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on
TRANSFORMING INDIA through
INNOVATION & ENTREPRENEURSHIP

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on 6th December 2016
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FOREWORD

Samyoga, the academic journal of the T.John Group of Institutions, has an established tradition of providing opportunities to the intellectuals from various spheres of knowledge to explore the latent powers within them and realize these powers by promoting research culture and making valuable contributions to the corpus of research works. Being a multidisciplinary journal it makes an effort to present a collection of article and research papers from various disciplines. The journal tries to keep pace with the recent development taking place in different areas of knowledge.

T.John Institute of Management & Sciences (TIMS) organized a 1-Day national conference on “Transforming India through Innovation & Entrepreneurship”. Shri Narendra Modi, Prime Minister of India, in his Independence Day speech this year, announced the “START-UP INDIA” initiative. This initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive for growth of new entrepreneurs. The objective is that India must become a nation of job creators instead of being a nation of job seekers. I am confident that many young talents will take up initiative to become successful entrepreneurs. I am happy that T.John Institute of Management & Sciences (TIMS) is coming out with this special issue of Samyoga based on the research papers presented in the National Conference “Transforming India through Innovation & Entrepreneurship”.

I appreciate the sincere efforts of the all staff members of TIMS, conference committee and editorial board in bringing out this issue of the journal. I congratulate the contributors, conference committee, editorial committee and staff members for their commendable efforts, dedication and commitment in bringing out this issue. I hope our endeavors make this journal reach the pinnacle of excellence.

Dr. Thomas P. John

(Chairman, T.John Group of Institutions)
Patron & Honorary Editor
Editorial Preface

T.John Institute of Management & Science (TIMS) organized a 1-Day National Conference on “Transforming India through Innovation & Entrepreneurship” on 6th December 2016 at our Bangalore campus. Several papers were presented in this conference by the persons from Indian faculty, researchers and even some students. The theme selected for this conference is significant for the present-day economic environment one where Govt. of India has taken so many initiatives.

In recent years, the Indian startup ecosystem has really taken off and come into its own—driven by factors such as massive funding, consolidation activities, evolving technology, a burgeoning domestic market and catalyzed by ‘MAKE IN INDIA’ and ‘START UP INDIA’ initiatives of Indian Government.

Some of the papers presented in this National Conference are being published as a special issue of Samyoga an academic journal. I feel privileged in presenting this special issue to you. I strongly believe that this Samyoga special edition will be a platform of learning and knowledge sharing.

Special thanks to our Hon’ble Patron, Honorary Editor and Chairman of T.John Group of Institutions, Dr.Thomas P. John for providing all the help and encouragement in making this National Conference and special issue of Samyoga possible.

My heartfelt appreciation and thanks are also due to all our members of Advisory Board, Editorial Board, Prof. E .A. Shijimol, Conference Convenor, Prof. R V Naveenan, Conference Co-convenor, conference committee members and all other staff members who have helped me in every possible way in providing all the necessary technical and moral support thereby facilitating the concept of national Conference and bring out this special issue of Samyoga.

Dr.Bijoy Mishra
(Principal, T.John Institute of Management & Science)
Chief Editor
About T.John Institute of Management & Sciences (TIMS)

T John Institute of Management & Science (TIMS) was established under the aegis of T. John Group of Institutions in the year 2004-05 for promoting professional education. By now, TIMS has acquired a distinctive position among the premier Management Institutes in India.

At present, TIMS offers both under graduate and post graduate programs. The MBA offered here is affiliated to Bangalore University and duly approved by All India Council for Technical Education (AICTE), New Delhi. The under graduate courses run in TIMS viz. BBA and B.Com are affiliated to Bangalore University. TIMS is accredited by National Assessment and Accreditation Council (NAAC).

Vision

To setup a world class institution that can provide high quality professional education to transform the students to meet the present day need of the industry and society.

Mission

To create an ambience conducive to provide quality education that will enable to transform the students for the society.
To design co-curricular activities to develop the overall personality of students.
Inculcate a sense of professionalism and ethics in the students in the students to enable them to face the challenges of the present day society.
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Economic Reforms and Indian Securities Market

K Sukumaran

Abstract

India is currently celebrating twenty five years of economic reforms. In 1991, India has embarked on a series of reform measures on economic front so as to correct the imbalances in the economy and paving the way for growth and stability. This paper – ‘Economic Reforms and Indian Securities Market’ looks into the objectives and achievements of various economic reform measures on a macro perspective. One of the key segments of the financial market viz. securities market has witnessed significant achievements during the reform era. Each reform measure in securities market is identified and its significance on the capital market and Indian economy is documented. These reform measures are in the area of regulatory change, IPO reforms, merchant banking regulations, depository regulations, mutual fund, settlement of trade, screen based trading, investor protection measures etc. which all contribute to a healthy and vibrant stock market in the country.

The securities market reforms meet some of the challenges in reforming Indian financial system.
The methodology adopted in the paper is relying on secondary sources through literature survey.

Key words: Economic reforms, securities market, stock market, financial stability, investor protection

Introduction

India today is celebrating twenty five years of economic reform and it is right time to take stock of the impact of reforms in the various segments of the economy. The economic reforms were initiated at a crucial time when the economy was witnessing all round recession and poor performance on all fronts. The GDP growth of Indian economy in 1991 was stagnant causing multiple problems in the economy. The balance of payment crisis created serious situation enabling the country to take drastic steps to correct the imbalance. The foreign exchange reserve in 1991 was a mere USD 1.1 billion sufficient to meet only few weeks of import requirements. India had to pledge its gold with Bank of England to raise financial resources. The inflationary situation in the country was alarming causing the people difficulties in maintaining the standard of living. Thus, the poor GDP growth, the balance of payment crisis and the high inflationary situation prevailed in 1991 made the government to embark on a series of economic reforms. These reforms were in the area of trade policies, Industrial policies, banking, insurance, securities market, public sector, tax etc.

Economic Reforms – Objectives, Policy Prescriptions and Outcomes

The key objectives of the economic reforms were a) to remove disequilibrium in balance of payments and build robust foreign exchange reserves, b) to take the economy to higher economic growth path, c) to give a new thrust on market orientation through moving on the path of liberalization, privatization and globalization etc. The economy has created a competitive environment to improve productivity and efficiency in all sectors of the economy.

The Industrial Policy Statement 1991 has given the private sector more role as the list of industries reserved solely for the public sector which covered 18 industries has been reduced to three – defense, atomic energy generation and railways. Industrial licensing was abolished in all sectors except for a few hazardous and environmentally sensitive industries. The policy encouraged inviting foreign capital as well as entering into foreign technology agreements. Foreign Direct Investment (FDI) was liberalized with the objective to increase total volume of investment in the economy, improve production technology and increase access to world markets. The FDI policy allows 100 per cent foreign ownership in large number of industries. The vital sectors - banking, insurance, airlines, and telecom sectors were opened to FDI participation. The policy ended public sector monopoly in many sectors and followed a policy of automatic approval for foreign investment upto 51 per cent. In 1991, trade policy in India was characterized by high tariffs and restrictions on import. Import duties were reduced as the weighted average import duty declined from the very high peak level of 72.5 per cent in 1991-92 to 24.6 per cent in 1996-97.
The banking sector reforms focused on ailing banking and financial institutions in India and aimed at enhancing productivity, profitability and efficiency in the system. The Committee on Financial System (1991) under the chairmanship of Shri N Narasamiah set the tone for reforms in banking. The reform measures comprised of liberalization of interest rates, reducing the statutory requirements in investment in government securities, introduction of prudential norms in capital adequacy, asset classification and provisioning, privatization of banks, enhancing customer value through technology adoption etc. The insurance sector was a public sector monopoly till 1994. The reforms in this area embarked with the recommendations of an expert committee (Malhotra Committee) in 1994 which recommended for private sector participation in insurance business. Since then private sector insurance companies started operating in life insurance and non-life insurance sector. The reforms in public sector focused on disinvestment of shares of public sector undertakings, and measures to enhance productivity, profitability and efficiency. Select public sector undertakings were categorised into mini ratnas and maharatnas, and given special treatment for their growth. As a result, today well functioning PSUs under these categories are model examples in excellence. Tax reforms mainly concentrated on rationalization of tax rates. Both direct taxes and indirect taxes were reduced to a reasonable level and these rationalization of tax rates yielded desired results in mobilizing revenue to the exchequer.

The performance of Indian economy during the twenty five years of reform era is commendable. The GDP growth rate which was stagnant in 1991 has improved substantially and today India is the fastest growing economy in the world. During the last two years i.e. 2014-15 and 2015-16, India has achieved an average GDP growth rate of 7.5 per cent as against world economy growing at around 3 per cent. The foreign exchange reserve which was a mere 1.1 billion USD increased to around 365 billion USD today. The inflationary pressures which was looming large in 1991 improved and today the economy is witnessed by a stable level of 5 to 6 per cent in increase in prices. These fundamental changes in the performance of the economy are on account of the economic reform measures introduced.

Securities Market Reforms
The securities market in India has undergone major changes in the post reform period. The securities market plays a dominant role in the economy enabling companies raise financial resources from the market. The securities market also allows the investors an alternative channel to invest their money. The significant reform areas in the securities market domain are setting up of a statutory body as regulator in capital market, revamping the primary market through putting in place Initial Public Offer (IPO) reforms, introducing regulations on merchant banking, regulating mutual fund operations, introducing depositories, going for screen based trading, rationalizing settlement of trade transactions, investor protections measures etc.

Regulatory Changes - Establishment of SEBI:
In the pre reform era, the capital market in India was overseen by Controller of Capital Issues (CCI) under the Ministry of Finance. Securities and Exchange Board of India (SEBI) was established on April 12, 1988 through an ordinance and subsequently enacted by SEBI Act 1992. The keyobjective of SEBI is ‘to protect the interest of investors in securities market and for matters connected therewith or incidental thereto’. Since then SEBI has been performing its functions independently focussing on three areas – i) regulating the various intermediaries in stock market – stock exchanges, brokers and sub brokers, merchant bankers, bankers to the issue, registrar and transfer agents, depositories, mutual funds etc. ii) creating an orderly development of Indian stock market, and iii) protecting the interest of investors. As a regulator, SEBI is vested with powers to regulate the various intermediaries in stock market. Entry and exit rules have been clearly prescribed for the intermediaries, their books of accounts have been periodically checked and corrective measures introduced. Investigations are periodically conducted to look into any malpractices.

IPO Reforms: Companies mobilise financial resources from the securities market through Initial Public Offer (IPO). Thus, investors in India get the opportunity to participate in the shareholding of companies through primary market. SEBI through its ICDR (Issue of Capital and Disclosure Requirements) regulations has been constantly making changes so that rising
of funds by companies and investing by the public go smooth. These reforms relate to eligibility criteria to go for IPO, allocation of shareholding pattern, pricing of issues, process of application, allotment and listing, disclosure and compliance requirements etc. Currently the eligibility criteria for a company going for IPO issue are i) the issuer has a net worth of at least Rs 1 crore in each of the preceding full three years, ii) the issuer should have a net tangible assets of at least Rs 3 crores in each of the preceding three full years of which not more than 50 per cent are held in monetary assets, iii) the issuer should have a track record of profitability for at least three out of the immediately preceding five years, iv) the promoter should contribute at least 20 per cent of the post issue capital and the same subject to a lock in period of minimum three years v) the offer document must contain true and sufficient information to enable the investor to make an informed decision while investing in securities. Such information should include, interalia, risk factors, project cost, means of financing, appraisal, issue schedule, details of the managerial personnel, capital structure, terms of issue, details of group companies, basis for issue price, details of product, machinery and technology etc.

The pricing of issues in IPOs is either through fixed price issue or book building issue. In case of a fixed price issue the issuer at the outset decides the issue price and mentions it in the offer document, whereas in case on a book built issue the price of an issue is discovered on the basis of demand received from the prospective investors at various price levels. Book building means a process undertaken to elicit demand and to assess the price for determination of the quantum or value of specified securities. Book building is a process of price discovery. The issuer discloses a price band or floor price before opening of the issue of the securities offered. On the basis of the demands received at various price levels within the price band specified by the issuer, Book Running Lead Manager (BRLM) in close consultation with the issuer arrives at a price at which the security offered by the issuer, can be issued. The price band is a band of price within which investors can bid. The spread between the floor and the cap of the price band can not be more than 20 percent.

The table below shows the number of companies that have listed their shares on the stock exchange, along with the amount raised and the number of companies with gains.

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<th>Listing year</th>
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<th>Amount raised (₹ cr)</th>
<th>No of companies with gains</th>
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<td>2008</td>
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<td>19,165</td>
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<td>2009</td>
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<td>15,759</td>
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<td>2010</td>
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<td>41,808</td>
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<td>2011</td>
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<td>1,725</td>
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<td>2014</td>
<td>45</td>
<td>1,503</td>
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</tr>
<tr>
<td>2015</td>
<td>58</td>
<td>13,270</td>
<td>36</td>
<td>36</td>
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Source: Hindu Business Line dated 6th June 2016

Listing Requirements: Listing means admission of securities to dealings on a recognised stock exchange. The objectives of listing are to provide liquidity and protect the interest of investors by ensuring full disclosures. SEBI has put in place the listing regulations for companies and the conditions are i) minimum post issue paid up capital of the company shall be Rs 10 crores, ii)
minimum market capitalization as Rs 25 crores, c) the issuing company complying with guidelines/regulations applicable to listing under Securities Contracts (Regulations) Act 1956, Securities Contracts (Regulations) Rules 1957 and Securities and Exchange Board of India Act 1992.Listed companies are required to furnish unaudited financial results to the stock exchange and also publish the same on a quarterly basis. Such disclosure of requirements under listing enables investors to judge the companies on the availability of information.

**Merchant Banking Regulations:** A merchant banker is an entity that renders service to companies in raising financial resources, advising on mergers and acquisitions and other strategic deals. Recognising the significance of the services rendered by merchant bankers to companies in raising financial resources, SEBI has put in place merchant banking regulations. SEBI will grant recognition to a merchant banker after considering their professional competence, meeting the prescribed capital/net worth criteria, track record, quality of staff employed etc.

As per the obligations and responsibilities set under merchant banking regulations, all issues should be managed by at least one merchant banker functioning as the lead merchant banker. It is the merchant banker that advises and manages the public issue of companies. Their services are utilized by companies on advising the timing of issue, size and price of issue, acting as manager to the issue thus managing the whole gamut of issue process and allotment of securities, help in appointment of underwriters and bankers to the issue, listing of shares on stock exchanges etc. A merchant banker is required to have a minimum net worth of Rs 5 crores and submit application to SEBI for recognition as merchant banker on payment of required fee for grant of certificate. The certificate of registration is valid for 5 years. Merchant bankers are required to submit to SEBI half yearly return on their activities.

**Mutual Fund Operations:** The origin of mutual fund industry in India goes back to 1964 when Unit Trust of India was established. In 1987, Govt of India permitted public sector banks and insurance companies to promote mutual fund schemes. In 1993, SEBI came out with SEBI Mutual Funds Regulations which led to the entry of private sector players in Indian mutual fund industry. Today, mutual funds play an important role in Indian stock market through mobilising retail investment. As on 31st Oct 2016 there are 44 mutual funds operating in India and the assets under management (AUM) crossing Rs 16.3 lakh crores. The mutual fund industry’s AUM has more than doubled in the last 4 years from Rs 5.87 lakh crores as on 31st March 2012 to the current level of over Rs 16 crores. Further total number of mutual fund folios have crossed 5 crore mark as on 31st Oct 2016. Indian mutual funds have currently 1.16 crores SIP (Systematic Investment Plan) accounts through which investors regularly invest in various mutual fund schemes as against 73 lakhs and 98 lakhs in March 2015 and March 2016 respectively showing the enhanced interest in investor participation. SIP is an investment plan offered by mutual funds where investors can invest a fixed amount periodically, say, every month. The scheme helps in rupee cost averaging, and investing in a disciplined manner without worrying about market volatility. A mutual fund is set up in the form of a trust with sponsor, trustees, asset management company (AMC) and a custodian. The trust is established by the sponsor. The trustees of the mutual fund hold its property for the benefit of the unit holders. The AMC manages the funds by making investments in various securities. The custodian holds the securities of various schemes of the fund in its custody. SEBI regulations require that at least two thirds of the directors of trustee company or board of trustees must be independent i.e. they should not be associated with the sponsors. Further, 50 per cent of the directors of AMC must be independent. All mutual funds are required to be registered with SEBI before they launch any scheme.

Mutual funds provide a lot of advantages to the investors. Investments in direct equities are risky and through mutual fund route, investors are given access to stock market. The advantages in this regard are access to professional management, diversification i.e. investment indifferent companies and in different industries, satisfying liquidity as any time mutual units can be sold and purchased, flexibility in terms of timing of investment and withdrawal etc. Mutual fund industry is well regulated, the performance of various fund houses are impressive, and the operations of mutual fund houses are quite transparent.

**Depositories Act:** Before the commencement of depository operations in Indian stock market, the transfer of shares among investors was made through physical movement of papers – a process fraught with delays, theft, forgery, mutilation of certificates and other irregularities. As a remedy to all these problems, the Depositories Act 1996 was passed which led to the establishment of depositories in securities with the objective of ensuring free transferability of securities with speed,
Trading, Clearing and Settlement: Any purchase or sale of shares, the transaction is complete only when the shares are received in buyer’s demat account or the money is received in seller’s bank account. This is called settlement in stock market parlance. The stock exchanges have a complex mechanism in place to ensure that every trade is properly matched, and shares are received or delivered properly. There are basically three tasks that are performed in the process of buying and selling of securities and these are trading, clearing and settlement.

Presently in India, stock exchanges follow T+2 days settlement cycle. Whenever a share or a mutual fund unit is bought or sold, there are two important dates of which one should always be aware - the transaction date and the settlement date. The abbreviations T+1, T+2, and T+3 refer to the settlement date of security transactions and denote that the settlement occurs on a transaction date plus one day, plus two days, and plus three days. In 1998 SEBI introduced rolling settlement on a T+5 basis for domestic as well as foreign institutional investors in 1998 and since then the settlement time has been reduced and now trading at T+2 days. Under this system, trading happens on every business day, excluding Saturday, Sunday and exchange notified holidays. The trading schedule is between 9.15 a.m. in the morning to 3:30 p.m. in the evening. During this period, shares of companies listed on a particular stock exchange can be bought and sold. SEBI has made it mandatory that only brokers and sub-brokers registered with it can buy and sell shares in the stock exchange.

Trading basically deals with placing an order and its execution. Clearing deals with the determination of obligations in terms of funds and securities. Settlement means that the trade transactions are completed. The clearing and settlement mechanism in the Indian securities’ market has witnessed several innovations. The stock exchanges in India were earlier following a system of account period settlement for cash market transactions and then the T+2 rolling settlement was introduced for all the securities. The members receive the funds/securities in accordance with the pay-in/pay-out schedules notified by the respective exchanges. In the T+2 rolling settlement, the pay-in and pay-out of funds as well as securities take place within two working days after the date of trade.

A clearing corporation, with the help of clearing members, custodians, clearing banks and depositories, settles the trades executed on exchanges. In India, the clearing corporation for the NSE is the NSCCL (National Securities Clearing Corporation Ltd) and for the BSE it is ICCL (Indian Clearing Corporation Ltd) All settlements for securities are through the clearing house on a delivery versus payment (DVP) basis.

One of the most noticeable achievements of Indian securities market is reduction in the settlement cycle which has brought it at par with global securities market.

Surveillance and Risk Management: In 1996-97, SEBI directed all exchanges to fix various price bands within which different securities are traded to curb undesirable volatility. This circuit breaker system helps undesirable price movements.
**Investor Protection Measures:** One of the important functions of SEBI is to protect the interest of investors. Towards this end, SEBI has been taking various measures. These are issue of guidelines, quota protection, public interest advertisements, dealing with complaints of investors, investor education, statutory disclosure by companies, introduction of ASBA etc. SEBI has issued guidelines then and there bringing transparency in the operations of companies and penalises companies for any violation. In initial public offer, 35 per cent quota is reserved for retail investors. Retail investor status has been defined as those who invest in an IPO upto an amount of Rs 2 lakhs. Public interest advertisements are issued by SEBI so that investors are kept aware of the fraudulent practices in financial market. The investors can make complaints to SEBI if they face problems relating to their investment in securities. This is done through a dedicated IT platform – SCORES (SEBI Complaint Redress System) where investors can seek redressal of their grievances. SEBI receives thousands of complaints relating to non-receipt of refund orders, allotment letters, non-receipt of dividend or interest and delays in the transfer of shares and debentures. Through SEBI Financial Education Resource Persons Program, nationwide financial education is carried out by SEBI empanelled resource persons. As on 31st March 2016 more than 1400 Resource Persons are empanelled covering more than 494 districts. Since its inception in 2011 till March 2016, 35191 workshops have been conducted with more than 20 lakhs beneficiaries.

SEBI has introduced norms for disclosure of half yearly unaudited results of companies. The provision relating to disclosures are to protect the interest of small investors. Those who apply for shares in IPOs are given the facility of ASBA (Application Supported by Blocked Amount) wherein the subscribers to the public issue need not part with money, rather submit the ASBA declaration where the amount would be blocked in their savings bank account and such amount would be parted with the company only on allotment of shares. The time lag between closing of an IPO and listing of the share has been reduced to six days. This was 22 days in 2010.

To conclude, various measures initiated by Securities Exchange Board of India has made Indian securities market one of the best in the world. From the outcry system of trading to screen based trading, from physical share certificates to dematerialised shares, from two weeks settlement cycle to T+2 system of settlement, from long delays in getting refunds in share applications in an IPO to fewer days, from money parting with along with IPO application to money staying in investors’ SB account till allotment of shares etc. etc. made the capital market more investor friendly.

**References**


Challenges in Indian SCBs and Impetus of Credit Risk Models: An Overview

Shree Murthy S          Dr. Mohan P Philip

Abstract

Indian Scheduled Commercial Banks (SCBs) grappling with various issues and challenges, in that the key challenges are asset quality, capital adequacy and profitability. This paper discusses about the challenges, reasons and solutions associated with the concepts which are highlighted by existing literature. The impetus of credit risk models enhances the credit culture of banks. The constraints faced by the banks to adopt credit models, regulatory authorities and government’s measures towards the posing serious issues in tackling credit management issues of the banks. This study is descriptive in nature, utilizes secondary data to achieve the desired objectives. Found that, threatening challenges of asset quality, capital adequacy and profitability can be enhanced through efficient credit risk models which might needed to be adopted according to Basel II and III in Indian banks, this non-adoption of internal rating based approach in many banks caused to great threat in the banking system. Hence, a study on credit models of banks is very significant for current and future development, growth and sustainability of banking system also to build a good credit culture, asset quality, improve capital adequacy and curb the erosion of profits.

Key Words: Asset Quality, Capital Adequacy, Profitability, Credit Culture, Credit Risk Models.

Introduction

Mundra. S.S (2015) banks plays catalytic and lifeline role for sustaining economic growth. A strong banking system is very essential for economic growth of a country. Currently banks suffering with adverse impacts of asset quality, capital adequacy on their profitability. Asset quality is one of the definer of strength and resilience parameter, Capital Adequacy is an indication of soundness, and profitability is the efficiency indicators of the sector (Gandhi. R 2016). In the limelight of increasing global competition, erosion of interest margins, continued losses in their lending functions and regulatory authorities are very vigilant and demanding for better credit risk measurements pressing more importance of credit risk models to pose the challenges in banking.

Under this stress scenario regulators, bankers and other key personals seeking for answers for these problems. According to Mundra.S.S (2015) a sound risk management framework is the touchstone of an efficient bank. Hence, our Indian banks must improve a sound risk management for their enhancement of efficiency. Further to these words, Kumar C.V and Rao. S.M (2002) said that, by managing credit risk the bank creates and preserves the shareholder value by reducing the bad debts and enhances optimal utilization of capital in banks.

Challenge of asset quality, capital adequacy and profitability hampering the banking sector in many dimensions, so it is important to study the challenges and the reasons, causes and solutions to these challenges is the key theme of this paper. For this authors uses existing literature and seeking to give evidence of how a efficient credit risk models can solve these key challenges in banking and finance and how much important that to study the concepts of credit risk models and credit culture in the world of finance and banking.

The remainder of the paper is organised as follows: Section II provides a brief literature review; Section III describes objectives, data source and methodology; section IV examines the trend in asset quality of SCBs in India; Section V analyses Capital Adequacy trend; Section VI analyses profitability trend, Section VII analyses credit culture; Section VIII evaluates measures taken by the government and the regulatory authorities and findings and conclusions in Section IX, following references in the Section X.

II. Literature Review

Under the shadow of grappling asset quality, capital adequacy and profitability concepts many authors spread their views differently how they experienced and found in a particular scenario, in that Vishwananath. N.S (2016) points out the role of risk management in reducing stressed loanslike:it
identifies, measures and controls it within the risk appetite of the banks by using appropriate mitigating tool. To identify the risk in loan proposal it is very difficult and it was constrained with asymmetry information for this RBI formed CRILC, which playing a vital role in reduction of information asymmetry for improved credit risk assessment and recovery climate (Gandhi. R. 2015).

Challenge of Asset Quality

Rise in the levels of GNPAs and increasing NPAs will put pressure on bank’s profit & loss account in terms of provisioning. Sectoral gap in lending is widens as on rise in NPAs. It also constrains profitability by provisioning coverage ratio from the profit (Vishwanathan. N.S 2016). As per Gandhi.R (2016) observations, asset quality deterioration were caused by economic and business cycles some reasons beyond the control of counterparties to perform their obligations in due time from these a wilful delinquencies arouse. For this good governance required to tackle asset quality review on a priority basis to bring confidence in the minds of stakeholders through banks’ balance sheets.

Other reasons are, overly leveraged to corporate business (Vishwanathan. N.S 2016). A midst of high global competition, overpricing and excess imports, poor project evaluation, extensive project delays, poor monitoring and cost overruns contributing for deterioration of asset quality in banks (R. Rajan 2016).

For this, bank has to use portfolio diversification as a key tool to manage idiosyncratic risk (Vishwanathan. N.S 2016). RBI set a tools such as Joint Lender’s Forum (JLFs), SDR mechanism and the 5/25 mechanism are the most effective ways to resolve the stressed loans, borrower’s collective indebtedness information asymmetry etc in the early stages, for which RBI has been functioning rigorously in the existing bankruptcy system (R. Rajan 2016). Adoption of stringent credit standards is also one of the credit risk management technique. Reduction of credit risk enhances shareholder value and creates goodwill and confidence in the market for the bank (Kumar C V and Rao S M 2002).

Capital Adequacy

According to RBI guidelines, banks are required to maintain the ratio of total capital funds to risk weighted assets (RWAs) at 9 per cent. Capital ratios may not represent their true risk; upswing in capital ratios indicates the symbol of low credit risk. Higher CAR indicates improvement in bank’s capacity to absorb expected and unexpected losses. Holding sufficient reserves for unforeseen future risk will brings more confidence in depositors and shareholders, even governments fixed a benchmark for protecting interests of people in terms of regulatory capital on the basis of its level of risk weights.

Mundra.S.S (2015) under Basel III capital norms, Indian PSBs need high level of capital adequacy with high provisioning requirements due to deterioration of asset quality in the sector. Some of underperforming banks experiencing continuous decline in CRAR. For this an efficient credit risk management aids the bank to curb erosion of capital and profits and enhances capital allocation by minimizing the regulatory constraints.

Profitability

According to Asset Quality Review Committee (AQR) observations made by the RBI, rise in the level of NPAs influenced increase in the level of provisioning for loan losses, this act of provisioning badly caused banks to decline in their profitability and overall performance. Hence, in Indian Banking system it was witnessed that profitability of banks were affected by its provisioning requirements (Annual Report of RBI 2015-16, p27). Kaur.G and Kaur. P (2013) evaluated the performance of PSBs in terms of credit risk and its impact on profitability of the banks by using panel data regression analysis. They found that non-performing loans adversely affected the profitability of banks.

It is evident from the proceeding review of literature that lack of effective and efficient credit appraisal and monitoring system slowing down the banking operations and the performance of the economy as well. Mounting NPAs causing rise in funding cost which were laid on borrowers which becomes heavy burden to customers and diminishes its efficiency.
III. Scope, Objectives, Data and Methodology

In this study, SCBs in India which include all 27 PSBs, 22 PVBs (including both old and new private banks), and 47 FBs has been selected. Secondary data is taken from the IBA, RBI and other websites used for the study. It also utilizes descriptive method achieve desired objectives.

Objectives:

- Examine the challenges facing in Indian banking system currently.
- Find out the reasons, causes and solutions for asset quality, capital adequacy and profitability issues in Indian banking system.
- Verify the impetus of credit risk models through existing literature in the field of finance and banking.
- Analyse the importance of studying credit risk models in the field of banking and finance.

IV. Analysis of Asset Quality

Non-Performing Asset (NPA) is one of the key soundness indicator amongst other components in the banking system. In India according to RBIs prudential norms, a loan if its interest and capital (principal) not paid for more than 90 days, such assets considered as NPAs. Higher the level of NPAs higher the level of risk, it has multiple adverse effects on overall operations of the bank both in direct and indirect ways. It erodes profits, causes to rise in high provisioning, blocks capital.

All the three categories of banks witnessed continuous increase in the NNPA ratio from 2014 to 20216 except foreign banks in the year 2016. Poor prediction power of their credit risk assessment methods or models caused to experience this than other macro factors at large. This indicates the deterioration of asset quality of PSBs and followed by PVBs y-o-y from 2014 till 2016 as evident from the increasing Net NPAs ratio over the previous years. In Chart-1 clearly highlighted the deterioration of asset quality in PSBs at high levels. This is a great concern for regulators, government, and other interested parties in the economy. Level of NPAs started to increase year by year mainly because of deterioration of asset quality in the banks. This might be due to undiversified investment, poor appraisal system etc.

V. Analysis of Capital Adequacy

Capital adequacy is an indicator of the financial health of the banking system. It is measured by the capital to risk weighted asset ratio (CRAR). High level of CAR safeguards the banks from various evil effects in the economy. The CAR of Indian SCBs, PSBs showed an down trend, PVBs and FBs with slight fluctuations over the period 2014 to 2016 (Chart 2). These CRARs under Basel III regime, all the three banks groups fluctuating under various issues.

VI. Profitability Analysis

The key indicator of profitability of SCBs widely used in studies was return on assets (ROA). We have also used this parameter in our studies and net profit for more clarity.

Return on Assets (ROA)

It is the most commonly used as indicator of profitability. It indicates the amount of profits that can be generated from one unit of assets held by the banking sector. The higher the ratio the more profitability the bank utilises its assets. It also indicates management ability to attract deposits at cheaper cost and earns high margins through profitable investments. Among the bank groups in India, foreign bank was highest in all the years, followed by private banks and public sector banks (Chart 3).

The ROA of SCBs, across all groups, has shown an overall declining trend during the period 2014 and 2016 (Chart 3), PSBs was negative (-0.19) in the year 2016. It highlights the great warning of erosion of profit due to increase in the level of NPAs which is very high in PSBs sector than PVBs and FBs. One of the primary reasons for this continued decline over the years has been the lack of effective credit risk management systems and practices.
Net Profit

It helps the bankers to hold the stake of the shareholders on their business existence; it helps many ways for their survival for long run. It reflects the earning power of the bank. In this yard stick measurement, overall average of PSBs Net Profit had negative performance i.e. -666 in the year 2016. This great fall in net profits depicts the greater impact of NPAs on its profitability, which can threaten the banks to close and crippled to maintain the liquidity position which is very vital for banks. FBs showed up trend in earning net profits followed by PVBs with slight fall in the year 2016 (Chart 4).

VII. Evaluation of Credit Culture

According to G R K Murthy (2002) credit culture is a mixture of policies, practices and experiences of the bank; it determines acceptable lending behaviour for the bank. A poor credit culture adversely impact the asset quality of bank. Symptoms of poor credit culture are, lending to non-commercial reasons, over leverage to particular sector, poor loan structuring, over-rely on collaterals in loan sanctioning, low confidence on employees and poor communication system etc.

Data, appropriate technology, risk communication and personnel appropriate skill set are considered as a critical success factors for a structure of robust risk management in banks. Risk management policy includes, risk identification, measurement, mitigation and management of risk. Banks risk appetite can be decided by regulatory guidelines like RBI or Basel II or III, management philosophy, competitive pressure in the market etc. (Ramakrishna S P 2002).

VIII. Evaluation of Impetus of Credit Risk Models

Madapati R (2002) rightly emphasized impetus for developing credit risk models in measuring credit risk to achieve competitive advantage with this core credit risk measurement tool (model).Murty G.R.K (2002) very clearly highlighted the significance of credit rating system and credit scoring models for banks.Credit risk models aid banks identify risk, measure bottom-line and curb the levels of NPAs (Madapati .R. 2002).

IX. Evaluation of Measures taken by Government and Regulatory Authorities:

Vishwanathan. N.S (2016) fall in efficiency of recovery through SARFAESI Act, DRT and LokAdalats aggravated the consequence of loan defaults at large compared to past i.e.in 2013-14 is 20 per cent and 9 per cent in 2015-16. So the government amended these components. It brought Insolvency and Bankruptcy code as another milestone and set committees for recovery system framework to revamp the recovery system.

Indradhanush Scheme, to revamp the appointment of Chairman and Managing Director, Banks Board Bureau for strengthening board and management appointments, incentivize management pay scale and pump the capital for banks on performance basis in phased manner (R. Gandhi (2016), Vishwanathan. N.S, 2016).

RBI: created CRILC database for all loans above Rs 5 crores, to solve information asymmetry which is a major bottleneck in sound credit appraisal and strong credit monitoring. Joint Lenders Forum (JLF) also activated to plan the recovery and know early signals of sickness.They designed a Structural Debt Reconstruction scheme to resolve the problem loans (which replaces the promoter). Sustainable Structuring of Stressed Assets (S4A) Scheme, as an optional to resolve the large stressed accounts (which doesnot change its promoters).In addition to these all,Asset Quality Review (AQR) Committee also formed.

BCBS:It evolved with an agenda of improving the measurement of risk. It proposed three alternative methods to calculate credit risk capital requirements to banks such as Standardised Approach (SA), Foundation- Internal Rating Based Approach (F-IRBA) and Advanced- Internal Rating Based Approach (A-IRBA). IRB approach requires information like- Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and Maturity of the transaction (M).
X. Findings and Conclusions

Most of the Indian banks still using traditional way of loan appraisal system and few opted standardised approach and some are in Foundation IRB approach and few banks only sent a request for grant permission to shift from fundamental to advanced IRB approach. But RBI not granted permission to opt for advanced IRB approach due to lax of adequate infrastructural, technology and other facilities of the proposed banks in India. Hence, outdated internal models and completely rely on rating agencies causing huge erosion of capital as well as profits of banks and threatening for their survival.

On the basis of earlier literature reviews and analysis carried, we found that: credit risk models are impetus and significantly needed for Indian banking system. Adoption of credit risk models conforms the compliance to regulatory norms set by authorities and put fence for future losses. A sound credit risk management strategy will preserve capital, optimizes capital allocation and fosters a proactive risk culture in banks. It is time that Indian banks, particularly PSBs realize the significance of effective credit risk management practices in minimizing their losses and provisions due to losses and improving their profitability, hence share value creation. Credit risk models play a vital role in the performance of banks in terms of profitability, capital adequacy and reduced NPAs. Hence, it helps in maximizing wealth of shareholders. Study on credit models emanates the great light on these challenges and can gives early solution for the questions.

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Chart 1
Trends in Net NPA to Net Advances Ratio (Per cent)

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<th>2014</th>
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<th>2016</th>
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<td>PSBs</td>
<td>2.69</td>
<td>1.03</td>
<td>1.32</td>
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<td>PVBs</td>
<td>3.09</td>
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<td>FBs</td>
<td>5.71</td>
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Source: IBA

Chart 2
Trends in CAR

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<td>PSBs</td>
<td>20.73</td>
<td>14.11</td>
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<td>PVBs</td>
<td>18.02</td>
<td>14.00</td>
<td>20.46</td>
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<td>FBs</td>
<td>11.38</td>
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<td>18.68</td>
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Source: IBA

Chart 3
Trends in ROA

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<td>PSBs</td>
<td>0.44</td>
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<td>PVBs</td>
<td>4.10</td>
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<td>FBs</td>
<td>-1.97</td>
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Source: IBA

Chart 4
Trends in Net Profit

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<tr>
<td>PVBs</td>
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<td>FBs</td>
<td>13,761</td>
<td>17,816</td>
<td>21,666</td>
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Source: IBA
Demonetization – as tool for Financial Reforms in India

Sushma J      DR. Raghavendra B N

Abstract

Financial sector is the backbone of any economy. It plays a pivotal role in the development of economy through mobilisation and allocation of resources. The constituents of the financial sector are Banks, Financial Institutions, Instruments and markets which mobilise the resources from the surplus sector and channelize the same to the different needy sectors in the economy. The Government being the regulatory authority will reform the policies time to time in order to make the financial system sound. The main objectives of the financial sector reforms are to allocate the resources efficiently, increasing the return on investment and accelerated growth of the real sectors in the economy. The measures initiated by the Government of India under the reform process are meant to increase the operational efficiency of each of the constituent of the financial sector.

In this post liberation era, one such reform made by the Government is DEMONETIZATION OF CURRENCY in India. The demonetisation of Rs.500 and Rs.1000 banknotes was a step taken by the Government of India on 8 November 2016, ceasing the usage of all Rs.500 and Rs.1000 banknotes of the Mahatma Gandhi Series as a form of legal tender in India from 9 November 2016. The announcement was made by the Prime Minister of India Narendra Modi in an unscheduled live televised address to the nation at 20:15 IST the same day. The broader objectives of the reform process are to formulate the policy for improving the financial health and to strengthen the institutions by reducing the illegal money transactions and hoarding of cash. This paper talks about the pros and cons of Demonetization in developing Economy, India.

Keywords: Financial Reforms, Demonetization, Financial Institutions, currency and Money Transaction

I. Introduction

Financial sector is the backbone of any economy. It plays a pivotal role in the development of economy through mobilisation and allocation of resources. The constituents of the financial sector are Banks, Financial Institutions, Instruments and markets which mobilise the resources from the surplus sector and channelize the same to the different needy sectors in the economy. The Government being the regulatory authority will reform the policies time to time in order to make the financial system sound. The main objectives of the financial sector reforms are to allocate the resources efficiently, increasing the return on investment and accelerated growth of the real sectors in the economy. The measures initiated by the Government of India under the reform process are meant to increase the operational efficiency of each of the constituent of the financial sector.

Financial sector reforms refer to the reforms in the banking system and capital market. An efficient banking system and a well-functioning capital market are essential to mobilize savings of the households and channel them to productive uses. The high rate of saving and productive investment is essential for economic growth. Prior to 1991 while the banking system and the capital market had shown impressive growth in the volume of operations, they suffered from many deficiencies with regard to their efficiency and the quality of their operations.

In this post liberation era, one such reform made by the Government is DEMONETIZATION OF CURRENCY in India. The demonetisation of Rs.500 and Rs.1000 banknotes was announced by the Government of India on 8 November 2016, ceasing the usage of all Rs.500 and Rs.1000 banknotes of the Mahatma Gandhi Series as a form of legal tender in India from 9 November 2016. The announcement was made by the Prime Minister of India Narendra Modi in an unscheduled live televised address to the nation at 20:15 IST the same day.
Similar measures have been taken in the past. In January 1946, currency notes of 1000 and 10,000 rupees were withdrawn and new notes of 1000, 5000 and 10,000 rupees were introduced in 1954. The Janata Party coalition government had again demonetised notes of 1000, 5000 and 10,000 rupees on 16 January 1978 as a means to curb counterfeit money and black money.

II. Objective of the study:

1. To study the impact of demonetization in general.
2. To study the role of demonetization in reforming the India’s financial system.
3. To study the effect of demonetization on black money.

III. Research Methodology

Research methodology is descriptive and data is based on secondary. For this study data and information has been collected with the help of Magazines, Newspapers, Articles and Report.

IV. Meaning of Demonetization

Demonetization means ending something as no longer legal tender of country.

V. Impact of Demonetization

1. Boost deposit base and savings:

Banks received Rs.5.44 trillion in deposits and old notes submitted for exchange from the time banks reopened after demonetisation till 18 November, 2016. Demonetization increases the saving habits among the public which in turn will be the strong reason to increase the deposit rates in future.

2. Reduced the activity of parallel Economy:

Parallel Economy connotes the functioning of an unsanctioned sector in the economy whose objectives run parallel, rather in contradiction with the aroused social objectives. This is variously termed as ‘black economy’, ‘unaccounted economy’, ‘illegal economy’, ‘subterranean economy’, or ‘unsanctioned economy’. Existence of parallel economy paved a way to Shadow banking activities in India. These banks do not fall under the control of RBI and hence no transparency in the activities they carry on. Demonetization has resulted in slowing down of these activities.

3. Improve monetary transmission and reduce lending rates:

A rise in deposit base will allow banks to lower the blended cost of funds as higher CASA (current accounts, savings accounts) deposits help to replace the high cost of borrowing and lower overall cost of funds. expect banks to reduce deposit rates by ~125 bps over the next six months. The new regime of MCLR (Marginal Cost of Funds based Lending Rate) will immediately take into account the lower cost and will thereby lead to a decline in lending rates, which will boost economic activity in the medium term.

3. Create room for further monetary accommodation

With improved monetary transmission, economic efficiency and structural moderation in currency in circulation, there is likely to be a greater room for the RBI to ease monetary policy rate further. I am hopeful that the RBI will ease by another 100 bps in 2017-18 to a repo rate of 4% by March 2018.

The piecemeal liquidity support from OMO purchases will now to a larger extent be addressed by the structural change in currency demand.

4. Financial inclusion via Jan Dhan

Over the last two years, while the number of Jan Dhan accounts has recorded a stellar growth, the share of these accounts in total deposit base of the banking system has remained under 1%. The demonetization drive of higher denominated notes should give a push to cash deposits in Jan Dhan.
accounts, of which close to 43% so far have remained dormant. In addition, the move will help to inculcate banking habits among the large *unbanked* population in the country.

5. **Support government finances**
With some part of unaccounted money making way into the formal channel, the government stands to benefit from higher income tax collections. This should help cushion the government's FY17 fiscal deficit target, especially post the shortfall in anticipated spectrum revenues. The latest move will move the economy from the unorganized to organized sector, dovetailing into the GST architecture that is expected to come on board next year. This is likely to enhance the government's ability to tax commercial transactions resulting in a structural improvement in tax to GDP ratio in the economy.

6. **Positive impacts from a bond market perspective**
Improvement in bank deposit base leads to higher SLR (statutory liquidity ratio) demand. On the supply side, with tax buoyancy seeing an improvement, supply of g-secs is likely to get more rationalized due to gradual reduction in fiscal deficit over time as the impact of FRBMA (Fiscal Responsibility and Budget Management Act) is underway. Anticipation of monetary easing to further support bonds.

7. **Rise in GDP growth potential**
While there are short-term implications for growth in cash-intensive sectors such as real estate, construction, and discretionary household consumption in general, it is believed that long-term benefits for GDP growth will outweigh the short term transitional impact. India, now surely heading towards a 9% GDP growth by FY2018-19.

8. **Counterfeit currency**
According to a study done by the Indian Statistical Institute, Kolkata, in 2015, Rs. 400 crore worth of fake notes were in circulation in the economy. It reduces the problem of counterfeit notes.

**VI. Adverse effect of demonetisation**

1. **Inconvenience to public:**
It has clearly caused considerable inconvenience as people with perfectly legitimate quantities of old notes of Rs500 and Rs1,000 have to queue up at banks to exchange them into new notes. Tragically, many deaths have also been reported.

2. **Shortage of cash:**
India has among the highest usage of cash across global economies. According to a 2015 report from PwC, 98 percent of all transactions by volume happen in cash. 68 percent of the total values of transactions are conducted in cash. The shortage of cash has also disrupted business in the cash-based informal sector, which is where the majority of the population is employed.

3. **Effect on livelihood of small vendors:**
It has affected Farmers, fishermen, vegetable sellers, small shopkeepers without card readers or Paytm, taxi drivers, truckers, etc., with loss of livelihood which may be irretrievable in some cases, for example, loss of daily wages for casual labour, or lower sales for vegetable vendors.

4. **Disrupt the income of daily wage workers:**
In the short run, it will disrupt downstream income flows in the form of wages to construction labour, purchases of cement and other construction materials, including steel, paint, glass, etc. This will have downstream effects on both employment and income. Real-estate development will be badly affected because it is heavily cash-dependent, having long been a favourite asset for holding black wealth. Sectors such as hotels, restaurants, catering, the fashion garments industry, etc., which were often paid for in cash from black income, will also be affected. Some of the disruption, as in the case of real estate, can be viewed as an unavoidable rebalancing.
5. Lower GDP rate:
"Temporary disruptions" to economic activity post the government’s demonetisation drive. Fitch Ratings on 27th November, 2016 lowered India's GDP growth forecast for this fiscal to 6.9 percent from 7.4 percent.

VII. Precautionary measures Government should have considered

1. Building up a larger stock of new notes in advance would certainly have avoided some of the inconvenience and the associated cash shortage.

2. The belated provisions made for weddings and farmers, could have been anticipated.

3. The ministry of agriculture’s request regarding an exemption for farmers purchasing seeds and other inputs during the sowing season, in order to avoid disruption in sowing, should also have been addressed promptly, rather than after several days.

4. The flexibility provided after problems surfaced is to be welcomed but it could be increased even further. For example, old notes are allowed to be used in public-sector hospitals but not private hospitals, and farmers are allowed to use them for purchase of seeds from public-sector agencies but not private agencies.

5. The deadline that has been allowed for this flexibility could be extended.

6. Allow cooperative banks to accept old notes. Their presence in rural areas is much larger than that of commercial banks, and they are all regulated entities. If enough currency does not exist at present to supply cooperative banks, they should be allowed to accept the old notes and supply new currency later.

VIII. Demonetization and Black wealth

Most of the black money are held not just in the form of cash, but in the form of bullion and real estate. Demonetization is the first step towards curbing down corruption which is wide spread in the country.

IX. Steps to be considered along with demonetization

The following is a list of steps that can be taken, which will have a significant impact over time.

(i) Reducing discretion in both the Central and state governments and increasing transparency and accountability especially where the financial amounts involved are large. The biggest area of discretion relates to land and land use.

(ii) Reforming the system of tax administration, including reorganizing, strengthening and modernizing the Central Board of Excise and Customs/Central Board of Direct Taxes.

(iii) Lowering tax rates and simplifying the tax system to improve compliance. The goods and services tax (GST) to be introduced shortly was an ideal opportunity, but the proposal finally approved by the GST council has far too many rates and exemptions. Even if this cannot be changed at this stage, the council could at least announce a review of the multiplicity of rates with a view to converging on two rates plus a sin tax. It could also announce an intention to include alcohol—a major source of evasion and black money—and also real estate in the GST by 2020.

(iv) Lowering the corporate tax rate to 25% at one go with exemptions eliminated in the next budget. The present rate is much higher than in most other jurisdictions. Any negative effect on the fiscal deficit can be justified given the need for a fiscal stimulus.

(v) Persuading states to drastically lower the stamp duty for real estate sales as high rates of stamp duty are a major incentive to perpetuate real estate transactions in black money.
(vi) Pursuing some high-profile corruption cases to a successful conclusion to send a message to both business and the bureaucracy that corruption will not be tolerated. A selective approach based on scientific probabilistic analysis is much better than broad-based action which only creates fear in the business community.

(vii) Finally, it is absolutely essential to start making a serious effort at reforming the system of electoral funding, including introducing transparency in party finances. Businessmen routinely say that they are forced to generate black money to meet the demands of the political system and also the demands of the bureaucracy which has arbitrary powers which can bring business to a halt.

X. Demonetization as a tool for financial reforms

Though demonetization has few adverse effect those can be offset with the reforms its bringing into the economy.

1. Transform India into cashless economy.
2. Reduce the hawala activity in economy.
3. Reduce exploitation, extravagance, cash hording, etc.,
4. Reduce the problem of counterfeit.
5. Reduce inflation.
6. Reduce corruptions.
7. Reduce the working of parallel economy.
8. Reduction in the prices of real estate.
9. Reduce the terror activity financing

XI. Conclusion

The Indian economy has been provided a new lease of life—a "reset" if you will—with huge positive implications for liquidity, inflation, fiscal and external deficit in the short term

Demonetisation can only be a part of a comprehensive strategy to tackle corruption and generation of black income, and it is likely to impose substantial pain because of the adverse effect on GDP and low-end employment. The more important part of the fight against corruption involves the other set of measures listed above. Progress on these would make a real contribution to reducing the long-term gain of reducing the generation of black income over time.

In a single master stroke, the government has attempted to tackle all three malaises currently plaguing the economy—a parallel economy, counterfeit currency in circulation and terror financing.

Eliminating 86% of the value of the currency with the public was bound to be a shock. The government has called this “short-term pain for long-term gain” and many citizens on TV have said they are willing to endure short-term pain. But what gain and by when?

The long-term objective must be to cleanse the system of corruption, tax evasion and the generation of black income. Demonetisation only targets that part of existing black wealth which is held in cash. It does not affect the continuous flow of black income and the corruption/tax evasion which generates it, which in many ways is the core of the corruption problem.
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Challenges in Reforming Indian Financial System

Thejaswini

Abstract:
Financial sector reforms have long been regarded as an important part of the agenda for policy reform in developing countries. Traditionally, this was because they were expected to increase the efficiency of resource mobilization and allocation in the real economy which in turn was expected to generate higher rates of growth. More recently, they are also seen to be critical for macroeconomic stability. This is especially so in the aftermath of the East Asian crisis, since weaknesses in the financial sector are widely regarded as one of the principal causes of collapse in that region. Following East Asia, soundness of the financial system has been elevated to a position similar to that of fiscal deficit as one of the 'fundamentals' for judging the health of an economy. Developing countries can expect increasing scrutiny on this front by international financial institutions, and rating agencies and countries which fail to come up to the new standards are likely to suffer through lower credit ratings and poorer investor perceptions. In this background it is both relevant and timely to examine how far India's financial sector measures up to what is now expected. The Paper deals about the challenges in reforming Indian Financial System.

Keywords: Financial system, Market, Banking System, Economic issues, Investing.

The Concept of the Financial System

The process of savings, finance and investment involves financial institutions, markets, instruments and services. Above all, supervision control and regulation are equally significant. Thus, financial management is an integral part of the financial system.

On the basis of the empirical evidence, Goldsmith said that "... a case for the hypothesis that the separation of the functions of savings and investment which is made possible by the introduction of financial instruments as well as enlargement of the range of financial assets which follows from the creation of financial institutions increase the efficiency of investments and raise the ratio of capital formation to national production and financial activities and through these two channels increase the rate of growth......"

A financial system provides services that are essential in a modern economy. The use of a stable, widely accepted medium of exchange reduces the costs of transactions. It facilitates trade and, therefore, specialization in production. Financial assets with attractive yield, liquidity and risk characteristics encourage saving in financial form. By evaluating alternative investments and monitoring the activities of borrowers, financial intermediaries increase the efficiency of resource use. Access to a variety of financial instruments enables an economic agent to pool, price and exchange risks in the markets. Trade, the efficient use of resources, saving and risk taking are the cornerstones of a growing economy. In fact, the country could make this feasible with the active support of the financial system. The financial system has been identified as the most catalyzing agent for growth of the economy, making it one of the key inputs of development.

Reforming India's Financial Sector: An Overview

Financial sector reforms have long been regarded as an important part of the agenda for policy reform in developing countries. Traditionally, this was because they were expected to increase the efficiency of resource mobilization and allocation in the real economy which in turn was expected to generate higher rates of growth. More recently, they are also seen to be critical for macroeconomic stability. This is especially so in the aftermath of the East Asian crisis, since weaknesses in the financial sector are widely regarded as one of the principal causes of collapse in that region. Following East Asia, soundness of the financial system has been elevated to a position similar to that of fiscal deficit as one
of the 'fundamentals' for judging the health of an economy. Developing countries can expect increasing scrutiny on this front by international financial institutions, and rating agencies and countries which fail to come up to the new standards are likely to suffer through lower credit ratings and poorer investor perceptions. In this background it is both relevant and timely to examine how far India's financial sector measures up to what is now expected.

Reform of the financial sector was identified, from the very beginning, as an integral part of the economic reforms initiated in 1991. As early as August 1991, the government appointed a high level Committee on the Financial System (the Narasimhan Committee) to look into all aspects of the financial system and make comprehensive recommendations for reforms. The Committee submitted its report in November 1991, making a number of recommendations for reforms in the banking sector and also in the capital market. Shortly thereafter, the government announced broad acceptance of the approach of the Narasimhan Committee and a process of gradualist reform in the banking sector and in the capital market was set in motion, a process that has now been under way for more than six years. In this overview, I propose to highlight only some of the more important achievements of financial sector reforms thus far and to focus on the critical issues which need to be addressed if we are to make further progress.

1. LIBERALIZATION AND REGULATION: PARALLEL NOT CONTRADICTORY THRUSTS

Financial sector reforms all over the world have been driven by two apparently contradictory forces. The first is a thrust towards liberalization, which seeks to reduce, if not eliminate, a number of direct controls over banks and other financial market participants. The second is a thrust in favour of stronger regulation of the financial sector. This dual approach is also evident in the reforms attempted in India and the background and rationale for it need to be well understood.

The case for liberalization of financial markets is based on efficiency considerations similar to those used to justify liberalization in the real sector. The efficiency losses generated by various types of direct controls over banks have been extensively discussed by economists concerned with the problems of 'financial repression' in developing countries. Direct controls on interest rates, high cash reserve requirements, mandatory investments in government securities, and other forms of directed credit policies all amount to a tax on financial intermediation which has the effect of suppressing the level of intermediation below what would otherwise prevail and also of reducing the allocative efficiency of such intermediation. Both effects lead to a loss of efficiency and lower real growth in the economy. These arguments against financial repression were a reaction to the widespread practice of intrusive and direct intervention by the government in banking systems in most developing countries and played an important role in promoting financial liberalization in Latin America in the late 1970s and early 1980s.

The need for regulation in financial markets began to be emphasized in part as a reaction against the problems experienced in the Southern Cone countries of Latin America as a result of excessively enthusiastic financial liberalization in the late 1970s (see Díaz-Alejandro, 1985). To this extent the liberalizing, and regulatory thrusts described above are somewhat contradictory, but the apparent contradiction is easily reconciled. Proponents of greater regulation do not necessarily endorse all the direct controls criticized by adherents of the financial repression school. Their main point is that financial liberalization by itself will not achieve the desired results in the financial sector. It may be necessary to remove direct controls in many areas to achieve greater efficiency in financial intermediation but this must be accompanied by stronger regulation aimed at strengthening prudential norms, transparency, and supervision. This is broadly the approach to financial reforms adopted in India and progress can therefore be evaluated in terms of progress achieved on each of these fronts.

2 PROGRESS IN LIBERALIZATION OF THE BANKING SECTOR

On the liberalization side of banking sector reforms significant progress has been achieved in several areas, especially interest rate liberalization and reduction in reserve requirements, but not in the matter of directed credit.
2.1 INTEREST RATE LIBERALIZATION

Interest rates in the banking system have been liberalized very substantially compared to the situation prevailing before 1991, when the Reserve Bank of India (RBI) controlled the rates payable on deposits of different maturities and also the rates which could be charged for bank loans which varied according to the sector of use and the size of the loan. Interest rates on time deposits were decontrolled in a sequence of steps beginning with longer term deposits and the liberalization was progressively extended to deposits of shorter maturity. With effect from October 1997 interest rates on all time deposits, including fifteen day deposits, have been freed. Only the rate on savings deposits remains controlled by the RBI. Lending rates were similarly freed in a series of steps. The Reserve Bank now directly controls only the interest rate charged for export credit, which accounts for about 10 per cent of commercial advances. Interest rates on loans up to Rs. 200,000, which account for 25 per cent of total advances, are subject to hybrid control—the rate is not fixed at a level set by the RBI, but is constrained to be no higher than the prime lending rate (PLR) which is determined by the boards of individual banks. The new arrangement implies a considerable reduction in the range of loans with subsidized rates compared to the position earlier. Central government, have been maintained at high levels As postal savings are close substitutes for bank deposits, banks find it difficult to lower rates

2.2 RESERVE REQUIREMENTS

Another important area where some liberalization has taken place relates to the cash reserve requirement (CRR) and the separate requirement for mandatory investment in government securities through the statutory liquidity ratio (SLR). At one stage, the CRR applicable to incremental deposits was as high as 25 per cent and the SLR was 40 per cent, thus pre-empting 65 per cent of incremental deposits. These ratios were reduced in a series of steps after 1992. The SLR is now 25 per cent, which appears high, but its distortionary effect has been, greatly reduced by the fact that the interest rate on government securities is increasingly market determined. In fact, most banks currently hold a higher volume of government securities than required under the SLR reflecting the fact that the attractive interest rate on these securities, combined with the zero risk-weight, makes it commercially attractive for banks to lend to the government. The CRR has varied between 10 and 11 per cent. This is definitely high by international standards and constitutes a tax on financial intermediation in the terminology of the financial repression literature.

The key constraint on reducing the CRR is the continuing high level of the fiscal deficit, which cannot be financed entirely from the market and therefore requires substantial support from the RBI. Reducing the CRR is not a viable option in this situation because the expansionary impact securities through the statutory liquidity ratio (SLR). At one stage, the CRR applicable to incremental deposits was as high as 25 per cent and the SLR was 40 per cent, thus pre-empting 65 per cent of incremental deposits. These ratios were reduced in a series of steps after 1992. The SLR is now 25 per cent, which appears high, but its distortionary effect has been, greatly reduced by the fact that the interest rate on government securities is increasingly market determined. In fact, most banks currently hold a higher volume of government securities than required under the SLR reflecting the fact that the attractive interest rate on these securities, combined with the zero risk-weight, makes it commercially attractive for banks to lend to the government. The CRR has varied between 10 and 11 per cent. This is definitely high by international standards and constitutes a tax on financial intermediation in the terminology of the financial repression literature.

2.3 DIRECTED CREDIT

An area where there has been no liberalization thus far relates to directed credit. Directed credit policies have been an important part of India's financial strategy under which commercial banks are required to direct 40 per cent of their commercial advances to the priority sector which consists of agriculture, small-scale industry, small-scale transport operators, artisans, etc. Within this aggregate ceiling there are sub-ceilings for agriculture and also for loans to poverty-related target groups. The Narasimhan Committee had recommended reducing the 40 per cent directed credit target to 10 per cent, while simultaneously narrowing the definition of the priority sector to focus on small famers

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and other low-income target groups. This recommendation was not accepted by the government and the directed credit requirement continues unchanged.

3. REGULATORY REFORM OF THE BANKING SYSTEM

Significant progress has also been made in reform of the regulatory side of the banking sector. Prior to 1991 Indian banks did not follow uniform accounting practices for income recognition, classification of assets into performing and non-performing, provisioning for non-performing assets and valuation of securities held in the bank's portfolio. Nor were they subject to uniform capital adequacy requirements.

3.1 ESTABLISHMENT OF UNIFORM PRUDENTIAL NORMS

The Narasimhan Committee recommended the establishment of uniform prudential norms and standards broadly along the lines recommended by the Basle Committee on Banking Supervision. These recommendations were implemented in a phased manner over a period of three years with the new norms becoming fully operational from 31 March 1996.

Indian banks have adjusted well to the new standards and are in a stronger position today than they were Jul 1991. Very few banks had a capital adequacy ratio up to the 8 per cent level prior to 1991. By March 1998 only one of the twenty-eight public sector banks fell short of this standard and many banks were significantly above that level. Admittedly, the increase in capital in many cases was achieved only through additional contribution of capital by the government, and to that extent does not reflect an improvement in operational performance, but there were also substantial contributions from internal reserves resulting from improved profitability. Some banks were also able to raise capital from the market reflecting their ability to attract private investors. The new prudential norms and the greater transparency they impart to bank balance sheets have also increased consciousness of the need to improve asset quality. Efforts to reduce NPAs show encouraging results with the ratio of net NPAs (i.e. net of provisions) to total advances declining from 16.3 per cent at the end of 1991-2 to 8.2 per cent at the end of 1997-8.

3.2 ALIGNING PRUDENTIAL NORMS WITH INTERNATIONAL PRACTICE

The obvious next step is to align prudential norms as closely as possible with international practice. The CBSR has documented various deficiencies in this regard. For example, loans are classified as substandard when payments become overdue for a period exceeding two quarters, whereas the international norm is one quarter. Similarly substandard assets are downgraded to doubtful if they remain substandard for two years instead of one year internationally. Loans with government guarantees are treated as zero-risk assets and are also not classified as non-performing even if there is a payment default. Government securities are treated as zero-risk assets whereas they are subject to interest rate risk and a modest risk weight is therefore appropriate. No provisions are required to be made for assets classified as standard whereas it would be more prudent to make a small provision even in these cases. Finally the capital to risk-weighted assets ratio is only 8 per cent whereas internationally banks are now aiming at higher levels, especially in view of the greater risks to which banks in developing countries are subject.

The CBSR has made specific recommendations to upgrade standards in these areas. The first step has been taken with the RBI's recent announcement that the capital adequacy ratio must be raised to 9 per cent by 31st March 2000. The CBSR had recommended a 10 per cent level, which will presumably be enforced over a longer time period. A risk weight of 2.5 per cent has also been attached to investments in government securities—half the level recommended by the CBSR. Other recommendations of the CBSR to tighten prudential norms, especially regarding criteria for classifying NPAs, also need to be implemented in a phased manner. It is sometimes argued that NPA recognition norms in India cannot be equated with international norms because the slow pace of the legal system in enforcing bank claims on collateral security makes; it inevitable that assets will remain non-performing for a longer time. While this may be true, it represents a real cost in the system and must be explicitly recognized as such. There may be a case for phasing the transition over time but it does not justify accepting lower standards.

3.3 STRENGTHENING SUPERVISION
Along with the introduction of prudential norms it is also necessary to strengthen the system of bank supervision. An important step forward was the establishment of a separate Board for Financial Supervision within the RBI to undertake supervision. The system of supervision is also being modernized to focus on both on-site and off-site surveillance. The role of external auditors has been strengthened as also the role of internal controls and audit. The cycle of inspection and follow-up with bank managements, which earlier often extended over a period of two years, is now completed within twelve months after the close of the fiscal year of inspection. The focus of inspection needs to shift away from a mechanical pre-occupation with the extent of compliance with procedures towards forming an overall assessment of the bank's financial condition and performance under the CAMEL system.

4. OTHER ISSUES IN BANKING REFORM

Bringing prudential norms up to international standards is only one part of the reform agenda. The more difficult part is to change the way banks function in practice so that their performance comes up to the more demanding requirements of the new regulatory environment. This means banks must function in a manner which brings NPAs down to acceptable levels while simultaneously showing sufficient profit to ensure growth of reserves to support additional lending. The challenge is all the greater because economic reforms and liberalization in the economy mean that bank borrowers now face greater competition (domestic and international) which increases the risk of commercial failure compared to the situation when banks were lending to clients operating in a protected economy. Banks have to upgrade their credit appraisal methods to ensure that the activities for which they lend are economically viable in the new more competitive environment. A more open economy also implies greater volatility in exchange rates and interest rates and banks must allow for the direct impact of these uncertainties on their balance sheets because of their own exposure and also the indirect effect via the impact on their clients. Banks will have to make changes on several fronts to deal with these challenges including the upgradation of human skills, induction of information technology, an understanding with labor unions to phase out outdated work practices, etc.

4.1 THE ROLE OF COMPETITION

The role of competition in accelerating change is especially important. Banks are more likely to change if they are faced with competition which forces them to become more efficient in order to survive. The creation of a more competitive environment in banking was one of the explicit objectives of the reform and the degree of competition has increased to some extent. Some of the competition has come from outside the system. Because of the development of capital markets and access to international sources of funds, the most creditworthy corporate clients are able to obtain funds from other sources and this puts pressure on banks to improve the cost and quality of their service or risk losing creditworthy clients. Competition within the banking system has also increased. Several new private banks have started operations and foreign banks have also been allowed to expand their branches more liberally than in the past. As a result the share of business of private banks and foreign banks together increased from 10.6 per cent in 1991-2 to 17.6 per cent in 1996-7. Public sector banks still remain in a dominant position, but foreign banks and some of the new private sector banks are ahead of public sector banks in the use of information technology and this will enable them to compete effectively for a larger business share, especially in the high income segment of the market, without having a very wide branch network. Competition among public sector banks is also increasing and this also generates pressures for greater efficiency.

4.2 PROBLEM OF WEAK BANKS

How to deal with weak public sector banks is a major problem for the next stage of banking sector reforms. It is particularly difficult because the poor financial position of many of these banks is often blamed on the fact that the regulatory regime in earlier years did not place sufficient emphasis on sound banking, and the weak banks are, therefore, not responsible for their current predicament. This perception often leads to an expectation that all weak banks must be helped to restructure after which they would be able to survive in the new environment.
The usual recipe for revival of weak banks is to take care of the inherited burden of NPAs through some mechanism, such as, for example, an Asset Reconstruction Company as recommended by the CBSR, and then let the 'restructured' banks, with their cleaned up balance sheet compete with other banks. This approach may be worth trying in some cases but it must be recognized that it does not guarantee revival. Even if the backlog of NPAs is taken care of, many of the weak banks will also need to cut costs by closing loss-making branches and reducing excess staff if they are to have any hope of surviving in competition with other banks in the more competitive environment of the future when margins will be under pressure. In short, revival may only be possible if it is preceded by a willingness to slim down and cut overheads drastically. It may also need a major overhaul of top and middle management which is not easy to achieve in a public sector bank.

4.3 MAJORITY OWNERSHIP OF BANKS

Perhaps the most difficult issue for the future is whether government should retain majority control over public sector banks. The prevailing international consensus is against government ownership and many developing countries are actively engaged in privatizing government banks as part of financial sector reform. Privatization is obviously not a guarantee against bad banking, as is evident from the many banking crises involving private banks in both developed and developing countries. However this argument is usually countered by conceding that while privatization alone is definitely not sufficient, and must be accompanied by improved regulation and supervision, it is nevertheless necessary because government ownership involves 'politicization' and 'bureaucratization' of banking.

The CBSR considered this issue and has recommended that the government/RBI holding in the public sector banks/State Bank of India be reduced to 33 per cent. Two reasons have been given by the Committee. One is that the capital requirement of banks will expand substantially because of the combined effect of growth of lending and enhanced capital adequacy requirements, and the additional capital needed is much larger than the likely growth of reserves through plough back of profit. Additional capital will, therefore, have to be contributed and maintaining a 51 per cent share in equity for the government will require large contributions from the budget which, the Committee felt, cannot be justified given the many other demands for budgetary funds. The Committee therefore recommended that the additional capital needs of the banks should be met by bringing in new private equity, which would dilute the government's share below 51 per cent. The second reason given by the CBSR is more fundamental and is based on the view that the degree of functional autonomy required for the exercise of sound banking may not be possible as long as government retains a majority share.

Majority government ownership of public sector banks has been an article of faith in many circles in India and it is important to consider carefully whether it is in fact inconsistent with sound banking. Vaghul (1998) has sought to finesse the problem by suggesting that government could retain majority ownership but the management of the bank must be entrusted entirely to a board of eminent professionals, which would appoint (and presumably also remove) the chief executive, and exercise all the functions of supervision over the management. In this arrangement the management would be responsible to the board and the government would deal with only the board which would not include any government officials. The arrangement will appeal to those who retain a preference for public ownership on principle but are willing to delegate power in practice. However, the degree of independence envisaged may not be feasible in practice.

4. LEGAL REFORMS

A major obstacle to the development of an efficient banking system in India is the state of the legal framework governing recovery of bank dues. Realization of dues from sale of collateral is extremely difficult, especially in the case of immovable property. Further, under the Sick Industrial Companies Act (SICA) companies declared sick immediately come under the purview of the Board for Industrial and Financial Reconstruction (BIFR) whereupon legal action for recovery of dues is stayed until the BIFR process is completed. This process is extremely dilatory. An amendment of SICA to make it approximate more closely to internationally accepted standards for bankruptcy legislation is essential. Effective bankruptcy law would provide an incentive to the borrowers to meet their
obligations to the banks. The Finance Ministry has appointed an Expert Group to go into these issues. Legal reforms in this area must have high priority.

5. CAPITAL MARKET REFORM

Reform of the capital market was an important part of the agenda of financial sector reforms and action has been taken in this area parallel with reforms in banking. India has a long tradition of functioning capital markets the Bombay Stock Exchange (BSE) is over a hundred years old — but until the 1980s the volume of activity in the capital market was relatively limited. Capital market activity expanded rapidly in the 1980s and the market capitalization of companies registered in the BSE rose from 5 per cent of GDP in 1980 to 13 per cent in 1990. However the stock market remained primitive and poorly regulated. Companies wishing to access the capital market needed prior permission of the government which also had to approve the price at which new equity could be raised. While new issues were strictly controlled, there was inadequate "regulation of stock market activity and also of various market participants including stock exchanges, brokers, mutual funds, etc. The domestic-capital market was also closed to portfolio investment from abroad except through a few closed ended mutual funds floated abroad by the Unit Trust of India (UTI) which were dedicated to Indian investment.

The process of reform of the capital market was initiated in 1992 along the lines recommended by the Narasimhan Committee. It aimed at removing direct government control and replacing it by a regulatory framework based on transparency and disclosure supervised by an independent regulator. The first step was taken in 1992 when the Securities and Exchange Board of India (SEBI), which was originally established as a non-statutory body in 1988, was elevated to a full-fledged capital market regulator with statutory powers in 1992. The requirement of prior government permission for accessing capital markets and for prior approval of issue pricing was abolished and companies were allowed to access markets and price issues freely, subject only to disclosure norms laid down by SEBI.

5.1 THE REGULATORY FRAMEWORK

Over the years SEBI has put in place a modern regulatory framework with rules and regulations governing the behaviour of major market participants such as stock exchanges, brokers, merchant bankers, and mutual funds. It has also sought to regulate activities such as takeovers and insider trading which have implications for investor protection. The governing structure of stock exchanges has been modified to make the boards, of the exchanges more broad based and less dominated by brokers. The new regulatory framework seeks to strengthen investor protection by ensuring disclosure and transparency rather than through direct control. SEBI acts as a supervisor of the system undertaking supervision of the activities of various participants including stock exchanges and mutual funds and violations of the rules are punishable by SEBI.

5.2 OPENING THE CAPITAL MARKET TO FOREIGN INVESTORS

An important policy initiative in 1993 was the opening of the capital market to foreign institutional investors (FIIs) and allowing Indian companies to raise capital abroad by issue of equity in the form of global depository receipts (GDRs). Over 500 FIIs are now registered with SEBI, of whom about 150 are active investors, and there has been a cumulative inflow of around $9 billion into the capital market through this route up to the end of 1997-8. The GDR route has also seen an inflow of about $6 billion.

