motivating the employees.

Out of the total 35 executive respondents 34.29% respondents strongly agree, 40.00% respondents agree, 20.00% respondents neutral, 2.86% respondents disagree, and 2.86% strongly disagree that the management is really interested in motivating the employees.

On overall out of 75 respondents, 21 .33% respondents strongly agree, 3% respondents agree, 26.67% respondents neutral, 4.00% respondents disagree, and 2.67% strongly disagree that the management is really interested in motivating the employee.

18. Are the employees satisfied with the support that they receive from HR Department?

The overall survey result may be presented as follows:-

Employees	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Non - Executive	15.00%	67.50%	10.00%	7.50%	0%
Executive	22.86%	68.57%	8.57%	0%	0%
Overall	18.67%	68.00%	9.33%	4.00%	0%

Out of the total 40 non executive respondents 15.00% respondents strongly agree, 67.50% respondents agree, 10.00% respondents neutral, 7.50% respondents disagree, and 0% strongly disagree that they are satisfied with the support that they receive from HR Department.

Out of the total 35 executive respondents 22.86% respondents strongly agree, 68.57% respondents agree, 8.57% respondents' neutral, 0% respondents disagree, and 0% strongly disagree that they are satisfied with the support that they receive from HR Department.

On overall out of 75 respondents, 18.67% respondents strongly agree, 68% respondents agree, 9.33% respondents neutral, 4.00% respondents disagree, and 0% strongly disagree that they are satisfied with the support that they receive from HR Department.

FINDINGS

Question No.1 Reasonable periodical increase in salary by the Company?

In this question, it was tried to find out whether reasonable periodical salary increase by the company.

The mean value of question is 4.37 for all 75 respondents which is above overall mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 4.43 and 4.31 respectively. Thus, Non-executive employees are more satisfied with the periodical salary increase than executive employees.

Question No.2 Effective promotional opportunities are in the Company?

With this question, it was tried to find out whether effective promotional opportunities in the company.

The mean value of question is 4.11 for all 75 respondents which is above just overall mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 4.13 and 4.09 respectively. Thus Non – executive employees are felt that more effective promotion opportunities in the company than executive employees.

Question No.3 Are you satisfied by the Rewards, incentives provided by the Company?

In this question, it was tried to find out whether good performance in the company is rewarded and provides incentives with visible by public citation, awards and incentives to the employee.

The mean value of question is 3.39 for all 75 respondents which is below overall mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 3.50 and 3.26 respectively. Thus, Non-executive employees are more satisfied than executive employees.

Question No.4 Job security exists in the Company?

With this question, it was tried to find out whether job security exist in the company.

The mean value of question is 4.28 for all 75 respondents which is above overall mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 4.38 and 4.17 respectively. Thus, Non-executive employees are felt that job security exists in the company than executive employees.

Question No.5 You liked the kind of work you are doing?

With this question, it was tried to find out whether employee like his or her work.

The mean value of question is 4.48 for all 75 respondents which is above overall mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 4.50 and 4.46 respectively. Thus, Non-executive employees are more like work than executive employees.

Question No.6 Have you good relationship with Co-workers and Superiors?

In this question, it was tried to find out the relationship with Co-workers and superior.

The mean value of question is 4.68 for all 75 respondents which is above overall mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 4.78 and 4.57 respectively. Thus, Non-executive employees have more good relationship with Co-workers and Superiors than executive employees.

Question No.7 The Company has good working conditions and equipments?

With this question, it was tried to find out whether good working conditions and equipments in the company.

The mean value of question is 4.24 for all 75 respondents which is above overall mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 4.30 and 4.17 respectively. Thus, Non-executive employees have felt that good working conditions and equipments in the company than executive employees.

Question No.8 Good safety measure is adopted in the Company?

In this question, it was tried to find out whether good safety measure is adopted in the Company.

The mean value of question is 4.07 for all 75 respondents which is below overall mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 4.18 and 3.94 respectively. Thus, Non-executive employees have felt good safety measure is adopted in the Company than executive employees.

Question No.9 Career advancement opportunities are in the company?

It was tried to find out whether career advancement opportunities in the company for good performance.

The mean value of question is 3.59 for all 75 respondents which is below mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 3.60 and 3.57 respectively. Thus, Non- executive employees have felt that more career advancement opportunities in the company than executive employees.

Question No.10 Growth Potential is in the company?

With question, it was tried to assess whether growth potential in the company.

The mean value of question is 3.59 for all 75 respondents which is below mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 3.33 and 3.89 respectively. Thus, Non- executive employees have felt that growth potential in the company less than executive employees.

Question No.11 The training and experience on job are helpful to your growth?

In this question, it was tried whether training and experience on job are helpful to their growth.

The mean value of question is 4.37 for all 75 respondents which is above mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 4.40 and 4.34 respectively. Thus, Non- executive employees have felt that training and experience on job are helpful to their growth in the company are more than executive employees.

Question No.12 The Job requires the use of your best abilities?

In this question, it was tried whether job requires the use of their best abilities in the company.

The mean value of question is 4.50 for all 75 respondents which is above mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 4.60 and 4.40 respectively. Thus, Non- executive employees have felt that job requires the use of their best abilities in the company is more than executive employees.

Question No.13 Job situation changed in such a way as to improve your home life?

With this question, it was tried to assess whether job situation changed in such a way as to improve their home life?

The mean value of question is 4.01 for all 75 respondents which is below mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 3.88 and 4.17 respectively. Thus, Non- executive employees have felt that job situation changed in such a way as to improve their home life in the company is less than executive employees.

Question No.14 The Company gives you more responsibility & authority in your job?

In this question, it was tried to assess whether the Company gives them more responsibility & authority in their job.

The mean value of question is 4.32 for all 75 respondents which is above mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 4.25 and 4.40 respectively. Thus, Non- executive employees have felt that the Company gives them more responsibility & authority in their job is less than executive employees.

Question No.15 The Company provides opportunities for challenging assignments?

With this question, it was tried to assess whether the Company gives them more responsibility & authority in their job.

The mean value of question is 3.93 for all 75 respondents which is below mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 3.80 and 4.09 respectively. Thus, Non- executive employees have felt that the Company gives less responsibility & authority in their job than executive employees.

Question No.16 The Company recognizes and acknowledges your work?

In this question, it was tried to assess whether the Company recognizes and acknowledges their work.

The mean value of question is 4.09 for all 75 respondents which is below mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 4.08 and 4.11 respectively. Thus, Non- executive employees have felt that the Company gives less recognition and acknowledgement than executive employees.

Question No 17 Management is really interested in motivating the employee?

In this question, it was tried to find whether management is really interested in motivating the employee.

The mean value of question is 3.79 for all 75 respondents which is below mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 3.60 and 4.00 respectively. Thus, Non executive employees have felt that the management is not really interested in motivating the employee than executive employees.

Question No 18 Are you satisfied with the support from HR Department?

With this question, it was tried to find whether employees are satisfied with the support HR department.

The mean value of question is 4.01 for all 75 respondents which is below mean value 4.10 all the questionnaires. The mean values of non-executive and executive employees are 3.90 and 4.14 respectively. Thus, Non- executive employees have felt that they are less satisfied with support from HR department than executive employees.

ANSWERS OF QUESTIONNAIRES OF THIS STUDY

Study Question One:

Study Question one states: What is the motivation level of Bharat Sanchar Nigam limited employees working in Siliguri?

Analyzing the all motivational survey questionnaires of this study, the responds of the Bharat Sanchar Nigam Limited employee working in Siliguri are 32.30 percentage strongly agree, 51.33 percentage agree, 11.04 percentage neutral, 4.89 percentage disagree and 0.44 percentage strongly disagree. The mean value all motivational survey questionnaires of this study is 4.10 as giving score, strongly agree- 5, agree-4, neutral-3, disagree-2 and strongly disagree-i as described above. The mean value lies between agree and below strongly agree.

Therefore, it can fairly conclude that the Bharat Sanchar Nigam Limited employees working in Siliguri are motivated.

Study Question Two:

Study Question two states: Is there any difference of Motivation level between Non Executive and Executive employees of Bharat Sanchar Nigam limited employee working in Siliguri?

Analyzing the all motivational survey questionnaires of this study, the responds of the Bharat Sanchar Nigam Limited employee (Non- executive) working in SHiguri are 33.33 percentage strongly agree, 48.61 percentage agree, 11.94 percentage neutral, 5.83 percentage disagree and 0.28 percentage strongly disagree, whereas respond from the Executive employee are 31.11 percentage strongly agree, 54.45 percentage agree, 10.00 percentage neutral, 3.81 percentage disagree and 0.64 percentage strongly disagree.

And the mean value all motivational survey questionnaires of this study is 4.09 and 4.11 for Non-executive and Executive respectively as giving score, strongly agree- 5, agree-4, neutral-3, disagree-2 and strongly disagree-i as described above.

Study Question Three:

Study Question three states: Which is important motivational factor for Bharat Sanchar Nigam Limited employees working in Siliguri?

From the table -1, respondents rated as Salary increase is number one rank of motivational factor, Promotion is number two rank of motivational factor, Recognition is number three rank of motivational factor, Motivational talks is number four rank of motivational factor and Leave is number of five rank motivational factor.

Salary increase is motivated the Bharat Sanchar Nigam Limited employee working in Siliguri.

Study Question Four:

Study Question four states: How they perceive the term motivation?

The most of the employee well educated and some of them are highly qualified in their related field. The employees perceive the terms motivation very well and well conversion. Some of them have in-depth knowledge about the term motivation. The employee's perception about the term motivation reflects in the overall findings and results of this study.

SUMMARY

The survey results show the Bharat Sanchar Nigam Limited employees working in Siliguri are motivated. Mean score of survey is 4.10 which lie between agree to strongly agree. Salary increase is the rank one motivational of the employee. Some of the key motional factor needs to be looked into for better motivation; these are Rewards and incentives, Career advancement opportunities, Growth Potential, Management activities for motivating and opportunities for challenging assignments.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

It is a truism that the world is going through enormous changes. The advancement of technology in field of telecommunication has brought changes to the way business is done in every aspect. The employees are no longer just one of the inputs to company use to produce, services; but they are important assets that generate profits for the company. In today's world, the employees want more as there they are most important resources of the company. To motivate employee is not an easy task and motivation has to be built up over a long time, and it can be destroyed in a day.

The employee had a status of pure government servant prior to October, 2000; afterwards the employee is having status of government undertaking company. The employee's motivation level is quite differ from the above two statuses. The working culture of government and corporate is not same. Therefore, Bharat Sanchar Nigam limited needs to develop more motivation among the employees to compete private operators in telecommunication sector for existence.

However, from the above discussions and analyses of this study, it can be concluded that the employees at Bharat Sanchar Nigam Limited working in Siliguri are motivated; It should be the endeavor of the company to prOvide better working environment, which is conducive to growth of its employee and provides best possible service to its customers. Bharat Sanchar Nigam Limited needs to adopt rewards, recognitions, incentives and performance basis Promotional Avenue for the employee to improve the motivation, morale and performance. Employee's participation in professional activities and decisions making at various levels will provide them better recognition and sense of achievement and by diversifying their activities and multi-dimensional growth; thus, the glass ceiling effect can also be broken.

RECOMMENDATIONS

With the rapid changes in today's world, the Bharat Sanchar Nigam Limited needs to develop a more focused and coherent approach to manage the employees in order to improve business performance. Failure to have a careful planned human resource management strategy will probably lead to failure in the business performance itself.

To develop such strategy, we look those areas that require further consideration must be identified; so that any meaningful suggestions can be put forth. Some of the common areas of concern as have been expressed by the Bharat Sanchar Nigam Limited employees working in Siliguri at different levels.

- Performance basis Promotion Avenue system to be adopted.
- Recognitions, incentive and rewards system for good performance, meaningful and impartial are need to be adopted.
- Develop more coordination and cooperation to improve performance and services.
- Need for better delegation of responsibility to the concerned authority along with appropriate responsibility and accountability for personnel development.
- Seniors to set example of dedication, hard work and superior skills by their actions to improve motivation of the sub-ordinate.

➢ Appraisal System is more or less same as government appraisal system. The system needs to modify for improving employees development and corrective measures to be taken up for improvement the performance and self development to improve motivation level of its employees.

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SELF-MANAGED TEAMS : A KEY TO ORGANIZATIONAL EFFECTIVENESS

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Abstract

The fast changing business environment has brought about difficulties for constantly motivating and engaging employees in organizations. This has been fostered by paradigm shifts in employee expectations and needs. In order to respond to the future challenges in business in the most effective manner, organizations need to restructure their organizational models into openly interconnected functional units, focused on competencies & horizontal integration with partners & customers. The concept of the self-managed team has gained immense popularity so as to sustain competitiveness in the global arena. This paper explores avenues through which autonomous working groups or self managed teams can contribute to enhance employee productivity and engage people in today's organizations. The paper also highlights opinions of management professionals from the industry and cites illustrations of several organizations like Motorola, GE, Xerox, Honeywell etc who had successfully utilized the self managed team approach for achieving organizational effectiveness and successfully meeting the challenges of organizational change and development.

Key Words: Self managed Teams, Motorola, Organization Change & Development, Empowerment

Introduction

With businesses going global and competition becoming intense, there is mounting pressure on organizations to deliver more and better than before. In order to constantly meet these challenges, the concept of the self-managed team has gained in popularity. Claims that autonomous working can contribute significantly to enhancing employee productivity, product innovation and quality management appear mainly based on anecdotal evidence extracted from single-firm case studies (Chaston I., 1998). It has been argued that modern organizations that are comprised of "Self-managed Teams" are more efficiently responsible for overcoming the inherent weaknesses in the traditional hierarchical organizations. Self-managed team designs help to replace factors promoting division, fear, un-healthy rivalry, competition & conflicts with factors promoting unity, risk taking, cooperation, coordination, and communication at all functional levels of an organization. Over the years, self-managed work teams have been fast becoming the corporate catch phrase as we had seen during the 1990s, not because corporations were becoming kinder and gentler toward employees, but because they wanted to survive in a globally competitive environment. FORTUNE magazine has described self-directed or self-managed teams "the productivity breakthrough of the 90s." Authors like Dean Elmuti (1996) had indicated that, more than 50 percent of all FORTUNE 500 companies utilize them for achieving organizational effectiveness.

Self-Managed Teams and their importance in organizations

Members of self managed teams do not imply superiority complexesin their performance or attitude. According to Dunphy & Bryyant (1996), most self managed teams function with a high level of autonomy and the members enjoy the responsibility and leadership of executing and performing the entire task (Mohrman et al., 1995).

Typically, the self managed team consists of 5 to 15 members who are responsible for managing all or most aspects of the task including planning and scheduling, monitoring, and staffing. Self-managed teams operate in many organizations to manage complex projects involving research, design, process improvement, and even systemic issue resolution, particularly for cross-department projects involving people of similar seniority levels. One of the important characteristic features of the self-managed team is that the leader does not operate with *positional* authority as in traditional work groups, rather it is being mutually shared amongst the members constituting the self managed team.

Infact the leadership style in a self-managed team is quite unique from traditional leadership and operates to neutralize the issues often associated with traditional leadership models. Self managed teams generally operate on the basis of a project at a hand or to solve a particular business problem and hence their longevity could be limited based on the need of the project & task meant for the team.

Functioning of Self Managed Teams

Self-managed teams combine the attributes of formal and informal teams. A self managed team technically receives all the support from the top management in terms of authority for decision making, allocating their resources, setting their own goals and deciding on issues of selecting/hiring members and even training or developing them for achieving the objectives of the team. In self managed teams much of the responsibility and authority for decision making are turned over to a group of people who perform interdependently in order to accomplish an assigned task (Katzenbach, 1993). The overarching goal of self-managing

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teams is to find solutions to problems that either directly or indirectly affects the business of an organization. The members of the self managed teams also share a strong sense of commitment and belongingness towards each other – much of which is achieved through informal interactions. This not only contributes to build up a sense of belongingness to their teams but also facilitates creating a sense of pride for being associated with their organization.

Reviews of the literature on self-managed teams conducted by Goodman, Devadas, & Hughson (1998) and Pearce & Ravlin (1987) suggest that self-managing teams lead to enhanced organizational effectiveness. Infact changing the way of doing work from the conventional hierarchical functioning of organizations into effective team-activities not only contributes to relieve & reduce workplace frustrations, indifference, stress, boredom & frequent dysfunctional conflicts- but it also consciously promotes the willingness & the efforts of organizational members to implicate them into their day-to-day performances.

It had been argued by several authors that, organizations with self-managed team designs include principles, structures & processes that constantly aim to overcome the limitations inherent in the traditional organizational functioning. Thus organizations who believe in the philosophy of pioneering "Horizontal Management Systems" need to constantly focus on their endeavor to perform collaboratively across conventional organizational boundaries. In order to successfully achieve horizontal management practice- organizations have to ensure that self managed team-activity is being considered as a pervasive strategy- occurring at every functional level, aiming mainly to involve & integrate people from diverse organizational & occupational backgrounds into effective teams & networks with a common mission & shared culture. The prerequisite for this is that all managers of different departments/clusters should function democratically and not as command-oriented.

As per Ms. Asiya Shervani, Head, Learning & Development, Alcatel South Asia Limited, self managed team framework works best with members having complementary competencies and particularly for multidisciplinary projects. Most members thereby should be highly capable and mature in terms of their involvement or engagement in the project given to them.

Stokes (1991) has indicated that there are at least eight sound business reasons for organizations to adopt the self-management approach:

- reduced costs;
- reduced workforce;
- increased productivity;
- getting closer to customers;
- fewer layers of managerial bureaucracy;
- shorter time to market for products and services;
- increased employee motivation and commitment; and
- increased recognition of employee contributions.

Flanagan (1994) in his research had indicated that self-managed team participation led to improvement in employee productivity, efficiency, quality, and a steady stream of innovations in IBM. The following table (Table1) illustrates the examples of benefits in several major global corporations.

Table1: Role of Self managed Teams in some Global corporations

Name of Corporations	Impact of Self Managed Teams
Proctor & Gamble	30-50% lower manufacturing costs
AT&T Credit Corporation	Applications processed per day doubled
Xerox	Teams at least 30% more productive
GE	Productivity increased 250%
Honeywell	Output increased 280%
Volvo	Production costs decreased 25%

Reputed MNCs like those of IBM, ABB, XEROX and Ericsson had successfully implemented various initiatives to promote self managed work philosophy amongst their employees. These include programs such as Communities of Best Practices, job rotation and enlargement, and extra-corporate networking for building knowledge-based innovative practices (Cusimano, 1995; Harryson, 2000; James, 1997). As per Druskat & Wheeler (2003), Yandrick (2001), Manz (1992) various organizations like Honeywell, GE, XEROX had received immense appreciation from their intellectual capital for implementing these strategies. Honeywell which had been best known as "bureaucratic busters" had been successful to implicate drastic changes in their organization structures and management philosophies to more of customer-centric horizontal organizations and in this endeavor the implication of the self managed team philosophy was one of the key success factors.

Exhibit 1: Self-managed work teams at Motorola

In today's complex marketplace in which customers expect seamless responses to their tastes and preferences, the utilization of self-managed work teams is absolutely necessity. Over the years, Motorola (Carroll, B., 2001) had committed itself to the development and effective utilization of such teams Initiatives such as Six Sigma, Designing for Manufacturability, and Cycle-Time Reduction through Cross-Functional Process Mapping, for example, had actively required the involvement of such empowered teams for their successful implementation. On the contrary Motorola's flexible organization structure and management effectiveness could solely be contributed to the successful implication of its "self-managed team" philosophy.

As a mechanism for developing and promoting the power of teams in the service of global customers, Motorola initiated a Total Customer Service (TCS) teams competition in 1990, which now involves the participation of more than 4,000 teams on an annual basis, representing disciplines such as design engineering, customer support, and even the administrative and executive units at Motorola's Schaumburg headquarters.

These teams (like "ROOTS", a pager manufacturing team from Tianjin, "EAGLES", the Motorola Monterrey plant team, "WORLD SURF'N" team, are various cross-functional self managed teams from various plants of Motorola as well as that of the headquarters) at Motorola and those of other organizations have consistently proved that empowered employees working together, from the lowest position to the highest, can have a significant impact on the worldwide success of a global company.

Exhibit 1: Self-managed work teams at Motorola
Courtesy http://www.ilo.org/public/english/employment/skills/workplace/case/case5.htm

Contribution of Self-managed teams for developing "Win-Win" climate in organizations

Most of the self-managed teams are encouraged by the higher management (Strategic decision makers) to make a game out of work. Each Self-managed team actively contributes to define & set their own goals & goal criteria subjecting to higher management approval & thereby aims to put in the best team-effort in order top realize their goals. Every team that reaches a "team goal" wins & encourages others to achieve their own goals by sharing effective strategies & information on how they attained their goals. Celebrating team success contributes to increase the level of motivation of employees & when the management also recognizes team effort & contribution, it further adds to the vigor of success. This ultimately, sets up a "Win-win" situation not only for the core team members but also relates actively with the entire organization, owners, stakeholders & the customers of the organization.

Exhibit 2:
(Courtesy: http://hbswk.hbs.edu/item/5507.html)

"To me, the idea of self-managed teams is not only novel and revolutionary but also the highest form of empowerment. However, the single largest requirement for experimenting and nurturing self-management teams would remain the conviction and commitment of top management."

Ms. Sweta Mohapatra, *HR Manager, Marico Industries*

Self managed teams: Are organizations ready for empowerment?

The above discussion solidly established the fact that self-managed teams are associated with contributions for achieving high performance and effectiveness in organizations. But the success of the entire philosophy is strongly related with empowerment where, empowerment should be more than simple involvement; it should mean allowing employees to make their own decisions for the organization.

In most traditional organizations, as what we find in family lead business houses in India, often the employees are controlled by managers, the managers are controlled by higher-level managers, and they are controlled by someone else (may be the owner of the family led business). The reality is "no one in a traditional organization is in control of themselves - they are only controlled by others". This leads to a feeling of powerlessness. Thereby although many corporations who claim to have inculcated the self managed team philosophy in their organizations but still believing in a culture of a traditional boss-subordinate relationship where meritocracy is hard to practice-it is doubtful to what extent those self-managed teams are really empowered. The major obstacle to self-management, as one might suspect, could definitely be the managers, whose existence is threatened by the self-management philosophy. Effective and genuine self-management cannot materialize if workplace has traditional bosses or managers to supervise and pass commands around.

For global giants like Motorolla, GE, IBM, ABB, XEROX etc the proposition might seem to be quite favorable due to widespread global operations, where cross functional integration of business activities is a strategic necessity to achieve competitiveness. Self-management works well with most of these global giants as most of their team sizes are small/limited and there are limited personality conflicts to interfere team decisions. But the self-managed team philosophy might just be a reality shock for a small scale manufacturing unit in Peenya Industrial Estate in Bangalore, where the owner-entrepreneurs would never let go of their control. This argument can also be further strengthened by the comments of Mr. Ram Kumar, Director, Rhea Knowledge Technologies (P) Ltd (as shown in Exhibit 3).

Exhibit 3: Comment made by Mr. Ram Kumar, Director Rhea Knowledge technologies (P) Ltd
(Courtesy: http://hbswk.hbs.edu/item/5507.html)

"Self-managed teams might be a reality if the individual / team activities are closely monitored. Most of the time democracy does not work in business, especially at the entry level. Entry-level employees have to be given clear tasks and processes.

As top-level understanding cannot be easily transferred to the minds of entry-level workers, so it is a good idea to have self-managed teams at the entry level"

Key Focus areas for the success of Self-managed Teams:

- To capture & effectively utilize the talents, skills & thinking abilities of team members & pioneering consistent management control so as to ensure that responsibility is being taken synergistically in order to accomplish tasks.

Figure 1: Role of Self-Managed Teams in enhancing organizational effectiveness

- To ensure that the decision making & action planning are being improved upon consistently.
- To enable the team members create a new multi-directional communication system.
- To ensure the best utilization of available resources with emphasis on reduction of wastages through committed team efforts.
- To create a working environment where team members are willing to exert themselves to meet both organizational as well as individual objectives.

Contribution of Self-managed teams in building High-performance organizations:

MNC captains are of the opinion that in the highly volatile global business environment self managed team work philosophies help them to enhance the capabilities and potential of their talents, control costs, and provide greater opportunities for individual career growth and recognition. These further help these organizations to constantly monitor and evaluate their quality and productivity levels, enhance stakeholder satisfaction and appreciation. The philosophy contributes in terms of increasing employee productivity, cut down costs and enhancing organizational capabilities in the context of cross-organizational, multi-disciplinary and cross cultural work environments.

On the employee perspective, empowerment and autonomy enjoyed by individuals belonging to self managed teams had led to higher employee involvement and engagement.

The philosophy also contributes to organizational effectiveness by enhancing creativity and critical thinking amongst employees. It facilitates to create a system which encourages a sense of ownership and belongingness amongst organizational members that constantly motivates employees for achieving their goals in effective ways. It encourages mutual leaning and growth right from the bottom of the organization to the strategic decision making levels. As a result more employees from the bottom are involved or engaged for contributing in the strategic decisions of the organization. These makes the organization more customer oriented, highly innovative their approaches, products and services. This can be achieved by the following:

- A system-wide perspective on the entire organization's vision, mission, quality policy, operating principles, goals & improvement strategies.
- Ensuring that the workforce's intellects are being effectively utilized in order to promote continuous improvement.
- Establishing improved decision-making through the use of team decisions throughout the organization.
- Establishing change & focus on innovation as the organization norm.
- Focus on meeting customer needs that result in enhanced customer satisfaction

- Enabling clear standards of performance for teams at all functional levels of the organization.
- Effective utilization of new & untapped skills & potentials within the organization.
- Reducing wastages through improved communications & team involvement,
- Building trust between the management & the non-supervisory employees in order to ensure worker support of organizational values
- Effectively contributing towards building a learning organization, where employee training & education are being considered as continuous investments in productivity.
- Eliminating the traditional task-orientation of conventional organizational perspective & focus mainly on realizing the effectiveness of the organizational resources by identifying the key processes & entrusting self-managed teams to manage them.

Making self-managed teams effective; Action plans for organizations:

Mr. Gaurav Sood, Sr Mgr Business Excellence, ICICI Prudential, believes that self managed team philosophy can contribute to provide businesses solutions to problems that are not achievable in board rooms. These may include issues such as developing talents, managing attrition related, challenges, diluting hierarchies, automating processes. The success of these depends on certain factors which include:

- Convincing employees on the benefits of self managed team philosophy.
- Bringing empowerment and autonomy on organizational decision making
- Designing performance management and reward systems that facilitate self managed team work environment
- Encouragement from the top management
- System-wide implementation of the self managed team philosophy along with supporting policies, operating principles and infrastructure
- Networking with other organizations promoting similar philosophies
- Focus on innovation and creative capabilities
- Consistently contributing & investing sufficiently in order to establish a learning organization.
- Constantly reviewing, monitoring & controlling performances & benchmarking the best practices.
- Hiring experienced consulting & training professionals in order to provide organizational design guidance (re-designing structures & functions in the organization) & simultaneously to ensure smooth organizational transitions & achieving desired outcomes.
- Providing executives & managers with more time for research & analysis & to enable them to effectively implement them in the decision making process of the organization.

Inculcating Self-managed team philosophy in Organizations:

1. Empowering Teams: The key to inculcate a self managed team perspective in the workplace, business organizations should ensure that focus are being given so as to empower work-teams with the right form of authority to take vital decisions, where the top management could provide strategic help & counsel so as to actively facilitate the decision making process. In fact, on the other hand, the ability to mobilize teams & networks within the organization should also be considered to be crucial in order to achieve total participation.

2. Leadership issues in Self-managed Teams: In order to ensure that self-managed teams effectively contribute for the development of a horizontal management structure, it is essential that the leaders of the organization should make the difference. In a self-managed work environment, leadership works the best when shared, shifting from individuals to individuals depending on situations & on individual capabilities & strengths. Such engagement with shared leadership gives people a sense of collective ownership & creates an effective bond among team members, which ultimately contributes to create horizontal partnership cohesion.

Druskat and Wheeler (2004) have highlighted in their model, 4 functions and 11 behaviors for leaders of self-managing teams broken into 2 areas of organization-focused behavior and team-focused behavior. Druscat & Wheeler's model as revealed in Figure 2 emphasized one of the main roles of the self-managing team leader as the connector between the organization and the team.

	Relating	Scouting	Persuading	Empowering
Organization Focused Behavior	1. Being socially and politically aware	4. Seeking information from managers, peers and specialists	7. Obtaining external support	
Organization/Team Boundary				
Team Focused Behavior	2. Building Team Trust 3. Caring for team member	5. Diagnosing member behavior 6. Investigating problems systematically	8. Influencing the team	9. Delegating authority 10. Exercising flexibility regarding team decisions 11. Coaching

Figure 2: Druscat & Wheeler's model (2004) of leadership behavior in self managed teams

As evident in Figure 2, the self-managing team leader needs to be very perceptive of the team dynamic. He/she needs to be able to model a new way of being for the people on the teams. The leader is required to be highly skilled at facilitating dialogue, conflict resolution, and behavioral coaching. The leader should be instrumental in creating shared mental models & vocabularies in order to create a total participative work-culture in the organization. The leadership role has to be further responsible for enhancing trust & dependability which effectively contributes to hold on team initiatives together.

3. **Developing shared Frameworks:** Developing shared Frameworks in order to ensure that every member in the organization works together synergistically in order to achieve the common goals. Managements of organizations should strongly believe in the shared fact base, dialogue & patience. At the same time it is critically important that clarity on the shared goals & results, as well as individual or team roles & responsibilities are being held accountable for individuals as well as for the organization as a whole.

4. **Contributing to enhance supportive structures & maintaining momentum in the workplace:** The rise of self-management teams can be considered as a move towards a new democracy at work. New understandings of living companies like Motorola, Xerox, GE etc who had successfully pioneered the concept, introduction of self-regulating systems, and emerging patterns particularly in terms of supportive structures and maintaining momentum in the workplace have become the need of the day.

5. **Focus on Continuous Learning & Development:** Focus on continuous learning is essential so as to reflect on past experiences & push the initiatives forward in the organization. Management development programs & initiatives should be considered rather as a strategic need not as mere compulsion or a formality.

Conclusion

Modern business organizations are being constantly challenged to compete & at the same time tackle the issues of continuous improvement so as to manage their credibility in the era of globalization. In order to cope up with the challenges of continuous improvement, organizations need to be more dependent on effective team efforts rather than relying solely on some of their core talents.

Introduction of self-managed teams in organizations like GE, Motorola etc had provided the necessary edge needed to remain competitive in today's global market. Evidence from these organizations and opinions of industry experts have clearly indicated that, no empowerment program could bring about success in the long-run, if the management of organizations does not take adequate measures to empower their employees on the basis of their capabilities. But on the contrary, as apparent in the Indian context,where majority of the businesses are family run and strictly hierarchical, the philosophy of employee empowerment and implication of self managed teams in the decision making had always remained an unreachable illusion. At this juncture, organizational development (OD) professionals and consultants need to rigorously rethink and research how empowerment and self managed teams could best fit in for the benefit of traditional organizations with their present limitations and constraints.

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CONCEPTUALIZING THE CLIMATE OF AN ORGANIZATION FROM THE PERCEPTUAL VIEWPOINT OF THE EMPLOYEES–AN EMPIRICAL STUDY

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Abstract

The concept of organizational climate has its root in organizational and industrial psychology. The term "climate" was first used by Lewin et al. From that point the concept evolved through different phases and has occupied an important place in organizational behaviour. During mid sixties efforts have been made to identify a framework and appropriate set of dimensions to empirically study climate of the organizations. The psychological approach towards the concept established that organizational climate is a perception of the individuals belongs to the particular organization and the climate may be empirically studied through the collective perception of the organizational members. Out of a number of sets of dimensions the particular dimensions identified by Jones and James appeared to be most suitable for the study as it has also been tested and verified by other studies. However, the present study has made an effort to identify the significance and relevance of these dimensions in Indian context. Results show that the dimensions are very much relevant and an instrument developed on the basis of them is reliable to study organizational climate in Indian context.

Key Words: Organization, Psychology, Climate, Dimension

Introduction

Organizational climate research has a prominent place in the history of organization study. The term "Organizational climate" has often been loosely used to refer to a broad class of organizational as well as individual variables which tends to include almost all the areas of "organizational behaviour" or "industrial psychology". This extent of coverage of the subject has presented an opportunity to study the concept from every possible angle, at the same time it has created a lot of ambiguity in providing a precise conceptual framework and consequently in empirical measurement of the climate of an organization. However over a period of time several researchers have developed purpose-oriented frameworks of climate and have presented different empirical models for the measurement of the same. Some of the models are developed as internally consistent conceptualization of organizational climate **(Glick, 1985)** as a class of psychological characteristics.

Organizational climate has been conceptualized as an individual, psychological attribute measurable by a multi-trait matrix **(Schneider, B., Bartlett, J., 1970)** and as an organizational entity **(Campbell, J. R., et al, 1970).** A number of researchers like **Jones and James (1979), Joyce and Slocum (1982)** have presented climate models and dimensions for measurement in tune of a multidimensional approach. **Ryder and Southy (1990)** in their study established that the set of dimensions presented by Jones and James represent a very useful instrument to study Organizational climate and may be generalized on universal basis for empirical measurement. The present study is an effort to use the Jones and James dimensions in the context of Indian organizations.

Literature Survey

Climate has a long history in the fields of industrial and organizational psychology and organizational behaviour. Classical organization theory dominated the management field during the first half of the twentieth century. The origin may be traced back to **Adam Smith (1776)** who showed the improvement in productivity through division of labour. However in the early 1900s the philosophy of classical theory had been holistically developed by management theorists like Taylor, Fayol, and Weber. The classical theory contributed substantially in increase in economic productivity. However, these gains involved considerable human cost in the form of high turnover, absenteeism etc.

Hawthorne studies apparently offered a satisfactory behavioural interpretation of the above problem. The importance of individual differences, informal group interaction etc. was emphasized. **Koffka (1935)** suggested that individual behaviour could be more meaningfully understood if it was related to the behavioural environment as perceived and reacted to by the subject. **Lewin (1935)** emphasized on the psychological atmosphere and the influence of environmental factors on behaviour. In **1939, Lewin, Lippitt, and White** first used the term "social climate" where they primarily tried to establish a relationship between leadership style and climate. Somewhat a familiar definition of climate in terms of formal organization policies, employee needs, values, and personalities has been first provided by **Argyris (1958).** He used the concept to diagnose the group dynamics of bank employees. **McGregor (1960)** in his "all time great" book "*The Human Side of Enterprise*" focused on managerial climate.

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According to him climate of an organization are primarily determined by the assumptions of the managers of the organization about their subordinates and the manager-subordinate relationship. Some conceptual definitions were presented by some researchers in early sixties. **Forehand and Gilmer (1964)** defined climate as a set of characteristics that (a) describe the organization and distinguish it from other organizations (b) are relatively enduring over time and (c) influence the behaviour of the people in the organization. In another effort **Gergoploules (1965)** defined organizational climate as a normative structure of attitudes and behavioural standards which provide a basis for interpreting the situations and act as a source of pressure for directing activities.

Litwin and Stringer (1966) presented the first comprehensive concept of organizational climate. In their conference paper, which was later included in the book edited by **Tagiuri and Litwin (1968)**, the researchers presented six dimensions of organizational climate – including factors like structure, reward, and warmth and support. In the same book the editors defined climate as a relatively enduring quality of the internal environment that is experienced by its members, influences their behaviour, and can be described in terms of the values of a particular set of characteristics of the organization.

The above-mentioned works may be classified under the first phase research efforts to identify the conceptual framework of climate and its measurement in relevance to the organization.

The second phase in 70s produced a large number of research works consisting of literature reviews, critiques and empirical studies of the climate construct and its measurement. **Campbell et al. (1970)** in their book identified climate under a broader heading of 'environmental variation". They defined climate as a set of attributes specific to a particular organization that may be induced from the way the organization deals with its members and its environment. They presented a set of attributes in terms of both static characteristics (example: degree of autonomy) and dynamic characteristics (behaviour outcomes).

In early 70s a series of papers has been published identifying the various manifestations of climate and their interrelationship with other organizational attributes. **Schneider & Bartlett (1970)** emphasized that, perceptions of climate dimensions vary as a function of position in the organization. **Schneider & Hall (1972)** explained organizational climate as a function of particular behaviours that people engage in and as well as the work values and needs. In 1972, Schneider established that the new employees' perceptions of climate are identical with the veteran employees' of the organization.

Various research papers by **Hellrigel & Slocum (1974), Guion (1973), Johannesson (1973), Pritchard & Karasick (1973)**, and **James & Jones (1974)** are well known as critical reviews of the early literature, especially regarding the conceptualization and level-of-measurement issues in climate research. In their unique effort James and Jones (1974) reviewed all the previous relevant researches, definitions, conceptual frameworks, and measurement approaches and differentiated them into three principal categories. According to them, all the major theoretical concerns and relevant researches related to Organizational Climate can be divided into three approaches:

a. Multiple measurement- organizational attribute approach (MMOAA)

b. Perceptual measurement-organizational attribute approach (PMOAA)

c. Perceptual measurement-individual attribute approach (PMIAA)

They offered a very valid rationale for distinguishing between organizational and psychological climate.

It may be identified from the above literature review that some of the climate researchers have overlooked the similarity or the overlapping of the dimensions of the organizational climate. Interestingly, these dimensions have been taken almost without any discretion from the existing models of organizational climate. The researchers are so engrossed with identifying the various techniques for measuring organizational climate that they did not pay much attention to the problem of developing an appropriate model and construct. But in a Paper, **Kundu (2007)** pointed out that the measurement techniques should only come after the clear and precise identification of dimensions. Moreover, these dimensions must also be fitted for the empirical verification.

James and Jones (1974) in their exploratory study insisted on the use of the term organizational climate for studying organizational attributes of the climate. They also mentioned that to study the climate of the organization through the perception of the members the term "Psychological Climate" should be used. In another paper **Jones and James (1979)** identified and empirically established six dimensions based on the individual attributes and categorized them under Psychological phenomenon. In **1990, Ryder and Southy**, in their study explored the usefulness of the measurement scales provided by Jones and James and established the validity of the dimensions provided by them. Apparently, the dimensions provided by **Jones and James** are found to be suitable irrespective of the influencing variables like nature of the organization, social set up, or the nature of operation. Moreover, these dimensions are also found to be empirically verifiable. This present work is an effort to establish the usefulness of the dimensions in Indian context and develop an instrument based on the dimensions.

Identifying the Dimensions of Climate

From an exhaustive list of 35 composites **Jones and James (1979)** identified six components. The first component reflected perceived conflict in organizational goals and objectives, combined with ambiguity of organizational structure and roles, a lack of interdepartmental cooperation, and poor communication from management. Also included were poor planning, inefficient job design, alack of awareness of employee needs and alack of fairness and objectivity in the reward process. This component was labeled **"Conflict and Ambiguity."**

The second component termed, **"Job Challenge, Importance, and Variety"** expresses the perception of the job to the individual and how he or she perceives the job to be challenging, important in organizational context, and offers variety to the work life of the individual.

The third component **"Leader Facilitation and Support,"** reflects the perception of the organizational members as the subordinates, regarding the support, cooperation and confidence of their supervisors.

The fourth component **"Workgroup Cooperation, Friendliness, and warmth"** explains the relationship dimensions among the coworkers. However, it is generally believed that cooperation in workplace may not bear any direct relationship with the friendly and warm behaviour of the colleagues. This dimension is therefore divided into two separate dimensions such as **"Workgroup Cooperation"** and **"Friendliness and Warmth".**

The sixth component **"Professional and Organizational Spirit,"** reflected perceived external image and desirable growth potential offered by the job. The seventh and final component reflects the confidence and trust level from the both supervisory and subordinate sides of the organization. This component is termed as **"Mutual Trust."**

The climate of an organization when measured through perceptions of its members is considered by some as an attribute of the individual and not of the organization. Moreover, if such data are analyzed using individual as the unit of analysis, it should be called psychological climate. On the other hand if there is adequate inert- rater agreement and the scores of the individuals are statistically analyzed as the collective score of the population as a whole then the same psychological climate represents the climate of the organization as a whole and is definitely entitled to be called organizational climate.

Objectives

Followings are the objectives of the present study:

➢ To identify a set of dimensions relevant in studying the organizational climate phenomenon in Indian context;
➢ To develop an instrument based on the dimensions which can be used to diagnose organizational climates of Indian organizations;
➢ To measure the relative importance of the dimensions in Indian context;
➢ To measure the influence of the society on the organizational climate of any organization

The Instrument

As discussed in the previous section the empirical study of climate may be conducted through the measurement of the collective perception of the members of the organization. A questionnaire based on the above dimensions may give a fair idea about the perceptual climate of the organization as a whole. At the preliminary stage a large number of questions (10 – 12) were compiled under each dimension. From this compilation the number of questions has been reduced to four to five under each dimension following the process of relevance elimination. Finally a total of 31 (30 + 1) items under seven dimensions were selected to conduct the study. One question was not particularly under any dimension rather it was a ranking item comprising relative importance of all the seven dimensions. Apart from the above items the questionnaire also contained nine general questions about the demographic profile of the sample population. The thirty questions under seven dimensions were distributed as given:

Dimension	Item no.
1. Leadership Facilitation & Support	1, 8, 15, 22, 29
2. Work-group Cooperation	2, 9, 16, 23
3. Job Challenge, Importance, & variety	3, 10, 17, 24, 30
4. Conflict and Ambiguity	4, 11, 18, 25
5. Friendliness and Warmth	5, 12, 19, 26
6. Professional& Organizational Spirit	6, 13, 20, 27
7. Mutual Trust	7, 14, 21, 28

Most of the items were fitted with a five point scale. However some item have been given to rate in the ranking form. Items 2, 5, 6, 13, & 30 belonging to various dimensions and item 31 are the ranking questions.

Methodology

The questionnaire was distributed among 60 personnel at the supervisory level of Indian Oil Corporation, Haldia. Out of them 50 completed questionnaire was obtained. Except of the all the Likert type questions were analyzed compiling the data in to SPSS software. The ranking type questions were analyzed by Thurston Case V method. To determine the score for the dimensions, the respondents have been divided into two separate groups and have been subjected to discriminant analysis. The discriminant score for each dimension has been taken as dimension score.

Principal Findings

The reliability for each dimension has been given bellow:

N=50

Table: 1

Organization	Questionnaire	Dimension	Number of items under the dimension	Reliability α	Split half
	For Organizational Climate	Leadership Facilitation & Support (LFS)	5	.824	.789
		Work-group Cooperation (WGC)	3	.822	.767
		Job Challenge, Importance, & variety(JCI)	4	.83	.824
		Conflict and Ambiguity (CA)	4	.774	.653
		Friendliness and Warmth (FW)	3	.826	.778
		Professional & Organizational Spirit (POS)	2	.852	.89
		Mutual Trust (MT)	4	.863	.91
	For Organizational climate as a whole (= 25 items)		25	.82	.78

Item- to-total correlation coefficients between each item and the total discriminant score for each of the seven dimensions:

Table: 2

Item		LFS	WGC	JCI	CA	FW	POS	MT
LFS	1	*.85*	.21	.13	.41	.67	.43	.55
	8	*.87*	.07	.17	.45	.58	.24	.59
	15	*.82*	.52	.08	.34	.44	.28	.47
	22	*.79*	.23	.12	.47	.57	.37	.53
	29	*.88*	.22	.22	.43	.35	.54	.42
WGC	9	.21	*.87*	.11	.32	.42	.33	.45
	16	.14	*.83*	.27	.29	.46	.31	.39
	23	.17	*.86*	.19	.21	.49	.27	.41
JCI	3	.24	.13	*.9*	.33	.28	.11	.24
	10	.33	.16	*.77*	.21	.25	.09	.28
	17	.44	.2	*.82*	.28	.18	.17	.27
	24	.32	.11	*.79*	.19	.22	.23	.23
CA	4	.1	.15	.24	*.92*	.12	.21	.18
	11	.32	.33	.31	*.88*	.17	.31	.14
	18	.12	.24	.26	*.75*	.11	.27	.23
	25	.19	.19	.12	*.8*	.19	.25	.22
FW	12	.09	.35	.33	.07	*.78*	.34	.32
	19	.11	.41	.25	.13	*.83*	.29	.36
	26	.16	.33	.21	.14	*.74*	.31	.33
POS	20	.2	.13	.09	.15	.23	*.81*	.31
	27	.26	.17	.22	.27	.19	*.88*	.16
MT	7	.17	.11	.25	.16	.35	.38	*.91*
	14	.23	.14	.31	.26	.28	.17	*.93*
	21	.25	.23	.19	.18	.26	.21	*.88*
	28	.14	.27	.27	.13	.21	.2	*.85*

Factor Loading matrix for the Climate Items

Table: 3 Factor Analyses of the Organizational Climate Dimensions

Component Matrix

Component	1	2	3	4	5	6	7
LFS	.623	.324	4.514E-02	.513	.439	-.217	-3.436E-02
WGC	-.144	-.346	.670	.313	1.785E-02	3.173E-02	.188
JCI	.552	.302	.472	-.568	.221	1.606E-02	9.809E-02
CA	.724	-.422	7.807E-02	5.877E-02	.158	.426	-.285
FW	.635	.347	.284	.204	-.581	9.971E-03	-.125
POS	-.040	.575	-3.573E-02	.140	9.379E-02	.477	5.591E-02
MT	.806	-.129	-.228	.101	-8.829E-02	.167	.486

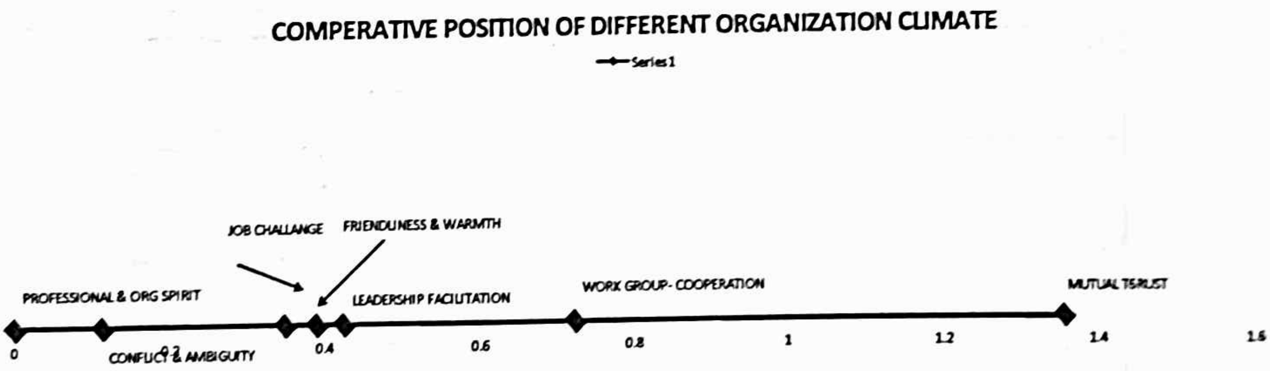
Extraction Method: Principal Component Analysis.
7 components extracted.

Relative Strength of the Dimensions by Using ***Thurston Case V*** method:

Organizational Climate:

Table: 4

Dimensions	Dimension-6 Professional & Organizational spirit	Dimension-4 Conflict & Ambiguity	Dimension-3 Job Challenge, Importance, & variety	Dimension-5 Friendliness & Warmth	Dimension-1 Leadership Facilitation & Support	Dimension-2 Workgroup Cooperation	Dimension-7 Mutual Trust
Relative Strength	0	0.1129	0.3471	0.3886	0.4223	.722	1.354



Source: The diagrammatic representation of the values of table-4 in a linear scale

Interpretation

It is evident from the Table: 1 that the reliability coefficients for nine dimensions are quite significant. Following the Cronbach alpha coefficient method the values range between 0.774 (lowest) and 0.863 (highest). Reliability coefficients following split half method has a range between 0.767 (lowest) and 0.91(highest). The value of the reliability coefficient depends upon the nature of the measuring instrument, variability of the group, and the purpose of the instrument used. In the present case the purpose is to make predictions regarding the organizations on the basis of average group scores. In such a case the above result is quite satisfactory.

The item –to- total correlations presented at Table: 2 shows that each of the twenty eight items belongs to the particular climate dimension in which is desired to be included. There are 175 correlations presented at the table of which 25 items have been singled out and marked at the diagonal boxes. The values have been found to be statistically significant. This proves that responses to statements pertaining to the seven dimensions of Organizational Climate are internally consistent and reliable. It may also be inferred from the table that there is adequate agreement among responses to each set of items designed to measure a given dimension of OC. Moreover each statement truly belongs to the dimension of OC in which it has been included.

The centroid method of factor analysis shows (Table: 3) significant values of the each items of the questionnaire with item 9 with lowest factor loadings (0.637) and item 20 with highest factor loadings (0.92). However all the items are relevant and significant for the questionnaire.

The last item of the questionnaire was an exhaustive ranking question regarding the dimensions of the study. A Thurston Case V analysis of the responses reveals (Table: 4) that dimension 5 and 4 (Friendliness & Warmth, Conflict & Ambiguity) are of lowest importance. Dimension 3(Job Challenge, Importance, & variety) has been perceived of higher importance than the lowest group. Dimension 6 and 1 (Professional & Organizational spirit, Leadership Facilitation & Support) have been placed higher than the previous two groups. Next, dimension 2 (Workgroup Cooperation) has been considered as the second most important dimension while dimension 7 (mutual trust) has been perceived as of highest importance. It has been found from the analysis that three dimensions together, dimension 7, 2, 1 have been given such importance that the remaining four appear not to so significant in analyzing organizational climate.

Conclusion

The principal objective of the study was to inquire the relevance of the dimensions of organizational climate developed by Jones & James and to develop an instrument following the dimensions to empirically study organizational climate in Indian context. Statistical analysis of the questionnaire based on the above mentioned set of dimensions has proved that the items included under each dimension are consistent and reliable. The questionnaire as a whole therefore may be used as an instrument to study organizational climate. The Thurston Case V analysis however reveals that two dimensions namely dimension 5 and 4 (Friendliness & Warmth, Conflict & Ambiguity) are of relatively lower importance. Their absolute importance as dimensions of climate should be explored particularly in the context of Indian organizations. The instrument as a whole may be used to explore the unknown variables of employee perceptions regarding their organizations.

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USE OF ARTIFICIAL INTELLIGENCE IN TEACHER – STUDENT RELATIONSHIP

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Abstract

Artificial Intelligence is the science of enabling information technologies – software, hardware, networks, etc. to simulate, human intelligence, such as reasoning and learning, as well as gaining sensing capabilities, such as seeing, hearing, walking, talking and feeling. It uses logical and cognitive reasoning in decision making under critical and unprecedented situation. AI can be used by the teachers in counseling the students, recognize cues to determine their strengths and weakness and mentoring them accordingly. On the other hand the student can approach the appropriate guide (teacher) to represent their problems pertaining to their subject area and find the ways to achieve best possible solution. The teacher can monitor the progress of the students' activities on their respective assignments and provide necessary feedback for improvement. The AI can be used in resolving Teacher-Student academic and procedural conflicts arising in the institutions. AI finds extensive application in analyzing the behavior pattern of the student from their body language – a kind of non-verbal communication and would help the teacher to find the possible ways of grooming the student on individual basis. Very often in the schools it has been noticed that the teachers find ways in rectifying a student through corporal punishment, which increases bitter feeling of the student as well as their parents towards the teacher. AI can help the teacher to find ways of rectification of the student without implementing corporal punishment.

***Key Words:** Human intelligence, Cognitive Reasoning, Academic Conflict*

Introduction

It is evident that human beings are the most highly developed organism having intelligent ability to solve problems under different situations. Their ideas have been materialized into new innovation, which gives birth to machines that reduce human effort, save time and work with more accuracy. The innovations in the field of Computer Science have a far reaching influence in incorporating natural intelligence present in human beings in machines which can solve critical problems under unprecedented situation, helps a decision maker in formulating strategies which are more appropriate and timely for achieving their goals. Such machines are said to possess Artificial Intelligence (AI).

What is Intelligence?

Intelligence may be said to be the set of attributes of human mind that has the ability to plan, ability to make the right decision under unprecedented situation which can be referred as problem solving for a given set of inputs and selecting the best possible solution from a variety of possible alternatives. Human beings are considered to exhibit rational behavior and many aspects of intelligence i.e. the ability to learn, solve problems, communicate and adapt). The efforts and dedication of the scientists to incorporate such human behavior in machines laid to the foundation of Artificial Intelligence (AI). Through the application of AI it can be possible to have conversation with a human being, answering different queries, predict the nature of a human being through his verbal and non-verbal communication with the system. The idea behind such authentic creativity to enhance the efficiency and effectiveness of human performance. Another reason behind such creativity is storage and usage of facts, rules, procedures, expertise in the form of knowledge in timely decision making that should be more precise. Artificial Intelligence can be used in be used in Educational Institutions to enhance strong bonding between Teachers and Student.

Different Problematic Issues in Educational Institution between Teachers and Students

Issue related to the subject studied

Sometimes it happens that a teacher is put in an awkward situation if he comes across an abstract question raised by the student on the topic of discussion. This may be on the account of limited knowledge of the teacher on the topic of discussion or due to lack of confidence. Sometimes it becomes difficult to represent his knowledge related to a subject under study and make it palatable to the students. The student may be filled with confusion which may not be resolved. Sometimes the student on individual basis may feel uncomfortable to raise questions to clarify their confusion. The reason being that it may prove their inferiority and would let them feel to be insulted in front of the class or may be rebuked by the teacher.

Issue related to miscommunication

Very often it has been noticed that the students who are absent cannot get access to the lecture delivered, handouts given or any announcement made in the class. Besides this the absentees

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have no opportunity of interaction in clarifying their queries lively. The teacher may feel discomfort in arranging an extra class.

Issue related to violation of institutional protocol by the students

The students often get involved in violating the rules and regulations of the institution and are inclined to commit offensive activities e.g. breaking or damaging institutional property, raising strikes, become hostile or humiliate teachers with an arrogant attitude, become hostile with other group of students, ragging, adopting malpractice in the examination hall etc.

Issue related to Monitoring the progress of the students in measuring their performance level

Monitoring the overall progress of the students, providing feedback and finding ways of improving their performance level on a continuous basis is a tiresome job for the teachers. Many schools are conducting class tests, monthly tests, half-yearly exams and final exams to evaluate their performance level and determine their merit position. But this method is not so much effective in finding their deficiency in the particular field and improving them accordingly. The evaluation of examination answer scripts is a tedious task for the teacher and some answer scripts are not properly evaluated due to the mental stress developed during evaluation and declaration of results often gets delayed.

Issue related to conflicts between teachers and students

Conflicts arising in the institutions in between teachers and students can be Academic Conflict and Procedural Conflict. Academic Conflict arises due to disagreement of ideas, thoughts, views, concepts, opinions, know-how, pertaining to the subject under study. This may be due to the way of representation of knowledge or limited experience in the subject under study. Procedural conflict arises due to non acceptability of some of the Institutional norms imposed on the students. Sometimes conflict between a teacher and students arises on the account of biasness of the teacher towards some students.

Issue related to counseling of the students

Sometimes it becomes difficult for the teacher to predict and analyze the behavior pattern of the students from their non-verbal communication (body language, gesture, etc.) and rectify them accordingly. The teacher often uses corporal punishment to rectify the student but the reaction of the students towards the teacher becomes bitter and bitter

Issue related to Physically Handicapped, Visually Handicapped and Deaf & Dumb students

Institutions are trying their level best to use different tools and techniques to impart education to the handicapped students. But these are not so effective in training them up to the mark.

Resolving the Problem Issues

Traditional Approach

In the traditional method the teachers use their experience, knowledge, intelligence and adopt disciplinary actions to resolve problem issues between teachers and students and try to strengthen this bonding. But they often face problems and get confused in decision making under unprecedented situation to reach an ultimate solution that can be implemented in the long run.

Concept of Modern Approach

The use of Artificial Intelligence where human brain can be imitated by machines which can think, learn, make adaptive decisions (high problem complexity as well as high probability of uncertainty) using logical and cognitive reasoning in decision making under critical and unprecedented situation. These machines are called to be intelligent.

Artificial Intelligence and the Problem of Common Sense Knowledge

For most people, if they know A is the father of B then A must have to be a male. Later a reference to "the daughter of A" brings to their mind that B is the daughter of A. It is not explicitly said at any time that B is the daughter of A and B must have to be a female. This is because of the presence of common sense based on their knowledge on the relationship between parent and child and their respective genders, they are able to make a statement B is the daughter of A who must have to be a female. This may appear to be a trivial fact indeed for humans, but it is not trivial when it comes under Artificial Intelligent systems. This is an instance of "*The Common Sense Knowledge Problem*". A computer system works in accordance to the instructions given and only knows what it has been explicitly said. It doesn't matter whatever be the capacities of a computer system, if that system knows that A is the father of B, it must have the ability to draw inferences of the following facts in order to appear to be an intelligent one:

- A must have to be a male (gender of A)
- B must have to be either son of A or daughter of A (B's relationship with A derived from A's relationship with B).
- If B is the son of A then B must have to be a male or, if B is the daughter of A then B must have to be a female. (determination of the gender of B)

It is of course possible to instruct a computer with the above "fact based rules", but this is only the beginning of the problem. There are a huge number of similar fact based rules i.e., inferences based on common sense, which would also need to be simulated in computer programs using special techniques known as "Frame Management Techniques" (Knowledge represented in Frames) used by the Knowledge Engineer.

A number of different types of inferences can be achieved through "Frame Management Techniques" which demonstrate many intelligent features that human beings use in the process of problem solving.

Another problem area of AI research is that the tasks which are hard for human beings like, mathematical and logical calculations on large bulk of data are much easy for the computers to perform with higher level of accuracy and in a small span of time. On the other hand, tasks which human beings find easy, like learning to navigate through a room full of furniture and other physical objects, or recognizing faces, are found to be comparatively hard for the computers to do. This has inspired some researchers to try and develop systems which have at least superficially brain-like attributes. The research based upon this strategy has come to be known as the field of Artificial Neural Networks (ANN), and is currently one of the major specialist sub-areas within AI.

Different branches of AI to be used in Teacher – Student Relationship

Perceptive System

A system that approximates the way a human sees, hears, and feels objects. This system can used to sense the attentiveness and the problem faced by the student in understanding the lecture delivered in the class. This system can help the teachers and the students those who are deaf & dumb or visually handicapped to understand the lesson being taught in the class and can enhance the teacher-student interaction effectively.

Vision System

The vision system can capture, store, and manipulate visual images and pictures. This can be used by the teacher as well as student who are visually handicapped to perceive the surrounding environment and virtually see the real world.

Robotics

Mechanical and computer devices that perform tedious tasks with high precision. Robotics can be helpful for orthopedically handicapped teachers and students in overcoming their physical disability.

Expert System

The system is capable to store knowledge and make inferences. The system helps the teachers and students to acquire, validate, store and disseminate knowledge, and let them capable of drawing inferences.

Learning System

Computer changes how it functions or reacts to situations based on feedback. The system can let the teachers to monitor the progress of the students in their respective assignments improve them accordingly and finally evaluate their performance on a continuous basis. The system can be used in quick decision making in resolving teacher-student conflicts.

Natural Language Processing

Computers understand and react to statements and commands made in a "natural" language, such as English. This can be used to record facts and process them from the conversation (verbal or written) held in between the teacher and the student. The knowledge can be interpreted in a variety of languages.

Neural Computing

Neural Computing is a computer system that either acts like human brain or often simulates the functioning of the human brain. This can be used to analyze a number of input factors and generate possible alternatives under complex situation. This can also be used for Optical Character Recognition in the evaluation of student's performance and merit rating.

Voice Recognition System

System that can convert spoken sounds into written words, they simply take dictation. The system can be used in documenting announcements made, live conversations of teacher-student meeting to form the minutes of the meeting and can be communicated to the members of the teacher-student committee those who are absent.
This system can also document conversation held over telephone in between a teacher and a student.