The cumulative investment of around $15 billion in Indian stocks through FIIs and GDRs has effectively linked India's domestic capital market with world markets and has important implications for macroeconomic management. Domestic liquidity conditions and asset prices are now affected by international market perceptions and this must be taken into account in formulating monetary policy. A large inflow of portfolio investment can lead to a sharp increase in domestic liquidity and asset prices as happened in 1994 to 1996, and a reversal can lower asset prices as in 1998. Exchange rate behaviour is now as much determined by developments in the capital account as on current account. Since capital flows are affected by international perceptions, and these perceptions can be triggered
not just by developments in India but also by contagion effects from developments abroad, management of the exchange rate has to take these linkages into account. The economy is not as vulnerable to volatile flows as it would be with full capital account convertibility, and this is one reason why India's currency markets were not seriously disrupted in the Asian crisis, but it is certainly more so because of FTI and GDR flows. The potential volatility of these flows must be accepted and strategies for exchange market management should take this into account.

5.3  MODERNIZATION OF TRADING AND SETTLEMENT SYSTEMS

Major improvements have taken place in trading methods which were highly antiquated earlier. The National Stock Exchange (NSE) was set up in 1994 as an automated electronic exchange. It enabled brokers in 220 cities all over the country to link up with the NSE computers via VSATs and trade in a unified exchange with automatic matching of buy and sell orders with price time priority, thus ensuring maximum transparency for investors. The introduction of electronic trading by the NSE generated competitive pressure which forced the BSE to also introduce electronic trading in 1995.

The settlement system was antiquated, involving physical delivery of share certificates to the buyer who then had to deliver them to a company registrar to record change of ownership after which the certificates had to be returned to the buyer. This process was very time consuming and also created significant risks for investors. The first step towards paperless trading was put in place by enacting legislation which allowed dematerialization of share certificates with settlement by electronic transfer of ownership from one account to another within a depository. The National Securities Depository Ltd (NSDL) opened for business in 1996. In June 1997 only forty-eight companies, with a market capitalization of Rs.94,000 crore, had signed up enabling dematerialization of their securities. By June 1998 this had increased to 198 companies with a market capital of Rs.288,000 crore. The value of securities actually held in the depository has increased from Rs.2518 crore in June 1997 to Rs.35,000 crore in June 1998. It is expected that the volume of settlements taking place through the depository will expand rapidly.

5.4  FUTURES TRADING

An important lacuna in India's capital market at present is futures markets. A well-functioning market in index futures would help in risk management and provide greater liquidity to the market. A decision to introduce futures trading has been taken and the legislative changes needed to implement this decision have been submitted to parliament. Futures trading is expected to commence in 1999 and with this a major deficiency in the capital market will have been corrected.

5.5  SOME PROBLEMS IN THE CAPITAL MARKET

Despite these important improvements in the regulatory framework and trading and settlement systems, the functioning of the capital market in the post-reform period has been the subject of much criticism. Investors, especially small investors who entered the market in the early stages of liberalization, have not found their investments to be good value. There is a widespread perception that many unscrupulous companies took advantage of the removal of government control over issue prices to raise capital at inflated prices, at the expense of inexperienced investors. Merchant bankers and underwriters involved in these issues, some of which were among the better known names in the business, are seen to have misled investors. Nor is disappointment confined to ill-informed small investors greedily venturing into risky investments which they should never have undertaken in any case. Investors who invested in a wide range of blue chip stocks or in mutual funds, including funds managed by some of the best known international names, have also fared poorly because the Sensex has fluctuated widely since 1993 with a dominantly bearish trend in 1997 and 1998. Part of the problem is the change in sentiment among FIIs in this period reflecting a contagion effect from East Asia. Part of it may also reflect the slowing of industrial growth after 1996.

6.  REFORM OF THE INSURANCE SECTOR

No review of financial sector reforms in India can be complete without reference to the need for reforms in the insurance sector. India is one of only four countries — the other three being Cuba, North Korea, and Myanmar — where insurance is a public sector monopoly! The rationale of
liberalizing the banking system and encouraging competition among the three major participants viz. public sector banks, Indian private sector banks, and foreign banks, applies equally to insurance. There is a strong case for ending the public sector monopoly in insurance and opening it up: to private sector participants subject to suitable prudential regulation.

Cross-country evidence suggests that contractual savings institutions are an extremely important determinant of the aggregate rate of savings and insurance and pension schemes are the most important form of contractual savings in this context. Their importance will increase in the years ahead as household savings capacity increases with rising per capita incomes, life expectancy increases, and as traditional family support systems, which are a substitute for insurance and pensions, are eroded. A competitive insurance industry providing a diversified set of insurance products to meet differing customer needs, can help increase savings in this situation and allocate them efficiently. The insurance and pensions industry typically has long-term liabilities which it seeks to match by investing in long-term secure assets. A healthy insurance is therefore an important source of long-term capital in domestic currency which is especially for infrastructure financing. Reforms in insurance will therefore strengthen the capital market at the long-term end by adding new players in this segment of the market, giving it greater depth or liquidity.

CONCLUSION

The reforms currently under way in the banking sector and in the capital market, combined with the agenda for reform identified for the insurance sector, represent a major structural overhaul of the financial system. It will certainly bring India's financial system much closer to what is expected of developing countries as they integrate with the world economy. As in so many other areas, reforms in the financial sector have been of the gradualist variety, with changes being made only after much discussion and over a somewhat longer period than attempted in most other countries. However the direction of change has been steady and in retrospect a great deal has been accomplished in the past seven years. It is essential to continue these reforms along the directions already indicated and to accelerate the pace of change as much as possible.

Finally, it is important to recognize that financial sector reforms by themselves cannot guarantee good economic performance. That depends upon a number of other factors, including especially the maintenance of a favourable macro-economic environment and the pursuit of much needed economic reforms in other parts of the real economy. The impact of financial sector reforms in accelerating growth will be maximized if combined with progress in economic reforms in other areas.

References


Do the Economic Indicators Drive the Stock Market?
Mr. Kantesha Sanningammanavara

Abstract
The stock market is fundamentally driven by various factors at company, industry, economy and global level. This study investigates particularly the cointegrating relationship between the economic indicators and stock market performance and using the same for stock market forecasting. After a thorough literature review, it is understood that establishing the association between economic performance and stock market performance is still nascent. In this descriptive research, the authors made an attempt to establish the long run and short run relationship between the economic indicators and stock market performance in India over period of fifteen years starting from 2000 to 2014. The monthly data has been collected from the RBI source and Stock Exchanges. In the study the BSE Sensex and NSE Nifty considered as the market. For this purpose, Johansen Cointegration test, Vector Autoregressive tests have been used and confirming the Cointegration amongst the variables we tested the Granger Causality and Vector Error Correction. Upon the Cointegration confirmation among the selected variables, we run the multiple OLS regression at level variables. The results reveal that there is significant positive relationship between the Inflation, M3 and the stock market performance. The model has been tested for the adequacy as well. Besides, the authors used the economic indicators to predict the stock market performance using VAR. The results suggest that the economic indicators explain the stock market performance well. The further studies can be conducted covering other major economies as well with longer time period.

Key Words –Economic Indicators, Indian Stock Market, Vector Error Correction Model, Granger Causality, Johansen Cointegration Test

JEL Code –G10, G11, G14, G17

Introduction
Financial markets are vital and play an important role in the development of the economy at large. These markets bridge the link between the investors and the fund seekers who have different objectives from their individual perspectives. However the market performance is affected by host of economic factors at domestic and international level.

Many major economies including emerging economies are witnessing that their stock market is influenced by the economic factors and thereby paving the way for identify which those factors are significantly contributing to the performance of stock market.

Review of Literature
Sanningammanavara & V Kiran Kumar (2014) in their study used the correlation and regression in order to model the long-term relationship between economic indicators and stock market performance and they found the economic indicators influence the stock market performance to the extent of 77.20%. Jawadi, Arouri and Nguyen (2010) found strong evidence that the Argentine and Mexican stock markets are influenced by the US stock market in the short run whereas no long run association found. Therefore the authors conclude that stock markets in Argentina and Mexico are fundamentally determined in the long run. Shanken and Weinstein (2006) concluded that only IIP is the only significant factor that influences the stock markets. Yang and Wang (2007) found that in the short run there is bivariate causality exists between RMB exchange rate and A category share stock index and found no bivariate causality does not exist between RMB exchange rate and B category share stock index. Hosseini and Ahmad (2011) found that long as well as short run association between stock market indices and macroeconomic variables in India and China. Altay (2006) provides the evidence of presence of positive feedback trading in Istanbul stock market. Besides, this market shows negative feedback when there is higher return volatility and also found that there is a stronger positive feedback in negative market relative upward market movement. Kumar R (2013) established that industrial performance that play significant role in determining the
stock market. The authors also found that the market rely more on optimistic macroeconomic environment call for state’s prudent efforts to maintain macro stability.

**Research Gap and Statement of the Problem**

The extensive literature survey exhibits that the stock market is predicted with only two or three economic variables which is not a complete study in this regard. Hence this gives us an opportunity to the effect of economic indicators on the stock market considering. Besides the existing literature reveals that the majority of the studies have been taken place in advanced economies and this as well gives researchers to carry out detailed study in the same area in emerging countries like India. The major research gap found is that dimensions of economic indicators considered and time period of data.

**Research Objectives**

1. The main objective of this study is measure the effect of economic indicators on the Indian stock market performance.
2. To model the relationship between the economic indicators and stock market performance.

**Data and Methodology**

In this descriptive study the authors have used eight economic indicators and the two major stock market indices. For analyzing the effect of economic indicators on the stock market, fifteen years monthly data used from Jan 2000 to Dec 2014 covering 180 observations. The data related to economic indicators has been collected from the RBI data base. The BSE Sensex and the NSE Nifty considered as market and data related to it has been collected from the BSE and NSE market data base. The ADF, PP and KPSS tests have been used for checking the stationarity of the data. Based on stationarity tests results Cointegration has been conducted to determine the relationship among the selected variables. After the Cointegration test, the authors used Granger Causality test and Vector Error Correction model for confirming the Cointegration results. Then, we conducted regression for modelling the relationship between the economic indicators and stock market performance. The Vector Autoregressive Model (VAM) used for forecasting the stock market performance.

**Hypothesis** - The following hypothesis set for analyze the relationship between economic indicators and stock market performance

H1 – The Economic Indicators do not drive the stock market’s performance

**Limitations**

The following are the limitations of the study

1. In the study only 10 economic indicators considered
2. The market considered is BSE and NSE only. The BSE Sensex and NSE Nifty considered as the market.
3. Only 15 years data have been used for analyzing the economic indicators and stock market performance
4. The secondary data has been considered for the study
Results and Discussions

Table 1 - Descriptive Statistics

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<tr>
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<th>Median</th>
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<th>Minimum</th>
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<th>Kurtosis</th>
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Table 2 –Correlation Matrix

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Table 3 – Unit Root Test Results

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<th>Variable</th>
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<td>-4.084452**</td>
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Note - *** indicates that the variable is stationary at 1% level of significance, ** indicates that the variable is stationary at 5% level of significance.

Table 4 - Regression Results

Model 1: OLS, using observations 2000:02-2014:12 (T = 179)

Dependent variable: Sensex

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</tr>
</tbody>
</table>

**Diagnostic Tests**

**RESET test for specification**
Null hypothesis: specification is adequate
Test statistic: F(2, 164) = 0.9684, with p-value = P(F(2, 164) > 0.9684) = 0.38185

**White's test for heteroskedasticity**
Null hypothesis: heteroskedasticity not present
Test statistic: LM = 105.131, with p-value = P(Chi-square(90) > 105.131) = 0.131519

**Test for normality of residual**
Null hypothesis: error is normally distributed
Test statistic: Chi-square (2) = 4.91307, with p-value = 0.0857316

**LM test for autocorrelation up to order 12**
Null hypothesis: no autocorrelation
Test statistic: LMF = 1.36999, with p-value = P(F(12, 154) > 1.36999) = 0.185831

**Test for ARCH of order 12**
Null hypothesis: no ARCH effect is present
Test statistic: LM = 9.0073, with p-value = P(Chi-square(12) > 9.0073) = 0.702307

**Variance Inflation Factors (VIF)**
Minimum possible value = 1.0
Values > 10.0 may indicate a collinearity problem

Table 5 - Regression Results

Model 2: OLS, using observations 2000:02-2014:12 (T = 179)
Dependent variable: Nifty
Variables | Coefficient | Std. Error | t-ratio | p-value  
---|---|---|---|---
Const | −0.00945466 | 0.00649381 | −1.4559 | 0.1473  
CPI | −0.0252147 | 0.0488441 | −0.5162 | 0.6064  
Gold | −0.174014 | 0.227674 | −0.7643 | 0.4458  
Silver | 0.117517 | 0.131582 | 0.8931 | 0.3731  
Oil | −0.0510143 | 0.0783148 | −0.6514 | 0.5157  
Export | −0.0150219 | 0.064521 | −0.2328 | 0.8162  
Import | 0.00197222 | 0.0669323 | 0.0295 | 0.9765  
Ferex | 0.15094 | 0.218857 | 0.6897 | 0.4914  
ER | −0.0748276 | 0.171298 | −0.4368 | 0.6628  
FDI | 0.00511358 | 0.0951922 | 0.0085 | 0.9280  
IIP | −0.0510143 | 0.0783148 | −0.6514 | 0.5157  
SP500 | 0.000332814 | 0.0478759 | −0.0500 | 0.9602  
d_CMRate | −0.000239245 | 0.00478759 | −0.0500 | 0.9602  

Mean dependent var | −0.008718 | S.D. dependent var | 0.072566  
Sum squared resid | 0.921049 | S.E. of regression | 0.074488  
R-squared | 0.017364 | Adjusted R-squared | −0.053670  
F(12, 166) | 217.6417 | P-value(F) | 0.995582  
Log-likelihood | −367.8474 | Akaike criterion | −409.2834  
Schwarz criterion | 1.901235 | Durbin-Watson | 1.901235  

Conclusion

Every investor is concerned about how fundamentally our economy is driving the stock market as his/her investment decisions are relied upon. It is understood that a few indicators significantly influencing the stock market performance. The study period reveals that there exist the short-run and long-run association between the economic indicators and the stock market performance. The authors made an attempt to model the same and forecast the market performance so that the investors wealth is preserved and assured with required rate of return.

The association of stock market with the economy also boosts the industries to tap the market for the required investment funds at the least possible costs. This in turn help the economy grow well keeping the integration with the stock markets.

Scope for Further Study

This study mainly used selected ten economic indicators and two market indices for a period of fifteen years to establish and model the relationship between the stock market performance and economy. However, the future studies shall consider more number of economic indicators and other stock markets around the world and try to build the association. Also, the future studies may consider the longer time duration so that equilibrium can be achieved ensuring better place for investors and fund seekers.

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Challenges in reforming Indian Financial Systems

Krishna Chandra Bain

Abstract:

The financial system in India is very complex, challenging and diversified in nature. It has grown up in its own style from time immemorial. The capital market expansion, insurance penetration, mutual fund business, new pension scheme, are the components which need reforms and stability, overcoming all hurdles. Though the market has been deregulated substantially, regulators have to do much more. Strengthening Public Sector Banks (PSB) are dependent heavily on the policy of Central government as well as RBI. Until recently, insurance business was a government monopoly, now available with private company, with varieties of products choices. Customer services in financial system require further improvements and consumer friendly.

Key words: Digital Transition, mobile wallet, demonetization, merger and acquisition, Goods and Service Taxes (GST).

Introduction:

To initiate any reform in the country, availability of correct and timely information and its implementation plays a vital role. Growth and productivity in financial market depends largely on the policy, procedure and regulation by our Government. In this context, we will be focusing on the following areas which are directly linked to the challenges in reforming Indian Financial Systems.

i) Demonetization and stability in the market.
ii) Digital transition and banking transactions - a huge gap.
iii) Recapitalization in the context of basel-III norms.
v) Merger and acquisition of Indian banks and its strategies.
vi) Tackling NPAs within the legal frame work.
vii) FDI and FII.
viii) The introduction of GST.

Demonetization and Stability of the Market:

In India, 80% transactions take place in cash. 86% of currency notes was declared illegal on 8th November, 2016 by our Honourable Prime Minister, demonetizing Rs.500/- and Rs.1,000/- Notes. On the day of declaration, Rs.15.44 lakhs crores of currency notes of the above denomination were in circulation in the country. As on 30-12-2016, 97% of that amount i. e. Rs.14.98 crores have been deposited into Banks and with new denomination, so far, Rs.9.20 crores have been released in the market. As an impact of the demonetization, the following sectors are affected.

a) James and Jewelry market lost Rs.18,000/ crores business, 90% workers, jobless.
b) Real estate sectors are in trouble, the labours have left, and buyers are less.
c) GDP has been re-forecasted to 6.6% from 7.6%.
d) Sales figure of Car is all time low.
e) Deposit has increased and credit has decreased in Bank, a negative factor for profit.
f) Cyber crime will increase.
g) Tourism industry has already been hit.
h) NPA is mounting up in banking sector.

Comparatively the advantage is not noticeable as of now. Political objectives may be achieved but market is not properly stable.
Stability of the Market:

The market is destabilized in many sectors. Sri Kaushik Basu, the former chief economic adviser to the government of India said that “Demonetization was ostensibly implemented to combat corruption, terrorism financing and inflation. But it was poorly designed, with scant attention paid to the laws of the market, and it is likely to fail. So far its effects have been disastrous for the middle and lower-middle classes, as well as the poor. And the worst may be yet to come,” it will have a long term cascading effect on economy.

Digital Transition and Banking Transactions - a Huge Gap:

On November 26, the Government has set up a committee under Amitabh Kant, Niti Aayog CEO, for making operational, identifying and framing a user-friendly digital payment options in all sectors of the economy at the earliest possible time. The aim is to transform India into a cashless economy using the alternate delivery channel. The other powerful committee members are:

1. Secretary of the Department of Financial Services (DFS).
2. Secretary of the Department of Industrial Policies and Promotion (DIPP).
3. Secretary of the Department of Investment and Public Asset Management (DIPAM).
4. Secretary of the IT and Rural Development Ministries.
5. Managing Director of National Payment Corporation of India (NPCI).
6. Chairman of National Highway Authorities of India (NHAI).

The cash economy of India is Rs.130 lakh crores or $2 trillion, which is two-third of the GDP of India. Buying and selling goods, payment for service sectors and wages are done through cash transactions which called cash economy. The digital transition took almost 36 years to reach upto the present form of digital banking. The journey started from 1980, by introducing Magnetic Ink Recognition Character, popularly known as MICR. It was Debit Card, Automated Teller Machine – ATM, Kiosk Banking, Internet Banking, CTS- Cheque Tranquation System, e- Corner, e-Touch, EFT, NEFT, RTGS, SWIFT and so many technological revolution. But now the mobile wallet is running in the first gear to overtake every other process of banking transactions. With the cash crisis, mobile wallets and UPI have overtaken all other channels for payments. As of now Excluding SBI and HDFC Bank, the others banks are accepting payments through UPI are Axis Bank, ICICI Bank, Union Bank, YES Bank, IDBI Bank, & HSBC.

Still there is a big gap between digital transition and banking transaction. Most of the citizen in India is having a mobile but all are not having smart phone. A very big campaign is required jointly by the Central and State Government along with telephone operators and financial service providers. There are chances of more cyber crime with the growth of digital transformation and digital transactions.

Recapitalization in the context of basel-III norms:

As per basel-III norms, the Capital Adequacy Ratio has to be improved for every bank operating in India. Basel –I, was first introduced in 1988 with a simple approach to “broad brush”. It nothing but a capital charge for credit risk. It was amended in 1996, and capital charge for market
Risk was included. In 2004, Basel II, was introduced and Operational Risk also was included in banking operation. So the 3 pillar system came into existence and these are:

1) Credit Risk, 2) Market Risk & 3) Operational Risk.
But all these three risks were very simple and not had micro analysis opportunities. On 17-12-2009, Baseline Committee proposed to introduce Basel-III norms with an aim to:

a) Strengthening the resilience of the banking sector, b) International framework for liquidity risk, & c) Measurement, standards and monitoring.
The proposals were passed, finalized and published on December 16, 2010, just after one year of introducing for –III norms. The objectives are:

1) Improving banking sector’s ability to absorb shocks
2) Reducing risk spillover to the real economy
The fundamental reforms also include Micro and Macro prudential regulation- which is basically individual bank wise as well as banking system as a whole.

The minimum Capital Adequacy Ratio to be increased to 10.5%. The Tier-I capital should be (1- 6)% and TCE should be 4%. In other words it should be 8+2.5%. For Indian Banks, it is 1% more and the effective rate is 11.5%. The enhance ratio will convey

1) Transparency in capital base, 2) Improve risk coverage, 3) Improve leverage ratio
   Address systematic risk, 4) Reduce pro-cyclicality, 5) Maintaining minimum liquidity standard.
These reforms have to be adopted by 1st January, 2018 by all banks all over the world.

To achieve the Basel-III norms, Indian Banks need fresh capital of Rs.5,00,000/- crores. As per government estimations, the state-run lenders alone will require Rs.1.8 lakh crores. Government promised that it will pump into banking system Rs.25,000/- crore each in financial year 2016, and 2017, there after Rs.10,000/- crore each in the year 2018 and 2019. For the four years period, the total funding will be Rs.70,000/- crores and balance Rs.1.10 lakh crore to be raised from the market. This is a very big challenge for the bank. Some of the weak public sector bank may become private bank in this exercise.

Regulatory aspects and its applicability on Financial Advisors and Financial Planners:

Securities Exchange Board of India (SEBI), first made the regulations on 2013, with 168 no. of rules through various sections in it. India is a country with huge potential; full of financial products, but without professionalism. This unprofessional approach has caused lot of damage to the economy. People are afraid to invest in equity market. Only 1% people out of total population invest in security market. Financial literacy is yet to take off in India. Various financial advisors are misleading the investors. To sell their own products or bad products, these advisors are tempting the people and not providing correct information. Even educated people lack financial literacy. The ignorance denies the investor or buyer to buy a desired and useful product from the market even though it is available easily. A good advisor is helpful to the society and to the country also. How it helps are given below.

a) It improves the saving habits of individuals
b) Investment behavior and knowledge is improved
c) Investors can make their own choice to select appropriate financial products
d) Tax efficiency on savings is increased and pay tax on time to Government.
e) They become familiar with risk and return.
f) Financial efficiency is improved
g) The peace of mind also will be enhanced at the end of the day.
In financial market, ethics and integrity is very important. If one investor is misguided and make losses the neighbour will be shied away from investing in the right product. SEBI wants to make it very clear that distributors of financial products and providing financial advices should be separated.
This move has been appreciated by them and made the following comments, which will clarify all doubts.

“Several recommendations by SEBI are indeed laudable and it will go a long way towards streamlining the financial advisory services in the country, thus making it more consumers centric”.

The reforms, regulations and supervision by SEBI will make a vibrant financial environment and provide equal and unbiased opportunities for all.

**Merger and acquisition of Indian banks and its strategies:**

In the past merger and acquisitions has helped Indian banking sector to grow manifold. In the year 1968, Government of India Nationalized 14 large commercial banks. At that moment it had 85% of total Bank deposit in the country. In 1980, again 6 commercial banks were nationalized and 91% of the Indian banking sector has come under the direct control of Government of India with 20 nationalized banks. 1993, is the year when financial reforms started in the country. New Bank of India has been merged with Punjab National Bank and this was the first merger between nationalized banks.

By this merger, the nationalized bank reduced from 20 to 19 and till date the same is continuing. The reforms by Narasimham committee started in the year, 1997, and it submitted reports on April 23, 1998, suggesting merger of banks and to increase the size rather than the numbers. It is suggested that there should be two to three big size bank in India and 8 to 10 other small banks should be spread all over the country to take care of all citizen for banking needs. The committee also suggested that the bank should be run by professional banker. The Government of India has decided to merge State Bank of India with its 5 associate banks by April 2017 but it is expected by June-2017. The capital base of a State Bank of India will increase to 36 trillion rupees and business turn over will be above 42 trillion rupees. It’s position will be among the first 50th bank in the world. After successful merger the SBI group, will be an example for other banks to adopt the strategy of merger and acquisition.

**Tackling NPAs within the legal frame work:**

The NPA in banking system has forced all bankers to think differently to tackle it and recover these Non Performing Assets in an innovative way. Up to September, 2016, the Gross NPA for all banks in India has increased to Rs.6,68,824/- crores. It is 98% jump from the same period last year. Gross NPAs in the system rose 6.44%. The overall provisioning in the banking system, in the country rose to 80.5% year on year basis to Rs.45,892.75 crores. Due to the demonetization of (Rs.500 and Rs.1,000), the asset quality will deteriorated. Most of the economist in the country has severely criticized the move. We are all waiting to see the positive outcome of the demonetized effects. Only time will tell us the truth. Reduction of NPA is good sign for the banking sector.

On 5th November, 2016, the Ministry of Finance, arranged a seminar in Gurgaon Haryana to speed up the debt recovery through tribunals. The seminar on Debt Recovery Tribunals, was conducted with the great hope to settle the cases numbering around 95,000 till date. The amount involved in the cases, lies as NPA, is the public money. A few companies are not paying the amount due from them to the banks and it is a great concern for the entire country and its people that the public money held with a few defaulter and is not being recovered. Some of the big defaulters are:

1. Vijay Mallya, (Rs.9000.00 Crore).
2. Mumbai-based Shreem Corporation Ltd, the erstwhile Rajput Retail (Rs 283.08 crore).
4. Teledata Marine Solutions Pvt Ltd (Rs 166.85 crores).
5. Chandigarh’s Harman Milk food follows in sixth position with Rs.148.16 crore.
Around 15% of the defaulters are from the steel sector, followed by manufacturing, food, textile and jewelers and some SMEs. 27 companies owing Rs 2,033 crore, State of Maharashtra has more willful defaulters than any other state.

“Disruptions post the demonetization (of Rs.500 and Rs.1,000 notes) is likely to add to the asset quality stress for the financial system, particularly for lenders exposed to real estate (CRE/LAP) and SME segments.”

The Insolvency and Bankruptcy Code, 2016, has been passed by the parliament. Effective implementation of the code can potentially release about Rs.25,000 crore capital currently locked up as NPAs. For next 4-5 years, if it is recovered, will be great help in this direction.

With successful implementation Insolvency and Bankruptcy Code, may help banking sector in India to exceed the recovery rates of 32%. If the average time taking period is 2.8 years, it will be a great achievement for NPA recovery. NPA is a problem all over the world but for India, it has drawn attention to all classes of people. Recently, Debt Recovery Tribunal of Bangalore has ordered to recover from Vijay Mallya Rs.6,203.00 crores. It is a great move towards NPA recovery.

**Foreign Direct Investment (FDI) and Foreign Institutional Investment (FII):**

**FDI:** In a recent liberalization scheme, Government of India has allowed hundred percent participation of FDI in Defense, Civil Aviation & Pharmaceutical companies. In case of Defense, 49% to 100% participation has been permitted through Government approval route. Again 100% FDI participation is permitted in e-Commerce Industries. But in case of Pharmaceutical Companies, above 74% to hundred percent, Government approvals route is needed for investment. For Indian Airlines, up to 49% private investors based at abroad can invest. Indian airports are expanding and huge development is needed. So for development activities of airport 100% participation is permitted where Government approval is not required. We can say that India has become the Open Economy in the world of FDI.

**FII:** India is a fast developing country. The growth rate is also attractive for Foreign Institutional Investors. They are optimistic to invest in India. A survey was conducted by Bank of America (Merrill Lynch) and found that India is the most attractive market for them. In 2015, the index was 43%, compared to China which was 26%. Ernst and Young, compared with confidence barometer and found that the technology transactions in India ranks third after, after US and UK. In India the technical startup company by number was 4200 in the year 2015. Net FII investment as on 31st March 2016, was Rs.18,106 Crores ($ 2.68 billion). Rs. 16,731 crores in Equity ($ 2.48 billion) and Rs.1,375 crores in Debt fund. From April 2000 to December, 2015; under FII, total investment was $179.32 billion. In terms of merger & acquisition, India’s position is significantly on higher side. Up to 2025, market will grow up to $27 billion.

As per A P Shah committee report, the Minimum Alternate Tax (MAT) has been dropped for Overseas Portfolio Investors. Significant relief for Foreign Portfolio Investors (FPI) has been considered so that they invest in India. Some foreign investor is interested to invest in real estate. Concept of startup in India has been initiated considering the FII investment flow in the country. Recently, People Bank Of China PBC has invested $500 million in Indian bond market. It is expected that buy 2025 India is having the potential to get FII investment up to $40 Billion.

**The introduction of GST(Goods and Service Tax):**

The GST Bill has been passed by Rajya Sabha on 3rd August, 2016 & Lok Sabha on 8 August, 2016. The President of India also passed the bill. More than 50% state of India has passed GST and it was expected to be implemented by April, 2017; But due to demonetization effect, it is not possible before September, 2017. GST will help to expand the tax base which will be comprehensive & applicable on all goods and services. It will be a game changer for Indian economy by creating a common Indian market and the cost of goods and services will come down. The tax
structure will be simple. Computation of tax payment and compliance will be easy. GST will be having impact on business operations in the country from production to consumption.

GST Bill has been introduced by honourable Finance Minister Shri Arun Jaitley. Earlier Finance Minister, Mr. P Chidambaram had initiated the move for a GST Bill. The bill is known as the Constitution, One Hundred and First Amendment Act, 2016. It will replace the present Value Added Tax (VAT). GST will replace all indirect taxes levied on goods and services by Central and State Government all over the country. But the present demonetization exercise may derail the GST which is supposed to be effective from April 2017. Though GST will replace all existing Central and state taxes, but the centre has to compensated 40% revenue deficit accrued over a period of 5 years. Some of the amendment related to GST, is still pending in the Parliament and due to disruption inside the house, the bill is still pending. Some political leader has informed that they will rethink about the introduction of GST. If it is introduced, common man will be happy and cost of goods and services will come down. It will help the economy to grow properly.

Challenges in Reforming Indian Financial System

Mrs. Leena Anand Shende

Restructuring of economy is economy reform. Economic reforms are important to have a sustainable effective development. There has been a significant development in Indian economy since introduction of New Economic Policy in July 1991 like free market economy and free access to global investment. In early 1991 India, there were major problems like License Raj, increase in population, shortage of food, increase in unemployment, gulf war effects, deficit in balance of payments, etc. In order to recover from these problems, Indian Government adopted a new policy of Liberalization, Privatization and Globalization which gave fruitful results. Because of NEP, Service sector and Industrial sector are growing faster. Before 1991, agricultural pattern was cash crops and staple crop. As seasonal unemployment was at its peak, Government adopted NEP of globalization, and farmers were introduced to animal husbandry, horticulture, and floriculture, medical farming, etc. which reduced problems of unemployment. Profit margin increased. Introduction of SEBI to check financial activities in Stock Exchange and even protect Foreign Exchange & also introduced to protect investors interest through Foreign Exchange Regulation Act which was a reform to Foreign Exchange Management Act. Declining policies except major 11 industries are privities by Government. Government also allows foreign direct investment upto 100% and Private Banking in order to increase capital formation.

Current challenges faced by Indian economy are Black money and Corruption. These have affected the Indian economy a lot and have hiked the inflation. In order to check corruption and inflation, Government of India introduced cash pull of Rs. 500/- and Rs. 1000/- from Indian Economy in October 2016. Government of India has proposed economic revolution from cash economy towards cashless economy and has planned to pull out all denominations expect Rs. 1/- to Rs. 50/-. For that banking systems have introduced debit and credit card system and net banking and also new transaction tax policy. Government of India also proposed New Tax System instead of current tax system. Transaction tax has been proposed by the Government of India. This transaction tax is nothing but a tax applied whenever a transaction is done, and the one who receives payment will pay 2% transaction tax.

India having largely completed a first phase of financial sector reforms, and is now on its 2nd phase to meet some new remaining reforms and challenges.

The first phase was started as back in early 1990’s where a policy of liberalization and privatization was adopted, with prices in the real economy reflecting economic cost. Greater emphasis was on private sector where government adopted path of disinvestments and delicensing policy. In this phase, allocations of resources were in hands of financial system that was largely an arm of public finance. So, cross-country evidences suggest that the new approach should contribute to fast overall development. In order to strengthen financial sector, it is not enough to freeing interest rates and resource allocation, more attention is given to legal, regulatory and supervising issues, and also has to provide incentives to areas which are neglected. Sooner the changes occur; India started getting benefits of financial system. The direction of change should minimize the risk of financial distress and macro instabilities.

In next section we discuss the pre reform era. From mid 1960s to 1990s, India had strict regulatory financial system and economy where priority sector were at below market rate. Public institutions dominated the financial system, competition was limited, and there was a balance of payment crisis in 1991-92. To overcome this problem, India started a series of economic reforms which included financial reforms. (Ahluwalia report in 1999). These financial reforms improved resource allocation and resource mobility most efficient and effective in use. The Narasimham Committee Report (1991) provided a blue print of reforms in the banking sector.

In the beginning of 1992, Government started liberalizing economy. For that Government allowed 100% foreign direct investments, allowing investors to invest in securities. Gradually government allowed investments in government and corporate sector. Allowing companies to issue bonds offshore. But capital outflows were strictly restricted, and controlled on private offshore
borrowings, short term debts and private long term debts. Government gave entry to 9 new private and 22 new foreign banks. This was a landmark in Financial Revolution. Government also allowed non-banking financial institutions to grow their business, under regime of low CRR and SLR.

After having these reforms there was:

a) Growth of bank deposits  
b) Growth of deposits of non-financial institutions

Inspite of all these growth elements in financial sector, India faced large fiscal deficits arises due to:

a) The risk of macroeconomic instability  
b) Increasing risk internationally  
c) Crowding credit in private sector  
d) Decreasing liabilities in public sector and increasing availability of credit to private sector, was one of the original intents of financial reforms.

Substantial progress has been made in meeting challenges in developing capital market in India. Indian Capital market is very large. It was rapidly growing during 1980s as it was a source of finance for large corporations, especially in share & debenture market. In capital market there was less transparency. There was Jobber based trading system associated with difficulties in determining price traded. Thus, capital market were ineffective in providing basic information, trading was also costly, lack of competition, limited number of jobbers, high cost of accessing the market, settlements of trade was unreliable, difficulties in execution on some day, etc.

To overcome from all these problems capital market reforms began 1992. There are 4 approaches in equity market reforms:

a) SEBI: Security Exchange Board of India. Government of India introduced this SEBI institute for regulation purpose.  
b) New exchange i.e. National Stock Exchange (NSE) was created in 1992.  
c) New mutual Fund Operations were allowed in 1993-94.  
d) Development in share deposits.

The challenges also occur on the size of business activities. Change in technology, new activity at the small and medium level in all the spheres of activity. The Government of India and Reserve Bank outlined a roadmap on foreign investment in banks in India in February 2005 which provided guidelines until 2009.

All these reforms give considerable contribution in improving effectiveness, efficiency in economy. It helps to maintain macroeconomic stability, sustainable current account and fiscal deficits and strengthens the financial system, especially in regulatory and supervisory framework. A greater current account convertibility as well as rapid sustainable development is thus to meet the challenges of reducing fiscal deficits.

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A Conceptual Study On The Motor Insurance Policies Of National Insurance Company Limited - India
Satyanarayanan

ABSTRACT:
In India, insurance has a deep-rooted history. Insurance in its current form has its history dating back until 1818, when oriented life insurance company was started by AntiaBhavsar in Kolkata to cater to the needs of European Community. In 1870, Bombay mutual life assurance society became the first Indian insurer. At 20th century, many insurance companies were founded. In the year 1912, the Life Insurance companies Act and the Provident Fund Act were passed to regulate the insurance business. The oldest existing insurance company in India is the National Insurance Company, which was founded in 1906, and is still in business. Indian Insurance Industry is a colossal one which is growing at the rate of 15-20%. Today the Insurance Industry together with banking services add about 7% to the country's GDP.

Keywords: Insurance, Motor, Policies,

INTRODUCTION:
It refers to the market for insurance in India which covers both the public and private sector organizations. India allowed private companies in insurance sector in 2000, setting a limit on FDI to 26%, which was increased to 49% in 2014. However, the largest life-insurance company in India, Life Insurance Corporation of India is still owned by the Government and carries a sovereign guarantee for all insurance policies issued by it.

In India, insurance has a deep-rooted history. Insurance in its current form has its history dating back until 1818, when oriented life insurance company was started by AntiaBhavsar in Kolkata to cater to the needs of European Community. In 1870, Bombay mutual life assurance society became the first Indian insurer. At 20th century, many insurance companies were founded. In the year 1912, the Life Insurance companies Act and the Provident Fund Act were passed to regulate the insurance business. The oldest existing insurance company in India is the National Insurance Company, which was founded in 1906, and is still in business.

The life insurance corporation (LIC) absorbed 154 Indians, 16 non- Indian insurers as also, 75 provident societies -245 Indian and foreign insurers in all. General insurance business was nationalized with effect from 1 January 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., New India Assurance Company Ltd., Oriental Insurance Company Ltd., and the United India Insurance Company Ltd.. The General insurance corporation of India was incorporated as a company in 1971 and commences business on 1 January 1973.

NEED OF INSURANCE:
Insurance is the best protection against risk attached to business, property & life. Business involves many risks. There is always the danger of goods being damaged or destroyed while they are on transit or when they are on transit or when they are kept in go downs. This loss arising on account of fire, accident, theft, etc., is reduced largely by gathering the goods insured. Like, business human life is also exposed to many risks. A family generally depends on the income brought in by the breadwinner, but when a death suddenly occurs, the family may leave in difficult situation. Uncertainty is inherent in human life. Insurance substitutes this uncertainty by providing financial compensation.

PRINCIPLES OF INSURANCE:

1. INSURABLE INTEREST: Insurable interest is necessary for a valid contract of insurance. It must be a pecuniary interest. In order, to insure something or someone, the insured must provide proof that the loss will have a genuine economic impact on the event of loss occur. Without an insurable interest, insurers will not cover the loss.

2. UTMOST GOOD FAITH: A contract of insurance is a contract of utmost good faith, in a contract of insurance; the proposer is bound to make full disclosure of all facts.
3. **INDEMNITY:** “To indemnify” means “to make good the actual loss suffered”. This means that the insured should be placed after a loss, in the same position as he was immediately before the loss. This principle ensures that the insured does not make any profit out of the insurance. In the event of total loss, the insurer pays the actual loss or the sum insured whichever is loss.

4. **PROXIMATE CAUSE:** Proximate means nearest. It is only the nearest reason and not the remote reason is the factor to be taken into account. The insurer is liable only if the nearest cause comes within the meaning of risk insured.

5. **CONTRIBUTION:** Where a property is over insured by double insurance, each insurer is bound as between and other insurers to compensate the loss, in proportion to the amount for which he is liable under his contract with the insured.

**TYPES OF INSURANCE:** There are two types of insurance followed in India. They are

1. Life Insurance

1. **LIFE INSURANCE:**

Life insurance contract may be defined as the contract, whereby the insurer in consideration of a premium undertakes to pay a certain sum of money either on the death of the insured or on the expiry of fixed period whichever is earlier. The definition life insurance contract is explained in Insurance Act, 1938.

2. **GENERAL INSURANCE:**

General insurance means “Fire, Marine or Miscellaneous Insurance Business whether carried on single or in continuation with one or more, but does not include redemption business and annuity business”. General insurance came to India from UK. In 1957, the General Insurance council framed a code of conduct of sound business practices in the General Insurance Industry. An administrative set-up headed by the controller of insurance was established in the same year. From the definition General Insurance includes all the type of insurance.

- Fire insurance
- Marine insurance
- Burglary insurance
- Medical claim insurance
- Motor vehicle insurance

**FUNCTIONS:**

- To issue certificate of registration, renew, withdraw, suspend or cancel such registration.
- To protect the interest of the policy holders or insured in the matter of insurance contracts with the insurance company.
- To promote efficiency in the conduct of insurance business.
- To regulate investment of funds by the insurance companies.
- To specify the percentage of life insurance business and general insurance business to be undertaken in the rural or social sector.

Indian Insurance Industry is a colossal one which is growing at the rate of 15-20%. Today the Insurance Industry together with banking services add about 7% to the country's GDP. A well-developed insurance industry is a boon for economic development which provides long-term funds for infrastructure development at the same time strengthening the risk taking ability of the country. Insurance is governed by Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and General Insurance Business (Nationalization) Act, 1972, Insurance Regulatory and Development Authority (IRDA) Act, 1999 and other related Acts.

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (IRDA):**

Insurance Regulatory and Development Authority of India (IRDA) is an autonomous apex statutory body which regulates and develops the insurance industry in India. It was constituted by a Parliament of India act called Insurance Regulatory and Development Authority Act, 1999 and duly passed by the Government of India. The agency operates from its headquarters at Hyderabad, Telangana where
it shifted from Delhi in 2001. IRDA batted for a hike in the foreign direct investment (FDI) limit to 49 per cent in the insurance sector from the erstwhile 26 per cent. The FDI limit in insurance sector was raised to 49% in July 2014. Recently the Finance Minister of India announced the setting of insurance repository system. An Insurance Repository is a facility to help policy holders buy and keep insurance policies in electronic form, rather than as a paper document. Insurance Repositories, like Share Depositories or mutual fund Transfer Agencies, will hold electronic records of insurance policies issued to individuals and such policies are called “electronic policies” or “e Policies”.

MOTOR INSURANCE COMPANIES & THEIR PRODUCT PORTFOLIO:

General insurance:
The private Insurance Companies were formed to do the general Insurance Business on 13th may 1971. An ordinance was promulgated by president of India to take over the management of private general insurance companies. The general insurance corporation was registered as a government company on 22nd November 1972. The authorized capital of the corporation was Rs,75 crores divided into 75 lakhs paid up shares Rs.100 each, out of which Rs.5 crores shall be the initial subscribed capital of the corporation.

The general insurance includes property insurance, liability insurance and other forms of insurance. Fire and marine insurance are strictly called Property insurance. Motor theft, fidelity machine insurance includes the extent of liability insurance to a certain extent. The strictest form of liability insurance is fidelity insurance, whereby the insurer compensates the loss to the insured when he is under the liability of payment of third party.

The general insurance corporation is a holding company separate and distinct from the subsidiary companies. The four subsidiary companies are

- National Insurance Company Limited.
- New India Assurance Company Limited.
- Oriental Insurance Company Limited.
- United India Insurance Company Limited.

The general insurance corporation is concerned with broad policy matters affecting the entire General Insurance Industry. The functions of the subsidiary companies are to underwrite all types of general insurance both direct and by way of reinsurance in India. The companies also operate in overseas territories.

The important policies offered by the four subsidiary companies are:

* Fire insurance
* Marine insurance-Cargo and Hull
* Motor insurance- Own Damage and Third Party
* Miscellaneous insurance

NATIONAL INSURANCE COMPANY:

National insurance company limited is the oldest Insurance Company. It was incorporated in December 6, 1906. National Insurance Company Limited is one of the leading Public sector insurance companies in India, carrying out non-life insurance business. National Insurance Company Limited is one of the top general insurers in the public sector of India. Its head offices are at Kolkata and it has almost 1000 offices across the country and operates in remote townships and rural areas as well as metros. The insurer has at least 16 thousand skilled employees and its foreign operations are executed from its Nepal office. It has 14 million customers and provides in excess of 200 policies to cater to their varying requirements. It has a paid up share capital of INR 100 crores. It caters to a wide range of clientele from different sectors of the economy such as: Banking, Foreign trade, Telecom, Healthcare, Tea, Shipping, Automobile, Information technology, Education, Power, oil and energy, Environment, Space research.

It is also the second biggest provider of non life insurance products and services in India with considerable presence in the Northern and Eastern regions. It also has connectivity among its various offices and is soon expected to introduce policy procurement features on the internet. The insurer also has tie ups with some of the top banks, state governments, and corporate entities of India. Following
are the cities where National Insurance has set up regional offices: Kolkata, New Delhi, Bhubaneshwar, Chandigarh, Patna, Lucknow, Guwahati, Dehradun, Mumbai, Chennai, Pune, Hyderabad, Nagpur, Vishakhapatnam, Ahmedabad, Kochi, Baroda, Bangalore, Indore, Hubli, Delhi, Coimbatore, Jaipur, Nepal. The policies offered by National Insurance may be mentioned as below:

**Personal Life Insurance:**
- Motor Policy – Two Wheelers
- Mediclaim Policy
- Householders Policy
- Motor Policy – Private Car
- Personal Accident Policy
- Professional Indemnity for Doctors

**Rural Insurance:**
- Cattle / Livestock Insurance
- Silkworm (Sericulture) Insurance
- Sheep and Goat Insurance
- Elephant Insurance
- Dog Insurance

**Industrial Risk:**
- Standard Fire and Special Perils Policy
- Contractors All Risks Insurance (CAR)
- Workmen Compensation Insurance
- Machinery Insurance (MI)
- Product Liability Insurance
- Electronic Equipment Insurance (EEI)

**Commercial Risk:**
- Jewellers Block Policy
- Shopkeepers Policy
- Bankers Indemnity Policy
- Glass Insurance
- Marine Cargo Insurance
- Money Insurance

**Products and Services:**
NICL has a range of coverage policies targeting different sectors:
- Personal Insurance policies include medical insurance, accident, property and auto insurance coverage.
- Rural Insurance policies provide protection against natural and climatic disasters for agriculture and rural businesses.
- Industrial Insurance policies provide coverage for project, construction, contracts, fire, equipment loss, theft, etc.
- Commercial Insurance policies provide protection against loss and damage of property during transportation, transactions, etc.
COMMITMENT:
The company will,

- Continue to provide customized insurance products for weaker sections of the society at affordable price, within six months from the date of receipt of request for a specific type of cover.
- Establish more equipped "MAY I HELP YOU" facility to cater to customers' information requirements at the Head Quarters and the Regional Offices.
- Promote customer education in general insurance by holding workshops in important regional centers.
- Make available to a customer, on request to the Policy issuing office, the status of his claim and/or claim settlement details within 7 working days.
- Personal life insurance claims within 30 days on completion of all requirements.
- Property claims within 60 days on completion of all requirements.
- Liability claims within 30 days on completion of process of law.

CUSTOMER SERVICES:
- Establishing connectivity among 1000 offices within the country.
- Facility to get policy through net soon.
- Tie-ups with leading banks, corporate sectors, state governments.
- Conciliatory for a facilitating quick settlement of motor. Third party claims, compromise settlement, etc.,
- Citizens charter commitments being implemented by all offices.

Motor Insurance Companies in India:
- Motor insurance in India is the largest segment in general insurance with an annual premium of 29,542 Cr in FY13. There were 18 companies offering motor insurance plans of which 4 are public and 14 are private companies. In terms of market share, public companies contributed about 13,883 Cr of premiums with a market share of 47%. Third party motor insurance is mandatory for all vehicles plying on Indian roads. This is one of the primary reasons for colossal market size of motor insurance in India. IRDA allowed private companies to enter the market companies now also offer online motor insurance plans. Online insurance plans reduce both distribution and marketing costs for companies and therefore is a win-win for all the stakeholders.

Public Motor Insurance Companies (Premium)

Private Motor Insurance Companies (Premium)
Following chart provides market size in terms of premium for all private companies offering motor insurance plans in India. Premium (Crore) PolicyX.com2, Year 2012 Year 2013 ICICI Lombard, Bajaj Allianz, IFFCO Tokio, Shriram, Reliance, Royal Sundaram, Cholamandalam, TATA- AIG, BhartiAxa, HDFC ERGO, Future Generali, Universal sompo, sbi, lat

MOTOR INSURANCE:

Motor insurance is insurance purchased for cars, trucks, motorcycles, and other road vehicles. Its primary use is to provide financial protection against physical damage and/or bodily injury resulting from traffic collisions and against liability that could also arise there from the specific terms of vehicle insurance vary with legal regulations in each region. Motor insurance act was passed in 1939 and amended in 1988 and 1944 in order to safeguard the interest of pedestrians, the motor vehicles act 1939 introduced compulsory insurance. The insurance of motor vehicles against damage is not made compulsory, but the insurance of third party liability arising out of use of motor vehicles in public places is made compulsory. As per the motor vehicle act 1988, it is mandatory for every owner of a vehicle driving on public roads, to take an insurance policy, to cover the third party as a result of accidental death, bodily injury or damage to property. A certificate of insurance must be carried in the vehicles as a proof of such insurance.

IMPORTANT UNDERWRITING CONSIDERATION:

- Proposal form should be submitted in the prescribed format duly completed and signed by the insured in case of fresh insurance. Any change/ material alteration to be advised by a letter signed by the insured.
- No cover note shall be issued in the case of vehicles needing renewal irrespective of whether it is our renewals or transferred business.
- No claim bonus entitlement should be supported by renewal notice/ certificate of NCB.
- Acceptance of renewals/ proposals with break/gap in insurance is strictly subject to pre-acceptance inspection of the vehicle by an officer of the company.
- Every office shall maintain an vehicle inspection register showing details of report no., date of vehicle inspection no., engine no., color of vehicle, name and signature of inspecting officer.
- Extension of policy to cover wider legal liability of driver/ cleaner/ conductor not to be given without the permission of the office.

TYPES OF POLICIES: There are two types of policies:

- Liability only policy
Package policy

Liability only policy: This covers third party liability for bodily injury and/or death and property damage. Personal accident cover for owner-driver is also included.

PERSONAL ACCIDENT COVER FOR OWNER-DRIVER:
The terms exceptions conditions and limitations of this Policy, the Company undertakes to pay compensation as per the following scale for bodily injury/ death sustained by the owner-driver of the vehicle in direct connection with the vehicle insured or traveling in the insured vehicle as a co-driver, caused by violent, accidental external and visible means which independently of any other cause shall within six calendar months of such injury result in:

<table>
<thead>
<tr>
<th>S.no</th>
<th>Nature of injury</th>
<th>Scale of compensate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Death</td>
<td>100%</td>
</tr>
<tr>
<td>2.</td>
<td>Loss of two limbs or sight of two eyes or one limb and sight of one eye</td>
<td>100%</td>
</tr>
<tr>
<td>3.</td>
<td>Loss of one limb or sight of one eye</td>
<td>50%</td>
</tr>
<tr>
<td>4.</td>
<td>Permanent total disability from injuries other than named above</td>
<td>100%</td>
</tr>
</tbody>
</table>

This cover is subject to:
(a) The owner-driver is the registered owner of the vehicle insured;
(b) The owner-driver holds an effective driving license. Capital sum insured Rs. 1 lakhs (two wheelers) capital sum insured Rs. 2 lakhs (commercial vehicles).

Package policy: An insurance policy that includes more than two different kinds of coverage is known as package policy. For example, personal and commercial.

Private car package policy: This policy provides the so-called “comprehensive” cover and the structure of the policy form is the same for all vehicles.

Section I - Loss of or damage to the vehicle insured: The Company will indemnify the insured against loss or damage to the vehicle insured. Here under and/or its accessories whilst thereon:
* by fire explosion self ignition or lightning;
* by burglary house breaking or theft;
* by riot and strike;
* by earthquake (fire and shock damage);
* by accidental external means;
* by malicious act;
* by terrorist activity;
* whilst in transit by road rail inland-waterway lift elevator or air;
* By landslide rockslide.

Subject to a deduction for depreciation at the rates mentioned below in respect of parts replaced:
- For all rubber/ nylon / plastic parts, tyres and tubes, batteries and air bags - 50%
- For fibre glass components - 30%
- For all parts made of glass - Nil

Rate of depreciation for all other parts including wooden parts will be as per the:

<table>
<thead>
<tr>
<th>Age of vehicle</th>
<th>Percentage of Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not exceeding 6 months</td>
<td>Nil</td>
</tr>
<tr>
<td>Exceeding 6 months but not exceeding 1 year</td>
<td>5%</td>
</tr>
<tr>
<td>Age of the vehicle</td>
<td>% of depreciation for fixing IDV</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>Not exceeding 6 months</td>
<td>5%</td>
</tr>
<tr>
<td>Exceeding 6 months but not exceeding 1 year</td>
<td>15%</td>
</tr>
<tr>
<td>Exceeding 1 year but not exceeding 2 years</td>
<td>20%</td>
</tr>
<tr>
<td>Exceeding 2 years but not exceeding 3 years</td>
<td>30%</td>
</tr>
<tr>
<td>Exceeding 3 years but not exceeding 4 years</td>
<td>40%</td>
</tr>
<tr>
<td>Exceeding 4 years but not exceeding 5 years</td>
<td>50%</td>
</tr>
</tbody>
</table>

The Company shall not be liable to make any payment in respect of:-

- consequential loss, depreciation, wear and tear, mechanical or electrical breakdown, failures or breakages;
- damage to tyres and tubes unless the vehicle is damaged at the same time in which case the liability of the company shall be limited to 50% of the cost of replacement and
- Any accidental loss or damage suffered whilst the insured or any person driving the vehicle with the knowledge and consent of the insured is under the influence of intoxicating liquor or drugs.

The insured may authorize the repair of the vehicle necessitated by damage for which the Company may be liable under this Policy provided that:

- The estimated cost of such repair including replacements, if any, Does not exceed Rs.500/-
- the Company is furnished forthwith with a detailed estimate of the cost of repairs; and
- The insured shall give the Company every assistance to see that such repair is necessary and the charges are reasonable.

SUM INSURED – INSURED’S DECLARED VALUE (IDV)

The Insured’s Declared Value (IDV) of the vehicle will be deemed to be the ‘SUM INSURED’ for the purpose of this policy which is fixed at the commencement of each policy period for the insured vehicle. The IDV of the vehicle is to be fixed on the basis of the manufacturer’s listed selling price of the brand and model as the vehicle insured at the commencement of insurance/renewal and adjusted for depreciation. The schedule of age-wise depreciation as shown below is applicable for the purpose of Total Loss/Constructive Total Loss (TL/CTL) claims only.

The schedule of depreciation for fixing IDV of the vehicle

IDV of vehicles beyond 5 years of age and of obsolete models of the vehicles (i.e. models which the manufacturers have discontinued to manufacture) is to be determined on the basis of an understanding between the insurer and the insured. IDV shall be treated as the ‘Market Value’ throughout the policy period without any further depreciation for the purpose of Total Loss (TL) / Constructive Total Loss (CTL) claims. The subject to terms and conditions of the policy exceeds 75% of the IDV of the vehicle.

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Section II - Liability to third parties

The limits of liability as laid down in the Schedule hereto the Company will indemnify the insured in the event of an accident caused by or arising out of the use of the vehicle against all sums which the insured shall become legally liable to pay in respect of:

✓ death of or bodily injury to any person including occupants carried in the vehicles (provided such occupants are not carried for hire or reward) but except so far as it is necessary to meet the requirements of Motor Vehicles Act, the Company shall not be liable where such death or injury arises out of and in the course of the employment of such person by the insured.

✓ Damage to property other than property belonging to the insured or held in trust or in the custody or control of the insured.

✓ The Company will pay all costs and expenses incurred with its written consent.

The Company will indemnify any driver who is driving the vehicle on the insured's order or with insured’s permission provided that such driver shall as though he/she was the insured observe fulfill and be subject to the terms exceptions and conditions of this Policy in so far as they apply.

Section III – Personal accident cover for owner-driver

This clause is the same as under liability only policy.

General exceptions

The Company shall not be liable in respect of:

• Any accidental loss damage and/or liability caused sustained or incurred outside the Geographical Area.
• Any claim arising out of any contractual liability.
• any accidental loss damage and/or liability caused sustained or incurred whilst the vehicle insured herein is:
  • Being used otherwise than in accordance with the “Limitations as to Use”
  • Being driven by or is for the purpose of being driven by him/her in the charge of any person other than a Driver.

DEDUCTION: The company shall not be liable for deductible for each and every claim under section I (own damage).

RATING: Rates of premium are left to insurer who will fix the rates according to their own underwriting experience and risk assessment.

PREMIUM: The minimum premium for all vehicles is Rs.100. for the purpose of premium rating, the whole of India has been divided into the following zones depending upon the location of the office or registration of the vehicle concerned.

DEPRECIATION ON PARTIAL LOSS CLAIMS:

➢ Private car/ motorized two wheeler/ commercial vehicle.
  ❖ Zone-A: Ahmadabad, Bangalore, Chennai and Hyderabad, Kolkata, Mumbai, New Delhi, and Pune.
  ❖ Zone-B: Rest of India.

➢ Commercial vehicles excluding vehicles ratable
  ❖ Zone-A: Kolkata, Mumbai, New Delhi, Chennai.
  ❖ Zone-B: all other state capitals.
  ❖ Zone-C: Rest of India.

THE PREMIUM RATING IS BASED ON THE FOLLOWING FACTORS:

♦ Insured Declared Value (IDV) of the vehicles.
♦ Cubic capacity
✓ Not exceeding 1000
✓ Exceeding 1000 but not exceeding 1500
✓ Exceeding 1500
♦ Geographical zones
Age of vehicles
- Not exceeding 5 years
- Exceeding 5 years but not exceeding 10 years
- Exceeding 10 years.

MINIMUM PREMIUM: The minimum premium applicable for vehicles specially designed or modified for use the blind, handicapped and mentally challenged persons will be Rs. 25 per vehicle. For all the other vehicles, the application minimum premium per vehicle will be Rs.100.

DISCOUNT: A discount in the “own damage” premium is allowed for membership of recognized Automobile Association.
- Private car certified by the vintage and classic car club of India are granted a discount on own damage premium.
- Vehicles fitted with anti-theft devices approved by automatic research association of India, pune are eligible for a discount on own damage premium.
- No claim bonus.

CLAIMS (OWN DAMAGE): On receipt of notice of loss, the policy records are checked to see that the policy is in the force and that it covers the vehicle involved. The loss is entered in claims register and a claim form is issued to the insured for compensation and return. The insured is required to submit a detailed estimate of repair from a repairer of his choice.

CLAIMS DOCUMENT:
In the event of incident given to the claim under the policy, the following steps should be taken:

a) In case of accidental damage to the vehicles
- Immediate intimation to the nearest office, which will issue a claim Form.
- Claims forms duly filled is to be submitted along with copy of Registration certificate and driving licenses of the vehicles at the Time of accident as estimate of repair.
- Vehicles will be surveyed by a surveyor, appointed by the insurance company, who shall submit his report to the company. In case of major damage to the vehicles; a spot survey at the site of accident, would also be arrange by the company.
- Final bills/ cash memos are to be submitted duly signed by the insured.
- Salvage of the damage parts may be required to be deposited with the insurance company after approval of the claims.

b) In case of theft of the vehicles
- Lodge an FIR with the police immediately.
- Inform the policy issuing office with a copy of FIR.
- Submit the FIR as soon as it is received.
- Extend full co-operation to the surveyor and or investigator appointed by the company.
- After approval of the claim by the company, get the registration certificate transferred in the name of the company; submit a letter of subrogation and indemnity on the stamp paper duly notarized.

c) In case of liability claims:
- Inform insurance company immediately of any incident likely to give rise to liability claims.
- On receipts of summons from court, the same should be sent to the company immediately.
- Claims from duly filled in along with copies of registration certificate, driving licenses, FIR are to be submitted.

THIRD PARTY CLAIMS:
Motor vehicles act 1938 empowers three state governments to set up Motor Accident Claims Tribunals for Adjudication upon third party claims. When a tribunal has been set up an area, no civil court has any jurisdiction to entertain any claim falling under the tribunal’s jurisdiction. If the claim intimation is received from the MACT, the letter is addressed to the insured to ascertain the following information:
- The claim number for “own Damage” if lodged.
- The police station where the claim was reported indicating the number and date of their station dairy.
- Drivers name and address.
Name and address of the advocate if the insured has appointed.
Number of the policy under which the vehicle is covered and the address of office where covered.
Details of drivers prosecution, if any, e.g. court address, copy of charge sheet etc.,
In order to consider the quantum of damage it may be regarded as reasonable if the following information is sought;

- **In fatal accident claims**
  - Status of the deceased.
  - Monthly income.
  - Contribution to the family.
  - Relationship with the claimant.
  - Status of the claimant.
- **In the event of claims of injury**
  - Medical certificate regarding injury suffered and extent of disability arising out of injury.
  - Medical expenditure incurred supported by vouchers.
  - Monthly income to calculate loss of income due to the injured having been confined to bedded hospital.

**SETTLEMENT:**

The survey report is examined and settlement authorizing the repairs directly with the repairer to whom a letter of recommendation is issued to that effect. On receipt of their final bill of repair after completion repairs and a satisfaction note or voucher from the insured that the vehicle has been repaired to the satisfaction, the payment to the repairer is affected. Sometimes, the repairs are paid directly by the insured in which case the latter is reimbursed on submission of a receipted bill from the repairers.

**BRANCH MANAGERS AND DIVISIONAL MANAGERS:**

The branch managers and divisional managers are also paid employees of the companies who have got the responsibility in addition to canvassing of business to monitor and guide development officers and agents. As far as marketing function is concerned, nearly 700 branch managers and 4,000 development officers with ₹1.50 lakhs agents are performing their work at peak. It is natural to expect that by this time the public all over the country are aware of at least the existence of public sector companies.

**MARKETING FORCE:**

The General Insurance Business is marketed through Insurance agents, development officers, branch managers and divisional managers and TECHNO Marketing Team of Regional level and marketing Department at Head office for corporate Tie-ups.

**INSURANCE AGENTS:**

Insurance agents are intermediaries whose function is to solicit, procure and service on behalf of General Insurance Business. Apart from Individuals, license may be granted co-operative societies and panchayats.

Insurance agents would be required to solicit and procure new Insurance Business that is consistent with the interest of the policy holders and of the Insurance company. For this purpose the agent would have to do the following:

- Contact prospects for Insurance, study their Insurance needs and persuade them to buy.
- Complete all formalities for proposal for new Insurance, including
- Filling up proposal forms;
- Collecting supporting documents and premium. Arranging inspection if necessary ensures that warranties and special conditions if any are properly explained to the Insured.
- Assist the Insured in filling proper documents and proofs for making a claim etc.

**DEVELOPMENT OFFICERS**

General Insurance Business is procured by development staff directly or through agents. The functions of development staff are as follows:-
To recommend for recruitment assist in training guide and motivate the agents for promotion of General Insurance Business.

To develop and service General Insurance Business in the area under his jurisdiction.

To prepare and issue cover notes and Kutch receipts.

To service any business, this may be assigned to officer by the company.

To discharge such other functions as may be assigned to officer by the company.

To maintain diary in format prescribed from time to time by the corporate & present it when demanded by the superiors.

The development officers are paid full time employees of the company.

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Financial system is a concept derived from the wide concept of finance. The financial system allows the exchange of funds between lenders, investors and borrowers. Indian Financial System is expanding rapidly. It comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, mutual funds and other smaller financial entities. It also consists of financial market in which people trade financial securities, commodities and the like which is regulated by Security Exchange Board of India [SEBI]. The participants of financial market are generally subdivided into three distinct sectors; households, institutions and foreign traders. Rates of participation and the value of holdings differ significantly across strata of income.

The Reserve Bank of India [RBI] regulates and supervises the Indian Financial System. The financial system is vast. The Indian Financial System is broadly classified into two sectors such as Organized and Unorganized sector.

The financial system is not limited to an individual person and institution. A well developed system is a necessary pre-condition for the effective implementation of monetary system. The new economic policies are providing red carpet for many foreign and private banks to function in India which increases healthy competition between financial intermediaries. These reforms were the result of Globalization, Liberalization and Privatization.

Indian Financial System is growth oriented even though the rising exchange rate is affecting some sectors. The composition of capital inflows has improved. The focus of reforms in the financial markets has been on removing the structural weaknesses and developing the markets on sound lines. The higher the level of corporate and household debt, the greater the risk. The financial system would be better equipped to tackle sudden changes in the economy. However there is still a wider scope of improvements in various areas of concern for the financial system.

Keywords: Finance, Commercial Banks, RBI, Financial Markets, Globalization.

INTRODUCTION

The financial system is possibly the most important institutional and functional vehicle for economic transformation. Finance is a bridge between the present and the future and whether it is the mobilisation of savings or their efficient, effective and equitable allocation for investment, it is the success with which the financial system performs its functions that sets the pace for the achievement of broader national objectives.

Financial system is a set of inter-related activities/services working together to achieve some predetermined purpose or goal. It includes different markets, the institutions, instruments, services and mechanisms which influence the generation of savings, investment capital formation and growth.

The objective of the financial system is to "supply funds to various sectors and activities of the economy in ways that promote the fullest possible utilization of resources without the destabilizing consequence of price level changes or unnecessary interference with individual desires."

There have been many efforts in India to rethink financial sector regulation to address persistent problems. The IFC is based on such an analysis: an understanding of the market failures that motivate government interventions in finance, and a framework for thinking about the endemic failures.
In the field of finance, the major themes were the scaling back of capital controls and the fostering of a domestic financial system. From 1991 to 2002, progress was made in four areas, reflecting the shortcomings that were then evident. First, capital controls were reduced substantially to give Indian firms access to foreign capital and to build nongovernment mechanisms for financing the current account deficit. Second, a new defined-contribution pension system, the New Pension System, was set up so that the young population could achieve significant pension wealth in advance of demographic transition. Third, a new insurance regulator, the Insurance Regulation and Development Agency, was set up, and the public sector monopolies in the field of insurance were broken to increase access to insurance. Fourth and most important, there was a significant burst of activity in building the equity market because of the importance of equity as a mechanism for financing firms and the recognition of infirmities of the equity market. This involved establishing a new regulator, the Securities and Exchanges Board of India, and new infrastructure institutions, the National Stock Exchange and the National Securities Depository. The reforms of the equity market involved ten acts of parliament and one constitutional amendment, indicative of the close linkage between deeper economic reforms and legislative change.

In cross-country rankings of the capability of financial systems, India is typically found in the bottom quartile of countries. A financial system can be judged on the extent to which it caters to growth, stability, and inclusion, and the Indian system is deficient on all of those counts. By misallocating resources, it hampers growth. The entire financial system suffers from high systemic risk.

It is likely that around 2053, India’s GDP will exceed that of the United States as of 2013. In the coming forty years, India will need to build up the institutional machinery for markets as complex as the financial system seen in advanced economies today. The IFC puts India on that path.

WEAKNESSES OF EXISTING LAWS

Most existing financial laws in India were enacted when the country was a command and control economy. They are guided by the objective of containing and controlling financial markets and banning activity, rather than regulating and supervising markets. The existing laws are not rooted in an understanding of the market failures that are found in finance.

FINANCIAL REGULATORY GOVERNANCE

Constructing effective financial law requires an understanding of market failures in finance that will shape appropriate interventions by the government and good public administration practices, which impact the working of government agencies.

SEPARATION OF POWERS

Under India’s current system, parliament gives independent regulators three responsibilities—a legislative function of writing regulations that have the status of law, an executive function of enforcing regulations, and a judicial function of awarding penalties.

To achieve regulatory independence, numerous modifications are required in financial laws. These include: sound structure for the appointment process for senior regulatory staff, fixed contractual terms for them, removing the power for the administration to give directions to financial agencies.

ACCOUNTABILITY

Many existing laws establish independent regulators with the broad mandates of serving the public interest or improving the welfare of the people of India, and they then arm those agencies with sweeping powers. Instead, as the IFC proposes, laws should be explicit about agencies’ objectives, powers, and accountability mechanisms. There are four components of accountability in the IFC: clarity of purpose, a well-structured regulation-making process, the rule of law, and reporting mechanisms.

MONETARY POLICY
The dominant determinant of price stability in a country is the conduct of monetary policy. While price fluctuations on a horizon of a few months can be influenced by other considerations, such as monsoons, such considerations do not explain sustained price inflation over a number of years. Many advanced economies and sophisticated emerging markets have achieved price stability by establishing appropriate institutional arrangements for monetary policy.

THE ORGANIZATION OF THE FINANCIAL SYSTEM IN INDIA

The Indian financial system is broadly classified into two broad groups:
Organized sector and
Unorganized sector.

"The financial system is also divided into users of financial services and providers. Financial institutions sell their services to households, businesses and government. They are the users of the financial services. The boundaries between these sectors are not always clear cut. In the case of providers of financial services, although financial systems differ from country to country, there are many similarities.

Central bank
Banks
Financial institutions
Money and capital markets and
Informal financial enterprises.

ORGANISED INDIAN FINANCIAL SYSTEM

The organised financial system comprises of an impressive network of banks, other financial and investment institutions and a range of financial instruments, which together function in fairly developed capital and money markets. Short-term funds are mainly provided by the commercial and cooperative banking structure. Nine-tenth of such banking business is managed by twenty-eight leading banks which are in the public sector. In addition to commercial banks, there is the network of cooperative banks and land development banks at state, district and block levels. With around two-third share in the total assets in the financial system, banks play an important role. Of late, Indian banks have also diversified into areas such as merchant banking, mutual funds, leasing and factoring.

The organised financial system comprises the following sub-systems:

1. Banking system
2. Cooperative system
3. Development Banking system
4. Money markets and
5. Financial companies/institutions.

Over the years, the structure of financial institutions in India has developed and become broad based. The system has developed in three areas - state, cooperative and private. Rural and urban areas are well served by the cooperative sector as well as by corporate bodies with national status. There are more than 4,58,782 institutions channelizing credit into the various areas of the economy.
UNORGANIZED FINANCIAL SYSTEM

On the other hand, the unorganized financial system comprises of relatively less controlled moneylenders, indigenous bankers, lending pawn brokers, landlords, traders etc. This part of the financial system is not directly amenable to control by the Reserve Bank of India (RBI). There are a host of financial companies, investment companies, chit funds etc., which are also not regulated by the RBI or the government in a systematic manner.

However, they are also governed by rules and regulations and are, therefore within the orbit of the monetary authorities.

RURAL FINANCIAL SYSTEM.

Rural financial system has been evolved over a period of time from the year 1904, when the first Primary Agricultural Credit Society was organized, by accepting and implementing important recommendations of expert committees appointed by the Government of India/RBI from time to time. During the pre-reform period, more particularly, after the advent of the scientific and technological revolution in the sphere of agriculture, the Government of India and the RBI have evolved several new concepts, innovations and novel approaches, which, the Rural Financial Institutions have responded very favorably by implementing them.

RBI

The Reserve Bank of India as the central bank of the country is at the head of this group. Commercial banks themselves may be divided into two groups, the scheduled and the non scheduled.

The commercial banking system may be distinguished into:

A. Public Sector Banks

State Bank of India State Bank Group

Associate Bank

14 Nationalized Banks (1969) Nationalized Banks

6 Nationalized Banks (1980)

Regional Rural Banks Mainly sponsored by Public Sector Banks

B. Private Sector Banks

Other Private Banks;

New sophisticated Private Banks;

Cooperative Banks included in the second schedule;

Foreign banks in India, representative offices, and

One non-scheduled banks

COMMERCIAL BANKING

Enhancement of the RBI Act 1935 gave birth to scheduled banks in India, and some of these banks had already been established around 1881. The prominent among the scheduled banks is the Allahabad Bank, which was set up in 1865 with European management. Commercial bank was established during the First World War, while as many as twenty scheduled banks came into existence after independence - two in the public sector and one in the private sector.
MONEY MARKET

Money market is concerned with the supply and the demand for investible funds. Essentially, it is a reservoir of short-term funds. Money market provides a mechanism by which short-term funds are lent out and borrowed; it is through this market that a large part of the financial transactions of a country are cleared. The money market is generally expected to perform following three broad functions:

(i) To provide an equilibrating mechanism to even out demand for and supply of short term funds.

(ii) To provide a focal point for Central bank intervention for influencing liquidity and general level of interest rates in the economy.

(iii) To provide reasonable access to providers and users of short-term funds to fulfill their borrowing and investment requirements at an efficient market clearing price.

CAPITAL MARKET

The capital market is the place where the medium-term and long-term financial needs of business and other undertakings are met by financial institutions which supply medium and long-term resources to borrowers. These institutions may further be classified into Investing Institutions and Development Banks on the basis of the nature of their activities and the financial mechanism adopted by them. Investing institutions comprise those financial institutions which garner the savings of the people by offering their own shares and stocks, and which provide long-term funds, especially in the form of direct investment in securities and underwriting capital issues of business enterprises. These institutions include investment banks, merchant banks, investment companies and the mutual funds and insurance companies. Development banks include those financial institutions which provide the sinews of development, i.e. capital, enterprise and know-how, to business enterprises so as to foster industrial growth.

INSTRUMENTS OF MONETARY CONTROL

One of the most important functions of a central bank is monetary management-regulation of the quantity of money and the supply and availability of credit for industry, business and trade. The monetary or credit management activities of the bank are of two types: general monetary and credit management functions-total supply of money and credit and the general level of interest rates. The central bank relies on two types of instruments, the direct and the indirect. The direct instruments of monetary control are reserve requirements, administered interest rates and credit controls; and the indirect instrument of control is open market operation.

![Diagram of Monetary Policy]

SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
RESERVE BANK OF INDIA

The Reserve Bank of India (RBI) is the apex financial institution of the country's financial system entrusted with the task of control, supervision, promotion, development and planning. RBI is the queen bee of the Indian financial system which influences the commercial banks' management in more than one way. The RBI influences the management of commercial banks through its various policies, directions and regulations. Its role in bank management is quite unique. In fact, the RBI performs the four basic functions of management, viz., planning, organizing, directing and controlling in laying a strong foundation for the functioning of commercial bank

FUNCTIONS

The Reserve Bank of India performs all the typical functions of a good Central Bank. In addition, it carries out a variety of developmental and promotional functions attuned to the course of economic planning in the country:

1. Issuing currency notes, i.e. To act as a currency authority.
2. Serving as banker to the Government.
3. Acting as bankers' bank and supervisor.
4. Monetary regulation and management.
5. Exchange management and control.
6. Collection of data and their publication.
7. Miscellaneous developmental and promotional functions and activities.
8. Agricultural Finance.
9. Industrial Finance
10. Export Finance.
11. Institutional promotion

REPOS

REPO and reverse REPO operated by RBI in dated government securities and Treasury bills (except 14 days) help banks to manage their liquidity as well as undertake switch to maximize the return. REPOS are also used to signal changes in interest rates. REPOS bridge securities and banking business.

A REPO is the purchase of one loan against the sale of another. They involve the sale of securities against cash with a future buy back agreement. There are no restrictions on the tenor of REPOS. They are well established in US and spread to Euro market in the second half of 1980s to meet the trading demand from dealers and smaller commercial banks with limited access to international interbank funding. REPOS are a substitute for traditional inter bank credit. REPOS are part of open market operations undertaken to influence short-term liquidity. With a view to maintain an orderly pattern of yields and to cater to the varying requirements of investors with respect to maturity distribution policy or to enable them to improve the yields on their investment in securities, RBI engages extensively in switch operations. In a triangular switch, one institution's sale/purchase of security is matched against the purchase/sale transaction of another institution by the approved brokers. In a triangular switch operation, the selling Banks quota (fixed on the basis of time and demand deposit liabilities) is debited (the Reserve Bank being the purchaser). The objective behind fixing a quota for switch deals is to prevent the excessive unloading of low yielding securities on to the Reserve Bank. The Bank maintains separate lists for purchase and sale transactions with reference to its stock of securities and the dates of maturity of the different loan.

SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
THE FINANCE COMMISSION

Under the provisions of Article 280 of the Constitution, the President is required to appoint a Finance Commission for the specific purpose of devolution of non-Plan revenue resources. The functions of the Commissions are to make recommendations to the President in respect of

(i) The distribution of net proceeds of taxes to be shared between the Union and the States and the allocation of share of such proceeds amount the States.

(ii) The principals which should govern the payment by the Union of grants-in-aid to the revenues of the States, and

(iii) Any other matter concerning financial relations between the Union and the States.

The appointment of the Finance Commission is of great importance, for it enables the financial relation between the Centres the units to be altered in accordance with changes in need and circumstances. The elasticity in relationship introduced by this provision has great advantage.

Ten Finance Commissions have so far been appointed by the Government since the inauguration of the Constitution in 1951. The recommendations of the Finance Commissions can be grouped under three heads-Division and Distribution of income tax and other taxes, Grants-in-aid and centers’ loans to States.

FOREIGN DIRECT INVESTMENT IN INDIA

Foreign direct investment (FDI) in India is the major monetary source for economic development in India. Foreign companies invest directly in fast growing private Indian businesses to take benefits of cheaper wages and changing business environment of India. Economic liberalization started in India in wake of the 1991 economic crisis and since then FDI has steadily increased in India. It were Manmohan Singh and P. V. Narasimha Rao who brought FDI in India, which subsequently generated more than one crore jobs. According to the Financial Times, in 2015 India overtook China and the US as the top destination for the Foreign Direct Investment. In first half of the 2015, India attracted investment of $31 billion compared to $28 billion and $27 billion of China and the US respectively.

CHART SHOWING FOREIGN DIRECT INVESTMENT IN INDIA
PRESENT REFORM IN INDIAN ECONOMY

THE BAN OF RS.500 AND RS.1000 NOTES AFFECT INDIAN FINANCIAL SYSTEM.

Many black money holders will be under radar. People who have black money are in trouble. Either they have to go to banks to exchange their money into new forms of notes and get under the government radar. Else they forget the money because it will turn into useless paper soon.

As of April 29, 2016 fake notes worth Rs.16.50 Lakh crore has been circulating in the country. Recent studies have suggested that fake notes of Rs.70 crore are infused into the system every year and law enforcement are able to curb only one third of them. 90% of fake notes are released in bigger notes like 500 and 1000. So this step will nullify all the fake notes.

Inflation is always overall. So reduction of inflation will be overall too including higher studies and medical treatments.

Countries with more cashless transaction face very less fake note threats because most transactions are digitized. Since more transactions are digitized, they need less printed currency and low quality paper for currency notes.

Since cashless transaction will be encouraged, it will reduce the use of printed currency and hence reduce the use of fake notes.

Since cashless transactions are digitized, government will be able to keep track records.

Less use of currency note means less cost in printing currency notes.

Money has value only if it can be moved. Now the movement of black money is restricted, this increases the value of white money, which can be moved easily.

THE BAN OF RS.500 AND RS.1000 NOTES AFFECT MOTIVES FOR HOLDING CASH

Cash is known as most liquid and less productive assets of a firm. If cash remains idle, earns nothing but involves cost in terms of interest payable to finance it. Although cash is least productive current assets, firm should hold certain amount of cash for marketable securities. Mainly, there are three motives for holding cash.

Table: table showing note recovery in different year

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<td></td>
<td>No. of Notes</td>
<td>Face Value</td>
<td>No. of Notes</td>
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<td>Delhi</td>
<td>214092</td>
<td>103586240</td>
<td>183405</td>
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<td>Maharashtra</td>
<td>104621</td>
<td>60717475</td>
<td>96431</td>
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<td>Uttara Pradesh</td>
<td>70221</td>
<td>28810310</td>
<td>77814</td>
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<td>Gujarat</td>
<td>49480</td>
<td>29002540</td>
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<td>Andra Pradesh</td>
<td>75944</td>
<td>35742390</td>
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<td>Tamil nadu</td>
<td>58800</td>
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TRANSACTION MOTIVE OF HOLDING CASH

Transaction motive refers to the need to hold cash to satisfy normal disbursement collection activities associated with a firm’s ongoing operation. Transaction means the act of giving and taking of cash or kinds in the ordinary course of business. A firm frequently involves in purchase and sales of goods or services. A firm should make payment in terms of cash for the purchase of goods, payment of salary, wages, rent, interest, tax, insurance, and dividend and so on. A firm also receives cash in terms of sales revenue, interest on loan, return on investments made outside the firm and so on. If these receipts and payments were perfectly synchronized, a firm would not have to hold cash for transaction motive. But in real, cash inflows and outflows cannot be matched exactly. Sometimes receipts of cash exceed the disbursement whereas at other time disbursement exceeds the receipt. Because of this reason, if disbursement exceeds the receipt, a firm should hold certain level of cash to meet current payment of cash in excess of its receipt during the period.

PRECAUTIONARY MOTIVE OF HOLDING CASH

Precautionary motive refers to hold cash as a safety margin to act as a financial reserve. A firm should hold some cash for the payment of unpredictable or unanticipated events. A firm may have to face emergencies such as strikes and lock-up from employees, increase in cost of raw materials, funds and labor, fall in market demand and so on. These emergencies also bound a firm to hold certain level of cash. But how much cash is held against these emergencies depends on the degree of predictability associated with future cash flows. If there is high degree of predictability, less cash balance is sufficient. Some firms may have strong borrowing capacity at a very short notice, so that they can borrow at the time when emergencies occur. Such a firm may hold very minimum amount of cash for this motive.

SPECULATIVE MOTIVE OF HOLDING CASH

The speculative motive refers to the need to hold cash in order to be able to take advantage of bargain purchases that might arise, attractive interest rates and favorable exchange rate fluctuations. Some firms hold cash in excess than transaction and precautionary needs to involve in speculation. Speculative needs for holding cash require that a firm possibly may have some profitable opportunities to exploit, which are out of the normal course of business. These opportunities arise in...
conditions, when price of raw material is expected to fall, when interest rate on borrowed funds are expected to decline and purchase of inventory occurs at reduced price on immediate cash payment.

**FINDING SUGGESTION AND CONCLUSION:**

**FINDINGS:**

1. After nationalization of banks in 1969 and 1980 the RBI introduced several schemes like Lead bank, Service Area Approach etc., In the light of the liberalization, privatization and globalization there is a need to revitalize the schemes. With the implementation of such schemes, no doubt, the banks suffer profitability but ignorance of these schemes is also not advisable in this context.
2. Large current account deficit, monetary and credit expansion, the relatively low equity ratio of many credit institutions, and to some extent the sensitive foreign short-term position.
3. Credit institutions should have boosted their equity position in order to be better equipped to face more difficult times. It may prove difficult for them to strengthen their equity under less favorable economic conditions.
4. The higher the level of corporate and household debt, the greater the risk.
5. The risk is that the present pattern of overheating, a large current account deficit, inflation and a rising real exchange rate will increase economic difficulties and the probability of a currency crisis.

**SUGGESTIONS:**

The following suggestions are offered based on the findings drawn from the study as well as some general suggestions observed while doing the study.

1. In the globalised era, developing country like India needs to bring changes in their Banking system by allowing the bankers to adopt innovative policies.
2. Reserve bank of India and Government of India should also encourage social responsibility activities of banks through various measures like moral persuasion. Such a consideration by Reserve Bank of India and Government of India shall definitely add to improve the total quality management of the banks.
3. It highlighted that RBI's role of effective supervision was not adequate and wanted it to divest its holdings in banks and financial institutions. They should improve regulatory work of financial environment.
4. RBI's role of effective supervision banks and financial institutions to use cash less transition by encouraging the card transaction.

**CONCLUSION:**

From the analysis of data it reveals that the banking sector in India has made significant progress in all financial indicators of performance measurement during the post liberalization period. The reform measures laid the basis for sound banking system and considerable progress has been made in implementing the reforms. The response of the banks to the reforms has been impressive. The banks have been adjusting very well to the new environment, though gradually.

Financial system in India, through a measured, gradual, cautious, and steady process, has undergone substantial transformation. Reasonably sophisticated, diverse and resilient system through well-sequenced and coordinated policy measures aimed at making the Indian financial sector more competitive, efficient, and stable. Effective monetary management has enabled price stability while ensuring availability of credit to support investment demand and growth in the economy.

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Issues and Challenges in Entrepreneurship Development for Start ups

Sneha Singh

Abstract:

An entrepreneur is one who focuses on creativity and innovation and transforms an idea into a profitable venture; Innovation is the central tool of entrepreneur, the means by which they exploit the changes as an opportunity for various business and services. Entrepreneurship is a process by which an entrepreneur looks for something new and exploits such ideas into great opportunities by accepting the challenge, risk and uncertainty with the enterprise. Entrepreneurial development today has become very significant as it plays a pivotal role in today’s economic development by boosting the industrial development, regional growth, and employment generation. But in current scenario there have been multiple challenges being faced by the entrepreneurs ranging from lack of knowledge, Information, patience to the facility, location problem and dealing with the giant competitors. This paper will give an overview on various challenges faced by the young entrepreneur along with recommendation and suggestions for the further improvement. The Study is mainly based on secondary and partially on Primary data.

Keyword: Entrepreneurial development, Entrepreneurship, SMEs, challenges of Start-ups, Economic development

Introduction:

According to Peter Drucker “An entrepreneur is one who always looksfor change, responds to it and exploits it as an opportunity.Innovation is the central tool of entrepreneur, the means by which they exploit change as an opportunity for different business and service”. An entrepreneur must be a risk taker, should have ability to overcome with the resistance to change, Also must develop the interpersonal and managerial skills as entrepreneurs not only adds the value to the societal growth but also works as a catalyst of economic development.

In current scenario, Entrepreneurial development has become very significant being a key to economic development. From the individual perspective, it gives self-employment, freedom to use own ideas, independence, job satisfaction but the wider perspectives like generating employment, wider distribution of wealth, Mobilizing local resources, skills and savings helpsboost the economic development. Entrepreneurship Development is a process, it’s a journey, not the destination; a means, not an end. All the successful entrepreneurs like Dhiru Bhai Ambani(Reliance Group), J R D Tata ( Tata Group),Gordon Moore (Intel),Steve Jobs (Apple Computers), Jack Welch (GE), Narayan Murthy, GD Birla, and others went through with this process. They all had the similarities in their characteristic such as determination to win, willingness to take moderate risk and ability to identify and explore the opportunities with Go-Getter attitude and analytical ability to take the strategic decision. Having understood who are the entrepreneurs, how important they are for the overall societal growth and what basic characteristic they hold, now the challenges and problems of start-up entrepreneur is going to be discussed based on the detailed study.

Methodology

This study is completely based on the secondary data which are collected through the various books, magazines and Journals. The study is descriptive & conceptual in nature.

Objective of the study:

a) To study the growth and prospects of Startup in India

b) Identifying the various issues and challenges in Entrepreneurial Development for startups.

Review of Literature
Omid Sharifi, Bentolhoda Karbalaei Hossain (2015) stated in their research paper that the various set of financial challenges are faced by the young entrepreneur of start up in India. It also explains the difficulties faced at the very initial stage. The major findings are major leap in technology have led investors to raise the bar in terms of how much leg work entrepreneurs are expected to do before even pitching their companies.

Kshetri Nir (2011) examines various indicators related to entrepreneurship in India and analyzes factors affecting India’s entrepreneurial performance and it does a comparative study between India and China. The paper points out Indian and Chinese differences in entrepreneurial culture, regulatory framework, access to finance and market environment Kshetri makes a conclusion that the structural inertia of Indian economy has acted as a barrier to foster modern entrepreneurship.

Venkatramana G (2006) discusses the views of foreign returned India entrepreneurs. These innovators discuss the challenges they face in India and the reasons which make it difficult to conduct business in India. Though many foreign returned entrepreneurs have set up businesses they feel that the red-tapism in India is clearly a hindrance to entrepreneurial growth. Even when we compare India to many other developed Asian countries we find ourselves lacking in providing the right entrepreneurial environment.

Ponmani R (2011) compares the development of SME’s in India, Singapore and Sri Lanka. He evaluates the situation in the three countries based on multiple factors namely infrastructure, government regulation, finance accessibility, technology and communications. The study points out that India lags behind Singapore on all the parameters evaluated which is interesting to note but not an unexpected though.

Various studies have been conducted to understand the attitude of Indian youth to entrepreneurship. In a study conducted on the youth of Orissa, Manjusmita Dash and Kulveen Kaur (2012), discuss the challenges that young entrepreneurs face. The entrepreneurs have stated their opinions on stigmas of the society, cultural problems and regulative barriers.

**Growth and prospects of startups in India**

India has truly become a start-up ‘Nation’. Since 2010, in recent years, India has clearly evolved to become the third largest base of technology start-ups in the world. Since 2010, the Indian startup has really taken off, driven by various factors such as massive funding, consolidation activities, evolving technology and an burgeoning domestic market. Going by the statistic, from 3,100 startups in 2014 to a projection of more than 11,500 by 2020, this is certainly not going to be a passing trend. It’s a revolution. And it’s going to change the way the markets are working today in India.

The second edition of NASSCOM-Zinnov report titled “Start-up India – Momentous Rise of the Indian Start-up Ecosystem” is a treasure trove of facts and trends on the Indian start-up ecosystem. The report clearly identifies the current scale and size of the start-up landscape, factors that are impacting the growth of the overall ecosystem and steps that need to be taken to make the environment more conducive for start-ups.

According to NASSCOM Startup Ecosystem Report 2015-India the Next Tech Hotbed, With over $5 billion worth investment in 2015 and three to four startups emerging every day, India has paved its
way to secure the third position in the world in terms of the number of startups, 4200 and counting, a growth of 40%, by the end of 2015. The latest report by industry body NASSCOM and Zinnov, analyzes the current scenario and emerging trends across the various dimensions that define the Indian startup ecosystem, and gauge India’s position as a global startup hub that is becoming attractive for investors, startups, & corporates.

According to the Economic Survey 2015-16 released by the Government on Friday, and which was tabled by finance minister Arun Jaitley, the country has more than 19,000 technology-enabled startups, led by consumer Internet and financial services startups, the report said. "Indian startups raised $3.5 billion in funding in the first half of 2015, and the number of active investors in India increased from 220 in 2014 to 490 in 2015.

Issues and Challenges in Entrepreneurship Development for Start ups

Young Entrepreneurs faces various challenges and obstacles on the road to success. According to several studies, entrepreneurs are very much prone to depression and anxiety than the average company employee because of number of challenges coming across their way. The common challenges faced by entrepreneurs are Overestimating Success, Undefined Purpose, Negative Mindset, Poor Organization, Lack of Support, lack of leadership and motivational quality upon which entrepreneurs must focus on and try to overcome with it by various entrepreneurial training and development programs designed by various central/state level authorized institutions. The followings are the few more very important, and big challenges faced by new entrepreneurs.

1. Being Visionary: As an entrepreneur, it's important to be a good visionary and come up with the effective business plan along with alternatives to be work on if any failure takes place. An entrepreneur is always expected to come up with the ideas. When the competition becomes intense, it is the responsibility of an entrepreneur to come up with a response plan. An entrepreneur must come up with an alternative plan to move forward when the team hits an impenetrable obstacle. This requires spontaneous creative thinking and decision making ability but most of the time young entrepreneurs lack this. The less experience creates more pressure which brings harder time for them.

2. Information Hunt: For the startups, getting the right information on various aspect such as business location, market condition, funding, resources, central and state trade policies becomes a daunting task. Right Information can led the entrepreneur in right direction, can help them analyse and plan in a better way but because of lack of awareness on right sources of hunting the respective information not only creates the problem but also waste their lot of time and effort remarked as one of the biggest challenge.

3. Financing / Capital Funding: Though Government has come up with various support system and funding policies, its difficult for the startups to build funding as it also requires to build the confidence and effectiveness possibility in business plan. Instead, it’s lumped together to fund only the biggest, best-established, most promising businesses. Though it makes logical sense for the investors because very obvious, they would want to invest in the companies with the highest proven chance of success. This is a big discouraging point to new entrepreneurs.

4. Creating Business Team: The Recruitment and selection process takes several days and sometime month in Calling for the applicants, reviewing resumes, sitting through interviews, and shortlisting the best for which withholding ample patience is essential. It also requires experience and a vision to judge the candidate on their potential and reliability upon which becomes another challenge for the young entrepreneur. Another biggest challenge is to
offer attractive and competitive package to the potential candidate to bring them on the board and retain them in long term as capital funding being a prime concern.

5. **Dealing with Competitor:** Fighting with the intense competition and surviving is not as easy as we may feel so. The competition is fierce, because the barriers to entry are relatively very low. The big and established giant know the know-how of dealing with the market and the rivals whereas the young entrepreneur face the tremendous difficulties on this aspect.

Hence, if the startups can find a niche market and are able to differentiate themselves from their competitors, the result can be great. Knoll says, “So much opportunity exists for entrepreneurs because switching costs for most customers are low and many are willing to try new, relatively untested technologies”.

6. **Unforeseen Business Challenges:** An efficient sailor always keeps himself prepared for unexpected storm and keeps a watch on the unpredictable bad weather and thunderstorms, so must an entrepreneur must prepare for whatever may come. Unexpected challenges can come in the form of unexpected law suits, Inconsistent government policy, unpaid bills and taxes unexpected resignation from staff, unsatisfied customer, Loss of market share, Inadequate stock or inventory and so on. These business challenges, if not handled properly can ruin the further plan for the successful business. Another challenge an entrepreneur must expect is an unforeseen increase in business expenses. If not handled properly, it might result in constant negative cash flow and eventually; business failure.

7. **Handling the Industrial Changes successfully:** Technological changes and upcoming new trends create lot many difficulties towards the survival and success. As new trends have made and broken lot many of businesses and all of us know that many of Profitable businesses have been wiped out by slight industrial changes and trends. A typical example is the Dot com trend, where many established industrial based businesses were wiped out by new web based dot com companies. Hence, the startups entrepreneurs must be focused and anticipate the upcoming changes in the industry or system. They must be prepared to handle the change to overcome with it as fast as possible. Making the workforce be ready to adopt and practice with the Change becomes a great challenges for new entrepreneurs and if they learn to do so can give the great result.

**Conclusion:** Above All ! its very much important for the young entrepreneurs to have the clearly defined purpose and passion for whatever they have chosen to do so. A great passion and dedication can allow them to overcome with any short of challenges at any level and will bring them back on the track towards the new journey and to achieve another milestone. As going by the data and statistic, its very clearly, we can see the great future for young startups entrepreneur despite having various challenges coming across. The growth of startups can really inspire and motivate further to many more young entrepreneurs keeping aside the barriers and bottleneck.

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A study on Women Entrepreneurship Problems and Prospects

S. Shabash Kalandar          Sahana .C          Shashi Kumar R

Abstract

The recent advances in technology and the modern Automation world demands the effective leadership and initiatives from the educated women class and dynamic women entrepreneurs, who really vouch for contributing to the economic growth of nations. It is the order of the day where concept of innovative women entrepreneurship program have to be devised to check the market failures and at the same time to address the burning societal problems by adding a new dimension of Women entrepreneurship for all SMEs’ and growth policies. It is high time that the Government should make policy reforms for increasing the ability of Women to participate in the labor force, creation of Women’s business ownerships, to facilitate effective women’s entrepreneurship to develop noteworthy and other valuable web based and collaborative tools for societal development and promotion of leadership qualities. The typical area chosen by women entrepreneurship are retail trade, Restaurants, Hotels, Education, Cultural, Cosmetics, Health, Insurance and Manufacturing. This paper throws light on the role played by the successful Women entrepreneurs in contributing to the utmost development of economic growth and social living. The success stories of the Women entrepreneurs will surely leave a long lasting impression and transform the inactive families / network of people to put forth sincere efforts in uplifting the standards of living and to build healthy working enterprises. It is a well-established fact that enterprising Women have amazing ability to work hard and develop innovative ideas towards building an economically sound and healthy society. In US 6.4 million self-employed women provide employment for 9.2 million people and create significant sales. This Paper throws s a light on factors and Problems with Respect to Measures of Women Entrepreneurs.

Key Words- Women Entrepreneurs, Factors, Problems, Prospects.

Introduction:

A "women entrepreneur" is any women who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk.

Government of India has defined women entrepreneurs as owning and controlling an enterprise with a woman having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women.

Characteristic roles in a women Entrepreneurship

- Imaginative: It refers to the imaginative approach or original ideas with competitive market. Well-planned approach is needed to examine the existing situation and to identify the entrepreneurial opportunities. It further implies that women entrepreneurs have association with knowledgeable people and contracting the right organization offering support and services

- Attribute to work hard: Enterprising women have further ability to work hard. The imaginative ideas have to come to a fair play. Hard work is needed to build up an enterprise.

- Persistence: Women entrepreneurs must have an intention to fulfill their dreams. They have to make a dream transferred into an idea enterprise; Studies show that successful women work hard.

- Ability and desire to take risk: The desire refers to the willingness to take risk and ability to the proficiency in planning making forecast estimates and calculations.
Profit earning capacity: She should have a capacity to get maximum return out of invested capital.

Literature Review

Some leading Women Entrepreneurs in world

Oprah Winfrey, has been at the top of the television talk show industry since she aired 25 years ago. With the production company, the magazine, the television network, the dreams that she launches for other professionals, and her philanthropy, entrepreneurship and inspiration is a lifestyle.

The late Anita Roddick was a British businesswoman and Founder of the cosmetics company, The Body Shop. Mixing her convictions with business, her cosmetic company was one of the first to block the use of ingredients tested on animals. Serving more than 77 million customers in 51 different markets, she referred to entrepreneurship as survival and that it nurtures creative thinking.

Sahar Hashemi, Co-Founder of the British coffee bar and deli franchise, Coffee Republic is a lawyer turned entrepreneur and author of Anyone Can Do It — Building Coffee Republic.

Caterina Fake is Co-Founder of Flickr – the photo-sharing site that Yahoo! purchased for 8 figures in 2005. Fake (that is her real name) is one of Time Magazine’s Top 100 Most Influential People.

Indra Nooyi did not grow up poor but she did come from a self-described humble middle class environment in India. Nooyi has risen from her humble beginnings to be voted the most powerful woman of the year in 2010 by Fortune Magazine. She demonstrated her strong work ethic by working as a receptionist at night to find money to pay her college tuition. All of her work paid off as she landed positions at top firms Johnson & Johnson and Motorola. Nooyi is now the CEO at PepsiCo, where she received more than $10 million dollars in compensation last year (2012).

Ms. Priya Paul is Director and Group Management Committee member of Apeejay Surrendra Group, an industrial and services conglomerate with operations spanning Tea, Shipping, Hospitality, Real Estate and Retail. Established in 1910 by her family, the group completed 100 years in 2010. Ms. Paul spearheads the Hospitality business as the Chairperson of Apeejay Surrendra Park Hotels Limited and leads with her family the corporate social responsibility initiatives under the umbrella of Apeejay Trust. Ms. Paul is widely recognized as the pioneer of the boutique hotels concept in India and her leadership has seen Apeejay Surrendra Park Hotels Limited established as India’s first and only collection of contemporary luxury boutique hotels.

Naina Lal Kidwai, a chartered accountant by profession, is an Indian banker and business executive. Well known woman banker Naina Lal Kidwai has been appointed as the country head of HSBC group companies in India. She has been with HSBC as CEO and deputy CEO for the last five years.

When comes to India

In total 100%, 76.4% of Male Entrepreneurs and 23.6% of Women Entrepreneurs.
In Total Capital Market Male Entrepreneurial Capital Investment is 4.8% Where as Women Entrepreneurial Capital Investment is 3.6%.

Though Less Investment made by Women Entrepreneurs but they are Earning Revenue 2.8% when compare to Male Entrepreneurs(3.2%).

**Objective of Study**

- To identify the Factors affecting Women Entrepreneurs.
- To Analyse the Problems of Women Entrepreneurs.
- Find out the Solutions for the Problem.
- Benefits to Society.

**Operational definition and Methodology**

Experiment on present situation and collection of expert’s opinions, Collection and review of data from Secondary Source.

As it is rightly said

"Understanding question is half solution of problem".

**Analysis and Findings**

**FACTORS INFLUENCING WOMEN ENTREPRENEURSHIP**

1 PUSH FACTORS- Push factors are elements of necessity such as insufficient family income,
Dissatisfaction with salaries job, difficulty in finding work and a need for flexible work schedule because of family responsibilities. These factors may have more importance for women than for men.

2 PULL FACTORS - Factors that work as entrepreneurial drive factors relate to independence, self-fulfillment, entrepreneurial drive and desire for wealth, power and social status, co-operation and support of family members and a strong network of contacts. The most prominent factor is self-achievement expressed in terms of challenge which helps women to start, run their own business and turn it into a profitable venture. When a strong need for achievement could not be fulfilled through a salaried position or when there was a desire to transform a perceived opportunity into a marketable idea, then these factors work for a person to start their own venture.

The motivational factors to be an entrepreneur

☐ To improve the quality of life of their children
☐ To share the family economic burden
☐ To adjust and manage household and business life successfully on their own terms
☐ Due to the death or sickness of their husband.

Why women entrepreneurs are rare in India & what challenges they face

Social Barriers: Globally women are considered as weaker gender physically and emotionally, therefore prospects open for them to develop into business professionals is an area still quite unexplored and needs attention (S. Wennekers, 1999). Most women are taught from childhood that the rough and tumble of doing business is the domain of men. Many cooperatives and startups run by women do not have resources to market their products. They end up being exploited by the middle men. Rural women and the urban poor have no means of training themselves to do business. Yet within their limited resources, they turn out to be most enterprising. Union leaders use together pressure tactics, police don’t take business related harassment complaints seriously, bankers likely to take budding women entrepreneur less seriously. Thanks to exposure, men are inherently at ease giving a bribe and getting an electricity connection, for instances. Women have a problem dealing with bribe seekers. There are simply not enough schemes to train women as entrepreneurs schools where they could update their knowledge.

Smaller in size & slower growth rates: The growth issue is particularly important in high income countries where women are increasingly entering into technology based business ventures. As compared to males females-owned firms show that businesses headed by women tend to be smaller and grow more slowly than those headed by men. Generally, smaller in size & slower growth rates are perceived as problems (Shane and Venkataraman, 2000). Indeed women face multi-dimensional challenges like external financing & credibility as business owners & managers. Additional barriers include socialization networks & practices, family roles and possible lack of business contacts. Disadvantages experienced by women in all these areas are widely believed to result in higher failure rates and lower growth rates for women owned businesses (Bowen, and Hisrich, 1986).

Skills and knowledge: Women who perceive themselves as having necessary skills and knowledge their preferences to be business owners is higher as compared to women who are lacking these skills. As a result greater emphasis lies on individual awareness and perception processes which consequently points out the importance of local social norms (H. Littunen, 2000). It depends on the market demand and supply side which determines the entrepreneurial environment within which women receive incentives to take appropriate decisions about entrepreneurship. (Orhan and Scott, 2001). These findings implies that well defined policies need to be framed which could generate favorable conditions to promote entrepreneurial activity on a consistent basis.

Entrepreneurship education: Generally speaking women entrepreneurs globally require pre-entrepreneurial training to plan an organized business venture successfully. On the other hand to avoid
future impediments in women entrepreneurship girl students at undergraduate and post graduate level must be provided with meaningful and positive entrepreneurship education.

**Role modeling** Extensive role modeling opportunities need to be introduced to encourage and guide women entrepreneurs. Women entrepreneur’s success stories can be used as a useful and motivational resource for this purpose (Bowen, 1986). Modern technological age has many such useful tools to promote such role modeling programs like video conferencing, videos of successful entrepreneur by having one to one sessions with successful women entrepreneurs and entrepreneurship as a vibrant method to overcome economic disparity. Dilipkumar (2006) has elaborated on some of the issues faced by entrepreneurial women, such as a shortage of finances, male dominance, limited mobility, a lack of education, required motherly duties and a lack of achievement motivation. According to Rizvi and Gupta (2009), government-sponsored development activities have benefited only a small section of women, namely the urban middle class. This may be primarily due to their level of education, access to information and family support.

The women entrepreneurs have numerous problems to overcome in instituting their businesses. Their efforts have helped to keep society bound together to the extent that it has been. Indeed, education was often considered to be an impediment to a girl obtaining a good husband and family, which was considered to be her main goal in life. In the modern world, education is the main means by which more women might be able to become entrepreneurs and hence help in job creation and poverty eradication.

**Solutions and Measures**

**STEPS TAKEN BY THE INDIAN GOVERNMENT**

The growth and development of women entrepreneurs required to be accelerated because entrepreneurial development is not possible without the participation of women.

Therefore, a congenial environment is needed to be created to enable women to participate actively in the Entrepreneurial activities. There is a need of Government, non-Government, promotional and regulatory Agencies to come forward and play the supportive role in promoting the women entrepreneur in India.

The Government of India has also formulated various training and development cum employment generations

Programs for the women to start their ventures. These programs are as follows:

1. Steps taken in Seventh Five-Year Plan:

In the seventh five-year plan, a special chapter on the “Integration of women in development” was introduced by Government with following suggestion:

A) Specific target group:

It was suggested to treat women as a specific target groups in all major development programs of the country.

B) Arranging training facilities:

It is also suggested in the chapter to devise and diversify vocational training facilities for women to suit their changing needs and skills.
C) Developing new equipment’s:
Efforts should be made to increase their efficiency and productivity through appropriate technologies, Equipment’s and practices.

D) Marketing assistance:
It was suggested to provide the required assistance for marketing the products produced by women Entrepreneurs.

E) Decision-making process:
It was also suggested to involve the women in decision-making process.

2 Steps taken by Government during Eight Five-Year Plan:
The Government of India devised special programs to increases employment and income-generating activities
For women in rural areas. The following plans are lunched during the Eight-Five Year Plan:

A) Prime Minister Rojgar Yojana and EDPs were introduced to develop entrepreneurial qualities among rural Women.

B) „Women in agriculture” scheme was introduced to train women farmers having small and marginal holdings
in agriculture and allied activities.

C) To generate more employment opportunities for women KVIC took special measures in remote areas.

D) Women co-operatives schemes were formed to help women in agro-based industries like dairy farming,
poultry, animal husbandry, horticulture etc. with full financial support from the Government.

E) Several other schemes like integrated Rural Development Programs (IRDP), Training of Rural youth for self
Employment (TRYSEM) etc. were started to alleviated poverty.30-40% reservation is provided to women under
These schemes.

3 Steps taken by Government during Ninth Five-Year Plan:
Economic development and growth is not achieved fully without the development of women entrepreneurs. The
Government of India has introduced the following schemes for promoting women entrepreneurship because the
Future of small scale industries depends upon the women-entrepreneurs:

(a) Trade Related Entrepreneurship Assistance and Development (TREAD) scheme was lunched by Ministry of
Small Industries to develop women entrepreneurs in rural, semi-urban and urban areas by developing entrepreneurial qualities.

(b) Women Component Plant, a special strategy adopted by Government to provide assistance to women entrepreneurs.

(c) Swaran Jayanti Gram Swarozgar Yojana and Swaran Jayanti Sekhari Rozgar Yojana were introduced by government to provide reservations for women and encouraging them to start their ventures.

(d) New schemes named Women Development Corporations were introduced by government to help women entrepreneurs in arranging credit and marketing facilities.

(e) State Industrial and Development Bank of India (SIDBI) has introduced following schemes to assist the women entrepreneurs. These schemes are:

(i) Mahila Udyam Nidhi
(ii) Micro Cordite Scheme for Women
(iii) Mahila Vikas Nidhi
(iv) Women Entrepreneurial Development Programs
(v) Marketing Development Fund for Women

4 Consortium of Women entrepreneurs of India provides a platform to assist the women entrepreneurs to develop new, creative and innovative techniques of production, finance and marketing.

There are different bodies such as NGOs, voluntary organizations, Self-help groups, institutions and individual enterprises from rural and urban areas which collectively help the women entrepreneurs in their activities.

5 Training programs:

The following training schemes especially for the self-employment of women are introduced by government:

(i) Support for Training and Employment Programme of Women (STEP).
(ii) Development of Women and Children in Rural Areas (DWCRA).
(iii) Small Industry Service Institutes (SISIs)
(iv) State Financial Corporations
(v) National Small Industries Corporations
(vi) District Industrial Centers (DICs)

6 Mahila Vikas Nidhi:

SIDBI has developed this fund for the entrepreneurial development of women especially in rural areas. Under Mahila Vikas Nidhi grants loan to women are given to start their venture in the field like...
spinning, weaving, knitting, embroidery products, block printing, handlooms handicrafts, bamboo products etc.

7 Rashtriya Mahila Kosh:

In 1993, Rashtriya Mahila Kosh was set up to grant micro credit to poor women at reasonable rates of interest with very low transaction costs and simple procedures.

Conclusion

Women entrepreneur are those women who think of a business enterprise, initiate it organize and combine the factors of production, operate the enterprise, undertake risk and handle economic uncertainties involved in running a business enterprise. Finally it is found that women entrepreneurship has a definite impact on economy both in its ability to create jobs for themselves and to create jobs for others. There exists an immense scope for growth. Various Networks and Women Entrepreneurship Unions have now come up to provide assistance, advice and information’s and make WES to raise their profile and expand their business. The art of becoming a successful Entrepreneur lies in getting acquainted to the existing state of the art technological tools and getting access to available business networks. Women participation in the field of entrepreneurship is increasing at considerable rate, efforts are being taken at the economy as well as global level to enhance woman’s involvement in the enterprise sector. Educated Women is contributing to a great extent to the social transformation and in the future, will be seen that more women venturing into areas traditionally dominated by men.

Reference

The Pecuniary Overview of Obstacles, Challenges and Reforms (OCR) in the Micro, Small and Medium Enterprise (MSME) sector in India

Mr. SubhraPratimBhattacharjee Mr. Pugazhenthi Raja

ABSTRACT

The Micro, Small & Medium Enterprises (MSME) sector is a critical component of India’s growth story contributing around 8% of India’s GDP besides 45% to the total manufacturing output, accounts for nearly 40% of India’s exports and also employs nearly 80-100 million people. Availability of finance in the form of equity capital, loans for fixed asset investment and working capital for meeting cash flow gaps are key enablers for economic activity and the growth of entrepreneurship. Easing access to finance for the MSME sector is critical for job creation, export growth and development of a manufacturing base as envisaged in India’s “Make in India” initiative. But the existing financial architecture for the MSME sector in India is lacking in the involvement of central and provincial government up to the desired level along with many other factors which requires a quick makeover.

This paper intends to give an idea of the present status of the MSME sector in India with respect to the ease of financing and various reforms that needs to be implemented to provide a sustainable growth to the Indian MSME sector. The paper is based on the secondary data from reference materials of various journals on MSME sector of India, statistical data on the performance of MSME sector from government websites and data from consultancy firms dealing with the MSME instruments in the Indian Financial Markets. The small business sector in the United States contributes around 46% to non-farm GDP as in 2008, 33% to exports, 49% to private sector employment as in 2011 and created 60% of new jobs in the last few years whereas the same activity is lacking in India which is a developing country and needs to accelerate the growth in this sector at a faster pace. Lack of initiatives to bring in reforms will decelerate the MSME sector and shake the bedrock of Indian entrepreneurship, and thus must be nurtured appropriately to realize India’s potential.

Keywords: MSME, Financial, GDP, Employment, Manufacturing and Markets.

1. INTRODUCTION

The Ministry of Micro, Small and Medium Enterprises, a stem of the Government of India, is the apex body for the formulation and administration of rules, regulations and laws relating to micro, small and medium enterprises in India. The current Minister of Micro, Small and Medium Enterprises is Kalraj Mishra since 26 May 2014.

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

The Sector consisting of 36 million units, as of today, provides employment to over 80 million persons. The Sector through more than 6,000 products contributes about 8% to GDP besides 45% to the total manufacturing output and 40% to the exports from the country. The MSME sector has the potential to spread industrial growth across the country and can be a major partner in the process of inclusive growth.

This study aims to provide an assessment of the Micro, Small and Medium Enterprise sector (MSME) finance in India. The chapters in the study highlight the key characteristics of the MSME sector, and
assess the demand for, and the flow of finance into the sector. The study also evaluates the consequent gap in the financing needs of MSMEs. Finally, it explores potential interventions to address the lack of access to formal finance for MSMEs. The Micro, Small and Medium Enterprise sector is crucial to India’s economy. There are 29.8 million enterprises in various industries, employing 69 million people. The sector includes 2.2 million women-led enterprises (~7.4 percent and ~15.4 million rural enterprises (51.8 percent. In all, the MSME sector accounts for 45 percent of Indian industrial output and 40 percent of exports. Although 94 percent of MSMEs are unregistered the contribution of the sector to India’s GDP has been growing consistently at 11.5 percent a year, which is higher than the overall GDP growth of 8 percent. Poor infrastructure and inadequate market linkages are key factors that have constrained growth of the sector. The lack of adequate and timely access to finance has been the biggest challenge. The financing needs of the sector depend on the size of operation, industry, customer segment, and stage of development. Financial institutions have limited their exposure to the sector due to a higher risk perception and limited access of MSMEs to immovable collateral.

2. Core Components of MSME Sectors:
2.1. Manufacturing: The Micro, Small and Medium Enterprises under the manufacturing sector are based on the investment in plant and machinery which is original cost excluding the land and building and the items specified by the Ministry of Small Scale Industries through its notification No. S.O. 1722(E) dated October 5, 2016

![Figure I: Manufacturing Sector](image)

2.2. Services: This sector will include small road & water transport operators (owning a fleet of vehicles not exceeding ten vehicles), small business (whose original cost price of the equipment used for the purpose of business does not exceed Rs.20 lakh) and professional & self employed persons (whose borrowing limits do not exceed Rs.10 lakh of which not more than Rs.2 lakh should be for working capital requirements except in case of professionally qualified medical practitioners setting up of practice in semi-urban and rural areas, the borrowing limits should not exceed Rs.15 lakh with a sub-ceiling of Rs.3 lakh for working capital requirements).

![Figure II – Service Sector](image)
3. LITERATURE REVIEW

Shri Anup K Pujari – MSME Secretary (2016)
The major problem of inadequate financing to SMEs needs an urgent attention amongst the others such as adequate credit delivery to SMEs, better risk management, technological upgradation of Banks esp. Public Sector Banks, and attitudinal change in Bankers. The SMEs sector is considered to be an untapped market for financial institutions in India. The only way out of the mire is that the Indian manufacturing sector could be strengthened by the existing rural systems and making them self-sufficient. This could take place only by helping Small and Medium Enterprises and the rural artisans (people with innate skills and talents) in becoming effective and competitive enough to face the future. A number of issues and business practices of global players and markets can be observed, learnt and adapted for ensuring competitiveness of Indian SMEs.

Ashu Suyash (2016)
The Managing Director of CRISIL says it is not easy to attract MSME’s to do a credit rating, however it is important to have the credit rating done if the MSME’s wants to position itself in the international market as well as there is a rebate from the bankers in the lending terms. Unfortunately the 75% subsidy is available only for the first time /year the MSME gets its rating done subsequently they have to bear the entire cost next year which is a strain on the purse strings. Producing a new framework for rating SMEs is important, because most would receive low ratings on traditional scales solely because of their small size.

Sri Arun Kumar Jha – CEO, KVIC (2015)
In his opinion the MSME’s are a catalyst in most of the economies and constitute a major part of the industrial activity. MSME’s generally face financial crisis. He foresees that the SME Khadi industry will be a great boon to this sector as it will provide a wide pool of capital, increased status and credibility and other benefits.

Dr. Anil Kakodkar, Chairman (2014)
TIFAC is of the opinion that, there are few programs which are of utmost importance in the MSME-led technology development efforts, which promote the public private partnership. More, so the technological development has never been a straight forwards process. Technological innovations have been the key to the survival of the MSMEs. Four decades of planned development have elevated India to a stage, where the country demonstrates some remarkable strength in modern technologies for achieving development goals.

Task Force on MSME (2012)
The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services produced and the levels of technology employed. While one end of the MSME spectrum contains highly innovative and high growth enterprises, more than 94 per cent of MSMEs are unregistered, with a large number established in the informal or unorganized sector. Besides the growth potential of the sector and its critical role in the manufacturing and value chains, the heterogeneity and the unorganized nature of the Indian MSMEs are important aspects that need to be factored into policy making and programme implementation.

4. FINANCIAL OVERVIEW OF MSME

MSMEs require timely and adequate capital infusion through term loans and working capital loans, particularly during the early and growth stages. Historically the MSMEs have relied on following sources for financing their needs: Retained earnings, funding through sale of assets; Ancestral capital, personal savings, loans from relatives, loans from unregulated market; Institutional financing from scheduled commercial banks; Venture capital funds/ seed funds. MSMEs needing financial assistance can approach the banks for aid as per the specific schemes constituted for different types of financial aid as enlisted below:

<table>
<thead>
<tr>
<th>Name of scheme/institute</th>
<th>Nature of assistance</th>
</tr>
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<tbody>
<tr>
<td>Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)</td>
<td>CGTMSE, established jointly by SIDBI and the government of India, extends credit facilities to the micro and small enterprises sector. The mandate is:</td>
</tr>
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Credit facilities, including term loans, fund and non-fund based working capital facilities up to 1 crore INR extended to micro and small enterprises are guaranteed up to 80% of the amount in default, subject to a maximum of 65 lakh INR. With regard to loans up to 5 lakh INR to micro units, the coverage is 85%. Loans guaranteed under the scheme carry zero percent risk weight and provision for the lending institution for the guaranteed portion. The scheme also facilitates lending institutions by the evaluation of the credit proposals on the basis of intrinsic merits of the projects, rather than merely on adequacy of collaterals.

Reserve Bank of India, Rural Planning and Credit Dept
Providing refinance to nationalised banks and financial institutions in the industry sector and framing of policy decision in the working of banks.

Exim Bank
Credit facilities are available for financing all stages of the export cycle of Indian firms. The bank’s lines of credit (LOC) extend to commercial banks, financial institutions, regional development banks, and entities overseas serve as a market entry mechanism to Indian exporters and provide a safe mode of nonrecourse financing option to Indian exporters. The bank offers buyer’s credit and supplier’s credit for exports on deferred payment terms. These facilities help SMEs, to offer competitive credit terms to the buyers and to explore newer geographical markets.

TUF
TUF facilitates those SMEs that look to improvise their technological skills. It provides 15% margin money subsidy for the SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of 200 lakh INR and ceiling on margin money subsidy 15 lakh INR. A minimum of 15% equity contribution from beneficiaries is ensured.

CLCSS
Under CLCSS, tiny units with investment in plant and machinery of less than 10 lakh INR are eligible for a loan support of upto 8 lakh INR. Tiny units with investment in plant and machinery between 10 lakh INR to 25 lakh INR are eligible for a loan support of upto 20 lakh INR. Small units with investment in plant and machinery of above 25 lakh INR are eligible for a loan support of upto 40 lakh INR.

5. DEMAND GAPS IN FINANCING OF MSMEs
The overall demand for finance in the MSME sector is estimated to be INR 32.5 trillion ($650 billion) (Figure 11). The majority of finance demand from these enterprises is in the form of debt, estimated at approximately INR 26 trillion ($520 billion). Total demand for equity in the MSME sector is INR 6.5 trillion ($130 billion), which makes up 20 percent of the overall demand. The sector has high leverage ratios with average debt-equity ratio of ~4:1. But these leverage ratios are not even across the sector and variations exist based on the size of the enterprise. For instance medium-scale enterprises exhibit a more balanced debt-equity ratio of ~2:1. There is a total finance requirement of INR 32.5 trillion ($650 billion) in the MSME sector, which comprises of INR 26 trillion ($520 billion) of debt demand and INR 6.5 trillion ($130 billion) of equity demand. Of the overall finance demand of INR 32.5 trillion ($650 billion), 78%, or INR 25.5 trillion ($510 billion) is either self-financed or from informal sources. Formal sources cater to only 22 percent or INR 7 trillion ($140 billion) of the total MSME debt financing. Within the formal financial sector, banks account for nearly 85 percent of debt supply to the MSME sector, with Scheduled Commercial Banks comprising INR 5.9 trillion (USD 118 billion). Non-Banking Finance Companies and smaller banks such as Regional Rural Banks (RRBs), Urban Cooperative Banks (UCBs) and government financial institutions (including State Financial

SAMYOGA, AN ACADEMIC JOURNAL, TJGaji, Vol.12 No.2, FEB-2017
Corporation and State Industrial Development Corporations) constitute the rest of the formal MSME debt flow.

6. KEY ISSUES IN FINANCING OF MSMEs
According to the deliberations of the Committee set up by the Department of Financial Services (Ministry of Finance, India) vide notification dated September 26, 2016 to examine the financial architecture of the MSME sector, engagement with various organisations and experts and review of material received by the Committee, the following key issues emerge that constrain the access of MSMEs to the formal financial sector:
1. Equity as a source of financing is under utilised and the prevalence of investment by venture capital and angel investors is low when compared to other countries. MSMEs in India rely on friends & family as sources of equity. This may be due to lack of awareness about MSMEs as well as absence of formal governance structures in small businesses which deter investors.
2. MSMEs face the problem of delayed payments from their buyers, which are mostly large corporate. This adversely impacts their working capital as well as their next cycle of production by affecting their ability to service existing debt.
3. The utilisation of the available credit guarantee and insurance schemes by banks has been lower than potential due to capacity constraints and conditions that limit eligibility and operational issues that limit flexibility and delay realizations.
4. MSMEs lack adequate information about the various schemes and benefits made available by the government. In some cases, they lack the technical knowhow and the necessary wherewithal to furnish the required information to avail these schemes.
5. There is a need for deepening and widening the delivery of credit. Formal financial institutions such as banks face challenges in credit risk assessment of MSMEs, due to absence of financial information including historical cash flows, credit track record and tools to assess credit risk in the absence of the above.
6. Critically, outreach to MSMEs, on-boarding as customers, building up of transaction & credit history and scaling up the utilisation of various schemes available is challenged by the lack of formal legal structure/non-corporate nature of much of the sector and the absence of a centralised database and system which can be used to target and track these enterprises. Small enterprises also face challenges in registration and complex compliance requirements that act as deterrents to adopting formally registered legal structures.
Realising the potential of the MSME sector will require significant efforts even in areas other than access to finance, including infrastructure, skill development, technical & managerial capacity building, alignment of goals of industrial research institutions, ease of doing business and simplification of laws, rules & procedures.

7. PROMISING OPTIONS OF FINANCING IN MSMEs
With the focus of the governments steadily shifting towards managing the key issues in financing the MSME segment, various new channels of financial aid for the sector has come up now.
7.1 SME private equity and venture capital funds: Venture capital is a means of equity financing for rapidly-growing MSMEs. Their main aim is to earn higher returns on their investments, but their methods are different from traditional lenders. They take active part in the management of the company as well as provide the expertise and qualities of good bankers, technologists, planners and managers. As funds required by SMEs are too large for microfinance institutions and too small or too risky for commercial banks, this is one of the primal issues that the PE/VC component addresses as part of the investment promotion of the consolidated project for SME development in India. It injects long-term equity finance which provides a solid capital base for future growth.
7.2 Equity capital through SME exchanges: The small and medium exchanges for SMEs listing norms unlike the regular listing on a SME platform through an IPO are a major introduction. Meant for SMEs with a paid-up capital of less than 25 crore INR, it empowers them to tap into the capital markets by getting listed on the exchange without having to make any initial public offering. The trend in this sector has been of overleveraging debts for lack of opportunity to raise equity capital. The revised ecosystem therefore has to justify opportunities of raising equity capital, balancing the debt equity ratios of companies and facilitate these enterprises to sustain a healthy balance sheet. The
need for Indian SMEs to acquire capital at low cost to compete at a global level is one of the key factors behind the creation of this revised framework. The newly introduced SME exchange will acknowledge the expansion aspirations of these SMEs and help them find solutions to their financial requirement. Companies will be high on the valuation matrix, once they get listed on the exchange.

7.3 Securitization of SME credit: SME credit could be converted into loan pools or securitised assets and sold to investors interested in investing in such asset classes. The RBI had issued new guidelines for the securitisation of standard assets in order to enable creation of a true securitisation market in India. Precedence can be seen in a recent transaction by a Chennai-based NBFC, IFMR capital, who closed the first of a kind PTC in India, with its partner Vistaar Financial services Pvt Ltd, a Bangalore-based NBFC, worth 77.2 million INR. IFMR intends to conduct further transactions of a similar kind and is building a pipeline of SME lenders. They are also planning to replicate a multi-originator (MOSEC) structure for small business lenders, the intent being that of building up several instances of such institutions using their knowledge and expertise to create such an asset class in a systemic manner against a strong underwriting framework and subsequently marketing it to larger investor franchisees.

8. THE WAY AHEAD FOR MSME IN INDIA
They key issues in financing MSME segment in India has been looked after to some extent by the new and emerging ways of financing but to tackle the issues on a larger front, the following steps are must.

8.1. The credit rating: MSME credit as a percentage of net bank credit of commercial banks has been below 15% and one of the major contributors for this is lack of creditworthiness and goodwill. One of the most important procedures taken by financial institutes that offer credit to MSMEs is to scrutinise their credit rating status in order to get a clear picture of the creditworthiness of the enterprises. Credit rating is done by the credit rating agency (CRA) which assigns credit ratings for issuers of certain types of debt obligations as well as the debt instruments themselves to form a basis to prove the authenticity of the new firms who seek financial help from different organisations for their business. Credit rating is done on the basis of credit scores that are numerical values assigned to the MSMEs based on a statistical analysis to notify their credit worthiness. These scores are often evaluated on the basis of the credit reputation of a company, commonly known as a credit report, available from the Credit Bureau of India.

8.2 The project report: Any company seeking financial assistance for the implementation of its business idea is required to prepare a project report. Since the appraisal of the project involves evaluation of certain key areas, submitting this key information is necessary to ensure a watertight and viable project report. The management quality of the MSME is the first and foremost checkpoint for the financing institution. The background and previous track record of the management and the promoters in terms of heading businesses as well as their credit history forms an important value add for the firm. The organisation structure is significant as well as it is checked for balance of control and responsibility.

8.3 Alternative financing options: In spite of the various policies created to augment financial support to MSMEs and the growth in the credit limits of banks, MSMEs still face challenges when it comes to accessing timely and sufficient credit at a reasonable cost. These findings are one of the many indicators of the increasing importance of alternative source of financing for MSMEs in India. Factoring is a form of receivables finance whereby a business sells or assigns its accounts receivables (i.e. invoices) to a finance company (a factor) at a discount in exchange for immediate money with which to finance continued business. A CRISIL study on 5000 small and medium enterprises (SMEs) reveals that SMEs can enhance profits by at least 15 per cent if they receive payments on time from their large corporate customers. SMEs with large corporate customers have receivables of 90 to 120 days of sales on their balance sheets, as against 45 days stipulated by the Micro, Small, and Medium Enterprises Development (MSMED) Act. Factoring is capable of providing SMEs with the liquidity needed against their receivables and can be efficient alternate source of working capital.

9. CONCLUSION
The MSME sector, with its significant contributions to the Indian economy, is expected to be one of the pillars of the Make in India push. However, to ensure that it is well established as a bellwether of the Indian economy, it is essential that enabling infrastructure, particularly in terms of financing for
MSMEs, is made available to them. The aim should be to create an environment where MSMEs can thrive through not only easier access to finance but also an entire enabling ecosystem where MSMEs are able to access benefits created for them under a formal mechanism. The study encompasses the distribution and reach of the financial architecture for MSMEs through a wider base of financial intermediaries, including equity financing, receivables financing. The paper intends to leverage and improve upon the existing MSME financial architecture to create a new financial construct wherein financing is considerably easier to obtain, available in all corners of the country and at competitive rates of interest. It is hoped that such an approach will not only provide a concerted push to the MSME sector in India but will also provide collateral benefit for the financial sector, employment generation and economic growth of the country.

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C. Articles Published on the Web

D. Technical Documents, Congress Proceedings, etc
Students’ Attitudes and Intentions towards Entrepreneurship

TasmiyaNaaz          Aishwarya B          Afridi Ahmed A

Abstract

The objective of the current paper is to identify the students’ attitudes and intentions toward entrepreneurship, their personal characteristics, and future plans in connection with entrepreneurship. The results of the empirical study are brought to evaluate the preparation of bachelor programme graduates and master students in general for starting an entrepreneurship. The Likert scale is used for measurement of students’ attitudes based on their own opinions about motivations to start in business, the statements about their entrepreneurial characteristics and behavioral habits connected with business relations and organizations. In this context, the opinions of respondents about the obstacles met in starting a business and possible support needs are also a subject of this analysis, including the role of university to foster entrepreneurial initiative among students.

The research results showed that despite a considerable share of respondents thinking about entrepreneurship, most of them do not want to start business after graduation, but postpone this to a more distant future. Based on the students’ previous thoughts about and connections with entrepreneurship, or their plans, we can identify differences in the motives to start a business (e.g. ambition for freedom, self-realization, and pushing factors), as well as in personal characteristics, skills to participate in business relations and behaviour in organisation. The personal characteristics and behaviour typical of entrepreneur are executed with the intention to start a new venture soon. However, we can also find some exceptions and interesting connections based on the student’s status, specialty (economic or technical specialties) and degree of study. The paper seeks to provide clarification to understand these differences, as well as suggestions for increasing the role of universities in developing students’ entrepreneurial behaviour and improving entrepreneurship policies to stimulate entrepreneurial initiative among students.

Keywords: attitudes, intentions, entrepreneurship education, personality traits, support needs.

Introduction

For an economy to develop it is extremely important that the individuals venture out and have their own enterprise. This leads to an overall and stable development of the economy. The successful entrepreneurs should become a role model for the younger generations especially among the School and college going communities. Studies have proven that in India students have a great potential and talent to be an entrepreneur but due to parental and societal pressures they get demotivated and demoralized. This kills the entrepreneur in the student and he tends to do a routine job which he/she is least interested in and In the long run becomes unproductive and depressed. Students of today have a great knowledge about starting a business but lack the motivation. It is now the responsibility of educational institutions to support the entrepreneurial attitudes and intentions among students. Fostering entrepreneurship among students have become an important topic of discussion in Academics, Industry and above all to the Government.

Concept of Entrepreneurship

As several studies show, student interest in entrepreneurship as a career choice is growing (Brenner et al. 1991, Fleming 1994, Kolvereid 1996), while interest in professional employment in businesses is declining (Kolvereid 1996). The positive role of universities in developing entrepreneurial intention and to explore the factors influencing entrepreneurial behaviour of students are confirmed by a number of studies (Autio et al. 1997, Duijn2005, Fayolle et al. et. 2005, Gibb 1994, Hannan et al. 2004, Hannon 2005, Lüthje&Franke 2003, Reitan 1997) that help to explain the emergence of entrepreneurial intention among target groups as well as suggest the stimulation of entrepreneurship
education that can influence the students’ attitudes and intentions towards entrepreneurship. Many previous studies have suggested certain personality traits as indispensable prerequisites for starting in entrepreneurship (e.g. McCulland 1961, Hisrich and Peters 1989), or importance of different demographic characteristics (age, gender, origin, religion etc.) (Reinolds et al. 1994, Storey 1994). Literature provides a lot of definitions of the personality traits and analyses of the development of these definitions based on various business researches (Landström 2004). Already in the 18th century, Cantillon defined entrepreneur as a maker of motivated decisions and bearer of risks, as one who undertakes to manage business ventures. Entrepreneur has been defined as an innovator (Schumpeter 1934), an entrepreneurial person (person of initiative), an organiser and bearer of risk (Shapero 1975). A personality trait discussed as relevant for an entrepreneur is also ability to see disbalance between demand and supply and focus one’s entrepreneurial activity to changing this difference (Kirzner1973). Newest literature has also characterised entrepreneur as a person who has great imagination, flexibility, creativeness and innovativeness; a person who is ready for conceptual thinking, who sees a change as an opportunity for business (see Richards 1999, Kao et al. 2002, Timmons 1997).

Objectives of the Study:

To get an overview regarding Students attitude towards Entrepreneurship.

To understand the role of Educational institutions towards entrepreneurship.

To understand how the Educational programs benefit the budding entrepreneurs.

Methodology

An empirical study was carried out among bachelor programme graduates and master students across colleges, who were undergoing a course in Business Administration. A total of 200 undergraduate students were given questionnaires to be filled up. A small section of post graduate students was also interviewed. The name of the respondents and the colleges they are associated with have been kept confidential to avoid integrity issues.

Statement of the Problem

India is a Nation which has about 60% of the population under 30 years of age. It is set to become the “Youngest country” by 2020. In this context, it is very important to understand the mindset and attitude of today’s generation. Are they ok to work in one organization, under one master throughout their life like how their fathers and grandfathers did? Are they ok to remain a salaried employee and retire at 60? Don’t they want to venture into an area which has not been tried before? These are some questions which are raised in our mind when we think of the Younger generation. This research paper tries to explore the mindset and intentions of the younger generation towards entrepreneurship. Also it tries to explore how educational institutions can help the youngsters to achieve entrepreneurial goals.

Limitations of the study

Within the available time, we could interview only about 200 respondents, which may be a small size in a city like Bangalore. However, we assume that the respondents have used the best of their judgement and candidly filled the questionnaire which helps us to draw a relative conclusion.

Literature Review

Much of the literature on entrepreneurship can be divided into two broad camps focusing on individuals and structure respectively (e.g. Martinelli 1994, Thornton 1999). The first seeks to explain the prevalence of entrepreneurs in terms of innate psychological traits or how special characteristics are formed in certain social groups. The second highlights how social and cultural structures call forth entrepreneurs by providing opportunities for entrepreneurship. The goal is not always to explain...
entrepreneurial action on the micro level, but rather the amount of entrepreneurial activity in a certain place or time (Reynolds 1991).

An early and important contribution to the study of entrepreneurial individuals was David McClelland’s ‘The Achieving Society’ (1961). McClelland argued that some societies have cultural attitudes which translate into primary socialization practices that foster entrepreneurial individuals. Kets de Vries (1977) similarly argued that the entrepreneurial personality was the result of a particularly painful upbringing. Other researchers have sought the entrepreneurial personality in risk-taking propensity, internal locus of control, tolerance for ambiguity, over-optimism and need for autonomy (cf. Delmar 2000).

The structural tradition on the other hand seeks to understand how social, cultural and institutional factors induce entrepreneurship. Some argue that deviance and marginality encourage entrepreneurship, but most authors instead emphasize that cultural and institutional support, including good access to resources, is what encourages entrepreneurship (Martinelli 1994). Busenitz, Gomez and Spencer (2000) break this down into regulatory factors (e.g. institutions and policies), cognitive factors (e.g. knowledge of how to start ventures and obtain financial support), and normative factors (e.g. the perception of entrepreneurship as a career) which are used to explain both types and levels of entrepreneurship in different countries. Management researchers often emphasize the special influence of organizations and especially prior employment in established firms (Freeman 1986). Organizations are said to serve three critical functions: they provide opportunities to build confidence especially in the ability to create new organizations; provide general industry knowledge and specific information about entrepreneurial opportunities; and provide social networks and access to critical resources (Audia and Rider 2005).

**Data Analysis and Interpretation**

In this research paper, a study has been done to understand the entrepreneurial traits amongst undergraduate students and a few post graduate students. Questionnaires were prepared and distributed amongst students of a few colleges and the results were collated.

The below table explains the data distribution

**Table 1. Distribution of Respondents by Specialty, Gender, and Age**

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>32</td>
</tr>
<tr>
<td>Marketing</td>
<td>28</td>
</tr>
<tr>
<td>NA (First and Second year)</td>
<td>150</td>
</tr>
<tr>
<td>Post Graduates</td>
<td>8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>101</td>
</tr>
<tr>
<td>Female</td>
<td>99</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 -20 years</td>
<td>103</td>
</tr>
<tr>
<td>21-23 years</td>
<td>57</td>
</tr>
<tr>
<td>Above 23 years</td>
<td>40</td>
</tr>
</tbody>
</table>

The questionnaire included direct questions about students’ intention to start with business. The students’ intention was measured by empirical evaluation as the number of individuals who would like to be an entrepreneur (i.e. intention, thinking or being in the process). The intention to be an entrepreneur was asked also in time perspective, e.g. soon or later.
The attitudes of those who intended to start with business are based on their own opinions on the motivations to start with business.

The Likert scale is used for the measurement of students’ attitudes and intentions based on their own opinions. Opinions are expressed in a 5-point scale (1- completely agree, 2- rather agree, 3- both, this and that, 4- rather not agree, 5- not at all agree). The smaller the average estimate, the more likely is that the respondent has this trait.

The opinions of respondents about the obstacles met in starting a business and possible need for support are also a subject of analysis, including the role of colleges to foster entrepreneurial initiative among students. For that we asked the respondents to list in order of importance the factors that inhibit starting a business. We asked also what kind of support the respondents think would be most helpful for starting a business and whether they were aware of the support measures available in their respective institutions and have they used them. About Colleges we asked to answer whether the subjects they learned has motivated them and helps to start a business. We also asked which subjects they learned in university that have helped to start in business and what knowledge they still want to learn that would encourage to start a business. Some of the questions help to evaluate students’ awareness of entrepreneurship policies and suggest how to improve educational programmes.

The interpretation of the study was as follows

A significant portion of the respondents wanted to be entrepreneurs (62%).

Amongst them about 50% were ready to face backlashes and oppositions from family and remain unshaken in their goals.

A few of them said that though they had the zeal, their present financial condition could not allow them to take any risks.

70% of Women respondents said they would want to start an enterprise (small or big) instead of depending solely on their parents or spouse’s income. But most them said that they would take only calculated risks and would wind up the business if there is any opposition from the family.

More than 60% of the respondents agreed that their college had activities earmarked for entrepreneurship and they are getting the required support to become future entrepreneurs.

A few of the respondents (around 30%) had the resources but did not have any knowledge as to where and how to invest.

Obstacles to start a new venture

A few of the obstacles anticipated in starting a new venture which were highlighted through the study are as follows

Poor Market Research
Bad business plan
Not enough start-up money
Lack of support from Banks or Financial Institutions.
Poor marketing strategy
Lack of motivation both from Family and Society
Lack of financial support
Extensive borrowing from Family and Friends
Too much of stress due to stringent deadlines
Choosing a bad product or service and failing.

Findings and Recommendations

Findings

- Most the students (70%) do have the zeal to go ahead and explore the unexplored.
- The colleges also encourage students to become entrepreneurs by conducting workshops, seminars, and conferences on Entrepreneurship.
- Most of the educational institutions have an Entrepreneurial Development Cell to encourage entrepreneurial culture among students.
- Some of the respondents (30%) feel that the Govt or Financial institutions would not provide them any financial support because they are young and inexperienced.
- Some of the respondents (20%) still say that their parents force them to take up conventional courses like Medicine, Engineering etc and be employed rather than starting up a new venture.
- Some respondents (10%) felt that India is bad place to invest and they are better off investing in the western world. However, they still wanted to be entrepreneurs rather than being salaried employees.

Recommendations

- The students should venture out more into doing something on their own which they are passionate about by shedding their inhibitions.
- The colleges are doing their best to encourage entrepreneurship. However, they can still improve the situation by tying up with different EDP organisations and Industry delegates.
- The Government should also welcome new ventures and start-ups with open hands rather than looking at it as a liability. Of course, in recent years the Govt has been encouraging entrepreneurship.
- Students are ready to work 24x7 to become a successful entrepreneur and build an identity both to him and his organisation. Parental encouragement in this regard is extremely important.

Conclusion

The study was focused on identifying the attitudes and intentions of students to start with business, their personality traits and contextual factors of business environment, including the role of educational institutions in supporting students’entrepreneurial attitudes and intentions. The research results showed that despite the considerable share of respondents thinking about starting a business, a few of them do not want to undertake entrepreneurial activity after graduation, but postpone this to a more distant future. There could be various reasons that may be connected with personality traits, entrepreneurship knowledge and skills, and business environment problems. The attitudes of students toward entrepreneurship are assessed through analysing their motivations to start with business. Strongly represented in the respondents’ opinions were ambition for freedom followed by intention for self-realisation and the strongest pushing factor relates to searching for opportunity to earn better income. Though different target groups valued their motivation to entrepreneurship differently, the
respondents’ attitudes towards entrepreneurship correlated very clearly with their intentions to start with business in a time perspective. Those who attached higher importance to motivation factors intend to start with business soon, but students with lower motivations were thought to postpone the starting with business into distant future.

As business environment should support creation of enterprises, we learn from students’ opinions about contextual factors: perceived obstacles and support needs, including the role of university. The most frequently mentioned obstacles to starting business were lack of business idea and insufficient knowledge and skills. The third important obstacle mentioned by respondents was fear of risk, which may be caused by insufficient knowledge about entrepreneurship, starting a business, evaluation skills of business opportunities or other needful knowledge. Students are not aware of entrepreneurship support measures offered by the entrepreneurship support system either. Though students gave a positive opinion to the role of university in development of motivation to start with business, they need more knowledge in business planning, business law, and application of accounting programmes and foreign languages, as well as advice from specialists in the process of starting business.

Therefore the results of study suggest a need for increasing the role of Colleges and organisations in developing students’ entrepreneurial behaviour, providing them with knowledge on entrepreneurship, generation of a business idea, searching for and evaluation of business opportunities, as well as practical knowledge about the process of starting a business. The subjects offered and methods of teaching at the university should develop the students’ personality traits and skills, to develop their attitudes and intentions toward entrepreneurial behaviour. The other side relates to the improvement of entrepreneurship policies by the government to stimulate entrepreneurial initiative among students. Promotion of entrepreneurship can be facilitated by measures and activities aimed at increasing entrepreneurial initiative among students on different levels of education.

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Small Business and Entrepreneurship – Dr S Anil Kumar


Inclination towards Agricultural Entrepreneurship in India

VIDHYA P R

Abstract:
Agriculture plays a vital role in India’s economy. Over 58% of the rural households are dependent on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry is one of the major contributors to Indian economy. Several competitive players have invested in agricultural sector in India, which is driven by various government’s initiatives and schemes. Agricultural entrepreneurship is defined as the primarily related to production and marketing of agricultural products and also related to agricultural inputs namely diary, horticulture, fisheries, etc. Agriculture, along with fisheries and forestry is one of the major contributors to Indian economy. In this paper the author explains about various agricultural entrepreneurship in India.

Keywords: Agriculture, Entrepreneurship, Problem Faced

INTRODUCTION:
As we all know that Agriculture is the backbone of our country. Agriculture plays a vital role in India’s economy. Over 58% of the rural households are dependent on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry is one of the major contributors to Indian economy. Several competitive players have invested in agricultural sector in India, which is driven by various government’s initiatives and schemes. Agricultural entrepreneurship is defined as the primarily related to production and marketing of agricultural products and also related to agricultural inputs namely diary, horticulture, fisheries, etc. There are various types of entrepreneur namely skeptical entrepreneur, copycat entrepreneur, Research entrepreneur, determined entrepreneur, accomplished entrepreneurs, etc. Agriculture plays a vital role in India’s economy. Over 58% of the rural households are dependent on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry is one of the major contributors to Indian economy. Agricultural entrepreneurship is defined as the primarily related to production and marketing of agricultural products and also related to agricultural inputs namely diary, horticulture, fisheries, etc. There are various types of entrepreneur namely:

1. skeptical entrepreneur, 2.copycat entrepreneur,3.research entrepreneur,4.determined entrepreneur, 5.Accomplished entrepreneurs, etc.

Several competitive players have invested in agricultural sector in India, which is driven by various government’s initiatives and schemes. According to Department of Industrial policy and Promotion (DIPP), Then Indian agricultural services and agricultural machinery’s sector have cumulatively attracted FOREIGN DIRECT INVESTMENT (FDI) equity inflow of about us$2,278.3 million from April 2000-March 2016.