Speech Recognition System

Sometimes it becomes important to identify a student from his/her voice when they speak, gossip, and sing in chorus. To distinctly identify speech and the speaker when all try to speak together in an assembly in an unsystematic manner this system can be helpful.

Genetic Algorithm

This is a search technique used in computing to find exact or approximate solution from a set of potential solutions in optimization and search problems. It imitates biological evolution as a problem-solving strategy. This can be used to resolve disputed issues arising between teachers and students and building strategies to prevent any conflict on that issue to rise in between teacher and student.

Conclusion

The HAL9000 is an adaptive system, can be seen in the movies related to science fiction and lies in the world of imagination. But we have seen that when imagination materializes from the devotion, dedication, commitment and creativity of the scientists in their research work, this is transformed into invention. The existing artificial intelligence based systems when implemented in educational institutions can solve some of the above issues related in teacher – student relationship but it is our expectation that a day would come when all the issues can be solved through the use of intelligent machines within a reasonable cost ~~and~~ can reduce the mental and physical stress of the teachers ~~as~~ well as students giving them maximum benefit and accelerate their progress in improving their performance and finally establish a healthy teacher-student relationship.

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WAR FOR TALENT

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Abstract

Each year we see the organizations are facing global competition in acquisition and retaining talent all over the world. This task has become very difficult for every HR manager and has lead to bigger tension among the management. They are trying to create ample opportunities and facilities employees to come and stay but still they are falling behind for one or the other reason in competing with different companies worldwide. It is expected that the demand will increase more than the supply of skilled talent in coming years. China and India are catching up in the race with the developed countries and are emerging as a powerful economy by becoming an important source of supplying capable talents. To deal with this scenario of shifting one's focus from merely recruiting of talents to try retaining them for a longer period of time, a concept of Talent Management has pop up. This Talent Management recognizes the capabilities or the capacity of an individual which gives them a pathway to improve their efficiency through various measures of valuing competency and eventually reduces attrition. The individuals build their talent potentiality by receiving the needed knowledge and skills.

"Do what you do best and outsource the rest" was said by Tom Peters. In India talent outsourcing has now become a best practice. The business economy has always been very dynamic and this nature has increased more with the advent of the technology. Instead of doing everything themselves, organizations looked out for experts in their respective fields and offered services required by the organization at lower costs. Sometimes they may also do it to solve certain problems. Companies must make talent management a top priority to understand the needs of the employees and their attitude towards the work and the workplace.

This paper discusses on the concept of talent management, its benefit and future trends along with the understanding of how talent outsourcing is helping this system to take a different outlook in this present time.

Introduction

The *War for Talent* unleashed by Mckinsey a couple of years back has now escalated to global proportions. Managing HR is no longer about managing the workforce or managing people. It is now narrowing down to managing groups and individuals. With the increase in the globalization and plenty of opportunities, the Indians these days are now in a hurry to exploit these opportunities but not necessarily to achieve the goals of the organization. They are instead moving to the direction of their personal gain or objective that will help them to chalk out his retirement plans long before he moves on door-to-door in the madness of globalization. With the economy rising to a huge growth, the HR managers are trying hard to grab the situation. Acquisition and retention of employees have become a challenge for the HR managers in India. One such tool to handle the challenge is '*Talent Management*'.

In 1900s the Talent Management has emerged as an important concept. A company now-a-days has understood that its success in a business lies in the proper management of employees' skills and knowledge. They can do that by tracking down and measuring employees' performance by a proper job analysis method. The process enables to find out if the person's eligibility matches with the criteria in job description and specification. Talent Management is no more about recruiting employees only but extends to a few more steps like selecting the right candidate, giving him a proper compensation package that can act as a motivation for him to go ahead in his career, evaluates the performance to judge his efficiency, giving training and developmental workshops when felt necessary due to lacking in levels of performance and putting the employees through exit interviews, just in case if they want to leave the organization. To maintain this procedure a company has to provide person-job-fit environment and it is the job of the HR department to choose candidates carefully.

Common Outlook

Before we go into the details about this new terminology, let us first take a look at the 'people handling' culture in the Indian organization, which is normally seen in the Indian scenario. The history of Indian organization dates not too far than 100 years. Unlike other countries, Indian organization has a very young past. Though it has developed fast keeping in pace with other countries, it has only taken 19 years to do it since the start of the globalization. But the globalization has changed the total Indian organizational scenario. With the introduction of new technology, employees started becoming cautious and apprehensive about their potentiality. They knew either they have to develop themselves with the advent of this new up-gradation of technology or be removed from the organization. There is another reason of the uncertainty of retaining talent that is restructuring of the organization. Restructuring led to

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shifting of employees to new locations. That added up more troubles for them as it was difficult for most of the people to shift in lieu of just a notice at the last moment. The functional or the managerial role holders happened to get more anxious about their position or status in the organization in this new set-up. It also created confusions because of the lack of information on the part of the management for not inviting the employees in the decision making process. The hierarchical structure also underwent a change. Now-a-days the tall structure has been concise to a flat structure. This led to reduced career and growth opportunities across the levels of the management.

We see the mentality of the employees undergoing a lot of change too. At times, i.e. in 70s when our parents first joined their jobs they knew that this job is stable and secured and they will keep growing in their career, lifestyle and social status with the growth of the company. With certain changes in the company these people were trained according to the requirements of the company. But with the passage of time the perception of the organizations have changed, which led to the change in the vision of the employees. The globalization, technological innovation and evolution in the organizational structure showed a gateway to the recruit of new, highly qualified, trained and energetic professionals. It involved rules of governance, managing people, measuring performance, etc. with capable and competent individuals who are only focused with the achievements and climbing the corporate ladder by managing success.

Talent Management caters to the need of both the employees and the organization. Employees are ensured that there is no threat of inequality, provide attractive rewards and incentives, give them the opportunity in career development and stable employment, learn to contribute to the goals of the organization by improved knowledge and skills and as a result create a sense of belongingness which leads to job satisfaction. In organizations, due to an employee's improved potentiality the production is increased that results in better productivity and shifting of employees from one organization to another is reduced to a considerable stage.

Talent Acquisition

Understanding the benefits of the talent management, the corporate are looking forward to acquire the right talent at the right time. Most corporate offices say that getting the best and keeping the talent is intensely competitive. The biggest restriction to the growth of any organization is talent and few businesses have adequate means to hire the correct number of competent individuals. It is estimated that at least 1/3 of the business failures are due to poor hiring decisions and inability to attract and retain the right talent. "The average cost of replacing a manger or professional is 1.5 to 3 times salary. The cost of working around an under-performer or each vacant position costing in an average Rs. 60000, for some management positions can run as high as six figures. The cost of consistently failing to attract and retain good talent – including declining productivity, morale, culture and reputation – is inestimable. So what actually 'Talent Acquisition' means. It involves all the sub-processes around finding, attracting and engaging highly talented individuals into your organization." ***(www.bpoindia.org/research/talent-acquisition-big-challenge.html)***

Talent Deficiency

In this hugely populated country like India unemployment has always been an important issue. But even more serious issue was educated unemployment. The organizations have become greedy in earning their profits at the cheap cost of exploitation of the workers. The trend as is seen now-a-days is, give the human resource as much work pressure possible at a low salary. Due to this lots of job seekers are feeling de motivated and feel misused for their talents or skills. They are unable to get any job satisfaction and cases of depression and frustrations are being heard at every corner of the society.

It is also seen that the companies have a greater demand for talents but they do not have the required supply from their immediate surrounding environment. Today not only in India the talks about talent shortage are going on, but it is a worrying phase all over the global market. While in the western countries their population is not enough to meet the demands but in India there is enough talent to meet the requirements. About 75% of the total population in India resides in rural areas that are still uneducated and unemployed because of lack of knowledge and training. If we take the figures of the educated ones then we see every year approximately more than 700,000 candidates are going through courses like MBA, Hotel management, MCA, Engineering, Aviation, etc. But still the organizations are having trouble to acquire right candidates and retain them even though there is a talent pool in India.

Talent Retention

These days most of the Hr managers are going through their worst nightmare of watching people leave the organization and calling the consultancy firms or headhunters to fill in the vacancies. The attrition rate in an organization is at a very alarming stage. Be it any sector or any industry employees are seen to leave and join companies.

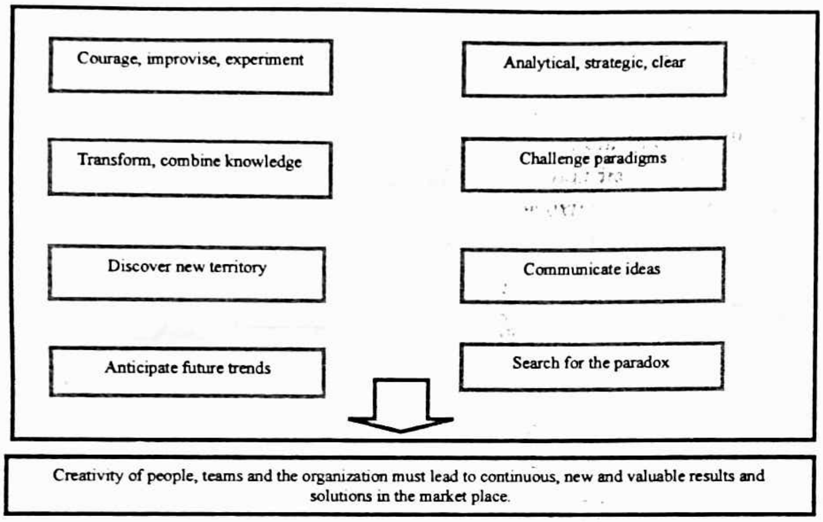
The best way of retaining talent is to build them for future leadership roles and involve them into new creative innovation process. One can be creative by supporting a climate of mutual respect, challenging working atmosphere, by motivating others and supporting them or by solving conflicts. For example, in Henkel industry, their R&D management is very advanced in steering its innovation processes. They had an objective to create a talent pool through creative programs to answer certain questions like; are you creative? If so how do you rate yourself? Are you aware of your own talents and your colleagues? "In order to have a successful implementation of this program the

Head of Henkel's R&D department, Thomas Müller-Kirschbaum and his chiefs of staff, Juan-Carlos Wuhrmann and Alexander Ditze made it a necessity to make use of the creative potential of his employees at its best." [***Journal of Business Chemistry (2004)/Vol.1/Issue 2/Practicioner's Section/Ditze, Schmidt, Wuhrmann, Müller/pp.48-49.pdf]***.

In order to go through this process Henkel tried to define the objectives of this program which is:

- Supporting the individual creative talent of the key R&D and finding out are they utilizing fully in the job and my surrounding environment is giving that opportunity.
- Leveraging and synchronizing team talents to answer if they appreciate talent within the team and what impact it has on the performance.
- Developing the organization for answering that is the organizational structure and the innovative strategy are in line with the talents of the team.

Figure 1: (Required individual contribution during an innovation process)

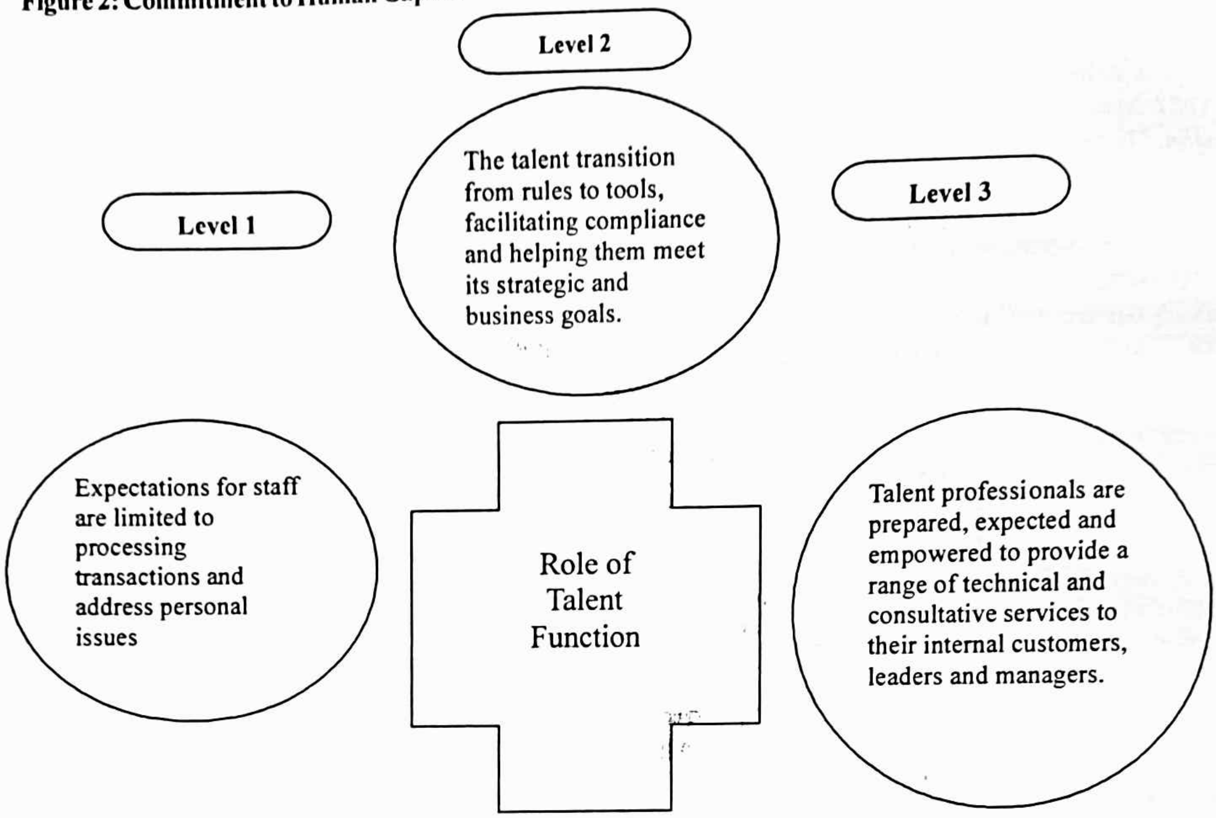


(Source:- www.businesschemistry.org/vol.1/issue 2/pp.49/ 2004.pdf)

Now to solve these answers or recognized problems Henkel thought to start with the initiation of starting a process of appreciating the different talents within the organization. When establishing new teams consider creative skills and share the knowledge openly with the employees to nourish the innovative process and involve other departments also ***(Journal of Business Chemistry (2004)/Vol.1/Issue 2/Ditze, Schmidt, Wuhrmann, Thomas/pp.48-49.pdf)***.

To held managers responsible for managing human capital the company has to select such a person who has the ability to administer the talents and can see the connection between that responsibility and organization's capability to achieve the goals. This will lead to a fair performance appraisal feedback to measure the efficiency, competency and the improvement in technical skills for the managers to evaluate who have been selected for this administration. Furthermore, the compensation package or the incentive system can be modified to encourage and motivate the employees. Continuous learning effort, employee-friendly work environment, company-based performance systems and reward policies of the company will help to retain the talents.

Figure 2: Commitment to Human Capital

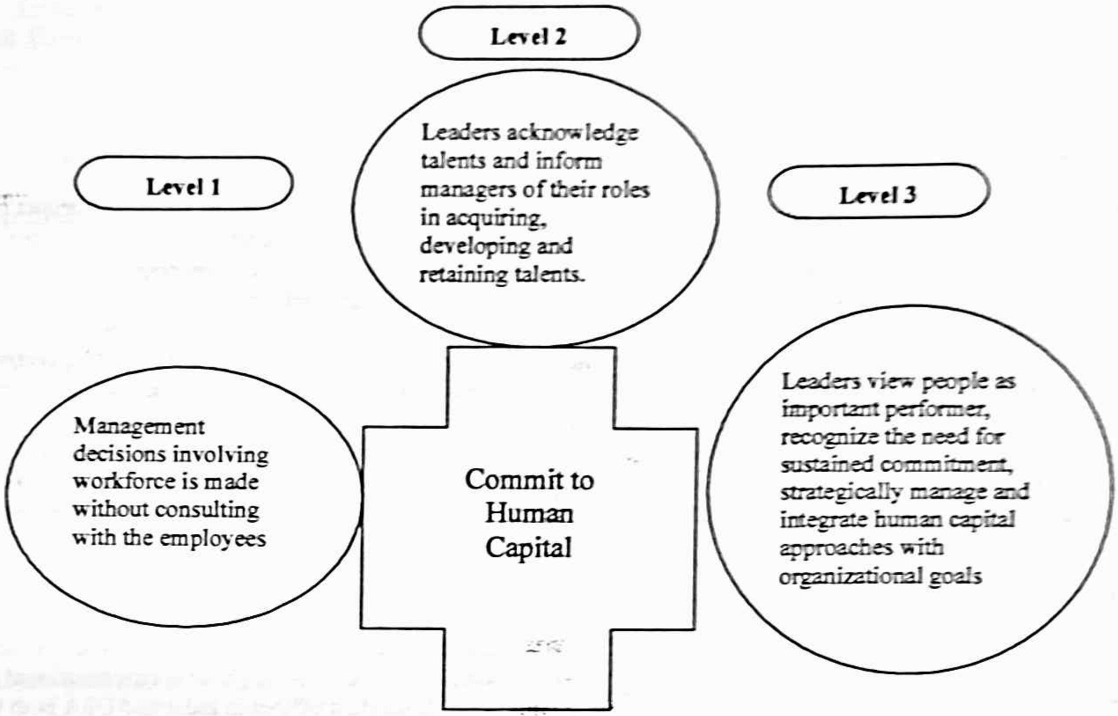


Source:- GAO[General Accounting Office, United States(2002)]/Exposure Draft/GAO-02-373SP/A model of strategic human capital management/pp.10.pdf)

Role of talent function

The talents of an organization also have some important role to play. It serves as the source of information for strategic workforce planning, continuous learning and knowledge management initiatives. They can provide the authorities with reasons or data in areas such as leaving the organization, retention rates, skills assessment and reward system. High performing organizations recognize the need for influencing the internal talent with the external expertise like consultants, professional associations and other organizations as needed. The human asset has to be continually developed in order to maintain the Talent Management procedure. But this has to be applied in every level of organizations and not to be just kept in theory or research. To do this the organization has to support this new application and co-operate with the employees to take this system forward to a new stage.

Figure 3: Role of talent function



Source:- GAO[General Accounting Office, United States(2002)]/Exposure Draft/GAO-02-373SP/A model of strategic human capital management/pp.10.pdf)

Conclusion

To acquire and to retain the talents one has to know what qualifications and skills are needed so that the right qualities are targeted in the selection process. This should provide with a set of key staffing requirements to look for the screening of the students. Most of the businesses can get candidates from the areas of business or university campuses or candidates who are having training in their organization - depending on their performance. Some career fair can be hoisted by the organizations to attract talents.

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CAUSES AND EFFECTS OF BRAIN DRAIN IN INDIA WITH SPECIAL REFERENCE TO IT SECTOR-AN EMPIRICAL STUDY

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Abstract

Now in Information Technology field India has become a dominant supplier of IT professionals to various countries like USA, Germany, Australia, Gulf, New Zealand, UK etc. The German Green Card, the American H1–B visa, the British work permit, the Canadian investment visa, the Australian student visa, the New Zealand citizen-ship, all are encouraging to acquire Indian talents including skilled professionals. The Indian IT professionals, who go to the different parts of the world, 90 percent of them go to USA only. One third of IIT-ians every year leave India and most of them are IT and computer professionals. Each year 2–3 million IT professionals from India emigrate due to higher salaries and complementary aspects like research centers, access to finance, and the ease of setting up businesses. Now our aim is to find out the reason behind the mass exodus of IT professionals. What are the influencing factors, which force them to leave? What are the effects on Indian IT market due to this brain drain? Through snowball sampling technique about 200 questionnaires were sent to various IT professionals, who are working abroad and received 147 filled in questionnaire. A statistical analysis was done on the influencing factors regarding the causes of their leaving and we have found out some interesting reasons why they are leaving India.

Introduction

After the liberalisation of Indian economy the migration of skilled professionals from Indian IT sector has increased dramatically. The dramatic revolution in the field of information technology (IT) has changed the scenario of international migration. India having the second largest English speaking scientific professionals has become a leader in the global IT revolution. A large number of highly qualified software professionals from India have migrated to various parts of the world in the post 1990 period. Of this, more than 60 percent have migrated to North America alone.

The brain drain of India's talented IT professionals caused a huge damage in India's intellectual capital. One third of IIT-ians leave India every year for lucrative job offers in foreign countries and most of them are IT and computer professionals. And the interesting thing is that most of them do not want to come back to India. Politicians talk about making India developed by 2020 but there is no sign of declining of this trend.

Now in Information Technology field India has become a dominant supplier of IT professionals to various countries like USA, Germany, Australia, Gulf, New Zealand, UK etc. The German Green Card, the American H1–B visa, the British work permit, the Canadian investment visa, the Australian student visa, the New Zealand citizen-ship, all are encouraging to acquire Indian talents including skilled professionals. The Indian IT professionals who go to the different parts of the world, 90 percent of them go to the USA only. Out of these IT professionals a good number of professionals are women IT professionals and few of them are physically handicapped.

Approximately, 1, 63, 00 H1B visas were offered to IT specialists from India during the tenure 2007-2008 (Bureau of Citizenship and Immigration Services, USA Govt.). The demands of H-1B and L-1 visas are very high for the multinational software houses which have their offices in India and USA both the countries. In the year of 2008 there were demands of 85000 H-1B visas by the Indian IT professionals.

The IT sector in India has not only become one of the leading players in software development but another issue, which is closely linked with this is the fact that the movement of skilled and efficient labour to the developed countries like USA, Canada, Australia etc.

This paper is an attempt to examine the different demographic and economic factors influencing the migration of Indian IT professionals. For the said purpose, a survey has been conducted on various IT professionals, who have migrated from India and are presently working in different organizations in various foreign countries. The responses from the IT professionals have shown some critical influencing factors, which are the main causes for migration.

Objectives of the study

The broad objectives of the study are to assess the reasons for brain drain from Indian IT sector. The study has attempted to assess the trends in and potential demands for trained human resources from Indian IT sector in all over the world. The specific research questions being addressed by the study with special reference to Indian IT sector are as follows.

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1. The migration of IT professionals is influenced by the combination of the variables like *Salary, Achievement, Cost of Living in India, Better Opportunity of Utilizing Skill, Better Working Environment, Political Turmoil etc.*

2. The migration of IT professionals is influenced by *Salary* in the foreign countries.

3. The migration of IT professionals is influenced by *Achievement of work* in the foreign countries.

4. The migration of IT professionals is influenced by *Cost of Living in India.*

5. The migration of IT professionals is influenced by *Better Opportunity of Utilizing Skill* in the foreign countries

6. The migration of IT professionals is influenced by *Better Working Environment* in the foreign countries.

7. The migration of IT professionals is influenced by *Political Turmoil in India.*

8. Significant difference in the *Present job satisfaction* of the IT professionals and their *Job satisfaction before leaving India*

Methodology

A questionnaire consisting of 20 questions was prepared and sent through e-mail to the *IT* professionals, who are working in different organizations in different countries. The questionnaire comprised of some questions seeking responses in a scale of 10(ten). Totally 200 such questionnaires were sent through snowball sampling technique to various *IT* professionals of different organizations like CTS, TCS, Motorola, RS Software, PWC etc. and ultimately 147 were filled up and received back through e-mail. The responses from the respondents were very much enthusiastic and carry ample scope for analysis. A part of the analysis was done by the statistical tool SPSS. This study is basically an empirical study.

Hypotheses

After considering the different influencing factors, which are influencing the migration of Indian IT professionals to other countries, the null hypothesis is taken as

H_{01}: The migration of IT professionals is not correlated with the combination of these variables I.e. *Salary, Achievement, Cost of Living in India, Better Opportunity of Utilizing Skill, Better Working Environment, Political Turmoil*

(Justification of this hypothesis is to check out the influence of these factors on migration of highly skilled IT professionals)

The individual impacts of these variables (*Salary, Achievement, Cost of Living in India, Better Opportunity of Utilizing Skill, Better Working Environment, Political Turmoil) are also to be tested. So some other hypotheses are also to be drawn*

H_{02}: The migration of IT professionals is not correlated with Salary in foreign countries.
H_{03} : The migration of IT professionals is not correlated with Achievement of work.
H_{04} : The migration of IT professionals is not correlated with Cost of Living in India.
H_{05} : The migration of IT professionals is not correlated with Better Opportunity of Utilizing Skill.
H_{06} : The migration of IT professionals is not correlated with Better Working Environment in foreign countries.
H_{07} : The migration of IT professionals is not correlated with Political Turmoil in India.
H_{08} : There is no significant difference in the present job satisfaction and job satisfaction before leaving India

Findings

The respondents were also asked to rate different factors according to their influences in causing migration in scales of ten. Then a multiple regression equation of *'J'* on different independent variables each representing the influences of different factors in causing migration is obtained with the help of SPSS. The different independent variables are as follows:
'The influence of *Salary* in causing migration'- VAR 00002.
'The influence of *Achievement* in causing migration'- VAR 00003.
'The influence of *Cost of Living in India* in causing migration'- VAR 00004.
'The influence of *Better Opportunity of Utilizing Skill* in causing migration'- VAR 00005.
'The influence of *Better Working Environment* in causing migration'- VAR 00006.
'The influence of *Political Turmoil* in India in causing migration'- VAR 00007.

Major reasons for migration of Indian *IT* professionals

Out of the questions asked in the questionnaire, there was one question in which the respondents were asked to give scores on the influences of some factors (in a scale of ten) in causing their migration. The averages of the scores of all the respondents have been obtained for each of the factors and are displayed in the Table-4. The factors are ranked according to their mean score.

Table-1: Major reasons for migration of Indian *IT* professionals

FACTORS (influencing migration)	MEAN SCORE (OUT OF 10)	STD DEV.	RANK
Improved Infrastructure	7.97	1.08	1
Better Working Environment	7.67	1.09	2
Salary	7.65	1.29	3
Political Turmoil	7.59	1.62	4
Better Opportunity Of Utilising Your Skill	7.07	1.91	5
Quality Of Work Life	7.07	1.09	5
Achievement	6.46	1.00	7
Recognition	6.43	0.84	8
Research Environment	6.14	1.05	9
Indian Social Security	5.31	1.38	10
Cost Of Living In Your Present Country	5.29	1.95	11
Cost Of Living In India	4.14	1.30	12

From Table-1 it can be witnessed that out of these 12 factors the main factor influencing migration from India to other countries and staying there is '*Improved Infrastructure*' in foreign countries. *Improved infrastructure* obviously implies the job infrastructure in foreign countries like technological infrastructure, management support, job design, job responsibility etc. '*Better Working Environment*' gets the 2nd rank. Better working environment comprises of cozy working environment, less politics at the work place, recognition of work etc. '*Salary*' is found to be the 3rd influential factor for migration. '*Political Turmoil*' in India is ranked 4th for migration. The migrated *IT* professionals feel that political turmoil in India is not good for doing job in India. '*Better opportunity of utilizing skill*' and '*Quality of Work Life*' in foreign countries are jointly ranked 5th as the factors influencing the migration. '*Cost Of Living in India*' and '*Cost Of Living in Foreign Countries*' are the two least influential factors for migration.

Testing of Hypotheses

After data analysis by SPSS-12 through multiple regression method we have got this table given below...

Table 2: SPSS output

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.342	.117	.079	40.9078	.117	3.096	6	140	.007

Predictors: (Constant), VAR00007, VAR00006, VAR00004, VAR00005, VAR00002, VAR00003

Table-2 reveals that the multiple correlation coefficient between *J* (VAR00001) and the above mentioned independent variables (i.e. from VAR00002 to VAR00007) is found out to be $R_{1.234567}=0.342$ and the corresponding significant F is .007. This implies that the multiple correlation is significant at 1% level which states that the hypothesis-H_{01} is rejected.

That is there is a correlation between migration of IT professionals and the combination of these variables i.e. Salary, Achievement, Cost of Living in India, Better Opportunity of Utilizing Skill, Better Working Environment, Political Turmoil.

It implies that the above said factors are having influences on migration of IT professionals.

Table3: Table of coefficients

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
Model		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	48.694	45.846		1.062	.290			
	VAR00002	-5.678	2.648	-.172	-2.144	.034	-.167	-.178	-.170
	VAR00003	4.877	3.430	.115	1.422	.157	.071	.119	.113
	VAR00004	4.534	2.605	.139	1.740	.084	.138	.146	.138
	VAR00005	2.382	1.778	.107	1.340	.183	.100	.112	.106
	VAR00006	8.067	3.095	.208	2.606	.010	.214	.215	.207
	VAR00007	2.332	2.121	.089	1.099	.273	.068	.093	.087

Dependent Variable: VAR00001

From Table-3 we can consider that for Hypothesis $H_{02.}$ B –co-efficient of *Salary* (VAR00002) is -0.172 and the partial correlation between *Migration* and *Salary* is -0.178 I.e. at 5% level of significance the calculated value of B-co-efficient is (100%-3.4%)=96.6 % which is greater than 95%. So the hypothesis is rejected.

That means migration of IT professionals is correlated with salary in the foreign countries.

For Hypothesis $H_{03.}$ B –co-efficient of *Achievement of work* (VAR00003) is .115 and the partial correlation between *Migration* and *Achievement of work* is .119 I.e. at 5% level of significance the calculated value of B-co-efficient is (100%-15.7%)=84.3% which is less than 95%. So the hypothesis is accepted.

That means *Migration* of IT professionals is not correlated with *Achievement* of work.

For Hypothesis $H_{04.}$ B –co-efficient of *Cost of Living* in India (VAR00004) is .139 and the partial correlation between *Migration* and *Cost of Living* is 0.146 I.e. at 5% level of significance the calculated value of B-co-efficient is (100%-8.4%)=91.6 % which is less than 95%. So the hypothesis is accepted.

That means *Migration* of IT professionals is not correlated

with *Cost of Living in India.*

For Hypothesis $H_{05.}$ B –co-efficient of *Better Opportunity of Utilizing Skill* (VAR00005) is .107 and the partial correlation between *Migration* and *Better Opportunity of Utilizing Skill* is 0.112 I.e. at 5% level of significance the calculated value of B-co-efficient is (100%-18.3%)=81.7 % which is less than 95%. So the hypothesis is accepted.

That means Migration of IT professionals is not correlated with *Better Opportunity of Utilizing Skill*

For Hypothesis $H_{06.}$ B –co-efficient of *Better Working Environment* (VAR00006) is -0.208 and the partial correlation between *Migration* and *Better Working Environment* is 0.215 I.e. at 5% level of significance the calculated value of B-co-efficient is (100%-1%)=99 % which is greater than 95%. So the hypothesis is rejected.

That means Migration *of IT professionals is correlated with* Better Working Environment *in the foreign countries.*

For Hypothesis $H_{07.}$ B –co-efficient of *Political Turmoil* in India (VAR00007) is .089 and the partial correlation between *Migration* and *Political Turmoil* of work is .093 I.e. at 5% level of significance the calculated value of B-co-efficient is (100%-27.3%)=72.7% which is less than 95%. So the hypothesis is accepted.

That means *Migration* of IT professionals is not correlated with *Political Turmoil* in India

For the hypothesis $H_{08.}$ a *Z*-test is done where the mean score (μ_1) and standard deviation (σ_1) for *Present job satisfaction* are 8.44 and 1.06 and for *Job Satisfaction before Leaving India* the mean score (μ_2) and standard deviation (σ_2) were 5.94 and 1.49.

$$S.E=\sqrt{\sigma_1^2/n_1 + \sigma_2^2/n_2}$$

$$Diff. = \mu_1 - \mu_2$$

$$|Z| = Diff./S.E$$

The *Z* value is obtained as 16.5.

Since at 5% level of significance the table value of Z is 1.96, so the calculated value (=16.5) of Z is becoming more than the tabulated value (=1.96). So the hypothesis H_{08} is rejected.

That means there is significant difference in the *Present job satisfaction* of the IT professionals and their *Job satisfaction before leaving India*

The present job satisfaction of the IT professionals is much higher than the job satisfaction before leaving India.

Conclusion

To the best of our awareness, this type of study is not common to the existing literature. As a result, this work is a new attempt to explore the different aspects related to the migration of Indian *IT* professionals, whose socio-economic importance is bound to increase in the near future.

Our analysis reveals that the main reason influencing migration of Indian *IT* professionals to the other countries is the search of *Improved Infrastructure*, followed by *Better Working Environment*, and then *Salary*. *Political Turmoil* in India is another factor, which has influenced the migrants to migrate to other countries.

The study also throws light on different food habits, different cultures and entertainments of the migrated *IT* professionals. They might have migrated to other countries but their liking towards *Indian Food* is much more than *Foreign Food*. Their greater affinity for '*Hindi movies*' compared to '*English/ Regional Movies*' and greater affinity for '*Indian Social Culture*' compared to '*Present Countries Social Culture*' are also evident. However, a striking revelation is that, as far as the *Work Culture* is concerned, the migrants prefer their present countries (i.e. foreign countries) more than India.

However, despite enjoying the better work culture, most of the migrants are nostalgic about their homeland and want to come back to India with a suitable job offer. Most of them have taken their decisions to go abroad by themselves only. High job satisfaction in foreign countries is unable to generate high mental satisfaction among most of the migrants.

From this study, it is found that those individuals, who have been influenced more by the salary to leave India and migrate to other countries, are less satisfied with their jobs in the foreign country, which is very interesting. On the other hand, those individuals, whose migrations have been influenced more by their search of better working environment, are more satisfied with their jobs in foreign countries.

The study also analyses the roles played by different decision makers in compelling the migrants to take the decision of migration. It is observed that most of the *IT* professionals have taken the decision of migration on their own. Previous job environment and Present Employer have also influenced the migrants' decision for migration.

Most of the migrants send half of their salary to their family in India each month. Among the respondents, 76 percent of the IT professionals are aged between 20 years and 30 years. Majority of them are having their Master Degrees in Computer Science. Bulk of these professionals (56 percent) is having 1 to 10 years job experience.

A striking revelation of this research is that, as far as the *Work Culture* is concerned, the migrants prefer their present countries (i.e. foreign countries) more than India. This is further reflected in the fact that the job satisfaction of the migrants is much more in foreign countries compared to their job satisfaction before leaving India.

It is also revealed that job satisfactions of the migrants, who are working in foreign countries, have no relation with their mental satisfaction. This implies that the mental satisfaction of the migrants is determined not by the standard and type of job, they are doing. Probably the fact is that these migrants are staying in a foreign country, which compels them to feel out of nostalgia, that they are missing some of the basic cultures, properties and traits of their root. This is also proved by the filled up questionnaires, where most of the respondents have shown their interest to return to their homeland. This gives rise to the scope for carrying out further research works to find out the major determinants of '*Mental Satisfaction*' of migrated Indian *IT* professionals.

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THE IMPACT OF ORGANIZATIONAL CULTURE ON EMPLOYEE MOTIVATION

*Bandana Nayak

Abstract

In today's business scenario, where technology is changing in every second, organizations are struggling for their survival and growth, globalization and economic meltdown plays a pivotal role, average performers are apprehensive about their sustainability, star performers are constantly switching over with better package. It has become the major challenge for the managers to provide a congenial motivating atmosphere to the employees. This study has tried to investigate the relationship between organizational culture and motivation across the level of hierarchy, education, experience, age group etc. The study reveals that the executives are better motivated than supervisory and operative levels. The lower level employees feel that there is high disparity in pay structure, comfortable working conditions, recognition and benefits.

Introduction

A great deal of change is affecting our personal, organizational and social lives. Every second is a challenge for the organization in this modern globalised era. There is a lot of cross –functional effects like brain drain and high attrition rate to the organizations. Every moment the employee is dreaming of reaching the zenith. Sometimes, he is self motivated but a large group gets motivated out of organizational culture, its values, polices, systems etc. Managing and motivating a diverse workforce are a challenge to every HRM. With the proliferation of organizations reaching across national boundaries and with recruitment becoming an international affair, cultural issues are becoming the pressing issues that a man can't avoid because motivating employees and involving them whole heartedly in work is not an easy task. The employees are from divergent group. So the resistance to globalization of business and changed technology is a panorama. Managers are required to motivate employees, who are very different from them, in terms of language, beliefs, customs, values, nationality and in many other aspects. The challenge for understanding these differences and their impact or organizational variables, like motivation, job satisfaction, attitude etc. is more profound today than ever. This study has tried to find out whether the organizational culture and motivation vary across age groups, experience levels, according to place of birth, function and level of organizational hierarchy. It also tried to investigate the relationship between organizational culture and motivation.

Review of Literature

Organizational culture is often defined several times by several thinkers in terms of shared meanings, pattern of beliefs, rituals, symbols, and myths that have evolved overtime, serving to reduce human variability and control and shape employee behavior in organizations (Peters & Waterman, 1982; Wilkins & Ouchi, 1983; Lorsch, 1986; Weick, 1987; Denison, 1990). In an effort to understand the forms and consequences of organizational culture, researchers have explored how various internal processes, such as individual and organizational selection and socialization (Harrison and Carroll, 1991) and characteristics of powerful members, such as an organization's founder (e.g., Schein, 1985) or groups of members (e.g. Schneider, 1987) influence the content and intensity of and the consensus that exists about organizational values. The development of organizational culture is a natural socio-dynamic process, which occurs regardless of the intent of executive management, although it may be influenced by management (Schein, 1985).

Many researchers have organizational culture in different manifestations. Some viewed myths, stories and language (Martine, Feldman, Hatch and Sitkin, 1983; Martine, 1992) whereas others in the form of rotes and rituals (Trice and Beyer, 1984), symbolic interactions (Glaser and Strauss, 1967; Hatch, 1993), and shared values and beliefs (Cooke and Rousseau, 1988). Hofstede (1980) conducted pioneering research in the area of culture by collecting the data from subsidiaries of a multinational company in 40 countries. The study identified four dimensions namely, power distance, uncertainty avoidance, individualism and masculinity on which the culture of a country differs. It concludes that the organizations are culture bound and the culture affects not only the behavior of people within organizations but also the functioning of organizations as a whole. Deal & Kennedy (1982) say that a strong organizational culture has almost always been the driving force behind continuing success in business. 71% International Organizational Behaviour/ Human Resource management articles published during the period 1970-1990, included the concept of culture and of these almost all (94%) conclude that culture makes a difference in Organizational Behavior and Human Resource Management issues.

There are many revolutions taken place in the field of organizational culture and its importance. The concept of Peters and Waterman in 1982 in the book "In search of Excellence" and the famous IBM study by Hofstede in 1980 brought the term organizational culture to commom man's vocabulary. There after

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organizational culture was seen as the ultimate answer to all managerial problems. There are very few serious works also after 1980's, which tried to present organizational culture in its proper perspective. But still the verdict is out on the effects of organizational culture on other organizational variables like employee satisfaction, employee motivation, leadership etc. The vastness of the task in hand and lack of a universally agreed definition of organizational culture have created hindrances in this journey.

Organizational Culture of Indian organizations has created interest among researchers since Hofstede's famous culture survey in 1980. But lately as India opened up to the Global economy, organizations both foreign and Indian, faced the challenges of cross-cultural management. Research on Organizational Culture for Indian Organizations proliferated. Though there are many empirical studies abroad addressing this issue, (Yamauchi, Beech, Hampson, and Lynn, 1991, Yamauchi and Li, 1993, Borg and Braun, 1996) and few studies for Indian Organizations (Sarkar, 2003). Another issue in the study of organizational culture is the existence of multiple cultures within the same organization. While organizations may develop a relatively homogeneous culture (Peters & Waterman, 1982), unique and divergent sub-cultures may evolve for separate departments or sub-groups within the organization (Gregory, 1983). Many researchers prefer to ignore this sub categorization of organizational culture in preference to a monolithic and unique organization having wide culture (Schein, 1985).

Employees are influenced by multiple cultural institutions, such as family, community, nation, state, church, educational system and other work organizations, and these associations shape their attitudes, behavior and identity. Employees bring in these influences with them, when they join an organization. So, it is difficult to separate an organizational culture from the larger cultural processes (Hatch, 1997). Many authors (Dumont, 1970; Kakar, 1978) have observed that the Indian Social Systems are steeply hierarchical and that Indians are highly status conscious. They feel easier to work in superior-subordinate system than with equals (Kothari, 1970). Sinha and Sinha (1994) observed that Indians are disposed to structural relationships hierarchically. Once a hierarchy is established, juniors are always obedient to their seniors and decision making process is never complete without the involvement of the bosses (Dayal, 1987). Juniors exhibit respect towards their seniors by the way of standing up when they see them in office, avoiding smoking and drinking in their presence, speaking gently, and avoiding disagreements with them during arguments at work (Roland, 1984; Sinha, 1988). Chakraborty (1991) has identified that several values that are predominant in Indian culture. These are: respect for individuals, cooperation and trust, purification of mind, top quality product and services, work is worship, containment of greed, ethical-moral boundaries, self discipline and restraint, need to give renunciation detachment. Moore (1961) observes that there is a link between the societal culture and organizational culture. Kakar (1971) observes that a highly controlling superior has a positive effect on subordinate performance and job satisfaction. This view is supported by the extensive empirical work of Hofstede (1980) on differences between groups.

Research Design

The research design adopted for the study is a cross-sectional exploratory/observational one. Data were collected from five departments, namely, cock oven, central maintenance, grievance handling, SMS-II and Blast furnace department of Rourkela Steel Plant.

Sampling Design

A Stratified Random sampling technique was adopted for data collection.

Data Collection and Instrumentation

The data for the study has been collected mainly from primary sources using questionnaire, sometimes by direct interview and sometimes by telephonic. The questionnaire was based on two instruments, Intrinsic and Extrinsic Motivation: What do you look for in a job and Organizational Culture survey (U. Pareek).

Results and Discussion

In the following tables' descriptive statistics like mean, median, range and standard deviation for the variables are described in table no.1 to 4. The variables of Intrinsic Extrinsic Motivation are: Security(M1), Adequate earnings(M2), Fringe benefits(M3), Advancement(M4), Working Conditions(M5), Interesting work(M6), Company policy(M7), Respect and recognition(M8), Responsibility/independence(M9), Achievement(M10), Considerate supervisor(M11), Competent Supervisor(M12), Restricted work hours(M13) and Equitable pay(M14).

The variables measured through the organizational Culture Survey Instrument are: Context Sensitivity(C1), Ambiguity tolerant(C2), Internal(C3), Narcissistic(C4), Future Orientation(C5), Individualistic(C6), Inner-directed(C7), Universalistic(C8), Role bound(C9), Androgynous(C10), Power parity(C11), Expressive(C12), Conserving(C13), Assertive(C14) and Expanding(C15).

It is observed from the table1 that, in age group of below 40 years category, the mean values are more in security and adequate earning variable ($\bar{X}$ = 10.59,10.32) and lowest in restricted work hours and equitable pay (= 3.3,4.8). In above 40 years category also adequate earning has got highest mean score (= 10.48) and low has found in restricted working hors and advancement variables (= 5.3, 6.3). Variability of responses is comparatively more among below 40 years in job security variable and lower fond above 40 years in considerate supervisor.

In table-2, higher mean score are found in adequate earnings among categories, executive and non-executives (= 10.05, 10.12).

In executive category, higher mean score is found (=10.55) in interesting work variable in comparison to non-executives. Very less mean score is observed in Respect and Recognition variable (=2.18) in non-executive category in comparison to executives. Variability of responses is comparatively more in equitable pay variable in executive category and less is found in adequate earning. There is also less variability observed in Recognition and Equitable pay among non-executives.

Table-3 and 4 indicates that higher mean scores are found in future orientation variable among both the age groups and lower is observed in content sensitivity. Among non-executive category, highest mean score is found in content sensitivity, role bond, androgynous and future orientation variables where as very low is found in assertive among below 40 years employees and expressive. Higher std. deviation is observed in power polity of senior age group.

Table-5 depicts correlations between EIM and OCS variables as a whole. The value from the tables reveals that responsibility/ independence is correlated to ambiguity tolerant(r=.184*), internal affairs(r=-.395**) future orientation(r=206*.), individualistic(r=.216*)), universalistic(r=.247**) etc. Similarly, achievement is correlated to role-bound(r=.404**), universalistic(r=.321**), assertiveness(r=-.212*) etc. Company policy is related to future orientation(r=.265**). It is observed that most of the motivational variables have got correlations with most of organizational culture variables. It can be concluded that if the culture of the organization is conducive then employees are always motivated.

It is evident from table-6; security explains R^2 with individualistic, universalistic, power parity and expanding with the same value i.e. .651, representing 65.1% of variance. Avery high association between the variables are shown(R=.807). In case of adequate earning, only one variable comes to the picture in the equation, namely, assertive with the R^2 value of 0.06 which explains 6% of the variances. This equation is significant at 5% level. F test is also done for the study. The multiple linear regression for dependent variable, fringe benefit and cultural dimensions as predictor variables yields the result that the F test for the regression model is significant(p=.013), which means the model is statistically significant. The R^2 value of model shows that 8.6 %(R square= .086) of the variance fringe benefits can be accented by the predictor of the model, i.e., context sensitive. Analysis of the result of regression between working conditions and organizational culture variables shows the regression model, with predictor power parity is significant (p=.001) and accounts for 15% ($R^{2\ 150)}$ = variance in the dependant variable i.e. working conditions. The Regression between interesting work with predictors internal and narcissistic is significant (p=0.30) and accounts for 9.8 %(R2= .098) variance in the dependant variable and (R^2= .087). All other variables are significant at 1% level.

The variable, respect and recognition of Intrinsic & extrinsic motivation shows regression equation with the predictors i.e., Internal and expanding which are significant (p=116, 149) and accents for 9.6% ($R^{2=0.09)}$

Conclusion

Organizational culture plays a vital role on employs motivation. It is said that 'culture flows from the top'. It the governance will be able to understand the above relationship then every organization must provide a connive environment. The study reveals that there is positive co-relationship among respect and organization with expanding, universalistic, considerate supervisor with future orientation, competent supervisor with role bound and power parity. Similarly the variables like security, has got regression equation with variables, individuality, universalistic, power parity and equate earning with assertive, fringe benefit with context sensitive, and respect and recognition with internal and expanding variables. Working condition depends on power parity and interesting work is dependent upon internal affairs and expanding.

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Table.1

Instrument "Intrinsic and extrinsic motivation" Analysed by Age

Alternatives		M_1	M_2	M_3	M_4	M_5	M_6	M_7	M_8	M_9	M_{10}	M_{11}	M_{12}	M_{13}	M_{14}
Below 40 years	N	44	44	44	44	44	44	44	44	44	44	44	44	44	44
	Mean	10.59	10.32	6.25	8.23	7.36	7.78	8.34	9.16	9.93	7.89	3.84	5.59	3.3	4.8
	Median	11	11.5	6	8	8	8	8	9	11	8	3	4.5	2	3.5
	Range	12	13	13	12	12	11	13	12	9	13	10	12	11	13
	Std. Deviation	4.1	3.11	3.72	2.94	3.35	2.95	3.6	2.78	2.63	3.91	2.72	3.25	2.81	4.05
Above 40 Years	N	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	Mean	9.56	10.48	6.3	5.3	8.3	9.33	7.78	9.59	8.59	7.85	3.63	6.07	4.44	5.74
	Median	10	11	6	5	9	9	8	9	9	7	3	6	3	5
	Range	13	13	10	12	12	10	11	9	13	13	7	12	12	13
	Std. Deviation	4.06	3.63	3.05	3.8	3.41	3.61	3.2	3.09	3.31	4.05	2.2	3.87	3.87	4.51

Table.2

Instrument "Intrinsic and extrinsic motivation" Analysed by Level

Alternatives		M_1	M_2	M_3	M_4	M_5	M_6	M_7	M_8	M_9	M_{10}	M_{11}	M_{12}	M_{13}	M_{14}
Executive	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Mean	12	11.05	5.55	6	7.5	10.55	6.15	8.1	8.95	9.05	4.65	7.75	2.8	4.8
	Median	13	11	6	6	7	11	6	9	9	10	4	6.5	2	2
	Range	8	7	10	8	12	9	13	10	10	13	10	11	10	13
	Std. Deviation	2.41	1.96	2.52	2.51	3.93	2.76	3.62	2.86	2.91	3.58	2.93	3.75	2.65	4.84
Non executive	N	51	51	51	51	51	51	51	51	51	51	51	51	51	51
	Mean	6.55	10.12	6.55	8.33	9.94	8.63	7.5	2.18	9.94	7.41	3.37	5	4.1	5.29
	Median	7	12	7	9	11	7	7	2	11	6	3	4	3	4
	Range	13	13	13	10	12	9	12	10	13	13	9	11	12	12
	Std. Deviation	3.75	3.67	3.29	3.1	3.43	3.67	3.93	1.82	2.85	4.01	2.24	2.98	3.99	2.22

Table.3

Instrument "Organizational Culture Survey" Analysed by Age

Alternatives		C_1	C_2	C_3	C_4	C_5	C_6	C_7	C_8	C_9	C_{10}	C_{11}	C_{12}	C_{13}	C_{14}	C_{15}
Below 40 years	N	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44
	Mean	7.8	8.2	7.32	9.8	10.46	7.43	8.73	9.57	1.07	10.43	9.89	7.93	8.07	6.73	7.3
	Median	7.5	8	7	10	11	7	9	9.5	11	10.5	10	8	8	6	7
	Range	9	9	8	11	8	11	11	11	8	9	9	7	8	9	8
	Std. Deviation	2.06	1.79	1.93	2.4	2.12	2.22	2.54	2.42	1.82	1.92	2.15	1.72	2.03	2.3	1.92
Above 40 Years	N	27	8.24	27	27	27	27	27	27	27	27	27	27	27	27	27
	Mean	7.67	8.48	7.93	9.52	9.86	7.93	8.04	8.85	7.23	9.13	8.32	9.56	7.41	7.26	7.16
	Median	8	8	8	9	10	8	8	9	10	11	9	7	9	7	7
	Range	8	9	5	8	8	8	5	11	8	7	8	7	8	7	8
	Std. Deviation	2.39	1.93	1.41	2.41	2.19	2.09	1.45	2.5	3.15	2.15	4.17	2.51	2.91	2.1	1.36

Table.4
Instrument "Organizational Culture Survey" Analysed by Level

Alternatives		C_1	C_2	C_3	C_4	C_5	C_6	C_7	C_8	C_9	C_{10}	C_{11}	C_{12}	C_{13}	C_{14}	C_{15}
Executive	N	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
	Mean	7.7	7.85	7.65	7.55	9	8.55	7.74	7.2	10.6	8.8	11.65	6.25	10.9	7.9	7.1
	Median	7	8	8	8	9	8	8	7.5	11	9	11	6	11	7.5	7
	Range	6	8	6	7	7	8	10	7	8	5	5	9	5	7	7
	Std. Deviation	1.78	1.84	1.69	2.11	2.2	2.34	2.13	2.5	2.46	1.54	1.6	2.15	1.12	1.89	1.77
Non executive	N	51	51	51	51	51	51	51	51	51	51	51	51	51	51	51
	Mean	10.33	7.76	7.51	8.98	10.33	6.68	9.73	8.88	10.76	10.41	9.78	7.72	7.18	7.98	7.2
	Median	10	8	7	9	10	7	10	9	11	10	10	7	7	8	7
	Range	8	9	8	9	8	8	10	9	8	9	10	8	8	9	9
	Std. Deviation	2.01	2.33	1.8	2.01	2.33	1.75	2.23	2.01	1.75	1.96	2.36	1.94	2.01	2.11	2.22

	C_1	C_2	C_3	C_4	C_5	C_6	C_7	C_8	C_9	C_{10}	C_{11}	C_{12}	C_{13}	C_{14}	C_{15}
M_1	.063	.054	.206(*)	-.126	-.148	.204	-.195(*)	-.342(**)	-.192(*)	-.063	-.118	-.030	.007	.107	-.100
M_2	.102	.095	.106	-.154	-.190(*)	.209(*)	-.087	-.153	-.137	-.318(**)	-.103	.005	.073	-.067	-.003
M_3	.108	.169	.128	-.132	-.102	.110	-.048	-.200(*)	-.152	-.176(*)	-.130	-.102	-.078	.143	.002
M_4	-.056	.194(*)	.204(*)	.046	-.104	-.148	.072	-.082	-.224(**)	-.203(*)	-.199(*)	-.071	-.029	.142	-.087
M_5	-.048	.053	.158	-.091	-.026	.040	-.052	-.165	-.234(**)	-.049	-.340(**)	.022	-.079	.000	.055
M_6	-.203(*)	-.252(**)	-.231(**)	.060	.239(**)	-.118	.090	.143	.223(**)	.204(*)	.260(**)	-.012	.041	-.152	.170(*)
M_7	-.112	-.105	-.143	.208(*)	.265(**)	-.252(**)	.037	.205(*)	.050	.164	.116	-.118	.083	.110	-.106
M_8	-.204(*)	-.186(*)	.116(**)	.163	.130	-.205(*)	.091	.171(*)	.150	.136	.116	-.019	-.028	-.055	.149(**)
M_9	-.098	-.184(*)	-.395(**)	.163	.206(*)	-.216(*)	.187(*)	.247(**)	.263(**)	.137	.380	.109	.048	-.136	.025
M_{10}	-.078	-.233(**)	-.238(**)	.075	.178(*)	-.045	.039	.321(**)	.404(**)	.224(**)	.231	.169	.063	-.212(*)	.060
M_{11}	.077	.213(*)	.352(**)	-.222(*)	-.225(**)	.073	-.156	-.258(**)	-.291(**)	-.114	-.247(**)	-.103	.008	.023	.041
M_{12}	-.217(*)	-.181(*)	-.100	.006	.085	.075	.061	.085	.227(**)	.207(**)	.229(**)	.143	.044	-.234(**)	.118
M_{13}	.250(**)	.264(**)	.018	.024	-.175(*)	.065	-.101	-.117	-.086	-.082	-.197(*)	-.053	-.021	.123	-.097
M_{14}	.207(*)	.098	.058	-.010	-.195(*)	0147	.069	.145	-.011	-.069	.002	.056	-.100	.112	-.100

Table-6

Regression results (Significant only) between Intrinsic Extrinsic motives and Organizational Culture

Dependent Variable (Motivation)	Multiple R	R2	SE	F	P
Security					
Individualistic	0.087	0.651	0.186	15.195	0.000
Universalistic	0.087	0.651	0.136	6.701	0.015
Power parity	0.087	0.651	0.126	39.943	0.000
Expanding	0.087	0.651	0.221	10.676	0.003
Adequate earning					
Assertive	0.245	0.060	0.113	6.006	0.016
Fringe benefit					
Context sensitive	0.072	0.086	0.183	-0.31	0.013
Working conditions					
Power parity	0.137	0.150	0.175	2.296	0.001
Interesting work					
Internal	0.071	0.098	0.219	12.601	0.030
Narcissistic	0.097	0.087	0.162	12.471	0.045
Respect and Recognition					
Internal	0.342	0.096	0.189	12.471	0.001
Expanding	0.205	0.096	0.183	1.142	0.045

MARKETING OF DOOARS AS A TOURISM DESTINATION: IDENTIFICATION OF PRE-VISIT EXPECTATIONS AND POST-VISIT SATISFACTION OF TOURISTS

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Abstract

The tourism marketing is experiencing revolutionary changes due to unprecedented growth of tourist influx particularly during the last two decades. It can hardly be denied that as more and more locations are developed for tourism, the destination choices available to the tourists continue to expand. A sea change also has taken place in the behavior of tourists due to rising level of disposable income, increased leisure time, efficient transportation network and information revolution. Since the tourists have the opportunity to choose the destination from among a larger number of awareness set of tourist spots, the tourism marketers are experiencing the need to understand the decision making process of tourists for developing an effective destination positioning strategy. This study identified 16 attributes that were considered in evaluating the destination image of Dooars and its adjoining areas. The study was undertaken to discern the pre-visit expectations and post- visit satisfaction of tourists using an importance performance format. The multiple regression analyses using a convenience sample(n=81) conducted to predict the behavior of tourists considering a few key variables reflect that the tourist visiting Dooars are quite satisfied with the flora and fauna, lush green tea gardens, turbulent rivers and serene atmosphere. Limitations of the study and the scope for further research are also addressed.

Key words: Destination Marketing, Destination Attributes, I PA Analysis, Behavioral Intentions.

Introduction

The tourism marketing is experiencing revolutionary changes due to unprecedented growth of tourist influx particularly during the last two decades. It can hardly be denied that as more and more locations are developed for tourism, the destination choices available to the tourists continue to expand. A sea change also has taken place in the behaviour of tourists due to rising level of disposable income, increased leisure time, efficient transportation network and information revolution. Since the tourists have the opportunity to choose the destination from among a larger number of awareness set of tourist spots, the tourism marketers are experiencing the need to understand the decision making process of tourists for developing an effective destination positioning strategy (Eehtner and Ritehie, 2003).

An increasing number of researchers in the field of tourism marketing direct their attention to exploring and identifying what constitutes destination image (e.g., Lawson and Band-Bory, 1977; Dichter, 1985, Molina et al., 2010). The study of destination images is a recent addition to the field of tourism research. It is now commonly accepted that understanding the image of the destination is an important aspect in successful tourism management and destination marketing. Destination image plays an important role for the tourism marketers so as to differentiate their destinations in a highly competitive globalised market (Yilmaz et al., 2009). The image formation of a tourist destination is influenced by both formal (e.g. brochures, internet, televisions, fair etc.) and informal sources (e.g., peer groups, relatives etc.). Many studies have been undertaken to explore the relationship between information sources and formation of destination image. (Beerli and Martin, 2004; Crompton, 1979, Baluglu, 2000, Gursoy and McCleary, 2004). Prior studies in the field of tourism research support the premise that the image of destination consists of two broad constructs: cognitive and affective (Crompton, 1979). It has been observed that, much of the destination image studies focus on its cognitive components (Walmsey and Young, 1998; Chen and Uysal, 2002) and surprisingly overlook the affective component.

Destination image research conducted by Baloglu and McCleary (1999) revealed that researchers' practice of concentrating on only the cognitive component is inappropriate for studying destination image since the meaning of a place is not entirely determined by its physical properties (Baloglu, Mangaloglu ,2001). Of late, a few studies (Baloglu and McCleary, 1999; Chen and Williams, 2000, Echtner, Chen and Tsai, 2007, Ritchie, 2003) have employed both affective and cognitive constructs in evaluating destination image.

Dooars: A fascinating tourist destination

The Dooars valley stretches from the turbulent river Teesta on the west to river Sankosh on the east covering an area of 5200 sq km. lying on the foothills of Jalpaiguri district situated in the northern part of Bengal, Dooars is the gateway to Bhutan and the North-Eastern states of India. A substantial area of Dooars is covered by dense forest and lush green unending tea gardens,

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turbulent rivers with innumerous babbling tributaries. The valley of Dooars is especially famous for tea, tourism, timber and obviously for its wildlife sanctuaries and national park. The climate, dense forests, Gorumara National park, unique culture of ethnic communities, historical places contribute substantially in attracting tourists who are interested in ethnic and eco-tourism. The West Bengal Forest Development Corporation (WBFDC) has promoted the concept of eco-tourism in collaboration with the local people residing in the adjoining areas of different tourist spots developed by WBFDC. The exact number of tourists visiting Dooars is very difficult to estimate due to lack of a proper mechanism and absence of synchronization between Government run resorts and resorts run by private initiatives. The inflow of tourist in the state has gone up by as much as 50 percent in the last four years. The influx of tourist in Dooars has increased by tremendous proportion which can be discerned by studying the burgeon growth of tourist resorts and occupancy rate. In 1999-2000, only 7,815 tourists had visited Gorumara National Park and there was only one resort. According the estimates of WBTDC, till June '08, the number of visitors was 50,554 with 31 resorts built in that area. In view of this, it is imperative to study the destination image of Dooars and formulate proper tourism strategies to preserve the flora and fauna of this exotic location

Literature Review

The importance of studying destination image is widely acknowledged in tourism literature. Goodali (1992) in his study suggested that when price are competitive, image of the destination is the decisive factor in holiday choice. It is believed that increasing product parity and substitutability of tourism destinations have underscored the need for destinations to develop a unique identity to differentiate themselves from their competitions (Morgan and Pritcard, 2002, O'Leary and Deegan to 2005). The definition of destination image is problematic and a variety of interpretations have been put forward by tourism marketing researchers (Calatone, Bennetto, and Bojamic 1989; Crompton 1979, Gartner 1989, Pearce, 1988; Phelps, 1986; Reilly, 1990; Molina et al. 2010). Echtner and Ritchie (1989) have put forward a comprehensive definition of destination image. They opined that destination image comprises attribute, holistic, psychological, common and unique components. The measurement of destination image depends on the way in which it is defined and conceptualized. A brief review of definitions used by the destination image researchers reveals that it is frequently defined as simply 'impressions of a place' or 'perceptions of an area'. It is really difficult to conclude (refer to table I) whether the researchers are considering the attribute based or the cognitive components of destination image, or both. An examination of methodologies used to measure destination image reveal the fact that majority of the researchers are conceptualizing destination image in terms of list of attributes, and not in terms of holistic impressions. However, in more recent studies (Choi, 2001, Galzara and Calderon, 2002, O'Leary and Deegan, 2005; Molina et al., 2010) we come across a combination of both functional and psychological factors to portray the image of various destinations.