Budget for 2016-2017 proposed a slew measures to improve agriculture and increase farmer’s welfare such as 2.85 million hectares to be brought under irrigation, RS 287,000 crore(us$42.11 billion) grant in aid to be given to gram panchayaths and municipalities and 100% electrification by 2018. The government had set an ambitious target of producing a record of 270.1 Million tons of food grains by 2016-17, 7% higher than the 252.23 million tons of production estimated for 2015-16 to be brought under irrigation, RS 287,000 crore(us$42.11 billion) grant in aid to be given to gram panchayaths and municipalities and 100% electrification by 2018. The government had set an ambitious target of producing a record of 270.1 Million tons of food grains by 2016-17, 7% higher than the 252.23 million tons of production estimated for 2015-16.

STATEMENT OF THE PROBLEM:
Agricultural entrepreneurs confront issues and challenges like, lack of requisite knowledge about the agricultural techniques and tools that lead to uniqueness. There is an increase in consumption of fertilizers which is a barometer of agricultural prosperity but it is difficult to distribute sufficient fertilizers in all parts of the country of India’s dimensions inhabited the best manure. For marginal farmers there is inadequate supply of good quality of seeds due to exorbitant price. There is capital adequacy to start the agricultural due to lack of societal and family support to start up agricultural business. After finding the way for capital next problem is inadequate transportation to deliver agricultural goods and services from one place to another in stipulated time. There is also the lack of mechanism and leadership in today’s youth. Amidst cascading problems are there any takers of agricultural entrepreneurship? The study was undertaken to examine if the graduating students are aspiring to pursue agricultural entrepreneurship.

**Purpose and Scope of study** Around 90 graduates were taken into consideration for the survey to examine the inclination towards agricultural entrepreneurship. The purpose is to examine the problems and prospects associated with agricultural entrepreneurship in today’s market of intelligence.

**METHODOLOGY:**

Descriptive research design was adopted for the study. The sample elements were surveyed through a questionnaire. Prospective final year students of graduation and under graduation programmes of Bangalore University were considered under the sampling frame. Around 90 graduates were taken into consideration for the current survey. Probability sampling method was adopted and sample elements were chosen through simple random sampling method. The data so arrived from research analysis is the primary data consisting of 130 undergraduate, post graduate candidates.

**PROBLEMS FACED BY AGRICULTURAL ENTREPRENEURS:**

1. Small and fragmented land-holdings
2. Good quality of seeds is out of reach of marginal farmers mainly because of exorbitant price.
3. Increase in consumption of fertilizers is a barometer of agricultural prosperity but it is difficult to distribute sufficient fertilizers in all parts of the country of India’s dimensions inhabited the best manure
4. Irrigation, Soil erosion, Agricultural marketing, Inadequate storage facilities, Inadequate transportation, Scarcity of capital
5. Lack of societal and family support, Lack of mechanism, Lack of agricultural knowledge.

**ANALYSIS:**

**Reliability Scale**

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach's Alpha</td>
</tr>
<tr>
<td>0.837</td>
</tr>
</tbody>
</table>

As per the reliability scale 15 questionnaire prepared had resulted more than the criteria of 0.67 nullancy. Therefore the questionnaire is reliable on the research on agriculture.

**SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017**
Table 1:

<table>
<thead>
<tr>
<th>Agricultural -Entrepreneurship Ensures Adequate Livelihood</th>
<th>gender</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>female</td>
<td></td>
</tr>
<tr>
<td>Agricultural Entrepreneurship Ensures Adequate Livelihood</td>
<td>strongly disagree</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>somewhat agree</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>strongly agree</td>
<td>33</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>58</td>
<td>130</td>
</tr>
</tbody>
</table>

As per this analysis we could see that male bearing a total of 72 members responding out of which 69 members are accepting that Agricultural entrepreneurship ensures adequate livelihood and rest others are disagreeing with this regard i.e., 96% of total men are supporting for this survey rest 4% of the respondents are disagreeing. While female of total of 58 respondents out of which 52 respondents are accepting that agriculture will have adequate livelihood rest 6 members of total respondents are disagree with this regard i.e., 90% of total female respondents are agreeing with this regard 10% of female respondents are disagreeing with this regard.

Table 2:

<table>
<thead>
<tr>
<th>Agro- Entrepreneurship is Highly Productive</th>
<th>gender</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>female</td>
<td></td>
</tr>
<tr>
<td>Agro-Entrepreneurship is Highly Productive</td>
<td>strongly disagree</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>somewhat agree</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>strongly agree</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>58</td>
<td>130</td>
</tr>
</tbody>
</table>

As per the above table we could see a total of 72 male respondents out of which 69 male respondents contribute their opinion that agro-entrepreneurship are highly productive rest 3 people do not agree with this regard i.e., 96% of men agree that agriculture is highly productive rest 4% do not agree with this regard. While total of 58 female respondents all are accepting that Agro- entrepreneurship is highly productive i.e., 100% are supporting with this regard.

Table 3:

<table>
<thead>
<tr>
<th>Agricultural Entrepreneurship is labour Intensive</th>
<th>gender</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>female</td>
<td></td>
</tr>
<tr>
<td>Agricultural Entrepreneurship is labour Intensive</td>
<td>strongly disagree</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>somewhat agree</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>19</td>
<td>21</td>
</tr>
</tbody>
</table>

SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
As per the research Total respondents of 72 men and 58 of females, where 92% of the total male respondents are towards the criteria and rest 8% of men are against the criteria that agricultural entrepreneur are labour intensive. Around 93% of female respondents are agreeing with the regard rest 7% do not agree with this regard.

Table 4:

<table>
<thead>
<tr>
<th>Agricultural Entrepreneurship Ensures Sustainability</th>
<th>gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>female</td>
</tr>
<tr>
<td>Agricultural Entrepreneurship Ensures Sustainability</td>
<td>strongly disagree</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>somewhat agree</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>strongly agree</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>58</td>
</tr>
</tbody>
</table>

As per this analysis we could see men around 93% and female around 85% of total respondents agree that agro-entrepreneurship ensures sustainability. Together with male and female respondents 89% of total respondents agree that agro-entrepreneurship ensures sustainability.

Table 5

<table>
<thead>
<tr>
<th>Agro-entrepreneurship enhances economic status</th>
<th>gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>female</td>
</tr>
<tr>
<td>Agro-entrepreneurship enhances economic status</td>
<td>strongly disagree</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>somewhat agree</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>strongly agree</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>58</td>
</tr>
</tbody>
</table>

As per the above analysis men respondents around 90% and women around 86% towards agreeing the aspect that Agro- entrepreneur enhances economic status. Total of men and women contribute 87% towards enhancing economic status through agro-entrepreneurship.
Table 6

<table>
<thead>
<tr>
<th>Have adequate knowledge of Agro-entrepreneurship</th>
<th>gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>female</td>
</tr>
<tr>
<td>Have adequate knowledge of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agro-entrepreneurship</td>
<td></td>
<td></td>
</tr>
<tr>
<td>strongly disagree</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Disagree</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>somewhat agree</td>
<td>17</td>
<td>13</td>
</tr>
<tr>
<td>Agree</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>strongly agree</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>58</td>
</tr>
</tbody>
</table>

As per this analysis we could see that male bearing a total of 72 members responding out of which 64 members are accepting that they have adequate knowledge Agricultural entrepreneurship and rest others are disagreeing with this regard i.e., 89% of total men are supporting for this survey rest 11% of the respondents are disagreeing. While female of total of 58 respondents out of which 52 respondents are accepting that agriculture will have adequate livelihood rest other members of total respondents are disagree with this regard i.e., 90% of total female respondents are agreeing with this regard 10% of female respondents are disagreeing with this regard.

Table 7

<table>
<thead>
<tr>
<th>Government policies are supportive for Agro-Entrepreneurship</th>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>female</td>
</tr>
<tr>
<td>Government policies are supportive for Agro-Entrepreneurship</td>
<td></td>
<td></td>
</tr>
<tr>
<td>strongly disagree</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Disagree</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>somewhat agree</td>
<td>25</td>
<td>18</td>
</tr>
<tr>
<td>Agree</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>strongly agree</td>
<td>19</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>58</td>
</tr>
</tbody>
</table>

As per this analysis we could see that male bearing a total of 72 members responding out of which 61 members are accepting that Government supports Agricultural entrepreneurship and rest others are disagreeing with this regard i.e., 85% of total men are supporting for this survey rest 15% of the respondents are disagreeing. While female of total of 58 respondents out of which 53 respondents are accepting that government policies are supportive rest 5 members of total respondents are disagree with this regard i.e., 91% of total female respondents are agreeing with this regard 9% of female respondents are disagreeing with this regard.

Table 8

<table>
<thead>
<tr>
<th>Agricultural products are easily marketable</th>
<th>gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>female</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Agricultural products are easily marketable

<table>
<thead>
<tr>
<th></th>
<th>strongly disagree</th>
<th>Disagree</th>
<th>somewhat agree</th>
<th>Agree</th>
<th>strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6</td>
<td>8</td>
<td>11</td>
<td>25</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>7</td>
<td>13</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>15</td>
<td>24</td>
<td>38</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>72</td>
<td>58</td>
<td>130</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As per this analysis we could see that male bearing a total of 72 members responding out of which 58 members are accepting that Agricultural products are easily marketable and rest others are disagreeing with this regard i.e., 81% of total men are supporting for this survey rest 4% of the respondents are disagreeing. While female of total of 58 respondents out of which 48 respondents are accepting that agriculture products are easily marketable rest 10 members of total respondents are disagree with this regard i.e., 83% of total female respondents are agreeing with this regard 17% of female respondents are disagreeing with this regard.

Table 9:

<table>
<thead>
<tr>
<th>Agro-entrepreneurship is less risky</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>male</td>
</tr>
<tr>
<td>Agro-entrepreneurship is less risky</td>
</tr>
<tr>
<td>strongly disagree</td>
</tr>
<tr>
<td>Disagree</td>
</tr>
<tr>
<td>somewhat agree</td>
</tr>
<tr>
<td>Agree</td>
</tr>
<tr>
<td>strongly agree</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

As per this analysis we could see that male bearing a total of 72 members responding out of which 59 members are accepting that agro-entrepreneurs is less risky and rest others are disagreeing with this regard i.e., 82% of total men are supporting for this survey rest 18% of the respondents are disagreeing. While female of total of 58 respondents out of which 39 respondents are accepting that agro-entrepreneurship is less risky rest 19 members of total respondents are disagree with this regard i.e., 90% of total female respondents are agreeing with this regard 10% of female respondents are disagreeing with this regard.

Table: 10

<table>
<thead>
<tr>
<th>Family is supportive for Agro--entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>male</td>
</tr>
<tr>
<td>Family is supportive for Agro-entrepreneurship</td>
</tr>
<tr>
<td>strongly disagree</td>
</tr>
<tr>
<td>Disagree</td>
</tr>
<tr>
<td>somewhat agree</td>
</tr>
<tr>
<td>Agree</td>
</tr>
</tbody>
</table>
As per this analysis we could see that male bearing a total of 72 members responding out of which 69 members are accepting that family is supportive and rest others are disagreeing with this regard i.e., 96% of total men are supporting for this survey rest 4% of the respondents are disagreeing. While female of total of 58 respondents out of which 52 respondents are accepting that family is supportive rest 6 members of total respondents are disagree with this regard i.e., 90% of total female respondents are agreeing with this regard 10% of female respondents are disagreeing with this regard.

Table: 11

<table>
<thead>
<tr>
<th>Have Inclination towards Agricultural Entrepreneurship</th>
<th>Count</th>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>male</td>
<td>female</td>
</tr>
<tr>
<td>Have Inclination towards Agricultural Entrepreneurship</td>
<td>strongly disagree</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>somewhat agree</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>26</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>strongly agree</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>72</td>
<td>58</td>
</tr>
</tbody>
</table>

As per this analysis we could see that male bearing a total of 72 members responding out of which 65 members are accepting that they are inclined towards Agricultural entrepreneurship and rest others are disagreeing with this regard i.e., 90% of total men are supporting for this survey rest 10% of the respondents are disagreeing. While female of total of 58 respondents out of which 49 respondents are accepting that they are inclined towards agriculture Entrepreneurship rest 9 members of total respondents are disagree with this regard i.e., 85% of total female respondents are agreeing with this regard 5% of female respondents are disagreeing with this regard.

Table: 12

<table>
<thead>
<tr>
<th>Society encourages and supports Agro-Entrepreneurship</th>
<th>Count</th>
<th>gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>male</td>
<td>female</td>
</tr>
<tr>
<td>Society encourages and supports Agro-Entrepreneurship</td>
<td>strongly disagree</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>somewhat agree</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>29</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>strongly agree</td>
<td>25</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>72</td>
<td>58</td>
</tr>
</tbody>
</table>

As per this analysis we could see that male bearing a total of 72 members responding out of which 67 members are accepting that society encourages and supports Agro-entrepreneurship and rest others are disagreeing with this regard i.e., 93% of total men are supporting for this survey rest 4% of the respondents are disagreeing. While female of total of 58 respondents out of which 46 respondents are accepting that society encourages and supports Agro-entrepreneurship rest 6 members of total respondents are disagree with this regard i.e., 79% of total female respondents are agreeing with this regard 10% of female respondents are disagreeing with this regard.

Table: 13
Demand is inconsistent and Seasonal for Agro Products

<table>
<thead>
<tr>
<th>Count</th>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>Female</td>
</tr>
<tr>
<td>Demand is inconsistent and Seasonal for Agro Products</td>
<td>strongly disagree</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>somewhat agree</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>strongly agree</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>58</td>
</tr>
</tbody>
</table>

As per this analysis we could see that male bearing a total of 72 members responding out of which 62 members are accepting that demand is inconsistent and seasonal for Agro-products and rest others are disagreeing with this regard i.e., 86% of total men are supporting for this survey rest 14% of the respondents are disagreeing. While female of total of 58 respondents out of which 55 respondents are accepting that the demand is inconsistent and seasonal for Agro-products rest 5 members of total respondents are disagree with this regard i.e., 95% of total female respondents are agreeing with this regard 5% of female respondents are disagreeing with this regard.

Table: 14

Agro-Entrepreneurship has a promising future

<table>
<thead>
<tr>
<th>Count</th>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>Female</td>
</tr>
<tr>
<td>Agro-Entrepreneurship has a promising future</td>
<td>strongly disagree</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>somewhat agree</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>strongly agree</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>58</td>
</tr>
</tbody>
</table>

As per this analysis we could see that male bearing a total of 72 members responding out of which 67 members are accepting Agricultural entrepreneurship has promising future and rest others are disagreeing with this regard i.e., 93% of total men are supporting for this survey rest 7% of the respondents are disagreeing. While female of total of 58 respondents out of which 51 respondents are accepting that Agricultural entrepreneurship has promising future rest 8 members of total respondents are disagree with this regard i.e., 88% of total female respondents are agreeing with this regard 12% of female respondents are disagreeing with this regard.

Table: 15

SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
Agro-Entrepreneurship ensures flexibility in Operations

<table>
<thead>
<tr>
<th>Count</th>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>Female</td>
</tr>
<tr>
<td>Agro-Entrepreneurship ensures flexibility in Operations</td>
<td>strongly disagree</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>somewhat agree</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>strongly agree</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>58</td>
</tr>
</tbody>
</table>

As per this analysis we could see that male bearing a total of 72 members responding out of which 65 members are accepting that Agro-entrepreneurship ensure flexibility in operations and rest others are disagreeing with this regard i.e., 90% of total men are supporting for this survey rest 10% of the respondents are disagreeing. While female of total of 58 respondents out of which 56 respondents are accepting that Agro-entrepreneurship ensure flexibility in operations rest 2 members of total respondents are disagree with this regard i.e., 97% of total female respondents are agreeing with this regard 3% of female respondents are disagreeing with this regard.

Suggestions:

1. Ensure that adequate knowledge is given regarding the Agro-entrepreneurship in India.
2. Government should regularly supervise the flow of funds in effective agro-businesses.
3. Increase agro-productivity. Prioritize agro-products in the country.
4. Increase the subsidies for agro-entrepreneurs.
5. Government should prioritize agro-entrepreneurs as public are inclined to agro-entrepreneurship.
6. Government should increase the awareness about the sustainability of agro-business in the country economy.
7. Various university should give competitive course related to agro-entrepreneurship in their state. Easy accessibility of knowledge.
8. Creating competitive markets for Agro-products manufactured by Agro-entrepreneurs.

Findings:

1. Major respondents who are graduate, undergraduate and post graduate agree that agro-entrepreneurship ensure adequate livelihood.
2. Many public does not possess enough agro-entrepreneurship knowledge.
3. Major agro-entrepreneurs face difficulties in easily marketing their products.
4. Major respondents feel that agro-entrepreneurship is less risky than other entrepreneurs.

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5. If the government takes effective initiatives to boost up the confidence in the young entrepreneurs mind so that they are able to start up agro-business which will boost up foreign direct investment thereby develop country economy.

6. Major respondents feel that agro-entrepreneurship ensures flexibility in operation due to technovation implemented effectively.

7. It is also believed that agro-entrepreneurship has a promising future.

8. As per the research it clearly depicts that family, society and government supports and encourages agro-entrepreneurship.

9. It ensures that agro-entrepreneurship possess adequate livelihood in the society.

10. Agro-entrepreneurship ensures easily marketable goods, sustainability, and enhances economic status in the country.

Conclusion:
As we all know that Agriculture is the backbone of our country. Agriculture plays a vital role in India’s economy. Agricultural entrepreneurship is defined as the primarily related to production and marketing of agricultural products and also related to agricultural inputs namely diary, horticulture, fisheries, etc. Several competitive players have invested in agricultural sector in India, which is driven by various government’s initiatives and schemes. According to Department of Industrial policy and Promotion (DIPP), Then Indian agricultural services and agricultural machinery’s sector have cumulatively attracted FOREIGN DIRECT INVESTMENT (FDI) equity inflow of about us$2,278.3 million from April 2000-March 2016.

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A Study on the Role of Women Entrepreneurs in Small Scale Industries in Kanyakumari District

Dr. T. Vijayakumar          Sankaripriya

Abstract

Entrepreneurism is an important way to fulfill their personal needs, to make them self-dependent and moreover to improve their economic status. Women entrepreneurship is an emerging reality. The main aim of the study is to study the role of women entrepreneurs in small scale industries. It is possible to study the problems faced by the women entrepreneurs. The area of study is limited to Kanyakumari District only. In this study both the secondary as well as primary data have been used. The secondary data have been used for gathering the theoretical and conceptual background on the study area. Published and unpublished sources of information have been used for the secondary data. The primary data have been used in order to fulfill the objectives of research work. The secondary data were collected from various books, journals, magazines, theses, newspapers, study papers and websites. The primary data have been collected through a well constructed questionnaire.

Keywords: Entrepreneurship, Women Entrepreneurs, Small Scale Industries

Introduction

Entrepreneurism is an important way to fulfill their personal needs, to make them self-dependent and moreover to improve their economic status. Women entrepreneurship is an emerging reality. Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. Government of India has defined women entrepreneurs as an enterprise owned and controlled by a women having a minimum financial interest of 51% of the capital and giving at least, 51% of employment generated in the enterprise to women. Economically, women have been making progress, but still men enjoy a larger share of their cake. In India, although women constitute approximately, 50% of the total population, entrepreneurial world is still a male dominated one. Women entrepreneur in India have to cope with various socio-economic problems. Society attitude and supports are major determinants of women entrepreneurial success. The social and cultural role played by women may place additional burden on them. Women entrepreneur face difficulties in getting finance which is a critical resource for venture creation. A number of scheme and programmers are there to promote self-employment among women. In this context, promotion of entrepreneurship among educated women is the extreme need of the time. A number of state and center govt. institutions and non govt. organizations are engaged in the field of promoting entrepreneurship among women. Small Scale Industries (SSI) plays a key role in the industrialization of the country. It is considered as an important means for checking concentration of economic power in the few hands and bringing about economic dispersal and more equitable distribution of national income. The nature and characters of SSI is suitable to women to become entrepreneurs. In this article an attempt has been made to view the participation of women entrepreneurs in Small Scale Industries.

Statement of the Problem

The non availability of adequate finance, paucity of raw materials, absence of technical and managerial guidance, and non availability of industrial accommodation and marketing facilities are the other major problems facing the small scale sector. The slow growth industries due to lack of entrepreneurship, which performs the function of initiating, establishing and organizing industries. The development of small scale industries is hampered by a diversity of problems. There are certain problems common to all types of cottage and small scale industrial units. In this context, the present study is devoted to a detailed study of the problems of the small scale industrial sector. It also helps to suggest remedial measures.
Objectives of the Study

- To find the demographic profile of the women entrepreneurs those who commence small scale industries in Kanyakumari District.
- To find out the factors motivated to the women entrepreneurs to start Small Scale Industries.
- To study the problems faced by women entrepreneurs in Small Scale Industries.

Scope of the Study

The main aim of the study is to study the role of women entrepreneurs in small scale industries. It is possible to study the problems faced by the women entrepreneurs. The area of study is limited to Kanyakumari District only.

Methodology

In this study both the secondary as well as primary data have been used. The secondary data have been used for gathering the theoretical and conceptual background on the study area. Published and unpublished sources of information have been used for the secondary data. The primary data have been used in order to fulfill the objectives of research work.

The secondary data were collected from various books, journals, magazines, theses, newspapers, study papers and websites. The primary data have been collected through a well constructed questionnaire. The questionnaire was finalised after making a pretest through the pilot study.

Sampling Design

In this research work, the combination of purposive sampling and snowball sampling technique has been used. In purposive sampling, we sample with a purpose in mind. We usually would have one or more specific predefined groups we are seeking. Purposive sampling can be very useful for situations, where we need to reach a targeted sample quickly and where sampling for proportionality is not the primary concern. With a purposive sample, we are likely to get the opinions of target population and we can also identify subgroups in the population.

In snowball sampling, few respondents who fulfill the criteria for the study were identified. Then they were asked to recommend others who they may know who also meet the criteria. Although this method would hardly lead to representative samples, there are times when it may be the best method available. Snowball sampling is especially useful when we are trying to reach populations that are inaccessible or hard to find. In this study, the researcher has selected 125 women entrepreneurs of small scale industries in Kanyakumari district.

Limitations of the study

The study is subject to some limitations. The study was conducted among the various women entrepreneurs those who are running small scale industries in Kanyakumari District. The results are location specific as the data has been collected from the respondents of Kanyakumari District and therefore the conclusions drawn may not be applicable to different socio-economic conditions.
Table 1

Age-wise classification of SSI Women Entrepreneurs

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Age</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25 or below years</td>
<td>10</td>
<td>8.0</td>
</tr>
<tr>
<td>2</td>
<td>26 to 35 years</td>
<td>29</td>
<td>23.2</td>
</tr>
<tr>
<td>3</td>
<td>36 to 45 years</td>
<td>41</td>
<td>32.8</td>
</tr>
<tr>
<td>4</td>
<td>46 to 55 years</td>
<td>30</td>
<td>24.0</td>
</tr>
<tr>
<td>5</td>
<td>Above 55 years</td>
<td>15</td>
<td>12.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

Table 1 shows that the dominant age groups are 36 to 45 years and 46 to 55 years which constitute 32.8 per cent and 24 per cent respectively, followed by the age group of 26 to 35 years, above 55 years and 25 years and below which constitute 23.2 per cent, 12 per cent and 8 per cent respectively.

Table 2

Marital Status-wise classification of SSI Women Entrepreneurs

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Marital Status</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Married</td>
<td>90</td>
<td>72.0</td>
</tr>
<tr>
<td>2</td>
<td>Unmarried</td>
<td>20</td>
<td>16.0</td>
</tr>
<tr>
<td>3</td>
<td>Widow</td>
<td>12</td>
<td>9.6</td>
</tr>
<tr>
<td>4</td>
<td>Divorcee</td>
<td>3</td>
<td>2.4</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

Table 2 shows that married and unmarried respondents are the dominant groups which constitute 72 per cent and 16 per cent respectively, followed by the respondents who are widow and divorcee which constitute 9.6 per cent and 2.4 per cent respectively.

Table 3

Educational Status-wise classification of SSI Entrepreneurs

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Educational Status</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than 8th Std</td>
<td>5</td>
<td>4.0</td>
</tr>
<tr>
<td>2</td>
<td>Matric</td>
<td>9</td>
<td>7.2</td>
</tr>
<tr>
<td>3</td>
<td>Plus two</td>
<td>15</td>
<td>12.0</td>
</tr>
<tr>
<td>4</td>
<td>Diploma holder</td>
<td>4</td>
<td>3.2</td>
</tr>
<tr>
<td>5</td>
<td>Graduate</td>
<td>37</td>
<td>29.6</td>
</tr>
<tr>
<td>6</td>
<td>Post-graduate</td>
<td>25</td>
<td>20.0</td>
</tr>
<tr>
<td>7</td>
<td>Technocrats</td>
<td>17</td>
<td>13.6</td>
</tr>
<tr>
<td>8</td>
<td>Professional</td>
<td>13</td>
<td>10.4</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

Table 3 shows that the respondents who are graduates and post-graduates are the dominant education groups which constitute 29.6 per cent and 20 per cent respectively, followed by the respondents who are technocrats, plus two, professional, matric, less than 8th Std and diploma which constitute 13.6 per cent, 12.0 per cent, 7.2 per cent and 4.0 per cent respectively.
constitute 13.6 per cent, 12 per cent, 10.4 per cent, 7.2 per cent, 4 per cent and 3.2 per cent respectively.

**Table 4**

Annual Earnings of the business of SSI Women Entrepreneurs

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Annual Earnings of the business</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Below Rs.2,00,000</td>
<td>37</td>
<td>29.6</td>
</tr>
<tr>
<td>2</td>
<td>Rs.2,00,001-4,00,000</td>
<td>42</td>
<td>33.6</td>
</tr>
<tr>
<td>3</td>
<td>Rs.4,00,001-6,00,000</td>
<td>30</td>
<td>24.0</td>
</tr>
<tr>
<td>4</td>
<td>Above Rs.6,00,000</td>
<td>16</td>
<td>12.8</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

Table 4 shows that respondents who belong to annual earnings of the business between Rs.2,00,001-4,00,000 and below Rs.2,00,000 are the dominant groups which constitute 33.6 per cent and 29.6 per cent respectively, followed by the respondents who belong to annual earnings of the business between Rs.4,00,001-6,00,000 and above Rs.6,00,000 which constitute 24 per cent and 12.8 per cent respectively.

**Table 5**

Location of SSI

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Location of SSI</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Urban</td>
<td>40</td>
<td>32.0</td>
</tr>
<tr>
<td>2</td>
<td>Rural</td>
<td>85</td>
<td>68.0</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

Table 5 clearly shows that 32 per cent of the respondents mentioned that their SSI units are located in urban area and 68 per cent of the respondents said that their SSI units are located in rural area.

**Table 6**

Type of Industry

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Type of Industry</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agro-based</td>
<td>18</td>
<td>14.4</td>
</tr>
<tr>
<td>2</td>
<td>Forest based</td>
<td>11</td>
<td>8.8</td>
</tr>
<tr>
<td>3</td>
<td>Textile</td>
<td>37</td>
<td>29.6</td>
</tr>
<tr>
<td>4</td>
<td>Chemical</td>
<td>9</td>
<td>7.2</td>
</tr>
<tr>
<td>5</td>
<td>Food processing</td>
<td>32</td>
<td>25.6</td>
</tr>
<tr>
<td>6</td>
<td>Electrical/Electronic</td>
<td>2</td>
<td>1.6</td>
</tr>
<tr>
<td>7</td>
<td>Engineering and allied</td>
<td>3</td>
<td>2.4</td>
</tr>
<tr>
<td>8</td>
<td>Private limited concern</td>
<td>8</td>
<td>6.4</td>
</tr>
<tr>
<td>9</td>
<td>Tannery</td>
<td>5</td>
<td>4.0</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

Type of industry analysis reveals that the majority (29.6%) of the respondents belong to textile industry followed by 25.6% of the respondents belong to food processing industry, 14.4% of the respondents belong to agro-based industry, 8.8% of the respondents belong to forest based...
industry, 7.2% of the respondents belong to chemical industry, 6.4% of the respondents belong to private limited concern, 4% of the respondents belong to tannery, 2.4% of the respondents belong to engineering and allied industry and 1.6% of the respondents belong to electrical/electronic.

Table 7
Factors motivated to commence the industry – Garrett Ranking Technique

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Factors</th>
<th>Total Score</th>
<th>Average Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Scope for earning more profit</td>
<td>6979</td>
<td>55.83</td>
<td>I</td>
</tr>
<tr>
<td>2</td>
<td>Easy/cheap availability of raw materials</td>
<td>6675</td>
<td>53.40</td>
<td>II</td>
</tr>
<tr>
<td>3</td>
<td>Less capital intensive</td>
<td>5725</td>
<td>45.80</td>
<td>XIV</td>
</tr>
<tr>
<td>4</td>
<td>Cheap and easy availability of labour</td>
<td>6330</td>
<td>50.64</td>
<td>III</td>
</tr>
<tr>
<td>5</td>
<td>More Government assistance/subsidy</td>
<td>6192</td>
<td>49.54</td>
<td>VI</td>
</tr>
<tr>
<td>6</td>
<td>Priority in financial assistance from Financial Institution</td>
<td>6045</td>
<td>48.36</td>
<td>IX</td>
</tr>
<tr>
<td>7</td>
<td>Presence of allied industries</td>
<td>5894</td>
<td>47.15</td>
<td>XII</td>
</tr>
<tr>
<td>8</td>
<td>Easy marketability of products</td>
<td>5755</td>
<td>46.04</td>
<td>XIII</td>
</tr>
<tr>
<td>9</td>
<td>Employment generation</td>
<td>6205</td>
<td>49.64</td>
<td>V</td>
</tr>
<tr>
<td>10</td>
<td>Availability of all the infrastructural facilities (Water, electricity, etc..)</td>
<td>6104</td>
<td>48.83</td>
<td>VII</td>
</tr>
<tr>
<td>11.</td>
<td>Inheritance</td>
<td>6091</td>
<td>47.73</td>
<td>VIII</td>
</tr>
<tr>
<td>12.</td>
<td>Unable to get a job</td>
<td>5911</td>
<td>47.29</td>
<td>XI</td>
</tr>
<tr>
<td>13.</td>
<td>Free from labour problem</td>
<td>6287</td>
<td>50.30</td>
<td>IV</td>
</tr>
<tr>
<td>14.</td>
<td>Having previous experience in the same/similar field</td>
<td>4326</td>
<td>34.61</td>
<td>XV</td>
</tr>
<tr>
<td>15.</td>
<td>Possessing/managerial qualification</td>
<td>6026</td>
<td>48.21</td>
<td>X</td>
</tr>
</tbody>
</table>

Source: Primary data

It is clear from the Table that majority of the sample women entrepreneurs had given the first rank to scope for earning more profit. The table exhibits that the sample women entrepreneurs had given second rank to easy/cheap availability of raw materials. The table further shows that the sample women entrepreneurs had given the third rank to cheap and easy availability of labour. It is further clear from the table that the sample women entrepreneurs had given the last rank to having previous experience in the same/similar field.

Table 8
Problems faced in small scale industries – Garrett Ranking Technique

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Problems</th>
<th>Total Score</th>
<th>Average Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial problems</td>
<td>7344</td>
<td>58.75</td>
<td>I</td>
</tr>
<tr>
<td>2</td>
<td>Production problems</td>
<td>5821</td>
<td>46.57</td>
<td>VI</td>
</tr>
<tr>
<td>3</td>
<td>Marketing problems</td>
<td>6070</td>
<td>48.56</td>
<td>V</td>
</tr>
<tr>
<td>4</td>
<td>Technological problems</td>
<td>6530</td>
<td>52.24</td>
<td>IV</td>
</tr>
<tr>
<td>5</td>
<td>Political problems</td>
<td>5277</td>
<td>42.22</td>
<td>VII</td>
</tr>
<tr>
<td>6</td>
<td>Government policies and procedures</td>
<td>4159</td>
<td>33.27</td>
<td>IX</td>
</tr>
<tr>
<td>7</td>
<td>Geographical problems</td>
<td>4967</td>
<td>39.74</td>
<td>VIII</td>
</tr>
<tr>
<td>8</td>
<td>Problems due to infrastructure facilities</td>
<td>7119</td>
<td>56.95</td>
<td>II</td>
</tr>
<tr>
<td>9</td>
<td>Managerial problems</td>
<td>6794</td>
<td>54.35</td>
<td>III</td>
</tr>
</tbody>
</table>

Source: Primary data
It is clear from the Table that majority of the sample women entrepreneurs had given the first rank to financial problems. The table exhibits that the sample women entrepreneurs had given second rank to problems due to infrastructure facilities. The table further shows that the sample women entrepreneurs had given the third rank to managerial problems. It is further clear from the table that the sample women entrepreneurs had given the last rank to government policies and procedures.

Problems faced in small scale industries and age group of women entrepreneurs

Women entrepreneurs of different age groups face problems in small scale industries at different level. In order to find out the significant difference in problems faced in small scale industries among different age group of women entrepreneurs in Kanyakumari district, ‘ANOVA’ test is attempted with the null hypothesis, 

\( H_0 \) - “there is no significant difference in problems faced in small scale industries among different age group of women entrepreneurs in Kanyakumari district”.

The result of ‘ANOVA’ test is presented in the Table.

**Table 8**

Problems faced in small scale industries among different age group of women entrepreneurs – ANOVA

<table>
<thead>
<tr>
<th>Problems</th>
<th>Age (Mean Score)</th>
<th>( F ) Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25 or below years</td>
<td>26 to 35 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund management</td>
<td>4.3684</td>
<td>4.3462</td>
</tr>
<tr>
<td>Decision making problem</td>
<td>3.9355</td>
<td>3.9000</td>
</tr>
<tr>
<td>Problem in selecting the line of business</td>
<td>4.1429</td>
<td>4.0526</td>
</tr>
<tr>
<td>Lack of Marketing skill</td>
<td>4.1000</td>
<td>3.9615</td>
</tr>
<tr>
<td>Lack of technical knowledge</td>
<td>3.6000</td>
<td>3.2143</td>
</tr>
<tr>
<td>Problems in planning</td>
<td>4.2258</td>
<td>4.0714</td>
</tr>
<tr>
<td>Facing more problems in controlling the resources of industries</td>
<td>3.9677</td>
<td>3.8421</td>
</tr>
<tr>
<td>Lack of support from family members</td>
<td>4.0000</td>
<td>3.6429</td>
</tr>
<tr>
<td>Problems of dual responsibilities (women)</td>
<td>3.2542</td>
<td>4.2000</td>
</tr>
<tr>
<td>Lack of co-ordination in management</td>
<td>4.3077</td>
<td>4.0000</td>
</tr>
<tr>
<td>Dispute among the partners</td>
<td>4.1154</td>
<td>4.0714</td>
</tr>
</tbody>
</table>

Source: Primary data

*Significant at five per cent level

Table indicates that inadequate infrastructure is the important problems faced in small scale industries by the women entrepreneurs who belong to the age group of 25 years or below years and 26 to 35 years as their mean scores are 4.5769 and 4.5214 respectively. Table further indicates that problems of dual responsibilities is the important problems faced in small scale industries by the
women entrepreneurs who belong to the age group of 36 to 45 years, 46 to 55 years and above 55 years as their mean scores are 4.5714, 4.3684 and 4.3548 respectively. Regarding the problems faced in small scale industries, the significant difference among the different age group of women entrepreneurs are identified in the case of problems in planning and problems of dual responsibilities, since the respective “F” statistics is significant at 5 per cent level, the null hypothesis is rejected.

Problems faced in small scale industries and marital status of women entrepreneurs

Women entrepreneurs of different marital status face problems in small scale industries at different level. In order to find out the significant difference in problems faced in small scale industries among different marital status of women entrepreneurs in Kanyakumari district, ‘ANOVA’ test is attempted with the null hypothesis, $H_0$ - “there is no significant difference in problems faced in small scale industries among different marital status of women entrepreneurs in Kanyakumari district”.

The result of ‘ANOVA’ test is presented in the Table.

Table 9

Problems faced in small scale industries among different marital status of women entrepreneurs – ANOVA

<table>
<thead>
<tr>
<th>Problems</th>
<th>Marital Status (Mean Score)</th>
<th>F Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Married</td>
<td>Unmarried</td>
</tr>
<tr>
<td>Fund management</td>
<td>4.0000</td>
<td>4.4286</td>
</tr>
<tr>
<td>Lack of managerial skill</td>
<td>3.8621</td>
<td>4.1818</td>
</tr>
<tr>
<td>Decision making problem</td>
<td>3.7736</td>
<td>3.8966</td>
</tr>
<tr>
<td>Problem in selecting the line of business</td>
<td>3.8571</td>
<td>3.9091</td>
</tr>
<tr>
<td>Lack of technical knowledge</td>
<td>4.2727</td>
<td>4.3448</td>
</tr>
<tr>
<td>Problems in planning</td>
<td>3.7273</td>
<td>3.8276</td>
</tr>
<tr>
<td>Facing more problems in controlling the resources of industries</td>
<td>3.4545</td>
<td>3.8571</td>
</tr>
<tr>
<td>Inadequate infrastructure</td>
<td>3.5898</td>
<td>2.7273</td>
</tr>
<tr>
<td>Lack of support from family members</td>
<td>3.1818</td>
<td>3.7143</td>
</tr>
<tr>
<td>Problems of dual responsibilities (women)</td>
<td>3.6792</td>
<td>3.8182</td>
</tr>
<tr>
<td>Lack of co-ordination in management</td>
<td>3.6981</td>
<td>4.3636</td>
</tr>
<tr>
<td>Dispute among the partners</td>
<td>3.8100</td>
<td>3.7170</td>
</tr>
</tbody>
</table>

Source: Primary data

*Significant at five per cent level

Table indicates that lack of technical knowledge and lack of marketing skill are the important problems faced in small scale industries by the women entrepreneurs who are married as their mean scores are 4.2727 and 4.1818 respectively. Table further indicates that lack of marketing skill and fund management are the important problems faced in small scale industries by the women entrepreneurs who are unmarried as their mean scores are 4.5094 and 4.4286 respectively. Table reveals that lack of marketing skill is the important problems faced in small scale industries by the
women entrepreneurs who are widow and divorcee as their mean scores are 4.5862 and 4.7143 respectively. Regarding the problems faced in small scale industries, the significant difference among the different marital status of women entrepreneurs are identified in the case of problems in planning and facing more problems in controlling the resources of industries, since the respective “F” statistics is significant at 5 per cent level, the null hypothesis is rejected.

Suggestions

The following are some of the suggestions based on the analysis.

- Registration procedure for SSI units may be simplified and the process is to be simplified. Some requirements insisted in the initial stages are really a burden to the emerging entrepreneurs.

- Steps are to be taken to ensure that quality and standardised raw materials are made available to all SSI units. Uninterrupted supply of raw materials will help to reduce the problems of SSI units.

- The procedures and yardsticks followed, while sanctioning the financial assistance to the small scale industrial units, should be made uniform for all banks.

- Timely disposal of credit proposals should stressed upon to save the small entrepreneurs from paying exorbitant rates of interest to the moneylenders and friends and relatives.

- The Banks can constitute ‘Technical Cell’ consisting of industrialists, consultant Charted Accountants and Industrial Associations to reduce unnecessary delay in the sanctioning and disbursed of loans.

- Reserve Bank may have a cell to monitor once in six months the distribution of loans and also monitor the full utilization of credit facility for the priority sector.

- Composite loan should be made available to small scale industrial units from a single source with enhanced level of Rs. 25 lakh without insisting collateral security.

- The Banks should charge interest only at Prime Lending Rate as fixed by Reserve Bank of India.

- All the branches of the banks and financial institutions should display in writing the assistance for scheme rendered by the branches.

- To counter the liquidity of working capital problems, bills culture and factoring services need to be promoted.

- To solve the marketing of products, marketing centers need to be setup and development with modern infrastructure facilities.

- The association of small scale industrial units must come forward for collective purchase and supply of ares raw materials to small scale industrial units.

Marketing research and information conducted and collected by the Central and State Government agencies should be made available to the small scale industrial units for their follow up action.

Conclusion

The small-scale industries located in Kanyakumari District in particular, and in other parts of the country in general, have a very good future prospect. The factors which create a good future of the industry are the size of market, the nature and pattern of demand, customers’ attitude and behaviour,
economic conditions of individual customer, cost of manufacturing and marketing etc. There are other positive and growth oriented factors which influence the prospects. These forces are: less capital intensiveness of the industry, extensive promotion and rigorous support by the government, reservation for exclusive manufacture, reservation for exclusive purchase by government, export promotion measures, assistance for project formulation, financial assistance and subsidies, assistance in machinery procurement, tooling and testing support, arrangement for enhancing, technical and managerial skills, manpower, training facilities etc.

References


Entrepreneurship as a Tool for Rural Women Development-
A case study of Chitradurga District

Vinay.M

ABSTRACT

The adoption of new forms of business, technologies and goods not previously available at a location is considered to be a prime mover in development of nations, regions and communities by providing identity to the women promoting entrepreneurship regions. This study attempts to know the possibilities of rural entrepreneurship to women who seek to take a stand for their existence and also create awareness to those sectors where women entrepreneurship is taken as misguidance by male dominance. The benefit of rural women entrepreneurs and boost the mankind to uplift their existence than sharing dominance. The present paper attempts to study the necessity of entrepreneurship in rural area for women.

Keywords: Entrepreneurship, communities, regions, development.

Introduction

Rural development is more than ever before linked to entrepreneurship. Institutions and individuals promoting rural development now see entrepreneurship as a strategic development intervention that could accelerate the rural development process. Furthermore, institutions and individuals seem to agree on the urgent need to promote rural enterprises: development agencies see rural entrepreneurship as an enormous employment potential; politicians see it as the key strategy to prevent rural unrest; farmers see it as an instrument for improving farm earnings; and women see it as an employment possibility near their homes which provides autonomy, independence and a reduced need for social support. To all these groups, however, entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment.

The entrepreneurial orientation to rural development accepts entrepreneurship as the central force of economic growth and development, without it other factors of development will be wasted or frittered away. However, the acceptance of entrepreneurship as a central development force by itself will not lead to rural development and the advancement of rural enterprises. What is needed in addition is an environment enabling entrepreneurship in rural areas. The existence of such an environment largely depends on policies promoting rural entrepreneurship. The effectiveness of such policies in turn depends on a conceptual framework about entrepreneurship.

Entrepreneurship needs nothing new from a global perspective. The adoption of new forms of business, technologies and goods not previously available at a location is considered to be a prime mover in development of nations, regions and communities by providing identity to the women promoting entrepreneurship development. This study attempts to know the possibilities of rural entrepreneurship to women who seek to take a stand for their existence and also create awareness to those sectors where women entrepreneurship is taken as misguidance by male dominance. The benefit of rural women entrepreneurs and boost the mankind to uplift their existence than sharing dominance.
Review of Literature

Historical Background of Entrepreneurship

Vedic literature articulates that “Where women are respected, there the god’s delight” — Vedic age is the golden era to memorize the status of woman in Karnataka history also. Since the time immoral Karnataka is known for many women entrepreneurs who took the initiative to expand and protect the business and the state. Some of them are OnakeObbavva, Rani Abbakka, KitturuChennamma, NatyaraniShantala so on an so forth.

After the independence many institutions have taken interest in empowering the women by setting up various infrastructure facilities for women to set up their own business units and become economically strong in the economy. These institutions were initially hidden since the women were not given equal opportunities and freedom when compared to men. Various schemes adopted by Government of Karnataka to improve the status of women are: Karnataka MahilaAbhivrudhiYojana, Bhagyalakshmi Scheme, TaayiBhagya, SaksharaBharatha, Santhwana, Karnataka MahilaAbhivrudhiYojane (KMAY), Working Woman’s Hostels, Financial Assistance to Women Law Graduates, Special Cell For Eradication of Social Evils, Implementation of Protection of Women from Domestic Violence Act, 2005, Legal Literacy, Financial Assistance for the Remarriage of Destitute Widows and Marriages of Devadasis, Swadhara scheme for women in difficult circumstances, Karnataka Industrial policy 2009-2014 has also given importance to the skill development by emphasizing on the entrepreneurship development among youth especially women.

State Resource Centre (SRC) State resource centre was established at Woman’s Development Corporation, Bangalore during 1995-96 with the intention to evaluate the Government schemes implemented by Woman’s Development Corporation and also to promote research on gender issues. It organizes gender and product development workshops, establishes a library, provides counseling centre for women, establishes a data bank for the Corporation and provides assistance to the scholars who want to conduct studies in woman development and also to bring out quarterly Women Development Corporation’s Newsletter. Women Self Employment Counseling Centers are furthermore established at Bangalore, Mangalore (D. K. District), Belgaum, Chikmagalur, Davanagere, Chitradurga, Bangalore (Rural) and Mysore, Mandya, Tumkur, Dharwad, Gulbarga, Bellary and so on.

Swa Shakti Project

The project helps to build grass-root voluntary development organization and community based people’s organization. Besides, it also relates to national and state government, educational institutions, media, international aid agencies and socio-cultural organizations.

Swawalamban

This scheme was initially known as NORAD (Norwegian Agency for International Development) The Department of Women and Child Development under the Ministry of Human Resource Development, has implemented a scheme, since 1998-99. The main aim is to set up Employmentcum-Income Generating and Training-cum-Production Units. This Scheme is targeted at the poor and needy women in urban and rural areas including migrant labourers, women from weaker sections such as scheduled castes and scheduled tribes, families headed by women and women below poverty line in Karnataka state. This provides for skill up gradation training for such underprivileged women to take up income generating activities

Woman’s Self-Help Groups (SHGs)

Woman’s Self-Help Groups have been created and effectively used for empowering women in many developmental programmes. At a conservative 209 estimate, seven lakhs woman’s groups have been formed in the country under various Government sponsored programmes. A self help group is an informal voluntary association of around 15 — 20 members, formed to attain a collective goal, SHG has to self select members, nearly 90% are only women group. It has to be homogenous members.
should ideally be from the same or similar Community, with Common goal, education and Income level etc

**Objectives of the study are:**

1) To study the necessity of entrepreneurship in rural area for women.
2) To study the challenges faced by rural women entrepreneurs.
3) To study the ways of overcoming the barriers of rural entrepreneurship for women.

**II. Methodology**

The methodologies employed in determining the data are based on both primary and secondary data. The primary data is been collected from Doddasiddavvanahalli, Baligatte, Siddapura, Vijapura of Chitradurga district.

**Findings**

As per the first objective the necessity of entrepreneurship in rural area for women:

1) Economic growth is been regarded by 84% of the total respondents as highest necessity of entrepreneurship in rural area for women.
2) 31% of the total respondents are in the view that standard of living as a necessity of entrepreneurship in rural area for women.
3) Increase in literacy rate is agreed as a necessity of rural entrepreneurship of women by 78% of the total respondents.
4) Social interaction as a necessity of women entrepreneurship in rural sectors is regarded by 63% of the total respondents.
5) Financial independence is regarded by 64 % of the total respondents as a necessity of entrepreneurship in rural area for women.
6) 73% of the total respondents agree that decision making capacity is a necessity of entrepreneurship in rural area for women.
7) Social security, enhancement of awareness of equal rights and identity from dominance by male as a necessity of entrepreneurship in rural area for women is been regarded by 56 % of the total respondents.

As per the second objective the challenges faced by rural women entrepreneurs are:

1) Inequality in rights and gender differences is been regarded by 24% of the total respondents as the barrier to entrepreneurship to rural women.
2) Education, transport and communication is in the view of 83% of the total respondents as the challenges faced by rural women entrepreneurs.
3) 64% of the total respondents regarded limited financial activities and high tax rate respondents as the challenges faced by rural women entrepreneurs.
4) Superstitious belief is been regarded by 46% of the total respondents as challenges to rural women entrepreneurs.
5) Business development services, growth of small sophistication of goods and lack of knowledge in business related area as a challenge to rural women entrepreneurs by 39% of the total respondents.
6) 87% of the total respondents are in the view that lack of infrastructure is the cause of problem to rural women.

As per the third objective the ways of overcoming the barriers of rural entrepreneurship for women are:

1. Government activities is been regarded by 81% of the total respondent as the ways of overcoming the barriers of rural entrepreneurship for women.
   a) Social security scheme by 29%.
   b) Decision making policy for women by 32%.
   c) Provision of marketing and sales assistance by 20%.

2. Education, infrastructure, linkage between rural and urban area, training for occupational health and safety is been regarded by 37% of the total respondent as the ways of overcoming the women’s faced challenges of rural entrepreneurship.

3. 55% of the total respondents view that counseling related to support gender sensitivity, superstition, equality in rights and family priority help to remove the barrier for women entrepreneurs in rural areas.

4. Encourage employer organisation to reach rural area, coordination among business development service provider and promote green and eco friendliness as way to success in rural women entrepreneurs by 93% of the total respondents.

Analysis

Entrepreneurial orientation to rural development takes entrepreneurship as the main force to economic growth and development. The acceptance of entrepreneurship as a developmental force will lead the advancement of rural enterprises. Environment enabling entrepreneurship is thus needed to suffice the development of rural area.

The existence of such an environment largely depends on literacy, infrastructure, social interaction and most importantly financial and social security. Gender analysis leads to discriminatory practices that perpetuate systemic barriers and do not respond to women entrepreneurs’ needs. Inequalities in rights no matter in economic, civil or family are a source of discrimination against women controlling over resources that are crucial to starting an enterprise. Rural women are often unaware of their rights and here is when education comes into play. Proper education related to awareness of rights and gender equality needs to be imparted for the betterment of rural women.

These will led to better understanding of the situations demand resulting to which the standard of living will raise and also the economy of our nation will improve. Economic vitality of a country is a necessary for social vitality. Other important factors such as education, health, social services, housing, transport facilities, flow of information, communication and so on, can be developed in the long run. It is important to stress that rural entrepreneurship in its substance does not differ from entrepreneurship in urban areas. Entrepreneurship in rural areas is a unique blend of resources that can be achieved by widening the base of a business to include all the non-agricultural uses.

Superstition on the other hand plays a definite role discouraging women entrepreneurship. Many beliefs which holds no practicality is been powered on women community only to deprive them from going out in the society and paralyse them from having any existence of their own and be dominated by a certain précised area. Social norms and attitudes affect the laws and regulations of a women’s free living. Underdeveloped infrastructure in rural area in context to transport, electricity, clean water, limits women’s access to resources needed for starting up an enterprise. Healthcare, and reproductive and care work adds on to challenges for rural women entrepreneurs.
Unavailable business development services are barrier for entrepreneurship as low population density does not attract these service providers. Therefore women are to rely on friends and family for management decisions and other business support. Feminized markets like handicrafts, agricultural, livestock products, with no legal registration and regular workforce, inadequate operating capital to cover employees’ social protection and health benefits add to further challenges. Scale of operation, lack of transportation limits their capacity to achieve growth and build sustainable livelihoods. Decision-making power is also not available as the spouse may not identify themselves as business owners.

This discourages and de motivates the women entrepreneurs to grow professionally, be innovative or demonstrate entrepreneurial attitudes. Government here can play a major role in overcoming the challenges faced by the rural women entrepreneurs. Policies, rules and regulation related to social security, decisions making assistance and women marketing and sales assistance by business providers will helpful to the rural women in understanding and acquiring knowledge related to marketing, business, accounting and so on. Education and training related to marketing techniques, lessons of health care, child care and personality development as business women will empower them as good entrepreneurs.

Access to market opportunities with particular focus on domestic niche markets suitable for women will be a step in rural women entrepreneurial help. Silk production, weaving and so on may be advantageous. Linkages between urban and rural areas women entrepreneurs’ would help the flow of information and connectivity to markets by knowing new target area where the rural women entrepreneurs would be beneficial to the urban women entrepreneurs.

III. Suggestion

The growth of women entrepreneurs requires acceleration because entrepreneurial development is impossible without the participation of women. A congenial environment is needed to enable a woman to participate actively in entrepreneurial activities. The supportive roles in promoting the rural women entrepreneur are:

1. Promoting of gender equality to overcome discrimination of role play in family and community in rural area.
2. Women empowerment to devise and diversify vocational training, building confidence and encouraging their changing needs and skills.
3. Education to the rural women about new marketing and business tactics.
4. Infrastructural development by the government to increase the possibility for business service provider and industrial sector to enhance the entrepreneurship of women
5. Micro finance assistance by government to rural women in larger scale.
6. Training on gender sensitive issue
7. Marketing assistance by marketing the products produced by women entrepreneurs of rural areas.
8. Conduction of trade fairs specifically to advertise the work of rural women entrepreneurs.

IV. Conclusion

The growth of women business owners and their needs cannot be overlooked. Women entrepreneurs have increasingly played an important role in spurring job creation and economic development. They still continue to face challenges in accessing capital to expunge into the marketplace and from further expanding their enterprises. A critical need to women businesses is to access to capital. And so the government must put forward a pressure in providing financial assistance to them. High tax rate also is a demoralizing factor. The minimization of tax to the initial income of the new starters would boost
the level of entrepreneurship. Education and infrastructural development must also been taken into consideration as a high factor for revolution to entrepreneurship. Growth of entrepreneurship of women in rural area is a critical concern and the more priority is imparted the speedy will be the start for new edges of market which would high the economy of the nation.

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A Study on ‘Make in India’ Initiative and its Challenges

Vinitha Jose

Abstract

Make in India is the brainchild and ambitious campaign of our Prime Minister Shri Narendra Modi, which was started on September 25, 2014. This program has received a lot of appreciation in both India and abroad. It is an open invitation showcasing India’s potential to the rest of the world. Through this concept, The Indian government is trying to attract foreign direct investment from the world to boost the Indian economy. It is a humble attempt to make India less dependent on imports and concentrate on exports, thus increasing the inflow of money into India. Make in India if implemented successfully has several advantages and benefits for the country and its citizens. This being said, the Make in India concept also has a few drawbacks, which must not be ignored. This paper will discuss about the Make in India concept and also discuss about the potential challenges it will face in the Indian economy. This study solely relies on secondary data collected from various articles, books, journals, websites and online sources.

Key words

Make in India, Challenges in Make in India, Make in India Cons, Manufacturing sector, Cons of Make in India

1. INTRODUCTION

Make in India is the brainchild and ambitious campaign of our Prime Minister Shri Narendra Modi which was started on September 25, 2014. The main mission of this “Make In India” campaign is to invite, convince, and encourage the foreign companies and domestic companies in order to set up their manufacturing bases in India, and export their goods and products to countries of the world over. This program has received a lot of appreciation in both India and abroad. It is an open invitation showcasing India’s potential to the rest of the world. The main objectives of this campaign are

- To increase the share of the manufacturing sector in the national GDP from around 16% at present to 25%.
- To create 100 Million additional jobs especially in the manufacturing sector, by the 75th anniversary of India's Independence in 2022.
- To establish an annual growth rate of 12-14% in the Indian manufacturing sector over the medium term.
- To attract and promote latest technologies in manufacturing, and improve the global competitiveness of Indian manufacturing.
- To nurture and promote Skill Enhancement and Innovation in the country.
- To ensure sustainable growth, especially with regard to environment, through the said “Zero Defect Zero Effect” policy.
- To establish an impeccable and efficient Intellectual Property Regime in India.
- And, to take necessary measures to improve further the ‘Ease of Doing Business’ in India.
From the above stated objectives, we can clearly see that the program is highly ambitious. Now the question is- Will the Make in India campaign be as easy as it sounds? If implemented successfully, it is definitely a big thumps up for India, but the whole idea of bringing all the loose pieces together to create a well fitted puzzle is surely a dream. The whole campaign is not a one-time affair but it calls for ongoing and long term commitment. In order to succeed, the campaign requires constant push and support from everyone to continue with the same thrust.

India is a Young Nation and is a powerhouse of resources and capabilities which will enable it to emerge as a manufacturing super power in the world. In the year 2013, India has been ranked as the fourth most competitive manufacturing country as per Deloitte’s global index of 38 nations. In another survey, according to McKinsey Consulting, the manufacturing sector of India has the potential to reach US $1 Trillion, and contribute 25-30% to the National GDP by the year 2025, along with generating around 90 million jobs. The Indian economy has several strengths such as:-

It boasts of having the second largest workforce in the world and also it is the youngest nation in the world leaving China behind. Also, the cost of manpower is comparatively cheaper in India when compared to other developing nations. India is blessed and boasts of rich and diverse natural resources. Many economic sectors are highly fertile for growth.

2. LITERATURE REVIEW

Chaudhari (2015) has discussed about the acceptance of Make in India theme among the youth. The paper talks about how the students believe that Make in India will transform and benefit the Indian economy. The paper also points out that the students think that the Make in India will boost the employment opportunities in manufacturing and service sector than agriculture sector.

Soundhariya (2015) has discussed in her paper that India has the capacity to push the GDP growth to 25% in the next few years. Make in India mission is a long term initiative which will realize the dream of transforming India into manufacturing hub.

Green (2014) has discussed in his paper about how Make in India will transform India into a global manufacturing hub. The paper throws light on the growth potential of the Indian economy.

3. OBJECTIVES OF THE STUDY

- To understand Make in India and its objectives
- To understand the challenges involved in the implementation of the Make in India campaign.

4. RESEARCH METHODOLOGY

The Information has been gathered is from online sources which include magazines, newspapers, and journals.

5. MAKE IN INDIA AND ITS CHALLENGES

Negligence of Agriculture- Every country has certain naturally gifted resources. India has 60.3 percent of agriculture land. The climate is very favorable to grow variety of crops. By concentrating on agriculture, we can surely make best use of our gifted resources. But if we are only looking at creating concrete jungles with focus on manufacturing, then we are neglecting agriculture and allowing the depletion of our natural resources. If we allow Make in India to happen, then be assured...
that after two generations almost all agricultural lands would have been occupied by some foreign company.

**Getting Electricity** - The cost of getting electricity cheaper when compared to the rest of South Asia but the number of formalities and procedures involved is tedious and tiresome.

**Land Acquisition** – It is very well known that in India, Procedural delays are very common in Land acquisition and also in acquiring licenses to start a new business. Apparently, the average time taken to acquire land is 14 months.

**Technologically backward and cost centric on technology** – In India, we are always very labor dependent and want to make all the work very labor intensive. We fear the replacement of manual skill by machines if technology is brought in. Also while investing in Technology, we always look for the cheapest option available thus compromising on the quality that comes with the technology. The people have always been resistant to change and always resisted the introduction of new technology.

**Pollution** – We all know that China is an overly industrialized country. Pollution is very high in China and every year close to 1.6 million people die due to the high pollution and many suffer from various respiratory diseases. Air pollution is killing an average of 4,000 people a day in China, The pollution also trigger heart attacks, strokes, lung cancer and asthma, according to the study by Berkeley Earth, an independent research group funded largely by educational grants.

If India is concentrating on becoming a manufacturing hub like China, then there are no doubts that Indians will go through the same as the Chinese. Also let us not forget about the Mercury contamination by HUL in Kodaikanal and the Bhopal gas tragedy. Industrialization will only lead to more environment abuse.

**World class infrastructure** – India lacks good infrastructure meeting world class standards. If India wants to do business with the rest of the world, it should be able to provide good roads and ports. Building infrastructure of such standard is expensive and will need a lot of money.

**Bad Relations with China and Stiff Competition** - When India announced its ‘Make in India’ campaign, its biggest competitor China also did the same. Is India ready to compete with the number one manufacturing industry in the world? Also by doing such, India would only be weakening its relation with China.

**Violating the theory of Comparative Advantage** - As per Economics, it is not feasible for a country to produce every single commodity by itself. Some countries enjoy comparative advantage in production for certain commodities. Hence when it is not feasible for India to produce the commodity, it is best to import the same at a lower cost.

**Automation / Robotics** – When the whole world is running behind automating production processes and relying on robotics, India is still in the era where it believes in labor power. In simple words, technology has progressed so rapidly over the past few decades that only very cheap wages can compete with capital equipment. And to be competitive with the rise of robotics, those wages must stay low—exactly the opposite of what India’s economy needs. The best example to describe this scenario is-Foxconn, a company that uses more than one million employees to assemble Apple products such as the iPhone and iPad, has plans to automate 70% of its assembly line work over the next three years. In cases like this, the dependence on labor force will fall steeply and rapidly. Also, Vivek Wadhwa, Stanford University fellow who is at the forefront of alerting the world on the robotic threat, told the BBC recently that it was now “indisputable” that a new kind of industrial revolution won’t require many humans. “In a decade or two you’ll find that robots and artificial intelligence can do almost every job that human beings do. We are headed into a jobless future,” he says.

**Lack of Money** - Industries and infrastructure is a must for Make in India to happen. In order to build both, the country is in need of funds. At present, India’s bad loans total up to total Rs443,000 crores. In such a crisis, where is the source of finance to build buildings and bridges?
Slow train to skills: India has tremendous young blood but the main problem is that they are not fully equipped or trained to perform various tasks. India needs trained and skilled people to operate efficiently and effectively. Right from the manager to the worker, our people must be empowered with the knowledge, the tools, the skills and the mindset to build world-class teams that can then deliver world-class performance. A report by consulting firm Ernst & Young said in 2012 that India lags far behind other nations in imparting skills training to its workers. Also, what has been taught in colleges and what is really needed for an individual to work are two different things. The students graduating out of colleges are not really industry ready. They lack specific skills. Even though we have the National Skill Development Corporation (NSDC), it is still at its primitive stage and requires a lot of work to be done.

According to an Economic Survey by the government sometime around last year, it is said that the skilled workforce in India is counted at a mere 2%, while the NSDC estimated a need for 120 million skilled people in the non-farm sector – which would make it 10% of the population at current levels. Dearth of vocational education facilities and lack of training facilities are a key part of India’s industrial landscape.

Starting a business and Ease of Doing Business - There are 12 procedures to complete in the initial set up of a business costing 49.8% of income per capita. It takes nearly a month (27 days) in order to complete the tasks on an average. Also, according to the ease of doing business index created by the World Bank group, India ranks 130 out of 189 companies which clearly indicates that the country needs to lessen paper work and formalities in order to promote and foster foreign investment into the country.

6. CONCLUSION

There are several issues and challenges involved in the Make in India campaign. In order to make the program a big success, it is very important that the Government relaxes the rules of doing business in India. Also, while the manufacturing sector needs more care and attention, let us all not neglect the agricultural sector. It is very important to strike a good balance between the manufacturing sector, service sector and agricultural sector.

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SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
ABSTRACT

Entrepreneurs create new businesses. Entrepreneurship not only plays a revolutionized role but also invigorates economic freedom unfurling economic sustainability with an effectual social change. Simultaneously it also strengthens one’s morale and adds some vital inputs to their lives which can have a cascading effect on our economy on a positive note. Thus it have been precariously noted that an ambience of entrepreneurship, a mind of an enterprise is required to stimulate the intrinsic ideas and galvanize our economic and social growth to the utmost. Capacity building in this arena draws a significant corner in supplementing an escalated entrepreneurship development throughout the country. Capacity building is the process of unleashing, strengthening, creating, adapting and maintaining capacity over time (OECD, 2006). Capacity building in all levels – individual, social and organizational – is needed to enable an overall development. It has been found that people often dither to take up entrepreneurial activities in our country. These unwitting and unobservant attitudes need to be changed. Here comes the need for capacity building through various strategies, structures, information, skills, understanding, knowledge, standards, assessment and overall enforcement. The paper delves deep into the relevance and the dire need of capacity building in the field of entrepreneurship development and how can capacity development nourish and equip oneself with the adroitness and prowess of an entrepreneur who can create a virtuous cycle in our economy and rise high above the plateaued growth.

Keywords: entrepreneurship development, capacity building, economic growth, social change

Prelude

India has undergone a paradigm shift in its economic position in the world. We have also witnessed a sustained increase in economic growth down the years. But still we find ourselves in the ‘capital poor’ economies. A problem of poverty, unemployment, income inequality still grapples our system and the gap widens. India still standing with the circle of ‘developing country’ needs to resuscitate their growth strategy as it is through this change, productivity capacity can be increased and vicious circle of poverty could be turn down. A productive partnership would help enhance the overall development of the country which is possible through capacity building activities. Improving the functioning of the different institutions, enhancing the capacity of representative bodies, ongoing improvement of research and development in entrepreneurship growth, one would harness the entrepreneurial development expertise and lead to a sustained economy. Various study and research have emphasized that entrepreneurship in a country do have a positive effect on the level of economic growth in that country. Several empirical studies go on finding the factors which determine the cause of economic growth and ‘entrepreneurship’ acts as one of the importunate factors as Daniel Smith points out ‘Innovation will be defined as the creation of previously unknown economically profitable ideas’ provided society pursues pro market government policies. Capacity building plays a vital role in this series. Capacity building is much more than training. It is an approach that helps not only individual development but also social development through understanding the obstacles that restricts in achieving the desired goal through strengthening and enhancing one’s knowledge, skills, abilities and competencies thereby achieving measurable results. Such an approach would definitely quicken, stimulate and liven up entrepreneurial activities.

CAPACITY BUILDING
Capacity building is a long term, continuing and complex process, which depends on the participation and constant interaction between all the involved stakeholders. Capacity building strategies and approaches demand a high degree of flexibility. The demand for capacity building may vary enormously between countries, regions and sectors and the demand for capacity building is constantly changing (Govindarajan, 2016). UNEP described capacity building as ‘building abilities, relationships and values that will enable organizations, groups and individuals to improve their performance and achievetheir development objectives’ (Discussion paper, UNEP, May, 2006). It focuses to bring about a change within a state, a society and an individual through initiation and a sustainable process. UNEP identified the following ways to improve the effectiveness of capacity building: 1) Identifying needs and building on existing capacity 2) Being clear about the objectives 3) Using a wide range of capacity building approaches 4) Making the training of trainers approach work 5) Institutionalizing capacity building programmes of regional and national level 6) Target the right people to build a critical team

United Nations Conference on Trade and Development (UNCTAD) strongly believes in the ‘potential contributionsof entrepreneurship to job creation and inclusive growth’. They focused on strategies and identified ways to develop and aggrandize entrepreneurship and ‘maximize its contribution to national goals. UNCTAD in collaboration with the commonwealth Secretariat has developed a capacity development framework for augmentation of entrepreneurship.

ENTREPRENEURSHIP – as atool for empowerment across the country

Entrepreneurship is more than mere creation of business. It is a dynamic process of vision, change and creation. The Indian society essentially requires economic security which is possible when entrepreneurs try to convert their ideas into economic opportunities through innovations which help them and our country stand apart and gain competitive advantage. It requires an application of energy and passion towards creation and implementation new ideas and creative solutions. The following points highlights the significance of entrepreneurship so needed that amplify one’s liberated ideas and innovations.

The Need for Capacity Building in Entrepreneurship Development

1. Capacity Development programmes help to accelerate the development of entrepreneurial attitude, behaviour and action across the society and particularly among the people who are agog.

2. Capacity building programmes help in understanding and developing the entrepreneurial ecosystem where people get to learn that for creating entrepreneurial venture it is not alone a body or a person who can start up. It is a combined effort which includes business (large & small firms, as well as entrepreneurs), policy makers (international, national, regional, local) and formal and informal educational institutions.

3. Capacity building programme assists the budding entrepreneurs as well as thoughtful mind deciding to startup and succor on an initial assessment of the current business structure, focusing on training in important components which identified as most for growth stimulation.

4. Capacity building workshops helps to identify and create entrepreneurial talent and direct them towards proper selection of business.

5. Capacity building activities carries a process of creating self awareness and development of individual capacity for creative thinking, innovative decision making, and policy implementation. It provides a holistic approach for developing one’s inner capabilities in terms of personnel and other facilities that facilitates learning.

6. Capacity building provides a large scope for application of information and communication technology tools and build capacity for various stakeholders thereby covering more inclusive decision making platform.

7. It is through capacity building workshop and activities that help in steering the entire process of planning, monitoring and conceptualizing the entrepreneurship skills that help in overall development of the stakeholders.

8. Capacity building workshops, activities help in community engagement which might not be otherwise possible. They provide a link to the entrepreneurs to and learn from potential clients, strategic partners and professionals thereby strengthening their entrepreneurship motives.
9. Capacity building strategies help in ‘real world learning’ thereby guiding them in diverse range of competency building pedagogical methods

10. Capacity building apart from assisting and instilling the skills among people and alarming the country regarding the development of entrepreneurship activities also hone a person leadership skills and groom them to be competent individual, a visionary and a inspirational icon which is essential for credibility of an entrepreneur.

Capacity Building Pillars for strong entrepreneurial venture

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<thead>
<tr>
<th>Capacity Building Pillar</th>
<th>Description</th>
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<tbody>
<tr>
<td>OPERATIONAL CAPACITY BUILDING</td>
<td>It is essential to understand the dynamics on the floor, the ground level activities and operations that gives an overview as well as insight of the business.</td>
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<tr>
<td>MANAGEMENT CAPACITY BUILDING</td>
<td>Gaining management experience is critical for building up an entrepreneurial venture successful. Understanding of responsibility, accountabilities, loopholes, resources, skills, managing people is another pillar for strengthening one’s own entrepreneurial circumspection.</td>
</tr>
<tr>
<td>FINANCIAL MANAGEMENT CAPACITY BUILDING</td>
<td>For entrepreneurship development it is vital for understanding financial resources, financial statements and management of overall financial health of a company that helps a person identify the key indicators.</td>
</tr>
<tr>
<td>PERSONAL CAPACITY BUILDING</td>
<td>Above all in spite of a deeper insight into operations, management and finance, it is essential to build one’s own capacity for restoring and polishing up business and business ideas. It is required to learn through the passage of development of capacity building such behaviours as dedication, perseverance, ambition, determination, strong will, transparency, openness etc.</td>
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Source: https://strategyplanone.wordpress.com/2012/03/07/the-four-capacity-building-pillars-of-entrepreneurship/

Capacity Development activities for augmenting entrepreneurship

Common Services Centre Scheme (CSCS) of Ministry of Electronics and Information Technology, Govt. of India have taken up vital initiatives in capacity building skills in promoting new vistas for village level entrepreneurship and generation of local wealth to support a more sustainable lifestyle. CSCS are trying to gear up and focus on overall entrepreneurship awareness and skill development activities and training. CSCS emphasized on:

- Awareness with respect to growing and diversified livelihood opportunities in rural areas.
- Appreciation of advancement in ICT (Information & Communication Technology) and the potential influence it should have on rural economy in terms of business generation and employment.
- Exposure to the local and national best practices.
Exposure to government programmes, institutions and community programmes.

Business acumen, administration, financial management and marketing skills

Ability to recognize and seize new business opportunities

Exposure to rural entrepreneurship concepts and practices

**National Skill Development Corporation, India** (NSDC) has been fostering skill enhancement among the people of India who are eager to create a skilled country through their incisive intellect and determined mind. NSDC with their endeavour are trying to upgrade skills to international standards, initiate PPP, guiding capacity building strategies for marginalized and special groups supporting self employment and entrepreneurship programmes. A scheme has been designed for entrepreneurship development by Ministry of Skill Development and Entrepreneurship. It covers the following elements in proselytizing entrepreneurship upshot:

- Educate and equip potential and early stage entrepreneurs across India
- Connect entrepreneurs to peers, mentors and incubators
- Support entrepreneurship through enterprise hubs (e-Hubs)
- Catalyze a culture shift to encourage entrepreneurship
- Promote entrepreneurship among women
- Foster social entrepreneurship and grass root innovation
- Encourage entrepreneurship among underrepresented groups

**TARA LIVELIHOOD ACADEMY** plays a crucial role in making people; especially the rural youth enter into a new phase of economic development through enterprise development programmes and firmly believes in creating many entrepreneurs. The academy highlights on the making of the business plan to knowledge about market linkage in a sequential way.