Table-I: Selected References, Dimension(s) Studied and Method Adopted

References	Dimension (s) Studied	Method
Gartner (1989)	Cognitive	Structured:
		- 15 attributes
		- 5 point Likert scale
Reilly (1990)	Cognitive	Unstructured:
		- Open-ended questions
Echtner and Ritchie (1993)	Cognitive	Structured:
		- 34 attributes
		- 6 point Likert scale
Dann (1996)	Cognitive, affective and	Unstructured:
	Conative	-semi structured interviews, pictorial
		stimuli, and tourists' own projected
		Images
Oppermann (1996)	Cognitive	Structured:
		- 15 attributes
		- 7 point Likert scale
Schroeder (1996)	Cognitive	Structured: - 20 attributes - 7 point Likert scale
Baloglu (1997)	Cognitive	Structured: - 27 attributes - 5 point Likert scale
Baloglu and Brinberg (1997)	Affective	Structured:
		- 4 attributes
		- 7 point semantic differential scale
Ong and Horbunlnekit (1997)	Cognitive	Structured:
		- 20 attributes using 7 point semantic
		differential scale
		- 17 attributes using 6 point Likert scale
Walmsley and Young (1998)	Affective	Structured:
		- 6 bipolar attributes
		- 7 point semantic
		differential scale
Baloglu and McCleary (1999)	Cognitive and affective	Structured:
		- 15 attributes using 5 point Likert scale
		- 4 bipolar attributes using 7 point
		semantic differential scale
Choi, Chan and Wu (1999)	Cognitive	Structured and unstructured:
		- 25 attributes using 7 point Likert scale
		- Open-ended questions
MacKay and Fesenmaier (2000)	Cognitive and affective	Structured: - 8 attributes - 7 point semantic differential scale
Uysal, Chen and Williams (2000)	Cognitive and affective	Structured: - 48 attributes using a 5 point Likert scale
Baloglu and Mangaloglu	Cognitive and affective	Structured:
(2001)		- 14 attributes using a 5 point Likert scale
		- 4 attributes using a 7 point semantic
		differential scale
Chen and Uysal (2002)	Cognitive	Structured:
		- 26 attributes using a 5 point Likert scale
O'Leare and Deegan (2005)	Cognitive and affective	Structured:

Conceptual background and hypotheses

Destination image is defined as an individual's psychological representations of beliefs, feelings and overall attitude towards a particular destination (Crompton, 1979; Chon, 1990). It is believed that destination image plays two important roles in behaviour : (i) to influence the destination choice decision-making process and (ii) to condition post decision making behaviours including satisfaction and intention to revisit and positive word-of-month (willingness to recommend) (Lee et al., 2005; Bigme et. al, 2001). Lee et al. (2005) posited that individuals having a favourable destination image would perceive their-on-site experiences (i.e., trip quality) positively, which in turn would generate greater level of overall satisfaction and behavioural intentions. This study attempts to test the following hypotheses.

H_1: the more favourable the image of the destination, the greater the overall satisfaction.
H_2: the more favourable the destination image, the more positive the behavioural intention.

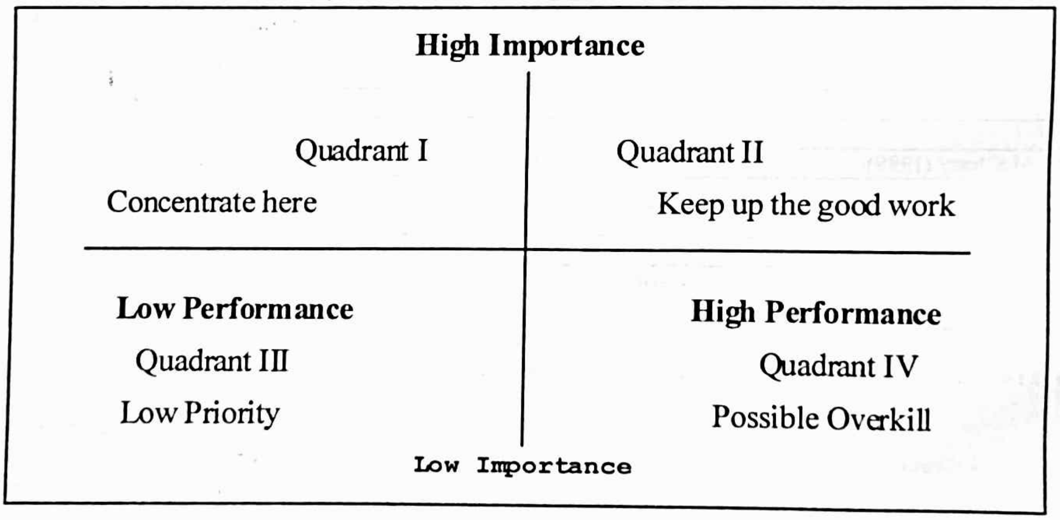
The behavioural intention denotes the visitor's judgment about the likelihood to revisit the same destination or the overt intentions to recommend the destination to his/her friends or relatives. The overall satisfaction means the extent of contentment felt by the visitors. In view of this, a need is felt to assess the destination image of Dooars employing an importance performance analysis of relevant attributes considered by tourists while evaluating a destination.

The Importance-Performance Analysis (IPA)

Martilla and James (1977) introduced the concept of IPA to evaluate services rendered by an automobile service centre based on the assumption that satisfaction is affected by both the importance of an attribute and perceived performance on that attribute. IPA, developed as a tool for market researchers, is based on the concept that satisfactions are a result of a preference for an object or service and judgments of its performance. IPA uses a three-step process either to develop a new marketing strategy or to evaluate an existing strategy. First, a set of product attributes or features is identified through survey of literature, focus group interviews or studying expert opinion. In the second stage consumers are asked to answer two questions usually on a five point Likert scale format: How important is it? And how well did the product or service perform? A mean or median value for each attribute is determined for each item or attribute. These scores are then plotted on a graph with importance as one axis and performance as the other. By plotting the numerical results in this way, the components are effectively sorted into a 4 cell typology. This typology categorizes importance and performance on a scale of high or low, so four combinations are possible (refer to figure 1)

Figure 1: Importance Performance Analysis (IPA) Grid

Importance Performance Analysis (IPA) Grid



Quadrant III
Low Priority
Quadrant IV
Possible Overkill
Low Importance

Quadrant I includes attributes that are considered very important by the respondents but the performances of service provider is considered as low. The service provider should take proper strategy to improve their performance ("concentrate here")

Quadrant II comprises of variables that are considered important by the respondents and on which the visitors rate the destination performance as high. This quadrant is termed as "keep up the good work"

Quadrant III will comprise attributes that are considered as low important and whose performance is also rated low ("low priority")

Quadrant IV is designated as "possible overkill" since the performance of the destination on some attributes is high but visitors' assign low importance to those attributes ("Possible overkill").

Methodology and Research Design

The study was undertaken employing both exploratory and descriptive research methodology. The study was conducted in two phases including a preliminary qualitative method to generate attributes and in the subsequent phase a quantitative study was undertaken to reveal the image of the destination. A detailed discussion on the research methods adopted for this study is briefly discussed below:

Phase I

At the initial stage, a review of the relevant destination image literature was conducted to generate a list of attributes that conceptually measure the image of the destination. In addition to this, a focus group interview was conducted with the tour operators and local visitors, who frequently visit Dooars. A small sample (n=17) of respondents were requested to mention as many attributes as possible to describe the destination image of Dooars. Attributes that were frequently reported by the focus group members were considered for this study. Due care was taken to consider the constructs most appropriate to the population being studied. The technique allowed the participants to describe the destination in terms of functional and psychological dimensions. To generate maximum number of responses the respondents were given clues from prior literature.

The methodology adopted in the first phase generated 37 attributes. Following the suggestions of Reilly (1990), the responses generated by at least 5% of the entire sample which were more or less common were considered for this study. Following the above procedure a list of 16 attributes was kept for conducting Importance-Performance Analysis (refer to figure-II).

Phase II

For phase two, to test the hypotheses reported earlier only ten variables were kept to predict the overall satisfaction and behavioural intentions. The variables used for regression analysis were reduced on the basis of the findings of the pilot study conducted in phase I through focus group interviews. The attributes frequently reported by the respondents were considered for the regression analysis. The figure II contains the list of attributes that were included in the questionnaire for conducting IPA.

Figure II: Attributes used for measuring Destination Image

Functional (Physical, measurable)

- Shopping Facilities
- Accommodation Facilities
- Litter free environment
- Night Life Entertainment
- Pretty Tea gardens
- Wilderness Activities
- Price / quality ratio
- Beautiful Scenery
- Welcome
- Safety and Security
- Political Stability
- Pleasant Climate
- Friendly People
- Calm/Tranquility
- Relaxed Pace of Life
- Quality of Service

Psychological (abstract)

There is a strong argument for using pre-and post visitation questionnaire to identify the level of satisfaction as well as the service gaps perceived by the tourists. Pre-visitation questionnaire is an essential component of the image appraisal process. In conducting this research, two sets of questionnaire were developed: in part-I of the questionnaire the respondents were asked to rate the relative importance of the attributes on a five points scale (where 1 = not at all important, 5 = extremely important) and their pre-visit expectation from the destination. In addition to this to capture post visitation experience of the tourists, the data on the same attributes were gathered to evaluate Dooars performance as a tourism destination (where 1=very poor performance, 5 = very good performance).

In addition to this to measure the overall satisfaction and behavioural intention, the respondents were requested to allot hundred (100) points on the basis of their overall feelings of the destinations they have visited. In the subsequent analysis these two measures would act as the two sets of dependent variables for applying the OLS method.

Survey Sample and Data Collection

The questionnaire was administered personally and distributed to the tourists after their arrival in different locations of Dooars by the trained students pursuing Post Graduate Diploma in Rural Development under the University of North Bengal as well as by a few reputed tour operators involved in tourism marketing. In addition to that, the employees of WBFDC also helped to a great extent to gather the relevant data required to complete the study. In all 150 questionnaires were distributed to various locations but only 92 questionnaire were returned by the respondents. After scrutinizing the responses, it was found that only 81 questionnaires were complete in all respect. A profile of the sample demographics is presented in Table II.

Table II: Respondents Profile

Demographic Characteristics	Frequency	Percentage
Gender Male	52	64
Female	29	36
Age		
< 30 years	12	15
30 – 40 years 41 – 50 years	31 26	38 32
51 years & above	12	25
Education Level		
Below Graduate	16	20
Graduate	41	50
Post Graduate Occupation	24	30
Student	6	07
Service	40	49
Businessman	20	25
Professionals Monthly Income of Family (Gross) in Rs.	15	19
< 10,000	5	06
10,001-20,000	6	07
20,001 – 30,000	16	20
30,000 – 40,000 Above 40,000	29 25	36 31

Survey Findings

Different analytical approaches were conducted including Importance-Performance analysis in order to process the information obtained from the respondents. The relationship between the overall satisfaction and the destination attributes were analyzed using an OLS method. Similarly, the influence of destination attributes on the behavioral intention and perceived values were also explored using a multiple regression analysis. As pointed earlier, the attributes, which were frequently reported at the qualitative research phase, were used as a set of explanatory variable for predicting the dependent variables considered in this study.

Table-III: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.813(a)	.660	.612	5.58455

(a) Predictors: (Constant), friendly people, pleasant climate, litter free environment, safety security, nightlife entertainment, good welcome, relaxed pace of life, beautiful scenery, pretty teagardens, quality service

(a) Predictors: (Constant), friendly people, pleasant climate, litter free environment, safety security, nightlife entertainment, good welcome, relaxed pace of life, beautiful scenery, pretty teagardens, quality service

ANOVA (b)

Source	Sum of	df	Mean	F	Sig.
Regression	10434.739	10	1043.474	15.670	.000
Residual	4661.286	70	66.590		
Total	15096.025	80			

(a) Predictors: (Constant), friendly people, pleasant climate, litter free environment, safety security, nightlife entertainment, good welcome, relaxed pace of life, beautiful scenery, pretty teagardens, quality service

(b) Dependent Variable: overall satisfaction

Coefficients (a)

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std.	Beta		
Beautiful scenery	2.454	.982	.267	2.499	.015
Good welcome	.824	.953	.083	.864	.391
Litter free environment	-.725	1.012	-.087	-.717	.476
Pretty tea gardens	3.178	1.172	.288	2.712	.008
Nightlife entertainment	-.347	.640	-.051	-.543	.589
Safety and security	1.380	.783	.152	1.761	.083
Quality of service	1.285	1.180	.124	1.089	.280
Pleasant climate	1.672	.910	.163	1.837	.070
Relaxed pace of life	1.445	.650	.222	2.221	.030
Friendly people	-.432	.880	-.048	-.490	.625

(a) Dependent Variable: behavioural intention

Table-IV: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.831(a)	.691	.647	8.16026

(a) Predictors: (Constant), friendly people, pleasant climate, litter free environment, safety security, nightlife entertainment, good welcome, relaxed pace of life, beautiful scenery, pretty teagardens, quality service

ANOVA (b)

Source	Sum of	df	Mean	F	Sig.
Regression	4244.844	10	424.48	13.611	.000(a)
Residual	2183.107	70	31.18		
Total	6427.951	80			

(a) Predictors: (Constant), friendly people, pleasant climate, litter free environment, safety security, nightlife entertainment, good welcome, relaxed pace of life, beautiful scenery, pretty teagardens, quality service

(b) Dependent Variable: behavioural intention Coefficients (a)

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
beautiful scenery	6.926	1.435	.492	4.828	.000
good welcome	2.249	1.393	.149	1.614	.111
Litter free environment	-.808	1.478	-.063	-.546	.587
Pretty teagardens	3.039	1.712	.180	1.775	.080
nightlife entertainment	-1.441	.935	-.138	-1.54	.128
safety security	-.043	1.144	-.003	-.038	.970
quality service	.631	1.725	.040	.366	.716
pleasant climate	2.813	1.330	.179	2.115	.038
Relaxed pace of life	1.679	.950	.242	2.321	.009
friendly people	1.617	1.286	.116	1.258	.213

(a) Dependent Variable: behavioural intention

The results of multiple regression analysis amply demonstrate the overall satisfaction the tourists derived from a destination can be predicted by Functional attributes and psychological constructs. The model summary results presented in table III reveal that more than 60 percent variation is the dependent variable can be predicted by the explanatory variables considered in the model. Among the criterion variables, the exotic unending tea gardens influence the overall satisfaction of the tourists visiting Dooars. In addition to this, beautiful landscape, safety and security, pleasant climate and relaxed pace of life have been found to be significantly influencing the overall satisfaction of the tourists with the destination. The tourists do not consider the destination as litter free and it is found to be negatively influencing the overall satisfaction. Similarly, night life entertainment and friendliness of the people are negatively associated with the dependent variable. However, these relationships are not found to be statistically significant.

It is possible to form arguments to explain the negative relationship between various variables reported above. A discussion with a few tourist reveal the fact that due to mushroom growth of tourist spots the adjoining areas are polluted since there is no provision to implement solid waste management. Indiscriminate use of packaged drinking water and other different kinds of consumables sold in plastic pack slowly destroying the environment of this virgin Dooars locality. Regarding night life entertainment, much can be done without affecting the normal living pattern of wild animals. Joyride and night safari are concentrated only in a few areas like Gorumara National Park and Jaldapara Wildlife Sanctuary.

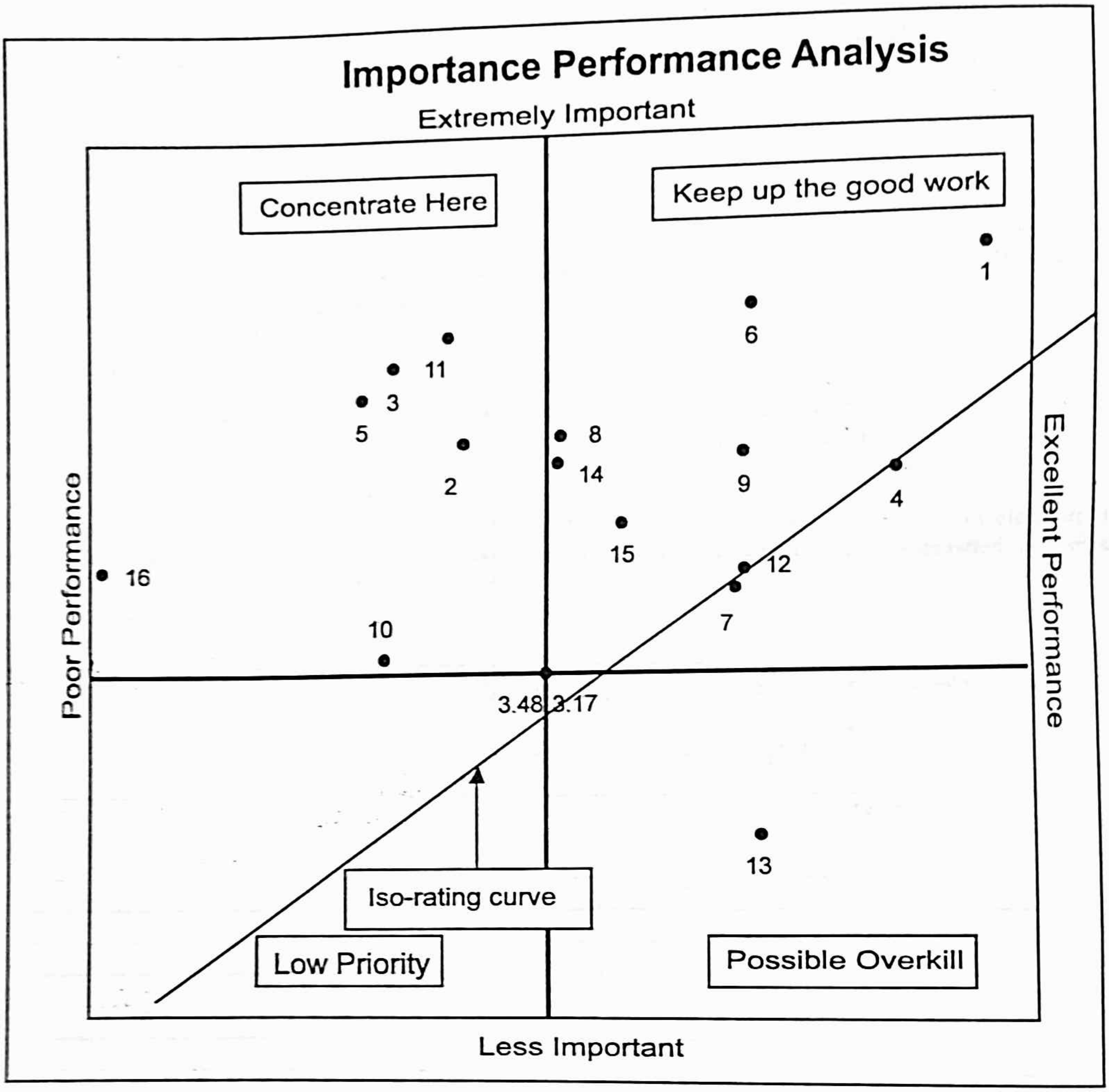
In general, the people of Dooars are very friendly and polite but the coefficient is seen to be negative. The probable reason behind this is that due to the tremendous rush, it was very difficult for them to render excellent personalized service to all the tourists. In fact, the researchers have some experiences regarding the misbehavior of tourists in some resorts which might have affected the motivation of the service personnel to provide excellent service to all the tourists.

In spite of some undesirable stray incidents taking place in the tourist destinations, an attempt is also made to explore whether tourists would recommend others to visit the destination. This aspect is very important in view of the fact that advertising of tourism destination is very expensive. The positive word of mouth is considered to be the most credible source of spreading the image of a tourism destination. Beautiful landscape, good welcome by the service providers, valley of tea gardens, and pleasant climate are very important factors influencing the behavioural intention of a tourist to revisit the destination or persuading his/her friends, relatives, peer groups to visit the destination.

Table-V: Pre-visit Expectations and Post-visit Satisfaction

Attribute	Importance Mean	Pre-visit Expectation Mean	Post Visit Performance Mean	Difference between Pre and Post means
Beautiful Scenery	4.59	4.22	4.86	0.64
Welcome	3.96	3.98	3.21	-0.77
Litter Free Environment	4.22	3.41	2.98	-0.43
Pretty Tea Gardens	3.86	3.89	4.59	.0.70
Night Life	4.11	3.21	2.88	-0.33
Safety & Security	4.42	4.01	4.13	0.12
Pleasant Climate	3.46	3.58	4.08	0.50
Quality Service	3.98	3.68	3.52	-0.16
Relaxed Pace of Life	3.92	4.02	4.11	0.09
Wilderness	3.22	3.52	2.96	-0.56
Price/Quality Ratio	4.33	3.23	3.16	-0.07
Calm/Tranquility	3.52	3.99	4.11	0.12
Political Stability	2.62	3.45	4.16	0.71
Accommodation Quality	3.89	3.79	3.51	-0.28
Friendly People	3.68	3.86	3.72	-0.14
Shopping Facilities	3.53	3.21	2.03	-1.18
Grand Mean	3.17	3.63	3.48	-0.15

Importance Performance Analysis (IPA) Grid



1	Beautiful Scenery	5	Night Life Entertainment	9	Relaxed Pace	13	Political Stability
2	Welcome	6	Safety & Security	10	Wilderness	14	Accommodation Quality
3	Litter Free Environment	7	Pleasant Climate	11	Price/Quality Ratio	15	Friendly People
4	Pretty Tea Gardens	8	Quality Service	12	Calm/Tranquility	16	Shopping Facilities

Studies of customer satisfaction show that customers are dissatisfied with their purchases about 25% of the time. In such a situation service providers can make use of IPA analysis in an attempt to identify the areas on which they are rendering better services and take initiative to improve the areas on which they are not performing satisfactorily. Services can really be rated according to their customer importance and company performance. IPA analysis can be used to rate the various elements of the service bundle and identify what actions are required. For some attributes like scenic beauty, nice tea gardens, climate, relaxed pace of life, calm and tranquility performance of Dooars outperform the expectations of the tourists. In some cases the performance of the destination centres are much lower than the expected standard. Due care should be taken to rectify the problems and restore the image of the destinations. The isorating curve drawn diagonally show that majority of the points are very closer to the line. An isorating curve represents the amount of importance assigned by the tourists for a particular attribute and the service providers ability to satisfy that individual tourists by treating him to reach his or her goal. The crowdedness problem and the political instability of this region are affecting the nature loving tourists.

Managerial Implications

The importance scores assigned and the performance scores are entered into an IPA grid. It can be observed that six attributes are situated in the "Concentrate here quadrant". To be more explicit, with regard to welcome activities, litter free environment, nightlife entertainment, wilderness activities, price-quality ratio and shopping facilities, the visitors are not quite satisfied with the destination image.

It should be pointed out at this stage that all these variables are not under the control of the entrepreneurs. It has been our experience that tourists indiscriminately throw packaged drinking water bottle, various kinds of plastic packaged food wrappers thus degrading the fragile environment. For night life entertainment some nature based movies may be prearranged inside the hall to make the tourists familiar about the rich flora and fauna available in this locality. After the political disturbance in the hills of Darjeeling the tourist influx in the Dooars region has increased phenomenally. The cost of resort rent has increased proportionately. The service provider should be able to understand the cost-benefit aspect and must provide excellent service to compensate the hike in cost of staying in the resort and introduce some promotional offers that suit the requirement of the heterogeneous tourist community. It is very unfortunate that a lot of SHGs have come up in this region and producing exquisite handmade items which can be easily marketed through these resorts. The tour operators as well as other stakeholders must come forward to help these small groups by displaying their product and help those them to develop their own distribution channel which is the main weakness of micro and tiny enterprises.

Regarding nine other attributes the destinations image revealed quite satisfactory. The visitors have reported that they are mostly overwhelmed by the beauty, serenity and harmony of exotic places like Lataguri, Garumara.Sunthelakhola, DamDim and Soongachi tea estate and other numerous tea estates surrounding the Dooars.

Tourism product is a high involvement product. Basically it is a combination of tangible and intangible dimensions and the marketers try to introduce more of tangible aspects ignoring the very subtle intangible aspects like asking the tourist about the trip, what food they like to have, what problems they are facing and so on. Though the list is not exhaustive still some basic conversation would definitely persuade the visitors to act as opinion leader and spread the positive word of mouth which would definitely generate positive outcome.

Conclusions, Limitations and Scope for future research

This study identified 16 attributes that were considered in evaluating the destination image of Dooars and its adjoining areas when choosing a holiday destination and evaluated Dooars performance with respect to these attributes using a pre-and post visitation format. The comparison of importance mean and pre visit expectation mean reveal that Dooars as a tourism destination has to develop infrastructure for shopping facilities and night life activities such as night safari, traditional folk dance to expose the traditional culture of the people who migrated to this place more than hundred years ago from various parts of India for tea plantation jobs. A few destinations in Dooars have involved the local people for performing dance and arranging folk dance to exchange their traditional culture resembling the Rajasthan model.The performance-importance analysis has revealed that attributes such as beautiful scenery, pretty tea gardens, and climatic condition as well as serene environment are located in the keep up the good work quadrant of the IPA grid and these points lie above the iso-rating curve suggesting that the performance of these important attributes outperform the expectation of the visitors. It is urgently required to upgrade the infrastructure in the Dooars to attract more visitors because turmoil in the hill areas of the Darjeeling district is attracting a large number of tourists towards Dooars region.

The multiple regression analyses conducted to predict the behaviour of tourists considering a few key variables that are normally taken into consideration in tourism studies reflect that the tourist visiting Dooars are quite satisfied with the flora and fauna, lush green tea gardens, turbulent rivers and overall a serene atmosphere. The need of the hour is that the policy makers should take serious steps to prevent the bio-diversity of this enchanting Dooars. Equally we have come across that the behavioural intention i.e. to recommend others to visit Dooars. The relationship between satisfaction and behavioural intention was found to be highly significant.

The study was conducted during the months of January to April when there was tremendous rush in this region. In view of this, a very small but informative questionnaire was administered to the tourist, who did not have the time to discuss other issues that are relevant for developing this destination. The questionnaires comprised of all close ended questions and hence the true feelings of the tourists could not be captured fully by administering a structured questionnaire.

This study and findings are not free of limitations. The major limitation of the study is that we had to depend on a convenience sample that too drawn from a few resorts of Lataguri including the Murti resort run by WBFDC. Additional studies are required to be undertaken covering the major tourist spots of Dooars. In this paper we have made a modest attempt to portray the destination image of Dooars as conceptualized in figure II. The most inclusive measure of destination image should include both structured questions to assess the functional and psychological constructs associated with a destination. Future studies should include open ended questions to capture the holistic impressions and the unique feature that tourists feel important to form a concrete idea about the destination.

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IPTV MARKET: CAN ADVERTISING HELP IT GROW IN INDIA?

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Abstract

Multichannel Television is not the green field opportunity for service providers that cellular voice was in the late 1980s or broadband internet was in the late 1990s. Cable and satellite operators offer familiar video services that have achieved broad market services. Internet Protocol Television (IPTV) service providers won't be able to charge similar fees for similar services and still expects to capture significant market share. This paper has tried to focus on the possible ways of advertising through IPTV in India. The most critical element in generating brand recognition and, vitally, driving consumers to action, is relevance. It is essential, therefore, to match advertisements with their audiences, a move that gives viewers a more engaging experience and advertiser's bigger revenue. Content, Coverage and Commercials the three C's driving the quest for a better business model and revenue picture . To effectively differentiate themselves from competing media distribution operators ,the IPTV operators must innovate on all three of the C's. With highly impressive Content IPTV service provider can offer most compelling entertainment content possible to expand their subscriber base and as a result attract the interest of advertising agencies .They need some sticky content with them, to attract a viewer and draw them away from alternative viewing option. With Coverage IPTV service provider need to improve the quality and value of its content so that subscriber base and subscriber revenues are likely to grow. They need to monitor also on their subscriber privacy. Once they've grown their subscriber bases and audience the natural progression is to seek advertising deals and income that strength the bottom line .Since their viewers are people who elect to pay for the service and since the IPTV platform offers the prospect and strike more lucrative advertising deals.

This paper begins to explore the recent market status of Internet Protocol Television (IPTV) in India and whether IPTV can spread its market with the help of advertising. Ultimately, this paper is to provide the contextual basis for deeper examination of the concept, namely conducting empirical research applied to the nascent India Internet Protocol television (IPTV) market. The goal of the research is to determine the effectiveness of advertisement for IPTV service. After earning additional realizing of the theoretical and applied relevance of advertisement's relationship to consumer awareness, we can offer practical data for managers to create and market advanced services of value to consumers in modes which maximise customer satisfaction and maintain competitive advantage, catching long term value for companies.

***Key Words:** Internet Protocol, Television, Broadband and Addressable advertising*

Introduction

Television (TV) was introduced in India in 1959, at Delhi. Regular broadcasting was started in 1965. Later it was started in Bombay, Srinagar, Amritsar, Pune, Calcutta, Madras and Lucknow. Study of **Singhal et al (1988)** said that Doordarshan (DD) was the first introducer colour TV broadcasting in India. It then proceeded to install transmitters nationwide rapidly for terrestrial broadcasting. That time no private enterprise was allowed to broadcast TV signal. In nineties the foreign programmers like CNN, Star TV and domestic channels such as Zee TV entered into Indian homes. There are three major types of TV systems is ruling the industry, namely cable television system, Direct Broadcast satellite (DBS) system and, most recently Internet Protocol Television (IPTV) systems.

IPTV is a system through which internet television services are delivered using the internet protocol rather being delivered through conventional radio frequency. **Moote (2006)** stated that IPTV is a system where personalized applications are available, users can get access to their favourite internet services such as photo sharing and online gaming, addressable advertising, provide the perfect marriage between the TV experience and internet technology.

Internet TV is broadcasted through the internet, which provides open access to substance, where as IPTV is broadcasted through individual networks and having determined access to content. IPTV becomes an increasingly popular product in the field of entertainment and new technology .The few reasons behind rapidly increasing popularity of IPTV are Fast channel change ,

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Caller ID facility ,E-mail and Voice mail on the television , Instant messaging via the TV, Video on demand option ,Music on Demand option ,Multiple camera angle, Watch four to six programmes in one time, video conferencing , Personalized advertisement etc.

Role of Advertisement in marketing:

Advertising is a way for cost-efficient reach to a large number at a low cost per person that allows the message to be repeated and can improve public image, also it can be used as long term image builder of any product. According to **Dutta (2009)** the important aspect of an advertising campaign is how many different members of the target audience can be exposed to the message in a particular time frame, advertisers realize that a campaign's success is due in part to its ability to reach as many people as possible. He also suggests advertising procedure for technologically or conceptually complex product offering. When a company introduces that kind of product in a undefined target market their major aim will be to make people aware of this new product offering and the promotion has to maintain frequency (number of times advertisement exposed within the specified time period) to educate the consumers. Advertisers need to promote regularly through various media option to clarify the consumers about the product and the offer. The important element in deciding frequency grade is 'Target group'. The ability of the target group to learn and to hold message has a direct result on frequency.

Recent Indian IPTV Market Status

The global TV market is huge, with some 2 billion active TV sets according to market estimates. Only a fraction of these TV sets are digital and only a tiny fraction or about 1% of the total market is actually IPTV.

At the end of 2008 global IPTV subscriber base was 23 million grown to 26.7 million in 2009 and it is expected to grow at a compound annual growth rate (CAGR) of 32% to 81 million by end 2013. **Goel and Vasu (2009)** added that in terms of service revenue "Global IPTV market is $6.7 billion in 2009 and is expected to grow to $19.9 billion by 2013 as per industry estimates. Europe and North America will generate the largest share of global revenue, due to very low Average Revenue Per User (ARPU) China and India, the fastest growing (Ultimately, the biggest markets) in Asia". Public sector telecom companies like MTNL, BSNL and private sector companies like Bharti Airtel and Reliance are providing IPTV services in India. They are providing generally triple play service (addition of voice, data and video) in a single phone line.

Two state owned telecom firm BSNL and MTNL are pioneer in IPTV marketing in India. Recently BSNL and MTNL along with Smart Digivision (Official franchisee for IPTV) announced 'MyWay' service which will be launched in India very soon

As per **Preethi (2009)** price is a significant factor that will heavily influence adoption. Different service providers are playing with different service strategy, when Smart Digivision's (one of the franchisee of BSNL) Super value package on IPTV costs Rs 280 per month for 140 channels, Sun Direct charges Rs 999 per year for 170 channels on the other hand Airtel's IPTV service Digital TV Interactive's offer is again much higher than DTH rates at Rs 999 per month for 135 channels, though this includes Internet connectivity.

IPTV challenges in India

Though there were so many optimistic discussions surrounding IPTV in India, there are some bumbling blocks, Telecom sector must overcome before it can make IPTV a sustainable reality. Recent studies **(Godfrey, 2008)** claimed "India has near about 1.8 million broadband connections. Low subscription rates are largely due to high cost, low PC penetration and the limited bandwidth available. The biggest challenge lies in the readiness of the IPTV network infrastructure and the cost of increasing the existing bandwidth". He also explained that to offer good quality TV services via IP would require the wide up-grade of existing broadband infrastructure and bandwidth. This would result in high capital and operational cost which ultimately must be carried by subscribers or increased advertising revenue. Over 50 per cent of the country's telephony infrastructure is ready for IPTV. IPTV services also require a healthy investment for setting up network operating centres for content delivery.

Ghosh (2009) predicted that IPTV has to compete with the existing cable TV and DTH services, which are growing at a much faster rate. The Television broadcasters viewed IPTV in a nascent stage and for a niche market. They therefore demand high content fee due to a low subscriber base. Functional attributes with internet video—such as time shifting, interactivity and on-demand program scheduling— poses a particular challenge for growth of IPTV, but which currently still relies primarily on a subscription-based revenue model.

Managerial Relevance

The managerial implications of this research to the developing Indian IPTV industry are several, as follows:

1. Identification of advantageous combinations of services, pricing options which improve the customer experience, and promote the customer's tendency to buy additive services and stay with the provider longer.

2. Assistance in developing effective marketing strategies which are more consumer-centric and therefore increase consumer satisfaction.

3. Assisting providers in developing innovative, value-laden, consumer-centric business models which maximise consumer satisfaction and ultimately, company financial performance.

4. It will provide a brief Idea about recent Indian IPTV market status and challenges of it.

Previous modelling and studies

Some of researchers and research organisations already proposed some models and made some empirical works on it, those are described below. Yet, the constructs and empirical research these scholars' studies yielded present us with variables that are useful in developing this paper's conceptual framework.

Quality Models

Nordstrom (2010) shows that there are two types of quality model: QoS (Quality of Service) and QoE (Quality of Experience). Again QoS consists of three notions—intrinsic, perceived, and assessed.

Intrinsic QoS is related to the technical part of the service, like network access, connections and termination. Intrinsic QoS is not depends on user perception. Perceived QoS related to consumer's experience of using a special service. Whether a service to be continued or not, that decides by Assessed QoE .

Gozdecki, J et al. (2003) explained, the sureness of a acceptable level of intrinsic, perceived, and assessed QoS may be considered individually. Intrinsic QoS part is the responsibility of a network provider and depends on network designing and management. To ensure a level of perceived QoS provider may add different value added services after examining market scenario. He also said that assessed QoS primarily depends on the billing policy of a provider.

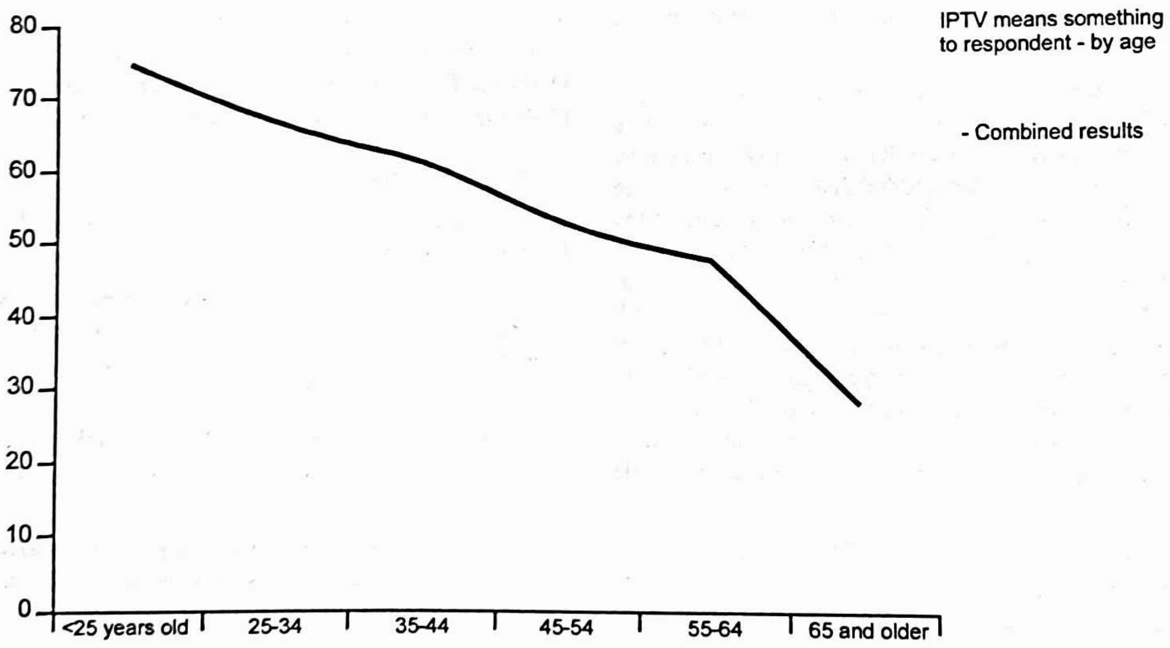
TAM Models

Technology Acceptance Model (TAM) is proposed to explain and predict the practical behaviour of information technology user, based on a theoretic foundation. **Shin (2007)** has proposed a TAM model to describe adoption of IPTV. The model assumes purpose to use IPTV is shaped from intrinsic factors, extrinsic factors, economic factors, individual differences and ease of use. Intrinsic variables incorporate on-demand, special practicality and personalized content. Extrinsic factors are interactivity, value-added service and compatibility. Economic components are equipment cost, subscription fee, rental and surplus service bill. Individual difference is age and education.

Different Studies

Recent studies (**Accenture, 2006)** on International IPTV consumer readiness show us the different factors, which have affected the acceptability of IPTV.

Figure : What does IPTV mean - by age?



Source : International IPTV consumer readiness study | P4

The report explains that younger people are more aware about IPTV than aged people. They also ready to pay higher than aged people. The service like Creating own channel, greater accessibility of movies, availability of more channels and interactivity have more influence on IPTV adoption. Service provider should launch with those services and functions that consumers already understand, they can insert complicated service later.

Yoo et al. (2009) has stated the factors affecting the switching intentions of IPTV customers through a research. As per him there are three types of cost one is Procedural cost related to perceived efforts and cost to find information about new service provider and services, second one is financial cost .It includes sunk cost that consumers already invested in, financial loss, and new investment. Mileage loss, new subscription fee, and set-up cost are the financial cost and third one is relational cost. Consumers sometime do not want to lose relationship with brand or specific service providers.

In this research 14 factors were checked to determine the 'intended to switch' group and 'non-intended to switch' group through independent t-test. The factors are Low cost subscribe, Exist cost benefit, Simple procedure, Easy to learn, Like the brand, Trust service provider, Good resolution, Easy to use, Diverse contents, Convenient, No broken, Cost is not burdensome, More attractive than Cable, More attractive than Satellite. Those 14 factors was again categorized into 5 factors and those factors can be named as 'perceived cost benefit (PCB)', 'perceived service quality (PSQ)', 'relative attractiveness (RAT)', 'perceived ease of use (PEOV)', and 'perceived reliability (PREL)' . Finally the research showed that the perceived service quality and relatively attractiveness of IPTV have significant effects on deterring the switching intention of IPTV subscribers.

Methodology

Some research already conducted on IPTV service factors like Willingness-to-pay, consumer expertness, Mass Customisation utility, customer experience and customer-readiness. But our aim is to analyse the effect of advertising on consumer awareness, to start to address this gap in the research, we might look at for two-step research blueprint/methodology. First, we may conduct expert interviews to identify and select the configuration variables that are most relevant to IPTV. Once we have established these, we might develop an experimental design to test the configuration variables' impact on Advertisement's relationship to consumer awareness. This research has implications for both academicians and practitioners who include the advertising agency people, media planners for developing strategies on IPTV marketing.

Conclusion

Though we anticipate that our planned research will be useful to find out the important factors for IPTV advertising, the development and situation on each market could be radically different. Caution is advised in learning from other deployments. A strategy working well in one area might be catastrophic in other markets. Although IPTV is in the very nascent stages in India, later we can try to find whether this service can be used in interactive value added services such as ticketing, education, video conferencing, Hospitals and more. This would enable higher revenue per customer thus increasing the base ARPU that is under pressure due to increased competition from DTH and Cable.

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GREEN MARKETING AS CORE COMPETENCY

Sumanta Dutta[1]

Abstract

The term "green marketing" simply denotes those marketing activities, which attempt to reduce the negative social and environmental impacts of existing products and production systems by promoting less damaging products and services. Companies all across the globe have started differentiating their products and services by focusing on go green issue. Hence, green issues are not just about the environment, it provide business to assume a broader responsibilities to society than even before and to serve a wide range of humans. Companies have started to capitalize such go green issue as a mere competitive edge. Core competency on the other hand is such capabilities that are critical to a business while achieving competitive advantage. As there is a growing awareness among the customers regarding the green issue, therefore in terms of future needs, greening consciousness is not just to be green or to show that you are green, but to highlight business and products nee to be sustainable. This paper examines how far the concept of "green marketing" is used strategically by the corporate in order to gain competitive advantage, which ultimately leads to core competency for a business organisation.

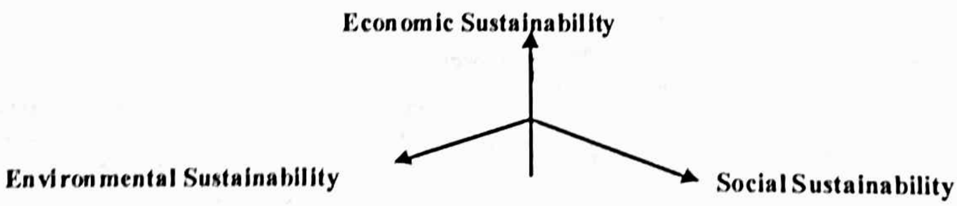
Key words: *Environmental friendly marketing practices, Competitive advantage, Core competency, Green marketing.*

Introduction

Business today is experiencing a profound pressure to reform and improve the shareholder related practices and to assess their inputs on shareholders and the national environment. Today companies, in a broad sense, are a group of different agents, which have a relationship with shareholders, citizens, providers and customers. In other words, they are known as stakeholders.

Whereby public authorities place growing demand on companies' environmental performance to comply with legal and other requirements, customers are to asking for green products, employees and neighborhood residents are concerned about the health and safety aspects of production and non-governmental organizations are pressing companies for sustainability.(**Peesonen,2001**) Hence, sustainable competitiveness is closely dependent on as to what extent the manufacturing companies are greened and being environment friendly. It can't be perceived as a cost center, environmental management is now gaining wider acceptance as a legitimate business factor and is being viewed as a profit center whereby creating opportunities through innovation becomes a new focus of creating sustainable competitive advantage. Because of these pressures and the current attention to corporate integrity, many companies find that being recognized for responsible business practices are considered to be new business imperative. Ethical business practices are no longer a matter of private domain, rather an extended financial performance aspects involves sustainability measures that take reporting beyond the traditional measures of performance and quality (**Gary Cokins, 2009**).Sustainable development espouses new priorities that widen the agenda for business enterprise performance beyond the myopic "short –termism" of earning profits (**K.Chatterjee,2005**).Today stakeholders becomes more and more aware of the ecological and social footprints adopted by multinational companies (MNCs) worldwide, accountability, transparency and governance issues are considered to be main stream agenda in the corporate boardroom discussion. Sustainability reporting evaluates the performance of company's based on three distinct parameters such as economic, environmental and societal.

Corporate must focus on sustainability in order to ensure that the resource utilization of the present does not affect the future. A single minded focus on economic sustainability however can be succeed in the short run, but in the attainment of the long term sustainability of the corporation requires all the three dimensions are needs to be satisfied simultaneously.



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In other words, it can be said that sustainable corporation needs to integrate environmental and social issues along with economic issues to achieve long term shareholders value **(Banerjee,2002)**. **Claver-Cortes *et. al.* (2007)** viewed that eco- friendly business practices are considered to be value creation activity towards organizational sustainability. Hence, he argued to treat such environment- friendly business practices as a capital. **Claver-Cortes *et. al.* (2007)** also conceptualized the incorporation of environmental capital as part of firm's intellectual capital, because it provides market of products & services that are more environment- friendly and safe to use. As a result it can rejuvenate higher value added services.

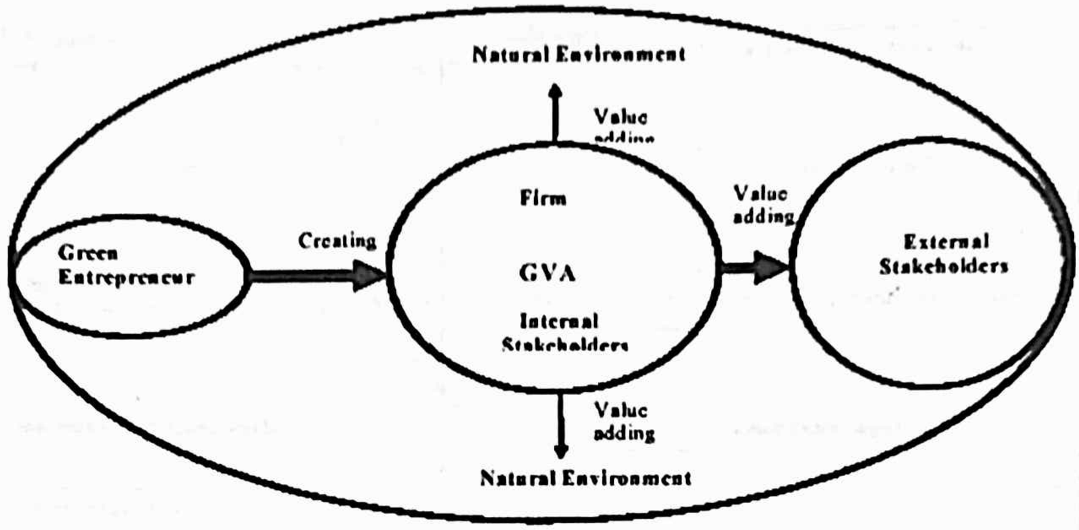

Figure1: The GVA System Model (Source: Ndubisi & Nair, 2009)

Green Marketing as core Competency

The term "Green Marketing" has been used to describe marketing activities which attempt to reduce the negative social and environmental impacts of existing products and production systems, and which promote less damaging products and services. As the level of interaction between businesses, society and the physical environment has improved, so green marketing is situated within the approach of social marketing **(Kotler, 1995)**, and can be defined as a way of understanding exchange relationships consisting of planning, implementing and controlling a policy of product, price, promotion and distribution that simultaneously satisfies customer needs and the objectives of the organization, minimising any negative effects caused to the natural environment.

As can be seen in **Figure 2**, that green marketing is somehow different from the traditional approach of marketing. Green marketing refers to a holistic marketing concept wherein production, marketing, consumption and disposal of products and services happen in a manner that is less detrimental to the environment. Hence green philosophy consider traditional market based exchange process but at the same time it goes beyond, in order to incorporate firm's relationship with the society in general. Such stakeholder based societal inclusion appropriately highlighted by late. Prof.C.K.Prahalad in June 2010 issue of HBR (Harvard Business Review), termed as "Sustainable Growth 3.0". Which in other words known as eco-friendly growth. In this phase, innovations from more deeply embedded in business practices & result in eco-friendly innovations.

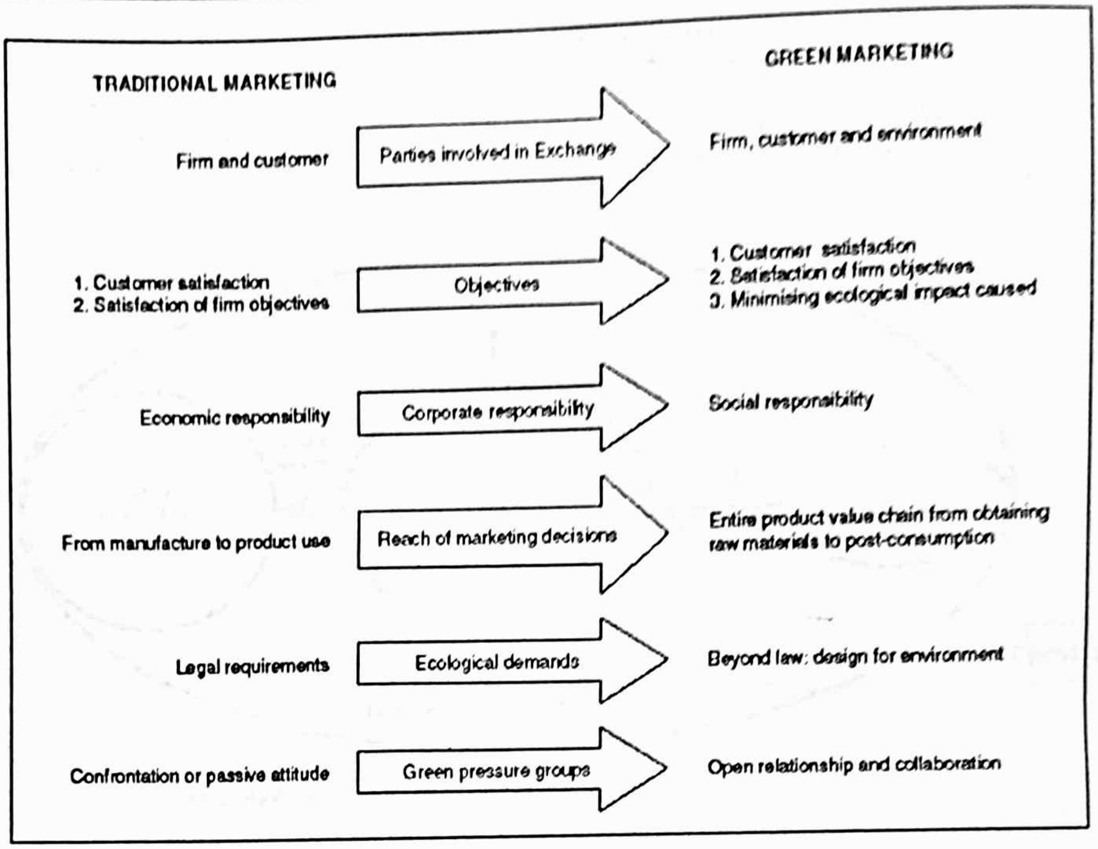

Figure 2: Differences in the way of thinking between traditional and green marketing (Source: Chamorro and Benegil, 2006)

Such green marketing evolution can be portrayed in term of three stages with different implications for marketing.

(1) **Ecological marketing**: a narrowly focused initiative which concentrated on reducing our dependence on particularly damaging products

(2) **Environmental marketing**: a more broadly based initiative which aimed to reduce environmental damage by tapping into green consumer demand and opportunities for competitive advantage.

(3) **Sustainable marketing**: a more radical approach to markets and marketing which seeks to meet the full environmental costs of production and consumption to create a sustainable economy.

Type of Green Marketing	Characteristics	Implications
Ecological marketing was defined by Henion and **Kinnear (1976)** as "concerned with all marketing activities (a) that have served to help cause environmental problems and (b) that may serve to provide a remedy for environmental problems."	The characteristics of this marketing were as follows : 1. it was narrowly focused on specific "environmental problems" such as air pollution, depletion of oil reserves and the ecological impacts of synthetic pesticides such as DDT. 2. The emphasis was on pollution and resource depletion (particularly energy resources) and on local or national concerns. 3. It sought to identify particular products, companies or industries which were causing, or in a position to help solve, these particular problems. 4. It was something of a "minority sport" with relatively few consumers and companies significantly changing their behaviour.	This was usually achieved by "end-of-pipe" improvements to production processes or products, to reduce or contain pollution.
Environmental marketing: Environmental marketing is considered as a broad initiative with the object to reduce more environmental damage by tapping into green consumer demand and aims at marketing sustainable & socially responsible products & services. It creates a win-win situation to tap- a) Green demand b) Green consumer c) Consider socio-economic performance to form a basis of competitive advantage.	**Clean Technology** 1.This stage is focus on 'Clean technology' i.e. innovation is used as a key factor in order to provide new products or production systems, so that, pollution & waste do not have detrimental impact on the environment rather than focus on "end-of-pipe" pollution clean-up, 2. Designing of a new products or innovation is made at the designing stage of the production systems in which pollution and waste can be eliminated. **The "Green Consumer"** 3. It concern about the environment could influence consumer behaviour developed into the concept of the "Green Consumer". This defined Green Consumers in terms of their tendency to avoid products which: • endanger the health of consumers or others; • significantly damage the	1. A more global focus. 2. Sustainability prompted consideration of the environment from a global perspective by confronting global issues such as global warming, climate change, and ozone layer depletion. 3. New product introductions. 4. New market developments. 5. New markets for environmentally orientated products and services emerged in many industries. Ecotourism within tourism, and green/ethical investment funds have each represented the fastest growing sector of their industries over the last decade. 6. An emphasis on the means of production. In many green market segments, products and companies used the means of production as a means of differentiation. 7. Focus on green packaging. A key environmental impact of marketing relates to packaging.

Type of Green Marketing	Characteristics	Implications
	the environment in production, use or disposal; • consume disproportionately large amounts of resources; • cause unnecessary waste through over-packaging, excess features or an unduly short lifespan; • use materials derived from endangered species or environments; • involve cruelty to animals; • adversely affect other countries. **Competitive Advantage** 4. Green marketing was the realisation that good socio-environmental performance could form the prime basis of competitive advantage. **Eco-performance** 5. Consumers were going to differentiate between competing products and companies on environmental grounds, then by implication those products and companies must have different levels of "eco-performance". **Environmental Quality** 6. Many manufacturers sought to combine environmental management with their existing Total Quality Management (TQM) programmes in what became known as TQEM. This made sense in that the two fields shared an interest in waste reduction and continuous improvement and both took a total systems view of producing and marketing products.	with discarded packaging a major contributor to waste problems from litter to landfill. This creates marketers to introduce "win-win" solutions. 8. New partnerships. Many companies, often those who had endured criticism of their eco-performance, formed new partnerships with former environmental critics in an effort to improve their eco performance and image.
Sustainable marketing: a more radical approach to markets and marketing which seeks to meet the full environmental costs of production and consumption to create a sustainable economy. While **Fuller (1999)** defines sustainable marketing as "the process of planning, implementing and controlling the development, pricing, promotion, and distribution of products in a manner that satisfies the	**Product Costs:** The economics of marketing is based on neo-classical economics, which is fundamentally an environmentally-hostile doctrine. The key problem is that, according to the concept of "externalities", in which some of the costs related to a product (particularly those relating to socio-environmental impacts) are excluded from the calculation of costs and therefore prices.	**Re-evaluating the "Win-Win" Argument:** The idea of eco-performance can be used as the basis of competitive advantage However, in reality generating and sustaining competitive advantage has proved a challenge. Also, competitiveness places the emphasis on individual companies, but many key environmental problems will only be solved by action across an entire industry.

Type of Green Marketing	Characteristics	Implications
following three criteria: (1) customer needs are met, (2) organizational goals are attained, and (3) the process is compatible with eco-systems. "	**A Better Understanding of the Marketing Environment** Academicians and practitioners have continued to try to fit the physical environment into models of the marketing environment of the PEST type: viewing the environment as a political pressure, an impact on the economics of the business, a social trend or a technological challenge. **Emphasizing Cost instead of Price** Marketing has tended to focus on the price that a customer pays for a Product or a service, rather than the total cost to the customer. This can be significant for environmentally related products which are more expensive in terms of purchase price, but ultimately more economical to use (low-energy light bulbs being a commonplace example). **Emphasizing on new information technology:** New information technology (such as computerized machine tools) is reducing the "costs of variation" and the importance of economies of scale in manufacture. This will make "micro-factory" production and distribution systems cost competitive. Long term visions of a more sustainable economy often involve the use of high-tech, energy-efficient micro-factories, with even global companies competing as a network of localized suppliers.	

Hence, at this point it becomes difficult to identify the green consumer. Basically, green marketing strategies depends on those customers who are willing to buy environment friendly products at a premium price. But identification and segmentation of green consumers using demographic profile like age, sex, income and education level revealed contradictory result. As a result **Kardash (1974)** emphasised on identifying green purchases than that of green consumption by understanding the purchaser. Such trade off is helpful in proper identification of green marketing philosophy.

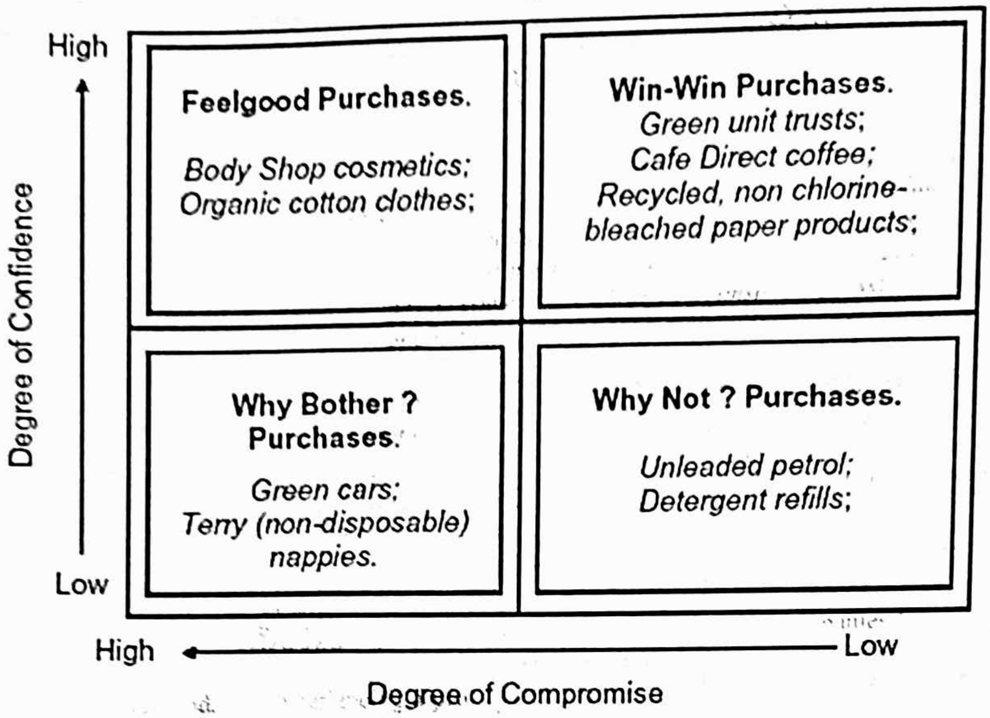

Figure 3: The Green Purchase Perception Matrix (Source: K.Peattie, 2001)

Figure 3: The Green Purchase Perception Matrix (Source: Figure 3 presents a framework within which different types of potential green purchase can be positioned. This brings together two key variables which affect the likelihood of any purchaser (whatever the intensity of their environmental concern - or "shade" of green) being influenced by environment related issues when considering a purchase: the degree of compromise involved, and the degree of confidence generated in the environmental benefits of a particular choice. Many green purchases involve some form of compromise or trade-off, including:

- paying a green premium, whether it is imposed by economic necessity or by marketing strategy
- accepting a lower level of technical performance in exchange for improved eco-performance (e.g. green detergents)
- travelling to non-standard distribution outlets.