**WADHWANI FOUNDATION** launched the National Entrepreneurship Network or NEN in 2003 to build powerful entrepreneurship programmes with schools, colleges, universities so that they can be aware of and indulge in this brand new arena and support thousands of entrepreneurs who are looking forward for a unique opportunity or heading high. They focus on robust entrepreneurial ecosystem. They have a couple of programmes for entrepreneurship development. The prime among them is ‘Capacity Building’ where NEN train and certifies faculties across the network so that India can get more and more entrepreneurship mentors. Other programmes include

- National Advocacy and Recognition programme
- Angel Platform
- Mentor Platform
- Entrepreneur Academy

**TATA TRUST** in collaboration with Harvard University South Asia Institute (SAI) is launching a programme for learning entrepreneurship skills and developing opportunities that would lead to a path of sustainable prosperity. Research project and a workshop entitled ‘Livelihood creation in India through social entrepreneurship and skill development’ is a first step towards capacity building among people to provide them economic empowerment. They are invigorating participants of the programme to step ahead and deal with the market and make a profitable and sustainable venture.
Capacity building and Women Entrepreneurship

A woman has been regarded as the nuclei of a nation. In India, women are desperate to unchain themselves and stand out. Thereby these women need more avenues of skill development to intensify and improve their competency. Thus female entrepreneurship represents untapped source of economic growth and innovation. Several capacity building activities are conducted across the country to reveal their inner bent in entrepreneurship development. Mahila Coir Yojana is a woman oriented self employment scheme in the coir industry which promote ample scope for rural women artisans in producing coir fiber. Sameem Mahila Mandal has taken a prospective step by building 100 rural BPL women capacity through training and non formal education and improving their opportunities of entrepreneurship development. It helps them to attain self reliance through various capacity building workshops. STEP (Support to Training and Employment Programme) scheme aims to provide skills that would help to find jobs for women and ingrain in them virtuosity and skill that enable women to set a new path for employability and entrepreneurship.

Conclusion

Capacity building not only enhances necessary skills but also provide networking and mentoring opportunities across India. It is through capacity building activities that entrepreneurship development leads to a positive impact on the lives of the people in India. It helps to find out latest trends and techniques in the field of business making India more competitive. Capacity building activities should be appreciated and escalated not only for entrepreneurship promotion but also for social inclusion. The different initiatives taken by India on governmental, social and individual level has enriched people across the country with self reinforcing ideas and implementations. Exchange of best practices in terms of planning and implementation would unveil productive and worthwhile entrepreneurship strategies. Thus it has become a high time to drive the process of strengthening, vitalizing and boosting individuals as well as the entire system to generate more and more entrepreneurial opportunities, vistas and avenues and instill sustainable and purposeful business venture.

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**An Empirical Study on the Challenges and opportunities for the Entrepreneurial Development - An Indian dimension**

Yashodha.S.M

**Abstract**

True Entrepreneurs are resourceful passionate and driven to succeed and improve. They’re pioneers and are comfortable fighting on the front line. The great ones are ready to be laughed at and criticized in the beginning because they can see their path ahead and are too busy working towards their dream. An entrepreneur is a business person who not only conceives and organises ventures but also takes frequently in taking risk in doing so. Not all independent business people are true entrepreneurs, and not all the entrepreneurs are created equally. Different degrees or levels of entrepreneurial intensity and drive depend upon how much independence he exhibits, the level of leadership and innovation they demonstrate, how much responsibility they shoulder and how creative they become in envisioning and executing their business plans. This paper provides an insight into the meaning, qualities required for an entrepreneur, opportunities and challenges faced by them and at last with a small discussion on the entrepreneur as a career.

**Key words:**

Challenges, opportunities, Entrepreneurship, Economic Development, Start ups

**INTRODUCTION**

The economic development of a nation depends on its industrial developments. Industrial developments is based on entrepreneurial competencies of the people. Hence the concept of building Entrepreneurship Promotion is the order of the day. The term Entrepreneurship is derived from the French word —Entreprindrel and the German word —Unternehmenl, both the terms means to undertake Bygrave and Hofer in 1891 define the entrepreneurial process as involving all the functions, activities and actions associated with perceiving the opportunity and creation of the organization is to perceive them.

In simple terms Entrepreneurship is an act of being an Entrepreneur which can be defined as one who undertakes innovations, finance and business acumen in an effort to transform the innovation economic goods. Peter Drucker proposed that Entrepreneur is the practise and not a state of being nor it is characterized by the making plans that are not acted upon. Entrepreneurship being with the action, creation of new organization. The new organization may or may not become self- sustaining and in fact never earn significant revenue. When the individuals have created a new organization they have entered Entrepreneurship paradigm.

**OBJECTIVES OF THE STUDY :**

This paper envisages the challenges and opportunities open for the Entrepreneurs and how to overcome the challenges and avail the ample opportunities for the successful Entrepreneurial development.

**QUALITIES OF A SUCCESSFUL ENTREPRENEUR**

Being an entrepreneur is not just starting a business, it is about having attitude and the drive to succeed in business. All successful entrepreneur have a similar way of thinking and possess several key personal qualities that make them so successful in the business.
Dreamer : A big idea of how something can be better and unique.

Inner driven to succeed : Entrepreneur are driven to succeed and expend their business. They see the bigger picture and are often very ambitious. Entrepreneurs set massive goals for themselves and stay committed to achieving them regardless of the obstacles that get in their way.

Innovator : All the Entrepreneur has the passionate desire to do things better to improve their products or services. They are constantly looking for the ways to improve they creative, innovative and resourceful.

Ability to organize : He should be capable of organizing various factors effectively. He has to understand all the aspects of the business.

Passionate : Expressive so that the idea energy and resonance with others.

Risk taker : Pursues the dream without all the resources linked up at the start and distributes the risk over a network of capabilities. In short he should be ready to bear the risk and uncertainties.

Decision making : One has to take right decisions at the right time by showing his promptness. Quick decisions are expected but hasty decision shouldn’t be taken. Delay in the decision may increase the cost of the project and reduce the profits.

Continuous learner and openness to change : Constantly exploring and evolving to do best practice if something is not working for them they simply change. Entrepreneur know the importance of keeping on top of their industry and the only way to being number 1 is to evolve and change with the times and they are up to date with the latest technology or service techniques are also ready to change if they see a new opportunity arise.

Negotiation skills : Business men regularly comes in contact with various persons like consumers workers, government officials etc. So he should communicate tactfully themselves and often have a strong and assertive personality.

INDIA’S SPECIFIC ENTREPRENEURIAL CHALLENGES

Family challenges : Convincing to opt for business over job is is not an easy task for any individuals. The first thing compared is will you make more money in business of your choice or as a successor of family business. This is where it becomes almost impossible to convince that you can generate more cash with your passion than doing

Social Challenges : They are always at the top because that is what matters the most but a times the social challenges also are very important. Let us say you and your friend graduated at the same time, you opted for a job, he opted for a job. He has now a flat, car and what not because he could easily get those with a bank loan but you still have nothing to show off and this is where challenges comes.

Technological challenges : Indian Education System lags even more when is comes to online entrepreneurship. What technology would be ideal and how to use that technology effectively.

Financial challenge : They are a lot different in India especially for online Entrepreneurs. When they are starting up as an entrepreneur you don’t opt for venture funding but try to go with funding from small to medium business people. Many such non-technical business people don’t understand the online business model as a whole and so getting an initial
business funding from them becomes challenging. The other option you can think of is loan but bank loan is not at all an option in India for online Entrepreneurs.

- **Policy challenges**: Now and then is lot of challenges in policies with the change in the government.

- **Problems of TRIPS and TRIMS**:
  1. Problems of raising equity capital
  2. Problems of availing raw materials
  3. Problems of obsolescence of indigenous technology
  4. Increased pollution and ecological imbalance
  5. Exploitation of small and poor countries

- Bureaucratic patholes that ensures those good number early days are spent running from one place to another, from one department to get the necessary permission in place

- Poor infrastructure facilities prove to be a huge hurdle to the distribution network. Scarcity of electricity, a good number of non motor able roads, the problems are many.

- Personal risk such as uncertainty of success, financial risks such as loss of savings.

- Entrepreneurship in India comes with its huge share of cultural bottlenecks. There is a never ending family pressure for job security through traditional means

- Educational system in India is held within rigidity boundries one that prepare students to take up the traditional employment rather than instilling the confidence to do something than one likes.

- Inability to find trusted business partners

- Mechanism for protection of Entrepreneurs.

![Reasons For Entrepreneurship (%)](image-url)

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**Source**: www.womeninbiz.com
OPPORTUNITIES:

- Free entry into the world trade
- Improved risk taking ability
- Government of nations withdrawn some restrictions
- Technology and inventions spread into the world
- Encouragement to inventions and innovations.
- Promotion of healthy competition among nations
- Consideration of increase in government assistance for International trade
- Establishment of other National and International institution to support business among the nations of the world.
- Benefits of specialization
- Social and cultural development

CHALLENGES FOR RURAL ENTREPRENEURS:

- Growth of mall culture
- Poor assistance
- Power failure
- Lack of technical know how
- Capacity utilization
- Infrastructure sickness

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OPPORTUNITIES FOR RURAL ENTREPRENEURS:

- Crashed scheme for rural development
- Food for work programme
- National Rural Employment Program
- Regional Rural Development Centre
- Entrepreneurship Development Institute of India
- Bank of technology
- Rural Innovation Funding
- Social rural Entrepreneurship

NEED FOR CREATING INDIAN ENTREPRENEURS- A SNAPSHOT:

- Recent Mckinsey and company, Nasscom report estimates that India needs at least 8000 new business to achieve a target of building a US$87 billion IT sector. In recent ten years, 110-130 millions Indian citizens, will be searching for jobs, including 80-100 millions looking for their first jobs.

- In today’s knowledge based economy is fertile ground for entrepreneur in India. It is rightly believed that India has an extraordinary talent pool with virtually limitless potential to become entrepreneurs. Therefore it is important to get committed to create the right environment to develop successful entrepreneurs.

PRESENT ENTREPRENEURIAL SCENARIO

Mr. Ratan Tata had clearly articulated to us his ‘vision’ for Tata Motors. The company has very successfully launched its passenger cars- _Indica_ and _Indigo_ and recently in January’ 2008 they have set a benchmark in the history of four-wheeler industry all around the globe by offering their masterpiece _NANO_ to be the world’s cheapest car worth 1 Lac rupees only. The company has also taken over the business of Corus, a giant in the steel industry.

Vijay Mallya and talk of innovation, to hit the Indian market. Vijay Mallya’s mission was to create brand Kingfisher as a generic brand for lifestyle. There happened to be some sort of compatibility between the way he lived his life and the brand image that he was thinking to create. One of the key ingredients of innovation is to simply be yourself. He did the restructuring process of United Breweries without any sense of embarrassment. We are all sometimes stymied, curbed and limited by ourselves. Philips, Sony, Honda, Ford provide the signposts of entrepreneurship today for all to emulate. Some of these have come up only in recent years and from small beginnings. In India, too, one sees glimpses of such entrepreneurship. ICICI’s experience tells a great deal about entrepreneurship – good as well as not so good.

Following Indian firms will keep on dominating the corporate world in the future too —
Tata Steel & Motors
Indian Oil Corporation
Reliance industries
Infosys Technologies
Moser Baer
Bharti Tele-ventures
Twaalfhoven and Indivers they are run by dynamic entrepreneurs, who manage and lead their companies not only to remain in the business but to expand it. Dynamic entrepreneurs look for growth, they do not have only a vision but are also capable of making it happen. They think and act globally, look for expansion, rely on external resources, seek professional advice or they work with professional teams. They challenge competitors instead of avoiding them and take and share risks in a way that leads to success. In this way economic vitality of a country largely depends on the overall level of entrepreneurial capacity, i.e., on its ability to create rapidly growing companies.

CHALLENGES BEFORE MSME

- Problems of skilled manpower.
- Inadequate credit assistance.
- Absence of organized marketing.
- Lack of machinery and equipment.
- Absence of adequate infrastructure.
- Competition from large scale units and imported articles.
- Other problems like poor project planning, managerial inadequacies, old and orthodox designs, high degree of obsolescence and huge number of bogus concerns.
TO ACHIEVE THIS INDIA MUST FOCUS ON THE FOLLOWING AREAS:

- Create right environment to succeed
- Ensure the entrepreneurs have access to right skill
- Enable networking and exchange
- Government support should take more interest in promoting the growth of entrepreneurs.

SUGGESTIONS

- An entrepreneur must possess the ability to see what others cannot see, while others see a problem, an entrepreneur must see opportunities
- To overcome the challenge of raising the capital, an entrepreneur must develop the ability to sell their idea and vision to potential investors
- An entrepreneur to make sure that their team sees the future as the entrepreneur see
- To find out an efficient location that has a rapidly growing population, good road network and other amenities at a good place
- In order to overcome negative mind-set an entrepreneur should empower himself by reading inspirational articles, successful stories, great books, movies etc.
- In order to overcome lack of support an entrepreneur should find out a virtual group of people in social media that support and promote each other

CONCLUSION

Most Entrepreneurs simply get tired of working for others, had a great idea the wanted to commercialize or wake up day with an urgent desire to build wealth before, they retired so they took the big leap.
The country’s economic policy environment must be favourable for organization to achieve efficiencies in today’s global market. It should enable the entrepreneurs to provide a magical touch to an organization whether in public or private or joint sector in achieving speed, flexibility, innovativeness and strong sense of self determination. They bring a new vision to the fore front of economic growth of a country. The study of entrepreneurship has revelence today, not only because it helps entrepreneurs better fulfil their personal need but because of economic contributions of new ventures. More than increasing national income by creating new jobs. Entrepreneurship act as a positive force in economic growth by serving as the bridge between innovation and market plan.

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Rural Entrepreneurship in India: Challenges and Problems

Mr. Ajay R          Mr. Nagesh C L

Abstract

Rural entrepreneurship is now a days a major opportunity for the people who migrate from rural areas or semi - urban areas to Urban areas. On the contrary it is also a fact that the majority of rural entrepreneurs is facing many problems due to not availability of primary amenities in rural areas of developing country like India. Lack of education, financial problems, insufficient technical and conceptual ability it is too difficult for the rural entrepreneurs to establish industries in the rural areas. This paper makes an attempt to find out the Problems and Challenges for the potentiality of Rural Entrepreneurship. It also focuses on the major problems faced by rural entrepreneurs especially in the fields of Marketing of products, financial amenities and other primary amenities, i.e. availability of electricity, water supply and transport facilities

Keywords: Rural Entrepreneurship, challenges, Problems, constraints, rural, amenities.

Introduction

An entrepreneur is a person who either creates new combinations of production factors such as new methods of production, new products, new markets, finds new sources of supply and new organizational forms or as a person who is willing to take risks or a person who by exploiting market opportunities, eliminates disequilibrium between aggregate supply and aggregate demand or as one who owns and operates a business.

The entrepreneur brings in overall change through innovation for the maximum social good. Human values remain scared and inspires him to server society. He has firm belief in social betterment and he carries out this responsibility with conviction. In this process, he accelerates personal, economics as well as human development. An entrepreneur is a visionary and an integrated man with outstanding leadership qualities. With a desire to excel, an entrepreneur will give top priority to Research and Development. He always works for the well-being of the society. More importantly, entrepreneurial activities encompasses all field and fosters a sport of enterprise for the welfare of mankind.

The entrepreneur is a critical factor in the socio-economic change. He is the key man who envisages new opportunities, new techniques, new lines of production, new products and co-ordinates all other activities. He looks within the organization and its environment for opportunities and initiates “improvement projects” to bring about change. He is involved in designing new Projects. An Entrepreneurship is one of the important segments of economic growth. Basically, an entrepreneur is a person who is responsible for setting up a business or an enterprise. In fact, he is one who has the initiative, skill for innovation and who looks for high achievement. He is a catalytic agent of change and works for the good of people. He puts up new grain field projects that actually creates wealth, opens employment opportunities and fosters other sectors.
Entrepreneurship is the process of new ventures. It involves creativity and innovation. The whole idea about entrepreneurship is about self-employment which will generate employment opportunities and employment opportunity for others. Entrepreneurship is the most effective method for bridging the gap between science and the market place, creating new enterprises, and bringing new products and service to the market. One of the qualities of entrepreneurship is the ability to discover an investment opportunity and to organize an enterprise, thereby contributing to real economic growth. It involves taking of risks and making the necessary investments under conditions of uncertainty and innovating, planning and taking decisions so as to increase production in agriculture, business and industry.

Entrepreneurship is a composite skill, the resultant of a mix of many qualities and traits. These include imagination, readiness to take risks, ability to bring together and put to use others factors of production, capital, labour, land as also intangible factors such as the ability to mobilize scientific and technological advances.

The capacity to take risk independently and individually, with a view for making profits and seizing an opportunity to make more earnings in the market-oriented economy, is the dominant characteristic of modern entrepreneurship. Enterprise, ready for the pursuit of business and responsive to profit by way of producing and marketing goods and commodities to meet the expanding and diversifying actual and potential needs and demands of customers, is what diversifying constitutes the entrepreneurial stuff. But this kind of sensitivity of enterprising citizens throws up a species of entrepreneurs, who are mostly mercantile in outlook and performance.

In developing countries like India, a new species of entrepreneurs is desirable, because here the economic progress has to be brought about along with social justice. Entrepreneurship in India has to subserve the national objectives. There is an apparent conflict between, first by the individual entrepreneur in his own mind and make economic growth, which includes industrial development, as one of the instruments of attaining the social objectives. A high sense of responsibility is thus an essential attribute of the emergent entrepreneurship in India.

**Literature Review**

According to Peter Drucker (1970) and K. knight (1967), entrepreneurship is about taking a risk; it is the process of creating new values that did not previously exist; it is the practice of starting new organization, especially new business; it involves creation of new wealth through implementation of new concepts.

Robert (1985) looked at entrepreneurship as the process of creating something different with value by devoting the necessary time and effort, and social risk and receiving the rewards of monetary and personal satisfaction.

“Rural Entrepreneurship can be defined as entrepreneurship emerging at village level which can take place in a variety of fields of Endeavour such as business, industry, agriculture and acts as a potent factor for economic development”

**Role of Rural Entrepreneurship in Economic development**

Who should be capable of making use of the government policies and schemes for the betterment of rural people? Some individuals who happen to be local leaders and NGOs and who are committed to the cause of the rural people have been catalytic agents for development. Though their efforts need to be recognized yet much more needs to be done to reverse the direction of movement of people, i.e. to attract people in the rural areas. It means not only stopping the outflow of rural people but also attracting them back from the towns and cities where they had migrated. This is possible when young people consider rural areas as places of opportunities. Despite all the inadequacies in rural areas one should assess their strengths and build on them to make rural areas places of opportunities. This is much to do with the way one sees the
reality of the rural areas. The way a survivor or job seeker would see things would certainly be different from those who would like to do something worthwhile and are ready to go through a difficult path to achieve their goals. It isn't that there is a dearth of people with such a mindset. But with time they change their minds and join the bandwagon of job seekers due to various compilations. Enabling them to think positively, creatively and Entrepreneurship purposefully is most of the development of rural areas. Young people with such perspective and with the help of rightly channelized efforts would usher in an era of rural entrepreneurship.

Challenges faced by rural entrepreneurship in India

Knowledge Gap: The possibility of existence of knowledge gap is higher in rural regions which may slow down the emergence of new ventures although its extremity depends upon the types of ventures and conditions under which they are developed. Having the lack of knowledge regarding marketing demand and condition, unaware of the competition and lack of product development knowledge are the challenges for entrepreneurship development.

Lack of knowledge in the Science and Technology: The challenges for developing countries like India include the lack of access to technology and infrastructure. The lack of expertise in the area matching the technology with the appropriate market and making the needed adjustment is the fundamental challenge of entrepreneurship.

Finance: Finance is considered as lifeblood of an enterprise. Most of entrepreneur fails to get external fund due to absence of tangible security and credit in the market. Besides this, the procedure to avail the loan facility is too time consuming that its delay often disappoints the beginner entrepreneur. Subsidies are also being provided by the government in different sectors but due to high cost of finance, these subsidies are not giving fruitful results.

Human Resource: It is difficult for entrepreneur to find the workers who are skilled enough to work. If the workers are not skilled enough, the entrepreneur has to provide job training which serious problem is as they are mostly uneducated also increases the cost of doing business. Also the family environment, society and support system is not conducive to encourage people to take entrepreneurship as a career which is mostly due to lack of awareness and knowledge of entrepreneurial opportunities.

Policy Challenges: Now and then there is lot of changes in the policies to change in the government. Problems of TRIPS (Trade-Related Aspects of Intellectual Property Rights) and TRIMS (Trade related Investment Measures). Problems of raising equity capital, Problems of availing raw-materials, Problems of obsolescence of indigenous technology Increased pollutions Ecological imbalanced. Exploitation of small and poor countries etc.

Problems of Rural entrepreneurship

Financial Problem: Most of the rural entrepreneurs fail to get external funds due to absence of tangible security and credit in the market. The procedure to avail the loan facility is too time-consuming that its delay often disappoints the rural entrepreneurs. Lack of finance available to rural entrepreneurs is one of the biggest problems which rural entrepreneur is born now days especially due to global recession. Major difficulties faced by rural entrepreneurs include low level of purchasing power of rural consumer so sales volume is insufficient, lack of finance to start business, reduced profits due to competition, pricing of goods and services, Financial statements are difficult to be maintained by rural entrepreneur, stringent tax laws, lack of guarantees for raising up of loans, difficulty in raising capital through equity, dependence on small money lenders for loans for which they charge discriminating interest rates and huge rent and property cost. These all problems create a difficulty in raising money through loans.
Some banks have not ventured out to serve rural customers because banks are expensive to be reached by rural customers and, once reached, are often too poor to afford bank products. Poor people often have insufficient established forms of collateral (such as physical assets) to offer, so they are often excluded from traditional financial market. The government is providing subsidies to rural areas but due to the high cost of finance, these subsidies are not giving fruitful results. Major sources of finance in rural areas are loans from regional rural banks or from zamindars but their rate of interest is usually very high.

The government has various institutions for this purpose but the results are not up to the level expected. Industrial Finance Corporation of India (IFCI), Industrial development bank of India, Industrial Credit and Investment Corporation of India (ICICI), Small Scale Industry development bank of India (SIDBI) are some of the national level (SFC) institutions that are helping out rural entrepreneurs. Some state level institutions are also working like a State Financial Corporation and State Industrial Development Corporation (SIDC). These institutions provide assistance for setting up of new ventures and side by side for modernization and expansion of existing ones but their terms and conditions are very strict to be handled. Various schemes like composite loan scheme, tiny unit scheme, scheme for technical entrepreneurs etc. had started but they are unable to meet the expectation of rural entrepreneur. Raising funds through equity is little bit difficult for rural entrepreneurs because of lack of financial knowledge and also their financial corpus is also low, so loans are the primary source of finance for them which proved to be a great obstacle in developing rural entrepreneurship. Various policies of RBI regarding priority sector lending failed to achieve its objectives. They have less capital resources as they cannot raise equity capital.

Marketing Problems: Rural entrepreneurs face severe competition of large sized organizations and urban entrepreneurs. They incur the high cost of production due to high input cost. Major problems faced by marketers are the problem of standardization and competition from large scale units. They face the problem in fixing the standards and sticking to them. Competition from large scale units also creates difficulty for the survival of new ventures. New ventures have limited financial resources and hence cannot afford to spend more on sales promotion. These units are not having any standard brand name under which they can sell their products. New ventures have to come up with new advertisement strategies which the rural people can easily understand. The literacy rate among the Problems Faced by Rural Entrepreneurs and Remedies to Solve It rural consumer is very low. Printed media have limited scope in the rural context. The traditionally bounded nature, cultural backwardness and cultural barriers add to the difficulty of communication. People in rural areas mostly communicate in their local dialects and English and Hindi are not understood by many people.

Lack of technical know-how: On account of the faulty education system rural youth lack managerial, professional, technical know-how which is an impediment in developing the spirit of enterprise, consequently not many people come forward to establish self-employment units.

Absence of enterprising skill: Most of the rural people in India lack risk bearing ability. Reluctant to involve oneself in business, inclination towards wage employment, lack of creative thinking are few reasons which have restricted the growth of self-employment in rural area

Management Problems

Information technology is not very common in rural areas. Entrepreneurs rely on internal linkages that encourage the flow of goods, services, information and ideas. The intensity of family and personal relationships in rural communities can sometimes be helpful but they may also present obstacles to effective business relationships. Business deals may receive less than rigorous objectivity and intercommunity rivalries may reduce the scope for regional cooperation. Decision making process and lines of authority are mostly blurred by local politics in rural areas.
Rural entrepreneurs find it extremely difficult in complying with various legal formalities in obtaining licenses due to illiteracy and ignorance.

Procurement of raw materials is really a tough task for rural entrepreneurs. They may end up with poor quality raw materials, may also face the problem of storage and warehousing.

Another important problem is growth of rural entrepreneurship is the inferior quality of products produced due to lack of availability of standard tools and equipment and poor quality of raw materials.

Human Resources Problems

Most of the entrepreneurs of rural areas are unable to find workers with high skills. Turnover rates are also high in this case. They have to be provided with on the job training and their training is generally a serious problem for the entrepreneur as they are mostly uneducated and they have to be taught in the local language which they understand easily. The industries in rural areas are not only established just to take advantage of cheap labor but also to bring about an integrated rural development. So rural entrepreneurs should not look at rural area as their market, they should also see the challenges existing in urban areas and be prepared for them. Rural entrepreneurs are generally less innovative in their thinking. Youths in rural areas have little options “this is what they are given to believe”. This is the reason that many of them either work as farm or migrate to urban land.

Negative attitude: The environment in the family, society and support system is not conducive to encourage rural people to take up entrepreneurship as a career. It may be due to lack of awareness and knowledge of entrepreneurial opportunities. The young and well educated mostly tend to leave. As per circumstances, rural people by force may be more self-sufficient than their urban counterparts, but the culture of entrepreneurship tends to be weak. Continuous motivation is needed in case of rural employee which is sometime difficult for an entrepreneur to Problems In Rural Entrepreneurship. Entrepreneurs are playing very important role in the development of economy. They face various problems in day to day work. As the thorns are part of roses, similarly every flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under.

Risk Element: Rural entrepreneurs have less risk bearing capacity due to lack of financial resources and external support

Lack of Infrastructural Facilities: The growth of rural entrepreneurs is not very healthy in spite of efforts made by government due to lack of proper and adequate infrastructural facilities.

Suggestions

Separate financial assistance for rural entrepreneurs should be provided by the Government.

- Rural entrepreneurs should be provided adequate and timely financial assistance from all the financial institutions and banks.
- Special training programs for rural entrepreneurs should be arranged by the Government to improve their knowledge and skill.
- The rural educated youth should come forward in the field of entrepreneurship.
- Modernization of their technology is very much essential. Sufficient finance must be given to modernize their outdated technology, tools and implements in order to enable them to compete with the large scale industries.
Rural entrepreneurs must be provided with adequate infrastructural facilities.

Conclusions

Rural entrepreneur is a key figure in economic progress of India. Rural entrepreneurship is the way of converting developing country into developed nation. Rural entrepreneurship is the answer to removal of rural poverty in India. Therefore, there should be more stress on integrated rural development programs. The problem is that most of the rural youth do not think of entrepreneurship as the career option. Therefore, the rural youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance.

Entrepreneurs do not become successful overnight. To support their growth, governments must create a space where aspiring entrepreneurs can thrive by removing barriers to innovation. Government must do away with unfavorable policies that limit competition and prevent the entry of new businesses. It must address corruption, which poisons the commercial climate. It must protect intellectual property rights so that inventors have the incentive to develop new products, or make new music, or pioneer the next technology. Government, however, is not the only one with responsibility to improve the climate. I believe that we all have a great deal to offer the nation.

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Infrastructure development for MSME
Is it another mechanism for corruption?

Ashish Singh

Abstract
All the entrepreneurship books and all the practical experience show that there should be proper infrastructure development for Medium, Small, Micro Enterprises, cluster industries, particular Small Sector Industries. The reason is lack of capital needed for the purpose with SSI. Thus, the role for infrastructure development shifts to government. Thus arises the need for proper land, well connected roads, well developed sewerage system, pollution control measures, telecommunication, power, transport, water supply, sanitation, sheds, tool rooms, testing centers, product and process development centers, proper maintenance of already developed facilities etc. This is theoretical viewpoint, which should be followed in practice.

To test its applicability in practical situations, a survey was conducted to find out the factual position of infraasrastructure development in Uttar Pradesh among selected industrial areas and estates. In actual situations, the things were entirely different surprisingly. In a survey conducted by author, the condition of infraasrastructure in notified industrial areas and estates was dismal. There was no roads, no pollution control measures (particularly in those industries where it was very much needed e.g. in carpet industries, dyeing industry etc.), very weak transportation etc. This implies that the existence of assisting agencies like SIDO, NSIC, DIC, SISI etc is at question. All these agencies and development agencies of government. This further questions the role of government in developing and sustaining the small scale sector.

So, in this paper, we will try to find out the reasons behind it, and then to suggest some suitable measures to overcome this problem. This is very much essential for proper development of entrepreneurship, MSME and SSI. Overall, the major findings of this survey were non cooperation from the government side coupled with corruption and red tapism.

Key Words: Cluster, red tapism, assisting agencies, MSME

Introduction
Indian economy, which is still developing in nature, is characterized by abundant availability of labor but severe paucity of capital. Due to this very reason, small scale industries, which are generally labor intensive in nature, have been recognized as a major catalyst in Indian economic growth. It has been accepted that “small is not only beautiful, but also beneficial, efficient and reliable.”


Along with this, they also serve the Government’s societal objectives of generating employment, ensuring equity in income distribution, raising living standard of masses, ensuring balanced regional development,
preservation of traditional skills, producing output suitable for masses etc. Thus their presence or absence
has tremendous impact on economic and social well being of the masses.

But, there is very big problem with small scale industries. Despite their important role in developing
economies, setting up of small industries along with assisting infrastructure like land, sheds, power,
telecommunication, transport, water, sanitation, sewerage, machines etc. is a very costly affair. The owner
of these small units face a paucity of capital in this sense.

Thus, the whole burden of infrastructure development shifts on someone else shoulder. In this cases, it is
the government. The government has formulated different agencies for helping in infrastructure
development. Some of these agencies are District Industries Centre, National Development Council,
National Small Industries Corporation, Pradeshiya Industrial and Investment Corporation of U.P., Small
Industries Development Commission, Small Industries Development Organization, Small Industries
Service Institute, Uttar Pradesh Financial Corporation, Uttar Pradesh Small Industries Development
Commission etc.

With the side of government and the whole lot of agencies, the condition of small sector looks to be
sunny. It seems that starting the small industry, and running it profitably is a very easy task. But if we
look at the things in a close way, the things are entirely reverse. In industrial estates, proportion of sick
industries is on rise. This was verified by the author himself in the survey conducted therein.

Industrial sickness is defined in India as "an industrial company (being a company registered for not less
than five years) which has, at the end of any financial year, accumulated losses equal to, or exceeding, its
entire net worth and has also suffered cash losses in such financial year and the financial year
immediately preceding such financial year. In short, according to Companies (Second Amendment) Act,
2002

"Sick Industrial Company' means an industrial company which has

i) The Accumulated losses in any financial year equal to 50 per cent or more of its average net worth
during four years immediately preceding such financial year; or

ii) Failed to repay its debts within any three consecutive quarters on demand made in writing for its
repayment by a creditor or creditors of such company."

“40% SSI units closed down in Uttar Pradesh”. This is not a fancy figure. It was given in The Financial
Express, dated April 17, 2005. In the report, it was said that “out of a total of 2, 89,569 SSI units
registered in the state, as many as 1.22, 282 have been closed down till date. This was beside those units
that were working but were incurring losses thus coming under the category of sick units as per the latest
guidelines of RBI which say that If any of the borrowers account of the unit remains sub-standard for
more than six months or there is erosion in the net worth due to accumulated losses to the extent of 50%
during the previous accounting year.” Further, is was quoted that “little doubt then that more than 70%
SSI units have not been in good health in the state”.

“In the third Census, the units permanently registered up to 31.3.2001 were covered on complete
enumeration basis. A total of 2,85,220 units were surveyed. Out of these, 1, 62,938 units were found to be
working and the remaining 1,22,282 units were found closed. Thus, the number of working units works
out to be 57 percent and those of closed 43 percent”. This was given in paper “Uttar Pradesh’s
Manufacturing Sector State, Structure and Performance” Dr. Nomita P. Kumar, Fellow, Giri Institute of
Development Studies, Lucknow, in October – November 2010. This is another report which implies that
“all is not well” for SSI in Uttar Pradesh.
Causes for sickness

Internal causes for sickness pertains to the factors which are within the control of management. This sickness arises due to internal disorder in the areas justified as following:

a) Lack of Finance: This including weak equity base, poor utilization of assets, inefficient working capital management, absence of costing & pricing, absence of planning and budgeting and inappropriate utilization or diversion of funds.

b) Bad Production Policies: Another very important reason for sickness is wrong selection of site which is related to production, inappropriate plant & machinery, bad maintenance of Plant & Machinery, lack of quality control, lack of standard research & development and so on.

c) Marketing and Sickness: This is another part which always affects the health of any sector as well as SSI. This including wrong demand forecasting, selection of inappropriate product mix, absence of product planning, wrong market research methods, and bad sales promotions.

d) Inappropriate Personnel Management: Another internal reason for the sickness of SSIs is inappropriate personnel management policies which includes bad wages and salary administration, bad labour relations, lack of behavioural approach causes dissatisfaction among the employees and workers.

e) Ineffective Corporate Management: Another reason for the sickness of SSIs is ineffective or bad corporate management which includes improper corporate planning, lack of integrity in top management, lack of coordination and control etc.

External causes for sickness refer to those causes which are beyond the control of management.

a) Personnel Constraint: The first for most important reason for the sickness of small scale industries are non availability of skilled labor or manpower wages disparity in similar industry and general labour invested in the area.

b) Marketing Constraints: The second cause for the sickness is related to marketing. The sickness arrives due to liberal licensing policies, restrain of purchase by bulk purchasers, changes in global marketing scenario, excessive tax policies by govt. and market recession.

c) Production Constraints: This is another reason for the sickness which comes under external cause of sickness. This arises due to shortage of raw material, shortage of power, fuel and high prices, import-export restrictions.

d) Finance Constraints: Another external cause for the sickness of SSIs is lack of finance. This arises due to credit restrains policy, delay in disbursement of loan by govt., unfavorable investments, fear of nationalization.

e) Credit squeeze initiated by the government policies.

f) Infrastructural Constraint: Any deficiency or absence of Infrastructural facilities for the unit which leads to its ineffective working.

In the survey, I tried to find out the reason behind Infrastructural Constraint pertain to SSI. The results found were quite surprising. In the next section, we will discuss the methodology of survey and the data analysis along with conclusions.

Research Methodology
The research study is not complete without defining the problem. The research study focuses basically on infrastructural development and thus, the research problem definition is basically “study of infrastructural development for SSI with respect of various agencies and to find out various deficiency”. The research area has been limited to Varanasi with specific areas Ramnagar, Chandpur and Agro Park. The research methodology is as follows:

Research type : Descriptive
Population : 7033

with details as under

(Source: - UPSIDC and DIC, Varanasi)

<table>
<thead>
<tr>
<th>Registered industrial unit</th>
<th>7,033</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Of industrial area</td>
<td>03</td>
</tr>
</tbody>
</table>

Details of existing micro & small enterprises and artisan units in the district Varanasi
(source: DIC, Varanasi)

<table>
<thead>
<tr>
<th>Type of industry</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agro based</td>
<td>237</td>
</tr>
<tr>
<td>Cotton textile</td>
<td>715</td>
</tr>
<tr>
<td>Jute &amp; jute based</td>
<td>75</td>
</tr>
<tr>
<td>Ready-made garments &amp; embroidery</td>
<td>720</td>
</tr>
<tr>
<td>Wood/wooden based furniture</td>
<td>585</td>
</tr>
<tr>
<td>Paper &amp; Paper products</td>
<td>90</td>
</tr>
<tr>
<td>Leather based</td>
<td>55</td>
</tr>
<tr>
<td>Chemical/Chemical based</td>
<td>580</td>
</tr>
<tr>
<td>Rubber, Plastic &amp; Petro based</td>
<td>90</td>
</tr>
<tr>
<td>Mineral based</td>
<td>360</td>
</tr>
<tr>
<td>Woolen, silk &amp; artificial Thread based clothes.</td>
<td>1163</td>
</tr>
<tr>
<td>Metal based (Steel Fab.)</td>
<td>515</td>
</tr>
</tbody>
</table>
Sample Size : 30 units of SSI
Sampling unit : Owner or Manager of SSI.
Sampling Method : Stratified Random sampling (3 strata of specific areas already discussed above with random sampling of 10 SSI units from each strata).

Data collection : Primary data was collected through well structured questionnaire and secondary data from books, journals, from various trusted websites etc.

Data Analysis : Done using simple statistical tools.

**Data Analysis**

First question was regarding the allocation of lands to various firms. In this, the respondents admitted that corruption was the main problem confronting them. The strict procedures, the tough terms and conditions and the excessive documentary formalities were used as bait for corruption. Another major problem was allotment of sheds to bogus firms, at the cost of not allotting the sheds to firms which are in urgent need. This is also the outcome of corruption.

Another system, which was in much consideration, was single window system. But this system is theoretical system, and in practice, an entrepreneur has to approach many different firms and agencies for getting the infrastructural support. It is hell of time consuming too. Maybe, it is another form of promoting the corruption and sharing by the government agencies.

Another loophole, which was discovered in allotment was giving the sheds to priority industries on priority basis, depending on the region characteristics and need. But on practical survey, it was found that all the three industrial areas housed industries without any consideration. This creates difficulty in creating common infrastructural needs since this does not exist in practice. In the Ph.D survey by the same author, he found diverse industries like dyes, semiconductor, carpet, packaging etc. housed in same industrial area. This creates need of diverse infrastructural facilities like sewage treatment plants, roads, courier services, telecommunication etc. The creation of diverse facilities in practical sense is quite difficult for any government agencies.

Another thing is cost consideration. Creation for facilities for only one industry or for a few industries is a very costly affair. If this infrastructure facility is created for large number of industries i.e. mass volume of industries, the cost per head industries will be quite low.

During survey, it was found that condition of infrastructure facilities in industrial area was very poor. In all the areas, it was found that condition of roads, which is essential for and industry, is quite bad. Same applies to power, telecommunication, transport, warehouses etc. All the agencies, which are responsible
for estate and area development and maintenance, take maintenance charges form housing industries. But this charge is nowhere spent on maintenance and spent somewhere else, most probably on corruption. ‘The general issues are raised during the course of meeting i.e. UdyogBandhu Meeting, Varanasi and MadliyaUdyogBandhuMeeting, Varanasi by the industry association, Varanasi was Electricity Problems’

This was explained earlier in this paragraph. Also, the same applies to all regions of Varanasi, where the condition of road, transport, power, unauthorized access by persons etc. is a common feature. So, from the survey point of view, this is the major problem in infrastructure development, which has to be removed.

To explore this problem further, the role of local authorities in estate management was scrutinized. It was found that they are least concerned about the estate infrastructure maintenance. One reason was the job security of government jobs, which leads to laziness of employee of these institutions. Second is sharing of maintenance responsibility with other government agencies like DIC, entrepreneurial association etc. This gives freedom to each one of these agencies to shift the burden of poor maintenance to other agencies. This is just akin to “Sharing the job with all, and not sharing the poor performance of job”.

The most crucial question asked to the respondents was about the sick industries. It was asked to explore the mechanism of identifying sick industries. It was found through survey that no agencies were having any continuous monitoring mechanism for the identification of sick industries. It was totally based on report of junior engineers in practice. Second, the entrepreneurs where not interested in declaring their industries as sick. When asked for the reason, bureaucratic hassles and no hope of rehabilitation from the concerned agencies is mainly responsible for this.

One major change was introduction of “single window system”. The main objective was to free entrepreneur of running from “pillar to post” for getting various clearances. Each industrial estate was supposed to have a single window system. In practice, the entrepreneur has to approach various agencies for getting the clearances, and to give some sort of bribe in return. These various agencies are Fire department, Pollution control department, Police Station, Electricity Board, District Magistrates, Forest Department, Food Commissioner (for food related items), Bureau of Indian Standards, Weights and Measures Department etc. All the departments are government departments, and taking bribes is considered as the first rights in the sections.

In the same lines discussed in above paragraph, the entrepreneur goes to pollution control department, gives some bribe, and then comes out taking the clearance from this department in hand. This entrepreneur can run any industry, which also includes some polluting industries like dye, carpets etc. The pollution control official also has the responsibility of monitoring the situation of various industries at various times. This is also just a formality and the clearance certificate is given on exchange of some bribe money.

All the respondents were of opinion that the infrastructural facilities, present in all the industrial areas, were minimum. Main points missing were sufficient power, warehousing facilities, transport facilities, condition of road, effluent treatment plants, sewerage plants etc. which were missing in maximum areas.

In addition, the “Integrated Package Support Programme”, which is meant for providing any support services, as required, is absent from all the industrial areas. It provides all the support services suitable for special region and the industries housed therein. Thus, the absence of any support services renders this package incomplete and insufficient. Maximum respondents reported that all the industrial estates provided the basic facility and that too at an insufficient level. All the advanced facilities like testing

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2Government of India, Ministry of Micro, Small & Medium Enterprises, Brief Industrial Profile of Varanasi District, 2014
centers, research and development centers, tool rooms, training centers etc are absent from all the industrial areas.

Now all these infrastructural deficiencies, discussed above, have a definite impact on the performance of small sector industries, housed therein. Approximate majority of respondents shared one opinion – the infrastructural deficiencies, discussed above, are having negative impact on their performance. Majority of respondents believed that, if the infrastructural facilities were suitable, their performance would have improved. Due to this reason, coupled with less capital laying with the owners, the performance is bound to decrease.

In the nutshell, the condition of infrastructural facilities, inside the industrial estates and areas is very miserable. Thus, this further leads to deterioration in the performance of small scale industries housed inside the areas. The main reason is lack of investment capacity of these small industries for infrastructural development required for smooth functioning. In some estate and areas, the infrastructural facilities which are very much essential, are missing from these regions. This leads to other problems as well like increased pollution in those areas, industrialization in residential areas etc.

Conclusion

The reason behind this dismal state was also discovered. It was found that large amount of corruption, red tape, bureaucracy etc. was the major cause. Corruption, which is long embedded in the veins of majority of Indians, is now so prevalent in our minds, that it is now rarely seen to be dysfunctional. We now give “karchapani for the children” or “mithai for the children” without ever thinking about it twice.

But for a small industries, who are already facing a problem of investment crunch, this is a big problem. This problem is multiplied to large extent because this “karchapani” has to be given to many different agencies, due to absence of single window system.

Suggestions

To solve this problem to a large extent, the researcher proposes that single window system, in its true sense, should be enforced in all the industrial estates and areas. Also, proper monitoring of infrastructural facilities should be done from time to time to ensure there fitness for industries housed therein. To ensure its proper monitoring, a tripartite committee should be formed, which should include government agencies, entrepreneurial association and general public as well. To stop corruption, the “surgical strike” on Rs 500 and Rs 1000 notes, from the government side is the best example. More such strikes should be taken in future also. The amount of black money unearthed through this strike is tremendous.

All this steps, if taken, will bring the Indian economy back on its track and make it more sustainable within itself.

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Innovation and First Generation Entrepreneurship
: Issues and Challenges in Perspective

Dr. Geetha. R

ABSTRACT:

Innovative entrepreneurship has become a trend in this digital era as the Governments of nations are creating a conducive and supportive business environment. Many First Generation Entrepreneurs are developing innovative business models which have been well accepted and acknowledged by the society. However, in 2010 it was estimated that although there were around 18.8 to 22.6 million First Generation Entrepreneurs (FGEs) in India, increasing at an annual rate of 4% per annum, gradually their number is receding as years pass by. This is due to the bottlenecks in the system which have led to the decline in the growth rate of FGEs. Some of them include factors like - Lack of encouragement and support from family and friends, Lack of incubation support, unfavourable policy framework, stringent regulations, constrained access to finance, lack of technical support, poor infrastructure, procedural delays, corruption and several other issues. Hence, This paper makes an attempt to explore and examine the issues and challenges associated with innovative and dynamic First Generation Entrepreneurship. It provides a comprehensive view of the challenges confronted by twenty six innovative and dynamic First Generation Entrepreneurs belonging to diverse business fields. A combination of Focus Group Discussion and Survey technique were adopted to gather data. Interview schedule and questionnaire were used as research instruments for data collection. One way ANOVA test were conducted to test the hypotheses formulated for the purpose of research. Based on findings of the research, appropriate interventions are suggested to bolster the growth First Generation Entrepreneurs in India.

KEY WORDS: Innovative Entrepreneurship, Dynamic Entrepreneurship, Ubiquitous Technology, Invasive Technology

Introduction

Indian policy makers are giving a serious thought to propel economic growth rate through a series of result oriented initiatives like - Digital India, Start-up India, make in India and so on, opening plethora of opportunities for dynamic, young and competent entrepreneurs. It is providing impetus for digital entrepreneurship in India. Government is expected to earmark Rs. 2000 Crores towards start-up India initiative which may certainly promote technology based entrepreneurship at the grass root level most of which will be First Generation entrepreneurship.

Innovative First Generation Entrepreneurs are those entrepreneurs who are involved in creation of innovative products or services for the first time without any prior entrepreneurial exposure in family line-up. They seize the opportunities in the environment and contribute towards sustainable economic growth and development. There are many bottlenecks in the entrepreneurial ecosystem which hinder entrepreneurship especially for Innovative First Generation Entrepreneurship (IFGE).

Lack of information and knowledge related to entrepreneurship process and procedures, inadequate financial, marketing and technical assistance, poor infrastructure, non-supportive policy framework, corruption and red tapism, lack of encouragement from family relatives and friends, lack of skilled manpower, non-availability of requisite support services competition, , cumbersome procedures and risk avoidance culture are some of the challenges faced by Innovative First Generation Entrepreneurs.
This study was undertaken to empirically verify about the ground realities to which first Generation Entrepreneurs are exposed. Around twenty six entrepreneurs from various industries like pharmaceutical industry, IT industry, training and education, Automotive, Engineering Tools, etc were surveyed to obtain first hand information from them about all the problems and difficulties that they are facing. As rightly indicated in the research premise that follows, the main purpose of research is to identify the difficulties faced by entrepreneurs so as to suggest Government to reduce such barriers to innovative entrepreneurship and take supportive measures that facilitate Innovative First Generation Entrepreneurship as it would trigger economic growth and prosperity leading to creation of new variety of products, services, technology and knowledge besides generating employment and income to the nation.

Research Premise

Statement of Problem and the Significance of the Study

There are fewer studies that reflect the opinion of Innovative First Generation Entrepreneurs(IFGEs) on various issues and challenges that they face due to lack of prior entrepreneurial experience in the family. This study is aimed at identifying the problems and challenges faced by IFGEs. Besides, there is a need to analyze whether educational qualification assumes importance in preparing entrepreneurs to be confident and resilient in handling challenges faced by them.

The results of this study will help the Government authorities in entrepreneurship policy formulation and it will enlighten the IFGEs about the issues and challenges faced by their cohorts in other industries. The problems faced are empirically verified and hence they will facilitate future researchers pursuing research in this field of study.

Objectives of the Research

1. To identify the issues and challenges associated with first generation entrepreneurs
2. To examine the relationship between entrepreneurial qualification and the ease of handling business challenges.
Scope of the Study
The current study identifies and examines the challenges and issues associated with Innovative First Generation Entrepreneurs in Bangalore and Hyderabad. Around 26 innovative First Generation entrepreneurs (IFGE) in Bangalore City and Hyderabad City belonging to diverse industrial backgrounds like pharmaceutical, IT, Engineering, Education and Training, Distributors, Machine Tool Designers and others were identified for the study.

Research Methodology
Descriptive research method was used to realize the objectives of the research. The key objective of the research was to identify the problems associated with IFGEs. Primary data was collected through opinion survey techniques like direct interview and e-mail survey. IFGEs in Bangalore and Hyderabad belonging to pharmaceutical, education and training, Engineering tools, IT and other manufacturing firms were considered for survey. A Structured questionnaire was used as a research instrument for garnering required data for the present research.

Secondary data was extracted from various archives like books, e-newspapers, magazines, journals and internet search. Some of the online data bases used were: ProQuest, EBSCO, J-gate, SSRN (Social Science Research Network), Google scholar, Wiley online library, Taylor and Francis, Routledge, Wikipedia and other repositories.

Sample Size and Technique:
The sample elements of 26 IFGEs of diverse industrial backgrounds were chosen as respondents from around 26 firms in Bangalore and Hyderabad. The sample elements were drawn based on probability sampling technique. Simple random sampling technique was adopted while choosing the sample elements for the study.

Limitations of the study
1. Due to paucity of time a smaller number of Innovative First Generation Entrepreneurs were covered under survey.

2. The data collected is based on the personal bias and opinion of the respondents. Hence the reliability and validity of the data collected is based on the bias and prejudices of the respondents

Analysis and Interpretation of Data
The data collected for the research through survey technique was analyzed using SPSS 20th Version. One way ANOVA test was performed to test the hypothesis formulated for research. Reliability analysis was conducted to examine the inter-item consistency in the questionnaire. The results of the reliability analysis are shown below in Table-1; The Cronbach's alpha for twenty items or independent variables used to examine the issues and challenges confronted by FGES is 0.847 with ‘α’ for each score ranging between 0.815 to 0.847 indicating that the measures have acceptable internal consistency since they are above Nunnally's (1978) threshold of 0.70 for social sciences. The results of the reliability test conducted to test the reliability of research instrument and are shown in table-1 below. The ‘α’ based on standardized items is not considered since all the items used are statements with multi-point responses.
Table 1: Reliability Analysis:

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach's Alpha</td>
</tr>
<tr>
<td>0.847</td>
</tr>
</tbody>
</table>

Research Hypothesis:

H₀: There is no statistical significance in the Opinion on Entrepreneurial Challenges encountered across Categories of IFGEs defined by their educational Qualification.

H₁: There is statistically significant difference in the Opinion on Entrepreneurial Challenges encountered across Categories of IFGEs defined by their educational Qualification.

One way ANOVA was used to test the hypothesis formulated for research. It was intended to test if there is statistically significant difference in the opinion of the First Generation Entrepreneurs on each of the challenges faced by them based on their educational qualification. The results of the study reveal that indeed educational qualification does play a significant role in determining the way FGEs receive entrepreneurial issues and challenges. It makes them more confident and resilient while dealing with challenges and issues in entrepreneurial ecosystem.

Table 2: Opinion Across Categories of IFGEs based on their Qualification

<table>
<thead>
<tr>
<th>ONE WAY ANOVA: Groups Based on Qualification of Respondents</th>
<th>Null Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference in Opinion of FGEs based on Qualification is same</td>
<td></td>
</tr>
<tr>
<td>Support for Preparation of a Business Plan</td>
<td>H₀a</td>
</tr>
<tr>
<td></td>
<td>11.931</td>
</tr>
<tr>
<td></td>
<td>17.538</td>
</tr>
<tr>
<td>Access to Institutional Support</td>
<td>H₀b</td>
</tr>
<tr>
<td></td>
<td>16.923</td>
</tr>
<tr>
<td></td>
<td>24.038</td>
</tr>
<tr>
<td>Access to Equity Finance</td>
<td>H₀c</td>
</tr>
<tr>
<td></td>
<td>13.877</td>
</tr>
<tr>
<td></td>
<td>24.000</td>
</tr>
<tr>
<td>Obtaining Requisite Clearances from Regulatory Authorities</td>
<td>H₀d</td>
</tr>
<tr>
<td></td>
<td>10.731</td>
</tr>
<tr>
<td></td>
<td>18.346</td>
</tr>
<tr>
<td>R &amp; D Support from Industry Associations</td>
<td>H₀e</td>
</tr>
<tr>
<td></td>
<td>13.992</td>
</tr>
<tr>
<td></td>
<td>20.154</td>
</tr>
</tbody>
</table>

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### Results of One way ANOVA

F-ratio at given degrees of freedom and F-probability value from table above at α=0.05 will indicate whether null hypothesis should be accepted or not accepted. It is found that F-ratios indicated at respective degrees of freedom (3 and 22) in the table above are greater than the F-probability, Null hypothesis which states that There is no statistical significance in the Opinion on Entrepreneurial Challenges encountered across Categories of FGEs defined by their educational Qualification will not be accepted.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>F-statistic</th>
<th>p-value</th>
<th>p&lt;0.05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant of Innovation Fund from Government Institutions</td>
<td>F(3, 22) =3.447, p&lt; 0.05</td>
<td>; F-Ratio&gt;F-probability, H₀(a) is rejected</td>
<td></td>
</tr>
<tr>
<td>Securing Incentives and Grants entitled for Entrepreneurs</td>
<td>F(3, 22) =3.083, p&lt; 0.05</td>
<td>; F-Ratio&gt;F-probability, H₀(b) is rejected</td>
<td></td>
</tr>
<tr>
<td>Availability of Marketing Assistance</td>
<td>F(3, 22) =5.350, p&lt; 0.05</td>
<td>; F-Ratio&gt;F-probability, H₀(c) is rejected</td>
<td></td>
</tr>
<tr>
<td></td>
<td>F(3, 22) =5.240 , p&lt; 0.05</td>
<td>; F-Ratio&gt;F-probability, H₀(d) is rejected</td>
<td></td>
</tr>
<tr>
<td></td>
<td>F(3, 22) =3.229, p&lt; 0.05</td>
<td>; F-Ratio&gt;F-probability, H₀(e) is rejected</td>
<td></td>
</tr>
<tr>
<td></td>
<td>F(3, 22) =4.295, p&lt; 0.05</td>
<td>; F-Ratio&gt;F-probability, H₀(f) is rejected</td>
<td></td>
</tr>
<tr>
<td></td>
<td>F(3, 22) =4.353, p&lt; 0.05</td>
<td>; F-Ratio&gt;F-probability, H₀(g) is rejected</td>
<td></td>
</tr>
<tr>
<td></td>
<td>F(3, 22) =5.468, p&lt; 0.05</td>
<td>; F-Ratio&gt;F-probability, H₀(h) is rejected</td>
<td></td>
</tr>
</tbody>
</table>

Since in all the above cases F-statistic at degrees of freedom F(3,22) is greater than F-probability at p<0.05, Null hypothesis stated above is rejected this implies that There is statistically significant difference in the Opinion on Entrepreneurial Challenges encountered across Categories of First Generation Entrepreneurs based on their educational Qualification.

### Summary of Findings

- Securing information and advisory support for book keeping and documentation of registration process was indicated as easy by majority of Innovative First Generation Entrepreneurs (Response Rate- 58%)
- Nearly 54% of the respondents indicated that they received support from consultants in the preparation of Business Plan. However remaining 46% had prepared independently.
- It was found through investigation that majority of the Innovative First Generation Entrepreneurs had to struggle initially to access the support of Government institutions (Response Rate- 81%)
Obtaining debt finance was difficult to nearly 88% of the entrepreneurs. However remaining 12% were able to obtain debt finance easily.

Equity finance could be raised easily by 35% of the entrepreneurs but remaining 65% faced hardships in raising equity fund.

65% of IFGEs obtained requisite clearances from regulatory authorities easily.

Only 31 percent of 26 IFGEs surveyed had secured incubation support from Government agencies or educational institutions. Remaining 69% found it hard to get incubation support during start-up.

Nearly 65% of the entrepreneurs indicated that their network connections with established entrepreneurs, Government institutions and industry associations is facilitating them in capacity building.

Around 70% of the entrepreneurs found it hassle free and easy accessing basic infrastructural support like-power, water supply, etc. in the formative stage.

Acquisition of manpower with requisite skills and knowledge appropriate to their business was easy for 66 percent of the IFGEs but others found it hard.

Retention of talented workforce is very difficult for most of the entrepreneurs as indicated by a response rate of 65%.

53% of the IFGEs had easily received packaging and designing support from Entrepreneurship Promotion institutions.

Procurement of raw material was easy for 62% of the manufacturing firms. But however others had to struggle due to competition.

69% of the Innovative First Generation Entrepreneurs had not received support from District Industries Centre due to lack of awareness.

Research and Development support from Industry Associations was stated as inadequate by majority of the IFGEs (Response rate 92%).

Only 39% of the IFGEs surveyed had availed of grants and incentives from Government. Others were not aware of any such schemes.

Innovation Fund support was secured by only 8% of the entrepreneurs. Others were not even aware of it.

69% of IFGEs had hitches while obtaining license and permission to start business due to corruption and lack of transparency in the system.

Availability of marketing assistance was easy for 50% and availability of mentoring assistance was easy for 50% of IFGEs.
Recommendations for Facilitating First Generation Entrepreneurs

- Many entrepreneurs indicated that it was hard to get support for preparation of Business Plan hence Government should spread awareness about access to such institutional support
- Access to both debt and equity finance was difficult for most of the entrepreneurs. Necessary arrangements may be made for low-interest and quick loan disbursements
- Most of the IFGEs did not have access to incubation support. Setting of additional incubation centers in each district is essential
- Packaging and Design support was inadequate to IFGEs. Government should set up institutions which impart training and assistance in packaging and designing
- District Industries Corporation may briskly involve in guiding IFGEs
- Industry Associations should be encouraged to invest in R & D and to share knowledge with registered firms
- Government should constitute adequate innovation fund so as to encourage innovative entrepreneurship in the economy
- Single Window System may be set to issue licenses, permits and clearances and to avoid procedural delays.
- Adequate marketing and technical support arrangements should be made by the Government as it is very essential for Innovative First Generation Entrepreneurs and venturists.

Conclusion

Innovative First Generation Entrepreneurs with innovative business plans are more likely to confront with multitude of problems and risks in the business environment compared to imitative entrepreneurs since they lack prior experience and knowledge about the complexities and processes involved in entrepreneurship. They are more vulnerable to business adversities if they don't exercise their moves with prudence. Through empirical analysis it is evident that IFGEs have gone through lot of hardships during start-up due to cumbersome legal procedures, delays in loan disbursements, lack of finance and skilled manpower, competition from established players in the market, non-supportive policy frame-work, rampant corruption, lack of transparency and others. There is need for Supportive Government policy interventions and incentive schemes to encourage, support and sustain innovative first generation entrepreneurship so as to propel economic growth and development. The research results reveals that entrepreneurs who have higher qualification have better ability to deal with challenges. Hence formal education should be imparted to entrepreneurs to train and empower them with the requisite knowledge, skills and abilities to manage their enterprises successfully. A strong ecosystem with all favorable factors should be established to groom and nurture IFGEs.

References:


Entrepreneurship and Innovation in Southern Railway, Tirunelveli Junction

Gladrene Sheena Basil          Dr.Vijayakumar T

Abstract:
Quality management by design has recently encouraged changes in management structures. Some managers claim to have used it informally before it became popular. In the past, the major functions within an organization would not be concerned with any internal customer problems that might arise. TQM requires that the company maintain this quality standard in all aspects of its business. This requires ensuring that things are done right the first time and that defects and waste are eliminated from operations. The Southern Railway has let out many of its peripheral jobs to contractors, only to maintain good quality deliverable to customers. Many innovative concepts are introduced to deliver good satisfaction to rail passengers and customers. Quality Management is the organization-wide management of quality which consists of planning, organizing, directing, control, and assurance. Hence the researcher has identified it to be necessary to study the quality management in a vast organization like Southern Railways, Tirunelveli Junction which is used by numerous customers daily. Many tools including percentage analysis, fish bone analysis and chi-square tests were used to give an insight into the various management mechanisms of such huge organizations and their best efforts to provide maximum quality to their customers.

1. Introduction
Quality Management is a management strategy which is centered on quality. All the members of the organization make consistent efforts to achieve quality through systematic efforts for the improvement of the organization. It is a proven technique to guarantee survival in world-level competition. Quality management is also the art of managing the whole organization to achieve excellence. The different aspects of controlling and directing, continuously improve the organization. A set of guiding principles represent the foundation of quality management. It is the application of human resources which improves the processes within an organization. Quality management integrates the fundamental management techniques, existing improvement efforts and technical tools under a disciplined approach. It is a management approach that tries to achieve and sustain long-term organizational success.

Bridging the gap between a firm's internal quality improvements and external measures of customer needs and satisfaction is an important yet complex translation process. While a large proportion of the ISO certified companies would like to continuously improve their quality on the basis of the certified management system, many of them do not know how to make a start.

Crew management is likely to solve many problems and it would further lead to progress in the quality of the Railways.

Quality management can be considered to have three main components: quality control, quality assurance and quality improvement. Quality management is focused not only on product quality, but also the means to achieve it. Quality management therefore uses quality assurance and control of processes as well as products to achieve more consistent quality.

2. Entrepreneurship:
There are many examples in which the Southern Railway has offered opportunities for entrepreneurship among the common people to work with the Southern Railway.
a) Catering:

The Southern Railway has given opportunity to many caterers to work in the pantry car in the trains. Privatization of the catering division has given much opportunity for young entrepreneurs. Some caterers travel with the train throughout the entire journey and cook and serve the food. Packing of the food is done very neatly. They take orders from the passengers and deliver the food promptly.

3. Innovation:

In recent years, the Southern Railway has implemented many innovative ideas for the benefit of the passengers and the public.

a) Bio-Toilets
b) Using Mobile to Order Food
c) Using Mobile to give Feedback and their complaints to the Railway
d) Using Twitter to express their views about the Railway
e) On-board cleaning

Such innovative ideas have indeed been helpful to the people at large.

a) Bio-Toilets

In the railway budget announced on 26-2-2015, it was said that Bio-toilets would be installed in round about 17000 trains. It is currently installed in few Shatabdi and Rajdhani trains. How do these toilets work? How are they different from the conventional toilets? How is the waste treated?

1. Composting toilets use nature's decomposition process to reduce waste by 90% and convert it into nutrient rich compost
2. They do not require water hook ups either which is great for our already stressed water supply. In short, composting toilets are a way to allow waste to decompose safely and without odors.
3. Composting toilets use oxygen loving bacteria that is naturally present in human waste to do all the work.
4. Bugs, worms, and other critters have absolutely NO role in BioLet's composting process.
5. You just use a BioLet like you would a regular toilet, toilet tissue and all. The main difference is you just toss in compost mix after each fecal use instead of flushing. The air flow inside the toilet pulls all odors up the 'chimney' and out of your home.
6. Composting reduces waste volume by 90%; the majority of the material inside the toilet is mulch and not waste. You do not even have to see it with the way BioLet is designed. Yes, you do have to empty the lower compost tray periodically, depending on how many people are using the toilet, but it is only compost, soil. There is no waste mixed in the tray.

a-i) How Bio-Toilets work?
Bio-Toilets have a colony of anaerobic bacteria that converts human waste into water and small amounts of gases. The gases are released into the atmosphere and the water is discharged after chlorination on the tracks.

The first bio-toilet-fitted train, Gwalior-Varanasi Bundelkhand Express, has been running since January 2011. The bio-toilets in Gwalior express ensure that the undercarriage is clean and without any faecal...
depositions. The other advantage is that single bacteria recharge works for nearly a year. The anaerobic bacteria used in the green toilets can withstand extreme climates and common disinfectants. They are resistant to normal cleaning solutions used by the railways.

b) Using Mobile to Order Food

Nowadays the Southern Railway has made a provision for the passengers, that they can order the food that they want, through their mobile. The Southern Railway has thus made a provision to contact the caterers and get benefitted.

c) Using Mobile to give Feedback and their complaints to the Railway

The Southern Railway has also made a provision for the passengers to give their feedbacks as well as their complaints regarding their train journey, through their mobile. This is a nice forum in which the customers of Southern Railway can express their feedback as well as their complaints if any.

d) Twitter

The railway customers can also express their views on their travel and booking experiences through twitter.

e) On-board cleaning

The Southern Railway has now a provision of on-board cleaning. Earlier, the cleaning was done only after the train has reached its terminus and all the passengers have got off the train. Now, the on-board cleaning facility helps the passengers a lot, because cleaning can be done when the passengers are travelling. This is especially useful when there is a situation in which someone has vomited and the other passengers need not bear with it till they reach the destination, but can be cleaned immediately with the help of on-board cleaning and the passengers can be free of any undesirable odour.

4. CHI – SQUARE ANALYSIS

The researcher has framed three hypotheses which are subject to the chi-square test in this chapter. The hypotheses attempt to analyse the relationship between the variables namely speed, accuracy, deployment of modern technology and politeness/courtesy of Railway employees in rendering Railway’s services to the customers.

4.1. SPEED AND ACCURACY OF OPERATION

The first hypothesis mentioned below, states the relationship between speed of completion of jobs and the accuracy with which they are able to complete the jobs. As apparently seen, the researcher is under the impression that computerization of jobs attributes much to the completion of jobs on time. To test this, the researcher has framed the null hypothesis as

“There is no significant difference between speed and accuracy of completion of jobs”

In order to test this, the chi-square analysis has been applied.
4.2 SPEED OF COMPLETION OF JOBS

The researcher considers timeliness and speed as essential aspects of rendering quality to the customers. Punctuality is the key.

Table 4.1

<table>
<thead>
<tr>
<th>SPEED</th>
<th>Comments</th>
<th>Sample Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very High</td>
<td>15</td>
<td></td>
<td>30%</td>
</tr>
<tr>
<td>High</td>
<td>12</td>
<td></td>
<td>24%</td>
</tr>
<tr>
<td>Medium</td>
<td>15</td>
<td></td>
<td>30%</td>
</tr>
<tr>
<td>Low</td>
<td>5</td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>Very Low</td>
<td>3</td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Survey

The above table depicts the various levels of speed of completion of the jobs expressed by the respondents pertaining to the quality of services provided by Southern Railway, Tirunelveli Junction.

Fig. 4.1

In the above analysis, 30% of the sample respondents have said that the speed is very high and another 30% have expressed medium speed only, 24% have expressed high speed of completion of jobs, 10% have expressed low speed and 6% of respondents have expressed their respective perception of speed as very low.

4.3 ACCURACY OF COMPLETION OF JOBS

The researcher considers accuracy as a very important aspect of rendering service to the customers, especially in PRS office.

Table 4.2
The above table depicts the various levels of speed of completion of the jobs expressed by the respondents pertaining to the quality of services provided by Southern Railway, Tirunelveli Junction.

**TABLE 4.3**

**CHI-SQUARE TABLE : SPEED AND ACCURACY OF JOBS**

<table>
<thead>
<tr>
<th>SPEED</th>
<th>ACCURACY</th>
<th>ACCURATE</th>
<th>NOT ACCURATE</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Very High</td>
<td>12</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>9</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>13</td>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Very Low</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>40</td>
<td>10</td>
<td>50</td>
</tr>
</tbody>
</table>
The above table shows the fractions of those employees who show their various degrees of speed of completion of jobs and whether they are able to maintain accuracy while pressing on timely completion of jobs in Southern Railways at Tirunelveli Junction.

**TABLE 4.4**

**CHI-SQUARE RESULT of H0₁**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Calculated Value</td>
<td>2.6035</td>
</tr>
<tr>
<td>2</td>
<td>Degrees of Freedom</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Table Value at 5% Level of Significance</td>
<td>9.488</td>
</tr>
</tbody>
</table>

**Inference**

As the calculated value of $\Psi^2$ is less than the Tabulated value with 4 degrees of freedom and 5% level of significance, the null hypothesis is accepted. Hence there is no significant difference between speed and accuracy of completion of jobs. From this we infer that both are inter-dependent and both speed of completion of jobs and accuracy of completion of jobs on time are related. That is, the researcher has found out that when the staff are hard pressed to complete too many jobs within a short time, their jobs are prone to have some errors. But such errors occur only when these jobs are done manually. Computerization considerably reduces errors, provided, the staff are properly trained to handle computers effectively.

**4.4. MODERN TECHNOLOGY AND SPEED OF OPERATION**

The second hypothesis stated below reveals the relationship between modern technology and speed of operation. As apparently seen, the researcher is under the impression that modern technology and speed of operation go hand in hand. To test this, the researcher has framed the null hypothesis as

**“There is no significant difference between modern technology and speed of operation”**. In order to test this, the chi-square analysis has been applied.

**4.5. DEPLOYMENT OF MODERN TECHNOLOGY**

**Table 4.5**

<table>
<thead>
<tr>
<th>MODERN TECHNOLOGY</th>
<th>Comments</th>
<th>Sample Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Deployed</td>
<td>5</td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>Partly Deployed</td>
<td>3</td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td>Moderately Deployed</td>
<td>15</td>
<td></td>
<td>30%</td>
</tr>
<tr>
<td>OnlyScarcely</td>
<td>12</td>
<td></td>
<td>24%</td>
</tr>
</tbody>
</table>
The above table depicts the various levels of speed of completion of the jobs.

### Fig.4.3

In the above analysis 30% have expressed moderate and nil deployment of modern technology and 6% have expressed partial deployment of modern technology.

### TABLE 4.6

MODERN TECHNOLOGY AND SPEED OF OPERATION

<table>
<thead>
<tr>
<th>MODERN TECHNOLOGY</th>
<th>SPEED OF OPERATION</th>
<th>Very High</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
<th>Very Low</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully deployed</td>
<td></td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Partly deployed</td>
<td></td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Moderately deployed</td>
<td></td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Only scarcely deployed</td>
<td></td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>5</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Not at all deployed</td>
<td></td>
<td>1</td>
<td>-</td>
<td>3</td>
<td>7</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>6</td>
<td>4</td>
<td>8</td>
<td>17</td>
<td>15</td>
<td>50</td>
</tr>
</tbody>
</table>

**SOURCE:** PRIMARY DATA
The above table shows the fractions of those employees who show their various degrees of satisfaction with the deployment of modern technology in their workplace and the various levels of speed of operation rendering their work to Southern Railways at Tirunelveli Junction.

**TABLE 4.7**

**CHI-SQUARE RESULT OF H0**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Calculated Value</td>
<td>20.0765</td>
</tr>
<tr>
<td>2</td>
<td>Degrees of Freedom</td>
<td>16</td>
</tr>
<tr>
<td>3</td>
<td>Table Value at 5% Level of Significance</td>
<td>26.296</td>
</tr>
</tbody>
</table>

**Inference**

As the calculated value of $\Psi^2$ is less than the Tabulated value with 16 degrees of freedom and 5% level of significance, the null hypothesis is accepted. Hence there is no significant difference between modern technology and speed of operation. From this we infer that both the variables are dependent and that deployment of modern technology and speed of operation go hand in hand. From this, the researcher infers that, the speed of operation has significantly improved with the deployment of modern technology in Southern Railways, Tirunelveli Junction.

**5. FISH BONE ANALYSIS:**

Ishikawa diagrams (also called fishbone diagrams or cause-and-effect diagrams) are diagrams that show the causes of a certain event.

**5.1. FISH BONE ANALYSIS OF PRS OFFICE**
The above diagram describes the various causes and effects which attribute to the ultimate decreased efficiency of the PRS office which involve difficulty for those who want to make reservations in trains.