In the above matrix **(figure-3)** products which represents win-win proposition offers clear benefits in terms of environmental credentials and requiring less compromise on the part of the purchaser. Similarly products which are positioned on the basis of technical performance will find market acceptability more easily even though their eco-friendly benefits seem to be marginal. Products that require considerable compromise need to focus on green chemistry, which forms the growing focus of product development because it needs to put forward high level of confidence among the green consumers on the basis of environmental benefits.

Conclusion

Over the last ten years the environmental impact resulting from the production and marketing activities of many companies and industries have been significantly improved. However, this does not make them sustainable, and ultimately any improvement that does not lead to eventual sustainability risks becoming a futile gesture. The next step for green marketing involves a move from environmental marketing to sustainable marketing. It means moving from evolutionary changes which reduce environmental damage, towards radical changes in the way we live, produce, market and consume. Most of the environmental problems that gave rise to green marketing are worsening. Social concern about the future of the environment, and the impact of continuing economic growth and globalization remain intense. These should both provide pressure for change.

Today's consumers are becoming more and more conscious about the environment and are also becoming socially responsible. Therefore companies are responding to the consumers' aspirations for environmentally less damaging or neutral products. In a major report published eight years after Brundtland report, regarding "quality of life", it was stated that "People generally are unfamiliar with the idea of 'sustainability' in its environmental sense. But once they understand it, they appear to identify positively with its values and priorities." **(MacNaghten et al. 1995)**. This statement encapsulates the forthcoming opportunities and the challenges involved in making marketing in a more eco-friendly dimension. With the threat of global warming looming large it is extremely important that green marketing becomes the norm rather than an exception or just a fad.

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CUSTOMERS EXPECTATIONS AND PERCEPTIONS: AN EMPIRICAL ANALYSIS IN THE UBI BRANCHES OF ORISSA

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Abstract

The banking sector is facing enormous challenges of attracting the new customers and retaining the existing ones. A sound marketing strategy is required to be adopted by the banker to build customer trust and retain them in the business and for competitive advantage across the industry. The strategy should focus on service quality rather than existing marketing mix, and understanding of the customer expectations and perceptions and what they imply for the marketer. In availing a particular type of services, the customer searches for his past experiences-what he got for what he had searched. This gives a unique situation called customer experiences. This has been explained by two behavioural constructs: expectation and perception. At this backdrop, this paper is an attempt to understand the UBI bank customers' expectations and perceptions for different types of banking parameters like deposit account, loan account, value-added services and the administration and premises. The purpose of this study is to investigate the expectations and perceptions of the customers across the branches of UBI in Orissa. With the increasing competition amongst banks, the findings of perceptual study in bank customer survey can act as a strategic tool to achieve competitive advantage and customer satisfaction. It is also an eye opener for UBI to see the gap between customer expectation and perception regarding the quality of services rendered which should further act as a motivator to enhance reputation and gain customer loyalty. This will in turn give them the elusive competitive edge they are looking for.

Key Words: *Expectation, Perception, Banks*

Introduction

The twenty-first century will go down in the business history as the era of profuse attention to customer expectations and to profitability through higher customer retention. The purpose of a business is to create and to keep a Customer (Levitt, 1960). The success or failure of a business depends on what of customer relationship it practices. In the modern world of competition, growing consumerism, and information explosion, the one single element that stands out as the factor of success is the customer. After all, customer is the life-blood of a business. Intangible assets, particularly brands and customers, are critical to any organisation and in today's competitive environment relationship marketing is critical to banking for corporate success. Banking is a customer oriented services industry, therefore the customer is the focus and customer service is the differentiating factor. At this backdrop, the main objective of this research paper is to analyse the data collected from the customers of Union Bank of India (UBI) to understand their banking behaviour; with particular emphasis on the following factors:

a) Expectation and perceptions of the customers regarding banking services, and

b) Perception of customers on different banking parameters; viz. transactions in deposit account, loans and advances, other services like ATMs, credit cards, premises and administration, etc. for measuring their satisfaction and dissatisfaction.

Study Design and Method

The primary data for the study were collected randomly through a well structured questionnaire from 147 customers covering almost all the branches of UBI situated in both Bhubaneswar and Cuttack cities of Orissa. Because of the small number of branches of UBI and their urban concentration, unwillingness of the customers to provide data, time and budgetary constraints restricted the sample size to 147. All the data were collected through personal contact approach. The designed questionnaire for customer survey was pre-tested before finalisation. The data regarding perceptions and expectations of customers are collected in interval scales (in a 4 – point scale), and for measuring the importance they attach to different factors for selection of a bank, a 7 – point scale is used. Apart from this, some qualitative data like demographic background, reasons for opening an account, types of loans availed, etc. were collected. The forthcoming sections analyse the data so collected from the customers keeping the broad objectives in view.

Review of Literature

Service industries in the 1990s are competing in an environment characterized by increasing customer awareness and expectations of quality, and sophisticated delivery systems resulting from technological advances. Corporate responses encompass increased efficiency, more focused product and

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market strategies, and an emphasis on quality service. (Lewis B.R, 1991). Survey data was collected from customers of banks in the U.K and U.S.A. Their expectations and perceptions were assessed with respect to 39 elements of service quality, automated facilities, complaints and switching behavior. Both kinds of respondents were found to have very high expectations of service from their banks across dimensions of reliability elements, honesty, and trustworthiness. US respondents were more sensitive about location and parking, opening hours, the number of staff available to give service. Whereas, UK respondents were generally highly satisfied with all the personal characteristics of staff of the banks. In addition and most importantly, there were a considerable number of gaps between expectation and perceptions, i.e there seem to be a number of areas of service quality where enhancements are needed, in order to satisfy the consumer "completely". The main gaps related to location, privacy, physical safety and parking facilities; elements of reliability; all of the personal characteristics of contact staff; and all but one criteria of responsiveness, in particular speed / prompt service, opening hours, the number of staff available to serve, the use of customer suggestions to improve service, and the willingness of staff and management to help with problems and queries. In relation to technological advançement, a number of strengths and weaknesses were seen by customers in the deployment of "high-tech". In particular, many comments were made about the convenience aspects of automated facilities, but also about associated problems of personal safety and privacy, and poor operational aspects. Overall, there seems to be scope for considerable improvements.

Page C and others investigated customer attitudes towards the direct marketing strategies employed by banks in relation to the marketing media used and customer's intention to purchase (Page C et al, 2003). In their study, the major marketing media considered are mail promotion, telephone, and e-mail promotions. Research studies indicate that customers generally create a negative attitude toward banks using direct marketing strategies. They have low intention to purchase as an outcome of direct marketing.

The findings of one market research by Kangis P et al, 1997 shows the expectations and perceptions of service quality by two clusters of bank customers; one cluster is of those who were aware of the pricing list of their bank and the other one is of those who do not know about it. Researchers found that price awareness was independent of any of the measured profiles in the considered sample (Kangis P et al, 1997).

Johns N et al proposes that scaled perceptions of service quality, such as those elicited by Likert scale questionnaires, are influenced by two principal factors. Noteworthy incidents occurring during the service experience affect perceptions in a largely random way (johns N et al, 1997). In addition, commonly-held perceptions of different types of service establishment provide a basis upon which perceptions are built. These perceptions may be regarded as 'mythologies': generalizations or exaggerated versions of reality expressed in similar terms by a groups of individuals. Statistical analysis of data obtained from a SERVQUAL-style questionnaire administered to 234 restaurant customers indicated a high level of randomness among scaled perceptions, suggesting the influence of incidents upon perception. In addition ten individuals who had filled out questionnaires underwent in-depth interviews in order to discover the basis of perception scores they had provided. The results suggests that service incidents play the most obvious part in perception formation, but there is also evidence of mythologies at work.

The banking sector of India has been a witness for the last two decades to several regulatory changes that have resulted in a tight level of competition among the banks (Sureshchandar G. S et al, 2003). The further entry of private sector banks and foreign banks, in recommendations of the Narasimhan committee, has increased the expectations of the customers in all areas relating to bank customer service. Therefore a conceptual and empirical analysis of banking sector in India from a service-quality perspective may sound interesting in this context.

More specifically, the employees' competence plays a major role in influencing the customer's perception of the bank's marketing performance (Gounaris S. P et al, 2003). The effectiveness of this quality dimension of the bank's marketing activities is achieved by affecting positively the bank customer's experience during the service encounter with contact personnel. Improved job attitude and satisfaction of the contact personnel is also a result of market orientation adoption. In addition to this, the market orientation strategy has also a positive impact on the perception of customers concerning physical evidence.

According to modern concept of marketing, "the customer is supreme", "Customer is judge of business". In theory, the customer is supposed to be the final judge and arbitrator of the economy and industry (Singh P. K et al). Several enterprises could not flourish their products for one reason or another and the choice of the consumer has mattered a great deal. Now customer have wider choice in the field of banking product and no doubt that banks can attract customers which can understand them better. That's why customer satisfaction is must to increase the number of customers and also to retain them. Tomorrow's customers could be highly demanding and may not tolerate any dissatisfaction. For them, there would be alternatives in plenty and their needs would also be ever-growing. It is for future managers to look upon this phenomenon as a threat to their survival or as an opportunity for unlimited growth. With better understanding of customers' perceptions, banks can determine the actions required to meet the customers' needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path future progress and improvement. The perception of a customer has drastically changed.

Worldwide there is a common proposition that customer satisfaction is a significant variable for evaluation of service quality of banks. Although the constructs service quality and customer satisfaction are sometimes used interchangeably, a significant amount of research studies have been sought to establish the nature of the relationship between them. Oliver's

(1993) suggests that service quality is antecedent to customer satisfaction and is non-experimental in nature (Moutinho L et al, 2000).

Results and Discussions

The demographic backgrounds of the sample respondents in five parameters are presented in Table-1 to understand the customer profiles i.e., age, education, gender, occupation, and type of bank accounts they transact with. It is observed from the table that middle aged customers (in-between 30 to 60 years) constitute the majority of sample (49 %). The proportion of young customers (below 30 years) is nil in the sample. This behaviour of young customers may be due to their more technical orientation as the general trend in the industry. Similarly, the graduates and 10th class passed educated respondents dominate the sample (53.1 % and 24.5 % respectively). This observed behaviour may be due to decreased willingness of higher educated people to participate in the survey. Again, the representation of the females (30.6 %) is smaller in the sample as less number of women in Orissa are working and having bank account. Occupation-wise analysis revealed that businessmen (46.9 %) dominate the sample compared to others. In the recent years, banks are giving loans for entrepreneurship; inducing more and more people to be self employed. As a result, self employed respondents constitute the second largest group in the sample. Majority of customers are involved in making bank transactions with saving accounts in UBI and current accounts in other types of banks other than UBI.

There are several reasons / motives to select a bank for opening an account for transaction by a customer. The customers considered most of factors like service quality, convenient location, working hours, ATM network, overall reputation, etc. for choosing a particular bank (Outlook Money Survey, 2004). In another study, Venkatesan (2004) observed that company operates salary accounts, pre-existing relationship, and a force of habit are quite important. Further analysis of these factors across customers revealed that proximity is the principal determinant of choice of public sector banks, while service quality for private banks. The responses of the sample respondents are presented in the Table-2. It is evident from Table-2 that availability of ATMs / ATM networks (51.70%) is the single most important factor across all categories of respondent for opening accounts in other banks, where as availability of attractive financial products is the key reason in UBI. The next important factor for opening account in UBI is its overall reputation.

In availing a particular type of services, the customer searches for his past experiences-what he got for what he had searched? This gives a unique situation called customer experiences. This has been explained by two behavioural constructs: expectation and perception. Finding out what customers expect is essential to providing service quality. Research holds the key for understanding customer's expectations and perceptions of services. Not knowing what customers expect is one of the root causes of not delivering up to the customers' expectations. Service provider gap is the difference between bank customer expectations of service and the banks' understanding of these expectations (Zeithaml & Bitner, 2003). Why does this provider gap occur? Many reasons may be attributed for the same, such as: no direct interaction with the customers, unwillingness to ask about expectations and un-preparedness in addressing them. When the people with the authority and responsibility for setting priorities do not fully understand customer's service expectations, they may trigger a chain of poor decisions and suboptimal resource allocations that result in perception of poor service quality. In accurate understanding of the customers ultimately end up with heavy expenditures in undesirable areas – the end result is no gains but only pains. An inaccurate understanding of what customers expect and what really matters to them leads to service performances that falls short of customer expectations. The first step necessary in improving service quality is for management to acquire accurate information about customer expectations. At this backdrop, in the following sections, an attempt has been made to understand the customer expectations and perceptions for different types of banking parameters like deposit account, loan account, value-added services and the administration and promises. The expectations and perceptions of customers of UBI for different parameters like customer deposit accounts, loan accounts, value-added services, and premises and administration are measured in a 4–point scale (ranging from 'not at all' (1) to 'most important' (4) for expectations and from 'unsatisfactory' (1) to 'excellent' (4) for perceptions). The differences between the mean values of different parameters are termed as quality gap. Positive gaps indicate satisfaction and negative gaps as dissatisfaction of the customers with that particular parameter.

Table-3 depicts the summery of customer expectations and perceptions on deposit accounts of the total respondents. It is evident from the table that both the expectations and perceptions are higher than the mid – point (2.5). This indicates that the consumers attach more importance to both the expectations and perceptions in respect to all the parameters. When the gap is calculated highest gap is observed in quick account opening and lowest for issue of cheque books. Positive gaps (satisfaction) is observed with two variables, while negative gaps (dissatisfaction) with four ones. The difference of means for perceptions and expectations were tested for significance by applying 2–tail paired t – test. The differences in the mean values of expectation and perceptions in all parameters except quick account opening are statistically insignificant. The correlation coefficients (r) between the expectations and perceptions of customers relating to parameters, it is observed that r is significant at 5 per cent level of significance for parameters like quick transaction of cash, clearance of out station cheques, and intimation of maturity of FDRs.

The consumer expectations and perceptions of different loans availed by the customers in bank are presented in Table-4. Table-4 discusses the data collected from the sample respondents in 8 different parameters measuring the perceptions and expectations of customers with regard to loan accounts. The difference among the means for expectations and perceptions are tested through t-values. It is evident from the data, that parameters like counselling and guidance, adequate amount of loan, and transparency of terms and conditions are statistically significant at 5 per cent level. The correlation coefficients (r) are statistically significant for factors like sanction of loan in time, adequacy of loan amount, and transparency of terms and conditions.

Credit Cards have reduced the importance of cash in the market and ATMs has made the banking premises dehumanized. The behaviour of sample respondents for these two services is represented in Tables 5. The mean scores of perceptions and exceptions ranging from 2.83 to 3.44 and 2.44 to 3.24 respectively indicate a smaller gap.

Eleven out of the twelve gaps are positive indicating customer satisfaction for these parameters. Similarly, 5 correlation coefficients are significant. And six t–values are significant indicating substantial differences exist between expectations and performance of different services for the sample respondents.

The views of the respondents regarding their expectations and perceptions on administration and permission of the banks are presented in Table-6. The views of the respondents under eight parameters are collected. The table indicates all the values are in the upper side (mid-value is 2.50) and expectations are lower than perceptions, except the parameter of sitting place.

Conclusion

Loyal customers are considered to be the key to survival and success in many service businesses, in particular in the banking sector. The commercial banking industry in India like many other financial service industries is facing a enormous dynamic market, update technologies, economic irregularities, sharp competition and more demanding customers. After opening up the financial sector to the global players, Indian banking sector faces enormous challenges of attracting and retaining customers. Developing a product for the customers without knowing what customer expects is futile. UBI is not lagging far behind to match the customer's expectations. It is also found that customers' perceptions and expectations are reflected in the financial performance of the banks also.

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Table 1 Customer Profile (Collected through Market Survey)			
Parameters		**Frequency**	**Percentage**
Age	Below 30 years	00	00
	30-40 years	27	18.4
	40-60 years	72	49.0
	60 years and above	48	32.7
Education	Up to HSC	36	24.5
	Graduate	78	53.1
	Post Graduate	30	20.4
	Professional	03	2.0
Gender	Male	102	69.4
	Female	45	30.6
Occupation	Salaried	30	20.4
	Self-employed	39	26.5
	Professional	09	6.1
	Business	69	46.9
	Student	00	00
	Retired	00	00
	Housewife	00	00
Type of A/C in Main Bank (UBI)	Saving	92	62.58
	Current	27	18.36
	Fixed Deposits	21	14.28
	Others	07	4.76
Type of A/C in Other Banks	Saving	72	49.0
	Current	75	51.0
	Cash Credit	00	00
	Others	00	00
Total		147	100

Table 2 Reasons for Opening Account (Collected through Market Survey) (figures are in percentage)

Types of Bank	Reasons									
	a	b	c	d	e	f	g	H	i	J
Main Bank (UBI)	0.00	1.36	55.78	3.4	15.64	5.44	0.00	0.00	18.36	0.00
Other Bank	14.96	2.72	12.24	0.00	51.70	4.08	0.00	0.00	10.88	3.40

a.- Convenient Working Hours b- Proximity to Office / Home c- Attractive Financial Products
d- Company Salary Accounts e- Availability of ATMs f- Excellent Customer Service
g- Recommended by Friends h – No Other Banks Nearby i – Overall Excellent Reputation
j- Others

Table 3 Customers' Expectations and Perceptions on Deposit Accounts (Collected and calculated by the Authors)

Parameters	Mean Score			Correlation	t-value
	Perception	Expectation	Gap (P-E)		
Quick A/C Opening	2.63	3	-0.37	0.092	3.444*
Updation of Pass Book	2.79	2.67	0.12	0.59	-1.109
Issue of Cheque Book	2.91	2.93	-0.02	0.013	0.158
Quick Transactions of Cash	2.81	2.85	-0.04	0.178*	0.407
Clearance of Outstation Cheque	2.65	2.71	-0.06	0.185*	0.576
Intimation of Maturity	2.87	2.79	0.08	-0.189*	-0.678

* 5% Level of Significance

Table 4 Customers' Expectations and Perceptions on Loan Accounts (Collected and calculated by the Authors)

Parameters	Mean Score			Correlation	t-value
	Perception	Expectation	Gap (P-E)		
Guidance and Counselling	2.57	3.12	-0.55	-0.028	4.524*
Sanction of Loan in Time	2.69	2.75	-0.06	-0.374*	0.453
Easy Documentation	2.81	2.79	0.02	-0.089	-0.177
Adequate Amount of Loan	3.02	2.59	0.43	-0.199*	-3.555*
Competitive Rate of Interest	2.81	2.71	0.1	-0.107	-0.80
Easy Payment Schedule	2.87	2.97	-0.1	0.065	0.95
Transparency of Terms and Conditions	2.83	2.46	0.37	0.202*	-3.532*

* 5% Level of Significance

Table 5 Customers' Expectations and Perceptions on ATM, and Credit Cards
(Collected and calculated by the Authors)

Parameters	Mean Score			Correlation	t-value
	Perception	Expectation	Gap (P-E)		
Network, Spread & No. of ATMs	2.91	2.77	0.14	-0.101	-1.152
Service Enabled through ATMs	3.16	2.63	0.53	-0.075	-4.779*
Location of ATMs	3.06	2.95	0.11	0.195*	-1.215
Safety and Security	3.34	2.77	0.57	-0.069	-5.861*
Easy Access to ATMs	2.83	2.93	-0.1	-0.140	0.907
Adequate Cheque Drop Boxes	3.30	2.95	0.35	0.150	-4.027*
Prompt Issue of Credit / ATM Cards	3.04	2.59	0.45	-0.314*	-3.914*
Timely Renewal of Credit Card	3.36	2.91	0.45	-0.202*	-4.000*
Accuracy of Monthly Statements	3.38	2.44	0.94	0.126	-9.436*
Receipt of Monthly Statement in Time	3.32	3.24	0.08	-0.378*	-0.774
Transparency in Service Charges	3.44	2.91	0.53	-0.385*	-5.011
Wide Acceptability of Card	3.18	3.10	0.08	0.066	-0.894

* 5% Level of Significance

Table 6 Customers' Expectations and Perceptions on Administration and Premises of Banks
(Collected and calculated by the Authors)

Parameters	Mean Score			Correlation	t-value
	Perception	Expectation	Gap (P-E)		
Adequacy of Premises	3.14	3.42	-0.28	-0.057	2.736*
Proper Sitting Place to Customers	3.28	3.10	0.18	-0.301*	-1.499
Location of the Branch	3.24	3.42	-0.18	-0.006	2.088*
Overall Ambience and Getup	2.91	3.30	-0.39	-0.204*	3.389*
Suitable Sign Boards	2.61	3.32	-0.71	-0.133	5.982*
Enquiry Counter	2.71	2.79	-0.08	0.143	0.699
Availability of Stationery	2.89	3.12	-0.23	0.014	2.018*
Adequate Lighting and Parking Facility	2.89	3.42	-0.53	0.217*	6.334*

* 5% Level of Significance

TREND AND PROGRESS OF BANKING IN INDIA WITH SPECIAL REFERENCE TO PERFORMANCE OF COMMERCIAL BANKS: A CONTEMPORARY SERVICE DELIVERY PERSPECTIVE

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Abstract

Commercial Banks play a significant role in the economy, making up one of the biggest provider of services in the Indian economy. Hence providing better service that results in better financial performance by the banks as also higher customer satisfaction is all the more important. The aim of this study will be the introspection of this vital role played by the commercial banks in India. Both private sector banks and public sector banks have a major stake in the growth and development of financial system in India and they are also instrumental in the realization of the great Indian dream. The study will focus on whether the banks have been able to do that in the recent past and whether the data supports that growth and development. The performance record of all the major commercial banks in India through secondary data collection using records that have been published in major business news papers in recent past will be used towards this study. The records will be studied systematically which ultimately will throw light on the service provided by those banks in recent days. Through this study we will also be able to anticipate the future trends and the steps that need to be taken for realization of further improved financial performance leading to better growth experienced and better customer satisfaction achieved.

Part-I

INTRODUCTION

According to some globally acclaimed investment bankers, the world's financial system is prone to crisis after every certain period. By 2015, the next crash after the 2008 breakdown might happen, as per some prudent forecast. To avoid this imminent crisis, the Basel Committee on Banking Supervision urges globe's banks to comply with certain norms. The Volcker Rule and Dodd-Frank Act might come here to rescue the banks worldwide.

Under this international economic scenario, it becomes imperative for Indian Commercial Banks to take prudent steps and to give excellent services at lesser costs leading to outstanding customer satisfaction that would eventually make the banks able to run on a sustainable basis. Let us consider the following table:

Table-1: Price Barometer

Country	General Inflation (%)	Food Inflation (%)	Month, 2010
India*	**10.60**	**16.49**	**May**
Sri Lanka	4.76	-	Jun
Bangladesh	8.78	10.80	Mar
Pakistan	13.10	14.80	May
Malaysia	1.61	2.50	May
Thailand	3.34	11.92	Jun
Indonesia	5.05	10.27	Jun
Philippines	4.28	3.06	May
Argentina	10.70	-	May
Brazil	4.84	-	Jun
China	3.10	6.10	May
Russia	5.80	4.50	Jun

*Based on WPI

It is seen that India's inflation is highest among developing nations. So is India waging a lone battle on the inflation front? The data given above are based upon latest available official inflation data going by Whole Sale Price Index (WPI) and Consumer Price Index (CPI). It is probably a problem unique to India, unlike in 2008 when it was part of a generalized global commodity price boom.

Inflation is an index of a country's economic strength and it is also a factor that decides growth in the external trade of a country.

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Here lies the role of a country's central bank and other regulatory bodies but most important is the role played by country's commercial banks, as in India. Mobilizing resources and deploying them for creating wealth is tantamount to huge growth in the economy and banks are expected to do their bit towards this goal. To save the country from economic doom, Indian banks should play a significant role. The roles that banks can play may be through financial policy measures to tame the inflation and keep the currency in such a state that imports and exports are encouraged that will eventually lead to country's financial strength and ultimately growth and development of the citizens of the country leading to better life. It will be tried in this paper to understand the performance of the commercial banks in India, both private and public, and the intervention of country's central bank RBI in connivance with international norms like Basel-III. And it will also be tried to conclude the paper with some conclusions that the commercial banks in India can take to increase their productivity, satisfy customers on all counts and deliver excellent service that will amount to the enormous financial growth of the nation. Banks are a *sine qua non* in this economic endeavour.

Part-II

RECENT DEVELOPMENTS IN THE BANKING SECTOR IN INDIA

Instead of debit and credit cards, Indian banks are now contemplating to switch over to chip-based payment cards with inbuilt magnetic stripes. This multifunctional card will have greater security with features such as e-purse and loyalty programs. Soon, as part of financial inclusion, biometric smart cards will be launched.

Foreign banks have comfortably retained the top rank in terms of profits /employee according to data released by the Reserve Bank of India.

Table-2: EMPLOYEE PRODUCTIVITY

BANKS	Business / employee (Rs. cr)	Profits/employee (Rs. Lakhs)	Wages/total expenses (%)
Foreign Banks	14.5	17.1	24
Private sector banks	8.0	7.2	13
Nationalized Banks	9.5	5.7	14
SBI Group	7.3	4.6	17

(Source: RBI Profile of Banks 2009-10)

Private sector banks were way behind nationalized banks in terms of business/ employee, but miles ahead in terms of profits/ employee. Although liquidity remains tight in the financial markets, huge inflows into public sector banks were largely from corporate houses with cash surpluses and some foreign banks looking for arbitrage opportunities.

Recently a mobile van with a biometric ATM is inaugurated in an Indian Bank branch. The uniqueness of Indian Bank's mobile van is that it has a coin vending machine also. Let's see the table below giving the detail of access to finance in India (2008).

Table-3: Access to finance (2008)

Particulars	INDIA	OECD Benchmark
Demographic branch penetration (branches per 100,000 people)	6.6	10-69
Demographic ATM penetration (ATMs per 100,000 people)	3.28	47-167
Deposit accounts per 1000 people	467.35	976-1671
Loan accounts per 1000 people	89	248-513
Geographic branch penetration (branches per 1000 km)	25.49	1-159
Geographic ATM penetration (ATMs per 1000 km)	12.68	1-437

(Source: From special address at the FICCI / IBA conference by RBI Dy. Governor Dr. K.C. Chakrabarty)

Because of being stable, Indian banks are now expanding to other countries of the globe, including UK. To give better performance, banks need to have adequate security ownership of Government of India – dated securities. The table below gives the picture of security ownership by banks.

Table-4: Ownership pattern of Govt. of India – Dated securities (June, 2010)

Players	Percentage
Commercial banks	38.35
Insurance companies	22.05
RBI	9.67
Bank-PDs	9.92
Provident funds	6.56
Co-op banks	3.40
Others (MFs/FIs/FIIs)	10.25

(Source: RBI Monthly Bulletin – Sept. 2010)

All major financial players, especially public sector banks, have made substantially higher advance tax payouts for the September 15, 2010 installment. Let us see the accompanying table.

Table-5: Payout of finance biggies (In Rs. Cr)

Banks	September 15	
	2010	2009
SBI	1,924	1,832
LIC	1,067	937
HDFC Bank	600	425
ICICI Bank	600	500
HDFC	400	320

(Source: Bank/finance institutions)

Bank indices have outperformed the benchmarks- Sensex and the Nifty- by more than 100 percentage points. The table below gives the stock prices of different banks as on September 13, 2010.

Table-6: Stocks at all time high (In Rs.)

Banks	Stock Price	Banks	Stock Price
HDFC	667.95	Andhra Bank	167.65
SBI	3175	PNB	1264.8
HDFC Bank	2294	Union Bank	377
Oriental Bank	473.3	Allahabad Bank	232.5
Dena Bank	113.7	Canara Bank	589
BoB	504.4	Indian Bank	269.85
Indusind Bank	243.25	Central Bank	198.7
Axis Bank	1432.5		

(Source: BSE)

The Government has approved capital infusion of Rs. 6,121 crore in five public sector banks (PSBs) as part of efforts to shore up the Tier-I capital to a minimum of 8 percents. Let us see the table below for clarification.

Table-7: Capital Support-(In Rs. Crore)

BANK	AMOUNT
IDBI Bank	3,119
Central Bank	2,016
Bank of Maharashtra	590
UCO Bank	375
Union Bank	111

The latest round of capital infusion is part of the budgetary promise. ICICI Bank has entered into an agreement with "certain shareholders" of the BoR (Bank of Rajasthan) for amalgamation of the bank with itself with a share swap ratio of 25:118 (25 shares of ICICI for 118 shares of BoR).

Table-8: Merger Dynamics

Particulars	ICICI Bank	Bank of Rajasthan
Latest Mcap (Rs.crore)	99,125	1,471
Branches	2,009	458*
ATM	5,219	111*
No. of employees	34,596*	4,075*
Gross NPA (%)	5.06	2.8#
Capital Adequacy (%)	19.41	11.3#
Loan book (Rs. crore)	1,81,200	8,100#
Low-cost deposits (%)	41.7	27.4*
Business/employee (Rs crore)	1,154*	532*

*As of March 2009; #As of December 2009; All the other figures are as of March 31, 2010.

The RBI had appointed Deloitte Haskins and Sells as a special auditor to inspect the accounts.

Part-III

PERFORMANCE OF COMMERCIAL BANKS

STATE BANK OF INDIA

Starting with 30 outlets, SBI, in association with Oxigen Services, has launched kiosk banking in Delhi. Linking with SBI's Core Banking System, these kiosks will offer several banking services including cash deposits, withdrawal, loan, mortgage, remittance and mutual funds. The Strategic Training Unit (STU) of SBI will provide training on banking technology and e-learning to employees of the bank. SBI has also undertaken green banking initiative, partnering with Suzlon Energy. A unique scheme "SBI My Home Campaign" has been launched recently. Due to wage revision, pension and greater provision for bad loans, SBI's net profit has dropped, the details being given in the following table.

Table-9: Scorecard (In Rs. cr)

Particulars	2009-10	2008-09	Growth (%)
Net Profit	1,867	2,742	-32
Net Interest Income	6,722	4,842	39
Total Income	22,474	22,060	1.9
Net NPA	10,870	9,677	12

Loan loss provision (provision set aside as an allowance for bad loans) accounted for almost 66 percent of the total provisions at Rs. 2,167 crore. The drop in net profit is mainly on account of huge liquidity overhang of about Rs. 40,000 crore as on March 31, 2010.

HDFC BANK

HDFC Bank's net profit rose 33 percent to Rs.837 crore in the fourth quarter of 2009-10, aided by higher net interest income. Let us consider the following table:

Table-10: Financial Status of HDFC Bank (in Rs. Cr)

Particulars	Q4 2009-10	Q4 2008-09	Growth (%)
Net profit	837	631	33
Net interest income	2,351	1,852	27
Other income	904	1,115	-19
*Deposits	1,67,404	1,42,836	17
*Advances	1,27,262	1,00,206	27

*as on March 31, 2010

HDFC Bank leads in the number of transactions based on NEFT (National Electronic Funds Transfer). RBI's data reveal that HDFC customers use technology more than that of other banks. The following table illustrates this picture.

Table-11: e-transaction counter (Rs.cr)*

Banks	July		June		May	
	Transactions	Value*	Transactions	Value*	Transactions	Value*
HDFC Bank	27,09,766	18,252.13	23,87,100	15,695.31	22,60,803	13,065.58
ICICI Bank	23,13,405	7,487.75	21,10,635	6,924.65	19,99,566	6,638.46
SBI	26,07,379	22,329.92	22,24,919	11,836.06	20,01,849	19,583.94
Citibank	14,21,619	11,733.91	12,98,843	10,938.83	12,55,627	11,284.16
Axis Bank	11,45,677	6,106.18	9,99,007	4,461.96	8,84,523	5,373.93

CENTRAL BANK

Central Bank of India plans to mop up around Rs.2,500 crore through a rights issue in the current fiscal. Post the issue the capital adequacy ratio of the bank would improve to about 12 percent. Let us study the following table:

Table-12: Scorecard (in Rs. Cr)

Particulars	Q2 2010-11	Q2 2009-10	% GROWTH
Net Profit	379	314	21
Net Interest Income	1,376	574	134
Other Income	245	409	-40
Deposits (as on Sept 30,2010)	1,67,813	1,51,506	11
Advances (as on Sept 30,2010)	1,15,748	92,212	25
CAR (%)	11.65	12.23	
Net NPA (%)	0.68	0.69	
NIM (%)	3.14	1.81	
CASA deposits (%)	34.43	30.85	

This fiscal, Central Bank is targeting credit growth of 23-24 percent and deposit growth of 16 percent. The bank recently has signed a memorandum of understanding with International Finance Corporation to provide co-finance in different states.

IndusInd BANK

The table below gives data on increased net profit earned by IndusInd Bank.

Table-13: Q2 Scorecard (in Rs. Cr)

Particulars	Q2 2010-11	Q2 2009-10	% Growth
Net Profit	133	78	71
Net Interest Income	330	209	58
Other Income	175	132	32
Deposits (as on Sept. 30,2010)	31,209	22,814	37
Advances (as on Sept.30,2010)	23,452	17,583	33
CAR (%)	16.22	14.91	-
Net NPA (%)	0.36	0.98	-
NIM (%)	3.41	2.86	-
CASA deposits (%)	25.54	21.22	-

Cost of deposits has been flat at 5.99 percent (5.98 percent). Also corporate are likely to switch over from foreign loans to domestic loans as rupee-dollar premiums have gone up dramatically.

BANK OF BARODA

Let us see the following table:

Table-14: Q2 Scorecard (Rs.cr)

Particulars	2010-11	2009-10	% Growth
Net Profit	1,019	634	61
Net Interest Income	2.038	1,388	47
Other Income	681	595	14
Deposits	2,69,660	2,07,355	30
Advances	1,92,959	1,48,919	30
Net NPA (%)	0.38	0.27	-
NIM (%)	3.02	2.63	-

From Rs.634 crore in 2009, net profit of BoB increased to Rs.1,019 crore in 2010, a giant leap of 61 percent. It is attributed to better performance in all segments of assets and vibrant growth.

IDBI BANK

Propelled by a robust jump in net interest income, IDBI Bank's net profit increased by 69 percent to Rs.429 crore in the second quarter ended September 30, 2010, compared with Rs.254 crore in the corresponding quarter last year. The following table will help us understand the picture better.

Table-15: Q2 Scorecard (Rs.cr)

Particulars	2010-11	2009-10	% Growth
Net Profit	429	254	69
Net Interest Income	1,168	464	152
Other Income	492	571	-14
Deposits	1,54,305	1,30,677	18
Advances	1,30,213	1,04,993	24
Net NPA (%)	1.19	1.19	-
NIM (%)	2.27	1.0	-

With an outstanding exposure of Rs.30,000 crore to the infrastructure sector, IDBI Bank is the "first port of call" for all infrastructure project developers. Hence, it is hoped that it will get the Government's nod to float the bonds that entitle a tax payer exemption on money (Rs.20,000) invested under Section 80 CCF of the Income Tax Act.

AXIS BANK

The table below explains financial development in the bank.

Table-16: Q2 Performance (Rs.cr)

Particulars	2010-11	2009-10	% Growth
Net Profit	735	531	38
Net Interest Income	1,615	1,150	40
Other Income	1,033	1,065	-3
Deposits (as on Sept.30,2010)	1,56,887	1,15,599	36
Advances (as on Sept.30,2010)	1,10,593	81,044	36
CAR (%)	13.68	16.47	-
Net NPA (%)	0.34	0.45	-
NIM (%)	3.68	3.52	-
CASA deposits (%)	41.55	42.79	-

Net Interest Income (NII) was the greatest cause for profit and protected NIM also. Balance Sheet also worked positively. But margins in future may shrink due to pressure on deposit costs.

UNITED BANK OF INDIA

UBI experienced a lowering in net profit in 2010 as against 2009. It was because treasury operations did not yield income as was expected. The table below shows this.

Table-17: Q4 Report Card (Rs.cr)

Particulars	January-March		% Growth
	2009-10	2008-09	
Net Profit	46	135	(66)
Operating Profit	287	222	29
NII	422	272	55
Other Income	160	237	(32)

YES BANK

Robust earnings from corporate banking coupled with tight expenditure control helped YES Bank report a 19 percent increase in net profit at Rs.126 crore in the third quarter ended December 31, 2009. The following table explains this.

Table-18: Q3 Numbers (in Rs.cr)

Particulars	FY 2010	FY2009
Net Profit	125.93	105.79
Total Income	754.16	726.15
Total Expenditure	538	541.79
CAR (%)	16.19	14.57
Gross NPAs	5417	4843
Net NPAs	1617	1629
% of Gross NPAs	0.29	0.44
% of Net NPAs	0.09	0.15

To support growth in advances, the private sector bank has firmed up plans to raise $150-200 million via a qualified institutional placement and a hybrid Tier-I issue for Rs.75-85 crore.

INDIAN OVERSEAS BANK

Indian Overseas Bank has reported a 60 percent decline in net profits to Rs.127 crore for the fourth quarter compared with Rs.322 crore for the same period the previous year. This is due to fall in treasury income, higher provisioning and lower credit growth. The following table can help us understand the bank's financial status.

Table-19: Q4 Scorecard (In Rs. cr)

Particulars	2009-10	2008-09	Growth (%)
Net Profits	127	322	-60
Operating Profits	455	812	-44
Net Interest Income	820	704	16
Other Income	281	623	-55
Provisions and Contingencies	460	278	-65
Net NPA (%)	2.5	1.3	-
Net Interest Margin (%)	2.7	2.6	-
CAR (%)	14.7	13.2	-

CORPORATION BANK

As a part of financial inclusion, Corporation Bank delivers through branchless banks. Schemes such as Corp Classic, Corp Vehicle Smart, Corp Home Smart and Corp Diamond have been launched recently. To provide for financial needs of Chartered Accountants, the bank has recently tied up with Institute of Chartered Accountants of India (ICAI) with the scheme Corp CA.

RABOBANK

Rabobank of Netherlands recently sold to Yes Bank about 11 percent equity stake. The present shareholding pattern is as below.

Table-20: Shareholding Pattern

Shareholders	% Shares
Promoters	27.16
Foreign Investors#	57.58
Domestic Institutions	4.11
Retail	11.15

*As on March 31, 2010.
#Rabobank and HSBC are among the different FIIs involved.

RBI in 2004 allowed YES Bank to launch banking services. Among promoters here, Rabobank was significantly noteworthy.

UNION BANK OF INDIA

Let us see the following table.

Table-21: Scorecard (Rs. Cr)

Particulars	Q1 FY 11	Q1 FY 10	Growth %
Net Profit	303	505	-40
Net Interest Income	1,537	890	72
Other Income	509	529	-4
Deposits (as on Sept.30)	1,77,322	1,48,686	19
Advances (as on Sept. 30)	1,21,684	97,130	25
Capital Adequacy Ratio	12.53	13.76	-
NIM	3.35	2.42	-
Net NPA	1.18	0.23	-
Share of CASA deposits (%)	32.96	32.69	

Union Bank of India saw decrease in net profits in 2010 as against 2009. The 40% dip was due to higher NPAs. CASA deposits are being targeted this year.

DENA BANK

Dena Bank's net profit increased substantially due to increase in net interest income and greater growth in low cost CASA deposits. The accompanying table illustrates this.

Table-22: Scorecard (In Rs.cr)

Particulars	Q2FY11	Q2FY10	% Growth
Operating Profit	326	161	102
Provisions and Contingencies	165	37	248
Net Profit	161	125	29
Net Interest Income	465	240	94
Other Income	119	125	-5
Net Interest Margin (%)	3.52	2.28	-
CASA as a % of total deposits	39	36	-
Cost of Deposits (%)	5.54	6.36	-

There is pressure on margins due to increase in interest rate on term deposits.

INDIAN BANK

In spite of 58 percent jump in operating profits, Indian Bank reported only a 4 percent increase in net profits to Rs.410 crore in fourth quarter of 2009-10 compared with the same period the previous year due to higher provisioning. The following table helps us to understand the financial details of the bank.

Table-23: Q4 Performance (Rs.cr)

Particulars	2009-10	2008-09	Growth %
Net profits	410	394	4
Operating profits	872	553	58
Net Interest Income	934	667	40
Other Income	292	292	-
Net NPA (%)	0.23	0.18	-
Net Interest Margin (%)	3.88	3.34	-
CAR (%)	12.7	13.9	-

The bank's good performance can be seen from the growth in operating profits but higher provisions have been decided to improve the strength of the bank.

BANK OF INDIA

Higher provisioning for non-performing assets saw Bank of India's net profit decline 47 percent to Rs.428 crore during the quarter ended March 31, 2010, against Rs.810 crore in the corresponding period of the previous year. The accompanying table will throw some light on this scenario.

Table-24: Heading South (in Rs.cr)

Particulars	Q4 FY10	Q4 FY09	Growth %
Net Profit	428	810	-47
Net Interest Income	1,552	1,433	8
Other Income	723	785	-8
Deposits (as on March 31, 2010)	2,29,762	1,89,708	21
Advances (as on March 31,2010)	1,71,317	1,44,732	18
Capital adequacy ratio (%)	12.94	13.01	-
Net NPA (%)	1.31	0.44	-
Share of CASA Deposits (%)	31.75	30.76	-

The bank grew CASA by 2 percent in 2009-10.

ALLAHABAD BANK

The bank has signed a MoU with Hindustan Motors for commercial vehicle finance. Under the tie-up, the bank would become preferred financier of the vehicle manufactured by HM. Enthused by the performance of its branch in Hong Kong, the bank plans to expand its overseas operations in a big way.

VIJAYA BANK

Bangalore-based PSB Vijaya Bank, in association with money transfer company Money-Gram International, will offer real time money transfer services. The bank's performance is as given below.

Table-25: Q1 Numbers (Rs.cr)

Particulars	April-June		Growth%
	2010-11	2009-10	
Net Profit	173.48	143.38	21
Operating Profit	314.26	209.97	50
Net Interest Income	444.9	300.85	48
Gross NPAs (%)	2.32	2.94	-
Net NPAs (%)	1.35	1.58	-
CAR (%)	14.74	13.34	-

The bank's profit increased due to its massive growth in Net Interest Income.

ING VYSYA BANK

Let us see the accompanying table.

Table-26: Q1 Performance (in Rs.cr)

Particulars	April-June		Growth%
	2010-11	2009-10	
Net Profit	69.08	60.26	15
Net Interest Income	238.03	171.9	38
Other Income	124.41	159.72	-22
Provisions	43.94	48.74	-
Gross NPAs (%)	3.25	2.02	-
Net NPAs (%)	1.36	1.27	-
CAR (%)	14.54	12.55	-

Net Profit of the Bank has increased by 15 percent in Q1 of present fiscal from corresponding period in last fiscal.

CANARA BANK

Canara Bank has come out with an issue of upper Tier-II bonds to raise Rs.1,000 crore. The bank expects to ramp up its overseas operations. The third largest public sector bank is open to buying a small bank in the US. Let's see the following table.

Table-27: Infrastructure lending of major PSBs (Rs.cr):

Bank	Outstanding as on end March 2010	Outstanding as on end March 2009	Lending in 2009-10
Canara Bank	32,741	17,313	15,428
State Bank of Hyderabad	15,185	4,513	10,672
Indian Bank	12,344	5,125	7,219
IDBI Bank	24,287	18,337	5,951
Central Bank of India	12,222	6,870	5,351
UCO Bank	11,715	6,688	5,077
State Bank of India	40,118	35,108	5,010
Punjab National Bank	24,520	24,992	-472
Bank of Baroda	18,408	17,201	1,206
Bank of India	10,056	10,531	-475
Allahabad Bank	12,647	8,000	4,647

Canara Bank has topped the list of public sector banks (PSBs) in terms of largest lending to the infrastructure sector during 2009-10.

STATE BANK OF TRAVANCORE

State Bank of Travancore (SBT) has announced a revision in Base Rate and Benchmark Prime Lending Rate (BPLR). The following table illustrates this.

Table-28: New Rates (in %)

Particulars	Existing Rate	Revised Rate
Base Rate	7.75	8
BPLR	12.75	13

Provision and contingencies have dragged down the net profit of SBT by 16.58 percent to Rs.149.80 crore during the first quarter of this fiscal against the year-ago level of Rs.179.59 crore. The accompanying table gives the picture.

Table-29: Q1 Scorecard (Rs.cr):

Particulars	Q1-2010	Q1-2009	Change (%)
Net Interest Income	395.21	333.25	+18.59
Net Interest Margin (%)	2.84	2.84	-
CRAR (%)	13.21	14.40	-8.2
Gross NPA (%)	2.36	1.89	+24.86
Net NPA (%)	1.48	0.87	+70
Operating Profit	270.52	225.78	+19.81

EXIM BANK

Exim Bank got US $150 million from Bank of Tokyo-Mitsubishi UFJ and World Bank Group member IFC. Exporters to Africa will be provided finance through this corpus.

ORIENTAL BANK OF COMMERCE

To provide easy credit to small businessmen for launching new units or updating existing ones, Oriental Bank of Commerce brought Oriental Grameen Swarojgar Card (OSGC) that will help vegetable sellers, mobile shops, cobblers, blacksmiths, carpenters, barbers, beauty saloons, retail shops and milkmen.

STANDARD CHARTERED BANK

To provide new financial products, dedicated call center and special online platform, Standard Chartered Bank has started a scheme for SMEs. Presently 25 percent of bank's assets and revenues come under this segment. The global acclaim of StanChart will enable it to open branches overseas.

STATE BANK OF HYDERABAD

Debts of Maytas Infra Ltd. which is under resource problem will be restructured by SBH as a one time settlement. Some big banks being affected by NPAs, asset quality is an issue and the bank, with an upward trend on interest rates, kept its base rate unchanged at 7.75 percent for the present quarter.

Part-IV

FINANCIAL INCLUSION DRIVE BY PUBLIC SECTOR BANKS

To steer financial inclusion efforts, PSBs are going to involve villages with a population of 1000 to 2000 by the year 2012. About 73,000 villages will come under this scheme. Banks are going to serve these people through new branch opening, BCs (Business Correspondents) and branchless banking technology in rural area. An Unique Identification Project is going to help in this through socially advantageous schemes like National Rural Employment Guarantee Schemes, pensions for old age people etc. The data below explains this.

Table-30: Banks and Financial Inclusion

Banks	BANK ACCOUNTS#		BUSINESS CORRESPONDENTS	2013 TARGET	
	2008-09	2009-10		Villages	Accounts#
Axis Bank	0.55	1.25	11*	8,000	2.40
Bank of India	0.05	0.40	1,270	40,000	12.50
State Bank of India	2.06	3.83	18,000	100,000	10.00
Union Bank of India	1.59	2.42	2,600	32,000	10.00

#Figures in millions. *Axis Bank works only with institutional BCs (11 of them). It does not work with individual BCs.

Here we shall take a quick look about the technology partners in this endeavor of the Indian banks for financial inclusion. The following table will be of help.

Table-31: The Technology Partners

The Technology Partners	Business Correspondents	Client Banks	Coverage	
			Districts	Villages
A Little World	10,300	24	NA	20,000
Atom Technologies	300-400	3	8	NA
FINO	8,000	14	290	50,000
Integra Micro Systems	4,000	18	191	3,500
TCS	500	10	50	NA

NA: Not Available

Making revenues from these accounts by managing complex operation is a concern for banks. Allahabad Bank will cover 2,618 villages having population of more than 2,000 by March of 2012 and 15,549 more villages with population of less than 2,000 by the year 2014-15. Banks will involve Business Correspondents (BCs), launch mobile vans and offer smart cards, Kisan Credit Cards and small insurance and pension schemes.

UCO Bank has finalized its financial inclusion plan for providing banking services to 1,780 such villages each having population of more than 2,000 by March 2012. The bank would also extend banking services to about 8,000 villagers each with a population of 2,000 and less. The bank has launched "UCO Mobile Bank" which is a van with CBS connectivity. The bank has devised "UCO Jeevika" which carries an embedded overdraft facility in the accounts opened by the customers.

Part-V

HR ISSUES IN PUBLIC SECTOR BANKS

Huge retirements are imminent in the banking sector. PSBs (26 in total) are recruiting thousands but quality of new employees is a matter of concern. Boston Consulting Group opines that specific strength and knowledge will be missing as 80 percent of middle management and 50 percent of young executives are going to be retired. Initiatives such as "To institute discipline" and "To enhance motivation" are going to be of help. Steady talent infusion, adequate performance appraisal system, succession planning and enough career monitoring, cost adjustment, empowerment of managers, huge skill impartment, energizing non-executives and planned change management are some solutions in sight.

The Center is examining the recommendations suggested by the Khandelwal Committee – under the Chairmanship of Dr. A. K. Khandelwal, former Chairman, Bank of Baroda, - on human resource practices in public sector banks. Some key suggestions as espoused by experts are:

(i) Appointing a third Executive Director in banks with business of over Rs.3 lakh crore and with staff strength of 30,000;
(ii) Having human resource audit every two years;
(iii) Performance appraisal for Chief Managers and above (Scale 4 and above);
(iv) Creating a separate post for Chairman and Managing Director and awarding ESOP to 15 percent top performers etc.

Part-VI

e-REGISTRY PROJECT BY IBA

A central electronic registry is being formed by Indian Banks' Association (IBA). Now lenders will not be duped to give multiple loans against some collateral and common people will not be cajoled to buy the property which has already been sold to other persons. There will be data collection procedure where banks will furnish details of home loan transactions. People will have access to it as a joint venture between banks, government and National Housing Bank (NHB). 51 percent stake will go to government and NHB and banks will have 49 percent stake in the e-registry. Complementary roles will be provided by this e-registry and CIBs (Credit Information Bureaus).

Part-VII

RESERVE BANK OF INDIA- POLICIES AND PERSPECTIVES

The Reserve Bank of India is coming nearer to adopt financial stringency. The interest that banks pay to the RBI for getting funds (i.e. repo rate) and the interest that banks earn by parking surplus liquidity with the RBI (i.e. reverse repo) are presently 6 percent and 5 percent respectively. The table below throws light on this.

Table-32: Policy rates during and after global crisis

Particulars	Rates in Sept'08	Reduction as part of crisis management (Oct'08 – Sept'09) (in basis points)	Rates in Sept'09	Increase as part of calibrated exit (Oct'09-Sept'10) (in basis points)	Rates as on Sept 16,2010
CRR	9%	400	5%	100	6%
Repo	9%	425	4.75%	125	6%
Reverse Repo	6%	275	3.25%	175	5%

Due to non-traditional financial operations and policy operations to fight against economic crisis, central banks of advanced countries have balance sheet under stress. It is true for RBI also as is seen in the following table.

Table-33: RBI finances (In Rs.cr)

(July to June)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Total Income	24,690	23,186	14,324	19,028	26,320	41,040	57,751	60,732	32,884
Domestic Sources	14,704	13,359	5,220	2,049	1,782	5,887	5,868	9,936	7,782
Foreign Sources	9,986	9,827	9,104	16,979	24,538	35,153	51,883	50,796	25,103
Total Assets	4,53,571	5,19,842	6,09,762	6,82,830	8,08,820	10,01,954	14,62,983	14,08,194	15,53,026
Domestic Assets	1,86,227	1,54,813	84,873	1,06,953	90,107	1,62,059	1,64,431	1,90,653	3,88,594
Foreign Assets	2,67,333	3,65,001	5,24,865	5,75,864	7,18,701	8,39,879	12,98,552	12,17,542	11,64,431
Income to assets ratio %	5.4	4.5	2.3	2.8	3.3	4.1	3.9	4.3	2.1
Domestic income to domestic assets %	7.9	8.6	6.2	1.9	2.0	3.6	3.6	5.2	2.0
Foreign income to foreign assets %	3.7	2.7	1.7	2.9	3.4	4.2	4.0	4.2	2.2
Profit transferred to Govt. of India	10,320	8,834	5,400	5,400	8,404	11,411	15,011	25,009	18,759
as % to total assets	2.3	1.7	0.9	0.8	1.0	1.1	1.0	1.8	1.2
as % to total income	41.8	38.1	37.7	28.4	31.9	27.8	26.0	41.2	57.0

Source: Reserve Bank of India (RBI), Annual Report, various issues.

To function with autonomy, the central bank should remain sustainable in its operations because our central bank RBI does not function on a profit basis.

Domestic and foreign sources give RBI its income. After reform in 1991, foreign sources became bullish but recently, there is a reversal, as domestic sources gave RBI sizeable revenue. In 2004-05 and 2007-08, total income increased by 32.8 percent and 55.9 percent respectively but in 2008-09 it was only 5.2 percent while in 2009-10, it decreased sharply by 45.9 percent.

In 2009-10, domestic income decreased due to outgo of net interest because of massive reverse repo. Similarly, it was seen in 2003-04 that sterilization by reverse repo was huge leading to initiation of Market Stabilization Scheme (MSS).

In 2008-09, total assets decreased by 3.7 percent but increased by 10.3 percent in 2009-10. Total return on domestic and foreign assets was nearly half in 2009-10. So, surplus transferred to government also decreased from Rs.25,009 crore in 2008-09 to Rs.18,759 crore 2009-10.

If the global interest rate keeps low in the coming period, return on foreign assets will be affected. However, overall picture is positive and the situation is expected to be better in 201-11.

The RBI is considering allowing asset reconstruction companies (ARCs) to take membership of credit information companies (CICs). This is to ensure that the "defaulter" status of a borrower continues to be reflected in the records of CICs even after the sale of non-performing loans by banks to ARCs. Let us now see the records of NPAs and advances by banks, another issue of important concern.

Table-34: Gross NPAs / Gross Advances (%)

Year	Scheduled Commercial Banks	Public Sector Banks
2004-05	5.2	5.5
2005-06	3.3	3.6
2006-07	2.5	2.7
2007-08	2.3	2.2
2008-09	2.3	2.0

Table-35: Net NPAs / Net Advances (%)

Year	Scheduled Commercial Banks	Public Sector Banks
2004-05	2.0	2.1
2005-06	1.2	1.3
2006-07	1.0	1.1
2007-08	1.0	0.8
2008-09	1.1	0.7

In a poor country like India, the RBI has many responsibilities as well. It is working in tandem with FICCI and Assocham towards allowing reputed industrial houses to set up banks and also other initiatives.

Part-VIII

BASEL-III CAPITAL RATIO – THE INTERNATIONAL SCENARIO

The new Basel-III rules governing capital are not going to affect Indian banks hugely. Though the norms of Basel-III have not been calibrated yet, most Indian banks already have provision for maintaining the new regime. But shifting deduction from Tier-I and Tier-II capital to common equity may have a negative effect. Regulatory norms on capital adequacy in our country are already stringent, so, Indian banks will make a smooth transition. The banks' ability to withstand economic and financial stress is also expected to improve by complying Basel-III guidelines.

Let us see the table below.

Table-36: Regulatory capital adequacy levels – Proposed vs. Existing RBI norm (%)

Particulars	Basel-III norm (proposed)	Existing RBI norm	Indian public and private banks' aggregated capital adequacy as of March-end 2010
Common equity (CE)	4.5	3.6	9.2
Conservation Buffer (CB)	2.5	Nil	Nil
Countercyclical Buffer(CCB)	0-2.5	Nil	Nil
CE+CB+CCB	7-9.5	3.6	9.2
Tier-I (incl. the buffer)	8.5-11	6	10
Total capital (incl. the buffers)	10.5-13	9	14.5

Basel-III norms of capital adequacy are going to help banks in several dimensions. ICRA is of the opinion that any mismatch will not be allowed from proposed Basel-III norms of liquidity coverage ratio. Indian banks can very well adapt to these stipulations. Hence, it has been urged, by Mr. Nout Wellink (Chairman, Basel Committee on Banking Supervision) to lenders to implement these guidelines, as early as possible.

CONCLUSION

Banks are the major drivers in any country's economy. In India, it is all the more true. The financial stability, performing outstandingly under the stipulations made by regulatory bodies and ultimately delivering excellent customer satisfaction are the hallmarks of a good banking system. To improve on these counts, the commercial banks in India have to perform well by some key measures like reducing Non-Performing Assets (NPAs), employing correct provisioning, increasing treasury income, higher credit growth, mobilizing resources and employing them to productive processes, creating enough surplus that would eventually spur the growth of industries like mining, manufacturing, electricity and service industries and ultimately serving ordinary customers through high-end customer satisfaction are some of the measures that banks need to espouse. Keeping abreast with international developments like Basel-III and other statutory norms will help banks devising feasible solutions. True, the banks in India are resilient enough and this fact has been proved in recent global financial crisis where Indian banks have been able to sustain even in the difficult times, we should not be complacent. Rather, Indian banks should go on delivering excellent results by adopting measures, both local and global, and ultimately make the country's financial system robust, productive and immune from any liquidity crisis.

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DIRECT TAX REFORMS IN INDIA: AN OVERVIEW

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Abstract

The long standing demand of the society to simplify the direct tax laws, to make the tax laws more lucid and transparent for the benefits of the taxpayers and also for the tax administration is expected to be satisfied by the introduction of Direct Taxes Code Bill, 2009. Since after the inception of The Income Tax Act, 1961, it has been customary and a matter of regular practice to modify, restructure and revamp the tax laws in each year while passing the Finance Act in the Budget Session of the Parliament. This continuous practice of tax modifications by adding new sections, deleting ineffective sections etc. have made the tax laws more bulky, cumbersome and complex in nature to be dealt with properly by the tax administration, tax practitioners, and the common public. The prime objective of this strategy is to widen the tax base to bring more people under the tax net, to plug the loopholes of the existing tax system, to make it really effective to mobilise more tax revenue into the central exchequer, to dismantle the practice of enjoying area based tax exemptions and tax holidays so as to ensure tax equity and tax neutrality. To tackle this situation and the problems connected therewith, a big challenge has been sought to be undertaken by the Government of India to introduce the Direct Taxes Code Bill, 2009 on and from 1st April, 2011 to make the direct tax laws really effective to raise adequate tax revenue and to make it simplified and taxpayers' friendly for the greater interests of the society.

Introduction

Tax reforms in Indian tax history have been a regular feature over decades with the intention to make the tax laws simple and hassle-free. The social demand to simplify the direct tax laws so as to make it lucid and transparent for the benefits of the taxpayers is expected to be satisfied by the introduction of Direct Taxes Code Bill, 2010. Since after the inception of The Income Tax Act, 1961, it has been a matter of regular practice to reform, modify, restructure and revamp the tax laws in each year while passing the Finance Act in the Budget Session of the Parliament. This continuous practice of tax reforms by adding new sections, deleting ineffective sections etc. have made the tax laws bulky, cumbersome and complex in nature. It often creates problems to the users and the tax administration etc. The chief aim of the tax reform strategy is to widen the tax base to bring more people under the tax canopy, to plug the loopholes of the existing tax system, to make it really effective to mobilise more tax revenue into the central exchequer, to dismantle the practice of enjoying area based tax exemptions and tax holidays so as to ensure tax equity and tax neutrality. In this backdrop, a big challenge has been undertaken by the Government of India to introduce the Direct Taxes Code Bill, 2010 with effect from 1st April, 2012 to make the direct tax laws really effective to raise adequate tax revenue and to make it simplified and taxpayers' friendly for the greater interests of the common taxpayers.