6. Conclusion

Thus the various innovations and entrepreneurship opportunities provided by Southern Railway is clearly illustrated. Analysis is done through Percentage analysis, Chi-Square Analysis and Fish-bone analysis.
A Study on Present Scenario of Women Entrepreneurship in India

HEMAVATHI. J          PRADEEP.P

ABSTRACT

Entrepreneurship is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace. An entrepreneur is a person who operates a new venture and also inherits some risks and is able to look at the environment. Entrepreneurship has been a male-dominated phenomenon from the very early age, but time has changed the situation and brought women as today's most memorable and inspirational entrepreneurs. Women entrepreneurship is gaining importance in India in the wake of economic liberalization and globalization. The policy and institutional framework for developing entrepreneurial skills, providing vocation education and training has widened the horizon for economic empowerment of women. Women entrepreneurship development is the instrument of women empowerment which leads to self-fulfillment and makes women aware about their status, existence, right and their position in the society. Women entrepreneurs tend to be highly motivated, self disciplined, self directed. Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. The Government of India has defined women entrepreneurs as “an enterprise owned and controlled by women having a minimum financial interest of 51 percent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women”. These women entrepreneurs are assertive, persuasive and willing to take risks. They managed to survive and succeed in this cut throat competition with their hard work, diligence and perseverance. This paper focuses on the concept of women entrepreneur, reasons to become women entrepreneurs, slow progress in their entrepreneurship, issues, challenges, steps taken by the Indian Government in term of five year plans, schemes for promotion & development of women entrepreneurship in India.

KEYWORDS: Entrepreneurship, Phenomenon, Globalization, Empowerment, Employment and Assertive.

INTRODUCTION ON WOMEN ENTREPRENEURSHIP

In developing economies, the small savings of rural areas are contributing more in establishing the small and micro enterprises in India. In the light of demise of rural artisanship, entrepreneurship has been given much importance as well as empowerment too. The term “entrepreneurship” comes from the French verb “entreprendre” and the German word “unternehmen”, both means to “undertake”. Entrepreneurship is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace. An entrepreneur is a person who operates a new venture and also inherits some risks and is able to look at the environment. The great ones are ready to be laughed at and criticized in the beginning because they can see their path ahead and are too busy working towards their dream. True entrepreneurs are resourceful, highly motivated and driven to succeed and improve their entrepreneurial skill. The women empowerment has been important role of Governments and other non-governmental organizations. The women are endowed with innate power that can make them successful entrepreneurs. Women entrepreneurship is inherent and also a natural process. Entrepreneurship is considered as one of the most important factors contributing to the economic development of the society.
Women entrepreneurship is gaining importance in India in the wake of economic liberalization and globalization. Women entrepreneurship development is the instrument of women empowerment which leads to self-fulfillment and makes women aware about their status, existence, right and their position in the society. In modern era, women are becoming socially empowered, and economically empowered through business ownership. Women entrepreneurs tend to be highly motivated, self disciplined & self directed. Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. The Government of India has defined women entrepreneurs as—an enterprise owned and controlled by women having a minimum financial interest of 51 percent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women. These women entrepreneurs are assertive, persuasive and willing to take risks. They managed to survive and succeed in this cut-throat competition with their hard work, diligence and perseverance. At present, the Government of India has over 27 schemes for women operated by different departments and ministries, which has opened up new avenues for creating employment opportunities for women. The traditional roles of housewives are gradually changing into women entrepreneurs. Some of the factors responsible for these changes are better education, changing socio-cultural values and need for supplementary income. When proper exposure to education and knowledge are imparted to them, Indian women will prove themselves to be highly potential and a productive force for the development of the nation.

OBJECTIVE AND RESEARCH METHODOLOGY OF THE STUDY

The study focuses on extensive study of Secondary data collected from various books, National & international Journals, reference books, published reports of RBI, Census Surveys, SSI Reports, newspapers, journals, websites, Report of MSME etc, publications from various websites which focused on various aspects of Women Entrepreneurship. The objectives of this study are as follows.

- To analyze present status and Categories of Women Entrepreneurs in India.
- To find factors influencing the women entrepreneurship.
- To know the characteristics and role of women entrepreneurs in India.
- To examine the problems faced by women entrepreneurs in India
- To highlight the contributions made by the women entrepreneurs to the Indian economy
- To study the supportive government policies & programmes to encourage women entrepreneurs.

CATEGORIES OF WOMEN ENTREPRENEURS

- Women in organized & unorganized sectors.
- Women in Traditional & Modern Industries.
- Women in Urban & Rural areas
- Women in large scale & small scale Industries.
Table 1

CATEGORIES OF WOMEN ENTREPRENEURS IN INDIA

<table>
<thead>
<tr>
<th>FIRST CATEGORY</th>
<th>SECOND CATEGORY</th>
<th>THIRD CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established in big cities. Having higher technical qualifications. Sound financial positions.</td>
<td>Established in cities and towns. Having sufficient education. Undertaking women services-kindergarten, crèches, beauty parlors, health clinics etc</td>
<td>Illiterate Women. Financially weak. Involved in family business like agriculture, dairy, handlooms power looms horticulture etc.</td>
</tr>
</tbody>
</table>

Table 2

FACTORS INFLUENCING WOMEN ENTREPRENEURSHIP

<table>
<thead>
<tr>
<th>PUSH FACTORS</th>
<th>PULL FACTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Push factors are elements of necessity such as insufficient family income, dissatisfaction with salaries job, difficulty in finding work and a need for flexible work schedule because of family responsibilities. These factors may have more importance for women than for men.</td>
<td>Factors that work as entrepreneurial drive factors relate to independence, self-fulfillment, entrepreneurial drive and desire for wealth, power and social status, co-operation and support of family members and a strong network of contacts. The most prominent factor is self achievement expressed in terms of challenge which helps women to start, run their own business and turn it into a profitable venture. When a strong need for achievement could not be fulfilled through a salaried position or when there was a desire to transform a perceived opportunity into a marketable idea, then these factors work for a person to start their own venture.</td>
</tr>
</tbody>
</table>

CHARACTERISTICS OF WOMEN ENTREPRENEURS IN INDIA

Indian women of today have taken many strides towards business ownership. The broad classification of women business owners include women who establish, inherit, or acquire a business; women who start businesses with spouses or business partners but are either at the forefront or behind the scenes; and finally, women who start fast-growing or part-time or slow-growing firms. Although earlier researches on women entrepreneurs have suggested that significant differences existed between female and male entrepreneurs. However, more recent studies have shown that there are far more similarities than differences between women and men entrepreneurs in terms of psychological and demographic characteristics. The dominant predictors of success in the case of women entrepreneurs are work experience and years of self-employment.

Generally, women view their businesses as a cooperative network of relationships rather than as a distinct profit-generating entity. This network extends beyond the business into the entrepreneur's relationships with her family and the community. Certain cross-cultural studies on women entrepreneurs have reported that their management styles emphasize open communication and participative decision-making, and their business goals reflect a concern for the community in which the business operates. The majority of women business owners operate enterprises in the service sectors, whereas the majority of male business owners operate enterprises in non-service sectors, particularly manufacturing. Women are not only
achieving economic independence and wealth creation for themselves, but through job creation, they are also providing opportunities for others, particularly for other women.

A series of researches have shown that the workforce of women-owned businesses tend to be more gender balanced than the workforce of men-owned businesses, although women business owners are more likely to hire women. Put simply, an investment in women's entrepreneurship is an investment in the economic independence and well-being of all women. In comparison to their women counterparts who established their businesses two decades earlier, women who have started their businesses sometime during the past decade are more likely to have the following qualities:

- A higher level of education, previous professional and managerial experience, as well as executive level experience, a greater appetite for capital, both credit and equity
- A strong motivation for autonomy and achievement
- A dynamic personality and passion for what they do
- Creativity to innovate and implement
- Independence, self-reliance, high self-confidence, willingness and ability to take risks.
- Alertness to opportunities and ability to marshal resources
- Ability to respond to market and environment signals

Thus, from the above discussion, we can conclude that the following traits of personality of women entrepreneurs:

Table 3

<table>
<thead>
<tr>
<th>RISK TAKERS</th>
<th>PROACTIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity Seeker, Inventor, Commercialiser,</td>
<td>Visionary, Tolerance, Desire of Independence</td>
</tr>
<tr>
<td>Trader, Innovator, Flexible, Need for achievement,</td>
<td>High energy, Ability to bounce back, Result oriented, All rounder, Decisive, Self motivated and flairful</td>
</tr>
<tr>
<td>Internal control, Self Confident and Pragmatic</td>
<td></td>
</tr>
</tbody>
</table>

Fredrick Harbiscon has enumerated the following five functions of women entrepreneurs:

- Exploration of the prospects of starting a new business enterprise.
- Undertaking a risk and handling of economic uncertainties involved in business.
- Introduction of innovations, imitations of innovations.
- Co-ordination, administration and control.
- Supervision and leadership.

In a nutshell, women entrepreneurs are those women who think of a business enterprise, initiate it, organize and combine the factors of production, operate the enterprise, undertake risk and handle economic uncertainties involved in running a business enterprise.
ROLE OF WOMEN AS ENTREPRENEURS IN INDIA

The role of women entrepreneurs in Indian context is discussed briefly:

- **Imaginative:** It refers to the imaginative approach or original ideas with competitive market. Well-planned approach is needed to examine the existing situation and to identify the entrepreneurial opportunities. It further implies that women entrepreneurs have association with knowledgeable people and contracting the right organization offering support and services.

- **Attribute to Work Hard:** Enterprising women have further ability to work hard. The imaginative ideas have to come to a fair play. Hard work is needed to build up an enterprise.

- **Persistence:** Women entrepreneurs always have an intention to fulfill their dreams. They have to make a dream transferred into an idea enterprise. Studies show that successful women work hard.

- **Ability and Desire to Take Risk:** Women always desire to take risk and ability to the proficiency in planning making forecast estimates and calculations.

- **Profit earning capacity:** Woman as entrepreneur has a capacity to get maximum return out of their invested capital. For the same woman entrepreneur also perform all the functions involved in establishing an enterprise. These include idea generation, and screening, determination of objectives, project preparation, product analysis, determination of forms of business organization, completion of formal

LITERACY RATE, PRESENT STATUS OF WOMEN ENTREPRENEURSHIP IN INDIA

As per Census 2011, the population of India is 1210.19 million comprising 586.47 million (48.5%) females and 623.72 million (51.5%) males. Females have a share of 48.1% in the urban population and of 48.6% in the rural population. Literacy rate of India in 2011 is 74.04%. The Male literacy rate is 82.14% and Female literacy rate is 65.46% according to Census 2011. Among the Indian states, Kerala has the highest literacy rate 93.91% and then Mizoram 91.58%. Among the Union Territories, Lakshadweep has the highest literacy rate of 92.28%. Bihar has the lowest literacy rate in India with 63.82%. The Male literacy is highest in Lakshadweep 96.11% and Kerala 96.02%. The Female literacy is highest in Kerala 91.98% and Mizoram 89.40%. Lowest male literacy is in Bihar 73.39%. Lowest female literacy is in Rajasthan 52.66%.

**Table 4**

**WOMEN ENTREPRENEURSHIP IN INDIA**

<table>
<thead>
<tr>
<th>States</th>
<th>No of Units Registered</th>
<th>No. of Women Entrepreneurs</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAMIL NADU</td>
<td>9618</td>
<td>2930</td>
<td>30.36</td>
</tr>
<tr>
<td>UTTAR PRADESH</td>
<td>7980</td>
<td>3180</td>
<td>39.84</td>
</tr>
<tr>
<td>KERALA</td>
<td>5487</td>
<td>2135</td>
<td>38.91</td>
</tr>
<tr>
<td>PUNJAB</td>
<td>4791</td>
<td>1618</td>
<td>33.77</td>
</tr>
</tbody>
</table>
TABLE 4 discloses that Tamil Nadu stands first out of the total number of units registered in India. Regarding the number of women entrepreneurs in India, the first place goes to Uttar Pradesh followed by Tamil Nadu which holds the second place. It is understood from the table that Tamil Nadu has taken more steps to improve the growth and development of women entrepreneurs in Tamil Nadu with the help of financial institutions and government agencies. Various State Government’s Contribution in India like, Andra Pradesh, Kerala, Rajasthan, Uttar Pradesh, Gujarat, Chandigarh, and Tamil Nadu have taken steps to promote women entrepreneurs.

Graph 1

GRAPH SHOWING WOMEN ENTREPRENEURSHIP IN INDIA (%)

Table 5

OVERALL PRODUCT SELECTION BY WOMEN ENTREPRENEURSHIP IN INDIA

<table>
<thead>
<tr>
<th>Product Selection</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>29</td>
</tr>
<tr>
<td>Electronics</td>
<td>7</td>
</tr>
<tr>
<td>Engineering</td>
<td>12</td>
</tr>
<tr>
<td>Plastics</td>
<td>15</td>
</tr>
<tr>
<td>Chemicals</td>
<td>20</td>
</tr>
<tr>
<td>Textiles</td>
<td>13</td>
</tr>
<tr>
<td>Leather</td>
<td>4</td>
</tr>
</tbody>
</table>

Graph 2

OVERALL PRODUCT SELECTION BY WOMEN ENTREPRENEURSHIP IN INDIA
In past rural women concentrated on traditional activities but now due to spread of education and favorable government policies towards self employment and skill development, women have changed their attitude and diverted towards non-traditional activities too. We find women entrepreneurs engaged themselves in different activities such as Engineering, Electronics, ready made garments, textile designing, jewelry designing, handicrafts, leather, Doll making, Toy making, Knitting, Plastics, Soap, ceramics, canning, leaf paper products, Poultry, dairy, fishing, horticulture etc.

TABLE AND GRAPH SHOWING WOMEN WORK PARTICIPATION

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>31.6</td>
</tr>
<tr>
<td>USA</td>
<td>45</td>
</tr>
<tr>
<td>UK</td>
<td>43</td>
</tr>
<tr>
<td>Indonesia</td>
<td>40</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>35</td>
</tr>
<tr>
<td>Brazil</td>
<td>35</td>
</tr>
</tbody>
</table>

Table 6 shows that among the countries, USA, Sri Lanka stand in the first position in 45 per cent, U.K in the second place and Indonesia in the third place and Brazil in the fourth place. India is in the last place among the countries shown in the table. It can be seen that the growth of women entrepreneurs in India is not better than other countries.

KEY CHANGES IN WOMEN ENTREPRENEURS IN LAST FIVE DECADES

1. WOMEN ENTREPRENEURS OF THE FIFTIES: Compulsive factors led to the creation of women entrepreneurs.

2. WOMEN ENTREPRENEURS OF THE SIXTIES: Women began to aspire but also accepted the social cultural traditions.

3. WOMEN ENTREPRENEURS OF THE SEVENTIES: The women in this decade opened up new frontier. They had not only aspiration but ambition

4. WOMEN ENTREPRENEURS OF THE EIGHTIES: Women were educated in highly sophisticated, technological and professional education. They became equally contributing partners.

5. WOMEN ENTREPRENEURS OF THE NINETIES: This was the first time when the concept of best rather than male heir was talked about.

6. WOMEN ENTREPRENEURS OF THE 21st Century: “Jill of all trade
CONTRIBUTIONS OF WOMEN ENTREPRENEURS IN INDIA

The role of women in the economic development of the nation cannot be neglected. In fact they have to be encouraged and motivated to take active part in any business activity. Women occupy a larger share of the informal economy and also in the micro and small enterprise sector in India. The acceleration of economic growth requires an increased supply of women entrepreneurs (Shah, 2012). Women entrepreneurs play the role of change makers both in the family and also in the society and inspire other members of the society to take up such activities. Women entrepreneurs are assets of the nation as they are engaged in certain productive activity and also the create job opportunities for others. This leads to poverty reduction and minimizing the problem of unemployment.

- **Capital Formation:** An economy grows rapidly if the idle savings are invested in some productive activities. The idle funds mobilized and invested in the industry and thus optimum utilization of national resources is done. This phenomenon of capital formation accelerates the economic growth.

- **Improvement in per capita income:** The exploitation of the opportunities to convert the idle resources like land, labour and capital in to national income and wealth in the form of goods and services is the outcome of increasing entrepreneurial activities. The per capita income and the net national product will be increased resultantly.

- **Generation of employment:** Entrepreneurial activities give rise to employment opportunities. The women entrepreneurs become the job creators and not job seekers. Naturally the economic growth will be accelerated by generating employment.

- **Balanced regional development:** The regional development of the nation is balanced as the women mostly start their business activities in the rural and underdeveloped regions. Government also encourages the entrepreneurs to start businesses in these areas through different schemes and subsidies.

- **Improvement in standard of living:** Various products are produced by the women in their small scale businesses, which are offered to the people at reasonable rates. New products are introduced and the scarcity of essential commodities is removed. This facilitates the improvement in standard of living.

- **Innovations:** Innovation is the key of entrepreneurship. (Dr. G. Malyadri) An entrepreneur through his/her innovations begins new enterprise and thus plays an important role of pioneer and industry leader.

As we have seen above, the enterprise leads to acceleration of economic growth through different angles. Women entrepreneurs are transforming families and society, besides making contributions to business development. Women are more likely to reinvest their profits in education, their family and their community. Despite of all these contributions, today we find that rate of women entrepreneurs is very low. Government and non-government agencies also have recognized their contributions and have paid increasing attention towards the empowerment of women entrepreneurs. Although the women are entering into the field of enterprise at lower speed, we see various women successfully running their businesses both in domestic markets and also international markets.

SUCCESSFUL LEADING BUSINESS WOMEN IN INDIA

- AkhilaSrinivasan, Managing Director, Shriram Investments Ltd
- ChandaKocchar, Executive Director, ICICI Bank

SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
PROBLEMS FACED BY INDIAN WOMEN ENTREPRENEURS

Besides the above basic problems the other problems faced by women entrepreneurs are as follows:

- **Family ties:** Women in India are very emotionally attached to their families. They are supposed to attend to all the domestic work, to look after the children and other members of the family. They are overburdened with family responsibilities like extra attention to husband, children and inlaws which take away a lot of their time and energy. In such situations, it will be very difficult to concentrate and run the enterprise successfully.

- **Male dominated society:** Even though our constitution speaks of equality between sexes, male chauvinism is still the order of the day. Women are not treated equal to men. Their entry to business requires the approval of the head of the family. Entrepreneurship has traditionally been seen as a male preserve. All these put a break in the growth of women entrepreneurs.

- **Lack of education:** Women in India are lagging far behind in the field of education. Most of the women (around sixty per cent of total women) are illiterate. Those who are educated are provided either less or inadequate education than their male counterparts partly due to early marriage, partly due to son's higher education and partly due to poverty. Due to lack of proper education, women
entrepreneurs remain in dark about the development of new technology, new methods of production, marketing and other governmental support which will encourage them to flourish.

- **Social barriers:** The traditions and customs prevailed in Indian societies towards women sometimes stand as an obstacle before them to grow and prosper. Castes and religions dominate with one another and hinders women entrepreneurs too. In rural areas, they face more social barriers. They are always seen with suspicious eyes.

- **Shortage of raw materials:** The scarcity of raw materials, sometimes nor, availability of proper and adequate raw materials sounds the death-knell of the enterprises run by women entrepreneurs. Women entrepreneurs really face a tough task in getting the required raw material and other necessary inputs for the enterprises when the prices are very high.

- **Problem of finance:** Women entrepreneurs stiffer a lot in raising and meeting the financial needs of the business. Bankers, creditors and financial institutes are not coming forward to provide financial assistance to women borrowers on the ground of their less credit worthiness and more chances of business failure. They also face financial problem due to blockage of funds in raw materials, work-in-progress finished goods and non-receipt of payment from customers in time.

- **Tough competitions:** Usually women entrepreneurs employ low technology in the process of production. In a market where the competition is too high, they have to fight hard to survive in the market against the organised sector and their male counterpart who have vast experience and capacity to adopt advanced technology in managing enterprises

- **High cost of production:** Several factors including inefficient management contribute to the high cost of production which stands as a stumbling block before women entrepreneurs. Women entrepreneurs face technology obsolescence due to non-adoption or slow adoption to changing technology which is a major factor of high cost of production.

- **Low risk-bearing capacity:** Women in India are by nature weak, shy and mild. They cannot bear the amount risk which is essential for running an enterprise. Lack of education, training and financial support from outsides also reduce their ability to bear the risk involved in an enterprises.

- **Limited mobility:** Women mobility in India is highly limited and has become a problem due to traditional values and inability to drive vehicles. Moving alone and asking for a room to stay out in the night for business purposes are still looked upon with suspicious eyes. Sometimes, younger women feel uncomfortable in dealing with men who show extra interest in them than work related aspects.

- **Lack of entrepreneurial aptitude:** Lack of entrepreneurial aptitude is a matter of concern for women entrepreneurs. They have no entrepreneurial bent of mind. Even after attending various training programmes on entrepreneurship women entrepreneurs fail to tide over the risks and troubles that may come up in an organizational working.

- **Limited managerial ability:** Management has become a specialized job which only efficient managers perform. Women entrepreneurs are not efficient in managerial functions like planning, organizing, controlling, coordinating, staffing, directing, motivating etc. of an enterprise. Therefore, less and limited managerial ability of women has become a problem for them to run the enterprise successfully.

- **Legal formalities:** Fulfilling the legal formalities required for running an enterprise becomes an upheaval task on the part of an women entrepreneur because of the prevalence of corrupt practices in government offices and procedural delays for various licenses, electricity, water and
shed allotments. In such situations women entrepreneurs find it hard to concentrate on the smooth working of the enterprise.

- **Exploitation by middle men:** Since women cannot run around for marketing, distribution and money collection, they have to depend on middle men for the above activities. Middle men tend to exploit them in the guise of helping. They add their own profit margin which results in less sales and lesser profit.

- **Lack of self confidence:** Women entrepreneurs because of their inherent nature, lack of self-confidence which is essentially a motivating factor in running an enterprise successfully. They have to strive hard to strike a balance between managing a family and managing an enterprise. Sometimes she has to sacrifice her entrepreneurial urge in order to strike a balance between the two.

**STEPS TAKEN BY THE GOVERNMENT TO SUPPORT WOMEN ENTREPRENEURSHIP IN INDIA**

Development of women has been a policy objective of the government since independence. In 80s three core areas of health, education and employment achieved utmost attention. Women are given priorities in all the sectors including SSI sector. Government and non government bodies have tried to increase women’s economic contribution through self employment and industrial ventures.

**The First Five-Year Plan (1951-56)** envisaged a number of welfare measures for women. Establishment of the Central Social Welfare Board, organization of MahilaMandals and the Community Development Programmes were a few steps in this direction.

**the second Five-Year Plan (1956-61),** the empowerment of women was closely linked with the overall approach of intensive agricultural development programmes.


**The Fifth Five-Year Plan (1974-79)** emphasized training of women, who were in need of income and protection. This plan coincided with International Women’s Decade and the submission of Report of the Committee on the Status of Women in India. In1976, Women’s welfare and Development Bureau was set up under the Ministry of Social Welfare.

**The Sixth Five-Year Plan (1980-85)** saw a definite shift from welfare to development. It recognized women’s lack of access to resources as a critical factor restricting their growth. **The Seventh Five-Year Plan (1985-90)** emphasized the need for gender equality and empowerment. For the first time, emphasis was placed upon qualitative aspects such as inculcation of confidence, generation of awareness with regards to rights and training in skills for better employment.

**The Eight Five-Year Plan (1992-97)** focused on empowering women, especially at the Gross Roots Level, through Panchayati Raj Institutions.

**At present, the Government of India has over 27 schemes to support women entrepreneurship. Some of these are:**

1. Assistance to Rural Women in Non-Farm Development (ARWIND) schemes
2. Entrepreneurial Development programme (EDPs)
3. Indira MahilaYojana
4. Indira Mahila Kendra  
5. Integrated Rural Development Programme (IRDP)  
6. Khadi And Village Industries Commission (KVIC)  
7. Management Development programmes  
8. Women’s Development Corporations (WDCs)  
9. Marketing of Non-Farm Products of Rural Women (MAHIMA)  
10. MahilaVikasNidhi  
11. MahilaSamitiYojana  
12. MahilaVikasNidhi  
13. Micro Credit Scheme  
15. NGO’s Credit Schemes  
16. NABARD- KfW-SEWA Bank project  
17. National Banks for Agriculture and Rural Development’s Schemes  
18. Priyadarshini Project- A programme for Rural Women Empowerment and Livelihood in Mid  
19. Gangetic Plains’  
20. Prime Minister’s RojgarYojana (PMRY)  
21. RashtriyaMahilaKosh  
22. Rajiv Gandhi MahilaVikasPariyojana (RGMVP)  
23. SIDBI’s MahilaUdyamNidhi  
24. SBI’s Stree Shakti Scheme  
25. Trade Related Entrepreneurship Assistance and Development (TREAD)  
26. Working Women’s Forum  
27. Training of Rural Youth for Self-Employment (TRYSEM)  

SUGGESTIONS TO OVERCOME THE CHALLENGES

The following are the suggestions to solve the problems of women entrepreneurs.

- **Finance cells**: Finance cells should be opened so that the women entrepreneurs will get finance and also appropriate guidance regarding the financial schemes available to them.
Education and awareness: The negative social attitude of the society can be changed by conducting different awareness programs and educate the women and also the society regarding the fruits of women indulging in the entrepreneurial activities.

Training Facilities: Women lack different skills like the managerial skills, communication skills, language problems, etc. Various training programs can be developed so that the women take full advantage and confidently engage themselves into any business activity.

Planning: Women should never enter into any business without proper planning. They have to create appropriate strategies. A blue print of the activities to be undertaken should be prepared which will specify the product/service, the target customers, the mode of financing and the way the business will be undertaken on daily basis.

Team Building: The woman entrepreneur has to forget the fact that she is the only person who will do the particular task perfectly. She should have a team, the members of which have different skills and strengths and the women should be able to coordinate with the team and thus bring out all the strengths and skills in the members for the success of the business.

Avoiding getting too close with the employees: Women, naturally, are family oriented. They are attached to anybody as if he/she is that woman’s family member. She gets too close to her employees which will make her difficult many a times to maintain professional relationship with them. Thus the women should be able to be professional and practical always and be informal at some times.

CONCLUSION

Entrepreneurship is presently the most discussed and encouraged concept all over the world to overcome economic challenges. Women being the vital gender of the overall population have great capacity and potential to be the contributor in the overall economic development of any nation. Developing countries are definitely in dire need to encourage women entrepreneurship as women workforce is promptly available to exploit the unexplored dimensions of business ventures. Women entrepreneurs face many problems in various aspects of finance, marketing, health and family. After independence, law guaranteed equal rights and equal opportunities in education and employment for women. Women entrepreneurs must be molded properly with entrepreneurial traits and skills to meet the changes in trends, challenges in global markets. They should creatively utilize their strengths to overcome the threats and grab all the opportunities to minimize their weaknesses. Women should be given priorities in all the sectors including SSI sector. Government and non government bodies should continuously try to increase women’s economic contribution through encouraging self employment and industrial ventures by bringing supportive schemes which will open up new avenues for creating entrepreneurship opportunities for women. When proper exposure to education and knowledge are imparted to them, Indian women will prove themselves to be highly potential and a productive force for the development of the nation.

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A Study on Startup and its Impact on MSME in India with Special Reference to Maharashtra State

Dr. S. Manikandan

ABSTRACT

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. Recognizing the significant contribution of this sector in economic growth and also in employment generation in our country, Government of India has taken good number of initiatives to develop the sector such as erstwhile definition of ‘Small Scale Industries’ was enlarged by increasing investment ceiling in plants & machineries from Rupees One crore and trading activities have taken in the ambit of MSMEs by enactment of Micro, Small & Medium Enterprises Development (MSMED) Act from 2nd October 2006. MSME sector is the second largest employment provider in our country and it is good vehicle to achieve inclusive and distributed growth.

Ministry of Micro, Small & Medium Enterprises (M/o MSME) envision a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises and encouraging creation of new enterprises. Startup India is a flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower Startups to grow through innovation and design.

The Prime Minister of India, Shri Narendra Modi had this year in his Independence Day speech announced the “Start-up India” initiative. This initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive for growth of Start-ups. The objective is that India must become a nation of job creators instead of being a nation of job seekers. The Prime Minister of India will formally launch the initiative on January 16, 2016 from VigyanBhawan, New Delhi. The event will be attended by a vast number of young Indian entrepreneurs (over 2000) who have embarked on the journey of entrepreneurship through Start-ups.

INTRODUCTION

The Micro, Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector. The Act seeks to facilitate the development of these enterprises as also enhance their competitiveness. It provides the first-ever legal framework for recognition of the concept of “enterprise” which comprises both manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium. The Act also provides for a statutory consultative mechanism at the national level with balanced representation of all sections of stakeholders, particularly the three classes of enterprises and with a wide range of advisory functions. Establishment of specific funds for the promotion, development and enhancing competitiveness of these enterprises, notification of schemes/programmers for this purpose, progressive credit policies and practices,
preference in Government procurements to products and services of the micro and small enterprises, more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises and assurance of a scheme for easing the closure of business by these enterprises, are some of the other features of the Act.

Micro, small and medium enterprises as per MSMED Act, 2006 are defined based on their investment in plant and machinery (for manufacturing enterprise) and on equipment for enterprises providing or rendering services. Recognizing the contribution and potential of the sector, the definitions and coverage of the Small Scale Industry (SSI) sector were broadened significantly under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which recognized the concept of “enterprise” to include both manufacturing and services sector besides, defining the medium enterprises. The present ceiling on investment on Manufacturing sector for Micro, Small and Medium was not exceed twenty five lakh, more than twenty five lakh and not exceed five crore and more than five crore and not exceed ten crore respectively. For services sector Micro, Small and Medium was not exceed ten lakh, More than ten lakh not exceed two crore and more than two crore and not exceed five crore respectively.

**WHY SME’s ARE MORE ADOPTABLE?**

Indian economy is dominated by a vibrant set of enterprises, which are prestigiously known as Micro, Small and Medium Enterprises (MSMEs) for their scale of operations. The role of MSMEs in economic and social development of country is widely acknowledged. The role of MSMEs in economic and social development of country is widely acknowledged.
MAJOR SECTORS OF SME’s

START-UP

Startup means an entity, incorporated or registered in India not prior to Five years, with annual turnover not exceeding Rupees 25 Crores in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.

Key Points of Start-up

- Single Window Clearance even with the help of a mobile application
- 10,000 crore fund of funds
- 80% reduction in patent registration fee
- Modified and more friendly Bankruptcy Code to ensure 90-day exit window
- Freedom from mystifying inspections for 3 years
- Freedom from Capital Gain Tax for 3 years
- Freedom from tax in profits for 3 years
- Eliminating red tape
- Self-certification compliance
- Innovation hub under Atal Innovation Mission
- Starting with 5 lakh schools to target 10 lakh children for innovation Programme
- new schemes to provide IPR protection to start-ups and new firms
• Encourage entrepreneurship.
• Stand India across the world as a start-up hub.

Benefits of Start-up Scheme

1. No tax on income from Startups
2. Capital Gains and ARCs
3. 1-day incorporation
4. Skilling India
5. MUDRA scheme
6. Presumptive taxation scheme
7. Corporate tax for Small Companies Service Tax exemption
8. Rs. 500 cr to support SC/ST, women entrepreneurs

RESEARCH METHODOLOGY

Need of the Study

To know the Avenues of financial succor for SMEs & Startups in India with reference to SME clusters in Maharashtra.

Objective of Study

1. To find how SMEs and start-ups of contribute to the development of our country.
2. To study financial crunch and clusters in financing SMEs & startups and the prominent source of financing and problems faced by them and the enterprises which the entrepreneur are willing to start and activity which they want to peruse.
3. To study the nature of operations and type of organizations and industry.
4. To know the Schemes framed by the Government under the MSME Sector.

Data Collection

Both primary and secondary data will be used for this study.

Methods of data collection:

1. Primary data is collected through survey technique Questionnaire.
2. Secondary data is collected from Journals, Internet, Magazines Company’s.

Record Data analysis: Once the data are collected, the information will be coded and appropriate data analytic techniques will be used to obtain meaningful information from the collected data. It involves editing, coding and tabulating the collected data.
Sample size – 50 Experts

Sampling technique - In this study, probability/random sampling technique is adopted.

Sampling Method - Simple random sampling is used.

Simple random sampling: In this method, every element in the population has a known and equal chance of being selected as a sample. This sampling is best suited when the generalizability of the findings to the whole population is the main objective of the study.

REVIEW OF LITERATURE

Govt easing hurdles for SMEs: AnandSharma (2012)

It's not very often that small and medium companies get their due in the broader economic spectrum. Acknowledging their contribution to the Indian economy, industry and commerce minister AnandSharma says the government is working on to ensure that SMEs are given their pride of place and the government has taken measures like cutting down on red tape and invoking a provision for the first time to remove multiple-level approvals required.

MehulKapadia (2013)

Every bit of capital investment is crucial for an SME. Seasonal peaks are one of the greatest reasons for companies under-provisioning or over-provisioning. This can later result in a heavy loss and idle resources. All businesses undergo a transition at various points. Whether you run a full-fledged enterprise, a medium-sized business venture or even a smaller, relatively newer business, updating business IT processes is a critical step in your enterprise life cycle. In fact, some businesses even have to undergo multiple transformation phases. Large enterprises have the capability and the resources to execute such transformations smoothly, but SMEs face a significant challenge in doing so, given their limited resources and capital.

Courting SMEs (2014)

For a change, the investment banker is having a drink with the small businessman. Usually driven by hints of big ticket deals, several i-bankers today are sensing opportunity in small and medium enterprises, better known as SMEs. High-street banks as well as boutique finance firms are exploring opportunity in this space. For instance the private bank, Indusland has recently launched a separate wing to look into investment banking possibilities in the SME segment. Besides, there are boutique players like Keynote with a focus on small cap firms. Others like Edelweiss Capital, Yes Bank and Ernst & Young are getting active in the segment.

Lending to SMEs proving to be attractive entrepreneurial opportunity for startups (2015)

For millions of small businesses in India, hunting for credit has always been a challenge. They represent the 'missing middle' - un-catered to by financial lenders that would rather reach for the top of the pyramid or the bottom. But the middle is large. India has about 57.7 million small business units, many of them small proprietorships. A host of startups are now stepping in, providing debt financing and working capital loans to these enterprises. Venture and private equity, too, are pouring capital into this ecosystem in the making.

Gujarat Chamber of Commerce & Industry (2016)

To support 'Make In India' campaign, the Gujarat Chamber of Commerce & Industry (GCCI) will take help of PSUs to revive the closed small and medium enterprises (SMEs) in the state. "Under 'Make in
India, government insists to develop ancillaries of defence and other sectors at home rather than importing them. If units, which were shut down for some reasons can be revived, they can contribute to the programme.

**SME - A SECTOR OF HIGHER GROWTH**

SME is known for its contribution in all round growth of an economy such as employment generation is continuously increasing, exports and production also showing increasing path for this sector. While at micro level, feedback was obtained from entrepreneurs on their average growth rate in turnover and profit during last three years.

**Profitability of SME Firms**

1. Profit being sole motive of any business organization, select parameters has taken into sample which has direct bearings on the profitability. These factors are also important for bankers while considering loan applications of the beneficiaries. Responses collected from entrepreneurs are of qualitative in nature to get impressions of the respondents on selected parameters of profitability under four categories such as increase, decrease, unchanged and not applicable.

2. Almost all factors of cost such as raw material, labour& staff cost, interest expenses and other operating expenses have increased during last 3 years in majority of SME firms and sales has also improved in 81% firms except in cases of 16% & 3% wherein it was constant and decreased respectively

3. It witnessed that SMEs have flexibility and creativity to quickly adopt the other viable business proposition. Whilst from banker’s view-point, the diversification in business to be closely monitored through handholding operations, else there are possibilities of increase in the number of occasions of funds diversion.

4. Analysis also reveals that SMEs are less impacted from global melt down during the last 3 years 2013-16 because the sales had increased in 81% firms despite world faced the recession. Indian economy overcame from the recessionary phase at the earliest without many problems because SMEs dominated economy normally registers sustainable growth.

5. As regards interest expenses hike observed by 82 respondents’ in sample, it is impact of increased rate of interest scenario globally which is suggested to be subsidized for SMEs by introducing interest subvention provisions for all SMEs covered under MSMED Act 2006 so that capacity of this sector could be built to have leverage on global competitive advantages.
START-UP INDIA SCHEME

- The economy of any country depends on its countrymen. Larger the number of employed or working people, better be the economy. The Indian government realized that Indian people have the potential to work hardly, all they need is, a promising start up. Many people dream of starting up their own business, but due to financial or other similar issues are unable to do so. So, Indian govt. in the leadership of Narendra Modi has decided to offer a gift as a nation wise program- “Start Up India”

- Narendra Modi in his speech acknowledged that Indians have ideas and capability, all the need is a little push. “Start up India” is a revolutionary scheme that has been started to help the people who wish to start their own business. These people have ideas and capability, so the government will give them support to make sure they can implement their ideas and grow. Success of this scheme will eventually make India, a better economy and a strong nation. Start Up India Scheme – From Job Seekers to Job Creators.

- During his speech at the event, Mr. Modi said that we are trying to make the young job creators rather than job seekers. He also said that one’s mind-set should not be towards earning money in the initial phase, it should be rather on grabbing and using the opportunities.

- Technology is evolving with the pace faster than ever. This has given birth to various new businesses like E-commerce, internet marketing etc. So, there is a great scope of development in such areas. Those who plan to start new business are eligible to apply.

DATA ANALYSIS

1. Willingness of entrepreneurs to Start a Business

As per our research major respondents were of the view to start the medium category business and rest of the others were willing to start small and large category business.

2. Sector

Major of our respondent have chosen for manufacturing sector and some of them have chosen services sector.

3. Nature of operation
We found in our research study that most of the respondents wanted to do perennial and seasonal activity and some few wanted to do casual business.

4. **Type of Organization**

Our research depicts that major respondents wants to do business through partnership firm, private limited and proprietary organizations.

5. **Financial Crunch and Clusters in Financing sme’s and Startups**

![COLUMN1 Diagram]

6. **Source of Finance**

![Source of Finance Diagram]

As per our research, we found that the SMEs mainly depend for finance on banks and other sources still are not been utilized.

7. **Problems faced by SME**

Problems faced by the SMEs mainly are non-availability of finance and non-availability of skilled labour.
SME CLUSTERS OF MAHARASHTRA

SME Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. Clusters arise because they increase the productivity with which companies can compete. The development and upgrading of clusters is an important agenda for governments, companies, and other institutions. Cluster development initiatives are an important new direction in economic policy, building on earlier efforts in macroeconomic stabilization, privatization, and market opening and reducing the costs of doing business.

Some Indian SME clusters are so big that they account for 90 per cent of India's total production output in selected products. As for example, the knitwear cluster of Ludhiana. Almost the entire Gems and Jewellery exports are from the clusters of Surat and Mumbai. Similarly, the clusters of Chennai, Agra and Kolkata are well known for leather and leather products.

However, the majority of Indian clusters, especially in the handicrafts sector, are very small with no more than hundred workers, so specialised that no other place in the world matches their skills and the quality of their output. This is the case, for example, of the Paithnisarees cluster in Maharashtra. However, only a tiny minority of such artisan clusters are globally competitive.

The formidable challenges created for the SME sector by the liberalisation of the Indian economy, as well as its closer integration within the global economy, have generated a great deal of interest within India on novel approaches to SME development. As a result, both private and public sector institutions at the Central as well as the State levels are increasingly undertaking cluster development initiatives.

LIST OF SME CLUSTERS PRESENT IN MAHARASHTRA STATE

<table>
<thead>
<tr>
<th>List of SME Clusters in Maharashtra</th>
</tr>
</thead>
<tbody>
<tr>
<td>S. No.</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

Problems faced by the SME

Non availability of finance
Limited capital & knowledge
<table>
<thead>
<tr>
<th>No.</th>
<th>Maharashtra</th>
<th>City</th>
<th>District</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Maharashtra</td>
<td>Akola</td>
<td>Akola</td>
<td>Oil Mills (Cotton seed)</td>
</tr>
<tr>
<td>3</td>
<td>Maharashtra</td>
<td>Akola</td>
<td>Akola</td>
<td>Dal Mills</td>
</tr>
<tr>
<td>4</td>
<td>Maharashtra</td>
<td>Aurangabad</td>
<td>Aurangabad</td>
<td>Auto Components</td>
</tr>
<tr>
<td>5</td>
<td>Maharashtra</td>
<td>Aurangabad</td>
<td>Aurangabad</td>
<td>Pharmaceuticals- Bulk Drugs</td>
</tr>
<tr>
<td>6</td>
<td>Maharashtra</td>
<td>Bhandara</td>
<td>Bhandara</td>
<td>Rice Mills</td>
</tr>
<tr>
<td>7</td>
<td>Maharashtra</td>
<td>Chandrapur</td>
<td>Chandrapur</td>
<td>Roofing Tiles</td>
</tr>
<tr>
<td>8</td>
<td>Maharashtra</td>
<td>Chandrapur</td>
<td>Chandrapur</td>
<td>Rice Mills</td>
</tr>
<tr>
<td>9</td>
<td>Maharashtra</td>
<td>Dhule</td>
<td>Dhule</td>
<td>Chilly Powder</td>
</tr>
<tr>
<td>10</td>
<td>Maharashtra</td>
<td>Gadchirol</td>
<td>Gadhirol</td>
<td>Castings &amp; Forging</td>
</tr>
<tr>
<td>11</td>
<td>Maharashtra</td>
<td>Gadchirol</td>
<td>Gadhirol</td>
<td>Rice Mills</td>
</tr>
<tr>
<td>12</td>
<td>Maharashtra</td>
<td>Gondia</td>
<td>Gondiya</td>
<td>Rice Mills</td>
</tr>
<tr>
<td>13</td>
<td>Maharashtra</td>
<td>Jalgaon</td>
<td>Jalgaon</td>
<td>Dal Mills</td>
</tr>
<tr>
<td>14</td>
<td>Maharashtra</td>
<td>Jalgaon</td>
<td>Jalgaon</td>
<td>Agriculture Implements</td>
</tr>
<tr>
<td>15</td>
<td>Maharashtra</td>
<td>Jalna</td>
<td>Jalna</td>
<td>Engineering Equipment</td>
</tr>
<tr>
<td>16</td>
<td>Maharashtra</td>
<td>Kolhapur</td>
<td>Kolhapur</td>
<td>Diesel Engines</td>
</tr>
<tr>
<td>17</td>
<td>Maharashtra</td>
<td>Kolhapur</td>
<td>Kolhapur</td>
<td>Foundry</td>
</tr>
</tbody>
</table>
SCHEMES COVERED UNDER RESEARCH AND FRAMED BY THE GOVERNMENT OF INDIA FOR SME SECTOR:

1. NATIONAL MANUFACTURING COMPETITIVENESS PROGRAMME (NMCP)
2. CREDIT LINKED CAPITAL SUBSIDY SCHEME (CLCSS)
3. PRIME MINISTER’S EMPLOYMENT GENERATION PROGRAMME (PMEGP)
4. SCHEME OF FUND FOR REGENERATION OF TRADITIONAL INDUSTRIES (SFURTI)

We found in our study that many of the respondents are aware of the only one scheme i.e. Prime Minister Employment Generation Program provided by the Government and awareness of the other available schemes is less.

FINDINGS

We have covered some of the SMEs and Start-ups in our study/research. The purpose of Findings is to provide a concise, clear summary regarding the topic given to us. Below mentioned are the findings observed during the course of our research.

- Emergence of various SMEs and Start-ups in the Indian market have created environment both at the National & state level for entrepreneurs to start the various enterprises. They depict the importance of the various manufacturing & service sector at different levels.

- Regarding the Maharashtra region, the existence of the various SME cluster has been observed with reference to financial crunches faced by the various SMEs.

- Our finding is that the young entrepreneurs want to do business through service sector due to available growth in the service sector with the help of Government of India’s Start-up – make in India initiative.

- With the proper selection of the available resources young entrepreneurs will do business by operating cyber café, Xerox, fax & STD centers and also restaurants & coffee shops with the help of Prime Minister Employment Generation Programme by using labour intensive technology.

- As per the data analysis of the secondary data, there exist various SME clusters which are found to be facing similar financial crunch due to less awareness and low funding of loans.

- Our finding is that the SMEs are very vital for development of any economy because it helps in generation of employment and reshaping productive sectors but they suffer problems due to non-availability of finance & non availability of skilled labour at affordable cost.

SUGGESTION

After the detailed study of the research, we can form some of the suggestions to provide the proper and required financial help to SME clusters and Start-up enterprises. Government of India along with the State Governments should take initiative and conduct various programs to make people aware about the various Schemes provided by the Governments to SMEs and SME cluster.
As the SMEs are a major player in the development of the economy of the country, Banks and other sources should provide the finance at cost effective manner according to the need of the various sectors of SME cluster. As Startup scheme is a fully online facility, so government of India should provide internet facilities to all the remote areas of the Nation so that entrepreneurs get their innovation implemented through their own places.

CONCLUSION

The survey had fourteen questions. The report has been closed questions. Number of respondents were 38 out of 50. Overwhelmingly the responses have shown a positive attitude to the questions asked. Although SMEs is a higher growth sector alongwith providing employment opportunities but it lacks in obtaining finance from the Government Departments, Banking Sectors, Financial institutions etc. and also financial planning, limited knowledge, lack of skill labour, Ineffective marketing Credit policy, not adoptability of new technology, continuous modernization.

Startup scheme is a great initiative by our honorable prime minister for all the young entrepreneurs who have innovative ideas but lacks platform which provide them to start their business. Now under this scheme they will get Tax exemptions for three years and concessions on capital gains tax. A single point of contact for interactions with the government. Many New Innovation Center, Research Center and Institutes will be established and also in case of Exit – 90 days for a startup to close down its business and many other benefits

SMEs clusters plays a vital role in total production output in selected products of India for example, the Auto Components cluster of Aurangabad. However, the majority of Indian clusters, especially in the handicrafts sector, are very small with no more than hundred workers, so specialised that no other place in the world matches their skills and the quality of their output. But only few clusters are globally competitive.

Reference

Books


2. Lall, S., 1980 “Developing Countries as exporters of industrial technology” (Research Policy 9).


Women Entrepreneurship vs. Male Entrepreneurship in Uttar Pradesh: A Comparative study (with special reference to handloom sector)

Manjeet Kumar Verma

ABSTRACT:
Entrepreneurship is the process of capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. Women entrepreneurship is the process in which women initiate to start a new business venture, gather all resources, undertake risks, face challenges and manages all activities of business independently. Women entrepreneurship has been recognized as an important source of economic growth. Women entrepreneurs create new jobs for themselves and others and also provide society with different solutions to management, organization and business problems. However, they still represent a minority of all entrepreneurs. Though women entrepreneurs often face gender-based barriers to starting and growing their businesses, like discriminatory property, matrimonial and inheritance laws and/or cultural practices; lack of access to formal finance mechanisms; limited mobility and access to information and networks etc., yet they are potentially emerging as a human resource in the 21st century. The primary objective of this paper is to find out the status of women entrepreneurs in comparison to male entrepreneurs in Uttar Pradesh.

Keywords: Entrepreneurship, women entrepreneurship, ventures.

INTRODUCTION:
Handloom industry is an important traditional rural industry spread in most of the parts of the country and occupies a prominent position in maintaining the heritage and culture of India. It is second largest employment provider next only to the agriculture. This industry is closely associated with the art and culture of the country. The hand woven fabrics are the main product of Indian tradition, the inspiration of the cultural ethos of the weavers. The innovative weavers with their skillful blending of myths, faiths, symbols and imagery provide the fabric appealing dynamism. The Strength of handloom lies in the introducing innovative design and this cannot be replicated by the power loom sector. From the view points of caliber and efficiency, weaver always possesses a pride of place in the cultural life of the Indian people. Handloom industry in India has decentralized set up; it is traditional, great employment generator. The products of the Handloom industry have the worldwide reputation since long time, and it plays a very important role in Indian economy and it is an integral component of textile industry.

Textile industries provide employment to millions of people and have made a significant contribution towards the nation’s industrial production as well as the overall export from the country. Thus textiles and clothing have formed the single largest group of commodity in the country’s export. It has been considered as the single largest foreign exchange earner. With regard to production, the industry is meeting around 12% of the total cloth requirements of the masses in the country. Indian weavers are not only producing enough cloth to meet the internal demand but also exporting numerous artistic varieties to the industrialized countries of the world. Handloom industry have a great potential in this regard as they hold the key not only for sustaining the existing craft persons, but for providing gainful employment both
full time and part time, to increasingly larger sections of the economically poor and dispossessed weavers. Village and cottage industries to which the handloom industry belongs are oriented towards balanced socio-economic development of our country owing to the built in mechanism that encourage weavers and craftsmen to seek an honorable place in the society.

**OBJECTIVE OF THE STUDY:**

1. To understand the handloom sector.
2. To facilitate better understanding of the growth and employment in the handloom sector in India as well as in Uttar Pradesh.
3. To know the status of female entrepreneurs and male entrepreneurs in Uttar Pradesh.

**REVIEW OF LITERATURE:**

Tambunan, (2009), had done a study on recent developments of women entrepreneurs in Asia and developing countries. The study focused mainly on women entrepreneurs in small and medium enterprises based on data analysis and review of recent key literature. In this study, it was found that in Asian developing countries SMEs are gaining overwhelming importance; more than 95% of all firms in all sectors on average per country. The study have also depicted the fact that representation of women entrepreneurs in this region is relatively low due to factors like low level of education, lack of capital and cultural or religious constraints. However, this study revealed that most of the women entrepreneurs in SMEs are from the category of forced entrepreneurs seeking for better family incomes.

Singh, 2008, had identified the reasons & influencing factors behind entry of women into entrepreneurship. In this study, he explained the characteristics of their businesses in Indian context and also obstacles & challenges. He mentioned the obstacles in the growth of women entrepreneurship are mainly lack of interaction with successful entrepreneurs, social unacceptance as women entrepreneurs, family responsibility, gender discrimination, missing network, low priority given by bankers to provide loan to women entrepreneurs. He suggested the remedial measures like promoting micro enterprises, unlocking institutional framework, projecting & pulling to grow & support the winners etc. The study advocates ensuring synergy among women related ministry, economic ministry & social & welfare development ministry of the Government of India.

Lall & Sahai, (2008), had conducted a comparative assessment of multi-dimensional issues & challenges of women entrepreneurship, & family business. The study identified Psychographic variables like, degree of commitment, entrepreneurial challenges & future plan for expansion, based on demographic variables. Through stratified random sampling & convenience sampling the data have been collected from women entrepreneurs working in urban area of Lucknow. The study identified business owner’s characteristics as self-perception self-esteem, Entrepreneurial intensity & operational problem for future plans for growth & expansion. The study suggested that though, there has been considerable growth in number of women opting to work in family owned business but they still have lower status and face more operational challenges in running business.

Das, 2000 made a study on women entrepreneurs of SMEs in two states of India, viz, Tamil Nadu and Kerala. In this study, the initial problems faced by women entrepreneurs are quite similar to those faced by women in western countries. However, Indian women entrepreneurs faced lower level of work-family conflict and are also found to differ from their counterparts in western countries on the basis of reasons for starting and succeeding in business. Similar trends are also found in other Asian countries.
such as Indonesia and Singapore. Again the statistics showed that the proportion of business setup and operated by women is much lower than the figures found in western countries.

Greene (2003), have evaluated the research & publication contribution in the area of womenentrepreneurship. The study categorized various journal & resources of research on the basisof certain parameters concerned with women entrepreneurship like gender discrimination, personal attributes, financing challenges, business unit, context and feminist perspectives.

METHODOLOGY:

The research paper is based on secondary data. The secondary data have been collected from the Office of Development Commissioner for Handlooms New Delhi, National Council of Applied Economic Research (NCAER) New Delhi, National Handloom Development Corporation (NHDC) Lucknow, Office of Planning Commission Lucknow, Uttar Pradesh Handloom Directorate, Kanpur. Books, Articles. The reliable websites related to handlooms also have been searched.

HANDLOOM INDUSTRY IN UTTAR PRADESH: AN OVERVIEW:

Uttar Pradesh is the most popular state of India. It is well known for its multi-hued culture, and tradition. It is a developing state, the average real GSDP of the state, around 6% during FY2002-11 and state had been ranked 16th on the basis of various parameters. This state is well known for its traditional industries, like Handlooms and Handicrafts. It has been a traditional centre of handloom since long, and handloom industry occupies the position of second largest employment provider next only to agriculture in the state. The handloom industry is concentrated with almost 30 districts in Uttar Pradesh. The handloom industry forms a very important place in the economy of Uttar Pradesh. Uttar Pradesh is the only state which has the distinction of being able to offer the complete range of handloom products like, home furnishing floor covering, bed covers, bed sheets, dress materials, towels, table linen and a vast range of woven and printed saris made of cotton and silk and many more items. Whereas, many state of India is famous for only one or two particular products.

Banarasi Sari tradition of weaving by hands forms a precious part of the generation legacy and exemplifies the richness and diversity of our country. The element of art and crafts presents in the Uttar Pradesh handloom sector makes it a potential sector for upper segments of the market both in India as well as globally.

DISTRIBUTION OF MAJOR HANDLOOM CONCENTRATED DISTRICTS IN UTTAR PRADESH:

<table>
<thead>
<tr>
<th>Centers</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amroha</td>
<td>Picnic durries</td>
</tr>
<tr>
<td>Azamgarh</td>
<td>Durries, bed sheets, furnishing, heavy dress materials and Silk Sari.</td>
</tr>
<tr>
<td>Agra</td>
<td>Chenille and carpets</td>
</tr>
<tr>
<td>Etawah</td>
<td>Bed spreads, sheeting, dress materials, mixed fabrics.</td>
</tr>
<tr>
<td>Furrukhabad</td>
<td>Cotton prints, bed sheets, dress materials, durries, mixed fabrics, chenille carpets.</td>
</tr>
<tr>
<td>FatehpurSikri</td>
<td>Heavy cotton fabrics, dress materials, durries, chenille cotton carpets,</td>
</tr>
<tr>
<td>City</td>
<td>Products</td>
</tr>
<tr>
<td>--------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Ghaziabad</td>
<td>Jacquard furnishing, bed spreads, terry towels, liner and home furnishing.</td>
</tr>
<tr>
<td>Gorakhpur</td>
<td>Terry towels, Toweling, furnishing, Dress materials.</td>
</tr>
<tr>
<td>Hathras</td>
<td>Chenille rugs, cotton carpets, and fabrics</td>
</tr>
<tr>
<td>MaunathBhanjan</td>
<td>Cotton bed spreads, Saris, Dress materials, Mixed fabrics.</td>
</tr>
<tr>
<td>Tanda</td>
<td>Figured muslin fabrics, Jamdanis, cotton dress materials, mixed fabrics.</td>
</tr>
<tr>
<td>Varanansi</td>
<td>Sari, mixed fabrics, cut-work items, dress materials, furnishings, stoles, scarves, gauze</td>
</tr>
<tr>
<td>Sitapur</td>
<td>Cotton Durries, Dhoti, Lungi, Gamchha</td>
</tr>
<tr>
<td>Bijnore</td>
<td>Cotton khes, bed sheets, blankets, shawls, gauge bandages</td>
</tr>
<tr>
<td>Meerut</td>
<td>Printed bed covers, bed sheets, furnishing clothes</td>
</tr>
<tr>
<td>Rampur</td>
<td>Janta Dhoti</td>
</tr>
<tr>
<td>Muzaffar Nagar</td>
<td>Towel, Bed sheet, Khes, Coating</td>
</tr>
<tr>
<td>Jhansi</td>
<td>Terry cot, Suiting &amp; Shirting</td>
</tr>
<tr>
<td>Hardoi</td>
<td>Cotton Dhoti, Ghamcha, Garha</td>
</tr>
<tr>
<td>Aligarh</td>
<td>Cotton durries, Garha, Dhoti</td>
</tr>
<tr>
<td>Moradabad</td>
<td>Bed cover, Garha, Shirting, Towel, Gauze Bandages</td>
</tr>
<tr>
<td>Kanpur city</td>
<td>Durries, Tapestry, Gamcha, Dhoti, Lungi</td>
</tr>
<tr>
<td>Mahoba</td>
<td>Terry cot, Suiting &amp; Shirting</td>
</tr>
<tr>
<td>Pilibhit</td>
<td>Ghamchha, Garha, Lungi</td>
</tr>
<tr>
<td>Mirzapur</td>
<td>Woolen Carpet</td>
</tr>
<tr>
<td>Bulandshahar</td>
<td>Shirting, Coating</td>
</tr>
<tr>
<td>Unnao</td>
<td>Durries, tapestry, Gamchha, Dhoti. Lungi</td>
</tr>
</tbody>
</table>
LIST OF CENTRES (DISTRICTS) AND PRODUCING MAJOR PRODUCTS:

FINDINGS:

Before writing this paper, author has conducted a preliminary survey and found out some surprising things. They are mentioned below:

Women and men participation in small businesses (in %):

On this basis, it has been found that women are nearabout equally participative with men in all the areas. But it has been found that, in small scale industries, particularly in handloom sector, these industries are owned by women but practically run by men. Thus, this paper is devoted to finding out this truth.
Since this paper is focused on Uttar Pradesh, the author conducted a survey in this state and tried to find out the truth behind the allegation. During the survey it was found that handloom industry are own by women but in practice they are run by men. It was also found that the main reason behind this was the special benefits given to women entrepreneurs rather than men entrepreneurs. In some industries it was found that only the male workers were working and no female workers found.

**SUGGESTION:**

For correcting this problem, strict monitoring procedures should be followed. This procedures should start with the granting of enterprise on the basis of gender and it should go on continuously till the enterprise is working.

To ensure the proper monitoring, the monitoring agency should consist of government officials, entrepreneurial association and some officials related to the women agencies like SHGs etc.

**REFERENCES:**

Traces of Entrepreneurship” - StreeShakthi Programme in Karnataka

Poornima V  Nayanashree K P  Neha Jadav D  Sahana Karanth C

Abstract

Empowerment of women and entrepreneurship is the central issue and priority in today’s social scenario. In a traditional patriarchal system of society in India, an attempt is being made by the Government and NGOs to encourage women entrepreneurship and development using the concept of self-help groups and microfinance. StreeShakthi Programme (SSP) is one such initiative adopted by Government of Karnataka state introduced in the year 2000. The objective of the programme is to empower and encourage marginalized women to take up income-generating activities of their own. The study examines the impact of SSP in Karnataka and the traces of entrepreneurship found in the implementation of the programme. The primary data is collected using a structured questionnaire among rural women in Bengaluru District of Karnataka state using convenient sampling. The findings of the study revealed that the beneficiaries after associating with the SSP are developing entrepreneurial skills over the period by taking up various self-income-generating activities such as dairy activities, farming, agarbatthi making, tailoring and sheep rearing. It is also found that saving habits are inculcated and encourage inter-loaning facilities within the StreeShakthi Groups (SSGs) among the women beneficiaries. Through SSP the marginalized women are also capable in sending their children to schools.

Keywords: Entrepreneurship, StreeShakthi Programme (SSP), StreeShakthi Groups (SSGs), Marginalized Women, Beneficiaries.

INTRODUCTION

Development of women is one of the primary concerns of Government in the recent past. Women are no longer restricted to the four walls of the kitchen. Empowerment of women is the need of the hour and is being debated more often across the globe. Women also contribute equally towards the growth of the economy as compared to their male counterparts.

In this regard, Government of Karnataka state has been constantly introducing various schemes for promoting empowerment and entrepreneurship among the marginalized sector. The benefit of such programmes enables the marginalized women to come to the main stream of the society. One of such scheme is the StreeShakthi Programme (SSP) built on the model of self-help groups. It is the strategy adopted to empower the rural women and make them self-reliant and financially stable by taking up some income-generating activities of their own.

StreeShakthi Programme

The programme was introduced in the year 2000 and it is being implemented throughout the state to empower rural women and make them self-reliant. StreeShakthi Groups (SSGs) are formed at the village level usually consisting of 15-20 members who are from below poverty line families, landless agricultural labourers, SC/ST. The savings are pooled by the members to carry on some income-generating activities such as dairy activity, farming, sheep rearing and agarbatthi making and encourage inter-loaning facilities between members. The specific aims of SSP are:

- To strengthen the process of economic development and create a conducive atmosphere for social development.
• To form SHGs based on thrift and credit principles which builds self-reliance and enables women to have access for financial resources.

• To engage women in income-generating activities and raise their standards of living, thereby encouraging entrepreneurship skills.

• To provide opportunities for women to engage in credit financing.

The Department of Women and Child Development (DWCD) is in charge of promoting SSP. The department currently implements the programme by providing revolving fund of Rs.5000, a kit including membership cards and registers, incentives to groups for excess savings and assistance to take up income-generating activities. Hence multiple facilities are provided for strengthening and sustaining the programme as well as to make the women financially stable and sound.

Achievement of Self-Reliance through Entrepreneurship

It has been more than a decade since the programme has been implemented in Karnataka state. It is one of the successful programmes and has sustained despite many political changes. Slowly, awareness is being created in the villages regarding this scheme and more than 140,000 SSGs have been formed in Karnataka. The marginalized women who joined the programme are encouraged to take up their own income-generating activities by availing the financial support through the SSGs. This has motivated the women to become entrepreneurs at a smaller level while in the course of carrying out the activities of the SSGs. A lot of challenges are encountered by these women and enable them to undertake risks during the process. Over the time, the beneficiaries have started to develop decision-making abilities and are achieving self-reliance by becoming financially stable from the income earned through the activities.

REVIEW OF LITERATURE

Many studies have been conducted on SSP to stress upon development and empowerment of women. Murugan and Dharmalingam (2000) states that empowerment of women through self-help groups would lead to benefits not only to the individual women and women groups but also for the family and community as a whole through collective action for development. Das (2003) in his work mentions about Self Help Groups (SHGs) as an alternative credit facility for the poor. His study analyses and interprets the development of micro entrepreneurial skills among weaker sections of society through SHGs. Bhagyalakshmi (2004) in her work opines that women empowerment is the important element to achieve development in various areas. The study also describes about various programmes that are introduced by the Government to promote women empowerment and entrepreneurship. The findings also revealed that trainings are given to the women in soil conservation, dairy development, and social forestry including similar occupations in agriculture line, horticulture, animal husbandry, fisheries, livestock and poultry. Kavitha and Laxmana (2013) conducted their study in the Davanagere district. The article examined the impact of SSP among the marginalized women. Their aim is to recommend the Government of Karnataka on the reworking of SHGs features and by adding other financial benefits. Raj (2013) in his work discusses about women empowerment as an important indicator of gender equality and overall development. The study evaluated the economic and social conditions of women under the SSP. Hence, SSP empowers women and develops entrepreneurial skills in them. There is a need to recognise and encourage this skill by enabling them to take up more and more income-generating activities of their own in order to become self-reliant and dependent.

OBJECTIVES OF THE STUDY

• To study the profile of women beneficiaries of the SSP.

• To examine the impact of SSP among the women beneficiaries.
To analyse the traces of entrepreneurship among women beneficiaries through SSP.

RESEARCH METHODOLOGY

The study is descriptive in nature. For this purpose, Devanahalli and Anekaltaluk is selected by adopting simple random sampling technique with a sample size of sixty two beneficiaries through SSP. Primary data is collected using structured interview schedule. Secondary data is taken from the official website and office of the Department of Women & Child Development. The data collected is analysed and discussed using simple frequency and percentage analysis only in order to get a realistic and factual results of the study.

FINDINGS AND DISCUSSIONS

1. Socio-Economic Profile of Beneficiaries.

Inferences and Discussion:

Age: Table 1. It has been observed that majority of SSG members are adults belonging to age group 31-40 years (45.1 percent) while others are youngsters belonging to the age group 21-30 (30.7 percent). It is inferred that adults and younger women show a greater interest in joining SSGs rather than the middle aged group.

Caste: Table 1. The SSP scheme has been introduced by the Government to improve the conditions of marginalized women belonging to SC/ST, landless agricultural labourers and below poverty line categories. The observation shows that the below poverty line families (38.7 percent) form major part in the composition as compared to SC/ST communities (25.8 percent).

Marital Status: Table 1. The study shows that the larger proportions of women are married (46.8 percent). 19.4 percent are single, 6.4 percent are divorced and 27.4 percent are widowed. This indicates that 53.8 percent of women have joined the SSP to achieve self-reliance and to take up some income-generating activity to sustain their living.

Educational Qualification: Table 1. Majority of women in SSG (51.6 percent) are literates having education upto SSLC, PUC and Degree. This shows that the beneficiaries are capable of understanding the various aspects of the scheme and are also able to develop entrepreneurial skills. They are also capable taking up own income-generating activities and succeed if proper training is given to them. Illiterates constitute 48.4 percent of the population which is equally important. Awareness and training programmes can be extended to such people to enable them to develop entrepreneurial skills.

Monthly Income: Table 1. One of the objectives of SSP is to empower women by making them financially stable. The income earned by the SSG women shows that 85.5 percent of them are earning up to Rs.10,000 monthly. This shows that the scheme has made an impact in generating income to the SSG beneficiaries.

2. Impact of StreeShakthi Programme.

- Satisfaction Level of SSP Beneficiaries about the Programme and Facilities given by the Government.

Inferences and Discussions:
(Table 2) It is observed from the analysis that majority of the women beneficiaries of the selected SSGs in the Bengaluru district are highly satisfied and satisfied with the SSP constituting a combined per cent of 43.55 as compared to least and not satisfied of about 33.87 per cent combined. There is also a population sample about 22.56 per cent who could not decide whether the programme is benefiting them or not. On the other hand majority of the women of SSGs (combined 59.68 per cent) are not at all satisfied with the facilities provided by the government. Conducting awareness programmes, mobile vans and regular meetings will help to take a stand on their satisfactory levels. This also calls for the policy makers to relook in to the scheme and include more benefits well as extra training facilities and incentives in order to cater to the needs of the overall beneficiaries.

- Motivational Level of Beneficiaries through SSP.

Inferences and Discussions:

(Table 3) Motivation is another important parameter that studies the impact of the beneficiaries about SSP. Motivation is achieved by providing many facilities and satisfying basic needs demanded by its beneficiaries as well as conducting regular meetings in order to create awareness and resolve conflicts as and when they arises. By engaging the women in various income-generating activities also enables them to become financially stable. From the analysis it is observed that combined 33.87 per cent of the beneficiaries are highly motivated as compared to least and not at all motivated with a combined per cent of 20.97. There is also another major group of beneficiaries (45.16 percent) who cannot decide on their motivational level. SSP has been encouraging and motivating the beneficiaries to step out of their houses and involve in many activities as well as identify each individual’s capacity. Various reasons motivate women to join SSP such as freedom in decision-making, control over income and life style change.

- Improvement in Standard of Living through SSP.

Inferences and Discussions:

(Table 4) It can be inferred that majority of the beneficiaries (45.16 percent) opine that the scheme has not improved their standard of living. However, 35.48 percent beneficiaries agree that the scheme has improved their standard of living. The same is also inflected in their satisfaction level about the programme and facilities provided by the Government. However, at the outset SSP has brought about improvement in the standard of living among some of the beneficiaries. In order to cater to the larger mass, as discussed earlier more awareness, financial benefits and training for taking up income-generating activities should be provided for the beneficiaries. With changes in the life style, freedom in decision making, control over income and increase in self-confidence will improve the overall standard of living.

3. Traces of Entrepreneurship among Beneficiaries through SSP.

- Nature of Activities (Group) Involved by the Beneficiaries.

Inferences and Discussions:

(Table 5) It is observed that majority of beneficiaries (19.4 per cent) are into dairy activity, papad-making and agarbatti-making. 17.6 per cent of them join the SSGs for saving money and have inter-loaning facilities among them. 9.7 per cent of them are into farming and basket-making. 4.8 per cent of them are into pickle-making. It is evident from these figures that SSP is constantly involving the beneficiaries in various skill based activities as well as income-generating activities. At this juncture one of the primary focuses of SSP is proved that it has enabled the beneficiaries to become financially stable. These facts show that there are some traces of entrepreneurship skills imparted in the beneficiaries at a smaller level. Such traits should be recognised and given more opportunities.
Urge to Start Own-Business (Income-Generating Activity).

Inferences and Discussions:

(Table 6) It is observed that 43.55 per cent beneficiaries felt that they really wanted to start a business on their own. But majority of respondents (56.45 percent) are not very interested to start a business. One of the traits of entrepreneurship is the urge to start one’s own business. Nearly half of the sample population urge to start own business. SSP has been the driving force in creating this entrepreneurial urge (spirit) by engaging the beneficiaries in various skill-oriented income-generating activities. Majority of the beneficiaries do not have the urge to start own business is due to the fact that starting own business involves risk-taking, money and support from their spouses. These constraints limit the beneficiaries in taking up own-income generating activities. The Government must organize various awareness and appropriate training programmes, and additional economic incentives.

Started Own-Business after joining SSGs.

Inferences and Discussions:

(Table 7) The analysis reveals that majority of respondents (85.48 per cent) have not started any business activity (income-generating activity) of their own after joining SSGs. A smaller margin about 14.52 per cent of the beneficiaries has started own income-generating activities showing traces of entrepreneurship. This reveals that the rural women (beneficiaries) mainly join SSGs for the improvement of their social status, to have control over income through savings, to meet financial difficulties and to gain decision-making power. However, this also brings out the facts of traces entrepreneurial spirit in them. Government should focus more on providing trainings which are skill-based and enable them to take up income-generating activities.

CONCLUSION

The SSP is instrumental in bringing about some changes in the lifestyles and made has the beneficiaries self-reliant and dependent. The beneficiaries of SSP to an extent have shown traces of entrepreneurship by starting own income-generating activities, undertaking risks and urge to start out own business. Thus, through SSP traces of entrepreneurship is found among some of the women. The Government should relook into the policy in order to recognise some of the traits and introduce more awareness and training programmes accordingly and enhance monetary incentives to have a greater impact on the beneficiaries in the process of empowerment.

FUTURE SCOPE FOR RESEARCH

Hypotheses can be framed and advanced statistical test can be used.

Sample size can be increased to get a larger opinion of the population.

References:


SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017


http://dwedkar.gov.in/

Table 1 Socio-Economic Profile of the Sample Beneficiaries

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Socio-Economic Variables</th>
<th>Frequency (n=62)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Age (years):</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>i) 20-30</td>
<td>19</td>
<td>30.7</td>
</tr>
<tr>
<td></td>
<td>ii) 31-40</td>
<td>28</td>
<td>45.1</td>
</tr>
<tr>
<td></td>
<td>iii) 41-50</td>
<td>9</td>
<td>14.5</td>
</tr>
<tr>
<td></td>
<td>iv) 51 and above</td>
<td>6</td>
<td>9.7</td>
</tr>
<tr>
<td>2.</td>
<td>Caste:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>i) SC/ST</td>
<td>16</td>
<td>25.8</td>
</tr>
<tr>
<td></td>
<td>ii) Landless Agricultural Labourers</td>
<td>14</td>
<td>22.6</td>
</tr>
<tr>
<td></td>
<td>iii) Below Poverty line</td>
<td>24</td>
<td>38.7</td>
</tr>
<tr>
<td></td>
<td>iv) Others</td>
<td>8</td>
<td>12.9</td>
</tr>
<tr>
<td>3.</td>
<td>Marital Status:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>i) Married</td>
<td>29</td>
<td>46.8</td>
</tr>
<tr>
<td></td>
<td>ii) Single</td>
<td>12</td>
<td>19.4</td>
</tr>
<tr>
<td></td>
<td>iii) Divorced</td>
<td>4</td>
<td>6.4</td>
</tr>
<tr>
<td></td>
<td>iv) Widowed</td>
<td>17</td>
<td>27.4</td>
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<tr>
<td>4.</td>
<td>Educational Qualification:</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>i) SSLC</td>
<td>18</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>ii) PUC</td>
<td>10</td>
<td>16.1</td>
</tr>
<tr>
<td></td>
<td>iii) Degree</td>
<td>4</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td>iv) No Education</td>
<td>30</td>
<td>48.4</td>
</tr>
<tr>
<td>5.</td>
<td>Monthly Income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>i) Below Rs. 5,000</td>
<td>21</td>
<td>33.9</td>
</tr>
<tr>
<td></td>
<td>ii) 5,001-10,000</td>
<td>32</td>
<td>51.6</td>
</tr>
<tr>
<td></td>
<td>iii) 10,000-20,001</td>
<td>7</td>
<td>11.3</td>
</tr>
<tr>
<td></td>
<td>iv) 20001 and Above</td>
<td>2</td>
<td>3.2</td>
</tr>
</tbody>
</table>

Source: Computed from primary data

Table 2 Satisfaction Level of SSP Beneficiaries about the Programme and Facilities given by the Government

<table>
<thead>
<tr>
<th>Scale</th>
<th>Satisfaction Level of Beneficiaries regarding SSP</th>
<th>Percentage (%)</th>
<th>Satisfaction Level of Beneficiaries for Government Facilities</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Satisfied</td>
<td>11</td>
<td>17.74</td>
<td>3</td>
<td>4.84</td>
</tr>
<tr>
<td>Satisfied</td>
<td>16</td>
<td>25.81</td>
<td>7</td>
<td>11.29</td>
</tr>
<tr>
<td>Neutral</td>
<td>14</td>
<td>22.56</td>
<td>15</td>
<td>24.19</td>
</tr>
</tbody>
</table>
### Table 3 Motivational Level of Beneficiaries through SSP

<table>
<thead>
<tr>
<th>Scale</th>
<th>No. of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Motivated</td>
<td>8</td>
<td>12.90</td>
</tr>
<tr>
<td>Motivated</td>
<td>13</td>
<td>20.97</td>
</tr>
<tr>
<td>Neutral</td>
<td>28</td>
<td>45.16</td>
</tr>
<tr>
<td>Least Motivated</td>
<td>9</td>
<td>14.52</td>
</tr>
<tr>
<td>Not at all Motivated</td>
<td>4</td>
<td>6.45</td>
</tr>
</tbody>
</table>

Source: *Computed from primary data*

### Table 4 Improvement in Standard of Living through SSP

<table>
<thead>
<tr>
<th>Opinion</th>
<th>No. of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>28</td>
<td>45.16</td>
</tr>
<tr>
<td>Yes</td>
<td>22</td>
<td>35.48</td>
</tr>
<tr>
<td>May be</td>
<td>12</td>
<td>19.35</td>
</tr>
</tbody>
</table>

Source: *Computed from primary data*

### Table 5 Nature of Activities (Group) Involved by the Beneficiaries

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Nature of Activity (Group):</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Dairy</td>
<td>12</td>
<td>19.4</td>
</tr>
<tr>
<td>ii</td>
<td>Farming</td>
<td>6</td>
<td>9.7</td>
</tr>
<tr>
<td>iii</td>
<td>Basket-Making</td>
<td>6</td>
<td>9.7</td>
</tr>
<tr>
<td>iv</td>
<td>Papad-Making</td>
<td>12</td>
<td>19.4</td>
</tr>
<tr>
<td>v</td>
<td>Agarbatti-Making</td>
<td>12</td>
<td>19.4</td>
</tr>
<tr>
<td>vi</td>
<td>Pickle-Making</td>
<td>3</td>
<td>4.8</td>
</tr>
<tr>
<td>vii</td>
<td>Savings purpose</td>
<td>11</td>
<td>17.6</td>
</tr>
</tbody>
</table>

Source: *Computed from primary data*

### Table 6 Urge to Start Own-Business (Income-Generating Activity)

<table>
<thead>
<tr>
<th>Opinion</th>
<th>No. of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>27</td>
<td>43.55</td>
</tr>
<tr>
<td>No</td>
<td>35</td>
<td>56.45</td>
</tr>
</tbody>
</table>

Source: *Computed from primary data*

### Table 7 Started Own-Business after joining SSGs

<table>
<thead>
<tr>
<th>Opinion</th>
<th>No. of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>9</td>
<td>14.52</td>
</tr>
<tr>
<td>No</td>
<td>53</td>
<td>85.48</td>
</tr>
</tbody>
</table>

Source: *Computed from primary data*
Entrepreneurship in a Changing Environment: Analyzing the Impact of Transition Stages on SME Development

Mr. Sandesh Nayak    Ms. Manjusree

Abstract

An issue gaining importance in transitional literature is the need to develop entrepreneurial capabilities through a thriving small and medium-sized enterprise (SME) sector. However, it can be argued, that in order to successfully develop SMEs it is important to understand the specific barriers they encounter at different transition stages. Though there are a number of studies on SMEs in transition countries, no systematic analysis has been conducted on the effects of different types of barriers to SMEs at different stages of transition. In this paper we address this knowledge gap. We utilise indicators proposed in previous research to approximate three transitional stages to categorise 23 transition countries into transitional stages. On this basis, we develop a framework which identifies SME development trends based on an analysis of 35 empirical studies on constraints facing SME development in transition countries. Our results indicate that more fundamental barriers related to legal issues are more characteristic of the early stages of transition while more specific constraints related to human resources and skill development characterise later transition stages. These differences indicate that the types of policies and programmes offered to SME owners should be sensitive to changing transition conditions.

Key Words: transition countries, SMEs, transition stages, business barriers

Introduction

Entrepreneurship can take many forms and can be defined in many ways. In our paper we focus on entrepreneurship as it takes place in small and medium size enterprises (SMEs) since the two are often found to be closely related. As Wennekers and Thurik note: ‘Small firms are the vehicle in which entrepreneurship thrives’ (1999:29). SMEs are of special importance to transition countries for a number of reasons. Firstly, they are able to provide economic benefits beyond the boundary of the individual enterprise in terms of experimentation, learning and adaptability. These characteristics are especially important in economies undergoing radical transformation such as has occurred in the formerly centrally planned countries. Secondly, in most transition countries, the SME sector was largely neglected and even discriminated against in the early transition period with emphasis placed on the rapid privatization of large scale enterprises and not the development of the SME sector. This has arguably resulted in less resources and attention being paid to the needs of SME development. In addition, research in transition countries shows, that even if SMEs do not generate net new jobs, they reduce the erosion of human capital by providing alternative employment opportunities for relatively skilled yet unemployed workers (EBRD 1995). Though it is often argued that SME development is especially crucial for the early phases of transition (EBRD, 1995; Smallbone and Welter, 2001), it is, in fact, just as important for the advanced stages of post-transition. As M. Porter (1990) has argued, invention and entrepreneurship are at the heart of national advantage and country competitiveness.

In this paper we operationalise a selection of indicators proposed in previous research to approximate transitional stages that would make sense from an entrepreneurship development perspective. We utilise these indicators to categorise 23 transition countries into transitional stages. This framework is then used to identify SME development trends drawn from an analysis of 35 empirical studies on constraints faced by SMEs in transition countries.
Objectives The primary objective of this paper’s analysis is to identify which SME barriers are of the main importance at different transition stages. Our analysis contributes to the existing literature by providing insights into the dynamic relationship between barriers and SME development during distinct stages of the transition process. As such, we fill an important knowledge gap by comparing SME barriers in different transition stages for 23 transition countries. Our results specifically show that fundamental barriers related to legal issues are more characteristic of the early stages of transition while specific constraints related to human resources and skill development characterise later transition stages. These results indicate a number of policy implications for entrepreneurial development at specific stages of transition. The paper is structured as follows: Section two presents the conceptual background including a discussion of the classification of transition stages. A conceptual framework is developed in section three. Since our study is limited mainly to economic transition from the entrepreneurship and SME development viewpoint, we focus our discussion only to relevant

Conceptual background In this section we describe and analyse the main concepts used in the context of our study based on a review of existing theoretical and empirical studies. Section 2.1 focuses on defining and understanding transition, transition stages and SME barriers. In section 2.2 we explore some of the ways transition stages have been classified. Two main methods are highlighted: the EBRD transition indicators and Mortel’s (2002) three stage approach. Alternative indicators for measuring transition progress as well as existing single country studies distinguishing among different transition stages from the entrepreneurship and SME development viewpoint are also discussed.

For the 23 countries contained in our sample, transition can simply be defined as a process of change from a centrally planned to a well functioning market oriented system. According to the definition introduced by the EBRD (1994) transition is about institutional change, involving not only the advance of the private sector but also a fundamental transformation of the role of the state, in particular in the economic, financial and legal institutions underpinning the market economy. It is the institutional arrangements for the allocation and generation of goods and resources, and the ownership incentive and rewards structures that institutions embody, that characterise the differences between a market and a command economy. Transition may also be regarded as an ultimate objective in itself as well as an end in itself (EBRD 1994: 3)

However it should be noted that while there are core features that a market economy possesses, there is no unique destination point for the transition process (EBRD 1995). Given the different starting points and initial conditions of the transition countries, there can not be a single, unique route for transition. A priori a large number of variables could influence transition paths and resulting patterns of institutional change. Three main issues stand out as influencing the initial conditions for a given country: geographical factors, cultural factors, and the institutional legacy of central planning (Raiser 2000). Not all authors agree about the influence of initial conditions. A literature review based on growth in transition countries by Merlvede (2000) found that though more unfavorable initial conditions lead to a larger output fall, the effects fade over time and can be offset by stabilization and reform policies. He further found that the stabilization of inflation which is facilitated by sustainable government balances is a prerequisite for the recovery of growth. A fixed exchange regime is also important for stabilizing inflation but the empirical evidence is mixed. Stabilization is not a sufficient condition for output recovery since structural reform is also necessary (ibid). Our analysis would be greatly simplified if the transition process followed a simple, linear progression. Unfortunately it does not. Rather it is a complex process involving a multitude of influences and factors. Though it is agreed that certain fundamentals of market economies should be a part of any successful transition, the ‘end of transition’ remains a contestable issue.

Limitations The classification of different types of barriers into formal, informal, economic and other categories forms the core of our analysis but at the same time, it is a difficult distinction to make. For example policy instability and uncertainty though classified as a formal constraint is also very closely related to official attitudes (which are informal constraints). One of the main problems encountered is the
ability to empirically distinguish between these categories. Moreover, if a survey only asks if ‘business inspections’ present a business barrier it remains unclear as to whether business inspections as such are a barrier or if it is actually the ‘rent seeking’ characteristic of business inspections that forms the barrier. In our model, we would classify these two as distinctly different. The former is a formal barrier and the latter an informal barrier. But if a survey does not ask for the distinction, than we can not extract this subtle difference from the data available. In this sense, qualitative interview data provides more depth and detail which facilitates more fine-tuned classification than quantitative data. However, empirical research could very well capture these institutional differences if the questions are formulated properly. Another important issue regarding SME barriers and transitional stages is the fact that the general characteristics of SMEs prevalent at the different transitional stages are changing as well. One could expect more basic types of arbitrage entrepreneurship to dominate in the early stages of transition with more sophisticated forms of entrepreneurship (based on for example, technological competitiveness) to increase as the market becomes more competitive in later transition stages. Therefore our results probably reflect the changes to barriers that are significant for different forms of SMEs as much as for the transition stage. Though the EBRD indicators provide adequate coverage of the transition period, they have their limitations.

The main drawbacks of EBRD’s measurements are their focus on instrumental macroeconomic processes such as macroeconomic stabilization, privatization and liberalisation. These three issues have been emphasized by the International Monetary Fund and were outlined by the Washington Consensus. However, more recent research has indicated that these conditions though necessary for the transition process are not sufficient to realize transitional ‘success’. The limited scale (from 1 to a maximum score of 4) of change provided by the EBRD indicators poses other difficulties since a very limited range of variance can actually be captured. Moreover, given that transition is a non-linear process, some countries such as Russia and Belarus exhibit outlier years. In 1995, Belarus had a total transition indicator score of 2.00 which would place it in the secondary transition stage for that year. However, in subsequent years the score decreased to under 1.9. In Russia, a similar situation occurred in 1997 where the indicator score was 2.96 though in the following years it decreased back to under 2.9 until 2003 when Russia once again reached the advanced level of transition (with a score of 2.92). Though not presented in table 3, these outliers can be seen in the appendix 1 and whenever possible were taken into account while analyzing the data. Using EBRD average indicator for the approximation of transition stages rather than analysing each of the four categories could be a debatable issue.

Finally, a limitation relevant not only to EBRD indicators but for the approximation of transition stages in general arises from the phenomena of the transition process. Since it is a non-linear process, stages as distinguished can partly overlap during the transition process. Nevertheless this approximation provides some scope to analyse SME development constraints in the context of the distinctive transitional environment.

There is a growing body of literature on entrepreneurship in transition countries and many studies have identified the barriers to SME development for specific countries at specific periods of time. Yet there is no systematic study which has compared the barriers to SME development at different transition stages. In this paper we attempt to fill this knowledge gap. Using a novel methodology, based on our classification of the EBRD transition indicators, we classified 23 transition countries into three transition stages: primary, secondary and advanced stages. We then distilled the main barriers identified in the 35 studies according to our ‘enhanced’ institutional-based model distinguishing between formal, informal, economic and other barriers. Our analysis introduced four main contributions. Firstly we developed a conceptual model to distinguish three main influences on business development: formal, informal and economic barriers. Secondly we classified the transition countries into three transition stages we developed based on the EBRD indicators. Thirdly, through a systematic analysis of 35 existing studies, we operationalise our conceptual model in order to obtain insights into the main barriers that affect SMEs.
at different stages of the transition process. Finally, given the extensive data utilised, we are able to provide a more broad-based illustration of some of the general trends experienced by SME owners during the transition process that up until now have been mainly researched using a country-specific approach. Our results indicate that a number of constraints experienced by SMEs changes as the transition process progresses. SME owners seem more affected by more fundamental barriers formal constraints in stages 1 and 2 (the primary and secondary stages of transition) while in stage 3 (the more advanced stage) SME owners seem to become increasingly more concerned with human resources (labour) and skill development (training) than in earlier stages. We also find that three formal barriers such as taxes, policy instability and uncertainty and one environmental barrier, access to and cost of financing, form business barriers regardless of the transition stage. Since our results fall in line with much of the findings indicated by individual transition country studies, we are able to highlight the general effects of certain business barriers on SME development during stages in the transition process. The types of policies and programmes offered to business owners should also be sensitive to these changes. Since SME owners in stages 1 and 2 seem much more affected by fundamental formal constraints, at these stages policies that would diminish these barriers such as information on taxes and simplified tax policies would be most appropriate. Whereas businesses in stage 3 may profit more greatly from specific business training programmes to improve their skills in marketing, obtaining specific forms of financing and growing their business into new markets. Since formal barriers such as policy instability and uncertainty seem to continue to form business barriers throughout the transition process, it is of utmost importance that policy makers in the transition countries focus on insuring a transparent and straightforward policy development process. Finally, given the fact that access and cost of financing continued to be a constraint to SMEs regardless of the transition stage, it is a fundamental issue that should be addressed at all stages of the transition process. Furthermore, as Pissarides (2004) has indicated, it is important for financing opportunities to adapt to the requirements of SME owners as transition progresses, allowing for more complex forms of financing including venture capitalists in more advanced stages. There is much ground for future research focusing on identifying general characteristics of SME barriers during different stages of transition. Specifically, it would be very insightful to implement a more quantitative, meta-analysis approach based on the conceptual model and transition stage classification developed in this paper.
A Journey for Women Entrepreneurs in Hospitality Industry in India

Prof. Sathyabhama B. N          Prof. Lakshmi H

Abstract

Hospitality activities cover a wide spectrum of services such as bed and breakfasts, guesthouses and inns, restaurants and cafés, tourist wellness and health, services, sport and entertainment training, and rental services. Even though hospitality industry in India is the largest employers, with major chunks of women working in hospitality followed by airlines, there is a dearth of women entrepreneurs in this sector.

Women constitute around 49% of 1.34 billion (as of December 1, 2016) the total population in India. Being in traditional society, women are mostly confined to the four walls of their houses performing domestic activities. Modernity has not given much impetus to them and their entrepreneurial dreams. Women entrepreneur is gaining importance in India in the wake of economic liberalization and globalization and has helped women make an influence in the national and international sphere. Many Indian women have carved a forte for themselves in the male dominated world. In a recent survey, it is revealed that the female entrepreneurs from India are generating more wealth than the women in any part of the world.

The hospitality sector has seen very far and few women entrepreneurs in the last three to four decades, and is very insignificant compared to the other sectors. Not much can be written on women enterprises in the Hospitality Sector.

This paper throws light on the importance of entrepreneurship in the hospitality sector and the reasons why female entrepreneurs in the Hospitality Industry are far and few. The study shall be in descriptive research design where data collected are based on secondary methods - Journals, Books, Magazines, Internet Libraries, and Newspapers. This study shall help the Women Entrepreneurs acknowledge the emerging opportunities and challenges in Hotel Industry.

Key Words: Hospitality Industry, Traditional Society, Women Entrepreneurs, Online Business, Largest Employer.

Introduction

“The Woman who follows the crowd goes no further than the crowd. The Woman who walks alone is likely to find herself in places no one has ever been before” - Albert Einstein.

Concept of Entrepreneur

The word ' entrepreneur' derives from the French word "Entreprendre" (to undertake). In the early 16th Century it was applied to persons engaged in military expeditions, and extend to cover construction and civil engineering activities in the 17th Century, but during the 18th Century, the word 'entrepreneur' was used to refer to economic activities. Generally, an entrepreneur is a person who combines capital and labour for production. According to Cantillion "entrepreneur is the agent who buys means of production at certain prices, in order to sell at prices that are certain at the moment at which he commits himself/herself to his / her cost". According to P.F Drucker “s/he is one who always searches for change, responds to it & exploits it as an opportunity."
Ganesamurthy, V. S. (2007) in his book “Economic Empowerment of Women”, defines women entrepreneur as “a confident, innovative and creative women capable of achieving self-economic independence individually or in collaboration, generates employment opportunities for others though initiating, establishing and running the enterprise by keeping pace with her personal family and social life”. The Economist notes that “educating more women in developing countries is likely to raise the productive potential of an economy significantly”. According to, The Female Poverty Trap 2001, Women Entrepreneur means making the women self-reliant giving her the liberty to make choices in her life and providing her with information and knowledge to take decisions. Education and employment are the only two methods that can empower women.

**Concept of Women Entrepreneur/Enterprise**

Prime Minister Narendra Modi recently initiated the “StartupIndia Movement” by unveiling a 19-point action plan for startups & enterprises in India. This ambitious program by the Government of India received a positive applause from the startup ecosystem and is aimed at nurturing and promoting entrepreneurship and startups extensively.

The event which was held at Vigyan Bhavan on January 16 saw the participation of a stream of young and established entrepreneurs, top government officials, and venture capitalists.

"A small scale industrial unit or industry –related service or business enterprise, managed by one or more women entrepreneurs in a concern, in which they will individually or jointly have a share capital of not less than 51% as shareholders of the private limited company, members of co-operative society".

“An enterprise owned and controlled by a women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated by the enterprise to women.” — **Government of India**

“An enterprise can be defined as a confident, innovative and creative woman capable of making the women self-reliant giving her the liberty to make choices in her life and providing her with information and knowledge to take decisions. Education and employment are the only two methods that can empower women.” — **Kamal Singh**

In the words of former President APJ Abdul Kalam "empowering women is a prerequisite for creating a good nation, when women are empowered, society with stability is assured. Empowerment of women is essential as their thoughts and their value systems lead to the development of a good family, good society and ultimately a good nation."

“India is ranked 3rd behind US & UK, all purely due to the efforts of young entrepreneurs” – **Nirmala Sitharaman**

The Indian economy has been witnessing a drastic change since mid-1991, with new policies of economic liberalization, globalization and privatization initiated by the then Indian Government. India has great entrepreneurial potential. At present, women involvement in economic activities is marked by a low work participation rate, excessive concentration in the unorganized sector and employment in less skilled jobs. Any strategy aimed at economic development will be lop-sided without involving women who constitute half of the world population. Evidence has unequivocally established that entrepreneurial spirit is not a male prerogative. Women entrepreneurship has gained momentum in the last three decades with the increase in the number of women enterprises and their substantive contribution to economic growth. The industrial performance of Asia-Pacific region propelled by Foreign Direct Investment, technological
innovations and manufactured exports has brought a wide range of economic and social opportunities to women entrepreneurs.

In India, though women have played a key role in the society, their entrepreneurial ability has not been properly tapped due to the lower status of women in the society. It is only from the late Seventies and early Eighties onwards that their role has been explicitly recognized with a marked shift in the approach from women welfare to women development and empowerment. The development of women entrepreneurship has become an important aspect of our plan priorities. Several policies and programmes are being implemented for the development of women entrepreneurship in India.

In the last three to four decades the trend noticed in entrepreneurship has been in manufacturing sector activities, less in the service sector, and nothing to boast about in the Hospitality, Leisure and Tourism sector. It would be an understatement when said that the Hospitality sector employs more women than other sectors with women playing a great role in the hotels, airlines and the tourism industry. Role of women in these sectors is limited to an employee’s role rather than a proprietor or promoter. This is bit surprising compared to the number of women who have tested water and succeeded in the manufacturing and other sectors. A larger number of women presently are in the online business, mostly in catering, than in the real brick and mortar setup. This is easier done as the capital expenditure on setting up an online business is next to none.

**Objectives of the Study**

The objective of this study is:

1. To focus on the Women Entrepreneurs in the Hospitality Sector
2. To find out the reasons as to why the number of Women Entrepreneurs in the Hospitality Sector are few in India
3. To suggest measures to create more entrepreneurs in the Hospitality sector in India.

**Research Methodology**

The prepared paper is a descriptive study in nature. The secondary data and information have been analyzed for preparing the paper extensively. The secondary information have been collected from different scholars and researchers published books and papers, articles published in different journals, periodicals, conference paper, working paper and websites.

Independence brought promise of equality of opportunity in all sphere to the Indian women and laws guaranteeing for their equal rights of participation in political process and equal opportunities and rights in education and employment were enacted. But unfortunately, the government sponsored development activities have benefited only a small section of women i.e. the urban middle class women and that too in the Manufacturing sector. With the advent of technology in the last decade, more and more women are trying their entrepreneurial abilities in the online retail store domains, with quite a few in the online food retail business. The large majority of them are still unaffected by change and development.

In spite of the present status, India does have its share of women entrepreneurs who have managed to create a niche for themselves in the Hospitality arena. They stand tall from the rest of the crowd and are applauded for their achievements. These women leaders are assertive, persuasive and willing to take risks. They managed to survive and succeed in this cut throat competition with their hard work, diligence and perseverance, with a couple of them overcoming their personal tragedies to reach where they are today.
Example - 1

**Dr. Jyotsna Suri, Chairperson & Managing Director, Bharath Hotels Limited**

Dr Jyotsna Suri has been associated with Bharat Hotels since its inception. In the year 1987, she became the Group's Joint Managing Director and in the year 2006, she took on the mantle of Chairperson & Managing Director. Since then, she has been the driving force of the Group’s operations. On November 19, 2008, Dr Suri charted a highly successful brand change for the company. All luxury hotels now fly ‘THE LALIT’ flag under The Lalit Suri Hospitality Group, as a tribute to the company’s Founder Chairman Mr Lalit Suri. Under her stewardship, The Lalit Suri Hospitality Group (an enterprise of Bharath Hotels Limited) is today the largest privately owned Hotel Chain in India, offering 17 five-star luxury hotels, with eleven operational properties (The Lalit New Delhi, The Lalit Mumbai, The Lalit Golf & Spa Resort Goa, The Lalit Grand Palace Srinagar, The Lalit Ashok Bangalore, The Lalit Laxmi Vilas Palace Udaipur, The Lalit Temple View Khajuraho, The Lalit Resort & Spa Bekal (Kerala), The Lalit Jaipur, The Lalit Chandigarh & The Lalit Great Eastern Kolkata) and six under restoration / development in India and overseas.

Dr Jyotsna Suri has been instrumental in the Group’s foray into mid-segment hotels under the brand – ‘The Lalit Traveller’. The first hotel under this brand opened in Jaipur, followed by Khajuraho, with over 25 more hotels planned in the next five years in Amritsar, Pune, Dehradoon, Ludhiana, to name a few. In 2013 she launched The Lalit Suri Hospitality School in Faridabad offering customized programmes in Hotel Management. Spread over 5 acres, the entire campus will be environment friendly and is going to be LEED & GRIHA certified. A multifaceted personality, Dr Suri is a patron of art, culture, sports and education. Her social initiative Project Disha, being implemented under the CSR policy of Bharat Hotels, assists school students and local youth have access to ‘quality education leading to employment’. The area of intervention includes establishment of a Library and supplementary teaching & providing employment oriented vocational training in the hospitality sector including computer literacy, personality development, spoken English courses & other skills. These centres are currently operating at three locations across India - Khajuraho, Udaipur, & Bekal.

Dr Jyotsna Suri holds various portfolios with Industry Associations, namely – Immediate Past President of FICCI; Chairperson of FICCI Tourism Committee; only Indian woman member on the International Executive Committee of WTTC; Founder Member of WTTC (II) and Executive Member of Hotel Association of India. Under her direction, FICCI introduced ‘The Great Indian Travel Bazaar’ in the year 2008 and ‘The Great Domestic Tourism Bazaar’ in the year 2011 – which have been greatly appreciated by buyers and sellers alike. These conclaves today are keenly awaited events in the annual calendar of travel and tourism fraternity.

Example – 2

**Priya Paul - Chairperson, ApeejaySurrendra Group (Hotels Division)**

A legendary figure in the hospitality industry of India and abroad, Priya Paul is a wife, a mother, and above all a spirited, frank and straightforward entrepreneur. She is also referred to as “the First Lady of Boutique in India”. Today, she owns a glamour chain of six hotels present nationwide in major cities including Kolkata, New Delhi, Vishakhapatnam, Bangalore, Chennai and Hyderabad.

Born in a privileged business family in Kolkata on 30th April 1967, Priya Paul always knew at heart that she would eventually join the family business, the ApeejaySurrendra Group. After she completed her graduation in Economics from Wellesley College in the United States, she headed towards the Financial Services Division at Park Hotel, Delhi. However, her father had a different plan chalked out for her. He suggested her to join the Marketing Division instead. She joined the legacy of ApeejaySurrendra Park

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Hotels as a Marketing Manager at The Park, New Delhi in 1988. Perhaps, he saw something in his daughter that convinced him that she would shine in marketing. Within merely 2 years, she became the Acting General Manager of The Park, New Delhi.

The year 1990 brought in misfortune and testing times for the Paul family and the Apeejay Group. The company lost its Chairperson in 1990. The ULFA militants gunned down Mr. Surrendra Paul. The impact of this shock was more pronounced because the family had lost their young son, Priya Paul’s brother Anand, in a car accident in 1989. These deaths not only left a vacuum in their hearts, but also a major gap to be filled in the organization.

At a very young age of 23, with just 2 years of experience, Priya Paul was faced with the challenge of filling a huge vacuum in their business. It was a challenge she took up with pride and has honoured it ever since. From managing a 220 room hotel, she was now handed over the three hotel chain of The Park. What Priya Paul was about to bring to the Hospitality Industry was nothing less than a revolution. She single-handedly brought in the concept boutique hotels in India.

Priya Paul’s contributions to Indian hospitality industry have been recognized time and again. Additionally, she juggles her numerous roles as Chairperson of Park Hotel, founder member of World Travel and Tourism Council – India Initiative, member of the board of trustees South Asia Women’s Fund, member of the National Tourism Advisory Council and member of the Advisory Board of Directors with great élan. Her latest honour has been the Padma Sri in January 2012. She has been awarded “India Today Woman in Business Award” and PHD Chamber’s “Distinguished Women Entrepreneur Award” for 2009-2010. She was also introduced in FHRAI Hall of Fame in 2010.

Example - 3

Aishwarya Nair, Founder, AMAI

Aishwarya explains how investing in food business can give the recipe for success. Considering that we are what we eat, promoting the culture of healthy-eating is a fully appreciable mission. Aishwarya Nair of The Leela Hotels Group made her way in this business by launching the food brand AMAI, which brings health and quality at the core of its production. Aishwarya built her success and marked the story of women entrepreneurship in India thanks to the support she received from her family and to her determination.

Her family legacy in the hotel industry with The Leela group of Hotels definitely started her foray into the hospitality industry. It was an obvious choice, one keenly encouraged by her grandfather and father. AMAI in Japanese means ‘sweet experience’ and it largely draws from Japanese minimalism and macrobiotics, wherein ingredients used are as natural and unprocessed as possible, facilitating the digestion of aliments. Its predominant theme is the avoidance of Refined Sugar and Wheat products. This type of diet is very innovative in India and no other hotel chain has gone into so much depth into a wholesome food brand. AMAI is a niche product made by a luxury hotel chain, the Leela Group. She feels AMAI is an ode to The Leela hospitality chain – her personal contribution being third generation and keeping the brand updated and relevant to the times we live in. Its success is her chance to thank her father and my grandfather for all their encouragement and support to her entrepreneurial ability.
Example - 4

RajniBector, Founder, Cremica

RajniBector was born in Karachi and then moved to Delhi with her family. After her children went to boarding school, she noticed that there was huge demand for her desserts, which led her to launch food company Cremica in Ludhiana. Despite setbacks such as the violence in Punjab in the 1980s, she persevered and eventually got contracts from the likes of MacDonald’s and prominent airline companies for bread and ‘vegetarian’ mayonnaise.

Example - 5

RanjinaNaik, Founder of Swan Suites

Rajnigrew up in a family of engineers, doctors and teachers, but became more interested in PR and telemarketing. Along with the IT boom, she leveraged her contacts to get into the serviced accommodation business, and aims to become the ‘Taj’ of serviced apartments. She connected with fellow entrepreneurs via online forums, and an ISB course taught her the importance of continuous market research; her husband also joined the company.

Example - 6

Patricia Narayan, Caterer

She got into a love marriage at the age of 19, but her husband turned out to be an abusive alcoholic. Though she was a college dropout, she tapped her skills as a cook to become a caterer in Chennai. She got contracts from government offices in and around the city. “Once you start liking your work you don’t easily feel tired,” she says. Success came from a deal at National Institute of Port Management (NIPM). Despite a divorce and the sorrow of losing her daughter in a car accident, she expanded to run four brands of catering, and won a FICCI award.

Challenges Facing Women Entrepreneurs

Entrepreneurship is not a bed of roses for anyone and it can be even more challenging if you are a woman. Even with all of the advancements that women have made in the business world, there is still a long way to go before the success rate is at par with that of male entrepreneurs. Below are some of the top challenges that women entrepreneurs need to overcome in general as well as specifically for woman-owned businesses to be more successful in the Hospitality, Leisure and Tourism sector.

a. **Not Being Taken Seriously:** Within the business world, women’s opinions and advice are not always viewed as “expert” compared to a man’s opinion. And when a woman starts a business, sometimes family, friends, and others in the business community can view it as a hobby or a side project to family duties, rather than a bona fide business.

b. **Letting Fear Stand in the Way:** In general, women are less prone to taking risks and can let their own fears stand in the way of pursuing the path of entrepreneurship. Confidence is a great way to combat these fears and the idea is to be as prepared as possible.

c. **Limited Managerial Ability:** Women entrepreneurs may not be expert in each and every function of the enterprise. She will not be able to devote sufficient time for all types of activities.

d. **High Capital Expenditure:** The high costs involved are another problem which undermines the efficiency and restricts development of women entrepreneurs. Government assistance in the form...
of grant and subsidies to some extent enables women them to tide over the difficult initial situations.

e. Absence of Entrepreneurial Aptitude and Training: One of the biggest problems of women is
the lack of entrepreneurial aptitude especially related to the Hospitality. The basic characteristics
of an entrepreneur such as innovation, risk bearing etc., are absent in a women entrepreneur. Many women take the training by attending the Entrepreneurship Development Programmes
without entrepreneurial bent of mind.

f. Low risk taking ability: Women entrepreneurs suffer from the problem of low risk taking ability
particularly in the Hospitality sector compared to their male counterparts, because they have
always led a protected life. Inferiority complex, unplanned growth, lack of infrastructure,
hesitation in taking quick decision also increases the rate of risk and chances of loss.

g. Family Conflicts: One of the main duties of women in India is to look after the children and
other family members. A very little time and energy is left for business activities. A
marriedwoman entrepreneur has to make a perfect balance between domestic activities and
business activities. The woman entrepreneur cannot succeed without the support and approval of
husband. Their success in this regard also depends upon supporting husband and family. Thus,
occupational back grounds of families and education level of husbands have a great influence on
the growth of women entrepreneurship. Their inability to attend to domestic work, time for
education of children, personal hobbies, and entertainment adds to their conflicts.

h. Patriarchal Society: One of the biggest problems women entrepreneurs is the social attitude in
which she has to live and work. There is discrimination against women in India
despiteconstitutional equality. Women do not get equal treatment in male-dominated Indian
society and male ego puts barriers in their progress. Entrepreneurship has been traditionally seen
a male preserve and idea of women taking up entrepreneurial activities considered as a distant
dream.

i. Legal Formalities: Women entrepreneurs find it extremely difficult in complying with various
legal formalities in obtaining licenses etc.

j. Travelling: Women entrepreneurs cannot travel from one place to another as freely as men do.
Women have some peculiar problems like staying out in the nights at distant places etc.

k. Credit Facilities: Women are often denied credit by bankers on the ground of lack of collateral
security. Therefore, women's access to risk capital is limited. The complicated procedure of bank
loans, the inordinate delay in obtaining the loans and running about involved do deter many
women from venturing out. A good deal of self- employment programme promoted by the govt.
and commercial banks have not seen any takers for entrepreneurship activities in the Hospitality
Sector.

There is a need for changing the mindset towards women so as to give equal rights as enshrined in the
constitution. The progress towards gender equality is slow and is partly due to the failure to attach money
to policy commitments. “When a woman is empowered it does not mean that another individual becomes
powerless or is having less power. On the contrary, if a woman is empowered her competencies towards
decision-making will surely influence her family's behavior.”
Status of Entrepreneurship Studies in India

a. Hospitality
Entrepreneurship teaching is fairly widespread in Hospitality Management higher education programmes in India. Most of the Universities in India offer entrepreneurship related modules in their courses, although mostly this is in the final semesters of the Hospitality related course. Entrepreneurship Cells are unheard of in most of the Institutions offering Tourism and Hospitality Courses. Even though, Tourism and Hospitality are major sources of the much needed Foreign Exchange, barring a few Universities, none of them have dedicated Departments/Faculty in Hospitality Studies.

b. Tourism
The teaching of entrepreneurship is also prevalent in Tourism subject. As is the case with Hospitality, majority of the Universities and Higher Education Institutions offer Undergraduate and Post Graduate Tourism Management Programmes that contain entrepreneurship modules. Generally, these modules were offered in the last Semester of the Programmes. Across institutions, the majority of modules were optional, but a significant number were compulsory.

Ways to Develop Women Entrepreneurs

1. Consider women as specific target group for all developmental programmers.
2. Better educational facilities and schemes should be extended to women folk from government part.
3. Adequate training program on management skills to be provided to women community.
4. Encourage women's participation in decision-making.
5. Vocational training to be extended to women community that enables them to understand the production process and production management.

Right efforts on from all areas are required in the development of women entrepreneurs and their greater participation in the entrepreneurial activities.

Following efforts can be taken into account for effective development of women entrepreneurs.

1. Consider women as specific target group for all developmental programmes.
2. Better educational facilities and schemes should be extended to women folk from government part.
3. Adequate training programme on management skills to be provided to women community.
4. Encourage women's participation in decision-making.

5. Vocational training to be extended to women community that enables them to understand the production process and production management.
6. Skill development to be done in women's polytechnics and industrial training institutes. Skills are put to work in training-cum-production workshops.
7. Training on professional competence and leadership skill to be extended to women entrepreneurs. Training and counseling on a large scale of existing women entrepreneurs to remove psychological causes like lack of self-confidence and fear of success.
8. Counseling through the aid of committed NGOs, psychologists, managerial experts and technical personnel should be provided to existing and emerging women entrepreneurs.
9. Continuous monitoring and improvement of training programmes.

10. Activities in which women are trained should focus on their marketability and profitability.

11. Making provision of marketing and sales assistance from government part.

12. To encourage more passive women entrepreneurs the Women training programme should be organized that taught to recognize heron psychological needs and express them.

13. State finance corporations and financing institutions should permit by statute to extend purely trade related finance to women entrepreneurs.

14. Women's development corporations have to gain access to open-ended financing.

15. The financial institutions should provide more working capital assistance both for small scale venture and large scale ventures.

16. Making provision of micro credit system and enterprise credit system to the women entrepreneurs at local level.

17. Repeated gender sensitization programmes should be held to train financiers to treat women with dignity and respect as persons in their own right.

18. Infrastructure, in the form of industrial plots and sheds, to set up industries is to be provided by state run agencies.

19. Industrial estates could also provide marketing outlets for the display and sale of products made by women.

20. A Women Entrepreneur's Guidance Cell set up to handle the various problems of women entrepreneurs all over the state.

21. District Industries Centers and Single Window Agencies should make use of assisting women in their trade and business guidance.

22. Programmes for encouraging entrepreneurship among women are to be extended at local level.

23. Training in entrepreneurial attitudes should start at the high school level through well-designed courses, which build confidence through behavioral games.

24. More governmental schemes to motivate women entrepreneurs to engage in small scale and large-scale business ventures.

25. Involvement of Non-Governmental Organizations in women entrepreneurial training programmes and counseling.

Conclusion

“Creativity is the root of entrepreneurship.” – Karndee Leopairote, Thammasat University

Successful entrepreneurship often requires creativity and innovation in addressing a new opportunity or concern in a new way. Entrepreneurship among women, no doubt improves the wealth of the nation in general and of the family in particular. Women today are more willing to take up activities that were once considered the preserve of men, and have proved that they are second to no one with respect to contribution to the growth of the economy. There has been a steady increase in the participation of
women in entrepreneurial ventures indicating immense potential for entrepreneurial development among them. From the point of view of performance, it was observed that the women enterprises in India have made significant contribution towards generation of employment, gross output, asset creation and exports.

A journey for Women Entrepreneurs in Hospitality Industry in India is concluded by the famous say-“Theory without Practice is a sterile, Practice without Theory is blind, and so Theory and practices should go hand in hand in life.”

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Emerging Challenges in Healthcare Services – An Introspective Study From Management Perspective

Dr. Abhijit Pandit

Abstract:
This study pertains to patient satisfaction towards healthcare services in Kolkata, India. Sample size was 200 and data was captured by questionnaire. The main factors are socio-demography, accessibility, past experience and patient satisfaction. To analyze association between parameters chi-square test was performed. Later Correlation, Regression and Factor Analyses were also performed. Recommendation for improvement in level of patient satisfaction was made.

Key Words: Outpatient department, satisfaction, accessibility, socio-demography.

Introduction
Health care is one of the most complex activities in which human beings engage. Health and Healthcare are conceptually different. Health is neither an absence of disease, nor freedom from illness – but the ability to realize one's potential. Health is therefore a person's sense of well being. Healthcare is not only medical care but also all aspects of pro-preventive care too. Good health is a basic right and produces civic consciousness. We should not look at health only as a means of economic development. What is more important is to view economic growth as contributing to the betterment of the health of people.

Ideal health care system should have the following four criteria.

Universal access, at adequate level, and without any excessive burden.

Fair distribution of financial costs for access and fair distribution of burden in rationing care and capacity and a constant search for improvement to a more just system.

Training providers for competence empathy and accountability, pursuit of quality care and cost effective use of the results of relevant research.

Special attention to vulnerable groups such as children, women, disabled and the aged.

Objectives Of Study

Objectives
It is in this background that this research study has been taken up to find how far the homeopathy hospitals in Kolkata have become patient centered and patient care hospitals. Therefore the primary objectives of present research work are to study:

Whether the national and state level homeopathy medical colleges and hospitals are running at par with the defined hospital and health care management systems or not.

To make homeopathy more popular to the target group of the population on one hand and to the planner on the other.
The deficiencies of these medical colleges in the area of their administrative and management perspective.

Human resource management of existing homeopathy medical college in west Bengal in particular and at national level in general

SWOT analysis in state run homeopathy medical colleges and hospitals

To know the perceptions of out-patients and in-patients of selected hospitals and availability of patient care in selected homeopathy hospitals.

Research Gap

While surveying analytically the related literature, published documents, journals, periodicals, micro-literature, reports of the Ministry of Health and Family Welfare, both Central and State Government and also the departmental annual reports relevant to my research work, it is understood that several studies have been conducted both nationally and internationally in the field of medicine and health. Very few studies has been conducted on the management aspect of health care delivery system and no serious studies has been conducted on this particular topic of Management of Homeopathy Medical Colleges and its contribution to health care delivery mechanism in India with respect to the state of West Bengal. So there exists a research gap in this field of study.

Research Methodology

Scope and Limitations of Study

The scope of the present study extends to analyze how far the management functions are carried out effectively to satisfy their Out and In-patients in sample units. The assumption is that the hospitals run on sound management principles and patient satisfaction will be high i.e. if the principles of management which are universal in nature are practiced properly, problems may not arise and even if they arise, they can be easily solved.

Research Design

This study is mostly exploratory in nature and it aims at discovering the variables related to patient satisfaction. In this part, an attempt has been made to explain the research design, the procedure of sample selection, methodology used in data collection, analysis, and presentation. To make the research meaningful and manageable, the scope of the study is confined to some selected Homeopathy Medical Colleges in West Bengal only.

DNDH (Government Homeopathy General Hospital) which is still running on traditional management principles, completely owned by State Government where I have decided to study the Out Patient Department.

PCMH is an old Homeopathy Hospital in North Kolkata. It is a non-profit organization administered by the “Society” on Private basis where I have decided to study the Inpatients and the outpatient Department, its facilities and management.
Research Methods

Questions will be framed and distributed to the patients and staffs of the hospitals for assessing the patient satisfaction. To facilitate understanding, the questions were translated by the researchers into local vernacular Bengali. The feedback thus received was measured in a balanced five-point Likert scale used for the responses to the question items, labeled as “strongly agree”, “agree”, “uncertain”, “disagree”, and “strongly disagree”. For analytical purposes, zero, one, two, three and four were assigned respectively to these responses. Simple statistical methods such as mean, standard deviation and graphical representations will be used. Chi-square test was performed to analyze the association (p-value = 0.05).

Hypothesis

At D.N.Dey Homeopathy Medical College Hospital

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Patient Satisfaction level is independent of Age of the Patient.</td>
</tr>
<tr>
<td>H2</td>
<td>Patient Satisfaction level is independent of Gender of the Patient.</td>
</tr>
<tr>
<td>H3</td>
<td>Patient Satisfaction level is independent of Marital status of the Patient.</td>
</tr>
<tr>
<td>H4</td>
<td>Patient Satisfaction level is independent of Education of the Patient.</td>
</tr>
<tr>
<td>H5</td>
<td>Patient Satisfaction level is independent of Occupation of the Patient.</td>
</tr>
<tr>
<td>H6</td>
<td>Patient Satisfaction level is independent of Family Income of the Patient.</td>
</tr>
<tr>
<td>H7</td>
<td>Patient Satisfaction level is independent of Family Size of the Patient.</td>
</tr>
<tr>
<td>H8</td>
<td>Patient Satisfaction level is independent of Distance from the Hospital.</td>
</tr>
<tr>
<td>H9</td>
<td>Patient Satisfaction level is independent of Waiting Time of Doctor’s Examination / Checkup.</td>
</tr>
<tr>
<td>H10</td>
<td>Patient Satisfaction level is independent of total time spent in OPD.</td>
</tr>
<tr>
<td>H11</td>
<td>Patient Satisfaction level is independent of whether timing of OPD adequate.</td>
</tr>
<tr>
<td>H12</td>
<td>Patient Satisfaction level is independent of whether adequate information available for...</td>
</tr>
</tbody>
</table>

At PCM Homeopathy Medical College Hospital

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Patient Satisfaction level is independent of Gender of the Patient.</td>
</tr>
<tr>
<td>H2</td>
<td>Patient Satisfaction level is independent of Education of the Patient.</td>
</tr>
<tr>
<td>H3</td>
<td>Patient Satisfaction level is independent of Economic Role in household of Patient.</td>
</tr>
<tr>
<td>H4</td>
<td>Patient Satisfaction level is independent of Duration of Stay in hospital.</td>
</tr>
<tr>
<td>H5</td>
<td>Patient Satisfaction level is independent of Access of Patient to the Hospital.</td>
</tr>
<tr>
<td>H6</td>
<td>Patient Satisfaction level is independent of Familiarity of patient with the hospital.</td>
</tr>
</tbody>
</table>

IV. Tabulation of Data

TABLE 1

Table showing Ranks of Various parameters affecting Patient Satisfaction for PCMH
<table>
<thead>
<tr>
<th>Rank</th>
<th>Parameter</th>
<th>Value Of R*</th>
<th>Comment On The Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Economic</td>
<td>0.53</td>
<td>As R &gt; 0.5 patient satisfaction is dependent on economic condition</td>
</tr>
<tr>
<td>2</td>
<td>Familiarity</td>
<td>0.32</td>
<td>As 0.1 &lt; R &lt; 0.5 patient satisfaction is weakly dependent of familiarity</td>
</tr>
<tr>
<td>3</td>
<td>Gender</td>
<td>0.23</td>
<td>As 0.1 &lt; R &lt; 0.5 patient satisfaction is weakly dependent of gender</td>
</tr>
<tr>
<td>4</td>
<td>Education</td>
<td>0.03</td>
<td>As -0.1 &lt; R &lt; 0.1 patient satisfaction is independent of education</td>
</tr>
<tr>
<td>5</td>
<td>Duration</td>
<td>-0.07</td>
<td>As -0.1 &lt; R &lt; 0.1 patient satisfaction is independent of duration</td>
</tr>
<tr>
<td>6</td>
<td>Access</td>
<td>-0.73</td>
<td>As R &lt; -0.1 patient satisfaction is dependent on access but negatively correlated</td>
</tr>
<tr>
<td>No.</td>
<td>Parameters (with p values &amp; percentages of respondents responding to high satisfaction level)</td>
<td>Which group more satisfied</td>
<td>No.</td>
</tr>
<tr>
<td>-----</td>
<td>--------------------------------------------------------------------------------------------</td>
<td>-----------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>1</td>
<td>Gender (both hospitals) &lt;br&gt;(p values: DNDH:0.23, PCMH:0.29) &lt;br&gt;*Male (PCMH) ----------- 24% &lt;br&gt;*Female (PCMH) ----------- 30%</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>*Male (DNDH) ----------- 49.3% &lt;br&gt;*Female (DNDH) ----------- 57.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Education (PCMH) &lt;br&gt;(p value: 0.7) &lt;br&gt;*Primary &amp; lower --------- 65% &lt;br&gt;*Secondary &amp; above --------- 75%</td>
<td>Secondary &amp; above education</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>*Less than seven days --------- 57% &lt;br&gt;*More than one week --------- 50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Duration of stay at hospital (PCMH) &lt;br&gt;(p value: 0.08) &lt;br&gt;*Less than 7 days --------- 57%</td>
<td>Less than 7 days of hospital stay</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>*Not helped by member of staff --------- 60% &lt;br&gt;*Helped by member of staff --------- 40%</td>
<td>Helped by staff member</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>*No familiarity: first visit --------- 33% &lt;br&gt;*Not first visit: --------- 72%</td>
<td>Not first visit to hospital</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>*Family income &lt; less than mean</td>
<td>Family income less than mean</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>*Waiting time of doctor examination (DNDH) &lt;br&gt;(p value: 0.53) &lt;br&gt;*30 minutes and less --------- 52.3%</td>
<td>More than 30 minutes waiting of doctor examination</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>*More than 30 minutes ----------- 56.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Total time spent in OPD (DNDH) &lt;br&gt;(p value: 0.45) &lt;br&gt;*60 minutes and less --------- 56.1%</td>
<td>Total time spent in OPD is less than or equal to 1 hour</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>*More than 60 minutes ----------- 50.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Whether adequate information available for OPD (DNDH) &lt;br&gt;(p value: 0.27) &lt;br&gt;*No = 58.8%</td>
<td>Adequate information is not available for OPD</td>
<td></td>
</tr>
</tbody>
</table>
### TABLE 3

Table showing Correlation Coefficient (R) within various parameters affecting Patient Satisfaction with reference to DNDH

<table>
<thead>
<tr>
<th>E² values</th>
<th>OPD time adequate</th>
<th>Waiting time</th>
<th>Age</th>
<th>Distance</th>
<th>Gender</th>
<th>Marital status</th>
<th>Occupation</th>
<th>Time in OPD</th>
<th>Education</th>
<th>Family size</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPD time adequate</td>
<td>1.000</td>
<td>0.16</td>
<td>0.81</td>
<td>0.72</td>
<td>0.99</td>
<td>0.03</td>
<td>0.06</td>
<td>0.06</td>
<td>-0.23</td>
<td>0.070</td>
<td></td>
</tr>
<tr>
<td>Waiting time</td>
<td>0.16</td>
<td>1.000</td>
<td>0.027</td>
<td>0.01</td>
<td>0.04</td>
<td>0.06</td>
<td>0.43</td>
<td>0.142</td>
<td>-0.25</td>
<td>0.055</td>
<td>0.110</td>
</tr>
<tr>
<td>Age</td>
<td>0.031</td>
<td>-0.27</td>
<td>1.000</td>
<td>0.98</td>
<td>0.17</td>
<td>0.33</td>
<td>0.29</td>
<td>-0.017</td>
<td>-0.142</td>
<td>0.081</td>
<td>0.083</td>
</tr>
<tr>
<td>Distance</td>
<td>0.072</td>
<td>0.01</td>
<td>0.038</td>
<td>1.000</td>
<td>0.01</td>
<td>0.04</td>
<td>0.09</td>
<td>0.045</td>
<td>0.006</td>
<td>-0.014</td>
<td>0.050</td>
</tr>
<tr>
<td>Gender</td>
<td>0.099</td>
<td>-0.049</td>
<td>0.017</td>
<td>0.013</td>
<td>1.000</td>
<td>0.008</td>
<td>0.27</td>
<td>-0.616</td>
<td>-0.073</td>
<td>0.022</td>
<td>0.044</td>
</tr>
<tr>
<td>Marital status</td>
<td>0.034</td>
<td>0.068</td>
<td>0.033</td>
<td>0.001</td>
<td>0.008</td>
<td>1.000</td>
<td>-0.002</td>
<td>0.010</td>
<td>0.065</td>
<td>0.095</td>
<td>0.010</td>
</tr>
<tr>
<td>Occupation</td>
<td>0.065</td>
<td>0.048</td>
<td>0.029</td>
<td>0.098</td>
<td>0.027</td>
<td>-0.082</td>
<td>1.000</td>
<td>-0.033</td>
<td>0.017</td>
<td>-0.074</td>
<td>0.092</td>
</tr>
<tr>
<td>Time in OPD</td>
<td>0.063</td>
<td>0.142</td>
<td>-0.017</td>
<td>-0.052</td>
<td>-0.016</td>
<td>0.010</td>
<td>-0.013</td>
<td>1.000</td>
<td>0.059</td>
<td>-0.007</td>
<td>0.092</td>
</tr>
<tr>
<td>Education</td>
<td>0.005</td>
<td>-0.057</td>
<td>-0.142</td>
<td>0.008</td>
<td>-0.073</td>
<td>0.036</td>
<td>0.017</td>
<td>0.026</td>
<td>1.000</td>
<td>-0.019</td>
<td>0.055</td>
</tr>
<tr>
<td>Family size</td>
<td>-0.333</td>
<td>-0.055</td>
<td>-0.081</td>
<td>-0.136</td>
<td>-0.023</td>
<td>0.095</td>
<td>0.074</td>
<td>-0.067</td>
<td>-0.119</td>
<td>1.000</td>
<td>0.077</td>
</tr>
<tr>
<td>Income</td>
<td>0.070</td>
<td>-0.322</td>
<td>0.083</td>
<td>0.090</td>
<td>0.054</td>
<td>0.010</td>
<td>-0.092</td>
<td>-0.082</td>
<td>0.021</td>
<td>0.077</td>
<td>1.000</td>
</tr>
</tbody>
</table>

### TABLE 4

Comparative Analysis of Parameters (in Both DNDH and PCMH) which affect Patient Satisfaction as obtained from Regression Analysis

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>Rank (DNDH)</th>
<th>Rank (PCMH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPD time adequate</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Gender</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Waiting time</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Income (or Economic condition)</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Time in OPD</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Occupation</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Marital status</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Family size</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Age</td>
<td>9</td>
<td>-</td>
</tr>
</tbody>
</table>
### TABLE 5

Summary of Factor Analysis with reference to DNDH (numerical values represent Correlation Coefficient (R) values of parameter/factor v/s patient satisfaction)

<table>
<thead>
<tr>
<th>Factor</th>
<th>R Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate information available</td>
<td>10</td>
</tr>
<tr>
<td>Education</td>
<td>11</td>
</tr>
<tr>
<td>Distance</td>
<td>12</td>
</tr>
<tr>
<td>Familiarity</td>
<td>2</td>
</tr>
<tr>
<td>Duration of stay</td>
<td>5</td>
</tr>
<tr>
<td>Access to hospital</td>
<td>6</td>
</tr>
</tbody>
</table>
V. New Findings

**New Finding No 1**

Group of patients having education of secondary level or above are more satisfied than the group of patients having education of primary level or below primary level

**New Finding No 2**

Group of patients who stay in hospital for less than 7 days are more satisfied than the group who stay for more than or equal to 7 days

**New Finding No 3**

Group of patients who are not making first visit to hospital are more satisfied than the group who are making visit to hospital more than once

**New Finding No 4**

Group of patients who wait for more than 30 minutes for doctor examination are more satisfied than the group who wait for less than or equal to 30 minutes

**New Finding No 5**

Total time spent in OPD for less than or equal to one hour creates more satisfaction in compare to time spent more than one hour in OPD in the minds of patients and those who accompany them.

**New Finding No 6**

Factors like “distance of patients’ home from hospital”, “whether timing of OPD is adequate or not” do not affect satisfaction level of patients

**New Finding No 7**

Group of patients who are employed are more satisfied than unemployed group of patients.

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Govt Policies towards Entrepreneurial Development – A Review

Jagadish A          Lavanya B K          Gokul C

Abstract:
Traditionally, a person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk was called an entrepreneur. Today an Entrepreneur is a vital resource who brings about changes in economy and society not only in a country but also of those in the world. An entrepreneurship should start as a seed, grow as a plant and expand itself as a tree which in turn creates more and more trees. This in management terms can be called progressive and sustainable development. This being the case it is the responsibility of an able Government to provide the necessary support and guidance to the budding entrepreneurs, so that this factor adds as a fuel to their innovative and entrepreneurial potentiality. A study is done here to trace how successive Governments in India have devised various policies for entrepreneurial development and what has been the impact and the results of such policies. Since it is practically impossible to cover all the policies and regulations since independence, only a few important policies have been taken into consideration. The study is purely empirical in nature and the data which are obtained have been obtained through different books, journals, websites (both Govt and private) and magazines.

Key words: Govt polices, Entrepreneurship, impact factor, innovation and sustainability.

Background:
India is witnessing a major growth in entrepreneurship — not because of its fortune factor but out of the need for its citizens to create their own job. With more than 65 percent of the population under 35 years of age and a record-breaking growth in smartphone adoption and data services across the country, there has been a rising demand for next-generation services with simplified solutions.

In today’s fast paced economy, business scenarios are far different from the ones that were practiced in earlier times. Previously, Privatization would mean a total cut off from the Govt and working in a parallel environment.

Govt Regulations and Policies: Its for us, not for them…

Today the influence of Governance is infiltrating to all aspects of our life - both personal and professional. This infiltration is also very much linked with the personal as well as professional way in which we live. Govt. Policies brings about a huge responsibility for the entrepreneur to act and conduct business responsibly. It allows two-way communication between the Govt. and the Enterprise.

Objectives of the Study:
- To get an overview regarding Govt Policies and Regulations on Entrepreneurship.
- To understand the role of Govt policies towards entrepreneurship.
- To understand how the policies, benefit the Enterprise.

Methodology:
The study is purely empirical in nature and the data and statistics mentioned here are secondary. Journals, Books, and internet based information have been used in this study.

Statement of the Problem:
Of late, India has become a trend setter as far as its industrial and entrepreneurial developments are concerned. It has become a Nation which the rest of the World would get up and notice when any significant move happens, either politically, economically, or socially. India is no longer a mere “back end supporter or an outsourcing hub for a Whiteman’s job”. India Inc has seen a breed of Youngsters who have moved away from a typical 9 to 5 job to a more challenging and dynamic role. They are ready to take risks and ready to take the road which remained unventured so far.

Limitations

Since it is practically impossible to evaluate all the policies and regulations, only a few important policies have been considered in this study.

Literature Review:

Avinash Nayar (2001) in his book “Entrepreneurial development in India” mentions that the pre independent India’s economy was based on the Mahalanobis Model which prioritized big industries to small and household industries. Acharya (2001) concludes that India’s devaluation of the rupee and its decision to increase the level of allowable foreign investment helped it to make considerable economic progress. Joshi (2001) and Karunaratne (2001) both say that India’s policy of selective capital account liberalization helped it to achieve important economic objectives (and still avoided the crises faced by the East Asian countries). Gupta (1999) highlights the important role played by India’s prudent management of exchange rate policy and its timetargeted policy. Dr. S Anil Kumar in his book Small Business and Entrepreneurship (2008) highlights that considering the recent developments of India in the field of IT, biotechnology, telecommunication and other service sectors etc.

Data Analysis and Interpretation

In the early 20th century, the former Soviet Union attempted a bold experiment of improving individual well-being without sacrificing the objective of greater equality of income and wealth through total ownership of capital by the government. Initially, the Soviet Government was able to raise productivity through directed industrialization and, within a span of 25 years (by the end of World War II), emerged as a superpower.

Pre Independence

The pre independence India was largely dominated by businesses of Parsis and British citizens. Apart from a few notable movements like Swadeshi Movement there was nothing significant that triggered the development of Entrepreneurship. It largely remained a closed economy.

Reasons for slow growth of entrepreneurship in During British period in India.

- Not given proper protection
- Discouragement by British Government
- High railway freight charges
- Exorbitant tariff

Post-Independence

The partition of the Country was another jolt to the Indian economy as many natural resources and industries remained split between India and Pakistan. The two-nation theory continues to be an issue both politically and economically even to this date.

SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
1950s and 1960s

The government established public sector enterprises in such areas as production and distribution of electricity, petroleum products, steel, coal, and engineering goods. In the late 1960s, it nationalized the banking and insurance sectors.

1970s

In 1970, to increase foreign exchange earnings, it designated exports as a priority sector for active government help and established, among other things, a duty drawback system, programmes of assistance for market development, and 100 per cent export-oriented entities to help producers export.

1980s

India liberalized imports such that those not subject to licensing as a proportion to total imports grew from five per cent in 1980-1981 to about 30 per cent in 1987-1988. However, this partial removal of quantitative restrictions was accompanied by a steep rise in tariff rates.

1991

LPG policy

“Liberalisation was the catalyst for the economic growth of India”

Though there were several industrial policies and five year plans before, the LPG policy of 1991 was a landmark in the history of Indian economy. Since it is an important and impactful policy the same has been discussed in detail

Definition of term “Privatization” and Economic Privatization

The term “Privatization” refers to the transfer of ownership of property or business from a government to a private owned entity. Privatization refers to the transfer of assets service functions from public to private ownership or control and the opening of the neither to closed areas to private sector entry.

CURRENT SCENARIO OF ENTREPRENEURSHIP IN INDIA

According to the Global Entrepreneurship Monitor (2007) report, India’s High-Growth Expectation Early-Stage Entrepreneurship (HEA) rate is only one-fifth of that of China. Further, among medium and low income countries, while China’s nascent and new entrepreneurs appear to be the most growth-oriented, with more than 10 per cent of them anticipating high growth, according to the 5th Economic Census conducted by the Central Statistical Organisation (CSO), there are 41.83 million establishments in the country engaged in different economic activities other than crop production and plantation. Five states viz. Tamil Nadu (10.60 per cent), Maharashtra (10.10 per cent), West Bengal (10.05 per cent), Uttar Pradesh (9.61 per cent) and Andhra Pradesh (9.56 per cent) together account for about 50 percent of the total establishments in the country. The same five states also have the combined share of about 50 per cent of total employment.
Issues in the Current Framework

Finance:

Access to credit is one of the key problems faced by entrepreneurs in India. This problem is particularly acute at the start-up stage, where bank finance is hard to obtain. Despite new sources of finance such as venture capital, angel funding and private equity becoming increasingly popular, institutional finance is still not able to meet the current entrepreneurial demands.

Regulation and governance:

An entrepreneur has to deal with a host of regulatory and compliance issues. These include registering one’s business, obtaining government clearances and licenses, paying taxes and complying with labour regulations. Moreover, lack of clarity on information relating to legal and procedural aspects of starting an enterprise, as well as those relating to clearances, licenses and government schemes further aggravates the problem.

India’s Ranking in Doing Business 2015

- Starting a Business -111
- Dealing with Licenses -134
- Employing Workers -85
- Registering Property -112
- Paying Taxes -165
- Trading Across Borders- 79
- Enforcing Contracts -177
- Closing a Business -137

(Source: Doing Business, World Bank, 2015)

Manpower:

Availability of skilled manpower is another crucial issue for entrepreneurs. For example, in a survey of entrepreneurs conducted by KPMG and TiE in 2014, skilled manpower emerged as the second most important factor for fostering entrepreneurial growth.

Infrastructure:

India’s physical infrastructure – roads, rail, ports, power, and telecom – is also considered to be a bottleneck to the smooth operation of entrepreneurial activity. Education:

While the influence of education on entrepreneurship is considered debatable, increasingly education is being part of the larger ecosystem that impacts entrepreneurship and entrepreneurial motivations.
SCOPE OF ENTREPRENEURSHIP DEVELOPMENT IN INDIA

In India, there is a dearth of quality people in industry, which demands high level of entrepreneurship development programmes throughout the country for the growth of Indian economy. Results of the 57th round of the National Sample Survey Organization (NSSO) show that unemployment figures in 2014-15 were 4.9% as compared to 9.5% in 2008-09.

CONCLUSION

There are many opportunities in small businesses in India and such opportunities will transform India in the coming future. For such transformation to happen there needs to be support both at the governmental and societal level. For the Government it is important to realize that the goal of small business owners will be to remain self-employed. Such people may not need financial assistance but they will need marketing and legal assistance to sustain themselves. Practical and cost effective programs need to be developed to address their needs because self-employed people will represent an important segment in economic revitalization. Entrepreneurship development is the key factor to fight against unemployment, poverty and to prepare ourselves for globalization to achieve overall Indian economic progress.

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BRICS: Shaping The New Global Architecture

Dr. Neera Kumar

ABSTRACT

The world has experienced a massive transformation in terms of geopolitics, economics and in organisation and distribution of production. For several reasons, emerging economies of Brazil, Russia, India, China and South Africa (BRICS) have acquired important role in the world economy as producers of goods and services. BRICS is also poised to play an important part in Global economic growth and development. The BRICS countries prominently attract larger capital because of their larger potential consumer market having the common characteristic of large population. These nations have been the key recipients of FDI during the last decades. The economic growth and industrial upgrading taking place in BRICS countries provide opportunities to invest in Africa. BRICS have increased their financial as well as technical assistance and established distinct ways and means of economic cooperation, especially through south-south-cooperation with Low Income Countries (LIC).

These nations, however, face certain challenges, mainly due to inflation, global financial crisis and political factors in the regions. This paper attempts to explore the role and contribution of BRICS countries in their own regional development as well as global development.

KEY WORDS: BRICS, transformation, economic growth, , global financial crisis, economic cooperation

INTRODUCTION

Globally and politically, the influence of the BRICS countries – Brazil, Russia, India, China, and since 2011, South Africa – is rapidly increasing. They have been engaged in official and non-official development cooperation for decades, but their role as development actors has only recently been acknowledged by the development community. These rising powers, once regarded as aid recipient countries, are now becoming more active as donors in their own right, raising important issues for debates on the future of international development cooperation.

The acronym was originally coined in 2001 by Jim O’Neill, an employee of Goldman Sachs, in a paper entitled “Building Better Global Economic BRICs” to highlight the exceptional role of important emerging economies and originally included Brazil, Russia, India and China (BRIC).

The BRICS members are all developing or newly industrialized countries, but they are distinguished by their large, fast-growing economies and significant influence on regional and global affairs and all five are G-20 members. As of 2013, the five BRICS countries represent almost 3 billion people, with a combined nominal GDP of US$16.039 trillion, and an estimated US$4 trillion in combined foreign reserves. Presently, India holds the chair of the BRICS group.BRICS (Brazil, Russia, India, China and South Africa) represent the four continents of the World, which are of economic significance, in the process of Globalization. The four countries came together as a group in 2006 and it was only in 2010 that South Africa was invited to join the group, which was then referred to as BRICS. Due to their geographic and demographic dimensions, BRICS economies are severely influencing global development, especially in Low Income Countries (LIC). They promote stability in trade and investment and cushion global recession in the current financial crisis. BRICS are causing changes in the architecture of international development cooperation, not only with regard to trade and financial flows but also as emerging donors. Not only BRICS but also other countries, such as CIVETS3 and the “next eleven” have together
contributed USD 87.1 million to the World Food Programme of the United Nations (UN) and USD 90.6 million to UN Emergency Response Funds (ERFs) in 2010.

The crucial question here is how BRICS are influencing the development of LICs and what the economic interdependencies look like. Moreover, analysis illustrates, how BRICS are targeting development policies and as to what extent BRICS have similar interests and are following a common approach.

OBJECTIVES OF THE STUDY

The following are the objectives of the research paper:

1. To understand the role of BRICS in terms of economic growth.
2. To understand the impact and influence of BRICS.
3. To check the challenges faced.
4. To briefly present BRICS approach to SSCs & LICs

NEED FOR THE STUDY

The global economic crisis in the past decade resulted in the down fall of the developed nations in terms of trade, investment and growth. However, certain developing countries such as Brazil, Russia, India, China and South Africa (BRICS) were able to withstand the negative impacts of Globalisation and economic crisis faced by other nations. Instead, they contributed effectively for the development of Low Income Countries (LICs). It is also predicted that these countries will play a major role in the global development scenario surpassing the developed nations in the coming decade. This calls for a comparative analysis into the role and functions of the BRICS as a developer and as a catalyst for restructuring the world economy. In light of the above, this study presents a general insight on BRICS and their contribution towards the global good and towards sustainable growth and development.

RESEARCH METHODOLOGY

Research methodology refers to a system of models, procedures and techniques to find the results of a research problem. I have collected secondary data for my research. I collected information from books, newspapers and websites. Special care is taken in collecting secondary data. One of them is that the data is collected from more than one source. This improves accuracy and efficiency of research formulation.

SCOPE OF THE STUDY

The scope of this project is wide. It attempts to explore the growing role of the BRICS nations in terms of global restructuring. The paper starts with the introduction to the BRICS countries followed by various indicators & determinants of economic growth. It also tries to showcase overall growth and development of these nations. It also enlist the challenges faced by these nations with respect to their diverse policies and political scenario.

COMMON CHARACTERISTICS AMONGST BRICS

There are a few common features amongst the BRICS nations which makes them stand out when compared to the rest of the world. It includes the following -Huge Size Of Population, Large Area

**Common Strategic Interests: The Basis of BRICS**

The basis for the formation of the BRICS is the long-term common interests of the member states. For the foreseeable future, those common interests are the following:

- Reforming the outdated global financial and economic architecture, which does not consider the increased economic weight of BRICS countries and other emerging economies;
- Strengthening the principles and standards of international law, the discouragement of power politics and preventing infringements on the sovereignty of other countries;
- Dealing with a wide range of challenges and problems related to economic and social modernization;
- Supporting the complementarities of many sectors of their economies.

**BRICS: FROM DEVELOPING COUNTRIES TO EMERGING ECONOMIES**

Within the last 10 years, BRICS have expanded their strong position in the world economy. Their participation in global Gross National Income (GNI – in Purchasing Power Parity / PPP) shows that not only China but also India and other Middle Income Countries are and further will be expanding their share – at the expense of Organisation for Economic Cooperation and Development (OECD) countries.

Also by 2015, MICs and BRICS are expected to produce more than 50% of global income. During their rise, BRICS remained stable and intensified economic cooperation linkages with other development countries. Among the group of emerging economies, BRICS are playing a crucial, if not systemic, role in global economy.

Three key factors signifying the relevance of BRICS as revolutionists in development cooperation are:-

1. The Outstanding Size of their economies,
2. Strong Growth Rates, leading to increasing significance in world economy,
3. The demand for a Stronger Political Voice in international governance structures, which corresponds to their economic status.

In terms of BRICS nations China is the front runner in terms of GNI (in PPP) followed by India, Brazil & Russia. Russia depicts high educational standards, growing investments and stable macroeconomic policy. The country has more than 140 Million inhabitants, roughly the same GDP as Brazil (PPP) and - with the exception of 2009 - constant growth rates of around 5%.

Although South Africa was accepted to form part of the group, it does not meet all the characteristics mentioned above, as its economy is much smaller than that of the other four countries. Its GDP is only a third of Brazil’s or Russia’s GDP and a much smaller fraction of China’s or India’s GDP.
Nonetheless, South Africa is Africa’s leading economy and has become one of the most important political actors on the continent. It is one of the few African countries ranked as an upper-middle income country and is the only African nation with a G20 seat. The country also enjoys relative political stability.

The five countries BRICS are forming a strategic alliance in order to increase their political weight at the international level and to enforce common political and economic interests. Nonetheless, representing the biggest emerging economies, BRICS are bound to take a stand on the subject of global development politics.

Since 2003, India, Brazil and South Africa (IBSA) try to coordinate more closely through launching the IBSA-initiative, targeting trilateral cooperation in energy supply, trade and other sectors. They opened a fund for development cooperation (supported by the UN-Development Programme / UNDP), financing programmes of:

1. waste collection
2. agricultural assistance
3. HIV-workshops and others.

This fund “aims at supporting viable and replicable projects that, based on the capabilities available in the IBSA countries and in their internal best practices, contribute to the national priorities of other developing countries”. As a consequence of respective trade in goods and services, capital flows and foreign direct investment (FDI), the focal point of global economic dynamics started shifting slowly from OECD-countries to the BRICS countries during this decade. BRICS are also more important as donors in the international financial architecture.

However, there are significant differences in dimension and orientation of development cooperation among BRICS correlating to differences in:

1) growth intensity
2) economic and trade structures
3) degree of market liberalisation
4) per-capita-income as well as history and tradition of SSC.