History of Tax Reforms in India

The history of Tax Reforms in India is very lengthy and the systematic attempt to implement an appropriate tax system actually started in 1953 based on the report of the Taxation Enquiry Committee and it is recognized as the first comprehensive attempt to review the tax system keeping in view the overall socio-economic condition of India. Thereafter and even before, different approaches both partial as well as comprehensive were taken into consideration to make the tax laws at par with the requirements of the economy and to keep pace with the international scenario.

In 1860, during the British regime the first income tax law was introduced in dependent India to meet the resource crunch due to the historic Sepoy Mutiny of 1857. It continued for some years and in 1874, it was withdrawn. Later in 1886, new tax law was introduced and with several amendments it continued up to 1918.

In 1921, on the recommendation of "All India Income Tax Committee", the Act of 1922 was passed making income tax a central subject and the idea of assessing income of a previous year in the following year i.e. assessment year was formulated. In 1935, on the broad recommendation of the Chamber's Enquiry Committee amendment was made to introduce the concept of residential status of tax-payers for tax incidence.

Tax Reform in the Post-independence Era

Based on the major recommendations of the Direct Taxes Administration Enquiry Committee chaired by Mahavir Tyagi (1959) the comprehensive Indian Income Tax Act of 1961 was enacted to make the tax laws stable, more simple, logical and revenue oriented and also to prevent tax evasion. The report of the Select Committee (1961) was considered to empower CBDT to amend rules and clarify instructions as may be necessary from time to time for the administration of tax laws in the country.

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In 1966, Boothalingam Committee was formed to rationalise and simplify the tax structure. In 1970, Direct Taxes Enquiry Committee chaired by Mr. Justice K.N.Wanchoo was formed to tackle tax evasion and black money— (demonetization of currency was undertaken) that severely hampered the tax revenue collection and also the economic condition of the country.

The Direct Tax Law Committee was formed and it was chaired by S. C. Chokshi. In the year 1978, the committee recommended for a single direct tax law for achieving better tax administration instead of separate Income tax Act, Wealth Tax Act, Gift Tax Act etc. The major tax preferences in the case of corporate tax were investment allowance and depreciation and a variety of tax incentives for locating industries in backward and remote areas, for setting up industries in special economic zones etc. The result of these allowances and incentives influenced the corporate sector greatly and in fact, the corporate sector enjoyed the full advantage of those generous concessions and tax holidays to avoid their tax liability. This created a major deadlock in the economy and to tackle these 'zero-tax' companies the ideology of Minimum Alternate Tax (MAT) was implemented in the year 1997-98 whereby companies are made liable to pay a minimum amount of tax based on their book profits.

In 1991, a systematic and broad based attempt of tax reform was felt because of the initiation of the market based economic reform and accordingly the Raja J. Chelliah Committee was formed to ensure tax equity, to streamline tax laws for better compliance. The committee laid out a framework and a roadmap for reform of both direct and indirect taxes as a part of the structural reform process. Some major steps were recommended like broadening of tax base, simplification of tax laws, lowering marginal tax rate etc. to make the tax administration and tax enforcement process more effective and also for making the tax system transparent, less burdensome as well as to ensure tax equity. In1997, Tax Reforms Committee (TRC) was formed to simplify tax laws further. In 2003, Kelkar Tax Force was formed for extensive review of entire tax laws both direct and indirect taxes to make tax laws simple, hassle-free, tax-payers'-friendly and revenue generative for the benefit of the country to provide necessary fund out of tax revenue collection for different public expenditure programmes in the society.

Impact of Tax Reforms

The different tax reforms measures so undertaken in different years have made some positive impact on the economy so far as tax revenue collection is concerned, on the taxpayers so far as their tendency to voluntarily comply with the tax legislation by paying regular advance tax, self-assessment tax, filing of voluntary returns of income etc. are concerned. From Fig.-1 it is established that there has been an increasing trend over years in filing of returns. Fig. 2 highlights the overall international picture of threshold limits of taxable income followed in different parts of the globe. It is observed there from that the threshold limit of taxable income in India is not so satisfactory and a taxpayer for having taxable income above Rs. 160000 will be liable to pay tax but in case of other world economies the limit is set at high so that one will be liable to pay tax only when income exceeds Rs. 2.5 lakh (USA, Australia), Rs. 4.5 lakh (UK) etc.

Fig.-1: Impact of Revision in Tax Slabs and Easier Filing Norms

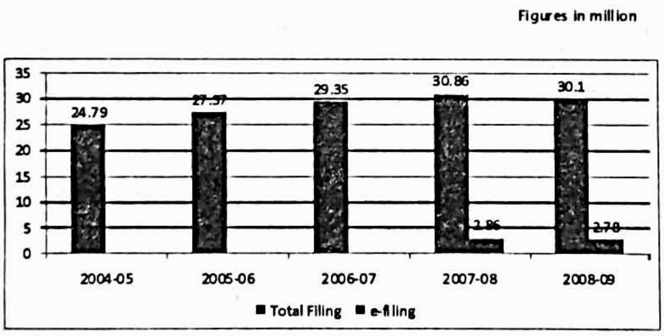
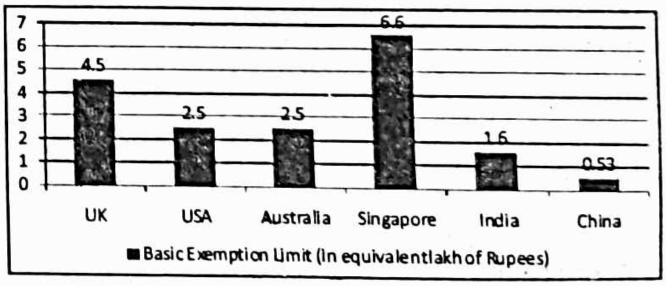


Fig.-2: International Comparison of Threshold Limits



However, this high level of threshold limit in India has been recommended keeping in view the requirement of overall tax revenue generation for the sake of the economy.

Change in Personal Income Tax Liability

The DTC, 2010 has planned for reducing the personal income tax liability of the individual taxpayers by increasing the tax slabs. The burden of income tax liability of the individual taxpayers has been sought to be alleviated under the DTC regime by increasing the tax slabs while keeping intact the tax rates structure. The noble mission behind this approach to relinquish the individuals' tax burden is to address the public demand as well as to stabilise the income tax regime by widening the tax base keeping in view the international personal tax policy. The basic exemption limits of personal taxable income of individuals, women and senior citizens have been increased to Rs. 2.0 lakh for both individuals and women assesses and Rs.2.5 for senior citizens as against the current limits of Rs. 1.6 lakh, 1.9 lakh and Rs. 2.4 lakh respectively for individuals, women and senior citizens. While under the existing tax laws (applicable for the financial year 2010-11), the tax slabs and rates of income tax applicable are: for individuals - 10% for taxable income from Rs. 1.6 lakh to Rs. 5.0 lakh, 20% for taxable income from Rs. 5.0 lakh to Rs. 8.0 lakh and 30% for taxable income above Rs. 8.0 lakh, under the DTC regime, the tax slabs have been scheduled as follows:

- for taxable income from Rs. 2.0 lakh to Rs. 5.0 lakh—10%,
- for taxable income ranging from Rs. 5.0 lakh to Rs. 10.0 lakh—20%, and
- for taxable income exceeding Rs. 10.0 lakh—30%.

Whereas in the existing tax system (as applicable for the financial year 2010-11), an individual taxpayer with a total income of Rs. 10 lakh and enjoying full investment ceiling of Rs. 1.20 lakh in the prescribed savings mentioned under section 80C would have to pay tax of Rs. 1,18,000 without education cess; under the DTC regime the individual's tax liability will be reduced to Rs. 1,00,000 only by taking full advantage of tax savings deposits of Rs. 1.5 lakh as proposed under section 66 and section 67 of the new tax code registering a tax saving of Rs. 18,000 in the hands of the individual taxpayer.

The impact of change in the personal tax liability on the advent of the DTC regime will be highly motivating to voluntary tax compliance. The individual taxpayers with lower tax burden will be really happy with the new tax system (DTC, 2010) since they are boredom with their present tax liability which is one of the highest burdensome and painstaking in nature prevailing in the globe. The individual taxpayers will obviously welcome the new tax proposals since it will not only lessen their unduly burden of tax but at the same time will substantially increase their purchasing power because of having excess disposable income after meeting the reduced tax liability.

This magnificent increase in the purchasing powers of the individual taxpayers will be a mixed blessing for the depressed industrial sectors to recover from their industrial slowdown. The economy as a whole will get the necessary fillip to achieve industrial development and to tackle global meltdown and thus to ameliorate the socio-economic condition. The demand for the FMCG will be accelerated significantly for which industrial growth will be zoomed up. However, this decrease in individual tax liability under the new DTC deal will be exerting an adverse impact on the central exchequer by restricting the inflow of personal tax mobilisation into the central fund which in turn may destabilize the government's strategic public expenditure programme.

Change in Corporate Tax Policy

After a thorough discussion with different interest groups, chamber of commerce, corporate sector etc. the DTC, 2010 has reinstated the corporate tax rate at 30% as against its draft proposal to introduce a uniform rate of tax @ 25% for both the domestic as well as the foreign companies. However, the corporate sector is now free from the liability of surcharge and education cess under the DTC regime.

The restoration of the corporate tax rate at 30% and discontinuation of the surcharge and cess under the DTC regime as against present practice of charging company surcharge of 7.5% will be highly appreciated by the India Inc. and the reduction of tax bill will definitely comfort the corporate sector and will boost up the corporate growth and prosperity as a result of which employment opportunity in the society will be geared up and the socio-economic growth trajectory will show an upward trend. Over and above this, the reduction in corporate tax liability due to discontinuation of surcharge and education cess under the new tax deal will attract the foreign investors in the national frontier to enter into the Indian capital market for which the Indian economy will be ultimately benefited because of the inflow of foreign capital and foreign direct investment in the Indian corporate sector.

Change in Minimum Alternate Tax

The Direct Taxes Code, 2010 in its draft proposed for a substantial change in the computation of Minimum Alternate Tax (MAT). In the draft DTC, the MAT liability computation has been proposed to be shifted from 'book profit basis' to 'gross asset basis' and to be imposed at 2% on the 'gross value of assets as on the last day of the relevant previous year' in case of companies other than banking companies in which case the MAT rate has been prescribed at 0.25% as against the existing rate of 18% on book profits for computing MAT liability. This shift of MAT computation from 'book profits' to 'gross value of assets' has no cogent rationale though it is argued in the draft DTC and its discussion paper that this method of MAT computation will inspire the corporate world to effectively use the assets and to give vent for optimum utilisation of available assets for the best interests of the corporate and the society as a whole and will act as an incentive for asset efficiency.

The draft MAT policy faced massive criticism and animadversion from corporate houses, tax experts' etc. on the grounds of devastating impact on to discourage the corporate sector to carry on capital intensive and long gestation period projects, disincentive in nature since a company may have to pay tax under the new MAT system even if it incurs loss and dampening and precarious in nature because of the fact that there will be MAT liability on the value of assets while there may not be profits. And accordingly in the final shape of the DTC, 2010, the MAT policy has been restored at its original base though the rate of MAT has been increased from 18% to 20% of book profit.

The increased MAT rate will usher tax burden on the corporate bodies. The tax mobilisation into the central exchequer will be favourable for the economy for the increased arte of MAT and the loss of revenue for the discontinuation of company surcharge and cess may be compensated to some extent.

Tax Incentives on Savings of Individuals

The DTC, 2010 has thoroughly overhauled and critically reviewed the existing tax incentives on savings etc. to make the tax laws compatible and less distorting. Based on the wide recommendations of The Parliamentary Standing Committee on Finance, the new code has repealed the existing section 80C by introducing sections 69, 70, 71 and 72 whereby the overall deduction has been raised from Rs. 1.20 lakh to 1.50 lakh. The popular investment deduction scheme presently available under section 80C has been restricted to contribution to Provident Fund, Public Provident Fund, Pension Fund, Life Insurance Premiums and Children's Tuition Fees only under the new tax policy. Taking a volte face from the draft proposal to disallow interest on home loan scheme, the Direct Taxes Code, 2010 has reinstated the popular exemption on interest on home loan including repayment of principal amount of Rs.1.50 lakh as is in vogue in the present tax system. The reconsideration of the popular scheme for interest on home loan with the noble mission of the socialistic pattern of society like ours to provide amongst others 'Home for All' will be highly welcomed by all.

Rescheduling of EEE

The much-awaited proposal of Exempt-Exempt-Taxation (EET) method of taxation of savings in different instruments like PF, PPF, LIC Policy etc. at the time of withdrawal has been totally discarded in the final shape of the DTC and EEE method of taxation has been reinstated with much fervour and zeal.

The reconsideration of EEE method of taxation will obviously ensure the taxpayers and they need not have to be worried about the dangers of EET since in the draft DTC Bill, EET was recommended to be introduced. The investment habits of the individual and the household sectors in small savings will be continued to be practised and restored by reinstating EEE.

Tax Incentives for Business

The Direct Taxes Code, 2010 has proposed a shift from the profit-based incentives to investment-based incentives for the business enterprises considering profit-based incentives inefficient and regressive in nature to generate tax revenues. Under the new tax regime, business enterprises will be allowed to recover all capital expenditure (except expenditure on land, goodwill and financial instrument) and will be liable to income tax on profits made thereafter. The period that may be required in recovering all capital expenditure will be regarded as the period of tax holiday and this tax holiday will be applicable to the specified business enterprises engaged in exploration and production of mineral oil and natural gas; developing a special economic zone (SEZ); generation, transmission/distribution of power; developing, operating and maintaining any infrastructural facility etc.

Over and above this, the new tax system has dismantled the practice of area-based tax incentives available under the existing laws on the premises that the area-based incentives very often aggravates regional disparities instead of alleviating the regional imbalances/disparities and they instigate tax avoidance and tax evasion significantly. As such, under the new tax regime all the area-based incentives like setting up plants in a backward area or in the north-eastern zone with investment-linked incentives in specific sectors have been proposed to be completely abolished.

Under the new tax system, a comprehensive proposal has been taken to make the business reorganisations totally tax-neutral. It has been proposed that the successor companies will be eligible to carry forward and set off the unabsorbed accumulated losses of the predecessor entities, whether incorporated or not, subject to satisfying some specific conditions for an unlimited period.

The repealing of tax incentives for business houses will have the dominating impact on the corporate entities to rethink investment decisions and bolstering practices of enjoying tax holidays etc. by running businesses. The discontinuance of area based tax incentives as a disillusionment from the existing system may mull and exacerbate the regional disparity of the country since there are pockets in the widespread hinterlands of India which are not developed at par with other areas for reasons whatsoever and where people are poor, highly distressed and downtrodden, socially marginalized and are lacking for social mainstreaming for which area based tax incentives may be the best alternative.

Change in the Wealth Tax

The Direct Taxes Code, 2010 has proposed to bring Wealth Tax Act under a single code of the DTC and has made substantial changes in the existing wealth tax laws by extending the current net wealth exemption limit to Rs. 1 crore and has kept the wealth tax rate intact at 1 per cent. In a drastic measure, the new tax system has proposed to include financial assets like any equity or preference shares held by a resident in a controlled foreign company. The wealth tax mobilization will be geared up by dint of widening the tax base in the form of including financial assets under the net wealth.

Conclusion

A large number of tax reforms have undertaken in different years both before and after the independence of India with the noble mission to make the tax laws really helpful to raise adequate tax revenue and to make it taxpayers' friendly. The new Direct Taxes Code, 2010 is the latest such attempt which has been proposed to tackle all the discrepancies prevailing in the existing tax laws by reshuffling and dismantling the indiscriminate tax exemptions/ incentives to make the tax laws a vibrant one to satisfy the long established demands of the taxpayers to make the tax laws easy, less cumbersome and to reconstitute the tax laws as a hassle-free, transparent and a really prudent one to raise adequate tax revenue for the greater interest of the society at large. The introduction of the Direct Taxes Code, 2010 w.e.f. 01.04.2012 is expected to usher a new tax regime coupled with the spirit of transparency and harmony in the tax system. However, it should be borne in mind that the blatant waves of internationalization of tax policy may jeopardize the inland tax policy and may become a serious mismatch. Therefore, the DTC should be implemented with due care so as not to make it impulsive and perfunctory in nature keeping in view the socio-economic status of the economy.

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FINANCIAL ANALYSIS OF BANK LENNDING IN LIBERALISED ECONOMY : ANANALYSIS IN INDIAN PERSPECTIVES

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Abstract

During last sixty years India has created a diversified industrial sector maintaining average 5.3% annual growth rate in first three decades and 6.9 % annual growth rate in next three decades. In this process of industrial growth in post independence era, in first two decades lead was taken by public sectors and in last four decades private sectors had massively come forward with subsequent capital investment.

Since the beginning of decade of ninety, because of enactment of several non regulatory policy by Government of India as well as change in global business environment, opportunities of flexibilities was observed to be coming up on global basis leading to an era of liberalized economy.

Also in this process, several systems and mechanisms had come up in industrial financing leading to availability of several sources of finance comprising of Government and Private investors in this newly developed financial market. The cost of this finance also varied widely, somewhere between an average cost of 10% to as high as 25% depending upon terms and conditions of credit market. The public sector banks had been the main player in this market.

The public sector banks with their policy of "Bucket Filling" source of finance had been the main and most trusted source of fund for the process of national industrial development except for several specific situations like high inflations. Indian nationalized banks under the supervision of RBI had undertaken "investment friendly" credit policy with availability of low cost fund for individual investment purpose.

Investors seeking fund had been much analytical in nature over selection of source of finance and there had been different purposes and methods of utilization of this fund. It had been observed that public money offered to investors at a competitive rate (competition even with private financiers) had not been optimally utilized to generate optimum national income by these investors. Return out of this public money, thus invested, had not been maximized. Instead of satisfying the national interest, the investors had satisfied their individual or organizational interest.

The public financing institutes, specially the banks need to suitably analyze each lending activity and the lending activities in general so that it satisfies the national objective as well as the financial objective for which bank lending process is encouraged by Government in most efficiently satisfied keeping the eye towards the environment of liberalized economy.

Key words: Liberalized economy, globalization, business environment, credit market.

Introduction

In fact the frame work of Indian economic policy was formulated by Pandit Nehru in 1950s in terms of democratic socialization. The chief planks of this policy were: i) the state shall own and/or manage the heavy infrastructure and financial sectors of the economy; ii) private sector shall be regulated by the state with respect to investment, access to key inputs and credit production process, profit, wages and working condition, iii) eradication of poverty and social justice and iv) system of public administration through bureaucrats who would be accountable to elected government.

In this context it may be useful to examine in general the expectations of the existing Indian industry from banks expressed on various occasions in recent years. The most popular expectation is availability of easy and cheap credit from banks. Indian industrialization has always explained against the national policies which they think are aimed at dear and tight money.

Private Sector and Liberalization and Globalizing Policy

With the advent of new policy of liberalization and globalization, particularly since 1991, the Indian corporate sector has been subjected to an entirely new environment vis-à-vis the past era of strict commands and controls. In the preceding four and a half decades they learnt to live as renters on the commands and favors of the political bosses and bureaucrats. Not only resource allocation and investment decisions, but also small details like what, where, and how much to produce; how, when, where and whom to sell and at what prices, were all were decided by the Government. This obviously resulted into collapse of self confidence, stifling of initiative and decision making skills of

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Indian corporate magnets, which are mostly family managed houses.

Role of Bank Credit

It also follows that a large part of incremental bank credit both long term and short term, will have to go to the newly growing segments of industry and the share of existing industry will keep declining. However, in view of the mega character of infrastructure and the knowledge based industrial projects, demand of credit from banks would rise faster and provide an entirely new and wide range of clientele to the banks and syndication of mega loan. It is really a debatable issue whether it is possible in India for the banks to lend at 7 to 9 percent and pay depositors only 3 to 5 percent interest when inflation rate is likely to continue to be higher. Moreover, it is also interesting to find that in recent years a company had been getting credit from banks at about 16% and at the same time, it had also been getting money from inter-corporate market at about 22 percent with provisions of a panel change of 3 percent if money is not returned within the stipulated period of six months. This is a big anomaly and needs serious thinking and plausible explanation.

Professionalization of Credit in Business – The Delivery System

A big challenge for banks in coming days will be mobilizing more and more deposits at lower and lower costs. Banks need to prepare themselves to handle mega projects and also to deal on day to day basis with mega corporations. Present system of consortium may soon breakdown and multiple banking may become more popular. That would provide sharper edge to competition.

Indian banking is necessary to be transformed from highly regulated to fully liberalize micro level operation. At the same time, it should also be seen as a learning process where bankers learn that professionalism is based on a large measure of ethical commitment. Bankers need to be protected for their genuine errors of judgement. But let there be no doubt about the fact that this protection would have to be earned and not merely claimed.

Liberalized Era and New Focus of Bank Lending

Liberalized banking necessitates a new focus in bank lending. During the last three decades India has developed an impressive network of financial institutions, mainly in public, cooperative and private sectors. Some of these are national level institutes while others are state level and serving diverse economic sectors such as industry, agriculture, small and tiny units, export housing and sick industries. These financial sector developments since 1969 can be broadly divided into three related but distinct phases: Expansion phase from 1969 to 1985; Consolidation and liberalization phase from 1985to 1981, and Liberalization and financial sector reforms phase from 1991 onward.

Expansion phase (1969-1985) Due to strong impetus provided by the nationalization of 14 major commercial banks in July 1969 and another six banks in April 1980, the sixteen year period from 1969 to 1985 saw phenomenal expansion and diversification of commercial banking system in India. This is clear from following table:

Banking industry in India witnessed spectacular growth during a decade and half after nationalization of 14 banks in July "69. This is clear from the table that branch network recorded compounded growth of 10.03% per anum, deposits by 20.44%,

Table-1: All Scheduled Commercial Banks of India (Amounts in rupees)

	June (1969)	December (1985)	March (1991)	March (1996)
1.Number of branches	8262	40,414 (10.13)	60,113 (6.50)	62,859 (0.90)
2.Aggregate deposits	4446	101.871 (20.44).	192.542 (10.63)	432,345 (17.50)
3.Bank credit	3599	60,945 (18.58)	116.301 (10.80)	242,309 (15.80)
4.Priority sector credit	504	20,190 (25.06)	42,915 (15.14)	64,141 (10.57)
5.Credit deposit ratio	77.5	59.8	60.00	56.00

Figures in brackets denote annual compound rate of growth.

credit by 18.58%, priority credit by more than 25% annually during this phase. During the second phase (1985- 1991) of consolidation there was marked deceleration of growth on all the four key performance areas of branch expansion(6.5%), deposits (10.6%), credit (10.8%), and priority credit (15.4%). In the 3rd phase there were some pick up in the growth of deposits and credit as against 2nd phase, but compared to 1st phase the annual growth was still quite lower on all the four parameters.

Innovation in Regard to Money Market

A number of steps were taken to activate and develop money market in India. These, inter alias, include:

- Introduction of 182 days Treasury bill on an auction basis.
- Lowering of bill discounting rate.

➢ Setting up of Discount and Finance House of India (DFH), to develop active secondary market instrument.

➢ Introduction of inter-bank participation (a) with risk and (b) without risk.

➢ Removal of interest rate ceiling on calls and notice money, inter-bank term money, rediscounting of commercial bill.

Introduction of two new money market instruments, namely – certificate of deposits (CD) and Commercial Paper (CP) – the former to provide the market determined interest rate on bulk deposits and later to enable prime borrowers to raise short term funds from market at competitive rates.

Appraisal of Credit Worthiness and Credit Rating

Since 1975 credit appraisal in India aims at calculation need based maximum permissible bank finance (MPBF) on the basis of certain norms for various chargeable current assets and the agreed projected sales of borrowal units. But it is now found inadequate to cope with the challenges thrown by the new policy of deregulation, liberalization and globalization. It is increasingly felt that the new focus of the credit appraisal has to be now towards the following three critical factors:

1. Credit risk and credit worthiness- based rating system
2. Production differentiation
3. Differential pricing policy.

Credit Rating Based on Risk and Credit Worthiness Analysis

Credit rating of a borrowed company relates to future which is uncertain, while measuring the risk involved in lending, banker has to assess the chances of repayment of the proposed loan with interest in time by the prospective borrowed company. It is a sort of risk measuring exercise. In other words, risk measurement by a bank in regard to a prospective borrowed unit involves gathering information on the probability of that prospective loan assets remaining "standard" and performing in nature. The collection of such relevant data and information may entail detailed analysis of the following basic parameters:

A. Financial Parameters

i) Credit worthiness test

ii) Continued credit worthiness test

iii) Account policy and quality account

iv) Financial contingency plan and cash flow adequacy.

Continued Credit Worthiness Test

Healthy ratios of previous year 5s cannot be taken as indicators of future continued credit worthiness of the company. Net worth of a company is a 'stock' concept and profit is a 'flow' concept. A company can continue to maintain its credit worthiness in future only when it is able to maintain good profitability. The following profitability ratios may be useful in this regards:

1. Margin Ratio = Operating Profit Before Interest and Taxes (OPBIT)/ Sales

2. Return on Investment = OPBIT/ Total Capital Employed (NWC+Total Outside Liabilities)

3. Profitability Ratio =Net Profit Retained in Business / Net Profit After Tax

Price Differentiation: There can be differential pricing policy for various types of loan products, based on some rational and transparent criteria. These criteria can be as follows:

- **Credit Rating Criteria:** The best rated clients such as blue chip corporate sectors can be charged the lowest rate of interest, say prime rate plus tax, and successively lower rated ones would be charged increasingly higher rates of interest due to loading of risk premium, which would not be within the maximum prescribed based of interest from the prime rate of interest

- **Conduct of the Account:** There may be at least the following eight parameters relating to financial discipline observed by the company for pricing loan products:

a) Punctual submission of information as per Quarterly Information System (QIS) within the prescribed time and also submission of monthly stock statements.
b) Timely submission of renewal papers, latest within 12 months from the date of last sanction/review/ renewal.
c) Achievement of net sales projected in last year.
d) Compliance of inventory norms.
e) Timely repayment of term loan installments and interests.
f) Submission of complete audited balance sheet within 4 to 6 months from balance sheet date.
g) General compliance of term and conditions of sanction.
h) Retrial of bill/bills and IC/Invocation of bank guarantee fee.

- **Repayment Period Criteria:** Longer the duration of loan, higher may be the interest rate of loading of risk premium for future uncertainties.

Conclusion

A few things are evident from the foregoing discussion- i) the policy of economic liberalization and financial sector reforms have already releasing the forces of intense competition for the banks in India. To survive and grow in this emerging scenario, they have to develop a professional character like foreign banks, and inculcate among their staff a high sense of customer orientation. Ii) they have to recognize and restructure their credit department on suitable lines, iii) they have to computerize the selected branches responsible for handling bigger advances and arm them with all modern gadgets, aids and information technology.

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IMPACT OF INVESTMENT IN GROSS BLOCK ON VALUE ADDITION : A STUDY OF SELECTED PUBLIC SECTORS IN INDIA

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Introduction

The Public Sector Enterprises in India have been under constant vigil of the Central Government to look for and decide how much public fund can be invested in them to make them really competent to add value to the society by way of rendering adequate services for the betterment of the society. Keeping in view the socio-economic pattern of the economy and also in commensurate with the pressing needs and aspirations of the general public, the Government of India laid greater emphasis by investing a large amount of public fund in public sector enterprises on a regular basis to boost industrial development of India as a major drive to attain economic development. With the noble intention to add value to the society by the Central Public Sectors Enterprises (CPSEs) through contribution to the central exchequer in the form tax payments- both direct and indirect taxes, internal resource generation for mobilization of fund for investment purposes in public works, by providing employment opportunities to the huge number of unemployed youth in the society, by proving help to eradicate poverty and to alleviate disparity in income distribution etc., the Central Government has accorded top priority in its different plan periods to invest more of public fund in setting up public enterprises in India basically in the core and strategic sectors of the economy to boost up the process of industrialization and economic development.

A large portion of public fund has actually been invested in different public sector enterprises under the various Five-Year Plan Periods as a deliberate policy matter of the Government of India so as to make the public sector enterprises financially prudent to keep pace with the latest technological advancement and also to vie with other market players in the capital investment projects. The basic intention behind this strategic approach to provide large investment of public money in CPSEs in India is to help the public sectors to work at par with the private sectors and to give a fillip to the economy to go ahead successfully for the best interest of the society as a whole and its diversified people living at different hinterlands of the country. Thus, the question naturally arises how far the Public Sectors have been able to add value to the society in consideration of huge investment of public fund made at their disposal under the aegis of the Government of India. It is thus imperative to study and analyze the significant relationship, if any, that may exist between the value additions made by the selected public sectors in India and the investment made in the gross block of the selected public sectors by the Government of India out of public money raised through various measures as well as to focus the economic justification of providing continuing support in the capital formation of the existing public sectors in India keeping in view the moral obligation of the public sectors to add value to serve the society and its diversified stakeholders.

Purpose of the Study

The main objective of the study is to measure how much the value addition is influenced by the investment in gross block (GB). The study has the following objectives:

i) To measure the amount of investment in gross block of the selected public sectors in India and compare this amount with the amount of investment in gross block of the Central Public Sector Enterprises (CPSEs) as a whole in India during the period from 1999-2000 to 2008-09 by using simple mathematical techniques i.e. percentage and average.

ii) To assess the amount of value additions of the selected public sectors in India and compare it with the amount of value additions of the Central Public Sector Enterprises (CPSEs) as a whole in India during the said period by using simple mathematical techniques i.e. percentage and average.

iii) To measure the impact of investment in gross block on the value additions of the selected public sectors in India by computing various correlation coefficients.

iv) To judge the influence of the investment in gross block on the value additions of the selected public sectors in India under study by applying simple regression technique.

Conceptual Framework of Value Addition

The term 'value addition' is highly relevant for enterprises engaged in the manufacturing activities. The basic concept of value addition lies on the lines that whatever materials and other inputs are utilized in the production process is rigorously considered to assess the changes in their values. It is quite obvious to realize that materials and others used for production

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purposes substantially change their forms and are converted into new form having new utility than before. This concept of significant change in form, type, intrinsic value etc. of different materials or inputs fortified with some extra or additional quality in terms of consumption or utility in a more compact and robust manner is characterized as value addition. The value addition by an enterprise during a particular period may be highlighted as follows:

Value Added = Sales (net of excise duty) – Cost of items bought from outside and processed.

But in a period of zero sales with high production, the above equation would show a 'negative value added figure'. So, we may take 'value of production' instead of 'actual sales value'. Therefore, the value added may be calculated in the following way:

Value Added = Value of production – Cost of materials, power etc.

From the economic viewpoint, the value added may be strategically outlined as the positive change or the increase in the value of output of an entity during a period over the value of inputs purchased or procured from other entities for producing the output. Symbolically, the term value added may be described as below:

Value Added (VA) = Value of Output (VO) – Value of Inputs (VI)

In accounting terminology, value added refers to the increase in market value or exchange value of a product/service consequent on any change in shape, utility, availability, capacity to satisfy market demands etc. less the aggregate amount of bought-in items and is expressed as follows:

Value Added = Value after alteration – Value before alteration.

Many experts and authorities have endorsed several concepts of value added like gross value added and net value added. Value added is often regarded as the accumulation of wealth created by an entity with the help of the concerted efforts of its people working therein and the infrastructural facilities provided. Based on this ideology of wealth accumulation, valued added may be computed as follows:

Value added = Sum of Interest Payments, Dividends, Taxes, Wage Payment and Retained Profits.

According to B. Cox, Gross Value Added may be computed by two methods: a) Additive Method and b) Subtractive Method. Under the additive method, gross value added means Profits before Tax plus Employees Cost, Depreciation Charge, Interest Payments etc. However, under the subtractive method, gross value added means Sales including other Income from Services minus Cost of Bought-in Items. According to Studneski Paul, Net Value Added of an entity may be ascertained under two methods: a) Income Distribution Method and b) Net Output Method. In computing net value added under the income distribution method, the different value added figures like value added to employees, value added to provider of finance, value added to the government and value added to the entity itself are summed up. While under the net output method, the amount of depreciation is deducted from the amount of gross value added in computing the net value added.

Sample Design and Data Source

For the analysis of this study eight Public Sectors representing Steel sector, Power sector, Coal & Lignite sector, Petroleum sector, Heavy Engineering sector, Minerals & Metals sector, Fertilizers sector and Chemicals sector respectively have been selected at random. However, while choosing the sectors the overall data coverage and the database availability for the period from 1999-2000 to 2008-09 have given priority. This study is mainly based on secondary sources of information. The required data have been collected from annual reports of the selected public sectors in India published in Public Enterprise Survey, by the Ministry of Heavy Industries, Govt. of India over the period of ten years.

Methodology of the Study

For the analysis of the data, the amount of investment in gross block have been computed by adding gross block with capital work-in-progress based on the data available of the eight selected public sectors in India. In order to assess the amount of investment in gross block and the amount of value additions of the selected public sectors under study, simple mathematical tools like, percentage, average have been computed and applied. An attempt has been undertaken to measure the degree of relationship between the Investment in Gross Block (GB) and the Value Addition (VA), for which correlation analysis has been applied taking into account their magnitudes by Pearson's simple correlation coefficient, for ranking of their magnitudes by Spearman's rank correlation coefficient and for highlighting the nature of their associated changes Kendall's correlation coefficients. In order to assess the influence of the Investment in Gross Block on the Value Addition, simple regression analysis has been applied. While fitting the regression equation, VA has been taken as the dependent variable and the investment in GB has been considered as the independent variable. The regression equation fitted for this purpose is $VA = b_0 + b_1 GB$ where b_0 represents intercept (i.e. constant) and b_1 represents the regression coefficient. In order to examine whether the computed values of correlation coefficients and the regression coefficients are statistically significant or not, t test has been used. All statistical computations have been done through **SPSS**.

Findings of the Study

Analysis of Value Addition (VA) and Investment in Gross Block (GB) of the selected Public Sectors in India

The economic as well as social justification of an enterprise lie in its contribution to the economy that may be measured in terms of value it has added. This is more relevant and appropriate to enterprises engaged in manufacturing/producing activities for delivering goods or for rendering services in the social spheres. The CPSEs in India with only 5 in numbers during the First Five Year Plan Period rose to 246 as on 31st March 2009 with a magnificent track record of producing goods and rendering services for the great cause of serving the Indian economy and helping a lot in the achievement of industrial development in India by adding value to the economy. As a part of the noble mission of making the economy a self-reliant one so as to compete with the other global economies, the Government of India accorded top priority in investing huge public fund in setting different public sector enterprises in different core and strategic sectors of the economy. From a total investment of Rs. 29 crore in 1951, the amount of total investment in CPSEs as a whole in India rose to Rs. 455367 crore on 31.03.2009. This evinces the focused attention of the Government of India in investing huge amount public money in different public sectors under its different plan periods.

Analysis of Investment in Gross Block by selected Public Sectors in India

Table-1 gives the highlight in detail about the sector wise investment in gross block by the selected public sectors in India and also showing in the parenthesis year-wise sharing of investment in gross block by the individual sectors as percentage of the aggregate amount of investment in gross block by all the selected public sectors during 1999-2000 to 2008-09. It is observed from Table-1 that out of total aggregate amount of investment in gross block by eight selected public sectors, the highest percentage of sharing of investment in gross block has been shared by Petroleum sector (i.e. near about 40 percent or more) in each of the years under study. Table-1 also shows that the investment in gross block by the Petroleum sector alone towards the aggregate amount of investment by the eight selected public sector ranges between 38.90 percent (Rs. 154699 crore out of Rs. 397658 crore) in the year 2005-06 to 45.83 percent (Rs. 137437 crore out of Rs. 299879 crore) in the year 2000-01. The next highest sharing of investment in gross block has been made by Power sector and is followed by the Steel sector, Coal & Lignite sector, Minerals & Metals sector, *Fertilizers* sector, Heavy Engineering sector. The lowest sharing of investment in gross block has been made by the Chemicals sector (showing less than 1 percent of the aggregate amount of investment in gross block of all the selected public sectors) in each year of the study period. The average investment in gross block figures (based on the ten years' figure of investment in gross block) of the eight selected public sectors have computed at Rs. 40683.5 crore, Rs. 112027.3 crore, Rs. 39289.8 crore, Rs. 160004.4 crore, 4306.4 crore, 13963.8 crore, 10272.5 crore and 1273.5 crore respectively for the period under study. From the average amount of investment in gross block it may be concluded that the magnificent performance has been found in case of Petroleum sector to invest more amount than the other selected sectors under study. Chart-1 shows a complete picture of sector wise investment in gross block by the selected public sectors during 1999-2000 to 2008-09 and the corresponding aggregate amount of investment in gross block made by all the selected sectors during the study period.

The year wise sharing of investment in gross block by the CPSEs as a whole in India, by the eight selected public sectors together and their corresponding percentage of sharing of investment in gross block as percentage of total investment of the CPSEs as a whole in India have been presented in Table-2. It is seen from the 4th column of Table-2 that the all the selected public sectors have been shared by more than 55 percent (with the highest percentage of 73.18 in the year 1999-2000) out of investment made by the CPSEs as a whole in India during the whole of the study period. Therefore, from the joint study of both the sharing of investment in gross block by the CPSEs as a whole in India and by the selected public sectors together it can be concluded that the performance based on sharing of investment in gross block by the selected public sectors in India is highly satisfactory during the study period.

Table-1

Investment in Gross Block by selected Public Sectors in India during the study period from 1999-2000 to 2008-09

(Rs. in Crore)

Years (1)	Steel Sector (Rs.) (2)	Power Sector (Rs.) (3)	Coal & Lignite Sector (Rs.) (4)	Petroleum Sector (Rs.) (5)	Heavy Engineering Sector (Rs.) (6)	Minerals & Metals Sector (Rs.) (7)	Fertilizers Sector (Rs.) (8)	Chemicals Sector (Rs.) (9)	Selected Public Sectors' Total (Rs.) (10)= (2+3+4+5+6+7+8+9)
1999-2000	38091 (13.66)	58961 (21.14)	31667 (11.35)	122192 (43.80)	3603 (1.29)	12629 (4.53)	10821 (3.88)	1005 (0.36)	278972 (100)
2000-01	37956 (12.66)	63482 (21.17)	33516 (11.18)	137437 (45.83)	3800 (1.27)	12637 (4.21)	10032 (3.35)	1019 (0.34)	299879 (100)
2001-02	37645 (12.16)	70268 (22.70)	35085 (11.33)	137857 (44.53)	3988 (1.29)	14005 (4.52)	9671 (3.12)	1083 (0.35)	309602 (100)
2002-03	37850 (12.57)	78254 (25.98)	36581 (12.15)	120442 (39.99)	4165 (1.38)	12852 (4.27)	9935 (3.30)	1085 (0.36)	301164 (100)
2003-04	38073 (11.28)	99794 (29.55)	37751 (11.18)	133039 (39.40)	4214 (1.25)	13374 (3.96)	10078 (2.98)	1346 (0.40)	337669 (100)
2004-05	38488 (10.50)	113201 (30.87)	38622 (10.53)	146536 (39.96)	4372 (1.19)	13589 (3.71)	10328 (2.82)	1560 (0.43)	366696 (100)
2005-06	39540 (9.54)	134482 (33.82)	39911 (10.04)	154699 (38.90)	4215 (1.06)	13373 (3.36)	10078 (2.53)	1360 (0.34)	397658 (100)
2006-07	41047 (8.90)	150351 (32.61)	42769 (9.28)	197197 (42.77)	4372 (0.95)	13589 (2.95)	10319 (2.24)	1370 (0.30)	461014 (100)
2007-08	44752 (8.84)	164714 (32.54)	46792 (9.24)	219085 (43.29)	4656 (0.92)	14167 (2.80)	10588 (2.09)	1391 (0.27)	506145 (100)
2008-09	53390 (9.54)	186766 (33.39)	50204 (8.97)	231560 (41.39)	5679 (1.02)	19423 (3.47)	10875 (1.94)	1516 (0.27)	559413 (100)
Total	**406835**	**1120273**	**392898**	**1600044**	**43064**	**139638**	**102725**	**12735**	**3818212**
Average	**40683.5**	**112027.3**	**39289.8**	**160004.4**	**4306.4**	**13963.8**	**102725**	**1273.5**	**-**

Source: Compiled and Computed from Public Enterprise Survey, Govt. of India, Various Issues (Vol-II): 2001-02, 2004-05, 2007-08 & 2008-09.

Note: Figures in parenthesis expressed as year- wise individual sector's Investment in Gross Block as % of selected public sectors' total.

Table-2

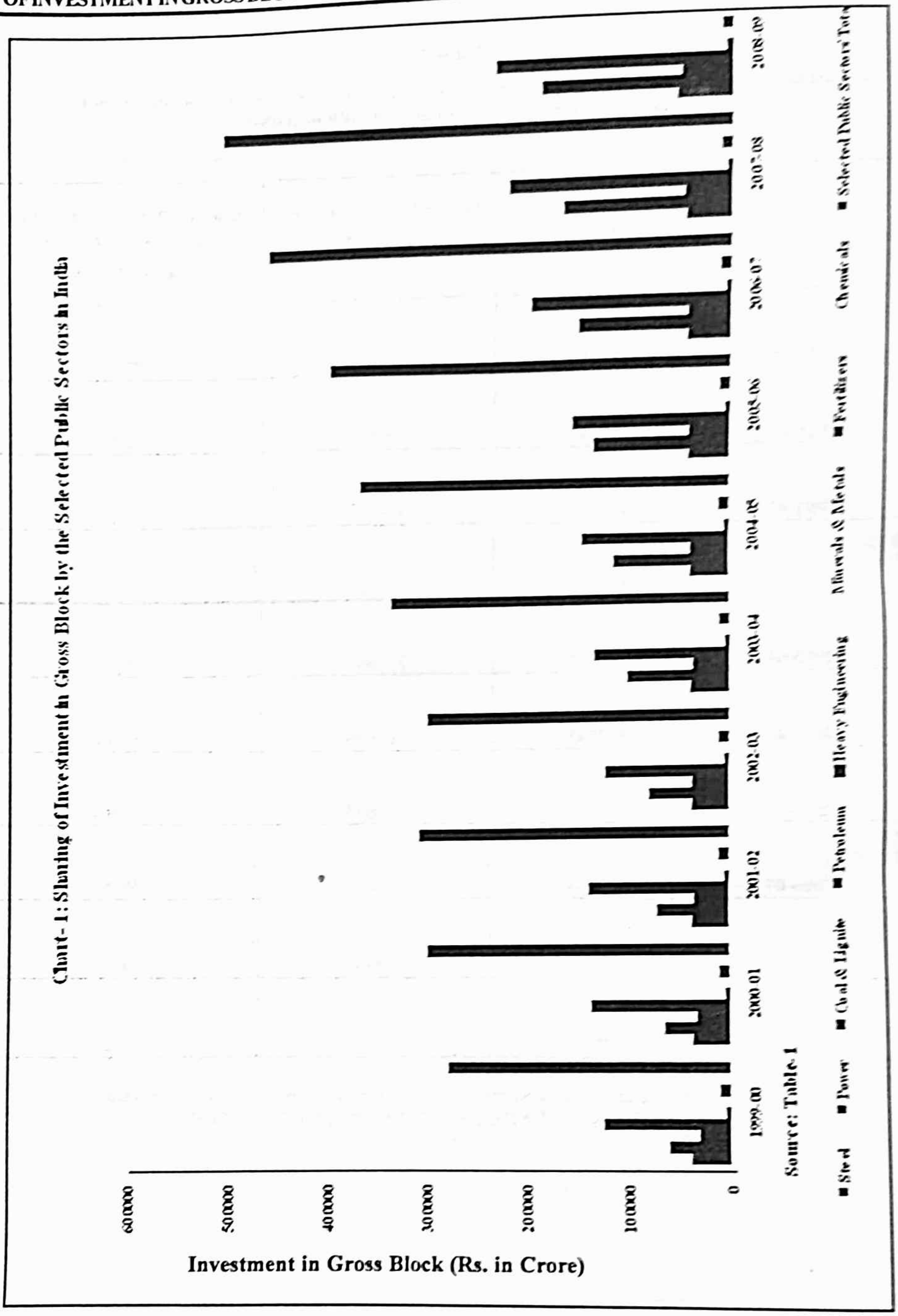
Investment in Gross Block of CPSEs as a whole and total of eight selected Public Sectors in India during the study period from 1999-2000 to 2008-09

(Rs. in Crore)

Years (1)	CPSEs as a whole (Rs.) (2)	Selected Public Sectors' Total (Rs.) (3)	Selected Public Sectors' total as % of CPSEs total (4) = (3/2)×100
1999-2000	381210	278972	73.18
2000-01	411865	299879	72.81
2001-02	490518	309602	63.12
2002-03	525301	301164	57.33
2003-04	596727	337669	56.59
2004-05	649245	366696	56.48
2005-06	715108	397658	55.61
2006-07	782668	461014	58.90
2007-08	862231	506145	58.70
2008-09	977803	559413	57.21

Source: Compiled and Computed from Public Enterprise Survey, Govt. of India, Various Issues (Vol-I & II): 2001-02, 2004-05, 2007-08 & 2008-09.

Chart-1: Sharing of Investment in Gross Block by the Selected Public Sectors in India



Source: Table-1

Analysis of Value Addition by the selected Public Sectors in India

The sector wise value additions made by the selected eight public sectors in India during 1999-2000 to 2008-09 are contained in Table-3. It is highlighted from Table-3 that the Petroleum sector has made the highest contributions (i.e. near about 50 percent or more out of total contribution made by eight selected public sectors) in each of the years under study than the remaining seven selected public sectors. Table-3 also exhibits that the contribution made by the Petroleum sector alone towards the aggregate amount of value additions by the eight selected public sector ranges between 45.99 percent (Rs. 91304.79 crore out of Rs. 198541.40 crore) in the year 2007-08 to 58.08 percent (Rs. 71809.91 crore out of Rs. 123640.93 crore) in the year 2002-03. The next highest contribution has been made by the Coal & Lignite sector and it's sharing in the value addition of the selected eight public sectors varies between 13.48 percent to 17.14 percent followed by the Power sector with highest and lowest sharing of 13.88 percent and 8.79 percent respectively and thereafter followed by the Steel sector having the highest sharing of 13.56 percent and lowest sharing of 6.53 percent and the Fertilizers sector has made the lowest contribution (with highest sharing of 3.09 percent and lowest sharing of 1.24 percent) in respect of value addition made towards the aggregate amount of value additions of the eight selected public sectors during 1999-2000 to 2008-09. The total amount of value additions during 1999-2000 to 2008-09 amounted to Rs. 149660.33 crore, Rs. 161374.11 crore, Rs. 221027.45 crore, Rs. 755739.43 crore, 59601.80 crore, 71933.96 crore, 23646.90 crore and 30496.14 crore respectively by the eight public sectors. The average value added figures (based on the ten years' figure of value addition) of the eight selected public sectors have computed at Rs. 14966.03 crore, Rs. 16137.41 crore, Rs. 22102.75 crore, Rs. 75573.94 crore, 5960.18 crore, 7193.40 crore, 2364.69 crore and 3049.61 crore respectively for the period under study which show the magnificent performance of Petroleum sector to generate more value addition than the other selected sectors under study. The same result is corroborated by the sustainable sharing of 50 percent or more of total value additions of the selected eight public sectors by the Petroleum sector in each of the years under study. Chart-2 gives a vivid picture of sector wise value additions made by the selected public sectors during 1999-2000 to 2008-09 and the corresponding figures of total value additions made by them during the said period.

The year wise value additions made by the CPSEs as a whole in India, by the eight selected public sectors together and their corresponding percentage of value additions have been presented in Table-4. It is observed from the 4th column of Table-4 that all the selected public sectors have been added value for the society by more than 90 percent (with the highest percentage of 97.59 in the year 2004-05) out of total value addition made by the CPSEs as a whole in India during the whole of the study period. Therefore, from the combined study of both the amount of value added by the CPSEs as a whole in India and by the selected public sectors together it can be concluded that the performance based on value additions of the selected public sectors in India is highly satisfactory during the study period.

Analysis of Correlation between Value Addition (VA) and Investment in Gross Block (GB) of the selected Public Sectors in India

Table-5 shows the correlation coefficients between the VA and Investment in GB of the selected public sectors in India during the study period 1999-00 to 2008-09. It is observed from Table-5 that there exists a positive correlation between VA and the investment in GB of all the selected public sectors in India and it indicates a positive association between the value additions and the investment in gross block. Of the 24 positive correlation coefficients, 17 coefficients are found to be statistically significant at 1% level and only 5 coefficients are found to be statistically significant at 5% level. The remaining 2 coefficients (in case of Spearman's method and Kendall's method under Fertilizers sector) are found to be statistically insignificant. Table-5 also reveals that the highest degree of positive association between VA and investment in GB has been found in the case of Coal & Lignite Sector under three methods of correlation coefficient during the study period 1999-00 to 2007-08.

Table-3

Value Addition by selected Public Sectors in India during the study period from 1999-2000 to 2008-09

(Rs. in Crore)

Years (1)	Steel Sector (Rs.) (2)	Power Sector (Rs.) (3)	Coal & Lignite Sector(Rs.) (4)	Petroleum Sector (Rs.) (5)	Heavy Engineering Sector (Rs.) (6)	Minerals & Metals Sector(Rs.) (7)	Fertilizers Sector (Rs.) (8)	Chemicals Sector (Rs.) (9)	Selected Public Sectors' Total (Rs.) (10)= (2+3+4+5+6+7+8+9)
1999-2000	5189.95 (6.53)	11040.01 (13.88)	13106.31 (16.48)	38244.66 (48.09)	3350.36 (4.21)	4133.63 (5.20)	2454.66 (3.09)	2003.09 (2.52)	79522.67 (100)
2000-01	7345.89 (7.45)	12547.36 (12.72)	14935.51 (15.14)	51707.45 (52.43)	3049.73 (3.09)	4246.39 (4.31)	2303.58 (2.34)	2482.16 (2.52)	98618.07 (100)
2001-02	6992.66 (6.99)	11578.08 (11.57)	17157.57 (17.14)	52815.06 (52.77)	3309.10 (3.31)	4138.86 (4.14)	1934.90 (1.93)	2153.81 (2.15)	100080.04 (100)
2002-03	8915.17 (7.21)	12727.28 (10.29)	18262.48 (14.77)	71809.91 (58.08)	3705.85 (3.00)	3534.67 (2.86)	2531.69 (2.05)	2153.88 (1.74)	123640.93 (100)
2003-04	13537.81 (10.11)	11770.63 (8.79)	19717.82 (14.73)	74857.30 (55.91)	4201.47 (3.14)	4731.71 (3.53)	2049.23 (1.53)	3026.60 (2.26)	133892.57 (100)
2004-05	20393.86 (12.53)	14539.01 (8.93)	23734.98 (14.58)	85945.46 (52.79)	4905.11 (3.01)	7498.28 (4.61)	2154.12 (1.32)	3626.90 (2.23)	162797.72 (100)
2005-06	15075.19 (9.50)	16740.85 (10.55)	25579.05 (16.12)	81056.04 (51.09)	6601.45 (4.16)	8891.25 (5.60)	1989.35 (1.25)	2714.40 (1.71)	158647.58 (100)
2006-07	20803.83 (11.47)	23531.30 (12.97)	24457.71 (13.48)	87625.85 (48.31)	8898.27 (4.91)	10219.93 (5.63)	2304.20 (1.27)	3547.70 (1.96)	181388.79 (100)
2007-08	26930.91 (13.56)	23252.27 (11.71)	29021.19 (14.62)	91304.79 (45.99)	9785.27 (4.93)	11456.69 (5.77)	2455.18 (1.24)	4335.10 (2.18)	198541.4 (100)
2008-09	24475.06 (10.36)	23647.32 (10.01)	35054.83 (14.83)	120372.91 (50.93)	11795.19 (4.99)	13082.55 (5.54)	3469.99 (1.47)	4452.50 (1.88)	236350.35 (100)
Total	**149660.33**	**161374.11**	**221027.45**	**755739.43**	**59601.80**	**71933.96**	**23646.90**	**30496.14**	**1473480.12**
Average	**14966.033**	**16137.411**	**22102.745**	**75573.943**	**5960.18**	**7193.40**	**2364.69**	**3049.61**	-

Source: Compiled and Computed from Public Enterprise Survey, Govt. of India, Various Issues (Vol-II): 2001-02, 2004-05, 2007-08 & 2008-09.

Note: Figures in parenthesis expressed as year- wise individual sector's value added as % of selected public sectors' total.

Table-4

Value Addition by CPSEs as a whole and total of eight selected Public Sectors in India during the study period from 1999-2000 to 2008-09

(Rs. in Crore)

Years **(1)**	**CPSEs as a whole (Rs.)** **(2)**	**Selected Public Sectors' Total (Rs.)** **(3)**	**Selected Public Sectors' total as % of CPSEs total** **(4) = (3/2)×100**
1999-2000	86167.88	79522.67	92.29
2000-01	105124.02	98618.07	93.81
2001-02	106387.60	100080.04	94.07
2002-03	128236.46	123640.93	96.42
2003-04	137833.07	133892.57	97.14
2004-05	166819.78	162797.72	97.59
2005-06	163558,73	158647.58	97.00
2006-07	193656.58	181388.79	93.67
2007-08	212391.48	198541.4	93.48
2008-09	245468.70	236350.35	96.29

Notes: * Statistically significant at 5% level & ** statistically significant at 1% level.

Source: Compiled and Computed from the Public Enterprise Survey, Govt. of India, Various Issues (Vol- II), 2001-02, 2004-05, 2007-08 & 2008-09.

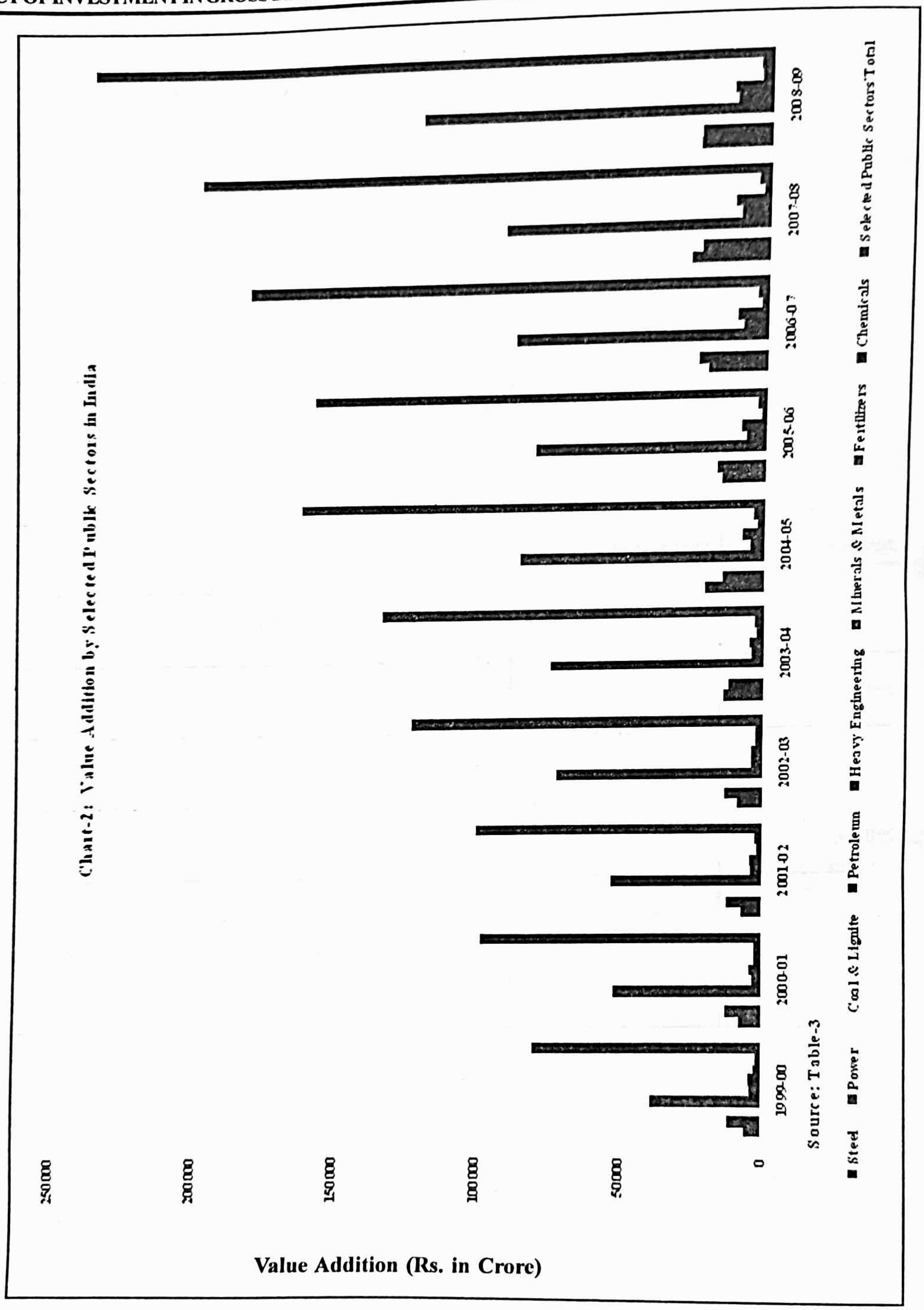


Chart-2: Value Addition by Selected Public Sectors in India
Value Addition (Rs. in Crore)
0
50000
100000
150000
200000
250000
1999-00
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
Source: Table-3
Steel
Power
Coal & Lignite
Petroleum
Heavy Engineering
Minerals & Metals
Fertilizers
Chemicals
Selected Public Sectors Total

Table-5

Analysis of Correlation between Value Addition (VA) and Investment in Gross Block (GB) of the selected Public Sectors in India during 1999-00 to 2008-09

Selected Public Sectors	Pearson's Simple Correlation Coefficient	Spearman's Rank Correlation Coefficient	Kendall's Correlation Coefficient
Steel	0.715*	0.842**	0.689**
Power	0.936**	0.927**	0.822**
Coal & Lignite	0.975**	0.988**	0.956**
Petroleum	0.812**	0.855**	0.733**
Heavy Engineering	0.872**	0.942**	0.854**
Minerals & Metals	0.700*	0.723*	0.584*
Fertilizers	0.697*	0.547	0.449
Chemicals	0.856**	0.915**	0.778**

Notes: * Statistically significant at 5% level & ** statistically significant at 1% level.

Source: Compiled and Computed from the Public Enterprise Survey, Govt. of India, Various Issues (Vol- II), 2001-02, 2004-05, 2007-08 & 2008-09.

Analysis of Regression of Value Addition (VA) on Investment in Gross Block (GB) of the selected Public Sectors in India

Table-6 exhibits the results of the analysis of regression of VA on Investment in GB of the selected public sectors in India during the study period wherefrom it is highlighted that all public sectors under study have positive regression coefficients which indicates that for one unit increase in the value of investment in gross block (GB), the amount of value additions (VA) is increased by more than one unit in all the selected public sectors except in case of Power sector, Petroleum sector and Fertilizers where the value addition is increased by less than one unit. The most prominent relationship is observed in the case of Heavy Engineering sector where the regression coefficient computed is found 4.836 which interprets that for one unit increase in the value of investment in gross block (GB), the amount of value addition (VA) is increased by almost five units (4.836 units). The least impact or influence of the investment in GB on VA (regression coefficient 0.110) is observed in the case of Power sector. Based on the values of regression coefficients, it may be highlighted that there has been positive impact of investment in GB on to influence the VA of the selected public sectors during the period of study. All these regression coefficients are found to be statistically significant at 1% level except in case of Steel sector and Minerals & Metals sector where the regression coefficients are found to be statistically significant at 5% level. The analysis of regression suggests that there exists a significant impact of investment in gross block (GB) on value additions (VA) of the selected public sectors under study during the period from 1999-2000 to 2008-09.

Table-6

Analysis of Regression of Value Addition (VA) on Investment in Gross Block (GB) of the selected Public Sectors in India during the study period from 1999-00 to 2008-09

(Regression Equation of VA on GB: VA = $b_0 + b_1$.GB)

Selected Public Sectors	Constant (b_0)	Regression Coefficients (b_1)
Steel	-30891.80 (-1.935)	1.127 (2.892*)
Power	3843.25 (2.192)	0.110 (7.514**)
Coal & Lignite	-22327.10 (-6.189)	1.131 (12.437**)
Petroleum	136.90 (0.007)	0.471 (3.934**)
Heavy Engineering	-14866.90 (-3.570)	4.836 (5.041**)
Minerals & Metals	-10124.2 (-1.605)	1.240 (2.771*)
Fertilizers	-5691.34 (-1.943)	0.784 (2.752*)
Chemicals	-1704.80 (-1.657)	3.733 (4.677**)

Source: Compiled and Computed from the Public Enterprise Survey, Govt. of India, Various Issues (Vol- II), 2001-02, 2004-05, 2007-08 & 2008-09.

Note: (i) Figures in the parentheses indicate calculated 't' values

(ii) * Statistically significant at 5% level, ** Statistically significant at 1% level.

(iii) Tabulated value of 't' at 5%, 1%, levels for (n-2) i.e. (10-2) = 8 d. f. are 2.306 & 3.355 respectively.

Conclusions

The study of the investment in gross block of selected public sectors in India reveals that 40% or more of the total amount of investment in gross block of all the eight selected public sectors has been shared by the Petroleum sector alone during whole of the study period. Therefore, it may be concluded that the Petroleum sector gets the highest share of government's investment in gross block of the eight selected public sectors in India during the study period. From the average amount of investment in gross block of the selected public sectors in India, it may be concluded that the majority of the public fund has been invested in the Petroleum sector in comparison of the other sectors under study during the study period. From the joint study of sharing the amount of Investment in Gross Block of CPSEs as a whole in India by the selected eight Public Sectors, it is found that on an average 55% or more of total investment in gross block of CPSEs has been occupied by the eight selected public sectors under study.

The study of Value Additions made by the selected eight public sectors in India is highlighted that the Petroleum sector has made a magnificent contribution to generate more value addition than the other selected public sectors under study. The sustainable sharing of more than 50% of the total value additions of the selected public sectors has been made by the Petroleum sector in each of the years under study. From the joint study of the Value Additions made by the CPSEs as a whole in India and by the selected eight public sectors in India it may be said that the highest contribution in value addition (i.e. 97.59% in 2004-05) was made by the selected public sectors together out of the total value additions made by the CPSEs in India as a whole and out of the eight selected public sectors, the Petroleum sector made the corresponding highest contribution in value addition (i.e. 52.79% in 2004-05). From the study of the value additions (VA) by the CPSEs as a whole in India and the aggregate of value additions made by the eight selected Public Sectors in India it may be concluded that the selected public sectors effectively shared more than 90% of total value addition (VA) generated by the CPSEs as a whole during the study period.

The study of the correlation coefficient between the value addition (VA) and the investment in gross block (GB) of the selected public sectors in India reveals that all the correlation coefficients under three methods between value additions and investment in GB are found to be positive as well as statistically significant (except in case of Fertilizers sectors under Spearman's measure and Kendall's measures of correlation). Therefore, it may be concluded that the investment in GB of the selected public sectors in India have been successful to generate more value additions during the study period. Of the positive significant correlation coefficients between value additions and the investment in gross block, the correlation coefficients in the case of Coal & Lignite sector are highly positively correlated and are statistically significant which imply that there is significant positive relationship between the value additions and the investment in gross block as compared to other selected public sectors.

The study of the regression analysis of value additions (VA) on investment in gross block (GB) of the selected public sectors in India during the study period reveals that all the public sectors under study have positive regression coefficients and all are found to be statistically significant. Therefore the study of regression analysis suggests that there exists a significant positive influence of the investment in gross block on the value additions of the selected public sectors under study during the study period from 1999-2000 to 2008-09. The most prominent influence of the investment in GB on the VA is found in case of Petroleum sector where for every additional unit of investment in GB the amount of value additions is increased by approximately 5 units (i.e. regression coefficient is 4.836) as compared to other three selected public sectors in India.

There has been a long standing demand in the society to set up more of the public enterprises in India in different core and strategic areas of the economy since the private sectors had no basic intention and the resource base to invest in different core and strategic areas which are long gestation period projects and have low profitability. Considering all it may thus be concluded that the selected Public Sectors in India have been quite successful over years to generate adequate amount of value addition in consideration of substantial amount of investment made out of public money and have given due weightage in contributing towards value addition to best serve the society as a part of their social responsibility performance.

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FINANCIAL MANAGEMENT SYSTEM OF URBAN LOCAL BODIES – A CASE STUDY OF A COOCH BEHAR MUNICIPALITY IN WEST BENGAL

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Mr. Asit Roy karmakar[2]

1. INTRODUCTION

The trend towards rapid urbanization is observed across the world. In line with this trend, India will have 50 percent of its population living in cities and towns in near future- up from the present rate of 30 percent. In order to look after the welfare of the urban people municipality i.e. a sub national government exists. The shape of this government is not new but has been noticed in since time immemorial. The 74th amendment to the constitution of India (1992) identified enormous responsibilities for urban local governments. Therefore, these bodies are statutorily responsible for providing basic services to the people of town and cities. These services relate to public health, welfare, public safety, public works, and development activities. Public health includes water supply, sewerage and sanitation, eradication of communicable diseases etc. Welfare includes public facilities such as education and recreation. Public safety includes fire protection and street lighting. Public works measure such as construction and maintenance of inner city roads and development activities related to town planning and development of commercial markets.

In discharging the services mentioned above, finance is the key factor. Without finance, nothing can be done. For better financial condition, urban local governments have been empowered constitutionally to collect revenue in the form of taxes and fees so that they become financially strong to perform the aforementioned services. Moreover, together with the dispensation coming from the central finance commission (CFC), state government transfers funds to these urban bodies on the basis of the recommendation of the state finance commission (SFC). Furthermore central government provides huge grants to these urban bodies under various schemes. For transparency in the transaction and proper utilization of the funds and efficient financial management of these funds are not only the key aspects today but also the need of the hour. The West Bengal Municipal act 1993 states that every municipality will present the budget proposal at the beginning of the year and the financial statement consisting of Balance Sheet and fund flow statement is to be made at the end of each year. Compliance with this act implies proper management of the public fund.

Under this backdrop the **objectives** of this paper can be stated below:-

1. To study whether the body is preparing the budgets regularly.

2. To study whether the body conforms to revenue and expenditure in accordance with the budgets.

3. To study whether the body is preparing financial statement in the form of balance sheet.

4. To study whether fund flow statement has been prepared by the bodies.

2. METHODOLOGY

This study is based on secondary data. The secondary data has been collected from books, journals and official records from Cooch Behar municipality, annual reports and census report. Different information has been collected from the office of the municipality and from concerned officers.

The total no of municipalities in the district are six. For the purpose of intensive study, research work has been limited to study of municipality operating in the sadar on effective lines. Before the selection of municipality discussions were held with the officers & officials. Accordingly Cooch Behar municipality situated at sadar of the district was chosen. The study period covers fourteen years from 1994-1995 to 2008-2009.

3. BUDGET PROVISION

Every democratic government makes vigorous efforts for this end, maximizing the welfare of the community in the modern times. In order to achieve, the government takes in hand various socio-economic activities. This requires proper manipulation of the budgetary policy of the government. A budget, therefore, is not only a financial statement of actual and anticipated revenues and outlays of the government but is also a document of detailed programme and policies of action, which they desire to pursue in the coming years for raising the level of economic activity. The West Bengal Municipal Finance Rules 1993 states that every municipality shall prepare the budget estimate at beginning of every financial year to perform the economic activities during the year. More or less every municipality is following the norms but it is observed that in most of the cases, budget is unrealistic. Table-1 presents the picture of budget provision and actual expenditure of Cooch Behar Municipality during the years from 1994-1995 to 2005-2006

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TABLE-1 SHOWING BUDGET PROVISION AND ACTUAL EXPENDITURE

Year	Budget Provision (RS.)	Actual Expenditure (RS.)	Savings(-) Excess(+)	Percentage Deviation
1994-1995	13733612	12606617.11	-1126994.89	-8.21
1995-1996	16193740	12562592.13	-3631147.872	-22.42
1996-1997	19853168	16573548.91	-3279619.09	-16.52
1997-1998	19071756	23239847.72	4168091.72	21.85
1998-1999	22365360	22823796.93	458436.93	2.05
1999-2000	30652445	24542309.2	-6110135.8	-19.93
2000-2001	35659116	29474761.37	-6184354.63	-17.34
2001-2002	38544948	39419861.58	874913.58	2.27
2002-2003	37821172	144260555.1	106439383.1	281.43
2003-2004	45659854	49293914.02	3634060.02	7.96
2004-2005	60240880	31762001.1	-28478878.9	-47.28
2005-2006	53636400	59793313.2	6156913.2	11.48

Source: official records of the Cooch Behar Municipality over the Years, N.B: data is not available for the year 2006-2009

From the table it appears that Cooch Behar Municipality fails to incur the budgeted expenditure for six years (1994-1997, 1999-2001, and 2004-2005). There is a substantial savings in revenue 8.21 to 47.28 percent. It indicates unrealistic estimates and absence of definite work plans. Full Implementation of the programme is hindered due to incorrect financial plan by the municipality during the year. It also implies that the benefit did not reach to an optimum level.

The municipality has also incurred expenditure more than the budgets during six years (1997-1999, 2001-2004 and 2005-2006), which is depicted in the Table. No payment out of municipal fund should be made unless such expenditure is covered by current budget. The excess of expenditure over budgets can be recorded 2.05 to 281.43 percent. It indicates lack of budgetary control and absence of reliable budget formulation. Lack of skilled staff and non coordination may be responsible for this situation.

4. POOR UTILISATION OF THE GRANT

The funds to municipality from state/central govts are termed as grants. Operationally there are two types of grants the municipality receives.

TABLE-2 SHOWING UTILISATION OF GRANTS OVER THE YEARS

Year	Opening Balance(RS.)	Grants During The Years(RS.)	Total(RS.)	Utilization(RS)	Percentage Of Utilization
1994-1995		8847205.28	8847205.28	13605434	153.7823
1995-1996	-4758228.4	17920665.57	13162437.15	15087201	114.6232
1996-1997	-1924763.4	40518771.94	38594008.59	17487237	45.31076
1997-1998	21106771	14479876	35586647.24	24857766	69.85138
1998-1999	10728882	20510439.53	31239321.22	48829051	156.3064
1999-2000	-17589730	74338938	56749208.02	45112928	79.49526
2000-2001	11636280	47734791.25	59371071.17	39957531	67.30135
2001-2002	19413541	146036165.1	165449705.7	67966269	41.07972
2002-2003	97483437	96119494.62	193602931.2	29865416	15.42612
2003-2004	163737515	125972998.7	289710513.9	44121682	15.22958
2004-2005	245588832	109192781.9	354781613.8	55426668	15.62276
2005-2006	299354946	311058224.1	610413169.7	57884806	9.482889
2006-2007	552528364	11810557	564338920.7	19138237	3.391267
2007-2008	545200684	60890240	606090923.7	32414662	5.348152
2008-2009	573676262	60279547	633955808.7	58910954	9.292596

Source: official records of the Cooch Behar Municipality over the years

Purposive grant, which includes implementation of assigned schemes, is given by the central government. SJSRY falls under this category. On the other hand, establishment grant (salaries, wages) is derived from the state government. In other words, funds are flowing to the municipality in West Bengal from different sources: i) the centrally sponsored scheme ii) grant-in-aid from state budget iii) fund provided by central finance commission. In fact the life of the urban local bodies depends on grants .In Cooch Behar municipality; grants constitute 61 percent of the total finance2.

Grants and assistance related to the municipality for execution of specific projects are required to be utilized in the respective year. These developmental grants were given for improvement of road, drain, supply of drinking water, construction of office building etc. The failure of the Municipality to utilize even half of the amounts indicates that developmental expenditure needs to be planned and monitored more effectively so that the intended benefits reach the needy people.

Table-2 presents the utilization of development grants by the Cooch Behar municipality during the years 1994-1995 to 2008-2009.It is observed that the municipality utilized the grants 9.29 to 67.30 percent of the grants available during 2000-2001 to 2008-2009.The percentage of utilization particularly from 2002-2003 to 2008-2009 is less than 20 percent which is not only poor utilization but can be described as a situation of under utilization. The reasons may be lack of coordination among the various departments and clear knowledge regarding preparation of budgets scheme wise for utilization of the fund. Inadequate information in advance regarding the availability of funds is also responsible for this situation.

5. PREPARATION OF BALANCE SHEET AND FUND FLOW STATEMENT

It is mandatory for every Municipality to prepare Balance Sheet and fund flow statement for each year according to the west Bengal Municipal act 1993.

Balance Sheet depicts true financial picture of an organization. It states, at the end of each year, the position of assets and liabilities. In another way, it is a statement of total assets and liabilities of an organization at a particular date. Non preparation of balance sheets indicates lack of transparency of assets and liabilities in the management of public funds besides non implementation of the provision of acts. Table-3 presents the preparation of balance sheet over the years by Cooch Behar Municipality.

TABLE-3: SHOWING PREPARARION OF FUND FLOW STATEMENT & BALANCE SHEET OVER THE YEAR 1994-95 AND 2008-2009

Year	Fund Flow Statement	Balance Sheet
1994-1995	NIL	NIL
1995-1996	NIL	NIL
1996-1997	NIL	NIL
1997-1998	NIL	NIL
1998-1999	NIL	NIL
1999-2000	NIL	NIL
2000-2001	NIL	NIL
2001-2002	NIL	NIL
2002-2003	NIL	NIL
2003-2004	NIL	NIL
2004-2005	NIL	NIL
2005-2006	NIL	NIL
2006-2007	NIL	NIL
2007-2008	NIL	NIL
2008-2009	NIL	NIL

Source: official records of the Cooch Behar Municipality over the years

It is found that the practice of preparing balance sheet over the year is not followed. It clearly indicates not only the violation of the acts but also keeps the public in dark regarding the position of asset and liability of the municipality. Indifference of the government in this regard is matter of concern.

The fund flow statement is also an important function of financial management and the municipal act gives importance for preparation of fund flow statement which indicates an inflow and out flow of fund of a concern over the years. It also helps to understand the changes in assets and asset sources of an organization, which are not readily evident in the financial statement. From the table it is noticed that the municipality has not been preparing the fund flow statement over the years as per requirement of the law.

Lack of skilled employee and government's indifference may be the reasons of this vital anomaly.

FINDINGS & CONCLUSION

The study shows the improper management of the funds in the Cooch Behar Municipality. Budget is prepared by the municipality regularly. But the process of the preparation of budget proposals is found to be defective because the result of budget and actual figure shows huge differences. There is a lack of budgetary control and absence of reliable budget formation.

Non preparation of balance sheet and fund flow statement over the years is clear indication of non transparency of assets and liabilities in the management of public funds of the Municipality. It is also non implementation of the provision of the acts.

Recommendations for the healthy management of the finance of the Cooch Behar Municipality may be put forward in the following lines

- Preparation of budgets takings inputs from the various Ward committees and constituent department is to be made. Management information system among the various departments should be strengthened.

- The municipality should employ professional finance personnel, who has clear knowledge of preparation of balance sheets and fund flow statement.

- Proper coordination among various departments should exist, while making budgets for the utilization of the funds.

Notes:

1. Report of the Examiner of Local Accounts on Urban Local Bodies (2008)

2. Municipal Finance-A study in the district of Cooch Behar, West Bengal-2008,by Asit Roy Karmakar, an unpublished M.Phil dissertation, Annamalai University

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WORKING CAPITAL FINANCING – CASE STUDIES OF ACC AND ULTRATECH

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Abstract

Every firm requires certain amount of current assets, in order to continue the flow of revenue for its operating activities. For example, cash is required either to pay for various expenses or to meet various obligations. Similarly, inventories are required to provide the connection between production and sale. Working capital is a part of firm's total capital which is required to finance the current assets of a firm.

The working capital admits of two broad classifications viz. Fixed or permanent working capital (also known as hard core current assets) and Variable or seasonal working capital (also known as temporary current assets).

The choice of financing current assets basically lies between short-term and long-term sources since the spontaneous sources are exploited on routine lines. On the other hand this is also true that short term financing is less expensive than long term one but short term financing involves greater degree of risk as compared to long term financing. Hence, the choice of sources between short term and long term for financing working capital of a firm has to be decided with reference to risk-return trade-off. However, keeping in view the lower cost, flexibility and matching of asset-liability duration, short term sources seems to be more convenient for working capital financing. Theoretically speaking there may be following four types of working capital financing policy: Hedging or Matching Policy, Conservative Policy, Aggressive Policy and Highly Aggressive Policy.

The paper deliberates on the very nature of working capital, an in-depth analysis of its financing aspects and analysis the working capital financing policy of ACC and Ultratech.

Introduction

In order to continue the flow of revenue for its operating activities, every firm requires certain amount of current assets. For example, cash is required either to pay for various expenses or to meet various obligations. Similarly, inventories are required to provide the connection between production and sale. Working capital is a part of firm's total capital which is required to finance the current assets of a firm.
The primary objective of any business is to make profit by buying and selling transactions. To fulfill this basic objective it is necessary to produce goods, which is not possible in absence of working capital. The multifunctional business process, from procurement to distribution, cannot be imagined without working capital.

The concept of working capital is frequently termed as gross working capital. But sometimes it is also called as net working capital, which is nothing but excess of current assets over current liabilities.

Classification of working capital

The working capital admits of two broad classifications:
1. Fixed or permanent working capital (also known as hard core current assets).
2. Variable or seasonal working capital (also known as temporary current assets).

The amount of current assets which are maintained by a firm day-in and day-out, i.e., throughout the year, is known as hard core current assets. Put differently, it is the minimum level of current assets which remains intact throughout the year, hence permanent in nature. This can be determined through the analysis of absolute minimum amount of investment in various components of current assets over a period of time. It should be remembered that although it is permanent in character, the same is short lived and changes its form frequently from one type of asset to another.

On the other hand, temporary current assets are nothing but the difference between total current assets and hard core current assets. It is quite obvious that, due to seasonal fluctuation or variation of business, investment in raw material, work in progress and finished goods will fluctuate, and this 'fluctuating' or 'variable' component, over and above the 'hard core' component is known as temporary current assets.

Financing working capital

Working capital may be financed from the following three sources:

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(i) **Long term financing sources:** The primary sources of long term financing include equity and preference shares, retained earnings, debentures, long term debts from financial institutions etc.

(ii) **Short term financing sources:** Short term sources include short term bank loan, commercial papers, factoring receivables etc.

(iii) **Spontaneous financing sources:** These are automatic short term sources and includes trade credit, outstanding expenses etc. As these sources are cost free, most of the firm would like to use it, to the extent possible.

The choice of financing current assets basically lies between short-term and long-term sources since the spontaneous sources are exploited on routine lines. On the other hand this is also true that ***short term financing is less expensive than long term one*** but ***short term financing involves greater degree of risk as compared to long term financing.*** Hence, the choice of sources between short term and long term for financing working capital of a firm has to be decided with reference to risk-return trade-off. However, keeping in view the lower cost, flexibility and matching of asset-liability duration, short term sources seems to be more convenient for working capital financing. Theoretically speaking there may be following four types of working capital financing policy:

Working capital financing policy	Short description
1) Hedging or Matching Policy	Long term sources should be used for financing the entire fixed assets plus **hard core or permanent current assets** and short term sources should be used to finance the entire fluctuating (or temporary) current assets.
2) Conservative Policy	Long term sources should be used for financing the entire fixed assets plus hard core or permanent current assets plus part of temporary current assets and the entire short term sources should be used to finance the rest of the temporary current assets.
3) Aggressive Policy	Long term sources should be used for financing the entire fixed assets plus part of hard core or permanent current assets and short term sources should be used to finance the rest of the hard core current assets plus the entire fluctuating (or temporary) current assets.
4) Highly Aggressive Policy	Long term sources should be utilized to finance major part of fixed assets and short term source should be used to finance the rest of the fixed assets plus the entire current assets.

There is no clear cut or readymade formula to determine the financing mix of the current assets. It is a subjective matter and the decision regarding the same may be taken considering the following factors:

1. ***Flexibility of the financing plan:*** It is comparatively easy to repay short term loans as compared to long term ones, particularly when the need for fund decreases. Therefore, for meeting the seasonal or fluctuating source of finance, short term source is much more advantageous then long term sources from the viewpoint of flexibility.

2. ***Risk-return trade-off:*** Short term financing is less expensive than long term one but short term financing involves greater degree of risk as compared to long term financing. The risk may be of two type – risk of fluctuating short term interest rates (which is more as compared to long term) and consequential risk for default in payment (in case default in payment of short term liability, normal operating activities may be disrupted but the possibility of same is very less in case of long term liabilities). Moreover a borrower may prefer long term loan in order to avoid the risk of renewal of short term sources on continuous basis. On the other hand, return (differential) is computed as savings in cost of financing. Normally, the short term sources are cheaper (i.e. less costly) as compared to long term sources, from the stand point of borrower. Therefore, ***short term sources are more risky but less costly and long term sources are less risky but more costly***. Hence, the choice of sources between short term and long term for financing working capital of a firm has to be decided with reference to risk-return trade-off.

3. ***Industry practice:*** A particular industry is having its own strengths and weaknesses. Keeping this in mind, while framing the working capital financing policy, the industry practice should also be considered.

Working capital financing – ACC Limited

We have analyzed the working capital financing policy of ACC Ltd. pertaining to the periods from 2005 to 2009, on the basis of the following tables:

TABLE – 1: Table showing the application of long term funds and short term funds to acquire Fixed assets, Hard core current assets and Temporary current assets of ACC over the periods from 2005 to 2009

(Amount in Rs. Crores)

Year	Sources			Applications			
					Current Assets		
	Long Term	Short Term	Total	Non – Current Assets	Hard Core	Temporary	Total Current Assets
2005	3,172.04	441.26	3,613.30	3,415.78	1,070	351.16	1,421.16
2006	3,887.03	492.59	4,379.62	3,899.45	1,070	936.24	2,006.24
2007	4,443.09	347.48	4,790.57	4,808.72	1,070	1,133.04	2,203.04
2008	5,049.76	335.79	5,745.55	5,751.64	1,070	1,665.20	2,735.20
2009	6,583.14	349.25	6,932.39	7,790.14	1,070	1,224.47	2,294.47

Sources: Annual Reports of the company for the period from 2005 to 2009 – Results Computed.

TABLE – 2: Computation of **hard core current assets**
(Amount in Rs. Crores)

TABLE – 2: Computation of **hard core current assets** (Amount in Rs. Crores)

Particulars	Minimum investment from 2005 to 2009	Hard Core Current Assets (Taken as around 80% of the minimum values)
Inventories	600.95	480
Sundry Debtors	199.17	160
Cash and Bank Balances	102.79	80
Other Current Assets	16.13	10
Loans and Advances	420.54	340
TOTAL	**1,339.58**	**1,070**

Sources: Annual Reports of the company for the period from 2005 to 2009 – Results Computed.

We have already explained the Hard Core Current Assets (absolute minimum amount of investment in various components of current assets over a period of time) while defining the current assets of a firm in the earlier paragraph. Now the above table reveals that the current assets level did not fall below the level of say, Rs. 1,070 Crores. This amount may be treated as hard core current assets and the balance may be treated as temporary current assets. On the basis of the above tables, let us again examine the financial policy adopted by ACC Ltd. for the period 2005 to 2009.

TABLE – 3: Analysis of the Data of Table – 1 pertaining to the financing policy adopted by ACC Ltd. and application of long term and short term sources to acquire fixed assets and current assets over the periods from 2005 to 2009:
(Amount in Rs. Crores)

Year	Long Term Funds raised during the year. (i.e., after deducting the previous year's balance)	Short Term Funds raised during the year (i.e., after deducting the previous year's balance)	Investment in Non-Current Assets – additions during the year	Investment in Hard Core Current Assets (From long term sources)	Investment in Temporary Current Assets (From long term sources)
2005	N.A.	N.A.	N.A.	N.A.	N.A.
2006	714.99	51.33	483.67 (Entirely from long term sources)	231.32 (i.e., partly from long term sources)	NIL
2007	556.06	-145.11	909.27 **556.06** (From Long Term) **353.21** (From Current Liability)	NIL	NIL
2008	606.67	-11.69	932.92 **606.67** (From Long Term) **326.25** (From Current Liability)	NIL	NIL
2009	1,533.38	13.46	2,038.50 **1,533.38** (From Long Term) **13.46** (From Short Term) **494.66** (From Current Liability)	NIL	NIL

Sources: Annual Reports of the company for the periods from 2005 to 2009 – Results Computed.

INTERPRETATION

The above table portrays the financing policy followed by ACC Ltd. It is interesting to note that the company is following a more or less persistent financing policy from year to year i.e., either aggressive financing policy or highly aggressive financing policy. It becomes crystal clear after analyzing the above table that during the year 2006, the investment in non-current assets, Rs.483.67 crores was entirely financed by long term funds, and, a portion of hard core current assets (Rs.231.32 crores) was financed by long term sources. Put differently, the entire temporary current assets and a portion of hard core current assets was financed by short term sources. Thus the company adopted the aggressive financing policy of working capital in 2006. From 2007 to 2009, the company has followed the highly aggressive financing policy of working capital, as the investments in non-current assets were partly financed by long term funds, and, the entire current assets plus a portion of non-current assets were financed by either short term funds or by current liabilities or by both. It can easily be said that, although the company is saving some costs by depending heavily on short term sources, the corresponding risk may also be very high.

Working capital financing – Ultratech Cement Limited

We have analyzed the working capital financing policy of Ultratech Cement Ltd. pertaining to the periods from 2004-05 to 2008-09, on the basis of the following tables:

TABLE – 4: Table showing the application of long term funds and short term funds to acquire Fixed assets, Hard core current assets and Temporary current assets of Ultratech Cement Ltd. over the periods from 2004-05 to 2008-09:

(Amount in Rs. Crores)

Year	Sources			Applications			
				Non – Current Assets	Current Assets		
	Long Term	Short Term	Total		Hard Core	Temporary	Total Current Assets
2004-05	2,454.17	726.05	3,180.22	2,781.87	530	307.65	837.65
2005-06	2,475.95	591.11	3,067.06	2,850.59	530	242.52	772.52
2006-07	3,321.50	581.17	3,902.67	3,697.68	530	430.17	960.17
2007-08	4,124.20	855.64	4,979.84	4,954.51	530	773.89	1,303.89
2008-09	5,441.84	1,024.82	6,466.66	6,347.77	530	831.61	1,361.61

Sources: Annual Reports of the company for the period from 2004-05 to 2008-09 – Results Computed.

TABLE – 5: Computation of **hard core current assets:**

(Amount in Rs. Crores)

Particulars	Minimum investment from 2004-05 to 2008-09	Hard Core Current Assets (Taken as around 80% of the minimum values)
Inventories	283.71	225
Sundry Debtors	171.95	135
Cash and Bank Balances	56.26	45
Loans and Advances	158.80	125
TOTAL	**670.72**	**530**

Sources: Annual Reports of the company for the period from 2004-05 to 2008-09 – Results Computed.

We have already explained the Hard Core Current Assets (absolute minimum amount of investment in various components of current assets over a period of time) while defining the current assets of a firm in the earlier paragraph. Now the above table reveals that the current assets level did not fall below the level of say, Rs. 530 Crores. This amount may be treated as hard core current assets and the balance may be treated as temporary current assets. On the basis of the above tables, let us again examine the financial policy adopted by Ultratech Cement Ltd. for the period 2004-05 to 2008-09.

TABLE – 6: Analysis of the Data of Table – 4 pertaining to the financing policy adopted by Ultratech Cement Ltd. and application of long term and short term sources to acquire fixed assets and current assets over the periods from 2004-05 to 2008-09: (Amount in Rs. Crores)

Year	Long Term Funds raised during the year. (i.e., after deducting the previous year's balance)	Short Term Funds raised during the year (i.e., after deducting the previous year's balance)	Investment in Non-Current Assets – additions during the year	Investment in Hard Core Current Assets (From long term sources)	Investment in Temporary Current Assets (From long term sources)
2004-05	N.A.	N.A.	N.A.	N.A.	N.A.
2005-06	21.78	-134.94	68.72 **21.78** (From Long Term) **46.94** (From Current Liability)	NIL	NIL
2006-07	845.55	-9.94	847.09 **845.55** (From Long Term) **1.54** (From Current Liability)	NIL	NIL
2007-08	802.70	274.47	1,256.83 **802.70** (From Long Term) **274.47** (From Short Term) **179.66** (From Current Liability)	NIL	NIL
2008-09	1,317.64	169.18	1,393.26 **1,317.64** (From Long Term) **75.62** (From Short Term)	NIL	NIL

Sources: Annual Reports of the company for the periods from 2004-05 to 2008-09 – Results Computed.

INTERPRETATION

The above table portrays the financing policy followed by Ultratech. It is interesting to note that the company is following a persistent financing policy from year to year i.e., highly aggressive financing policy. From 2005-06 to 2008-09, the company has followed the highly aggressive financing policy of working capital, as the investments in non-current assets were partly financed by long term funds, and, the entire current assets plus a portion of non-current assets were financed by either short term funds or current liabilities. Although the company is saving some costs by depending heavily on short term sources, the corresponding risk is also very high.

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A STUDY ON THE PERFORMANCE OF THE BANKING SECTOR WITH SPECIAL REFERENCE TO THE DIFFERENT GUIDELINES OF RBI FOR THE PERIOD OF 2004-05 TO 2007-08

Sayanti Samanta[1]

Abstract

The present study is undertaken to examine and understand how the banking sector is performing by practicing strict adherence to the guidelines specified by RBI. In this study, the financial management has played a crucial role in determining the growth of banking. It is concerned with examining of the risk – return analysis of eight sample banks namely, SBI, HDFC, Syndicate Bank, Oriental Bank Of Commerce, UCO Bank, Bank of Baroda, Canara Bank and IDBI for a period of 2004-05 to 2007-08.

The central bank of India i.e. Reserve Bank of India frames the monetary policy in India to (a) maintain price stability in the economy, (b) provide adequate credit to different productive sectors of the economy so to sustain growth. In order to maintain the stability in the economy, efforts have been made on strengthening the institutional capacity. RBI regulates monetary policy by controlling the supply and availability of money and influence the overall economic activity to fulfill certain economic objectives. The instruments of monetary policy that are being regulated by RBI are Cash Reserve Ratio, Repo Rate, Reverse Repo Rate etc.

Investment decisions, in all sectors have been gaining importance, warranting the investors to be continuously cautious of risk and return involved in the same. The risk-return analysis of the banks will help the investors to take a decision on investment.

Shareholders are very much concerned with the earnings of the firm. They are interested to know how the value of their holdings is affected by certain variables like earning, debt, dividend etc. Accordingly, the present study attempts to analyze the earnings of the sample banks by taking into account Earning Per Share, Net Profit Margin and Dividend Yield as variables.

INTRODUCTION

The global banking sector has undergone a profound transformation since the early 1990s.The Indian banking scenario witnessed a significant development in the recent years. The Indian banking has improved efficiency in its operations. Cost to income ratio has come down. Interest income of the entire banking sector has increased. The changed operating environments for the banking sector, effects of globalization, deregulation and advances in information technology, have resulted in intense competitive pressures. Banks have responded to this challenge by diversifying through organic growth of existing businesses as well as through acquisitions. Revenue sources of banks have been diversified and the profitability of banks got increased. This has exposed the banking sector to newer risks and posed serious regulatory challenges. Regulatory and supervisory policies are, therefore, being continuously refined to meet the emerging challenges.

"The focus of regulatory bodies has been on strengthening the financial institutions by aligning the prudential norms with the international standards, identifying systemic risks and adopting appropriate risk mitigating policies. While continuously strengthening the prudential framework, regulators in recent years have also focused on improving bank governance and information disclosures that enhance market discipline. In most cases, the regulatory initiatives have been guided by international best practices, adapted suitably to the domestic conditions. The major challenge facing the banking system and the supervisory authorities continues to be the maintenance of financial stability. This has become increasingly evident in the recent financial market turmoil following the unfolding of the US sub-prime mortgage crisis" (www.rbi.org).

OBJECTIVES OF THE STUDY

- To study the growth and development of Indian banking sector.
- To study the monetary policy as set down by RBI.
- To study the behavior of profitability of selected banks.
- To analyze the factors determining the efficiency.
- To analyze risk and return of the selected banks.
- To give relevant information regarding the performance of the banking sector to the investors.

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LIMITATIONS OF THE STUDY

- The present study is based on eight selected banks and performance is analyzed and concluded on that basis.
- The study has been undertaken for a period of 2004-05 to 2007-08 without taking more data of the past period.
- The factors that have been considered in the study are limited to judge the performance of the banking sector.

METHODOLOGY

The present study adopts analytical and descriptive research design. A finite sample size of eight banks listed on National Stock Exchange (NSE) has been selected for the purpose of the study. The selected banks are eight sample banks namely, SBI, HDFC, Syndicate Bank, Oriental Bank of Commerce, UCO Bank, Bank of Baroda, Canara Bank and IDBI. The present study is based on a period of 2004-05 to 2007-08. The variables used in the analysis of the data are CRR, Repo Rate, Reverse Repo Rate, daily stock price (high price) of the sample banks, average daily return of the banks, Earning Per Share (EPS), Net Profit Margin (NPM), Dividend Yield of the banks and closing price of Bank Nifty and S&P CNX Bank Nifty. While interpreting the results, the statistical tools that are used are Arithmetic Mean, Standard Deviation, one-way Analysis of Variance (ANOVA) and Maximum.

DATA AND SOURCE

The study is entirely based on secondary data. All the banks of Bank Nifty are sample units. The data of the sample companies have been collected from the annual reports, published by the companies in the websites of the companies and different journals.

HYPOTHESIS OF THE TESTING

The study tests whether the selected variables of the sample companies vary significantly during the study period. The specific hypothesis is tested at a specific time while analyzing and interpreting the results.

EMPIRICAL ANALYSIS, FINDINGS AND SUGGESTION

The analysis and interpretation of the results and the discussions thereby are carried on in chronological order of the parameters mentioned earlier.

MONETARY POLICY OF RBI

In the current financial year, the aggregate deposit of scheduled commercial bank, on a year to year basis, at Rs. 6,00,761crore (25.2 percent) was higher than that of Rs.4,44,241crore (22.9 percent) a year ago. It was 17 percent in the year 2005-06 and 12.8 percent in the year 2004-05. Banks are ordered to set aside more money as reserves five times since December 2006 to control inflation stroked by rapid consumer demand and high oil and food prices.

RBI has increased CRR from 4.5% to 7.5% between March,2004 and November,2007. Repo rate increased from 6% to 7.75% between March, 2004 and November,2007 and Reverse repo rate increased from 4.5% to 6% between March,2004 and November,2007. RBI will continue to change its policy instruments like CRR, repo rate and reverse repo rate as and when the situation wants to curb excess liquidity and to contain inflation.

YEAR 2004-05

"The year 2004-05 began with slight deceleration in real GDP growth. "The real GDP growth in the first (April-June) and second (July-September) quarters of 2004-05 as per Central Statistical Organization was 7.4 percent and 6.6 percent, respectively, compared to a growth of 5.3 percent and 8.6 percent, respectively in the corresponding quarters of the previous year." (Sources: *finmin.nic.in/reports/areng2004-05.pdf)*

"The inflation rate was 4.5 percent on April 3, 2004 but it reached 8.7 percent on August 28, 2004. RBI regulates the capital flows through open market sale of Government Securities held by it and repo operation under LAF. The reverse repo rate was increased to 4.75 percent from 4.5 percent on October 27, 2004. CRR was raised by 50 basis points in two stages, i.e., 4.75 percent from 4.5 percent on September 18, 2004 and 5.0 percent on October 2, 2004." (Sources: *finmin.nic.in/reports/areng2004-05.pdf)*

YEAR 2005-06

"In 2005-06, the GDP growth rate placed in the range of 7.0-7.5 percent as against around 7.0 percent as projected earlier. "Inflation as per wholesale price index (WIP), got decreased from 6.0 percent in April, 2005 to 4.6 percent by October 8, 2005 despite upward adjustments in the administered prices of petrol, diesel, electricity and increase in the prices of aviation turbine fuel, naptha, furnace oil and iron and steel. Repo rate and reverse repo rate were raised to 6.25 percent and 5.25 percent respectively on October 26, 2005 and 6.5 percent and 5.5 percent respectively on January 24,2006" (www.scribd.com)

YEAR 2006-07

"The real GDP in the first quarter of 2006-07 was 8.9 percent. The repo rate and reverse repo rate under LAF were increased to 6.75 percent and 5.75 percent respectively on June 9, 2006. They were further increased by 25 basis points each to 7.0 percent and 6.0 percent respectively while keeping the other policy rates unchanged, to combat emerging inflationary expectations on July 25, 2006."(www.rbi.org)

"The Mid Term Review for 2006-07 indicated high volatile market situation and to maintain financial stability in the economy, only the repo rate was further raised by 25 basis points to reach 7.25 percent effective on October 31, 2006." (www.rbi.org)

"In the Third Quarter Review of the Annual Statement on Monetary Policy for 2006-07, to strengthen anti-inflationary measures, RBI on January 31, 2007 raised repo rate under LAF by 25 basis points from 7.25 percent to 7.5 percent and once again to 7.75 percent on March 31, 2007. The CRR was hiked by 25 basis points each time on December 23, 2006 (5.25 percent) and January 6, 2007 (5.5 percent). While a further increase of CRR of 25 basis points was affected on February 17, 2007, another similar increase of 25 basis points was followed on March 3, 2007. The real GDP growth for 2006-07 released by the Central Statistical Organization (CSO) on February 7, 2007 was placed at 9.2 percent." (www.rbi.org & http://*indiabudget.nic.in)*

YEAR 2007-08

"In the First Quarter Review of the Annual Statement on Monetary Policy for 2007-08, the real GDP growth during the first quarter of 2007-08 was 9.3 percent as against 9.6 percent in the corresponding quarter a year ago. The CRR was increased by 50 basis points to 7.0 percent with effect from the fortnight beginning August 4, 2007" (www.rbi.org).

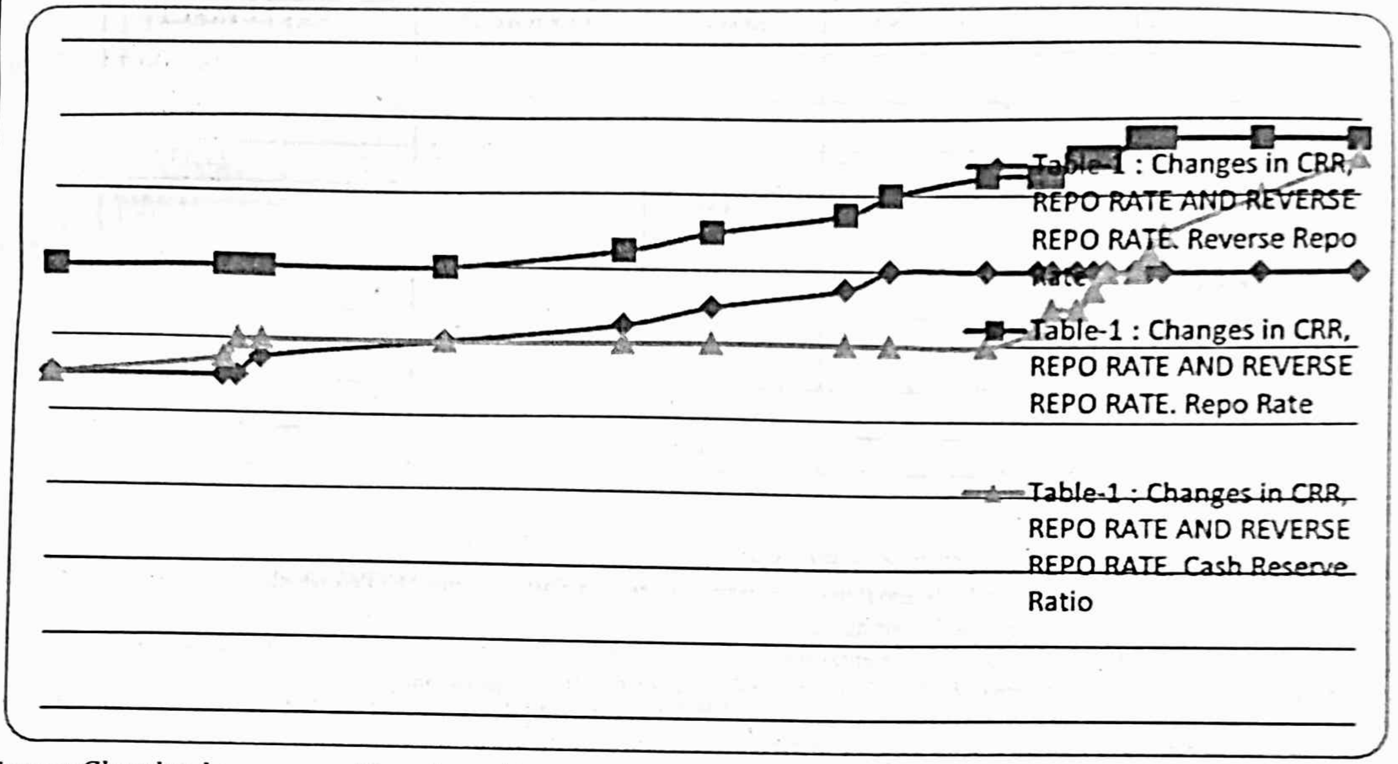
"The Mid Term Review of the Annual Policy Statement 2007-08 indicated that the real GDP growth was placed at 8.5 percent for policy purpose. Inflation at that time was 5.0 percent. The CRR was increased by 50 basis points to 7.5 percent w.e.f. the fortnight beginning November 10, 2007" (www.rbi.org). The position of CRR, repo rate and reverse repo rate has been given in the following table:-

TABLE-1 : CHANGES IN CRR, REPO RATE AND REVERSE REPO RATE.

Effective from	Reverse Repo Rate	Repo Rate	Cash Reserve Ratio
31-Mar-04	4.5	6	4.5
18-Sep-04	4.5	6	4.75
2-Oct-04	4.5	6	5
27-Oct-04	4.75	6	5
29-Apr-05	5	6	5
26-Oct-05	5.25	6.25	5
24-Jan-06	5.5	6.5	5
9-Jun-06	5.75	6.75	5
25-Jul-06	6	7	5
31-Oct-06	6	7.25	5
23-Dec-06	6	7.25	5.25
6-Jan-07	6	7.25	5.5
31-Jan-07	6	7.5	5.5
17-Feb-07	6	7.5	5.75
3-Mar-07	6	7.5	6
31-Mar-07	6	7.75	6
14-Apr-07	6	7.75	6.25
28-Apr-07	6	7.75	6.5
4-Aug-07	6	7.75	7
10-Nov-07	6	7.75	7.5

Source: www.rbi.org

CHART-1: CHANGES IN CRR, REPO RATE AND REVERSE REPO RATE



Source: Chart has been prepared based on table 1

EARNINGS PER SHARE (EPS)

Earnings Per Share is the measure of company's ability to generate after tax profits per share held by the investors. The EPS position of the sample companies is given below.

TABLE-2: EARNING PER SHARE (IN RUPEES) OF SAMPLE COMPANIES

YEAR	HDFC	SBI	SYNDICATE BANK	ORIENTAL BANK OF COMMERCE
Mar'2005	21.48	69.94	8.54	39.51
Mar'2006	27.81	83.73	10.28	32.06
Mar'2007	35.74	86.29	13.72	33
Mar'2008	44.87	106.56	16.25	33.57

(Source: www.rbi.org)

YEAR	UCO BANK	BANK OF BARODA	CANARA BANK	IDBI
Mar'2005	4.32	22.98	27.06	4.26
Mar'2006	2.46	22.62	32.76	7.75
Mar'2007	3.95	28.08	34.65	8.7
Mar'2008	5.16	39.27	38.17	10.06

(Source: www.rbi.org)

TABLE-3: SUMMARY

GROUPS	COUNT	SUM	AVERAGE	VARIANCE
HDFC	4	129.9	32.475	102.3161667
SBI	4	346.52	86.63	228.0955333
SYNDICATE BANK	4	48.79	12.1975	11.931625
ORIENTAL BANK OF COMMERCE	4	138.14	34.535	11.3879
UCO BANK	4	15.89	3.9725	1.273025
BANK OF BARODA	4	112.95	28.2375	60.312825
CANARA BANK	4	132.64	33.16	21.5634
IDBI	4	30.77	7.6925	6.135158333

(Calculated by author)

As shown in Table-2 and Table-3, the EPS of HDFC, SBI, Syndicate Bank, Bank of Baroda, Canara Bank and IDBI showed an increasing trend from year to year basis during the study period. Whereas, a mixed trend is followed in Oriental Bank of Commerce and UCO Bank. The average EPS of SBI is highest among all the banks followed by Oriental Bank of Commerce, Canara Bank, HDFC, Bank of Baroda, Syndicate Bank, IDBI and UCO Bank. Thus the study reveals that SBI is the most efficient bank in terms of generating earning per share.

We will explain by using ANOVA whether or not the EPS of eight different banks differ significantly.

Null hypothesis (H0) : EPS position of the sample companies does not differ significantly.

Alternative hypothesis (H1) : EPS position of the sample companies differ significantly.

TABLE-4: ONE-WAY ANOVA FOR EPS

Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	18954.2953	7	2707.756471	48.89681118	1.12723E-12	2.422628534
Within Groups	1329.0469	24	55.37695417			
Total	20283.3422	31				

(Calculated by author)

Inference: Since the calculated value 48.89681132 of F is greater than the tabulated value 2.422628534 at 5% significance level, null hypothesis is rejected. Hence it is concluded that the difference in the EPS position of the sample companies is significant.

NET PROFIT MARGIN (NPM)

Net Profit Margin indicates how much a company is able to earn after all direct and indirect expenses to every rupee of revenue. The Net Profit Margin position of the sample companies is summarized in Table-5.

TABLE-5 : NET PROFIT MARGIN (IN %) OF SAMPLE COMPANIES

YEAR	HDFC	SBI	SYNDICATE BANK	ORIENTAL BANK OF COMMERCE
Mar'2005	17.77	11.56	10.23	19.44
Mar'2006	15.55	11.21	11.58	12.54
Mar'2007	13.57	10.12	10.9	15.35
Mar'2008	12.82	11.67	9.65	11.38

(Source: www.rbi.org)

YEAR	UCO BANK	BANK OF BARODA	CANARA BANK	IDBI
Mar'2005	8.97	9.77	12.81	9.39
Mar'2006	4.29	10.76	13.82	8.47
Mar'2007	5.68	10.22	11.6	8.74
Mar'2008	5.75	10.38	9.61	7.84

(Source: www.rbi.org)

TABLE-6: SUMMARY

GROUPS	COUNT	SUM	AVERAGE	VARIANCE
HDFC	4	59.71	14.9275	4.917225
SBI	4	44.56	11.14	0.50086667
SYNDICATE BANK	4	42.36	10.59	0.69646667
ORIENTAL BANK OF COMMERCE	4	58.71	14.6775	12.8586917
UCO BANK	4	24.69	6.1725	3.93029167
BANK OF BARODA	4	41.13	10.2825	0.168025
CANARA BANK	4	47.84	11.96	3.27806667
IDBI	4	34.44	8.61	0.4126

(Calculated by author)

The data in Table-5 and Table-6 reveal that it was HDFC, which has outperformed all the other sample banks in terms of Net Profit Margin. The data also reveal there was stagnation in the NPM position of SBI, Bank of Baroda and IDBI whereas net profit of HDFC, Syndicate Bank, Oriental Bank of Commerce, UCO Bank and Canara Bank showed deceleration during the study period. The highest NPM among all sample banks was of HDFC i.e. 17.77% in March, 2005. On an aggregate basis, mean NPM of HDFC was the highest i.e. 14.9275%. Thus it found that it was HDFC to be the most efficient company in controlling indirect expenses when compared to other sample banks.

The Net Profit Margin of the sample banks is compared and tested using the following hypothesis. The details are shown in Table-7.

Null hypothesis (H0) : The NPM position of the sample companies does not differ significantly.

Alternative hypothesis (H1) : The NPM position of the sample companies differ significantly.

TABLE-7: ONE-WAY ANOVA FOR NPM

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	238.2961	7	34.0423	10.176221	7.1276E-06	2.42262853
Within Groups	80.2867	24	3.345279167			
Total	318.5828	31				

(Calculated by author)

Inference: Since, the calculated value 10.176221 of F is greater than the tabulated value 2.42262853 at 5% significance level, null hypothesis is rejected. Hence it is concluded that the difference in the NPM position of the sample companies is significant.

DIVIDEND YIELD

Dividend yield is a profitability measure. Higher the dividend yield higher the cash return to the investor. This indicates immediate cash return to the shareholder from investment in the company. Dividend Yield shows how much the shareholders were actually paid by way of dividend. The Dividend yield position of sample companies is summarized in Table-8 and discussed below.

TABLE-8: DIVIDEND YIELD (IN %) POSITION OF SAMPLE COMPANIES

YEAR	HDFC	SBI	SYNDICATE BANK	ORIENTAL BANK OF COMMERCE
Mar'2005	45	125	20	30
Mar'2006	55	140	25	45
Mar'2007	70	140	28	47
Mar'2008	85	215	28	47

(Source: www.rbi.org)

YEAR	UCO BANK	BANK OF BARODA	CANARA BANK	IDBI
Mar'2005	10	50	55	7.5
Mar'2006	0	57	66	15
Mar'2007	10	69	70	15
Mar'2008	10	93.6	80	20

(Source: www.rbi.org)

TABLE-9: SUMMARY

Groups	Count	Sum	Average	Variance
HDFC	4	255	63.75	306.25
SBI	4	620	155	1650
SYNDICATE BANK	4	101	25.25	14.25
ORIENTAL BANK OF COMMERCE	4	169	42.25	67.58333333
UCO BANK	4	30	7.5	25
BANK OF BARODA	4	269.6	67.4	366.64
CANARA BANK	4	271	67.75	106.9166667
IDBI	4	57.5	14.375	26.5625

(Calculated by author)

The data in Table-8 and Table-9 reveal that Dividend Yield of all the banks increased from year to year during the period under review, except UCO Bank which remained stagnant during the period of study. On an average, SBI paid out more dividends i.e. 155% than that of all other sample banks. Thus, it is concluded that it was SBI, which was more efficient in terms of dividends payment to the shareholders.

The Dividend Yield position of the sample companies is compared and tested using the following hypothesis. The details are shown in Table-10.

Null hypothesis (H0) : The Dividend Yield position of the sample companies does not differ significantly.
Alternative hypothesis (H1) : The Dividend Yield position of the sample companies differ significantly.

TABLE-10: ONE-WAY ANOVA FOR DIVIDEND YIELD

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	61383.23969	7	8769.034241	27.36899403	5.81322E-10	2.42262853
Within Groups	7689.6075	24	320.4003125			
Total	69072.84719	31				

(Calculated by author)

Inference: Since, the calculated value 27.36899403 of F is greater than the tabulated value 2.42262853 at 5% significance level, null hypothesis is rejected. Hence it is concluded that the difference in the Dividend Yield position of the sample companies is significant.

PERFORMANCE OF BANKING STOCKS IN THE SECONDARY MARKET

The stock markets in India witnessed buoyant conditions in the last few years on the back of strong FIIs inflows, driven mainly by robust macroeconomic fundamentals, encouraging business outlook and improvement in corporate profitability. The Bank Nifty on April 1, 2004 was 2871and after various up and down the Bank Nifty on March 31, 2008 closed at 6655 points. Whereas, the S&P CNX NIFTY on April 1, 2004 was 1819.65 and on March 31, 2008 was 4734.5. Bank Nifty increased a highest point of 10698.35 on January 14, 2008 and S&P CNX NIFTY reached a highest point of 6287.85 on January 8, 2008, within the study period of 2004-05 to 2007-08. There was upward trend in both the stocks till they touched the highest point. After that, there was a fall in the stock prices. The chart depicting the stock prices are given below.

CHART-2: MOVEMENTS IN BANK NIFTY AND S&P CNX BANK NIFTY

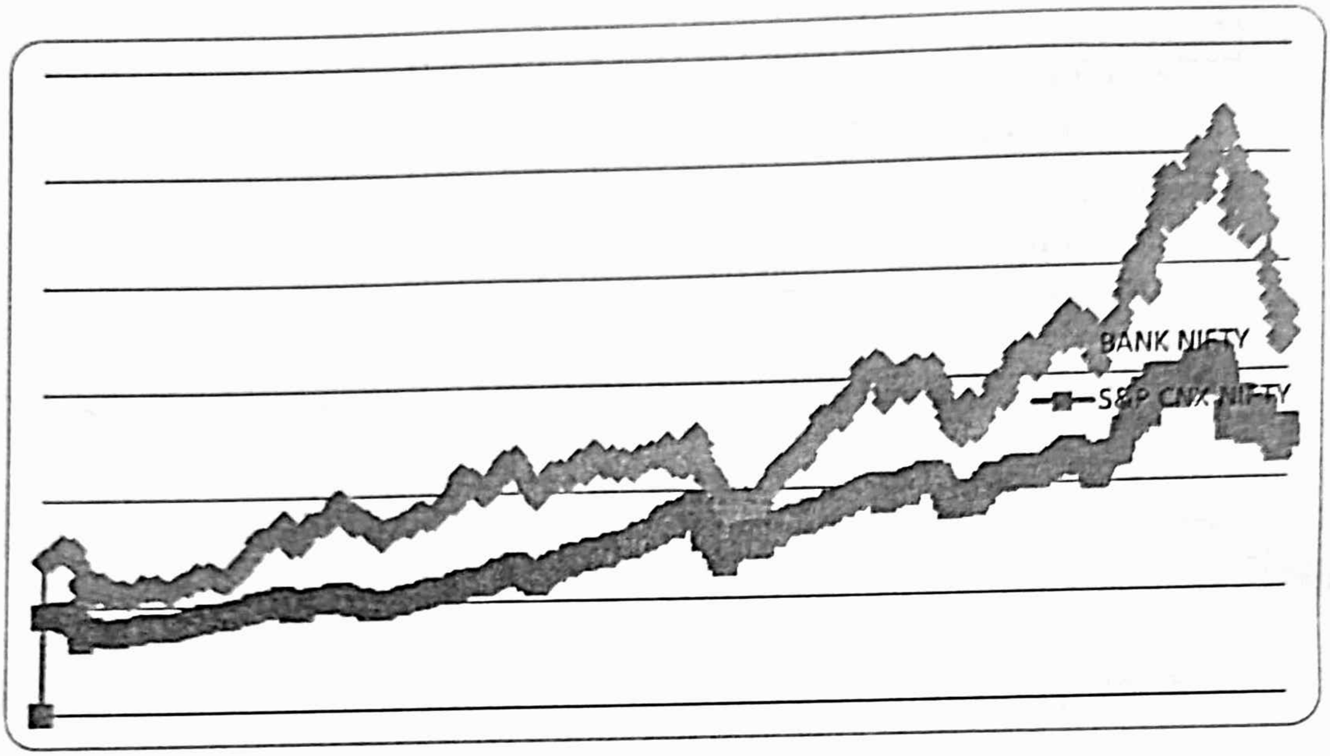


Chart has been prepared by author

CONCLUSIONS

The study aims at developing an insight into the performance of the banking sector which is of great importance from the viewpoint of investment decisions. The present study has been conducted to examine the sustainability of eight selected banks namely, SBI, HDFC, Syndicate Bank, Oriental Bank of Commerce, Bank of Baroda, Canara Bank and IDBI.

The study reveals that SBI performs better in terms of Earnings Per Share. HDFC is the efficient company in terms of Net Profit Margin. And again SBI outperformed in paying dividend to the shareholders.

Bank Nifty had gained around 8000 points between March, 2004 and January, 2008 indicating growth, wider coverage, efficiency, healthy capital adequacy and profitability of the banking sector. From the study, it can be concluded that the performance of the banks is reasonable. Though the potential and ability exist, Indian banks have to be faster now to sustain the growth.

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OPPORTUNITIES IN SOFTWARE PRODUCT MARKET

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Abstract

The growth of Information Technology (IT) is developing all business segment and still there exists a wide opportunity for growth. This is one of the sectors, which develop by itself. The business models are redefined and new techniques have been discovered to increase the profit by reducing the cost. Global presence becomes much easier and also one has to verify for the authentication. There are several sectors untapped, but needs highly technically competent manpower for development. The technical knowledge gained by individual to be further developed, enhanced to find a new market. Rather than competing in the existing market, companies can find new market and become leader. Software as a Product (SAAP) needs more innovative ideas, apart from technical idea. Individuals having technical knowhow and the market opportunity with enhanced thinking capacity can start the process of developing software products. Developing product with technical manpower and marketing the product with team of executives makes the product success and sustain. Customization becomes need of the hour and it is further argued customization is against standardization. Small players standardize the product and customize, whereas corporate are not willing to do so.

There exist a plenty of opportunity in SAAP especially in India. Corporate sector develops products for its own, further standardize and sells it as a product in the market to other clients. Even sometimes the same product is also sold to a competitor and business diversification takes place. Individuals having innovative ideas develop product and give tough competition to leading players in the software market. This paper highlights the opportunities in software as a product market and the key factors involved in the software product development stages. Idea generation, validity, development, commercialization, quality, marketing, and maintenance are the stages which needs high concentration to make a product success. Primary data collected from 260 software developers and appropriate statistical tools were used to analyze the data. To make a product success extensive co-operation between the individuals, teams, and departments is required. Everyone in the development must ensure quality on the process executed and further regular interaction will reduce the software development cycle time. High level team prepares the work schedule, time chart, modules and monitors the development process. Here lies a risk, if the team members plan to leave the organization, they can give tough competition by creating similar products. Proper documents to be maintained and backup manpower should be identified to release the product on time. The process of marketing begins even before the idea generation stage and the time to market is an important factor to be considered. To sustain in the market either the existing product to be developed further or new alternate product be identified.

Keywords: Software product, Product Development, Software marketing.

INTRODUCTION

The growth of Information Technology (IT) is developing all business segment and still there exists a wide opportunity for growth. This is one of the sectors, which develops by itself .Software can be viewed as a service (SAAS) and also as a Product (SAAP). Now the question is whether it would be developed as a product or as a service. Services will yield good result for a short span of time and the amount of risk is also less. But software as a product will yield better result in the long run and the risk is also high. In any business, high risk yields high profit. The risk here means not direct investment but the amount of time spent by professional to finish the product and other indirect costs on the development process.

REVIEW OF LITERATURE

Shari Lawrence Pfleeger (*2000*), pointed out, 'understanding the evidence helps determine which types of people choose which technologies are important part of successful technology transfer. Benefit from the business and legal communities, methods, learning how to better understand targeted audiences and efficiently market the technology.'

Nelson P. Repenning (*2001*), developed a model for fire fighting in a multiproject development environment. The results suggests: fire fighting can be a self-reinforcing phenomenon, and multiproject development systems are far more susceptible. The dynamics of multiproject systems coupled with basic features of human psychology make fire fighting a likely

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occurrence in many NPD environments. Creating "Fire-resistant" NPD systems requires the development of more dynamic methods of resource planning.

Kristian Rautiainen (*2002*), has pointed out there is flexibility in the Capability Maturity Model, which gives criteria for mature processes, specifically a process by: defined, documented, trained, practiced, supported, maintained, controlled, verified, validated, measured, and improvable. But this can be applicable for larger firms and smaller firms have to redesign the standards and have a model for development. One of the main lessons is that establishing a common language is one of the most valuable and tangible results of applying "process thinking" in an organization. The level of communication, interaction between members, differs between people, between product development team in smaller organization where there is no standard. Creating mini-milestones in project and testing at frequent intervals which avoid delay in projects are important factors. Effort estimation attached to the requirements or features; otherwise one cannot consider the resource implications to the release projects.

Yuhong Wu (*2004*), analyses the delays in new product introduction beyond preannounced deadlines. The factors related to the firms motivations to delay the product, the presence of constraints that prevent delay (or the availability of opportunities to delay the product), and the firms abilities pertaining to product development. The role of technical problems related to design and development, poor management of the development process, and the lack of resources and senior management support. Suggested remedial measures include the implementation of cross-functional teams and concurrent engineering and the allocation of adequate managerial resources toward development.

Alan MacCormack (*2001*), examines the characteristics of an effective development process in the Internet software industry. The analysis is based on data captured during a two-year study of product development practices in the Internet software industry. The results suggest that investment in architectural design play a dual role in a flexible process: first, through the need to select an architecture that maximizes product performance and, second through the need to select an architecture that facilitates development process flexibility. A flexible process, development teams should focus on getting an early version of the product into customer's hands at the first opportunity. Thereafter, teams must work with these customers to "evolve" the design, gathering feedback on the performance of existing features, while being responsive to requests for additional functionality. From practitioners' perspective, implementing a more flexible process requires thinking about the product development process with a different mindset.

Walket Royce (*2002*), stated on some of the techniques involved with reducing the size or complexity of the software and improving the software development process. The main thrust of process improvements is to improve the results of productive activities and minimize the impact of overhead activities on personnel and schedule. Using key software engineering best practices, from the outset, in requirements management, visual modeling, change management, and assessing quality throughout the life cycle.

DATA COLLECTION AND ANALYSIS

In order to understand the views and thoughts of the developers, a questionnaire is designed and circulated among the developers. Questionnaire was hosted on the web www.softwarenpd.com. E-mails inviting respondents to take part in the survey was sent to individuals as well as to corporate. Corporate members were requested to forward to their employees on their intranet for data collection. Totally 893 data were received out of that 260 samples were identified as appropriate and considered for the study. Those respondents not completed the questionnaire till the last pages (100% of the survey) were not considered for the study.

Table – 1. Respondents' designation

Designation	No. of Respondents	%
Project Manager	15	5.8
Developer	45	17.4
Team Leader	26	10.0
Technical Leader	10	3.8
Business Analyst	26	10.0
IT Specialist	15	5.8
Senior Software Engineer	32	12.3
Software Engineer	49	18.8
Trainer – programmer	18	6.9
Others	24	9.2
Total	260	100.0

The Table1 shows the respondents' designation and the number of respondents on each category. Most of the respondents were software engineers (18.8%) and developers (17.4%). Followed by this there were senior software engineers (12.3%). Most of the organizations recruit employees in software development and basically if they are engineers, designate as software engineer or otherwise as developers. But the nature of job at the beginning stage is one and same and it varies according to the nature of the project.

Gender distribution

In software industry no organization is giving much importance for the gender of the employees. If night shifts are there then the organizations are making proper security arrangements and make the work environment a safe place for their employees.

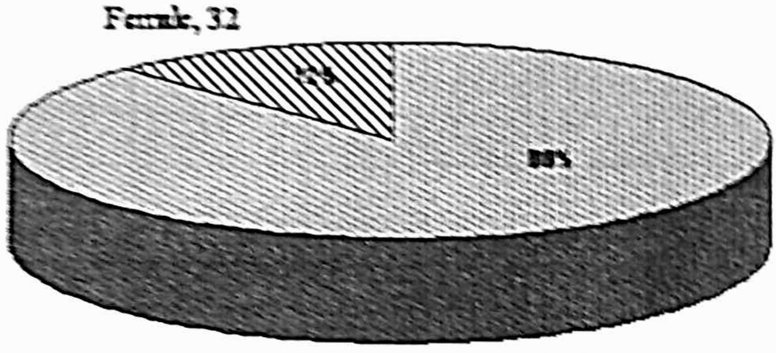


Figure – 1. Distribution of the respondents based on gender

Considering the study among the total 260 respondents there were 228 male respondents (87.7%) and 32 female respondents (12.3%).

Distribution based on basic qualification

Employees in the software development process are competent in programming languages, but in order to identify if any significant difference exists between the employees with basic computer knowledge and others. Developers can also have basic qualification on various fields of interest and later develop with computer skills either by undergoing a masters degree in the field of IT, or by undergoing a special courses in computer science.

Looking at the software as product, knowledge with the application is equally important like the knowledge on the software programming skill. It is argued that programming skill can be taught easily as compared to making an employee understand the nature of the product and its expected features. So, organizations are preferring employees with higher degree of knowledge in the type of product they involve and knowledge on computer programming skill will be an added advantage.

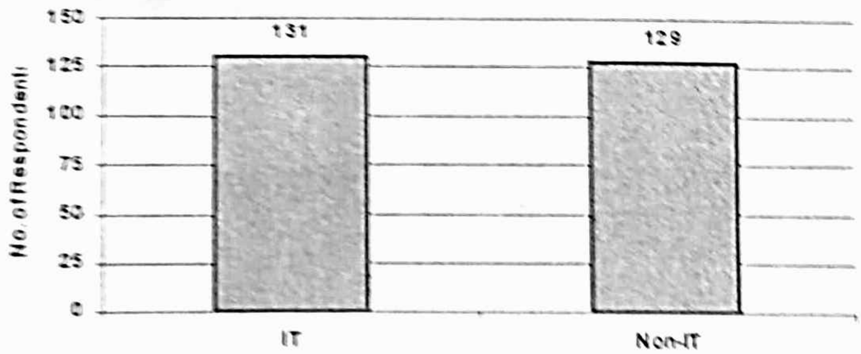


Figure – 2. Distribution of respondents based on basic qualification

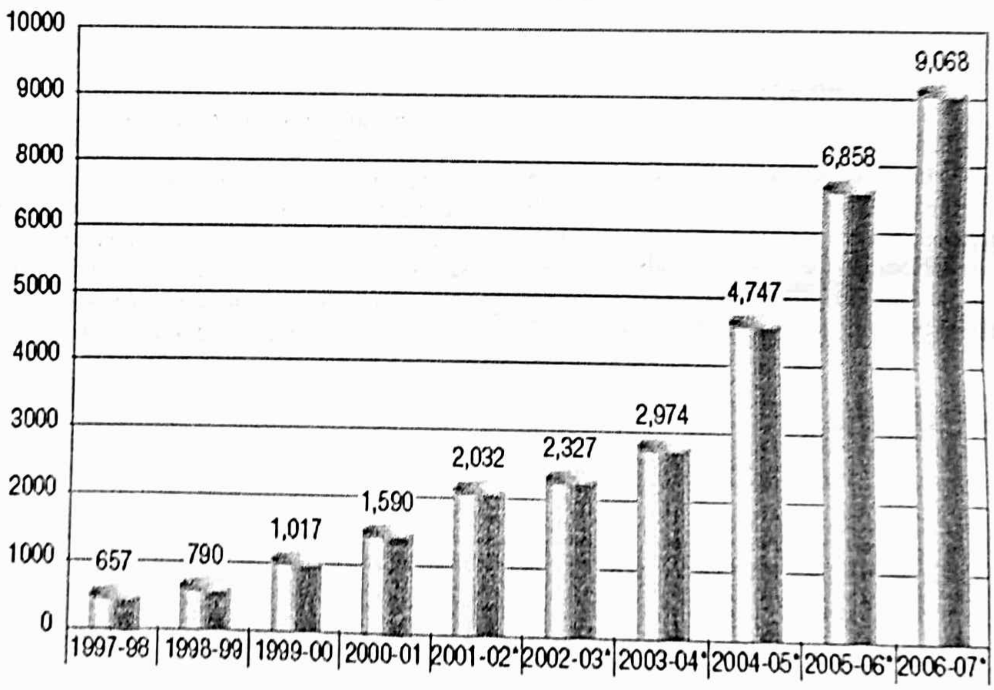
The Figure 2. shows that the respondents employed in the software development process are both with basic computer knowledge (131 out of 260 – 50.4%) and also there are employees with computer knowledge as an additional qualification (129 out of 260 – 49.6%). The industry is expecting the skill rather than giving much importance for the basic qualification.

Table – 2. Number of companies already worked by respondents

	No. of Respondents	%
None	40	15.4
1, 2	133	51.2
3,4	57	21.9
5,6	20	7.7
7,8	6	2.3
More than 8	4	1.5
	260	100.0

Table 2. shows that 51.2% of the respondents have one to two years of experience and only 1.5% of the respondents have more than eight years of experience.

Employees get better opportunity and they move fast between companies. Looking into Infosys, which has 44,658 up from 32,178 employees at the end of the year 2005-06. It has an attrition rate at 11.2% compared to 9.7% for the year 2005-06. The following Figure 3. shows the number of employees in iflex and its subsidiaries. During the year 2006-07 it has 9.068 employees and is in the process of adding more skilled employees.



Source : iflex : Annual Report

Figure – 3. Iflex number of employees including those in subsidiaries

Comparison between years of experience in the present organization and total years of experience:

The employees in the field of software development frequently change their organization due to several reasons. The commitment towards the organization and its goals is comparatively less with other areas of business.

Table – 3. Number of years of experience in total, and in the present organization

Total years of experience	Years of experience in the present company					Total
	Less than one year	1 to 3 years	4 to 6 years	7 to 9 years	More than 9 years	
Less than one year	25					25
1 to 3 years	26	57				83
4 to 6 years	21	19	9			49
7 to 9 years	6	12	10	13		41
More than 9 years	2	20	19	9	12	62
Total	80	108	38	22	62	260

Pearson chi-square < 0.001 (S)

There is a significant difference between the total years of experience and the years of experience in the present company. Only 12 respondents have more than nine years of experience in the present company out of 62 respondents (19.3%) those have more than nine years of total experience. From the above Table it is also inferred that more than fifty percent of respondents have one to six years of experience out of their total years of experience.

Work pressure on software development process

The software development cycle consists of feasibility study, coding, testing, implementing, and documenting. In this cycle to understand the pressure on the specific time period and hence to allot proper manpower this has been undertaken. In general software development process consumes most of the time of coding, and then testing. There are few companies which undertake testing as their core business and certify the quality of the software developed for the benefit of the end user.

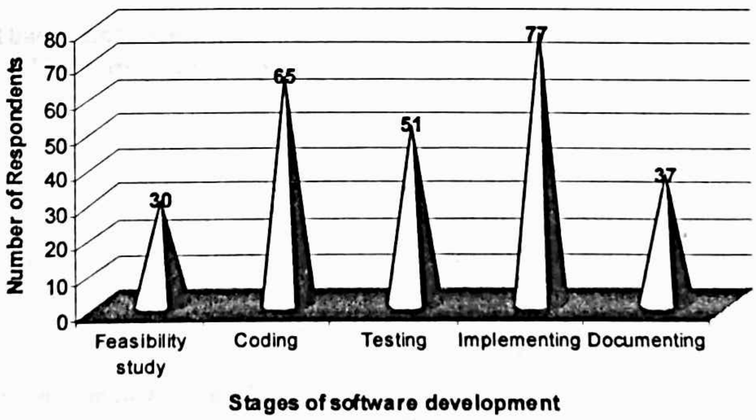


Figure – 4. Respondents' opinion on work pressure during the software development cycle

The figure 4. reveals that 77 respondents are feeling more pressure and 65 respondents are on pressure out of 260 respondents. Coding is the important job in software development, but from the above figure it is found that implementation is an important process and also testing which gives much importance.

Table – 4. IT spending by industry vertical, worldwide ($ million) Source : Express Computer

Industry	2009	2010	Growth YoY (%)
Banking and securities	379,855	390,488	2.8
Communications Media and Services	378,750	392,506	3.6
Education	62,607	64,148	2.5
Healthcare	86,215	88,996	3.2
Insurance	156,573	159,926	2.1
Local and Regional Government	176,747	179,664	1.7
Manufacturing and Natural Resources	415,480	426,085	2.6
National and International Government	235,086	244,410	4.0
Retail	142,420	146,239	2.7
Transportation	103,689	105,703	1.9
Utilities	119.927	125.583	4.7
Wholesale Trade	81,196	83,315	2.6
TOTAL	2,338,544	2,407,063	2.9

The developed code for an application has to test rigorously and at the end it has to be implemented to the entire satisfaction of the user. Coding, testing can be taken in small modules but implementation has to be executed stage by stage. If the user satisfies on a stage then only the next stage of implementation can take place.

CONCLUSION

SAAS will yield good results for short term and is highly competitive. But SAAP will deliver better outputs if it of high quality and satisfies the users requirements. To make a product success extensive co-operation between the individuals, teams, and departments is required. Everyone in the development must ensure quality on the process executed and further regular interaction will reduce the software development cycle time. Even though the idea flows rapidly for the development process co-operation, integration and validity should be properly handled to make the product success. High level team prepares the work schedule, time chart and modules and monitors the development process. Here lies a risk, team members with idea leave the organization and create similar products thereby giving tough competition. Proper documents should have to be maintained and backup manpower should be identified to release the product on time. The process of marketing begins even before the idea generation stage and the time to market is an important factor to be considered. To sustain in the market either the existing product to be developed further or new alternate product be identified. Creativity, innovative thinking and systems integration plays a vital role in software product development and produce results.

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TOURISM DESTINATION DEVELOPMENT: ENTREPRENEURIAL OPPORTUNITIES

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Abstract

The study comprises the determinants of entrepreneurial opportunity at any tourism destination which is developing or in the process of being developed. A destination is a place which consists of key and supported attraction (locale) along with the necessary accessibility (transportation), accommodation and amenities for catering for any kind of tourist, may it be domestic or international. We can categorize destinations depending on the attraction and motivation for the tourists like; seashore tourism, mountain or hill tourism, health or spa tourism, heritage tourism etc. Whatever the purpose (motivation) for the places to visit, it is the destination which offers its potentials to the tourists. Here comes the key concept in the tourism business - the destination is not only offering its potentiality but creating an opportunity also to cater to a large number of people by rendering various services related to their visit to that particular place, starting from booking air or rail ticket to getting refreshed by a cup of tea.

Entrepreneurial practice in industries like tourism is very common and widely accepted as it creates an opportunity for open business in the market which is highly competitive but profit oriented. The three major components of tourism are Accommodation, Transportation and Locale, all offering wide opportunities to establish big, medium and small ventures depending on potentiality and credibility. Studies have revealed that involvement of the government in directly running tourism business is 28% only. The rest 78% involvement is of the big and small entrepreneurs who are running their businesses with a good margin of profit and creating job opportunities for trained and untrained human resources.

Tourism offers endless opportunities to venture into any type of enterprise, directly or indirectly related to the industry, starting right from operating an airline to running a booking office, a travel house or a Souvenir Shop or even managing the factory for the same. In a broader sense, we can observe that the owner of an Airline or a Travel Agency and the Tea Stall owner or the Rickshaw puller at the destination or, even, the person who sells local handicraft items are equally important and correlated for comprehensive development of any destination that people would visit.

Apart from creating job opportunities, entrepreneurs related to Tourism Industry also create a deep impact on the community in terms of economic, social and cultural upliftment. Though we cannot ignore the fact that there may be some negative impacts also but it has been definitely evinced that the positive impacts are too high in comparison for both developed and developing countries.

Introduction

The practice of entrepreneurship in tourism is as old as the concept of travel from one place to another when pilgrims, merchants and armies had to move across the country. From the very ancient age to the one of modern technology, people have had to depend on others for seeking information, hiring vehicle, or to rent a shelter while they are travelling. The relation between the traveler, the destination(s) or the place(s) to visit and the service providers during the trip is interrelated and interdependent too. In the ancient times people used to hire camels, elephants or boats by paying money or exchanging goods whereas in the modern age they contact car rental companies or transport service providers for a comfortable and luxurious journey and, for some, cheap but a feasible one. People used to stay in "Inn" with minimum comfortable accommodation and food, but now they are availing of luxury hotels, spas and even 7-star cruise with all amenities and comforts.

As opposed to mostly traders and pilgrims traveling from place to place in the ancient times, the purpose of travel has now expanded into much broader horizons and sometimes highly specific matching typical individual needs and, along with that, very many new destinations have been discovered and explored to satisfy the needs of the increasingly demanding travelers of the current age. Further to that, the destinations have been developed keeping in mind the highly dynamic nature of the market. As a result, the whole gamut of tourism activities is increasing day by day and the involvement of the service providers and the customers is also following the trend. The study of TOURISM DESTINATION DEVELOPMENT: ENTREPRENEURIAL OPPORTUNITIES is to highlight the fact that every new step in tourism development is opening an opportunity for a venture directly or indirectly related to tourism. Before going into the details, two key words "Tourism Destination" and "Entrepreneurship" need to be elaborated.

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The term "Tourism Destination", means the place(s) where the tourist(s) visit for their own interest like rest, recreation and relaxation. A Tourism Destination is the place where tourists get comfortable accommodation while they are travelling, avail of transportation from the point of origin to the place they wish to visit and locale or the attraction of that particular place of visit. These three components together render a place "Tourism Destination". In Tourism Business or Travel Trade, the key product is the destination, along with the support services like accommodation, transportation and recreation. Both the FIT (Frequent/Free Individual Traveler) and the GIT (Group Inclusive Travelers) select the destination and plan their tour with or without the help of intermediaries (Tour Operators and Travel Agents). Each of the components is itself separately an Industry and the combination of all of them is the Tourism Industry itself.

The term "Entrepreneur" means "a person who makes money by starting or running businesses, especially when this involves taking financial risks". In Tourism Industry, the total business is based on the components which are also individual industries like hotel, airline, railway, car rental companies, entertainment providers, etc. The entire range of business is comprised with, and serviced by, the intermediaries like Tour Operators and Travel Agents. All these support and key industry businesses involve entrepreneurial practice to serve different tourism products to the beneficiaries.

The relation between an Entrepreneur and the development of any tourist destination is very clear. According to the customer's choice and demands in the market, a destination gets the number of tourists depending on various factors like season, location accessibility, facilities, etc. At the time of choosing the destination some classical factors play the key role, to name a few - motivation for travel, history of that place, geographical features, scenic beauty, monuments, wildlife, cultural heritage, etc. Simultaneously the non classical factors like availability of accommodation, quality of accommodation, availability of transport, local entertainment facilities help the traveler to choose the destination. The classical factors are dependable highly on nature and sometimes on human beings but it is never so with a direct economic involvement, whereas the non-classical factors are involved with human participation and with all direct and indirect economic aspects. The entrepreneurial practice is to deal with these non-classical factors where the entrepreneurs facilitate the whole gamut of travel operations by providing all support services for travelling to a destination and, thereby, earn money. This involvement is sometimes direct (which comes under the tourism industry like travel agencies, hotels, restaurants, etc.) or indirect (which are the other industries like entertainment, handicraft, and even in a small scale, the local "Tea Stall").

Entrepreneurship in Tourism:

Entrepreneurial practice in Tourism is widely accepted and, in some cases, it is the only step undertaken by the enthusiastic businessmen who can bear the risk of investing into a venture. If we consider the components separately involved in Tourism Industry - Accommodation, Transportation, Entertainment - all business follow the same practice of Entrepreneurship. Accommodation providers in the Tourism Industry, mainly hotels, resorts, rest houses, tourist lodges are the result of those ventures undertaken by an entrepreneur. Here involvement of the Government is only 12% and the rest 88% belongs entirely to the private/public enterprises. The scenario depends on the economical stability and per capita income of a particular country. The developed countries have more scope and opportunities of entrepreneurial involvement whereas the developing countries have less of these with the underdeveloped countries most of the time depending on Government initiatives only (private ventures are totally funded by the Government in such cases). In case of transportation, it totally depends on the type of transport and the infrastructure of the service. In the Aviation Industry, almost all developed and developing countries have their own National Air Carrier (some countries depend on others), but there is still a wide scope of private undertaking, even though the business is full of risks and involves huge investment. Railway transportation is mostly nationalised and, in some cases, it is a Government Undertaking. In case of road transport, it is dominated by the private enterprises because of easy accessibility and comparatively cheaper rates.

Apart from the support services, the key tourism business itself provides a wide range of entrepreneurial opportunity at every footstep. In Tourism Industry the finished product is the destination along with support services or the Package Tour. The channel of distribution plays a key role in tourism business. The Tour Operator gets the service in bulk from the service providers like Hotels, Airlines, Car Rental Companies, and prepares Package Tours according to the varying market needs. The Tour Operator (wholesaler) compiles the component and sells to the Travel Agents (retailers). The entire business follows an 1, 2, 3, or 4 step distribution system, but all the parties involved in selling and reselling are mostly the enterprises. The Government involvement in such cases (package tour preparation and selling) is just about 18% for those travelers who depend on the Travel Agencies. Rest of the 82% business is planned, developed, organized and operated by those entrepreneurs who take challenges and bear the financial risks.

Service Providers ⇨ Wholesalers ⇨ Retailers ⇨ Customers

The key travel business of any country depends on the tourist places or the attraction, infrastructure, and marketing of that particular destination. All these features are highly integrated with the scope and opportunities of business initiatives and development. Any Tourism Destination, may it be old or new, popular or sacred, and even expensive or cheap, the entire business is a sound composition of different services. Service does not mean the hotels and airlines only, it includes even porters and the local tea stalls too. That's why, any tourism related business directly or indirectly creates an opportunity for entrepreneurial practice.

Opportunities Unlimited

The entrepreneurial opportunities in Tourism Industry are endless because each destination has its own life cycle and, at each and every step, many new options are coming up to cater for more and more tourists. The 88% public/private enterprises are engaged in different fields with their big, medium and small ventures.

Accommodation service providers like hotels, resorts, tourist lodges, etc. also have a wide range of opportunities for big, medium and small enterprises. 18% service is provided by the Government sector covering Government Hotels, ITDC and STDC accommodation like Tourist Lodge, Govt. Rest House, and Forest Bungalows, etc. Rest 82% of accommodation providers are private hotels, resorts, spas, and even house boats and tent accommodations. In the transportation sector, 42% Government involvement includes Indian Railways, Air India and State Government coach services. Rest 48% private transportation includes Private Airlines like, Jet Airways, Sahara, Indigo and Kingfisher, and for road transportation coach and car rental companies.

Apart from accommodation and transportation, other service providers also play an important role to attract tourists to a particular destination. At the time of visiting a particular destination, tourists get different services by paying for it. Large entrepreneurs earn profits by providing services like Souvenir shops, restaurants, spas, guide services, entertainments like children's park, theatre, shopping malls, etc. It is very important to know that these entrepreneurs also get services from other related service providers who are also entrepreneurs. For example, a souvenir shop in Delhi is doing business by offering different articles to the tourists. They collect all the items from different parts of India. The different handicraft manufacturers, their raw material suppliers, labour suppliers as well as the transporters or even the middlemen like wholesalers and retailers are all, in their individual capacity, into different businesses and separate practices of entrepreneurship.

The private sector involvement can be categorized into two major areas - direct and indirect. The direct enterprises like Tour Operators, Travel Agencies, Hotels, Resorts, Spas, Airlines, Coach services, Car rental companies, Guide service Providers, Interpreters, Booking Agents, etc. control the travel trade with their direct involvement and the fluctuations in their business directly affect the entire range of operations in the travel trade. Though these enterprises directly control the flow of travel trade, they also bear its own risks and face the competition of the market. Some examples of indirect enterprises are raw material suppliers to the hotels, building construction farms, Ayurvedic product manufacturers and suppliers to the spas. The aircraft manufacturers and support service engineers, car or cab manufacturers and suppliers, guide training institutes, and, most importantly, the human resource support and service providers can also be categorized as indirect enterprises and play the important role of serving directly to the direct service providers and indirectly to the target customers. Apart from this, some ventures emerge and evolve right at a tourism destination depending on the tourist flow, infrastructure and demand in the market. These ventures are also considered as support services to the Tourism Industry. Big ventures like amusement parks, theme parks, shopping malls, multiplexes sometimes become the key attractions of a destination and totally depend on the tourist flow. Medium enterprises like local theatre groups, souvenir shops, crafts villages, theme cuisine stalls, etc. are also important for the tourists in the same way as the tourists are important to the business. Many a time the small ventures become an integral service provider for the tourists like barber shops, internet cafés, local paan and cigarette shops, and even the rickshaw pullers too. This interrelation and dependency lead to the economic development of a particular destination as well the society with their direct and multiplier effects.

Start-up

Before starting the business, the entrepreneur should have a clear idea about the business he is about to start, whether it is directly a tourism business or one of the support services. It is important to recognise that starting a tourism business is no different from starting any other business, but the entrepreneur should know who the target customers are - the tourists or the related service providers. This total process includes certain steps:

1. Identification of the type of business

The first step is very critical when an entrepreneur identifies the type of business he is going to start. It may be a large, medium or small scale business according to the capital investment, but more than that it is very important to know about the product/ service he is going to offer. For example, if it is a business of a Travel Agency, the entrepreneur should have a clear idea about the service providers (airlines, hotels, car rental companies), where from he is getting the service and the channels of distribution (agents/sub agents) and, most importantly, more about the target customers (tourists/travelers).

2. Research and learning about its uniqueness

After identification of the business, a thorough research should be conducted about the uniqueness and usefulness of that particular business. For the example mentioned above, the entrepreneur has to consider the uniqueness of the package tour (special features, competition in the market, special rates, discounts etc.) and some value additions for special packages for FIT, GIT, HIG, MIG, etc. After the research the learning process starts to arrive at a decision about the proposed product or service.

3. SWOT analysis

At this stage, SWOT analysis takes up a very significant role. This analysis is done to assess both internal and externals factors of the business. It is like

S – Strength
W – Weakness
O – Opportunity
T – Threat

Strength and Weakness are the internal factors and Opportunities and Threats are the external factors. For Travel Agencies the factors are:

Strength: Location or position, Manpower, Package rate, relationship enjoyed with the suppliers and the sub agents, company policy, etc.

Weakness: Poor accessibility, too low package rates, conflicts among employees, etc.

Opportunities: Target customers, season, comparatively cheap rates, relationship with customers, etc.

Threats: Competitor's rate, competitor's relation with customers, market needs, financial stability of the customers, Government policies, etc.

The internal factors are assessed and solved largely by the organisation itself whereas the external factors are to be taken care of at the time of planning.

4. Developing the business plan

After a well-conducted SWOT analysis, the business plan has to be developed taking into consideration all factors along with the product quality and credibility. Apart from that, some other points are also very important:

Location
Accessibility
Rent
HR plans (recruitment, salary, promotion, etc.)
Capital investment
Return policy (if capital is borrowed)
Marketing policy
Vision and mission

In most of the cases the business plan is given by the entrepreneur and developed by an expert person/farm, factoring in all relevant details.

5. Financial feasibilities

A business plan should be supported by the financial position of the enterprise according to the business size. In most of the cases, for small business, entrepreneurs invest money of his own or borrowed from someone, but for medium and big ventures VCs (venture capitalists) are invited to deal with it. In recent years, the Govt. of India has also taken some steps to promote any type of business. Some of them are:

Micro and mini industrial development plan
Rural area industrial development plan
Youth entrepreneurs' development plan
Women entrepreneurs' development plan
State industrial development plans
Specific industry-wise development plans like, for tourism, transport, Information technologies, apparels, hotels etc.

The financial aids are supported by the departments like:

NABARD (National Bank for Agriculture and Rural Development)
IDBI (Industrial Development Bank of India)
All Nationalised Banks (after assessing BP)
Specific Private Banks (after assessing BP)
Department of Small Scale Industries
PMRY (Prime Minister Rojgar Yojnaa), (Scheme of Central Govt. implemented through State Govt. and financed by Nationalised Bank)
Khadi Gramodyog Bibhag (for cottage industry)

6. Setting up the operation

After getting the financial aid, the entrepreneur sets up the operational areas with the needed infrastructure and manpower, and after that puts in place the operation according to the business plan.

In case of Travel Agencies, the operation starts with preparing itineraries, selling package tours, negotiating with service providers, identifying and targeting customers, etc.

7. Marketing and promotion of business

For any enterprise, marketing and promotion of the product/service is very important. Effective marketing is done with the proper mixing of the 4 Ps - Product, Price, Promotion and Place and for service marketing it is the 5th P which is a combination of People, Process and Physical factors. Different organizations adopt different marketing strategies according to the type of product/service, market competitions, size of market, size of organization, customers' choice, financial condition of the organization, etc.

8. H R Practice

Any entrepreneurial practice follows the employer-employee relation by practicing Human Resource activities in the organization.

Role of Central and State Governments to boost up the business

In National Tourism Policy it was clearly stated by the Prime Minister that "Tourism is a major engine of economic growth in most parts of the world. Several countries have transformed their economies using the tourism potential to the fullest....Tourism has great capacity to create large scale employment of diverse kinds – from the most specialized to the unskilled - and all of us know that generation of massive productive employment opportunities is what India needs the most". (http://tourism.gov.in/policy/Tourismpolicy.pdf). It was also mentioned that the economic growth should be positioned to be measured with the direct and multiplier effects for employment and economic up gradation in a sustainable manner.

TOURIST ARRIVAL FROM 2004 TO 2010

YEAR	DOMESTIC	INTERNATIONAL
2004-2005	234574	14774
2005-2006	261107	16472
2006-2007	302693	18371
2007-2008	350000	20000
2008-2009	400000	23000
2009-2010	500000	23000

(Data collected from Ministry of Tourism, Government of India)

The above mentioned data is sufficient to understand the increasing growth of Tourism activities in India. As a result, the Central and State Governments have taken various steps to promote Tourism Destination with its direct and supported service providers. Developing countries like India with its limited resources need the full cooperation and coordination with Central and all State Governments to maintain the increasing flow of traffic. It is not only difficult, but almost impossible to serve the tourists with Government involvement only. For that reason non-Government or private participation is heartily invited to develop the infrastructure of travel and tourism in India for all types of ventures.

Conclusion

Thus, it can be inferred that the role of entrepreneurs in the Tourism industry is practically unlimited. Right from developing a destination and marketing it to the hardcore tourism activities to the allied industries supporting such activities, the quintessential entrepreneur plays a significant role for the furtherance of the industry. Whether the local or the national Government plays a role or not, the entrepreneur can firmly etch his part in any sector of the entire gamut of tourism operations.

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Assessing the relevance of Transport Demand Management (TDM) policies in India

Asis Kumar Pain[1]

Abstract

The urbanization spree in developing countries has been pivotal in steering the economic growth of their respective economies, more so in the post era of globalization phase. Various factors contributed immensely towards this dominance. A prominent amongst these is a huge rise in urban population occurring as a result of large-scale inward migration from rural areas on account of enhanced economic opportunities. In India too, the same trend is envisaged with urban population sky-rocketing from 62 million in 1951 to 285 million in 2001 and estimated to reach 540 million by 2021. In percentage term, such a voluminous increase in urban population with respect to overall population was also quite noticeable. It stepped up from 17% in 1951 to 29% in 2001 with strong chances of grasping a share of 37% by 2021. As a consequence of enhanced economic activities by these urbanites, mobility and so, the demand of transport modes, increased by leaps and bounds. In the face of inefficient infrastructure facilities plaguing most urban cities/towns, the increasing demand for motorized transport modes far outstretch over and above of what, the existing infrastructure facilities can accommodate. The impasse leads to frequent congestion and reduction of average travel speed rate along urban roads, resulting in steep rise in vehicular pollution level. With the International community hell bent on reducing the emission level, with transport contributing substantially in the overall pollution, the onus to reduce vehicular pollution level through various means is considered an indispensable pre-requisite. Amongst the various means of controlling vehicular pollution, those through usage of technologically upgraded vehicle, development of infrastructure facilities and Transport Demand Management (TDM) policies are worth mentioning.

In the case of India, limitations in technological upgradation of vehicles and also of capacity building on account of inappropriate availability of requisite technology and capital crunch, is galore. Though, through recent PPP schemes, the government is actively encouraging development of physical infrastructure development, the thrust is more pronounced in enhancing the overall connectivity status of the country rather than specifically focusing on urban areas. Moreover, the gestation period for commencing operation of these developed physical facilities are too long to merit benefit, in the short run.

In such a situation, a stalemate with respect of the prevalent demand-supply gap could be taken care of, through TDM policies. Apart from being quite effective in lessening the gap, these policies are found to be cost-effective too.

Taking cue of this fact, the present paper attempts at examining the transportation problems faced by urban cities/towns of India as a result of population rise/multiple rise in economic activities and the role of TDM in gaining control of the situation.

Prelude

In the last six decades, a noticeable social feature in Asia is its doubling of urban population. In 1950, the urban proportion of population was 17.1% that rose to 34.9% in 2000. In absolute term, the increase translates to 1023.4 million urban populations from a meager 230.4 million urban dwellers in 1950 to 1253.8 million in 2000. An alarming forecast as per the Population Reference Bureau is that the urban population shall reach 2.6 billion between the periods from 2000 to 2030.

Notwithstanding such magnanimous increase, the Asian urbanization trend envisaged a skewed variation, in terms of its spatial domain. While South-central Asia remained the least urbanized region, with less than a third of its population being urban dwellers, the picture is radically opposite in Eastern Asia, South Central Asia and South Eastern Asia. Again, amongst these urban populous region, Eastern Asia, scores far above the other two, with its projected population to touch 62.7 million in the year 2030 (United Nations, 2002).

Examination of the urban population status of eastern Asian countries vis-à-vis the entire Asia showed a glaring variation in the urbanization level. Again amongst these countries e.g., China, India, Indonesia, Bangladesh, Pakistan, Japan, etc., the absolute number of urban people was found to be the highest in India. It went up by a whooping 217.4 million in the five-decade period from 1950 to 2000 representing a rise of 352.9%.

In line with this enormous rise in urban population, the level of mobility increased manifold. As par a recent estimate, the total number of daily trips by vehicular modes for million-plus Indian cities is believed to rise from 92 million in 2001 to around 216million in 2021. This huge rise in mobility has two detrimental components that make the situation highly adverse. Firstly, Indian urban areas invariably suffer from acute physical infrastructure deficiency and secondly, the inefficiency of public transport relegates its importance in the entire urban mobility spectrum to an insignificant level. In the face of such shortage of public transport, the emergence of personalized modes leads to a

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situation wherein, negative externalities, like compromising on safety and actively endangering the climatic status-quo becomes very prominent manifested in frequent urban traffic snarls and grid locking.

While the recent governmental initiatives, more so, under the aegis of the Public-Private Partnership (PPP) policy to enhance the capacity of physical infrastructure facilities and building provisions for Mass Rapid Transit Systems are definite steps in that direction, most of such efforts are focused on metro and capital cities. As a consequence, many "million plus" urban areas with substantial level of mentioned Demand-supply imbalance lived in a dire strait. Moreover, in metro and capital cities also, the resurrective stances mentioned had garnered momentum, only recently. Hence, for a considerable period of time upto when the new facilities become operational, they also had to endure the negativities associated with the widening demand-supply gap.

Taking in its realm, such aspects, the present effort tries to weigh the efficacy of Transport Demand Management policies as a supplementation and/or as an intermediary steps towards thwarting the negativities.

The Past Trend

Examination of trend pattern of the traffic and transport scenario of the urban areas of India is an essential pre-requisite in addressing the unprecedented increase in transport problems that the major cities in the country are facing. Two previous studies, one conducted by RITES in 1994 and the other by Wilbur Smith Associates (for the Ministry of Urban Development, GoI) in 2007 helped in assessing the past trend. Amongst the various parameters, comparative portrayals of specific parameters like Per-capita Trip Rates (PCTR), average trip length, changes in the share of Public Transport for various urban areas segregated according to population sizes. However, for the RITES study, 21 cities are taken account of, while, for the WSA study, 30 sample cities are taken into account.

Table 1
Changes in PCTR

City Population range in lakhs	RITES, 1994	WSA, 2007
<5	0.77-0.89	0.76
5.0-10.0	0.57-1.00	0.81-1.02
10.0-20.0	0.89-1.10	0.98-1.25
20.0-40.0	1.10-1.20	1.20-1.29
40.0-80.0	1.20-1.35	1.3-1.5
>80.0	1.25-1.40	1.41-1.67

Study on Traffic and Transportation Policies and Strategies in Urban Areas of India –Final Report (May, 2008); Ministry of Urban Development; Govt. of India

Table 2

Changes in the share of Public Transport

City Population range in lakhs	RITES, 1994 (%)	WSA, 2007 (%)
<5	14.9-22.7	0.0-15.6
5.0-10.0	22.7-29.1	0.0-22.5
10.0-20.0	28.1-35.6	0.0-50.8
20.0-40.0	35.6-45.8	0.2-22.2
40.0-80.0	45.8-59.7	11.2-32.1
>80.0	59.7-78.7	35.2-54.0

Study on Traffic and Transportation Policies and Strategies in Urban Areas of India –Final Report (May, 2008); Ministry of Urban Development; Govt. of India

Analysis of the above two parameters (Table 1 and 2) showed that over a thirteen (13) year period clear increase in the Per Capita Trip Rates (PCTR) is observed for cities with population above 5 lakhs. On the contrary, examination of the share of Public transport showed that it remained almost stagnant, during the same period.

Table 3
Average Trip Length

City Population range in lakhs	Average Trip Length (Km)
<5	2.4
5.0-10.0	3.5
10.0-20.0	4.7
20.0-40.0	5.7
40.0-80.0	7.2
>80.0	10.4

Study on Traffic and Transportation Policies and Strategies in Urban Areas of India –Final Report (May, 2008); Ministry of Urban Development; Govt. of India

Apart from these studies, examination of the trend of per-capita passenger Km over a five decade period showed that there had been a substantial increase in the average annual mobility of an average Indian as expressed through lengthy average trip length (Table 3). Most of the increase is taken care of, by upward rising share of surface transport. While in 1950-51, road share accounts for around 35% of the total surface mobility, the share increased thereafter, to 87.5% in 1995 and increasing further to 88% in 2000. Such an increase was at the expense of mobility through rail.

Again, examination of this increase in road based mobility is envisaged over a five-decade data on Per-capita and absolute mobility (Table 4). Also, a look at the growth of private vehicular modes operable in urban areas of India showed that two-wheelers grew the highest followed by private car and thereafter by three-wheelers (Table 5).

Table 4

Per-capita Passenger Km. (in BPKm) by various road based modes operating in urban areas

Year	Per-capita mobility (PKm/cap)	CAGR in per-capita mobility	Asolute Mobility (BPKm)	CAGR in absolute mobility (since the previous period)
1950-51	285	-	102	-
1960-61	395	3.3	171	5.3
1970-71	661	5.3	358	7.6
1980-81	1169	5.9	794	8.3
1990-91	2125	6.2	1783	8.4
2000-01	3470	5.0	3536	7.1

Source: Singh, S.K. (2009); CO_2 Emissions from Passenger Transport in India: 1950-51 to 2020-21

Table 5

Past Share of Public and Private Transit modes

Year	Bus	Pvt. & Para Transit	2-Wheeler	Car	3-Wheeler
2000-01	65.9	21.2	10.3	8.0	2.9
2005-06	60.7	27.8	13.6	10.3	3.9

Source: Singh, S.K. (2009); CO_2 Emissions from Passenger Transport in India: 1950-51 to 2020-21

The Future Scenario

Future traffic scenario is considered an important pre-requisite in understanding the degree of adverse influence that shall befall on the urban areas of India. Since, in urban settings, traffic scenario comprised mainly of passenger vehicles of both public and private nature, hence, extrapolation of these types of vehicles are considered in this present study.

The future traffic scenario is to be made taking into account the future passenger mobility. There exists a very strong relationship between income and passenger mobility as established through various research studies like by Schafer (1998), Dargay and Gately (1999), Schafer & Victor (2000), Preston (2001), etc. However, due to the absence of data on income, data on GDP per-capita can be proxied in its place. In that case, per-capita passenger mobility can be made a function of per-capita GDP with time taken as another factor to capture the impact of other variables. With the variables of the function defined, the need is to determine the form of the function. Analysis of past time series data on vehicular growth showed a sigmoid (S-shaped) curve with a number of functional forms available in mathematics to explain it. Hence in the determination of the trend values for future periods, these mathematical functional forms like the Gompertz function, logistic function, logarithmic logistic, cumulative normal etc. can be deployed with considerable degree of effectiveness. However, in applying the appropriate function, estimation of the saturation level of per-capita mobility is considered an essential pre-requisite. As in any natural or artificial growth process of a techno-social entity; the normal trajectory envisaged is of achieving a saturation point at some period of time and thereafter, following a receding growth path, hence, ascertaining the saturation point assumes a pivotal role in the entire trend analysis. Regarding the determination of saturation point, the parameter is usually chosen in an exogenous fashion. Hence, it varied considerably amongst research studies ranging from one car per family (Palelink 1960), one driving member per family (Tanner 1978), per capita vehicle ownership (Button et al. 1993; Peter et al. 2003), etc. However, Singh (2009) tried to develop a framework for developing a reliable estimate of the saturation point by assuming about the time spent on travel per person per day and the average speed of vehicles in urban areas of India. Based on his assumption of an average speed level followed by most vehicles at 30 Kms. per hour and travel time spent per trip-maker per day at 1.1, the annual distance traveled, i.e., mobility per capita was calculated at around 12000Km/ capita, implying the saturation level.

Taking into consideration the estimate of saturation point by Singh (2009) and also, assuming the probable behaviour of the S-curve vehicular growth model in India as that wherein, growth is initially slow which increases rapidly thereafter, during the maturing phases, on account of the impact of urbanization.

In the case of vehicle growth rate scenario, the Logistic function can be written as

$$\textbf{Per-capita mobility} = S(1/(1+a.\exp[-b(\text{GDP per-capita})_t - c(\text{time})_t\}])+\varepsilon_t$$

And the Gompertz function can be written as

$$\ln[\ln(S/(\text{PKm/cap})_t)] = a_0 + b_1(\text{GDP/Cap})_t + b_2(\text{time})_t + \varepsilon_t$$

Where,
S is the saturation level;
a, b, c are the parameter estimates that defines the shape and curvature of the logistic function. These are also taken as positive.
ε_t is the error term at t^{th} period

Utilizing appropriate modeling structure, as mentioned above, based on the Mean Absolute Percentage Error (MAPE), Singh (2009) estimated the parameter of the mobility function by using data for per-capita passenger mobility upto 2000-01; Besides, data for GDP Per Capita (Rs.) for the same period are also taken into consideration. The year-wise data from 1950-51 to 2000-01, denoting the time variable are expressed in the form of consecutive whole numbers.

Based on his estimates, at 12000 PKm per capita saturation level with population growth rate assumed at 1.56% from 2000-01 to 2005-06, 1.41% per annum from 2005-06 to 2010-11, 1.27% per annum from 2010-11 to 2015-16 and 1.11% per annum from 2015-16 to 2021-21, the per-capita mobility is extrapolated as follows (Table 6):

Table 6
Future Share of Mobility per-capita

Year	Per-capita mobility (PKm/cap)
2010-11	6620
2015-16	8284
2020-21	9770

Source: Singh, S.K. (2009); CO_2 Emissions from Passenger Transport in India: 1950-51 to 2020-21

The general trend observed is that, as per-capita GDP and time rose, there occur rise in per-capita motorized mobility. Again, it is a natural happening that as mobility increase, the inclination of people, to opt for faster modes of transport becomes quite evident. Thus, due to increased mobility, the demand for public passenger mode, especially bus, shall be on a decline while, the demand for private and para-transit modes, i.e., car, 2-wheeler, 3-wheeler, increases substantially. As per Singh (2009), the share of buses is estimated at 43.6% in 2020-21, declining from 65.9% in 2000-01. On the other hand, share of para-transit modes rose from 21.2% in 2000-01 to 48.1% in 2020-21. Taken separately, share of two-wheelers increased from 10.3% in 2000-01 to 23.6% in 2020-21, that of car from 8.0% in 2000-01 to 17.8% in 2020-21 and that for three-wheeler from 2.9% to 6.7% during the same period. The future shares are as follows (Table 7):

Table 7
Future Share of Public and Private Transit modes

Year	Bus	Pvt. & Para Transit	2-Wheeler	Car	3-Wheeler
2010-11	55.0	34.5	16.9	12.8	4.8
2015-16	49.0	41.7	20.4	15.4	5.8
2020-21	43.6	48.1	23.6	17.8	6.7

Source: Singh, S.K. (2009); CO_2 Emissions from Passenger Transport in India: 1950-51 to 2020-21

Again, as per Technology Information, Forecasting and Assessment Council of the Department of Science & Technology, Govt. of India, there are around 30 million vehicles in India in 2001 which are growing at the rate of 15-17% annually. In terms of numbers on road, two-wheelers dominate the scene with about 65% of share in total number of vehicles whereas in terms of percent share of trips, buses cover the maximum passenger kms of about 36% of total. The same study also viewed that in India work trips are the most important component of the traffic demand during peak hours of the day. As a consequence, transport demand is likely to increase by about 2.5 times from 1991 to 2010 in large metros and other medium sized cities by about 3-3.5 times.

Relevance of Transport Demand Management (TDM) policies

The above depicted future share of modes points towards increasing dominance of private vehicles. Such, a situation shall lead to overwhelming mismatch of transport demand with respect to infrastructure supply. As a result, the negative externalities, in the form of delays, un-safety, pollution apart from road accidents per thousand of vehicles rises by leaps and bounds which is one of the highest in the world. The recent spate of infrastructure development of Indian cities in the last few years is aimed at a speedy progress of development of infrastructure besides, ensuring multi-modal transport connectivity, despite their exorbitant capital investment. To break the ice, the government's is intently vying for massive involvement by private sector through the Public-Private Partnership (PPP) schemes. However, the plan suffers from several lacunae. Firstly, the period of implementation of any physical infrastructure project is quite long, as a result of which, the intermediary period prior to it becoming operational give rise to a situation wherein, the effect of the mis-match between transport demand and infrastructure supply gets aggravated, if left unattended. Also, a majority of urban physical infrastructure projects are concentrated in major metros, with the medium sized metros, mostly outside its purview of implementation. Hence, the mismatch of transport demand of these cities with their existing physical infrastructure supplies is galore.

These situation points toward certain intermediary as well as low-cost measures that if implemented could ease the problem considerably. Traffic Demand Management, has lately evolved as one such feasible measure that have been developed primarily in various developed nations. General travel demand management techniques that are in vogue are park & ride systems, car pooling, odd even auto restrictions, staggering of office hours and congestion pricing. Case studies from Japan and Singapore show that these techniques, if properly implemented, can improve traffic scenario by reducing congestion and subsequently accidents and vehicular emission.

Technologies play an important role in managing transport demand. For example, in the field of signaling systems, there occurred evolution from fixed time programmed signals to detector based real time traffic signals. Besides, technology inputs have improved both on hardware and software sides of signaling systems on account of which detectors are installed on every intersection that counts the number of vehicles that queue at any intersection arm in real time. The inputs from the detector are thereafter processed by controller software and signals are synchronized in such a way that heavy traffic paths are given longer clearways. A lot of technological improvements have been reported in hardware such as detector types, controllers, connectors, signals in the form of a number of softwares like SCOOT, SCAT, and MOVA. Associated software like ASTRID, INGRID are used for real time traffic data analysis and incident detection.

Apart from these, there also exists a set of technological development like the incident detection systems which contribute substantially to traffic systems. Automatic incident and congestion detection systems have been developed which use on road sensors to send information to control room for immediate recovery. Further congestion is avoided through radio information broadcasts, surveillance television broadcasts, airborne video. Simulation models have been developed to assist in incident recovery and traffic diversion strategies. Passenger / driver information systems have been developed in the form of Comprehensive Automobile Traffic Control systems, Internet based route systems, Electronic route guidance system, telephone information service, Driver Information and early warning systems. In all these systems appropriate technologies regarding ascertaining of the optimum transit route are employed. Information to drivers regarding availability of real time parking spaces, conditions of lane traffic, besides, weather conditions are provided through variable message signs. Apart from these provisioning of better information systems at bus stands sharing information on bus routes, arrival time, and variability of fares needs to be provided.

Problems relating to parking problems caused as a result of lack of parking space or inefficient parking systems are also tackled through appropriate usage of new technologies. Some of these technologies are in the field of multi level parking spaces with multi directional entry points. Introduction of automatic parking ticketing systems entail reservation of parking space.

The Indian Context

Examining TDM policies from Indian context, the feasible ones that could be implemented are:

Active encouragement for modal shifts to vehicles that pollute less per person, which may be encouraged by improvements in the services of higher occupancy vehicles (HOVs), ridesharing, parking restrictions, fines and charges, fringe parking facilities or parking near mass transit stations such as metro stations, special lanes or roads for HOVs, if possible, marking some parts of the urban area, especially the Central Business District (CBD) as auto-free zones where lower-occupancy vehicles (LOVs) cannot enter. Besides, no-drive days for certain vehicle classes or having specific (odd/even) license plate numbers, developing exclusive bicycle and pedestrian pathways/footpaths, instituting dissuading policies of LOV rides by introducing various taxes on LOVs and tax concessions or subsidies on HOVs.

Apart from these, temporal shifts in demand, could be implemented which will lead to 'peak spreading'. In Inndian scenario, such a state could be achieved through introduction of flexible or staggered work schedules apart from introducing special peak hour charges on certain roads

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KNOWLEDGE MANAGEMENT UNDER IT STILL A STIFF CHALLENGE BUT PIVOTAL FOR HOLISTIC RURAL DEVELOPMENT

Dr. Visvarup Chakravarti & Dr. Tarak Kate

Abstract

Holistic development in the rural sector is the basis of integrated development of a nation like India. Rural sector is the primary producer of any country although the maximum benefit from their produce is ultimately reaped by the mega business world, while the villages remain mostly deprived of modern infrastructure, ready access to Information- technological as well as market linked and as a result, they remain socio-economically backward. The Government departments have also been found nowadays lackluster in their approach in disseminating of technical information among the farmers and therefore the farmers have become more dependent on the market and private fertilizer companies than the Government Department in their farming operations.

Knowledge Management (KM) under the influence of modern Information Technology for Rural Development is very pivotal in the sense the entire Monitoring & Evaluation system for any development project will feed into KM so as to generate various knowledge products and be used as a learning tool for management/policy makers. Regular documentation process, lessons from field, success stories should be shared among various stakeholders for sustainable and steady development in the rural sectors. Access to information also proves to be increasingly important in gender mainstreaming which is in turn immensely significant for development of poor and deprived rural women who are the main target groups in almost all integrated development projects, implemented in rural areas. Sensitization, Capacity building, institutional development, etc. - in all areas of work, KM plays potentially an important role. But still not a single KM model has been proved to be foolproof.

Various models with trial & error basis has been endeavoured to be implemented in the developmental process but again and again it has been found that the success of the models depend on the area specific problem, socio-economy, geography, demography, natural resources and other factors.

In the current paper KM has been discussed under numerous features such as components of knowledge management, KM as constant learning process, systematic documentation (following a standard manual), analysis of data, database management, knowledge sharing process including disseminating knowledge, training, workshop, demonstration. The paper also discusses the integration procedure of KM in any project and how it is proved to be relevant in managing human, natural and financial resources and be translated into specific output/outcome and corresponding monitoring indicator against Logical Framework in any project.

As a model to show diagrammatically a NonTimber Forest Products based flowchart will be discussed along with a flow chart for agri-based KM System interventions for better and holistic rural improvement. To achieve a better KM system, different activities are also discussed in creating and facilitating an active Rural Knowledge Management Network.

Introduction

Holistic development in the rural sector is the basis of integrated development of a 3rd world nation like India, where village is the unit of socio-economic structure. Rural sector is the primary producer although the maximum benefit from their produce is ultimately reaped by the mega business world, while the villages remain mostly deprived of food security, modern infrastructure, ready access to information as well as market benefit and as a result, they remain socio-economically backward.

Knowledge Management (KM) under the domain of modern Information and Communication Technology (ICT) for Rural Development is pivotal in the sense that the entire Monitoring & Evaluation system for any development project will feed into KM so as to generate various knowledge products and be used as a learning tool for management/policy makers as well as implementing agencies. On the other hand, the community, who do not have any idea of their own depth of knowledge, can run faster to better their standard of living through improved conservation and cultivation technique, other suitable livelihood options and better market access.

Regular documentation process, lessons from field, success/ failure stories should be shared among various stakeholders for sustainable and steady development in the rural sectors. Access to information also proves to be increasingly important in gender mainstreaming, women empowerment, empowerment of socio-economically backward communities.

Knowledge, its management and significance

Knowledge Management is actually a process of knowledge sharing and learning through which specific local learning activities are scaled up within a definite framework. It comprises a range of strategies and practices that ultimately enable a person/

community or organization to develop insights, reasoning power, scale up skill to perform and manage the developmental activities in a better way. In fact, KM covers a dynamic information system as well as services where flow should be both bottom up and up- bottom direction so that in case of rural development all stake holders inclusive of rural poor and management personnel can be benefited. Other fields such as information and media, computer science, public health, and public policy, etc. have started contributing to KM research; NGO also play an important role as they are the linkage between managers/policy makers and grass root community.

Thus **Knowledge Management** efforts typically focus on the organizational objectives such as improved performance, competitive advantage, innovation, the sharing of lessons learned, integration and continuous improvement of the organization. In other words, KM is a strategic asset and a focus on encouraging the knowledge sharing among the members through which the company or organization can enhance its output and hence achieve financial gain in a short time more efficiently. Inclusion of IT makes the advancement more rapid. Even 30 years back land, money and labour were the basic things on which economy used to depend but now holistic knowledge has become pivotal to increase earnings (Joshi, 2010)

Knowledge management in the contemporary world is of three categories:

- Competency management
- Knowledge sharing
- Competitive Knowledge Management

Tools of KM

i. Generating knowledge
ii. Assessing knowledge
iii. Representing knowledge
iv. Facilitating knowledge
v. Transferring knowledge

ICM & KM Strategy

Information technology boom took place in the last decade of 20th century and in the 21st century the industry has been flourishing by leaps and bounds. With the expanding capacity clubbed with reducing costs ICT greatly expand the potential for accessing, storing and disseminating information. But effective knowledge sharing strategy is still at empirical status. However, the available advanced technology has been able to create new ways for multi-dimensional information and knowledge flow in a network. ICT supports many key processes like capturing knowledge, designing, storing, categorizing, indexing, linking digital information, searching for and subscribing to digitally stored contents and presenting the information with audio visual aids (Bucher, 2007)

Objectives of KM in Rural Development

The knowledge management with rural development approach is undertaken in order to build capacity of the farming community and rural landless poor, women, tribal population and other economically/socially backward classes so that their capacity would be enhanced and they can take care of the conservation of resources and sustainable development of their own area.

Participatory approach should aim at infrastructural development, sustainable development of natural and livelihood resources, control of pollution, sustainable management of agri-production, small scale green enterprises, health and development/revival of traditional culture and wisdom as the culture gives the identity, the root of section of mankind. Then only sustainable economic development is possible.
The key objectives of KM are as follows:

- To revive region specific traditional knowledge of rural technologies that has been over influenced by the modern external input/technologies which to the large extent intensive market driven practices
- To find out the gaps in knowledge and practices at community level
- To document the old traditional sustainable practices, market related information, success stories etc.
- To increase knowledge and skill of the farmers and women and other communities, which they will be able to use for their ecological and economic sustenance
- To upgrade the IT knowledge of the community.
- To establish a strong rural net work so that villagers irrespective of class, caste and gender will be benefited through sharing information, technical knowledge and marketing
- To scientifically document entire activities, learnt lessons and to store the parameter wise information in a user friendly database for further implementation and all stakeholders can use the information as when they require
- As per the expectation of the outcome the community capacity and skill will improve to a great extent and sustainability of income and environment and local agro-ecosystem will be achieved.
- To enable community in participating in a successful participatory monitoring and evaluation process

The system model will be of multi channel that would enable poorest of the poor to record, assimilate, synthesize and dissipate information at their levels, and also other stakeholders of different levels to seek suitable knowledge, refer and to apply for tangible returns. Knowledge management needs to be an integral part of the institution building process. The purpose of the Knowledge management team at the PMU would be focusing on coordination and getting suitable technical resources for supporting the communication and knowledge network

Strategic KM Models practised currently by Different agencies

KM for rural development is not a new thinking completely and several national and international organizations have been carrying out research on the subject. Abstracts of some of the effective strategies are given below:

IFAD (International Fund for Agricultural Development, Rome) emphasies the following points (CAIM Start up Workshop Report, July 2010)

- Specified Knowledge Area (selected limited number of knowledge theme on the basis of the problems identified)
- Who needs knowledge (select recipients' community)
- What knowledge is needed (identify the gaps or lack of skill)
- Who will provide this knowledge (source/resource/ expertise)
- How you will generate Knowledge: at Project as well as at Community level)
- How you will store it (Village knowledge centre, user friendly software)
- How Knowledge will be shared by whom: at project and at Community level
- Training needs at project level and at community level (on best practices)
- Case studies on best practices
- Lessons learnt.

IFAD has a great focus on monitoring and evaluation, the regularity of the same they believe, enhances the success level of the KM in Rural Management.

ADB (Asian Development Bank) which has implemented so many rural development schemes in different states of India relies on community empowerment for better KM at rural areas. Communities of practice are a potential instrument for KM through **sharing of traditional knowledge** by the community as well as **adapting better and justified practices to a specific sector.** Small informal self-organized net work of practitioners produce an excellent point of sharing dynamic, productive innovative knowledge, they often generate.

Commonwealth of Learning (www. Col.org/pages/default.aspx) gives stress on implanting KM through

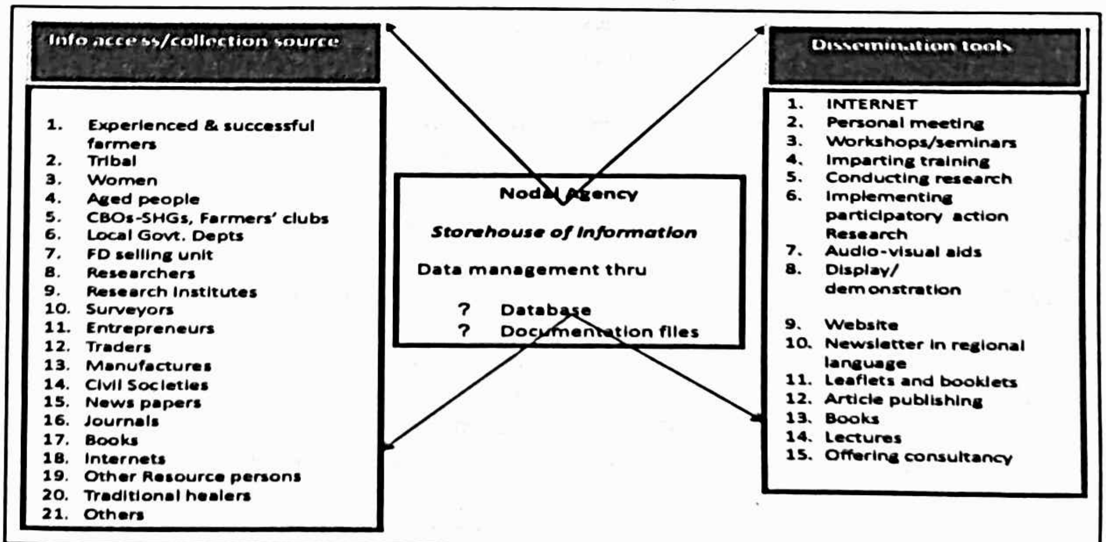
- Communities of practice
- Staff collaboration
- Trust and rapport building with communities
- Mutual understanding is essential for collaboration and productive knowledge transfer

Prof. M.S. Swaminathan's MSSRF implements KM at rural level through Hub-spoke model in which village information or knowledge Centres are established. It realizes the importance of community ownership to start village knowledge centres but in the process community willingness and motivation has been given maximum value (Express Computer, 2003).

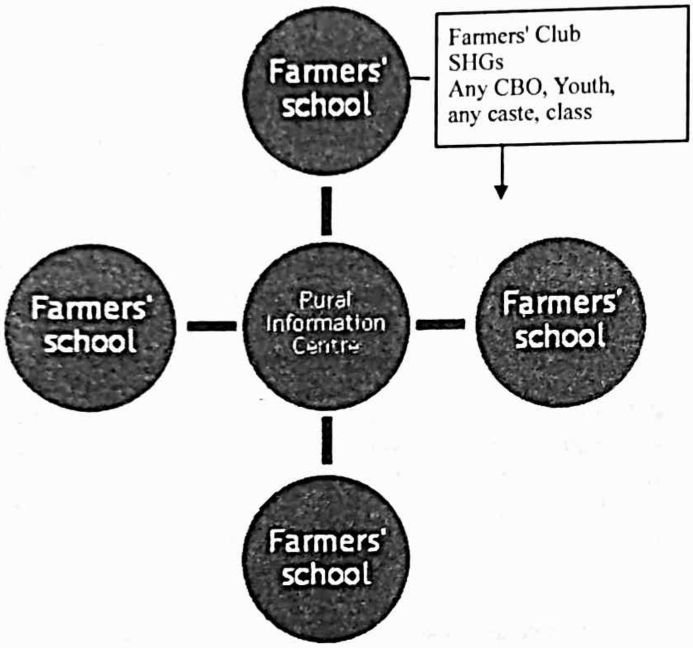
For efficient dissemination of knowledge for community capacity building **Indian Institute of Bio-social Research and Development (IBRAD)**'s strategy of building Self initiated community organizers (SICO) is quite innovative and cost effective. Such SICOs are community based thus they are the skilled community personnel who are committed to motivate and improve community skill. Such SICO principle was quite effective in Rural Health Management in Community Managed Health System project and also in the capacity enhancement of Joint Forest Management Committees (JFMCs). The approach is not found sustainable as there is very little scope for the poorest of the poor community to earn any remuneration as the principle is voluntary and under the current global scenario this kind of commitment without any remuneration is not very justified.

Our Field Experience

The experience of KM in the rural and forest fringe area where community are mainly farmer or forest dependent (MFP collectors) following systems have been found to beneficial.



Farmers' school is another very strong approach for knowledge generation and sharing, which substantially upgrades the skill of community especially in agriculture sector. The following model has been found quite effective especially in the spread of organic farming in Vidarbha region. The farmers' schools are the village based organizations for the farmers for their capacity and skill development. In the farmers' school mambers of other CBOs are also eligible to share their experience.



GAPS

The company makes its gain, Govt. departments show their performance while NGOs are engaged in betterment of efficient facilitating formulae but where is the place of rural community who are the brick unit of all economic development activities, who are the primary producers, collectors and managers of all available resources like, natural resources, agricultural resources, human resources and economic resources. So far all the strategies discussed or models showed are project specific while our need is holistic one.

i. Considering the community willingness has not been found

ii. The KM strategy mainly focuses efficiency enhancement of implanting agencies

iii. ICT as tool for KM is not given priority

iv. The main emphasis has been laid on project management but not on escalation of capacity or knowledge of the community

Thus the KM for rural development is still very project specific and rarely address knowledge enhancement of the community as a whole.

Suggestions

The full exploitation of these opportunities requires comprehensive and dynamic Information and Communication Management (ICM) based Knowledge Management (KM) strategies that can pave the way forward for the nodal agency, all stakeholders and beneficiaries, especially rural communities to harness knowledge for agricultural and all allied activities based rural development.

It is widely accepted in the international development community, that in order to make significant progress in the arena of rural development using two newly adopted new disciplines namely, ICM and KM. We should think now for a holistic development and not to stick to any specific project. Net working and sharing of experience are two main agenda that facilitate the advancement.

The following steps are suggested for better KM for holistic rural development:

Stage I

i. Identification of problems

ii. Problem analysis and find the roots using PRA tools

iii. Creation of new and capacity building of old CBOs

iv. + Selection of Individuals-old experienced, innovative etc.

v. Integrate their ideas, suggestions in the village development plan,

vi. On that basis Needs assessment studies and priority setting

Stage II

i. Setting the parameters on which information to be collected

ii. Prepare a documentation manual considering all possible aspects of all the issues

iii. Standardize the format for data collection

iv. Prepare a user friendly database on any soft ware

Stage III

i. Establish a Rural information centre with computer facilities & internet

ii. Strengthen capacity of community in soft skill and computer handling

iii. Equip selected personnel with advanced technical skill

iv. (field technique and communication & marketing)

v. Facilitate cascade training to reach mass with updated knowledge

Other activities:

- Regular knowledge sharing workshop with farming community as well as others
- Special workshop involving women, ST, SC and other under privileged sector
- Frequent focused group discussion (FGD) on specific parameters
- Quarterly development-bulletin in local language/Hindi (on agriculture, infrastructure, institutions, market, forests other resource management)

Stage IV

i. Develop regular monitoring format
ii. Evaluate (half yearly) the knowledge up-gradation against indicator/output
iii. Report (yearly)
iv. Analysis
v. Gap identification and strategy formulation/modification

The above strategy is neither final nor foolproof. The process is dynamic. More input will result into a better management strategy. It should be incorporated in the government level policy/five year plan in which many a projects will be integrated. But the most pivotal is the awareness development among the community so that they will participate in the programme actively with willingness.

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ECONOMIC GROWTH AND EXPECTATION OF FUTURE EMPLOYMENT IN INDIAN IT SECTOR WITH SPECIAL REFERENCE TO KOLKATA.

Dr. Basistha Chatterjee[1]

Abstract

The business growth rate of IT (Information technology) and ITeS (IT based industries) of India was observed to be remarkable i.e. 38 per cent. In 2009, India's turnover was 47 billion US dollar and 70 per cent of industrial income of India came from IT industry, which are astonishing facts. Still the shortcoming in this respect is that India's IT industry had captured only 4.6 per cent of the global market in the year 2009. In this era of market economy the major economic parameters by which the internal potentiality and market capturing ability are measured are: productivity in the industry and consistency, number of people associated with the industry in terms of livelihood expectations and demand fulfillment, stage of transformation of the industry, linkage with culture and innovation and how much stunting future scope of employment the respective industry can show. This paper has analyzed the growth of Indian IT sector and mentioned the causes of constraints of capturing the market. The causes as revealed by the study are: lack of infrastructure specifically power, transportation, bandwidth, tele-networking facility and skilled labor. The focus in this study was kept on IT service, engineering service, Research & development and BPO divisions. Presently 400 corporate companies are operating in the IT sector at Sector-V of Kolkata. It was also observed that 22 lacs of new jobs have been created but 4 lac posts remained vacant. So, this clearly indicates the possibility of jobs in this sector in West Bengal. Then the study also reflected the cause of those vacancies, which was basically the paucity of skilled employees. In BPO sector new employment opportunities are now being created in a large scale. Medical transcription and call centers are some of the examples. Other than these, resource outsourcing, finance, account process outsourcing, administrative process outsourcing and market process outsourcings are providing a large scale of job opportunity. The job generating scope of KPO business, CAD-CAM service, engineering application service, web development application service, business research and analysis, legal research and market research are also taken under the purview of this paper. In spite of being a cheap IT labor resourceful country the only concern is the increasing gap between demand and supply of skilled labor. The paper also sought the causes for the same. As the ultimate aim should be satisfying the client to sustain in business by meeting their demand. Work excitement generation to the student through motivation through their educational programme was suggested by the paper. Moreover, to get updated in the job is another important feature to sustain in business, where IT and its application is an indispensable one.

***Key words:** business growth rate, internal potentiality, market capturing ability, technical skill gaps.*

Introduction

The leading companies dealing with IT (Information technology) and ITeS (IT based industries) all over the world continued to make rapid progress and strengthened their presence in the IT services despite challenging market conditions, which was acute in 2007-2008. The rapid progress as indicated by the massive revenue of IT industry, which is five times of the revenue of 2005. The survey conducted by National Association of Software Services Companies (NASSCOM) and International Development Council (IDC) in 2010 revealed that, the total turnover of IT industries worldwide is 1578 billion US dollar. The turnover from package software business and hardware business were 208 billion US dollar and 457 billion US dollar respectively. The business processing outsourcing (BPO) sector contribution was 423 billion US dollar. Not only that, the IT based industries (ITeS) also contributed an amount of 470 billion US dollar as revenue in the year 2009. Taking the overall note the projected growth in IT industry for the year 2012 is 6%-7% an in case of IT based industries this projection is even more i.e. 10% -12%.

India achieved the turnover of 47 billion US dollar in 2009 as a turnover from IT and ITeS business. This is interesting to note that almost 70% of the industrial income of India came from the IT industry in 2009. This performance was backed by the business growth of 38% in IT and ITeS from 2004 to 2009. This growth was materialized by accelerated customer acquisition and scaling up existing customer engagements formed the foundation of the growth strategies of the companies. The companies' focus on developing industry specific solutions and partnership yielded significant footings. The emphasis on delivering superior customer care yielded significant improvement in customer satisfaction scores.

Approximately five hundred IT companies are now operating in West Bengal. Almost sixty thousand employees are working. An excellent growth (82%) in terms of export in 2006-07 over 2004-05 is the major cause of dominance of West Bengal in the IT sector in recent period of time.

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The Government of West Bengal has adopted 'Information Technology Policy 2000'- targeting at 15 per cent and 20 per cent of state's revenue from IT and ITES respectively. Even IT and ITES has given the status of 'Public Utility Service'.

On the basis of a lot of competitive advantages of Kolkata, Hewitt Associates have projected this city as the 'Next preferred IT destination'. The advantages are vast amount of talent resource, lowest production cost, minimum cost of living, availability of electricity to mention a few. In this era of market economy the major economic parameters by which the internal potentiality and market capturing ability are measured are: productivity in the industry and consistency, number of people associated with the industry in terms of livelihood expectations and demand fulfillment, stage of transformation of the industry, linkage with culture and innovation and how much stunting future scope of employment the respective industry can show.

From the above discussion it is eminent that it needs a research based study to analyze the economic growth and expectation of future employment in Indian IT Sector with special reference to Kolkata based on the following objectives.

Objectives

1. To analyze the global potential scenario of IT and ITeS business along with Indian perspective.
2. To examine the scope of employment generation by the leading IT and ITeS based companies operating in India.
3. To summarize the challenges faced by the IT and ITeS based companies.

Review of Literatures

Ganguly.A.(2010) opined that the 9-10 per cent growth, which is needed to meet India's commitments to social and economic inclusiveness, will be severely tested unless India's technology base is rapidly upgraded. He also revealed his observations on the reasons of challenges on this sector. According to him there are several reasons why India's technology base is not entering higher sophisticated orbits. Firstly, long gestation period of this industry is a problem to the investors who are expecting quick money out of it. Secondly, the emerging environmental and social issues regarding raw materials and land availability. Finally, as far as R&D and innovation are concerned, in spite of years of fiscal and several other concessions provided by the government, Indian industry stands out for its lack of R&D and achievements in world-class discoveries and breakthrough innovations.

Mukherjee.P.(2010) opined that West Bengal currently has about 300 small to big sized companies and employs 55,000. IT majors like Zensar Technologies, HCL, IBM, Cognizant, PWC, Capgemini, Wipro, Genpact, as well as the IT department of the West Bengal government, have lined up investment in excess of Rs 5,000 crore this year in setting up new centres and offices, coupled with manpower addition. According to the companies, factors like excellent resource pool of highly skilled manpower, supportive business environment and low operating costs, have motivated them to escalate investment and operations in this part of the country.

Chandrasekhar et al.(2008) has opined that there is persisting problem of West Bengal as well as India of non-expansion of business services, manufacturing, real estate sector. He also enlightened that this cannot be solved by a concentration only on corporate-driven growth in industry or services, as such investment is typically more capital-intensive and generates less employment per unit of output than investment by smaller producers. So the State government obviously has to develop a multi-pronged strategy for employment generation that encompasses several different approaches.

Roy.A.S.(2007) has supported the view of US Consul-General Mr Henry V. Jardine that although the economic indicators for business development are weak in WB, it has potentiality of future growth in IT business. This will be based on WB's strong economy, high responsivity of the officials to business needs and previous good experience of the American business firms.

Sen.A.(2005) the executive director of the US-based business process outsourcing outfit Acclaris, uttered that the implementation process in Kolkata is slow. Poor road, supply chain and transportation infrastructure are the other nagging issues. But the government is keen to make amends. The urban development department is inviting expressions of interest for creating basic infrastructure for Sector V in Salt Lake in partnership with private parties.

These reviews, which are scanty but of immense value, suggest that a thorough analysis is required on the present growth of business of IT and ITeS with special reference to Kolkata, for which the study is undertaken.

Methodology

To fulfill the above objectives, a time bound study was followed i.e. during the year 2008-2010. The performance (both financial and employment generating) was observed for the selected IT and ITeS companies predominant at Kolkata which have also their business wing within India. From a list of 92 such companies 13 companies were selected purposively on the basis of their importance felt in terms of revenue and employment generation and accessibility. In this way about 15 % of the total population was selected. The selected companies are (in alphabetical order): Brainware Consultancy Pvt. Ltd, Capegemini, CMC Ltd, Cognizant, Globsyn technology, HCL Technologies, IBM Global Services India Pvt. Ltd., ITC Limited (Information system division), Siemens Information System Ltd, TCS, Vishnu Solutions Pvt. Ltd, Webel and Wipro Ltd. Both primary data and secondary data were collected for the purpose of the study. Primary and qualitative data were obtained on the basis of Delphi method. Here experts of the companies (i.e., team leaders) were interrogated separately and the clients' feedback was tallied without identifying the expert responsible for a particular opinion.

For collection of secondary data regarding world business, Indian business and also of West Bengal on IT and ITeS context, relevant journals, research paper, forecasts from internationally reputed agencies and newspaper reports were searched. The annual reports and the balance sheets were also studied in depth to examine the scope of the company in the long run which is directly related to growth rate and employment generation. The latest data on annual revenue, profit after tax and operating profit were taken into account as per availability of the data. Moreover, data on present status of employment in India was collected from the Indian Employment Index of May,2010 published by the Jobs portal Monster and Naukri job index, June,2010. Mainly descriptive and tabular way of study was followed. The statistical technique was adopted wherever necessary.

Result and discussions

Table1: Worldwide spending on IT business during 2008-2009 with forecast for 2013

Industry Type (USD Billion)	2008	2009	Growth (%)	2013	CAGR (%)
IT Services	591	589	(0.3)	695	3.3
BPO	110	112	1.8	148	6.2
Package Software	304	307	1.0	381	4.7
Hardware	600	550	(2.9)	680	2.5
Total	1605	1558	(2.9)	1904	3.5

Source: IDC-NASSCOM Strategic review, 2010

The above table delineates the worldwide spending on IT business during 2008-2009 along with forecast for 2013 to foresee the projected situation. The BPO business growth was observed to be the highest (1.8%) followed by business of software package (1.0%). The hardware business experienced a decline of2.9% in 2009 as compared to 2008. This may be due to decrease in price of hardware products and consequent loss of total revenue in this respective business. The business of IT service experienced a little decline of 0.3% which is not so significant. In an overall analysis it was noted that a business decline of 2.9% in 2009 over 2008 was happened in the global IT business. The forecasted picture up to 2013 shown a prospective picture. The future of BPO was observed to be on the top followed by Package software business and IT services. The hardware business also reflected a prospective growth. In totality of the IT business a good growth was observed as per the forecasted scenario.

Table2: Global Spending on IT-Services and forecast for 2013

Industry Type (USD Billion)	2008	2009	Growth (%)	2013	CAGR (%)
IT outsourcing	228	235	3.0	292	5.1
Project services	210	204	(2.9)	236	2.3
Support and training	153	150	2.0	167	1.8
Total IT-Services	591	589	(0.34)	695	3.3

Source: IDC-NASSCOM Strategic review,2010

Table 2 focused more succinctly on the IT services and also made an attempt to forecast its components up to the year 2013. The table depicted that both the IT outsourcing and support and training sector had gone through good growth of 3.0% and 2.0% respectively in 2009 over 2008. The project services sector experienced a decline of 2.9% which was significant enough to drag the overall business to a little decline of 0.34%. The forecast shown that the future of all the components of the IT services to be prospective. The vista of IT outsourcing was observed to be the highest followed by project services and support and training. So it can be understood that the project services sector will mitigate the threat of current business environment over the long run.

Table3: Worldwide market capitalization and unexplored potentiality (2009)

Outsourcing market worldwide	Current market size (USD billion)	Market addressed (USD billion)	% of unexplored market (USD billion)
IT & Engineering services	56.58	280	-80%
BPO	36.38	220	-84%
Total	92.96	500	-82%

Source: IDC-NASSCOM Strategic review,2010

The above table reflected the global market capitalization and the unexplored potentiality of the outsourcing business which would be the major component of the IT business in near future. The table nicely depicted that the current market size of IT and Engineering services to be remarkable i.e. 56.58 billion USD. The market size of BPO in 2009 was observed to be 36.38 billion USD which was a huge amount. Still the achievement was not enough when the unexplored market potential was taken into account. The unexplored market potential is more in BPO than in IT and Engineering services. However the table also revealed that in 2009 about 500 markets was addressed and the market size of 92.96 billion USD was achieved.

Table4: Comparative Global position of India in terms of trend in IT-Services

Area (USD-Billion)	2008	2013	CAGR (%)
Asia Pacific	147	166	2.5
Europe	170	189	2.1
America	316	330	3.8
Middle east and Africa	14	16	3.2
Iberoamerica	44	57	5.6
UK	77	88	2.3
India	6	11	14.5
Total	774	907	3.2

Source: Gartner forecast, Worldwide IT 2007-2013, Oct 2009

Above table illustrates the global position of India with respect to the IT service sector. It is noticed that in 2008 India's position was at the bottom most position in the world scenario. The forecast also reveals the same observation. But, the growth rate of India is remarkable (14.5%) which is the topmost CAGR in the world. The forecasted value suggests that in 2013 the business of this sector will be about 11 billion US dollar which is a silver line for ITES sector in India.

Table5: Initial Growth of IT in India (1995-2000)

Year	Revenue (US dollar in million)	Growth (%)
1995-96	1224	-
1996-97	1755	43.38
1997-98	2670	55.13
1998-99	3900	46.07
1999-2000	5700	46.15
2000-2001	8750	53.51

Source: NASSCOM-McKinsey Report on the IT Industry of India, 2001

Now if we look at the previous job creation in IT industry in India it depicted that during 2000-2001 highest number of jobs was created. The growth rate of 53.51% during this span was also significant. This peak growth was followed by the job creation in 1997-1998 (52.13%) followed by the year 1991-2000 (46.15%). Although the growth was observed to be fluctuating, the range was found to be 43% to 53% which was remarkable. During the last three years i.e., 2007, 2008 and 2009 the number of jobs created in the IT sector were 1662000, 2010000 and 2200000 respectively. This shows IT business in India shown growth although the cross section of time.

Table7: Demand for employees under different industries in India (March to April, 2010)

Industry	Index on April'2010	Index on March'2010	% Increase
Healthcare, biotechnology, Pharmaceuticals	130	101	28
Real estate	123	101	22
IT-Hardware, software	130	107	21
Agro-based industries	114	95	19
Banking/financial services, Insurance	106	89	19

Source: Monster Employment Index, May,2010.

Now it was felt important to analyze the situation from the market demand point of view, i.e., sector wise potentiality of IT in employment generation. It has been reflected from the above table the employment index of IT was in the topmost position both in March and April, 2010. It shows the current situation of the job creation in IT –including both software and hardware business. In terms of % increase it was observed that IT sector was lagging behind the two leading sectors i.e. healthcare and real estate business.

Table8: Growth of demand for employees in various industries

Industries	Growth (%)
ITES/BPO	25
Telecom	14
Oil and Gas	11
Banking	4
IT (hardware)	22
IT (software)	0.8

Source: The Naukri Index, June,2010 (Naukri.com)

The above table delineated a close look at the growth of employment index in several sectors of the economy of India. It was noticed that the ITes sector including the BPO was at the upper most position followed by IT (hardware) and Telecom sectors respectively. If we look at the overall scenario all the sectors use IT as their supportive business tool. So with the growth of even oil and gas or banking sector a passive growth of IT sector is expected.

Company wise business prospect allied with scope of employment with special reference to IT sector at Kolkata.

Now it was felt necessary to study the sample company wise business prospect allied with scope of employment with special reference to IT sector at Kolkata which is described alphabetically as follows:

Brainware Consultancy Pvt. Ltd.commenced their IT business since 1991 with their present annual revenue of ' 40,000,000 with 150number of employees. They provide IT enabled services and products like software, web, multimedia and education. They are also expanding through opening new centre at Hoogly, Coochbehar, Bankura, Jorhat and Kishangarh (Bihar). They have achieved record placement during April to December, 2007.

Capegemini was founded 40 years ago having its headquarter in Paris and operating in 30 countries including India. Across seven locations in India, 28000 workers were reported to work in 2009. They serve the public sector industries, Energy-utility-chemical industry, manufacturing-retail and distribution industry, telecom-media and entertainment industry and financial services industries as their clients. They provide outsourcing services with reported growth of 0.3% with operating margin of 7.2% growth in 2009. In technology service and consultancy services the current revenue felt down by 7.4% and 14.7% respectively due to the effect of worldwide recession as per their view. The overall revenue of 2009 was observed to be 8371 million Euro which was 8710 million Euro in 2008. The operating profit was 333 million Euro in 2009 as compared to 586 million Euro in 2008.

CMC Ltd has four types of business units having employment potentiality in customer services, education and training, IT enabled services and systems integration services. The revenue earned figure was 7087.64 million in 2009. The profit after tax was found to be 1295.81 million. This was also noted that this company had employed the 0-3 years experience employer group with 61.40% increase as on March, 2010.

Cognizant as one of the major companies provide banking and technical services, communication services, information, media and entertainment services, technology, manufacture, IT infrastructure services and BPO. In 2009 they earned the revenue of $3.3 billion. At present they have 54 delivery and development centers. They are planning substantial development of product in next two years with a huge growth in R&D. Most interesting feature is that, 97% of the revenue came from clients of 2009.

Globsyn technology provides software, consultancy services and high end IT education. They also conduct IT based projects on ERP implementation, application development, and multilevel development. They invested 17 crores in Kolkata and opening five new campuses in India with 3-4 years of a total capacity of 4600 students as global connect initiative. All of their efforts are definitely aiming at creation of jobs.

In the business line of HCL there are BPO, Custom application service, engineering and R^D services, entrepreneurship application services, enterprise transformation services, IT infrastructure management. Out of total area of 6355280 square ft area in nine locations in India they have completed 95467 sq ft in Kolkata. In India the numbers of seats are 1042. The revenue in the second quarter was observed to be 652 million US dollar with the growth rate of 28.5% and the net income of 64 million US dollar.

IBM Global services India Pvt Ltd employed a total number of 4800 executives in 2009-10. The net income was 60 per cent of the overall revenue. The revenue growth was observed to be 20% and growth of cash flow 20%. They offer end to end solution to customers from hardware to softwares, services and consultancy. Branches have been set up in Bangalore, Pune, Gurgaon and Kolkata. Employees' well being was incorporated in every aspect of IBM's business globally.

The information system division of ITC ltd provides business friendly technological solutions including banking, financial services and insurances (BFSI), consumer packed goods (CPG), hospitality, manufacturing, media and entertainment, retail, travel and transportation and logistics. The gross income was found to be 26862.98 crores in 2010 as compared to 23678 crores in 2009. The profit after tax was also found to be 4061 crores in 2010 as compared to 3263.59 crores in 2009. This favors the employment generation through job creation.

SISL i.e. Siemens Infotech Pvt Ltd is one of the leading system integrators and total solutions provider in IT industry. It is also the high end consultancy provider in Aviation, health care, telecommunications, manufacturing to public sector, Government. They follow 'consult-build-operate-maintain' service chain. They have total number of 405000 employees in 1640 locations all over the world involving 190 countries. They have invested 3.9 billion dollars (5.1% of the total revenue) in R&D located in Germany, U.S., China and India having immense potential of employment generation.

TCS offers a wide range of IT-services, outsourcing and business solutions. Their service offerings include IT services, IT infrastructure services, Enterprise solutions, consultancy, Business Processing Outsourcing, Business Intelligence and Performance Management, engineering and industrial services, small and medium business etc. They also provide software as TCS technology products. Mentioning for the global business of TCS they have 160000 associates serving 800 no of clients over 42 countries globally. TCS BPO got Asia's best employer brand award 2010 as they have employed 38063 more no of employees over 2009 in 2010. The total number of employees in 2010 is 160429.

Vishnu Solutions Pvt Ltd also provides high end call center Services, which include direct marketing, telesales, customer services, surveys etc. The call center at Kolkata has extensive experience in handling multiple companies simultaneously.

Webel acts as a single window support center for all services required by IT and ITes involved in West Bengal. Currently they are playing the role of nodal agency for the State Govt of West Bengal in nurturing the IT and electronics industry in the State. They are also assisting the state govt in all its e-governance projects e.g. the project WBSWAN (West Bengal State Wide Area Network) i.e. optical fibre network connecting panchayat to district headquarters. Also they are performing in the field of tele-education, telemedicine, entertainment and employment generation by the way of high speed access to information and web based communication. In the year 2007-08 the gross income was 100.63 Crore. The cost of employment has increased by 1.54%. But it bore 1.94 crores in foreign exchange losses on account an increase in appreciation of the rupees against dollar and euro.

Wipro provides total outsourcing, consulting services, business solutions and professional services. Wipro InfoTech helps to drive the IT hardware and IT-infrastructure needs. Having the business of 5 billion US dollar Wipro infotech is a part of Wipro ltd with market capitalization of 24 billion US dollar. With the 13 regional offices in India they earned a revenue of ` 69.83 billion in 2010. The company expects higher profit after tax in 2010 than that of ` 39 billion in 2009 as in the first three quarters it was observed to be increasing. This is a good picture considering investment and consequently employment increasing purview.

Challenges faced by the IT and ITeS based companies

Indian IT Industry is presently facing a number of challenges as opined by the experts of the sample companies:

a) Non-maintaining the constant standard of excellence and high level of performance.

b) Not having a long term broad vision and targeting only on short term profit.

c) The innovation of business models, ecosystems and knowledge management are not connected with the Indian information technology industry.

d) Lack of coordination of academics as well as other industries.

e) The problems with outsourcing countries (e.g. USA) are creating problems for the Indian IT industry. A huge portion of the outsourcing professionals are going to work in USA for a longer time because of the legislative barrier where only the citizens of legal non-American will be given outsourcing contact.

f) Large investment and long run gestation period of business.

g) Environmental issues, rehabilitation, land acquisition issues, are the obstacles to the availability of natural resources as raw materials.

h) Lack of R&D as per expectation level.

Conclusions

The strength of India in the development of IT-industry is manifold. The employment in this sector also gone hand-in-hand as the analysis of the study reveals. The large number of skilled IT-professionals, low cost Indian workforce and huge pull of English speaking IT professionals are favoring the outsourcing of U.S.A. and U.K. Moreover, the quality of the entrepreneurs, business leaders, scientists and engineers are awesome. To face the challenges as observed for the sample IT companies in Kolkata, the study recommends that, firstly, a creative environment should have been created, which have long term sustainability. Secondly, the outlook of the IT industry has to be spread all over the country. Thirdly, for improved performance and productivity it is necessary to have a co-ordination with industry with academics. Finally, the political obstacles are to be removed by adopting favorable policies to IT-business by the Government in order to achieve a higher and more sustainable as well as equitable economic growth with a broader vision.

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EMPIRICAL ANALYSIS ON MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) IN INDIA: A DISCUSSION

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Abstract

Small and Medium sized Enterprises (SMEs) are one of the main challenging driving forces in overall growth of the economy of the country. It increases the mobility of private ownership and entrepreneurial abilities. SMEs are very much flexible and can adjust very fast the demand -supply conditions of the market. they stimulate employment, help in different economic activity and make a crucial contribution to trade and exports.

SMEs are a huge source for the getting jobs and a it provides a difference in the industrial arena of the country. Also SME's has its share of problems in terms of weaknesses in obtaining finance, manpower and less commercial contacts are a source of concern. Depending on the country, SME's often face many obstacles for money during running their programmes and structural weaknesses in their authority.

A critical input for the SME Sector is Credit. The central point to the banking policy is Provision of timely and adequate finance to SME Sector. The nationalization of main banks in 1969 increased the necessity for restructuring priorities in lending function and also it was made compulsory that 40 per cent of loan should be for priority sector which includes business sectors, SME, individual service and agricultural sector. A steady increase in the flow of credit to SME Sector can be seen when it has gone up remarkably to Rs. 1, 04, 900 Crore in 2007 compared to Rs.48, 400 Crore in 2001.

Introduction

Small and Medium Enterprises (SMEs) play an important function for the expansion of Indian economy as they have a share in industrial output exports, employment, and create many jobs in the rural areas every year and produce many thousand quality products for the Indian and international markets. SME also have a contribution to the Indian Gross Domestic Product and is expected to increase further in the future. There are millions of MSME Units in India and more number of persons are expected to join this unit in the coming years. SME help in several innovations in both manufacturing and service sectors acts as the main link in the supply chain to companies and the Government companies. SMEs help in the promotion of the rural areas. The market in India is growing fast and Indian entrepreneurs are making good progress in many types of Industries like Manufacturing, Engineering Design, Food Processing, Pharmaceutical, Textile & Garments, Retail and Agro sector.

Investment limit of SME's

Classification	Investment in Plant and Machinery (For Manufacturing Enterprises)	Investment in Equipments (For Service sector Enterprises)
Micro Enterprises	Investment in Plant and Machinery ceiling up to Rs.25Lakhs	Investment in Equipments ceiling up to Rs. 10 Lakhs
Small Enterprises	Investment in Plant and Machinery above Rs. 25 Lakhs but up to ceiling of Rs.500Lakhs	Investment in Equipment Above Rs. 10 Lakhs but up to ceiling of Rs. 200 Lakhs
Medium Enterprises	Investment in Plant and Machinery above Rs.500 Lakhs but up to ceiling of Rs.1000 Lakhs	Investment in Equipment above Rs.200 Lakhs but up to ceiling of Rs. 500 Lakhs

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The Ganguly Committee has recommended that on India, SME's are of three types. Internationally, SME is categorized with no subtypes.

1. Tiny Type : Which has Annual turnover up to Rs.2 crores.
2. Small Type : Which has Annual turnover of more than Rs.2 crores but upto Rs.10 crores.
3. Medium Type : Which has Annual turnover of more than Rs.10 crores but up to Rs.50 crores.

SME'S IN INDIA

The SME's contribute to 7% of Gross Domestic Product in Indian economy. These enterprises have increased rapidly from the year 1940 as shown in the Third All India Census of small scale industries conducted in 2004.They provide employment opportunities for the people and produce high-technology products.

Their contribution to exports is as high as 90% to 100% in the sports goods and garments sector.

They contribute to about 35% of India's exports and also constitute 90% of the industrial units in the country.

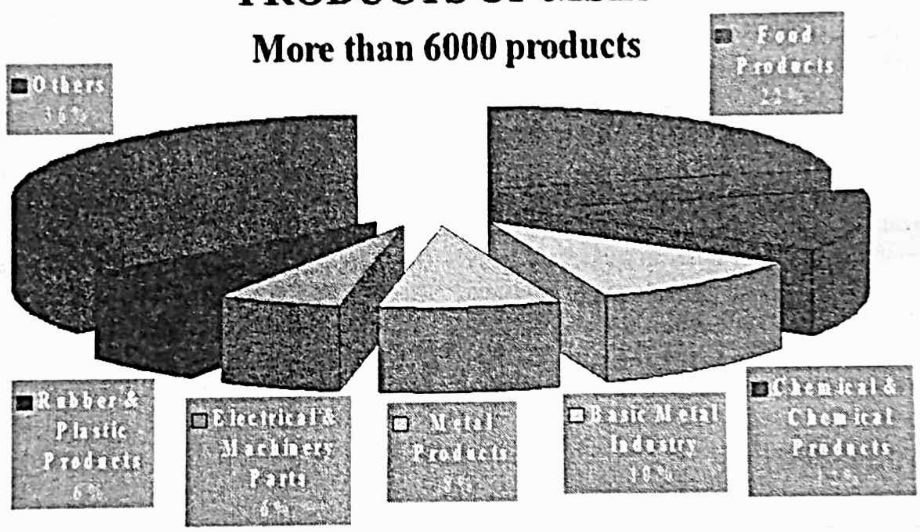
The Government of India from the year 1951 has promoted and encouraged the SME's through its various policy and measures.

The Government of India has identified 3,000 SME clusters of artisan-specific, village and small enterprises in the country and has undertaken such 1,150 such clusters for improvement and intervention from the year 2005.

The performance of the small scale sector in India in terms of critical economic parameters such as number of units, employment, production and export during the last 10 years is described below.

PRODUCTS OF MSEs

More than 6000 products



Source- M/o Statistics and PI website- http://www.mospi.gov.in

Performance of SME Sector

Year	Total MSME's	Production(Rs Crore)	Employment (Lakh Persons)	Exports (Rs. Crore)
2004-05	118.49	429796	282.57	124417
2005-06	123.42	497842	294.91	150242
2006-07	261.70	709348	594.61	182538
2007-08	272.79	790759	626.34	202017
2008-09	285.16	880859	659.35	NA

Source: Development of micro and small enterprises and cluster approach, C.Ananthanarayanan, DGM (FM), BIRD, Lucknow.

PERFORMANCE OF THE SECTOR IN NORTH EASTERN REGION

The estimated number of MSME units in North-East, fixed investment, production and employment for the year 2007-08 (Projected) have been incorporated in the Table.

NAME OF THE STATE	No. of Units	Fixed Investment(Rs crore)	Production(Rs crore)	Employment
Sikkim	472	17.00	703.7	1828
Arunachal prad.	1614	46.26	115.2	5060
Nagaland	18653	583.49	897	81608
Assam	246980	1733.05	8155.1	556896
Tripura	30772	423.61	765.4	70774

Source- M/o Statistics and PI website- http://www.mospi.gov.in

COMPARISON OF MSEs WITH THE OVERALL INDUSTRIAL SECTOR

The MSE sector has maintained a higher rate of growth vis-à-vis the overall industrial sector as would be clear from the comparative data on growth rates of production for both the sectors during last five years as shown in the Table.

Year	Growth Rate of IIP(Base 1970)(%)	Growth Rate of IIP(Base 2001-2002)(%)	IPP (Overall Industrial Growth Rate of Sector) (%)
2002-2003	7.68	8.68	5.7
2003-2004	8.59	9.64	7.0
2004-2005	9.96	10.88	8.4
2005-2006	10.40	12.32	8.1
2006-2007	Na	12.60	11.5
2007-2008	Na	13.00	8.0

Source- M/o Statistics and PI website- http://www.mospi.gov.in
IIP - Index of Industrial Production.

CONTRIBUTION OF MSMEs IN THE GROSS DOMESTIC PRODUCT (GDP)

Table: Contribution of MSMEs in GDP(at 1999-2000 prices)

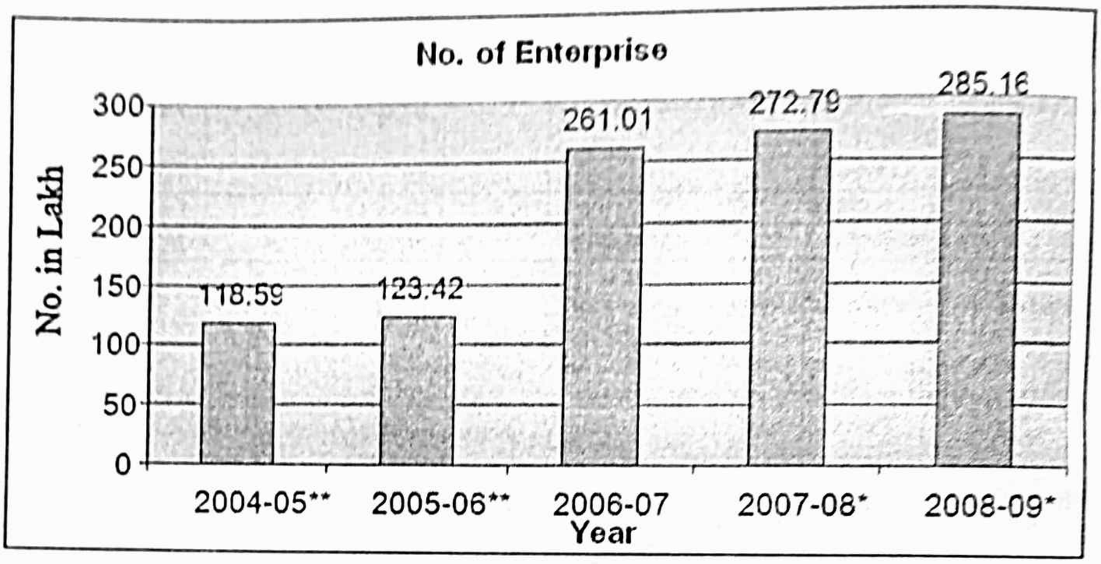
Year	Total Industrial Production	Gross Domestic Product(GDP)
1999-2000	39.74	5.86
2000-2001	39.71	6.04
2001-2002	39.12	5.77
2002-2003	38.89	5.91
2003-2004	38.74	5.79
2004-2005	38.62	5.84
2005-2006	38.56	5.83
2006-2007	44.12	7.44
2007-2008	45.00	8.00

Source- M/o Statistics and PI website- http://www.mospi.gov.in

** The data for the period upto 2005-06 is only for small scale industries (SSI) .
Subsequent to 2005-06, data with reference to micro, small and medium enterprises are given.

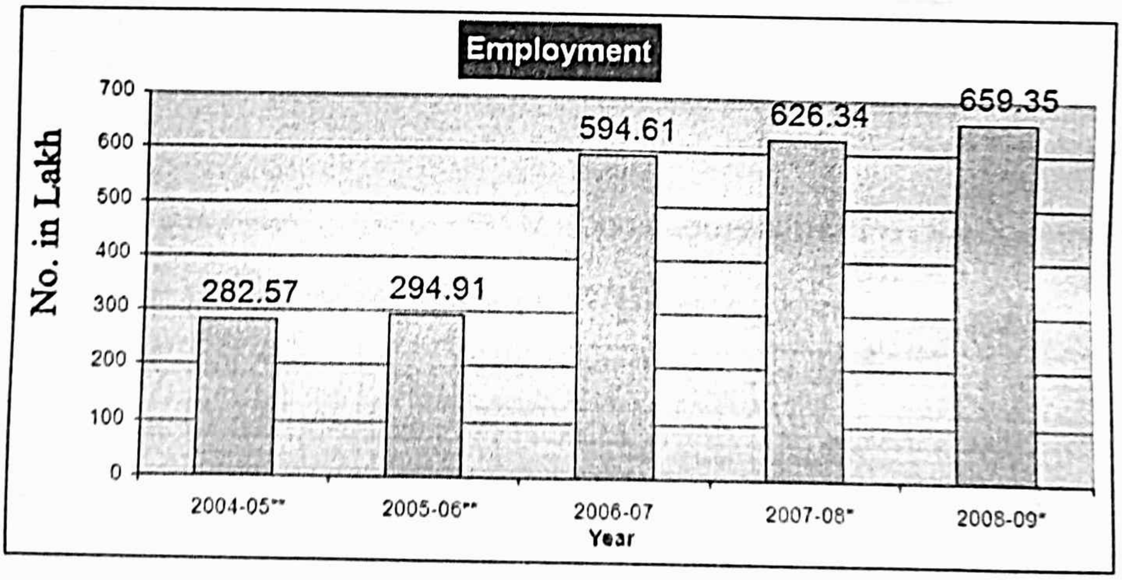
OTHER STATISTICS OF THE SECTOR

a) Number of enterprises in MSME Sector



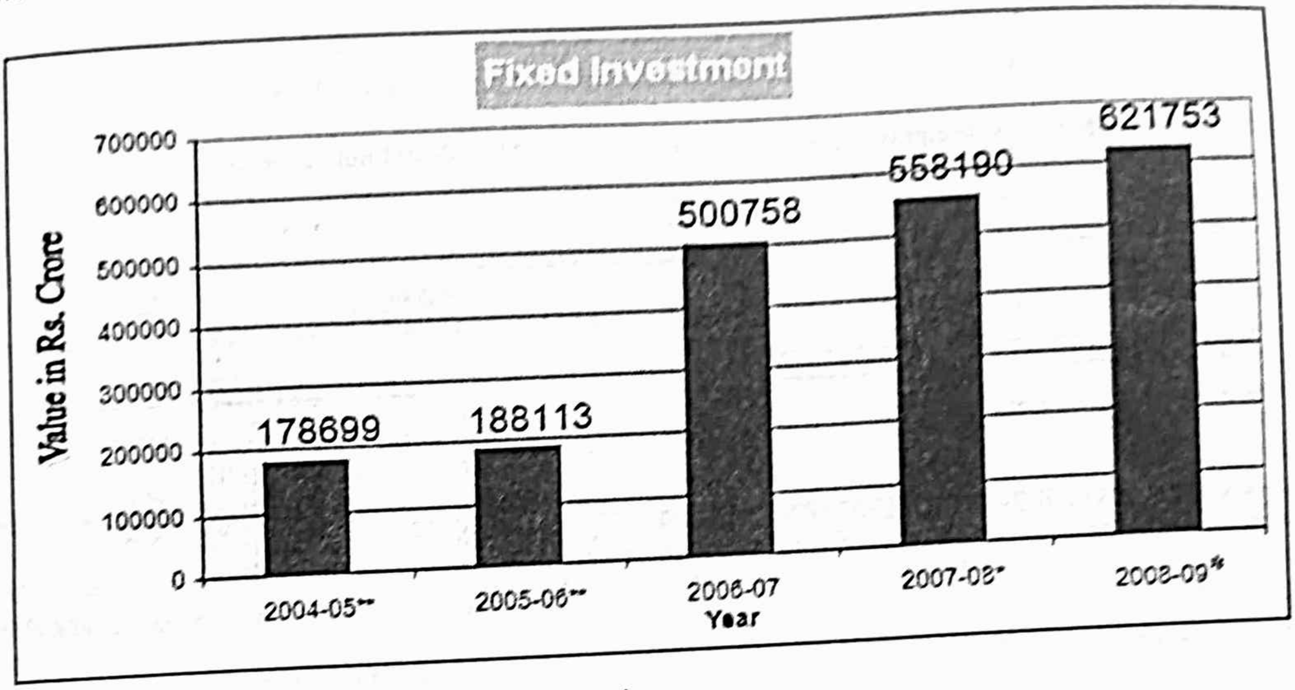
Source- M/o Statistics and PI website- http://www.mospi.gov.in
Projected data for the year 2007-08 and 2008-09.
*** Data for 2004-05 and 2005-06 pertain to small scale industries only.*

b) Employment in MSME Sector



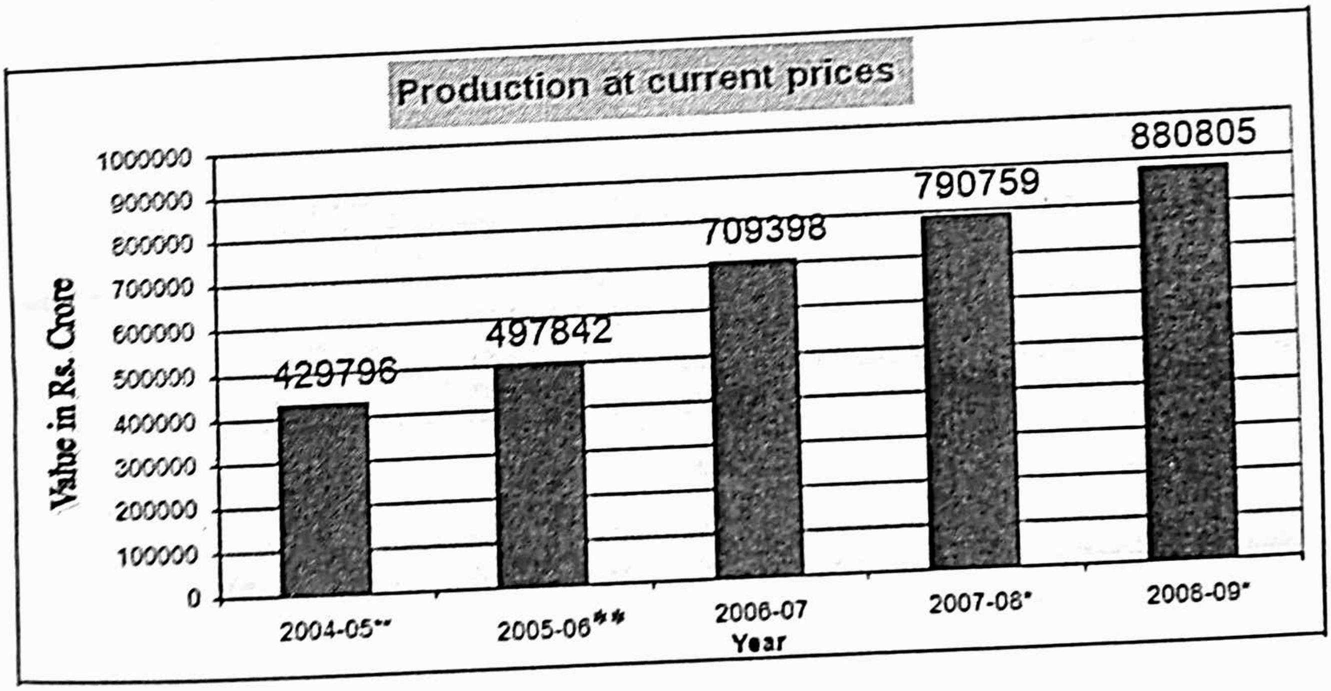
Source- M/o Statistics and PI website- http://www.mospi.gov.in
Projected data for the year 2007-08 and 2008-09.
*** Data for 2004-05 and 2005-06 pertain to small scale industries only.*

c) Fixed Investment in MSME Sector



Source- M/o Statistics and PI website- http://www.mospl.gov.in
Data for 2004-05 and 2005-06 pertain to small scale industries only.

d) Production in terms of Gross Output in MSME Sector



Source- M/o Statistics and PI website- http://www.mospl.gov.in
Projected data for the year 2007-08 and 2008-09.
*** Data for 2004-05 and 2005-06 pertain to small scale industries only.*

CHALLENGES FACED BY SME's

- Inadequate access to finance due to lack of financial information
- SMEs also lack access to private equity and venture capital
- Use of out dated technology
- Shortage of power
- Conflict among partners
- Dependence on few customers due to high cost
- Overdependence on purchases by Government
- Lack of knowledge about various credit schemes
- Inability to pay competitive wages / salaries to trained professional in working classes

RECOMMENDATIONS FOR BETTER PERFORMANCE OF THE SME'S

- Government should be advised in formulation of rules and policies for the development of MSME Sector;
- Providing managerial and economic consultancy and other facilities so that they can perform better.
- To give latest technology for up-gradation and modernization of these units.
- Manpower should be developed by giving proper training.
- To supply them with latest economic information services.

Conclusion

So it can be concluded that Entrepreneurship skills are required for setting up a SME. These sector is growing effectively but also can be improved by adequate finance from the Government. The SMEs should not concentrate only on the rural areas but should expand their reach in the urban areas and meet different customers. Private equity and venture capital should be made available .Conflict among partners should not happen at all for proper running of SME. Modern technology and equipments and services should be used.

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5. Thought Clusters, Software Development & Management, □! E-recruiting – Analysis (Part 2)

6. Lessons from Movie Watching '!

7. challenges faced by Small-Scale Entrepreneurs (write up in a blog)

MARKETING STRATEGY OF TELECOM PRODUCT – A STUDY ON BHARATI AIRTEL LIMITED

Gautam Kumar[1]
Prosenjeet chatterjee[2]

Abstract

Telecommunication Market in India is one of the most rapidly growing industries in India. The Indian Telecommunications Network with 250m telephone connections is the fifth largest in the world and is the second largest among the emerging economies of Asia. Today it is the fastest growing market in the world and represents unique opportunities for UK companies in the stagnant global scenario. Private operators have made mobile telephony the fastest growing (over 164% p.a.) in India. Against this background, this article highlights empirical study on marketing strategies of Bharati Airtel to hold a sizable market share.

Introduction

The Indian Telecommunications Network with 250m telephone connections is the fifth largest in the world and is the second largest among the emerging economies of Asia. Today it is the fastest growing market in the world and represents unique opportunities for UK companies in the stagnant global scenario. Private operators have made mobile telephony the fastest growing (over 164% p.a.) in India. With more than 33 million users (both CDMA and GSM), wireless is the principal growth engine of the Indian telecom industry.

IDIAN CELLULAR MARKET

The Bharti Group, which operates in 23 circles, continues to be the country's largest cellular operator, with 50 lakh subscribers. BSNL, which operates in 22 circles, has a subscriber base of 37 lakh subscribers. Thus BSNL stands second largest cellular operator in terms of subscriber base at the end of the fiscal ending March 31, 2007, displacing Vodafone from the second position. Vodafone, which operates in only eighteen circles, is the third largest operator with a subscriber base of 32 lakh. Unlike fellow public sector undertaking, MTNL, which operates in Mumbai and Delhi, BSNL has been a very aggressive player in the market. "Cellular operators who expected BSNL to go the MTNL way, were taken by surprise and did not take effective steps to counter it, till it was too late in the day," said a telecom analyst.

Belying fears of a slowdown in cellular subscriber acquisitions, the cell club has reported a 7.92% growth, the highest growth in any month so far, during March 2005. Year-on-year, the cellular subscriber base in the country has almost doubled in March 2005, and is expanding at the rate of 25% per year thereafter. Idea, which operates in seven circles, is the fourth largest operator with a subscriber base of 17.80 lakh, higher than BPL's 11.31 lakh subscribers across four circles. The subscriber numbers per operator drop sharply with the sixth largest operator, Spice Communications, having a subscriber base of 9.40 lakh, followed by Reliance Telecom's 8.9 lakh subscribers. MTNL is the ninth largest operator, with a base of 8.32 lakh subscribers. While the subscriber base-jumped by 3.38% to 44.39 lakh in the metros, subscriber base of category A circles of Maharashtra, Gujarat, Andhra Pradesh, Karnataka and Tamil Nadu jumped by 10.18 % to reach 43.64 lakh. Category B circles of Kerala, Punjab, Haryana, Uttar Pradesh (West), Uttar Pradesh (East), Rajasthan, Madhya Pradesh and West Bengal recorded a jump of 10.69%, with a total base of 33.74 lakh subscribers. Circle C has reported 12.74 % growth with subscriber numbers jumping to5.08 lakh.

HISTORY OF THE COMPANY

Bharti Airtel Limited was incorporated on July 7, 1995 for promoting investments in telecommunications services. Its subsidiaries operate telecom services across India. Bharti Airtel is India's leading private sector provider of telecommunications services based on a strong customer base consisting of 50 million total customers, which constitute, 44.6 million mobile and 5.4 million fixed line customers, as of March 31, 2007. Airtel comes to us from Bharti Airtel Limited - a part of the biggest private integrated telecom conglomerate, Bharti Enterprises. Bharti provides a range of telecom services, which include Cellular, Basic, Internet and recently introduced National Long Distance. Bharti also manufactures and exports telephone terminals and cordless phones. Apart from being the largest manufacturer of telephone instruments in India, it is also the first company to export its products to the USA. Bharti has also put its footsteps into Insurance and Retail segment in collaboration with Multi-National giants. Bharti is the leading cellular service provider, with a footprint in 23 states covering all four metros and more than 50 million satisfied customers.

Bharti Airtel is one of India's leading private sector providers of telecommunications services based on an aggregate of 66,689,94 Customers as on April 30, 2008, consisting of 64,370,434 GSM mobile and 2,319,509 Bharti Telemedia subscribers.

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The businesses at Bharti Airtel have been structured into three individual strategic business units (SBU's) - mobile services, telemedia services (ATS) & enterprise services. The mobile services group provides GSM mobile services across india in 23 telecom circles, while the ATS business group provides broadband & telephone services in 94 cities. The enterprise services group has two sub-units - carriers (long distance services) and services to corporates. All these services are provided under the Airtel brand.

ACHIEVEMENTS

- First to launch Cellular service on November 1995.
- First operator to revolutionaries the concept of retailing with the inauguration of AirTel Connect (exclusive showrooms) in 1995.
- First to introduce push button phone in India.
- First to expand it's network with the installation for second mobile switching center in April, 1997 and the first to introduce the Intelligent Network Platform First to provide Roaming to its subscribers by forming an association called World 1 Network.
- First to provide roaming facility in USA. Enjoy the mobile roaming across 38 partner networks & above 700 cities Moreover roam across international destinations in 119 countries including USA, Canada, UK etc with 284 partner networks.
- 16 states, 600 million people. Only India's leading mobile service offers you the truly 'freedom-packed' Prepaid!
- It is also the first company to export its products to the USA

BHARTI announces agreement with VODAFONE marking the entry of the World's Largest Telecom Operator into India

- Bharti Enterprises and AXA Asia Pacific Holdings Limited announce Partnership for a life insurance joint venture in India
- Airtel Launches future factory - Centres of Innovation to Incubate Pioneering Mobile Applications

PROMOTIONAL STRATEGY

Airtel to "Touch Tomorrow" with a new brand vision

The Bharti Mobile promoted AirTel cellular service will go in for repositioning of its brand image. The new brand ethos is portrayed in two distinct fashions - the tag line "Touch Tomorrow", which underscores the leading theme for the new brand vision, followed by "The Good Life", which underscores amore caring, more customer centric organization. Aimed at reengineering its image as just simply a cellular service provider to an all out information communications services provider, Touch Tomorrow is meant to embrace the new generation of mobile communication services and the changing scope of customer needs and aspirations that come along with it.

The new communication is about a new dimension in the cellular category that goes beyond the Internet, SMS, roaming, IVRS, etc but which engulfs the whole gamut of wireless digital broadband services that will constitute tomorrows cellular services. The new campaign is in two phases - the first of which will communicate overall brand philosophy and the second products and services. According to Mr. Jagdish Kini, Chief Operating Officer, BhartiMobile Limited, Karnataka "We are adopting a new brand- platform - Touch Tomorrow - not only to reflect our corporate ethos but also business strategy".

The new identity will have the logo in Red, Black and White colours along with lower case typography to convey warmth. **AirTel** will incorporate the latest branding in all of its communication and will soon be going in for an enhanced promotional drive to establish the brand's presence.

LIFE TIME PLAN

PRE-PAID card users need not worry anymore about recharging their coupons every month. Company has launched a plan that allows users to take a pre-paid connection with lifetime validity for a one time payment of Rs. 999. Subscribers availing themselves of this scheme will also get full talk time for the recharge coupon they purchase and also have the option to buy Taiwanese manufactured Bird mobile handsets for as low as Rs. 1,399.

The move is aimed at stopping the churn in the pre-paid subscriber base. Once a subscriber takes this plan, he will always be an Airtel subscriber whether the mobile is being used or not.

MARKET SITUATION

At the time of launch

The first mover in the market was Airtel which launched its services in Delhi in Aug 1995 (Informal launch). Essar Cellphone followed by launching its services informally in Oct 95. At this point of time, the market was at a nascent stage, awareness level was low and both operators independently tried to spread awareness and educate the people Once the networks were commercially launched, it became a number game with a multitude of schemes being offered to woo customers Initially the cell phone was perceived as a status symbol and utility took a back seat The target segment in Delhi were corporate and the high income group. The average capacity installed was for 1.5 lakh subscribers. This coupled with the steep license fee paid to DOT put pressure on the operators to break-even by rapidly expanding their markets. In the first two years, this led to a number of schemes being offered and prices crashing.

COMPETITIVE SITUATION

Airtel launched its services before Essar and skimmed the market picking up the bulk of the high usage premium clients. This is a very competitive industry with the two companies differentiating either on value-added services or price. Airtel is perceived as the high quality provider and has a premium image. Essar, on the other hand, is perceived as the lower end service provider. Airtel positions itself as the market leader on the basis of the number of subscribers. Essar is trying to counter this by emphasising on the reach of its network and the quality of its service. However, Essar is somewhat not been very successful
largely due to the inconsistency in advertising

To promote themselves, both the players have been dependent on tactical advertising However, they have restrained from using comparative advertising Hoardings have been a very popular medium for carrying the advertisements Airtel has also been advertising on television using the Bharti Telecom name.

AIRTEL'S MARKETING ORIENTATION

Since this is a high-involvement expensive product, the service provider has to fully take care of the customers.

a) They take personal responsibility to "get" the answer for any problem faced by the customer
b) They anticipate customers' problems and take pro-active steps to prevent them
c) They give answers to the questions & requests, quickly & efficiently.
d) They have a positive tone & manner while interacting with customers.
e) They end the interaction on a positive or a humorous notemaking the last 30 seconds count.

MARKETING STRATEGY ADOPTED BY BHARTI

Bharti has spent a considerable amount on advertising its mobile phone service, Airtel. Besides print advertising, the company had put up large no of hoardings and kiosks in and around Delhi.The objective behind designing a promotion campaign for the 'Airtel' services is to promote the brand awareness and to build brand preferences.

It is trying to set up a thematic campaign to build a stronger brand equity for Airtel. Since the cellular phone category itself is too restricted, also the fact that a Cellular phone is a high involvement product, price doesn't qualify as an effective differentiator. The image of the service provider counts a great deal. Given the Cell phone category, it is the network efficiency and the quality of service that becomes important. What now the buyer is looking at is to get the optimum price-performance package. This also serves as an effective differentiator.

Brand awareness is spread through the' campaigns and brand preference through brand stature. Airtel's campaign in the capital began with a series of 'teaser' hoardings across the city,' bearing just the company's name and without explaining what Airtel was. In the next phase the campaign associated Airtel with Cellular only thereafter was the Bharti Cellular connection brought up. Vans with Airtel logos roamed the city, handing out brochures about the company and its services to all consumers. About 50,000 direct callers were sent out. When the name was well entrenched in the Delhiites's mind, the Airtel campaign began to focus on the utility of Cellphone. In the first four months alone Airtei's advertisement spend exceeded Rs. 4 crores.

As of today the awareness level Is 60% unaided. This implies that if potential or knowledgeable consumers are asked to name a Cellular phone service provider that is on the top of his/her mind 60% of them would name Airtel.

Brand strength of a product or the health of a brand is measured by the percentage score of the brand on the above aided and the unaided tests. The figures show that Airtel is a healthy and a thriving brand. Every company has a goal, which might comprise a sales target and a game plan with due regard to Its competitor. Airtel 's campaign strategy is designed keeping in mind its marketing strategy. The tone, tenor and the stance of the visual ads are designed to convey the image of a market leader in terms of its market share. It tries to portray the image of being a "first mover every time" and that of a "market leader".

The status of the product in terms of its life cycle has just reached the maturity stage in India. It is still on the rising part of the product life cycle curve in the maturity stage. The diagram on the left hand side shows the percentage of the users classified into heavy, medium and low categories. The right hand side shows the revenue share earned from the three types of users. Airtel, keeping in mind the importance of the customer retention, values its heavy users the most and constantly indulges in service innovation. But, since heavy users comprise only 15 - 20% of the population the other segment cannot be neglected.

The population which has just realised the importance of cellular phones has to be roped in. It is for this reason that the service provider offers a plethora of incentives and discounts. Concerts like the "Freedom concert" are being organized by Airtel in order to promote sales. The media channel is chosen with economy in mind. The target segment is not very concrete but, there is an attempt to focus on those who can afford. The print advertisements and hoarding are placed in those strategic areas which most likely to catch the attention of those who need a cellular phone. The product promise (which might cost different 1 higher) is an important variable in determining the target audience.

Besides this, other promotional strategies that Airtel has adopted are:

(i) People who have booked Airtel services have been treated to exclusive premiers of blockbuster movies. Airtel has tied up with Lufthansa to offer customer bonus miles on the German airlines frequent flier's programs.

(ii) There have been educational campaigns, image campaigns, pre launch advertisements, launch advertisements, congratulatory advertisements, promotional advertise-ments, attacking advertisements and tactical advertisements.

Conclusion

Taking the above perspectives into consideration it would be interesting to analyze and carry on further research, how the organization would cater the tough competitive market in the Indian scenario. With global players like Vodafone and Uninor already making their presence in the Indian market, the business scenario would be highly challenging for Airtel and research on these areas would help the organization to sustain their competitiveness in the highly volatile and competitive business environment.

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