**FDI & MAJOR DETERMINANTS FOR ECONOMIC GROWTH**

Some of the main determinants include the following:

- **Market size** - Larger market size should receive more inflows than that of smaller countries having lesser market size. Market size is generally measured by Gross Domestic Product (GDP), GDP per capita income and size of the middle class population. It is a Positive and significant determinant of FDI flows.

- **Economic stability and growth prospects** - A country which has a stable macroeconomic condition with high and sustained growth rates will receive more FDI inflows than a more volatile economy. Investors would prefer to invest in more stable economies that reflect a lesser degree of uncertainty. Furthermore GDP growth rate, Industrial production index, Interest rates would also influence FDI flows Positively and the Inflation rate would influence either Positively or Negatively.
• **Labour cost** - Higher labour cost would result in higher cost of production and consequently limits the FDI inflows; Therefore, there exists a Negative or an Inverse Relationship between the labour cost and FDI.

• **Infrastructure facilities** - Well established and Quality Infrastructure is an important determinant of FDI flows. On the other hand, a country which has opportunity to attract FDI flows will stimulate a country to equip with good Infrastructure facilities. Therefore, a Positive and Direct Relationship is present between FDI and Infrastructure.

• **Trade openness** - Trade openness is considered to be another key determinant of FDI. Much of FDI is export oriented and may also require the import of complementary, intermediate and capital goods. In either case, volume of trade is enhanced and thus Trade Openness is generally a Positive and Significant Determinant of FDI.

• **Currency Valuation** - The strength of a currency (Exchange rate) is used for knowing level of inflation and the purchasing power by the investing firm. Devaluation of a currency would result in reduced exchange rate risk. As the currency depreciates, the purchasing power of the investors in foreign currency terms is enhanced, thus positive and significant relationship between the currency value and FDI inflows would be present.

• **Gross Capital Formation** - In a transition economy, improvements in the investment climate help to attract higher FDI inflows. It translates into higher Gross capital formation which in turn leads to greater economic growth. However the relationship between FDI and Capital Formation is not that simple. In the case of certain privatization, it may not lead to increase at all or even result in reduction. Also, the unclear relation between FDI and capital formation may also hold in a transition economy. Therefore, this can result in either a Positive or a Negative effect.

Thus, all these factors help the BRICS countries along with the rest of the world in better understanding FDI and market attractiveness in terms of FDI. And by analyzing these general trends with respect to determinants of FDI Inflow, countries such as the BRICS can find suitable ways in its path to promote economic growth and development.

**BRICS AND THE SOUTH-SOUTH-COOPERATION (SSC)**

After the fruitless 2006 WTO-Doha round in Geneva, which failed to reach an agreement concerning agricultural subsidies and import taxes, the reputation of multilateral consultations was damaged and especially the BRICS turned towards SSC at the bilateral and regional level. BRICS have tremendous influence on SSC.

There is no official international definition of SSC. However, the largest intergovernmental forum of development countries has agreed upon some general characteristics of SSC in 2008. Thus, “South-South cooperation is a common endeavour of peoples and countries of the South, based on their common objectives and solidarity”

The strategy of SSC is pursuing “economic independence and self-reliance of the South” and based on the specific “historic and political context” and “shared experiences” of developing countries.

**BRICS Development Policies and measures**

SSC has been institutionalised in all BRICS and turns out to be an important challenge for international development strategies of the EU since south-south dynamics seem to be out of reach. But, if awareness of SSC is improved, it can also be reflected in EU relations with BRICS.
From the BRICS’ perspective, SSC has three important dimensions:

- Political dimension: to create spaces for autonomous discussion, independent of OECD-countries;
- Economic dimension: Trade, financing and ODA
- Technical dimension: exchange of expertise and technology know-how.

**Changes of development cooperation over the past decade**

Development cooperation of BRICS has changed immensely over the last ten years. China and Russia have had strong political and economic ties with neighbouring countries and also SSA. Also Brazil, India and South Africa did not live in isolation. However, they were far from having a strategy for implementing development efforts abroad: a strategy only emerged after the economic boom started in the late 1990s. Thereafter, the view was no longer restricted to self-development but active engagement in foreign trade and economic cooperation was pursued. Growing economic relations between BRICS and LICs have influenced Asian and African LICs the most. This has even helped lessening the negative impact of the recent financial crisis.

**Trade- Bilateral Trade** is considered to be “the backbone of LIC-BRIC relations”. LIC export to BRIC grew from USD 15 billion in 2000 to USD 61 billion in 2009, pushing back the EU and the USA to receive less than 45 % of LIC exports. Among all BRICS, China and India are the main consumers of LIC exports, followed by Brazil. China and India account for more than 90 % of LIC exports of agricultural raw materials and for almost 85 % of fuels exports to BRICS. 52 % of exports of manufactured goods went to China, followed by Brazil (14 %), Russia, India and South Africa (10 % each). Crops, minerals and other raw materials, especially fuels and metals, are the main component of LIC export to BRICS. One reason for the increase in LIC-BRICS trade figures are complementary trade structures providing overlap between BRICS demand and LIC supply. With regard to SSA, trade figures increased tremendously. BRICS’ total merchandise trade with SSA in 2010 exceeded for the first time the one of the EU. The demand for resources has been increasing in the past decade, among the BRICS mainly due to strong growth of Chinese and Indian manufacturing industries, leading to strong price increases of raw materials. Brazil and Russia were able to benefit from high raw material prices in the past and used the inflow to invest in higher processing industries. Their expertise can be useful to help LICs to escape the commodity trap. The emergence of manufacturing industries is critical for sustainable growth and economic development of LICs. Transfer of know-how and technology are important measures to prevent LICs from being constrained to the role as suppliers of raw materials. BRICS trade preferences in favour of LICs can help to establish diversified economies. Trade-oriented financial aid is also helpful to initiate positive growth impulses in LICs.

Regional integration and trade agreements can be seen as a key aspect in BRICS-LICs economic relations. South Africa is focusing on consolidating the free trade area between the 14 members of the SADC and is currently developing a proposal for a model customs union. Regional trade agreements can also be found in Latin America (Mercosur) and Asia (South Asian Association for Regional Cooperation - SAARC) with involvement of Brazil, India and China. They include free trade directives and other preferential economic cooperation amongst member states. Regional organizations also deal with cross-border infrastructure projects (roads, energy, communication) which have considerable impact on trade relations, e.g. lowering of transactions costs.

**Increase in Foreign Direct Investment (FDI)**

BRICS group, Brazil, Russia, India, China and South Africa, have hugely attracted large inflows of foreign direct investment. Over the last years, FDI inflows in BRICS economies reached 20% from the
world share of FDI in 2012. In the period before 2000, the FDI inflows in the BRICS economies were low. From 2003 to 2008, the FDI inflows grow from 77 Billion to 281 billion dollars, with China and the Russian Federation for the lion's share accounting of growth. (UNCTAD 2013) as shown in the table below.

The Impact of BRICS Development Cooperation

Linkages of BRICS with developing countries in general and LICs in particular have intensified over the last decade through various forms of cooperation and support. The question is now, as to what extent this liaison has helped developing countries to make progress in economic and general terms. This subject is analysed in respect of economic growth and debt sustainability, two key drivers of economic stability and future development

❖ Economic Growth And Development

Largely, BRICS have contributed to economic growth and sustainable development. The biggest effect can be identified in trade relations. 60 % of BRIC total impact on LICs is attributed to trade. Due to strong trade ties of BRIC to Middle East, North Africa and Central Asia, respective impacts are pronounced in these regions.

Indirect spillovers to LICs include commodity prices, global interest rates and demand. In terms of demand and productivity, a 1 % increase in BRIC is followed by a 0.7% increase in LICs output over 3 years. Moreover, due to higher wages and mechanisation, China and other MICs are moving from low-skilled, labour-intense production to higher value added goods, thereby leaving spaces and opportunities for LIC-economies to create jobs in these sectors.

Impacts of FDI from BRIC to LICs can be very strong in countries with high inflows in percentage of GDP. Taking into account the overlapping structure of trade, FDI, grants and development financing the positive impact of BRIC becomes more obvious.

The BRIC impact on LICs growth has significantly increased during the financial crisis. BRIC were affected less than western countries, which has also led to an increased share in total LICs export. BRIC economies are not fully intertwined with western structures, thereby providing certain autonomy and reducing growth volatility in LICs.

❖ Debt sustainability

The World Bank’s Global Development Finance lists the BRICS in its statistical databank as developing debtor countries and – except for South Africa – they can all be found in the TOP 5 borrowers. With an
external total debt stock of USD 1,615.7 billion in 2010, the BRICS together “accounted for almost 40 %
of the end 2010 external debt stock owed by all developing countries”.

However, BRICS have incurred enormous amounts of international reserves over recent years. Except for
Brazil (83.2 % of external debt stock) and South Africa (97.0 %) this amount surpasses the external debt
stock, and in the case of China even more than five times (531.2 %). Also related to GNI, none of the
BRICS is severely indebted with the indicators ranging from 9.3 % (China) to 26.9 % (Russian
Federation).

Although BRICS play an increasingly important role as providers of development finance, financial flows
are still much smaller than OECD countries’ financing, however, it tends to be less concessional. Debt
creating flows from BRICS to SSA, have risen dramatically: Total loan disbursements from BRICS to SSA
grew by an average of 60 % annually over the period 2000-10, reaching over USD 6 billion in 2010.
Again, China plays the predominant role in this overall trend.

This has raised concerns that BRICS financing could affect debt sustainability negatively, especially in
countries which have received debt relief recently and countries with weak institutions. BRIC seem to
“provide more financing to LICs with weaker institutions and governance.” Several indicators seem to
point to the fact that BRIC financing is based at least partly on commercial risk calculations: if the risk is
perceived higher, the concessional loan decreases.

Countries with strong institutions and good governance indicators are perceived as having higher
repayment ability; they can therefore manage higher debt indicators and incur more loans with low
concessionality. Thus, especially countries with weak institutions are at higher risk to run into debt
distress if much and less conditional financing is provided.

However, so far there are very few examples of BRICS financing creating debt sustainability problems.
Although not yet problematic, it is certainly important to observe BRICS’ financing, its social and
economic returns and possible debt sustainability issues in LICs in the future.

**FINDINGS OF TH STUDY**

**BRICS (Brazil, the Russian Federation, India, China and South Africa) have emerged as major recipients of FDI and important outward investors.**

- Over the past decade, FDI inflows to BRICS more than tripled to an estimated US$263 billion in 2012. As a result, their share in world FDI flows kept rising even during the crisis, reaching 20% in 2012, up from 6% in 2000.

- BRICS countries have also become important investors, their outward FDI has risen from US$7 billion in 2000 to US$126 billion in 2012, or 9% of world flows - ten years before that share was only 1%.

- **Overseas investment by BRICS countries is mainly in search of markets in developed countries or in the context of regional value chains.**
  - 42% of BRICS outward FDI stock is in developed countries, with 34% in the EU.
  - Some 43% of BRICS outward FDI stock is in respective neighbouring countries in Latin, American and the Caribbean, East Asia, South Asia and transition economies.
• Economic linkages through FDI between BRICS countries themselves are still limited, although intra-BRICS FDI has grown faster than flows to non-BRICS over the past decade.
  - The share of BRICS partners in the combined outward FDI stock of the BRICS grouping jumped from 0.1% to 2.5%.
  - Among BRICS countries, South Africa shows the largest share of intra-BRICS investment. In 2011, one fifth of the outward investment stock of South Africa was concentrated in other BRICS countries, mainly China.

• BRICS countries are becoming significant investors in Africa, including in manufacturing and services.
  - Although Africa accounts for only 4% of BRICS FDI outflows, BRICS countries have joined the ranks of top investing countries in Africa; in 2010, the share of BRICS in FDI inward stock to Africa reached 14% and their share in inflows reached 25%.
  - The share of BRICS countries in Africa’s total value of Greenfield projects rose from 19% in 2003 to almost one quarter in 2012.
  - Most BRICS FDI projects in Africa are in manufacturing and services. Only 26% of the value of projects and 10% of the number of projects is in the primary sector.

CONCLUSION

BRICS has contributed in developing international trade and investment and emerged as world super powers in shaping the new global architecture. Though BRICS do not constitute a homogeneous alliance, their economic and political position in respect of international development politics and policies should not be underestimated by developed nations. The heterogeneity among BRICS seems to make development partnerships with BRICS en bloc rather complicated and less attractive. Especially China and Russia are differing – one being the next superpower, the other a former superpower – and need to be addressed in different ways. On the other side, agreements with India, Brazil and South Africa are more feasible. They already have formed a group of mutual interests and goals (IBSA) and also common grounds in terms of democracy, federalism, political norms and values. This study shows that the impact of BRICS on the economic development of LICs has increased. Also, FDI flows from BRICS have increased positive impacts to developing countries can be identified. BRICS’ development financing focuses on neighbouring countries but along the way complies with geostrategic and economic considerations.

SUGGESTIONS & RECOMMENDATIONS

In order to tackle the challenges ahead, BRICS can refer to the following to strengthen their stand in the modern economic scenario.

• Fragmented Markets -

Fragmented markets provide many opportunities for BRICS countries to expand and increase market share. Fragmented markets have many small competitors, who lack the cost advantages of larger companies. BRICS can further enhance and expand their economic growth by effectively creating a common link of interests and appropriately acting towards achieving common goals.

• New Technology & Innovation -

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New technology helps BRICS countries to better meet their customer’s needs with new and improved products and services. Greater innovation can help BRICS countries to produce unique products and services that meet customer’s needs. It also builds competitive barriers against rivals.

- **International Expansion** -

  International markets offer BRICS countries new opportunities to expand the business and increase sales.

- **Friendly Regulations towards FDI** -

  Stringent regulations and barriers to trade or a restrictive foreign policy hinders the FDI or investment to and fro from countries. Friendly regulations will allow BRICS countries to attract more investors and enhanced trade in the region.

- **Emerging Markets** -

  Emerging markets are fast growing regions of the world that enable BRICS countries to quickly expand. Countries such as Indonesia, Turkey, Mexico, Venezuela are now considered to be the next-gen in terms of emerging markets. BRICS can tap into these countries and establish common grounds to improve trade and development and provide for the economic growth of the countries involved.
Medical Tourism-A Ray of Hope

Paul P Jose          Naveen Abraham

Abstract

Medical tourism is broadly defined as the act of traveling to obtain medical care in another country or region of the same country where specialized or economical medical care is available complemented with wellbeing and recuperation of acceptable quality with the help of support system. The World Health Organization (WHO) defines medical tourism as tourism associated with travel to health spas or resort destinations where the primary purpose is to improve traveler’s physical wellbeing through a process comprising physical exercises and therapy, dietary control, and medical services relevant to health maintenance.

India has become a destination of choice for patients from all hemispheres as the destination of choice for a wide range of medical services and surgical procedures. In addition to the tangible expertise of medical and nursing staff, allied health services staff, the intangible compassionate care of support services staff draws patients to tertiary care hospitals in India. Equally important is the lower cost of world class treatment at a fraction of what it costs in the Western or so-called developed countries. In addition, there is no waiting period for any of the major surgical interventional procedures in the corporate hospitals in India.

There are several dynamic internal and external factors which hinder medical tourism in India. The future of medical tourism in India is exceptionally promising. There are abundant opportunities for corporate tertiary care hospitals to follow the example of hospitals in the Texas Medical Center is securing substantial gifts from selected Indian and international patients to improve the infrastructure and thus patient care and promote research. This can be accomplished by establishing a professionally managed Office of Development.

Keywords: Medical and Dental Tourism, Pull Factors, Hindrances, Development.

1. Introduction:

Medical tourism is a growing sector in India. In October 2015, India's medical tourism sector was estimated to be worth US$3 billion. It is projected to grow to $7-8 billion by 2020. According to the Confederation of Indian Industries (CII), the primary reason that attracts medical value travel to India is cost-effectiveness, and treatment from accredited facilities at par with developed countries at much lower cost. The Medical Tourism Market Report: 2015 found that India was "one of the lowest cost and highest quality of all medical tourism destinations, it offers wide variety of procedures at about one-tenth the cost of similar procedures in the United States."

Foreign patients travelling to India to seek medical treatment in 2012, 2013 and 2014 numbered 171,021, 236,898, and 184,298 respectively. Traditionally, the United States and the United Kingdom have been the largest source countries for medical tourism to India. However, according to a CII-Grant Thornton report released in October 2015, Bangladeshis and Afghans accounted for 34% of foreign patients, the maximum share, primarily due to their close proximity with India and poor healthcare infrastructure. Russia and the Commonwealth of Independent States (CIS) accounted for 30% share of foreign medical tourist arrivals. Other major sources of patients include Africa and the Middle East, particularly the Persian Gulf countries. In 2015, India became the top destination for Russians seeking medical treatment.
Chennai, Kolkatta, Mumbai, Andhra Pradesh and the National Capital Region received the highest number of foreign patients primarily from South Eastern countries.

2. Attractions:

Advantages of medical treatment in India include reduced costs, the availability of latest medical technologies, and a growing compliance on international quality standards, as well as the fact that foreigners are less likely to face a language barrier in India. According to the Confederation of Indian Industries (CII), the primary reason that attracts medical value travel to India is cost-effectiveness, and treatment from accredited facilities at par with developed countries at much lower cost. The Medical Tourism Market Report: 2015 found that India was "one of the lowest cost and highest quality of all medical tourism destinations, it offers wide variety of procedures at about one-tenth the cost of similar procedures in the United States."

Cost:

Most estimates found that treatment costs in India start at around one-tenth of the price of comparable treatment in the United States or the United Kingdom. The most popular treatments sought in India by medical tourists are alternative medicine, bone-marrow transplant, cardiac bypass, eye surgery and hip replacement. India is known in particular for heart surgery, hip resurfacing and other areas of advanced medicine.

Quality of care:

India has 23 JCI accredited hospitals. However, for a patient traveling to India, it is important to find the optimal Doctor-Hospital combination. After the patient has been treated, the patient has the option of either recuperating in the hospital or at a paid accommodation nearby. Many hospitals also give the option of continuing the treatment through telemedicine.

The city of Chennai has been termed "India's health capital". Multi- and super-specialty hospitals across the city bring in an estimated 150 international patients every day. Chennai attracts about 45 percent of health tourists from abroad arriving in the country and 30 to 40 percent of domestic health tourists. Factors behind the tourist’s inflow in the city include low costs, little to no waiting period, and facilities offered at the specialty hospitals in the city. The city has an estimated 12,500 hospital beds, of which only half is used by the city's population with the rest being shared by patients from other states of the country and foreigners. Dental clinics have attracted dental care tourism to Chennai.

Ease of travel:

The government has removed visa restrictions on tourist visas that required a two-month gap between consecutive visits for people from Gulf countries which is likely to boost medical tourism. A visa-on-arrival scheme for tourists from select countries has been instituted which allows foreign nationals to stay in India for 30 days for medical reasons.

Language:

Despite India's diversity of languages, English is an official language and is widely spoken. In Noida, which is fast emerging as a hotspot for medical tourism, a number of hospitals have hired language translators to make patients from Balkan and African countries feel more comfortable while at the same time helping in the facilitation of their treatment.

3. Scope for Medical Tourism:
Medical tourism is a fast becoming a multi-million dollar industry in the country. The fact was further strengthened by Chief Secretary Jiji Thomson’s statement at the inaugural function of the fifth edition of Kerala Health Tourism - the International Conference and Exhibition on Health Tourism, kicked off here at Hotel Le Meridien. Chief Secretary Jiji Thomson said that the current market size of the medical tourism sector in the country is expected to grow from the current $3 billion to $7-8 billion by 2020. He was delivering the inaugural address at the conference organized by Confederation of Indian Industry (CII) in association with the Government of Kerala, KSIDC and Department of Tourism.

“The state has held out many advantages for the health sector in the form of well-trained practitioners, English speaking medical staff, infrastructure in the form of super specialty hospitals, a mix of modern and alternative treatment systems, availability of these services at a low cost, and short waiting periods. In India, health care is one of the largest sectors, in terms of revenue and employment and this sector is expanding rapidly,” said Thomson.

He also added that health tourism has the potential to bring a positive change in economic sector. “The government will come up with an integrated strategy to build up the health sector and there by boosting other sectors as well,” he added.

He also asked the stakeholders in the sector-healthcare, tourism and the government - to come together to develop the industry.

4. Pull Factors for India’s Medical Tourism:

India is increasingly emerging as a destination of choice for a wide range of medical procedures. The major advantages of traveling to India for medical tourism are:

1. Internationally accredited medical facilities.

2. Exceptionally well qualified physicians and surgeons who received training and gain valuable experience at academic medical centers around the world.

3. The medical treatment cost in India are lower by at least 60% to 80% when compared to North America and U.K.

4. There is no waiting period for any of the major surgical interventional procedures in the corporate hospitals in India.

5. As India is becoming more interconnected with the world through globalization, the private players have established a stronghold in the medical industry.

6. A major influence is the U.S. based NRI doctors and its origin begin from the relaxed procedures in the 1960s which led to the influx of foreign Indian doctors into the U.K. and the U.S. looking for better career opportunities. This led to brain drain, but as India started to develop as an economic power house, these NRI doctors recognized the tremendous opportunities in the private healthcare sector.

7. The doctors brought back their expertise and knowledge to invest in specialty hospitals in India which were modeled along the lines of the American hospitals.

8. India’s corporate hospitals offer world class treatment at a fraction of the cost in the U.S. As a result, an increasing number of international patients are making India their destination of choice.

9. Further development of medical tourism in India can be strategized by paying attention to the Seven Ps of marketing: (1) Product, (2) Price, (3) Place, (4) Promotion, (5) People, (6) Process, and (7) Physical Evidence.
5. India’s medical tourism advantage:

Medical tourism is an old concept dating back to ancient Greece. In India, this phenomenon is a multi-million dollar industry today. I am proud that we are the generation that has witnessed an exponential growth of 25 to 30 per cent annually in this field. While I do believe that economical surgeries and cost-effective medical procedures are the major reasons for the increase in medical tourist traffic in this country, there are other facets to the Indian medical tourism industry’s development, other than just low cost treatment.

Our wonderful country is a treasury of health, as it had been for thousands of years. India’s history in medicine dates back to the Atharva Veda — the first Indian text dealing with medicine.

India’s medical history is truly awe-inspiring with its traditional treatment therapies such as the Ayurveda and Yunani, which have been passed down through hundreds of generations.

The best of everything

True to its history, our healthcare industry remains one of the best worldwide. In this day and age, our medical and healthcare services are as good as anywhere in the world and in some cases better. We now have the best of everything: best technology, best managers, best specialists and best nurses. A number of hospitals in India, like Apollo, which are accredited by international institutes, offer premiere treatment at a rate almost 40 to 50 per cent less than that of any European or American country.

The high skill level of the medical industry in the country, combined with the lowest medical fee is what makes India such a great destination for healthcare serviceability.

More and more countries around the world are emerging as medical tourism destinations. Asian countries such as Malaysia, Singapore and Thailand, North America’s Cuba, to South Africa and even some European countries such as Hungary are a few of the top medical destinations in the world. Cuba has been a prominent medical tourism destination for almost 40 years now. From my personal experience, Cuba meets the remarkable reputation of its specialists, low-cost medical services and the facilities.

Medical tourism in Canada is also gaining popularity amongst foreign patients, especially the Americans. In the east, Thailand has zoomed forward with its medical tourism industry. This eastern country has around 33 JCI (Joint Commission International) accredited hospitals with a competent medical army.

This industry in Thailand has been gaining its acclaim for the past decade and it has grown into one of the leading medical tourism destinations in the world. The ascendancy of India’s medical tourism in recent years has encouraged a number of international pharmaceutical companies, NRI and foreign investors to invest in numerous multi-specialty hospitals in the country. Most of these hospitals are equipped with state-of-the art technology, enabling the specialists to tackle the ailments and serious diseases.

Personal touch

Recently, these hospitals began to administer personalized medical tour packages for tourists at highly affordable prices. The tour planner offers services like fixing appointments with concerned specialists at a world-renown hospital, making arrangements for escorting, transportation and accommodation as per the requirement of the patient, helping to obtain medical visa and preparing other documents as required by the health centers and even making arrangements for sightseeing, local transportation, and shopping, if required by the patient or family members.

The Indian healthcare industry is growing rapidly and is expected to become a $280 billion (more than ₹17 lakh crore) industry by 2020. Rise in income standards and an increase in older population, shifting
demographics, disease variations and the explosion of lifestyle diseases in India are a few factors that are feeding this growth.

Compared to other medical tourism destinations, India will inevitably take a lead, essentially due to the cost effectiveness of treatment available in this country. For example, a patient from UK who plans to travel to a medical tourism destination has more chances of saving better if he/she decides to visit India than say, its competitor Thailand.

As of today, there is almost a difference of $1,000-2,000 between India’s and Thailand’s medical procedures like bone marrow transplant, heart transplant surgery, knee replacement surgery or even cosmetic body contouring.

Despite the minor stagnancy in the Indian medical tourism industry due to the recession, there is an outstanding scope for this country to move forward. In almost 50 years of my experience, I have never seen an industry so young attain the level of success and popularity that our country’s medical tourism industry has achieved. It’s just a matter of years before India takes over as the world’s largest health travel destination.

6. FACTS & STATISTICS:

Medical tourism has been around for thousands of years. In fact, archaeological evidence from the third millennium B.C. suggests that people in ancient Mesopotamia traveled to the temple of a healing god or goddess at Tell Brak, Syriato heal eye disorders. A couple millennia later the Greeks and Romans would travel by foot or boat to spas and cult centers all over the Mediterranean. The Asclepia Temples, dedicated in honor of the Greek god of medicine, were some of the world's first healing centers. Pilgrims would come and stay several nights praying that Asclepios would appear in a dream and provide a cure to their ailment.

There are 458 Joint Commission International accredited hospitals around the world. This figure does not include ambulatory clinics. Joint Commission is an independent not-for-profit organization that evaluates and accredits more than 15,000 healthcare organizations in the United States. Its international arm (Joint Commission International) has been accrediting hospitals outside the U.S. since the late 90’s. JCI accreditation is one of the main criteria patients use to ensure they are traveling to a hospital with high standards of patient care. 1.6 million U.S. patients traveling abroad for care. In 2009, Deloitte predicted that over one and a half million U.S. patients would be traveling abroad for care, with a 35% increase over the next several years.

You may spend more time at a hotel than at a hospital during your medical trip. Depending on your procedure, oftentimes you will only stay a night or two in the hospital and then spend the rest of the time at a hotel recuperating and/ or engaging in physical rehabilitation. So choose a hotel that has experience with medical tourists and understands your needs and expectations.

Your companion could make or break your medical trip. Having the physical and moral support of a companion is one of the most important ingredients of a successful medical trip, particularly during the recovery process. However, not everyone is ideally suited to being a medical travel companion. Choose your companion wisely. Right now it’s all about you. Your companion must be willing to put your needs ahead of his or her own and assist you during the recovery process. This does not mean they cannot have some leisure time to enjoy the local culture and attractions, but they should understand that their primary purpose is to provide support.

MTA PATIENT SURVEYS

- 64% of patients that traveled abroad for care did not have health insurance.
Almost 83% of patients traveled with a companion.

Almost 70% of patients rated their medical care as excellent.

33% of patients traveled abroad for cosmetic surgery.

Almost 90% of patients or their companions engaged in tourism activities.

Almost 85% of US patients found they received more personalized medical care than in the US.

Almost 86% of US patients said they would travel again overseas for medical care.

Nearly 27% of patients had previously traveled to a foreign country to receive medical care, most were female, all were between ages 45 and 64; the majority were White/Caucasian; all were American; all were college educated; half had household incomes between $50,000 and $100,000; and some had health insurance (50%), while other did not.

Nearly 80% of the demand for medical travel is driven by cost savings.

Medical tourists spend between $7,475 and $15,833 per medical travel trip.

48% of respondents would be interested in engaging in medical tourism again at some point in the future.

The cost of medical treatment (85%) and state-of-the-art technology (83%) were the most important factors in their decision to travel abroad for treatment.

Out of 49 participants that had previously traveled overseas for medical treatment, 36% used a medical tourism facilitator.

MEDICAL TOURISM STATISTICS FROM AROUND THE WORLD

A 2013 MTA Medical Tourism Patient Survey found that Latin America and Asia are the two leading regions for medical travel.

A 2013 MTA Medical Tourism Patient Survey found that Mexico and India respectively have the highest demand for medical tourism.

Data from the Council for International Promotion of Costa Rica Medicine (PROMED) shows that in 2012, Costa Rica attracted nearly 50,000 medical tourists (mostly from the U.S. and Canada) and each one spent an average of $7,000. Close to half of these medical travelers were said to be dental, followed by orthopedics, weight loss surgeries, gynecology and plastic surgery. Medical tourism generated some $338 million in revenue for the country that year, PROMED reported.

Tourism Research Australia from the Australian Government reported that more than 10,000 medical tourism patients flew into the continent in 2013 pumping more than $26 million into the national economy.

According to the Indian High Commission, Indian hospitals received 18,000 Nigerians on medical visas in 2012, 47% of the Nigerians were in India to receive medical treatment and spent approximately $260 million USD.
In 2012 the Ministry of Public Health, Thailand and the Kasikorn Research Center found that 2,530,000 international patients traveled to Thailand for treatment, the top five nationalities were; Japan, U.S., UK, GCC and Australia. Revenues generated from medical tourism were approximately 4 Billion USD.

Mexico’s Secretary of Tourism said that almost 12 million international visitors arrived in Mexico in 2013, 6.5 million of the visitors were from the U.S.

According to the Medellin Healthcare Cluster, twenty-four percent of the international patients that visit the Medellin Health City in Medellin, Columbia are from the U.S.

The Korea Health Industry Development Institute reported in 2012 that 159,464 patients from 188 countries visited Korea in 2012, 32,503 of those patients were Chinese.

In the 2010 Statistics on International Patients in Korea Report showed that 81,789 foreign patients traveled to Korea, 32.4 percent came from the U.S. (4,829 were U.S. Army patients), 19.4 percent Chinese, 16.8 percent Japanese and 7.7 percent Russian.

According to Rohini Sridhar, Chief Operating Officer of Apollo Hospitals, the number of international patients visiting the hospital has been witnessing an increase of 20 per cent every year. “We provide medical care for around 400 to 500 people from European countries, Malaysia, Singapore, Sri Lanka and the Middle East in a year,” she says.

A 2012 report from the Taiwan Ministry of Health and Welfare found that more than 60,000 patients traveled to Taiwan for healthcare the previous year, with 50 percent of patients coming from mainland China. The report also noted that the most popular procedure was a full health exam.

According to Alpen Capital Investment Banking, the United Arab Emirates’ medical tourism sector is growing strongly and reached $1.69 billion in 2013. Dubai Healthcare City (DHCC) is one of the largest healthcare tourist destinations in the region. According to DHCC, they handled approximately 500,000 patients in 2011, 20% of which were medical tourists.

7. Key Growth Drivers:

The primary growth drivers include the growing population, increasing at an annual rate of 2%, which is expected to surpass China and reach 1.6 billion by 2050. In addition, the prosperity in the income levels has elevated the standards of living and has increased the affordability towards better medical care and treatment. While per capita income was USD 620 in 2005, over 150 million. Indians have annual incomes of more than USD 1,000, and many who work in the business services sector earn as much as USD 20,000 a year. While this is a fraction of the income that their US peers earn, it is the equivalent of more than USD 100,000 per year when adjusted for purchasing power parity.

Another driving factor of the Indian Healthcare Industry has been the rise in diseases, increasing awareness and better diagnosis techniques. While ailments such as poliomyelitis, leprosy, and neonatal tetanus will soon be eliminated, some communicable diseases once thought to be under control, such as dengue fever, viral hepatitis, tuberculosis, malaria, and pneumonia have returned in force or have developed a stubborn resistance to drugs. India is grappling with the emergence of diseases such as AIDS as well as food- and water-borne illnesses.

And as Indians live more affluent lives and adopt unhealthy western diets that are high in fat and sugar, the country is experiencing arise in lifestyle diseases such as hypertension, cancer, and diabetes, which is reaching epidemic proportions. According to the industry experts, at present there are around 41 million
Indians are suffering from diabetes alone. This incidence is expected to reach 74 million in next 15 years, which would require an estimated cost of USD 30 billion for treatment and management of this disease.

8. Hindrances to Medical Tourism:

There are several dynamic internal and external factors which hinder medical tourism to India. Samples of these factors are:

1. Decision of foreign countries to compete more aggressively with outbound programs.

2. Supply and infrastructure constraints like communications, water, transportation, Electricity, power generation and the like which may have a negative impact on the Overall functioning of the hospital.

3. Government policies that might increase the cost of functioning of the hospital by charging extra through taxation for hospital rooms with air conditioning.


5. A significant issue related to medical tourism is liability. In the event if anything goes wrong during a procedure in India, the patient has to work through India’s legal system. This can be burdensome because of geographical distance and related logistics.

6. Many large international health insurance companies have not embraced medical tourism because they are worried about potential law suits linked to bad outcomes.

9. Entrepreneurial and Job Opportunities

Admitting that medical tourism has become a major industrial segment with potential for better return on investment, it is an opportune time to give serious consideration to entrepreneurial opportunities. There are several ventures worthy of consideration and are mentioned herewith:

A Case for Medical Tourism in India

1. Specialized Travel Intermediation Service – Medical tourists constitute a niche market with uniquely defined profiles and hence there exists abundant scope for dedicated travel agents and tour operators.

2. Travel Desk in Hospitals – Hospitals that want to sell medical tourism services should have a dedicated travel desk in the hospitals. Such a travel desk should act as a comprehensive marketing arm of the hospital with regard to medical tourism.

3. Staff Trainers – Medical tourists expect high quality hospitality from one and all at the hospital. It will be advantageous to have customer relationship training as well as cultural sensitivity training. This training program should have the participation of medical doctors, nurses, laboratory staff, pharmacists, front office staff, housekeeping staff, as well as food and beverage department staff.

4. Alternative Medical Care / Rejuvenation Centers – Hospitals need to take the initiative in starting these centers because India is known and recognized globally as the seat of learning in a range of alternative therapies. The government regulations constraining the operation of alternative medicine facilities are far less as compared to starting the allopathic healthcare treatment centers.
5. **Medical Tourism Brokers** – The demand for private healthcare has created the cottage industry for medical brokers who specialize in helping patients with getting quality care at a negotiated price which is lower as compared to a “walk in” patient. It is a win : win situation for the patient and broker.

10. **Conclusion:**

In the present paper, we have attempted to answer the following and other questions:

What is medical tourism? Why has it got the widespread currency that it enjoys now? What are the different forms of medical tourism business? Who are the medical tourism customers and how to manage them? How to venture into the business of medical tourism? What are the problems and prospects associated with the medical tourism business? It is hoped that he has been able to do it successfully.

Medical tourism presents an opportunity for hospitals to fuel growth by tapping the potential of the international patient market. To attract foreign patients, healthcare providers may consider leveraging on both business and clinical considerations. Also, well-coordinated efforts among the travel, the hospitality, and the healthcare trade are imperative for the sustainable growth of this business. A sincere commitment to these coordinated moves allows each stakeholder to focus on his own competencies and may even alleviate the level of competition – allowing for better long run revenues throughout the entire sector.

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Challenges Faced by Different Sectors in India: Agriculture, Manufacturing and Service

D V Rakesh          RamkiMusunuru

1.0 Abstract:

India is a growing GDP with various sectors contributing to it. Agriculture sector, Manufacturing sector and Service sector are the three prime contributing to Indian GDP. The objective of study is to analyze the challenges faced by Indian Agriculture, Manufacturing and Service sector. The study is descriptive in nature which describes the state of economy activity in the area of contribution to GDP of various sectors. The contribution of GDP is mostly shared by tertiary sector continued by manufacturing and agriculture whereas working group is mostly involved in agricultural sector continued by manufacturing and tertiary sectors.

This result must be viewed in the light of the large body of evidence that finds some solutions which are possible in reality also. Deeper analysis within and between industry clusters will provide greater insights into the forces that produce, sustain and could augment improved GDP in India. Indian GDP can grow at a faster rate if we are able to determine the possible solutions for the challenges being faced, however eliminating all the externalities is not possible but the effect can be lessened.

Key words: Challenges, Contribution, Externalities

2.0 Introduction: India is a country with 1.3 Billion population, 2.36 USD Trillion GDP with an Annual Growth Rate of 7.6%. This huge population it develops a very good internal consumption domestic market that helps in sustaining the Indian GDP. There are various sectors contributing to GDP, but the three major contributors are Agriculture, Manufacturing and Service sector. Agriculture sector contributes 17% to the GDP, employing 49% of total work force. Manufacturing sector contributes 26% to the GDP, employing to 22% of total work force. Service sector contributes 57% to the GDP, employing 27% of total work force.

Although the Annual Growth Rate of GDP is 7.6%, the best in the world we are still a growing GDP. The research article enlightens various challenges faced by these sectors which acts as hindrance in the growth of individual sector and the GDP as whole.

3.0 Objectives of the study:

The main objectives of the present study are:

- Discuss the performance of Agriculture, Manufacturing and Service sectors for past three years.
- Discuss the challenges faced by these sectors.
- Discuss the probable solution for the persisting challenges and give conclusion.

4.0 Data and Methodology:

The data required for the study has been collected from the secondary sources. The data collection includes (i) Contribution to GDP in past three years. (ii) Annual Growth Rate of these sectors in past three years. Data collected for a span of three years from July-2013 to July-2016 for which the analysis is made.
5.0 Challenges faced by Agriculture sector in India

From the reference data it can be analyzed that the productivity is on a declining rate from 5217.45 IND Billion (2013-14) to 5160.49 (2014-15) IND Billion to 5131.9 IND Billion (2015-16). The low productivity of the sector can be a result of following factors.

5.1 Amongst the 140 Million farming families, not more than 20% hold more than 2 acres of land. This causes hindrance for them to implementation of modern agricultural techniques and boost their productivity. Small holding forces them towards traditional farming methods causing limited productivity.

Fragmented land holdings issue can be overcome by using cooperative farming and with consolidation of village lands. A consortium can be formed at village level so that the aggregated land can be farmed by using latest technology.

5.2 Lack of proper marketing channel and supply chain bottle necks have always been a serious problem for farmers at regional, state and national levels. Lack of proper marketing causes distress sale, victims of greedy middlemen, ultimately resulting to restricted income.

The solution can be Storage Facilities, small cold storage facilities or granaries at village levels to eliminate dumping of excess in market yards. This can be achieved by the Panchayat funds and loans to village society. E- Mandis will also help farmers to predict market prices and can thus help in profitability. Service activities have increased over last quarter driven by strong demands and improved market conditions.

6.0 Challenges faced by Manufacturing sector in India:

From the reference data it can be analyzed that the productivity is on a very uneven rate from 4425.33 IND Billion (2013-14) to 4796.95 (2104-15) IND Billion to 4908.33 IND Billion (2015-16). The low productivity of the sector can be a result of following factors.

6.1 The biggest challenge to manufacturing sector in India, over the years, is lack of R&D. It will not be possible to take it as a manufacturing leader without being a technology leader. The cheap imports from China is a challenge and hence the Indian industries need cost cutting. High cost of transportation and other logistics is another problem. Factories of the same company at different states have to deal with different policies and rules. Indian manufacturing sector still is dependent on foreign technology. The dependency makes it tough for development of sector. Innovation holds the key to increasing productivity.

The Make in India and support to the Indian technology developers can help moving out of the situation. GST can play a vital role in controlling different policies across different states.

6.2 The inverted duty structure caused by FTAs as well as in all cases even otherwise needs to be rectified. High interest rates and availability of credit are problems which hinder growth of the industry. The manufacturing sector is critically dependent on the infrastructure facilities particularly, in transportation sector - roads, railways, ports, airports etc. for movement of goods.

With Startup India government is providing loans for the small startup across the country. These startups can be used as a link for connecting the basic requirements for the business at lower interest rates. India with improved FDI in the infrastructure can overcome this issue of transportation with better road connectivity.
7.0 Challenges faced by service sector in India:

7.1 Our infrastructure is not developed in both rural and urban areas. Power storage and traffic congestion are the prime areas of concern in Bangalore, The Silicon Valley of India. This effects the quality of service providers. Indian service sector lacks the backup from Primary and secondary sector which are needed for strengthening the sector.

7.2 The service sector is the largest player to the contribution for GDP. Government policies must be formulated specially for the cities that create an image across the world for the service sectors.

7.3 Though the contribution is maximum, 57% to the GDP, still the employment rate is less than 25%.

7.4 Focus must be on the addition of skill set by training and development programs. Digital India and Startup India can play a leading role for coming up this challenge.

8.0 Conclusion:

Agriculture, manufacturing and service sectors have a significant role in the contribution to development of Indian GDP. The article above, discusses the various challenges faced by these sectors that provides resistance for the growth of GDP as a whole. However eliminating all the externalities is not possible but the effect can be lessened with implementation of the above recommended solutions. It is also clear that India with the best CAGR in the world provides immense opportunities for these sectors to grow in near future. If government initiations and policies are closer towards the suggested solutions then the sectors can be nurtured organically in all respects in near future.

9.0 Reference:

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6. www.statisticstimes.com

5.0 Challenges faced by Agriculture sector in India

Table 1: Contribution of Agriculture sector.

<table>
<thead>
<tr>
<th>Year</th>
<th>Contribution to GDP</th>
<th>Annual Rate Growth</th>
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<tr>
<td>2013-14</td>
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<td>6.4%</td>
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<td>2014-15</td>
<td>17.83%</td>
<td>7.3%</td>
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<td>2015-16(2nd QT)</td>
<td>16%</td>
<td>7.75%</td>
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</table>
6.0 Challenges faced by Manufacturing sector in India:

Table 2: Contribution of manufacturing sector.

<table>
<thead>
<tr>
<th>Year</th>
<th>Contribution to GDP</th>
<th>Annual Growth rate</th>
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<tr>
<td>2013-14</td>
<td>30.02 %</td>
<td>5.3 %</td>
</tr>
<tr>
<td>2014-15</td>
<td>24.2 %</td>
<td>7.1 %</td>
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<tr>
<td>2015-16(2nd QT)</td>
<td>22.8 %</td>
<td>8.4 %</td>
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</tbody>
</table>

7.0 Challenges faced by service sector in India:

Table 3: Contribution of Service sector.

<table>
<thead>
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<th>Year</th>
<th>Contribution to GDP</th>
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<tr>
<td>2013-14</td>
<td>52.97 %</td>
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<tr>
<td>Year</td>
<td>Percentage</td>
<td>Growth Rate</td>
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<tr>
<td>------------</td>
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<tr>
<td>2014-15</td>
<td>57.9 %</td>
<td>4.7 %</td>
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<tr>
<td>2015-16(2nd QT)</td>
<td>61.2 %</td>
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SPECIAL ECONOMIC ZONE (SEZ): Gateway to Growth; Pathway to Prosperity

Shantanu Saurabh          Veenita Singh

Introduction:

India was the first country in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports. First EPZ in Kandla in 1965 with a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances, lack of world-class infrastructure, failure of fiscal policy to attract larger foreign investments in India, SEZs policy was announced in April 2000. This policy intended to make SEZs to boost the economic growth by extending support of quality infrastructure, attractive fiscal package both at the center and the state level. After an detailed study and extensive discussion, SEZs Bill was drafted to instill confidence in investors and to have stable SEZ policy. A number of meetings of Minister of Commerce and Industry as well as senior officers, were also held in different parts of the country. Finally SEZ act, 2005 was passed by Parliament in May 2005 and received President’s approval on 23.06.2005. After comprehensive consultation, the SEZ Act, 2005 with the support of SEZ rules came into effect on 10.02.2006.

Meaning of SEZ:

Worldwide, the first known instance of an SEZ seems to have been an industrial park set up in Puerto Rico in 1947 to attract investment from the US mainland. In the 1960s, Ireland and Taiwan followed suit, but in the 1980s China made the SEZs gain global currency with its largest SEZ being the metropolis of Shenzhen. From 1965 onwards, India experimented with the concept of Export Processing Zones (EPZ).

Objectives of the SEZ Act.:

The main objectives of the Act are-

a) Creation of the additional economic activity to boost economic growth.

b) Promotion of exports of goods and services.

c) Attracting investments from local and foreign investors.

d) Generation of employment opportunities.

e) Development of infrastructural facilities.

Approval Mechanism:

The developer submits the proposal for establishment of SEZ to the concerned State Government which in turn forwards the proposal to the Board of Approval. The proposal is thus forwarded with its recommendations within 45 days from the date of receipt of such proposal. The developer has the option to submit the proposal directly to the Board of Approval. The BOA is constituted by Government of India as per the SEZ Act. The BOA is headed by Secretary Department of Commerce as Chairman and Director or Deputy Secretary, Ministry of Commerce and Industry acts as member secretary. BOA has 19 members in its constitution and function at the Zone level which deals with approval of unit in the SEZs and other related issues. Each zone is headed by a Development Commissioner who is also an ex-officio Chair-person of the Approval Committee.

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Once the BOA gives its consent for SEZ and Government of India notifies the area of the SEZ and units are allowed to establish in the SEZ. The performance of the SEZ units are periodically monitored by the Approval Committee and the units are liable for penal action in the event of violation of the conditions of the approval.

Since 10.02.2006 21 meetings of BOA have been held. During these meetings formal approval has been granted to 439 SEZ proposals. Of the 439 approvals, 195 SEZs have been notified. The following table mirrors the notified SEZs state wise:-

### Table Showing Notified SEZs (as on 24.01.2015)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>State</th>
<th>No. of SEZs</th>
<th>Area (in hectares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Andhra Pradesh</td>
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<td>2.</td>
<td>Chandigarh</td>
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<td>3.</td>
<td>Goa</td>
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<td>249.4750</td>
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<td>4.</td>
<td>Gujarat</td>
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<td>5.</td>
<td>Haryana</td>
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<td>6.</td>
<td>Jarkhand</td>
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<td>7.</td>
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<td>Kerala</td>
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<td>Madya Pradesh</td>
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<td>11.</td>
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<td>Uttara Pradesh</td>
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<td>Uttaranchal</td>
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<td>17.</td>
<td>West Bengal</td>
<td>6</td>
<td>139.2430</td>
</tr>
</tbody>
</table>

The land of the 195 notified SEZs, where operations have involved is approximately 26,000 hectares. Andhra Pradesh is housed with SEZs, mainly for Pharmaceuticals, IT/ITES, Footwear, Gems and Jewellery & Multi-product. Andhra Pradesh tops as far as number of SEZs is concerned. However,
Gujarat claims first position when we talk of area coverage by the SEZs. In the state, since area coverage is 8624.77 hectares for only 16 SEZs, this speaks more infrastructure facilities.

Many of states have SEZs for IT/ITES except Jharkhand. This reflects the role of IT/ITES in the growth of the nation. Of the 439 SEZs, 150 approvals involve labour intensive manufacturing. These SEZs are creating many employment opportunities for the rural youth. Nokia and Flextronics Electronics hardware SEZs in Sriperumbudur are providing employment to 9,645 and 2,069 persons respectively. Hyderabad Gems SEZ for Jewellery in Hyderabad has already provided employment to 2,000 persons. Apache SEZ being set up in Andhra Pradesh will employ 20,000 persons to manufacture shoes. Brandix Apparels – A Srilankan FDI project would provide employment to 60,000 workers over a period of 3 years. IT and ITES SEZs would provide employment to 12.5 lakh persons.

With the attraction of SEZs Infosys is going to invest Rs. 10 bn in SEZs. Infosys’ Mahindra City SEZs have covered 129 acres providing jobs to 11,234 persons. The company has planned a total investment of Rs. 12.5 bn. in the SEZ and has so far spent Rs. 4.53 bn. Two campuses of Infosys in Chennai have provided jobs to 10,752 persons with the exports of Rs. 20.72 bn for the year ended 30.6.2008. In this fiscal period, nearly 25,000 persons will get employment in SEZs developed by Infosys.

This employment data mirrors that SEZs could generate huge employment opportunities. Further, huge benefits are derived from SEZ in respect of exports also. This is evident from the below given table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Value of exports (In Crores Rs)</th>
<th>Growth Rate (%to previous year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>13,854</td>
<td>39</td>
</tr>
<tr>
<td>2004-05</td>
<td>18,314</td>
<td>32</td>
</tr>
<tr>
<td>2005-06</td>
<td>22,840</td>
<td>25</td>
</tr>
<tr>
<td>2006-07</td>
<td>34,615</td>
<td>52</td>
</tr>
<tr>
<td>2007-08</td>
<td>67,088</td>
<td>94</td>
</tr>
</tbody>
</table>

At present, 1,277 units are in operation in the SEZs with the investment of Rs. 67,347 crores generating employments for 61,015 persons. SEZs are thus successful in creating huge employment opportunities in the country besides attracting the FDI & Domestic investment.

In order to ensure that the SEZs lead to an improvement in India’s competitiveness and export potential, the government has laid down certain nominal qualifying conditions for units with in an SEZ. The conditions are:

- Minimum investment by a unit in plant and machinery must be Rs. 5 million.
- Units are required to be net foreign exchange earners.
- Turnover of the unit must be at least 1 million dollars within 5 years from the commencement of operation.
The GOI in its EXIM policy 2002-07 permitted the setting up of Overseas Banking Units in SEZ. OBUs are exempted from CRR and SLR norms laid down by RBI. This definitely helps the developers to raise capital at cheaper rate from the international market.

Monitoring of SEZs:

The SEZ would have simplified monitoring and administrative set up. This is crystal clear from the following:-

- All activities of SEZ units shall be through self certification procedures.
- Central Authority for approval of units within the SEZs is with the Development Commissioner (DC) of the SEZ.
- No routine examination of export-import cargo by the customs department.

Benefits to Units:

- Tenants within the SEZs can procure goods required for setting up of units, from domestic or foreign markets, without paying any import duties.
- No requirement of minimum net foreign exchange earning as a % of exports.
- SEZs units have unrestricted access to the domestic markets on payment of applicable taxes/duties.
- Duty free material is permitted to be utilized over a period of 5 years.

Benefits to Developers:

- Developers of SEZ will be granted full autonomy to develop township within SEZs.
- Allocation and pricing of land, facilities, and services in SEZs are not governed by existing regulations.
- SEZ developers are given infrastructure status and thereby entitled to claim all concessions and incentives available to the infrastructure players, under the Income Tax Act.

The Problems in the SEZ way:

1. Huge loss of revenue to the national exchequer due to huge tax incentives.
2. These SEZs give freedom to the greedy land grabbers who would amass immense wealth at the cost of thousands of displaced farmers.
3. Industrialists complain the tax discrimination policy applied for units within the SEZ and those outside.
5. Problem of environmental clearance.
6. Problem of land acquisition where land holdings are fractured. Where the land is agricultural, acquisition attracts political and social protest and opposition. Getting land is a real challenge.

7. SEZs are deemed public utilities which naturally outlaw the strikes.

8. Lack of accountability in the service rendered by private companies.

9. Power supply gets messed as generating companies in SEZs can bypass the State Electricity Regulatory Commission.

10. Global recession weakens the effective functioning of SEZ.

Suggestions:

To minimise the problems that are confronting the SEZs, we suggest the following remedies;

1. Proper legal fence should be developed to overcome the Public Interest Litigation challenges.

2. Amicable land acquisition procedure may be prescribed reflecting social responsibility by reserving jobs to the land losers besides the good price.

3. Let there be Local Self Government for good governance & serve the people of SEZ. Separate set of rules be framed for the functioning of Local Self Govt. in SEZ area.

4. Needs proper supervision over export and import activities, in the national security interest.

5. Let the civic amenities become part of remunerators benefits to the employees working in SEZ.

6. Political hurdles should be unearthed in the interest of the nation’s economic growth.

With these suggestions, we can make India beyond an artist’s brush and beyond a poet’s pen.

Conclusion:

When the economics gives its right arm to SEZs keeping the politics at a distance, definitely SEZs blossom and flourish. Developers of SEZs can write success story, highlighting the specials of SEZs. The specials then would be GATEWAY TO GROWTH; AND PATHWAY TO PROSPERITY. Let all together make this new business concept a success.

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Challenges in Infrastructure Development in India

Sowmya E          Dr.K.R.Jalaja

Abstract:
Infrastructure is one of crucial pillars of productivity in any economy. It not only attracts foreign direct investment but also affects economic growth and reduce poverty in India. Development of Indian economy is unattainable without sustainable inclusive economic growth. This depends upon the quality of Infrastructure which is one of the crucial drivers of productivity of the economy. Lack of quality infrastructure is the most problematic factor in India. India is the second most populated country in the world and over the next few years the population growth rate is expected to be 1.6%. so, the demand for infrastructure in India is huge. Expansion and modernization of utilities have created a huge demand for better and robust infrastructure. Urbanization, burgeoning middle class booming services sector and increasing disposable income has also added to demand of infrastructure also improved access to financing has exploded the homebuyers. In this regard the paper contains the challenges and opportunities faced by Indian infrastructure and programmes, policies, legislation and remedies taken by government to overcome this problems.

Keyword: Infrastructure, Modernisation, Poverty, Growth etc.

INTRODUCTION:
“The link between infrastructure and economic development is not a once and for all affair. It is a continuous process; and progress in development has to be preceded, accompanied, and followed by progress in infrastructure, if we are to fulfill our declared objectives of generating a self-accelerating process of economic development.”

Infrastructure is the prerequisite for the development of any economy. Transport, telecommunications, energy, water, health, housing, and educational facilities have become part and parcel of human existence. It is difficult to imagine a modern world without these facilities. These are vital to the household life as well as to the economic activity. Infrastructure plays a crucial role in promoting economic growth and thereby contributes to the reduction of economic disparity, poverty and deprivations in a country. Greater access of the poor to education and health services, water and sanitation, road network and electricity is needed to bring equitable development and social empowerment. It is an important pre-condition for sustainable economic and social development. Infrastructural investments in transport (roads, railways, ports and civil aviation), power, irrigation, watersheds, hydroelectric works, scientific research and training, markets and warehousing, communications and informatics, education, health and family welfare play a strategic but indirect role in the development process, but makes a significant contribution towards growth by increasing the factor productivity of land, labour and capital in the production process, especially safe drinking water and sanitation, basic educational facilities strongly influence the quality of life of the people. This study establishes the relationship between infrastructure and economic growth using growth theories by empirical evidences. Finally it concludes infrastructure and poverty reduction in the Indian context.

Infrastructure investment is an important driving force to achieve rapid and sustained economic growth. The presence of sufficient infrastructure will require for the modernization and commercialization of agriculture and the achievement of income surpluses for capital accumulation. It can provide a basis for the expansion of local manufacturing industries, as well as enlarging markets for the outputs of these industries. Many studies have found a positive relationship between the level of economic development
(measured by per capita income and other indicators), and quality of housing and access to basic amenities like electricity, safe drinking water, toilets (Human Development Report of India 2011). There is a precise link between infrastructure and development. Infrastructure investment directly affects the economic development. Therefore, that the only way to build up a country’s productive potential and raise per capita income is to expand the capacity for producing goods, this need not refer simply to the provision of plant and machinery, but also to roads, railways, power lines, water pipes, schools, hospitals, houses and even “incentive” consumer goods such as consumer durables, all of which can contribute to increased productivity and higher living standards. Industrial production requires not only machinery and equipment but also skilled manpower, management, energy, credit facilities, marketing facilities, transportation services which include railways, roads, shipping, communication facilities, etc. All these facilities and services constitute collectively the infrastructure of an economy. Regions with inadequate infrastructure usually have lower per capita income, bigger proportion of the primary sector, and smaller population density. Regions with high infrastructure level usually have higher per capita income, a smaller proportion of the primary sector and bigger population density. In which regions having a good basic facilities like health, educational, transport, communication, water, sanitation, energy, housing, etc. it will attract more investments especially the small and marginal entrepreneur starts their production activities. Good transportation, low cost of electricity, availability of skilled labor facilities always negative effects on the cost of production, positive effects on production as well as profit levels. Inadequate infrastructure and services become the burden for infrastructure suppliers, and led the low efficiency of output.

CONCEPT OF INFRASTRUCTURE

Infrastructure, in general, defines as a set of facilities through which goods and services are provided to the public. Its installations do not produce goods and services directly but provide inputs for all other socio-economic activities. Infrastructure is the stock of basic facilities and capital equipment needed for the functioning of a country or area; the term to refer collectively to the roads, bridges, rail lines, and similar public works that are required for an industrial economy, or a portion of it, to function. The term originated during the World War II as a military term to mean ‘underlying’ structures in the early days of Marshall Plan, as preferable to Social Overhead Capital’, to avoid confusion with hospitals, schools and similar welfare type facilities. Since then, the term has been widely used by economists but does not have a precise definition till now. Different economists have used the term with different connotations, without, however, sacrificing the basic idea that they provide the base over which the structure of the economy is built. Consequently, there have been efforts to encompass a variety of activities within the term infrastructure like differentiating between different components of infrastructure (social and economic, for example). The foremost reference to the concept of infrastructure was by A. O. Hirschman. (1958). He differentiated between Direct Productive Activities (DPA) and Social Overhead Capital (SOC). The SOC can be seen as infrastructure and is usually defined as comprising “those basic services without which primary, secondary and tertiary productive activates cannot function.

OBJECTIVE OF STUDY

The study has following objectives:

- To study the concept of Infrastructure development
- To evaluate the present Indian Infrastructure development
- To study the challenges of infrastructure development in India
RESEARCH METHODOLOGY

Being an explanatory research it is based on secondary data of journals, articles, newspapers and magazines. Considering the objectives of study descriptive type research design is adopted to have more accuracy and rigorous analysis of research study. The accessible secondary data is intensively used for research study.

STATUS OF URBAN INFRASTRUCTURE

The growth of population has put urban infrastructure and services under severe strain. Smaller cities have found it particularly difficult to cope with the increasing demands on services because of inadequate financial resources. Urban areas in India, present a grim picture with regard to availability of basic infrastructure

URBAN INFRASTRUCTURE - STATISTICS: About 21 per cent of the urban population is living in squatter settlements, where access to basic services is extremely poor. Although 89 per cent of the urban population is reported to have access to safe drinking water but there are severe deficiencies with regard to equitable distribution of water. Recent data suggest that water supply is available for 2.9 hours per day across cities and towns. The non-revenue water that includes physical and revenue losses account for 40-60 percent of total water supply. About 30 to 50 percent households do not have sewerage connections and less than 30 percent of total waste water is treated. Solid waste systems are severely stressed. Average per capita generation of waste is estimated at 0.4 kg per capita per day in cities ranging from 1 lakh to 50 lakh population and the garbage collection efficiency ranges between 50 to 90 per cent of the solid waste generated. City roads are inadequate for traffic requirements, leading to congestion and fast deterioration in quality of roads due to excess loads. The state of services reflects the deterioration.

RECENT INFRASTRUCTURE INITIATIVES: Bharat Nirman Programme to develop rural infrastructure at an estimated cost of Rs. 1,74,000 crore (~US$40 billion) .Jawhar Lal Nehru Urban Renewal Mission –Rs. 100,000 crore (US$22 billion) .Country wide rural connectivity programme to link all unconnected village having population of 500 with fair weather road undertaken.

GOVERNMENT POLICY ON INFRASTRUCTURE DEVELOPMENT: PUBLIC – PRIVATE PARTNERSHIP:

India has created specialized institutions for long-term infrastructure financing and there are certainly many arguments for establishing a regional investment bank, similar to the line of India’s IIFC. Viability Gap Financing (VGF) is likely to be successful instrument in managing much needed gaps in road development in developing Asia and LDCs where domestic resources are limited and suffer from capacity constraints. While this institution could certainly play an important role by tapping into global financial markets and channelling funds to infrastructure projects, their mere existence will not increase investment if the underlying obstacles precluding investor confidence are not addressed—as the shortage of viable projects for funding by the IDFC or IIFC illustrates. 4.1.Public Private Partnership (PPPs) in Infrastructure Government is actively pursuing PPPs to bridge the infrastructure deficit in the country. Several initiatives have been taken during the last three years to promote PPPs in sectors like power, ports, highways, airports, tourism and urban infrastructure. Under the overall guidance of the Committee of Infrastructure headed by the Prime Minister, the PPP programme has been finalized and the implementation of the various schemes is being closely monitored by the constituent Ministries/Departments under this programme. Indian experience shows that competition and PPPs can help in improving infrastructure.

IMPERATIVES FOR FUTURE INFRASTRUCTURE DEVELOPMENT
But for the aforementioned forecasts to materialize, the sector requires significant intervention accompanied by an overhaul of the current way of doing business across the various participants – Developers, EPC players, Government etc. Although the current economic scenario has slowed down the development of the sector, government would need to explore ways of keeping the sector moving. Government has made some progress on key issues, but much still needs to be done. There have been mixed reactions to Land Acquisition Bill, with some viewing it as potential cost escalation, while others treating it as a tool for improved transparency on the subject. Another area that needs urgent Government action is the need for improved access to key natural resources like coal and iron. But for the sector to rebound in the coming years, there is a need for decisive action and support over four broad areas.

I. Reduction of regulatory uncertainty and delays: The Government needs to create a mechanism for single window clearance for various approvals. This would require a proper regulatory body overseeing the progress of approvals and coordinating with various Government bodies. Efforts are also required to ensure enforcement of contracts in a time bound and transparent manner to attract private investment and FDI. Bodies like the Cabinet Committee for investment (CCI) need to become more proactive to clear backlog of delayed projects

II. Appropriate Structuring of projects: Current mechanism of structuring a project as an EPC or PPP or 100% private ownership needs to be relooked to account for varying risk profiles of projects. As private players have become wary about risk-return of projects, Government needs to put in adequate thought on the appropriate mode of project execution. There is a need for creation of a dispute resolution mechanism for the PPP projects. Adequate care also needs to be put in developing contract terms to provide sufficient safeguards for private players from extraneous circumstances.

III. Developing financing mechanisms to suit the sector’s needs: Infrastructure companies are finding it difficult to raise funds, as banks have restricted exposure to the sector while funds from abroad are not finding a suitable avenue to invest in the sector. In this regard, long term debt instruments such as international pension funds will reduce the cost of debt and thereby viability gap for infrastructure projects. The proposed new investment vehicles like Infrastructure investment trusts (for securitization of assets) and Infrastructure Debt Funds (being explored by institutions like IL&FS, IIFCL etc.) need to be hastened to provide a fillip to the sector.

IV. Efficient project management (from bid to execution): Private companies need to evolve their processes to employ best-in-class project management tools and techniques. The bidding and estimation process needs to be tempered with greater emphasis on proper revenue estimates and identification of project risks. Companies need to address issues related to lack of skilled manpower and improve their current sourcing & project management practices, to reduce the incidence of cost and time overruns during execution. It is now a well-established and acknowledged fact that creation of infrastructure assets is critical for India’s economic development. The opportunities for future growth of the sector are enormous but there are also significant challenges that need to be overcome in order to make this infrastructure dream a reality.

CONCLUSION:

Provision of quality and efficient infrastructure services is essential to realize the full potential of the emerging Indian economy. Indian government’s first priority is therefore rising to the challenge of maintaining and managing high growth through investment in infrastructure sector, among others. To sustain 9 percent growth, the Government of India has estimated that an investment of over US$ 492.5 billion during the 11th Five Year Plan (2007-2012) is required. Therefore, there is substantial infrastructure needs in infrastructure sector in India, which, in other words, also offers large investment opportunities. Public-Private–Partnership (PPP) is emerging as the preferred instrument, where the private
sector gets its normal financial rates of return while the public sector partner provides concessional funding based on the long-term direct and indirect benefits to the economy.

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Abstract:

India is a developing country. In today’s scenario brands are the basis of consumer relationship. Global brand is a product that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need. Global Marketing needs clear vision regarding the 4P’s of marketing mix in the context of International market. Brand is the biggest asset of any company. A global brand should provide relevant meaning and experience to people across multiple societies. The perception of quality that is associated with the global brands is difficult to unlock but it’s easier to create a blue ocean of opportunities for Indian brands. Branding strategy must be devised, after considering the brands own capabilities and competencies, strategies of competing brands, and the outlook of consumers, which are largely formed by experiences in their respective societies. The marketing policy has huge influence, when there is right translation of brand into the marketing mix. The main focus of this paper is on Global Branding and challenges in it. It also looks into six challenges (6E’s) and strategies of branding in Global Market.

Keywords


INTRODUCTION

Developing a global brand largely depends on the brands ability to explore fresh avenues and to sustain its competitive advantages in terms of economies of scale and productivity. A global brand is one which is perceived to reflect the same set of values around the world. A global brand removes the national barriers and linguistic blocks while marketing internationally. The basic of brand building applies to the global branding strategy also. For a brand to become successful, a genuine demand or a psychological need must exist in the market. As business strategies increasingly go global and brands cover a multitude of services and products, companies face even more challenging issues related to cross-border acquisition, maintenance and enforcement of trademark rights. A company may acquire new brands through purchase or creation. If a company is purchasing brands, it must be cognizant of the difference between the transfer of ownership through mergers or asset sales and how this impacts on the trademarks. In either of these scenarios, potential tax consequences must be evaluated and coupled with strategic planning. What separates a customer from another customer at some distant geographic location is the complex social, cultural and esteem needs of the customer depending upon the stage at which the civilization/ nation is in the process of development.

The real challenges comes for a brand manager when he has to make the consumer aware about the product/service offered in a distinctive pattern, may be with a name, logo or color so that the strategy enables the customer to correctly identify and choose the brand from a cluttered basket. The brands strength is not confined to the degree of recognizability and the quality of the product offering. Brands deliver more than just a predictable assurance about quality. Strong global brands deliver to the strong emotional need. The product is seen in the market place as an expression of brand idea. The product merely translates the brand idea in to a tangible form with features and styles that is delivered to the
consumer. Dettol being a global brand is driven by an idea of absolute certainty it provides in feeling protected against the hostile forces of the dirty world. These brands send market signals consistent with the idea that they stand for. The more consistent is this marketing signal, more clear is the brand image across the country for the global brands. A successful marketing strategy has two options in creating a market presence. It has to kill competition by constant communication and advertising or use communication to make the customers feel the method to discriminate in favor of the brand. As a response to this effort the consumer is willing to pay a premium for these brands only if they represent added value whether as superior quality or a clear emotional benefit. The brand communication should also communicate and connect to the people. Strong brand acts as an ambassador when the companies enter new market or offer new products. It also helps in rectifying the corporate strategy to define which initiatives fit within the brand concept. This presents an organization with the opportunity to broaden market scope by internationalizing product and service marketing in order to reap the benefits of economies of scale.

OBJECTIVES OF THE STUDY

The objectives of the study are as follows.

1. To analyze the Importance of building brand in global markets.
2. Various Challenges involved in making a Brand Global.
3. To gain knowledge in the overall management of the company.
4. To know about the day to day affairs of the company.
5. To acquire the practical knowledge about various functional activities of HR Department.
6. To know about the administration of the company.
7. To understand the Practices and Policies being implemented and followed in the organization.
8. To know about the organization structure of the company.
9. To gain the practical knowledge about the Research process and methodology.
10. To suggest a key solution for the betterment of the effectiveness of the advertisements.

LIMITATIONS OF THE STUDY

The Research has undertaken with serious care and proper appropriateness, it undergoes some Limitations.

Thus, the limitations of the Study are as follows.

1. Being taken the sampling area as a particular locality, it is not accurate enough to determine the challenges in building a new brand.
2. The study is not applicable in the future time period due to the change in Management Structure and Employee quality from time to time in accordance with the rapid change in technology.
3. Time constraint is one of the major limitations which have to be taken into account during the course of the study.
4. Another limitation is that lack in Financing the Project expenses.

RESEARCH METHODOLOGY

RESEARCH TYPE: ANALYTICAL RESEARCH (DESCRIPTIVE)

DATA COLLECTION: Secondary Data

There are two types of data collection. They are,

1. Primary Data Collection
2. Secondary Data Collection

Primary Data Collection:

Primary data is referred that which are collected freshly and for the first time, and thus it happened to be original in character. In the primary data, there are various methods in collecting the information. On the Case, here the researcher has used the questionnaire method to collect the data for the study.

Secondary Data Collection:

In this type of study, the primary data is used to collect for the Research. The secondary data is done with the help of the Primary data. It is collected based on Various books and Journals etc.

RESEARCH METHODS

Research Design

“A Research design is the arrangement of conditions for collection of data and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”.

The type of Research design adopted by the Researcher is the “Observation Method”. Serious of Observations and analysis is made during the course of study of Internship and the Research Report is prepared in such a way that represents the way of analytical approaches undertaken and practiced during the course of Research.

BUILDING NEW BRANDS:

Brand Building process is a value addition technique which projects the image of the product, the company and the country at large. A Brand is a name or trademark connected with a product or producer. Brands have become increasingly important components of culture and the economy, now being described as —cultural accessories and personal philosophies! _Branding strategy_ is vital to direct global marketing efforts. Brand strategy aids businesses in achieving their targeted performance. Brand knowledge, brand applications, brand relationships, brand preferences and brand loyalty impacts on building up of brand equity. In trying to create strong brand equity, company should be Interested in assessing the degree of customer brand dependence. The brand strength depends on the perception of customers. Satisfied and loyal customers indicate positive perceptions of brand. Branding is more powerful than it is normally perceived and those companies which realized this have capitalized by building a strong Global Brand. A strong brand reassures the customer; it gives confidence in terms of the quality and satisfaction that can be anticipated from buying it. From all of this comes the possibility of
long-term profits. Many brands are household names today, but the concept of brand management has moved beyond the household goods categories. Brand is the biggest asset of any company. Google is a strong global brand with high brand value and established brand image. A global brand is defined as the worldwide use of a name, term, sign, symbol (visual and/or auditory), design, or combination thereof intended to identify goods or services of one seller and to differentiate them from those of competitors. Much like the experience with global products, there is no single answer to the question of whether or not to establish global brands. A global brand should provide relevant meaning and experience to people across multiple societies. A global brand is the worldwide use of a name, term, sign, symbol (visual and/or auditory), design, or combination thereof intended to identify goods or services of one seller and to differentiate them from those of competitors. Even when a company has promoted its global brand name worldwide, it is difficult to standardize its brand associations in all countries. All leading global brands have one thing in common, i.e., they share a set of dimensions ‘which others need to understand, master and manage.

There are four functions of the mind-thinking, sensation, feeling and intuition. The psychological attributes deals with these four aspects in a consumer. A clear communication of the Brand meaning and value forms the right Brand Image in the consumer’s mind. Harley Davidson is a brand with the Image of ruggedness, tough and masculine personality. The trend today is toward a "borderless world." Global branding strategies consist of using the same brand name or logo worldwide. Companies want to leverage the creation of such brand names across many markets, because the launching of new brands requires a considerable marketing investment. Global branding strategies tend to be advisable if the target customers travel across country borders and will be exposed to products elsewhere. Global branding strategies also become important if target customers are exposed to advertising worldwide. This is often the case for industrial marketing customers who may read industry and trade journals from other countries. Increasingly, global branding has become important also for consumer products where cross-border advertising through international TV channels has become common. Even in some markets such as Eastern Europe, many consumers had become aware of brands offered in Western Europe before the liberalization of the economies in the early 1990s. Global branding allows a company to take advantage of such existing goodwill. Companies pursuing global branding strategies may include luxury product marketers who typically face a large fixed investment for the worldwide promotion of a product.

ISSUES IN DEVELOPING A GLOBAL BRAND

There are various issues at the organizational level that decides about the global branding strategy. There are two strategic parameters affecting the decision of global branding. They are the relative strength of globalization pressure in that particular industry and the degree to which the company has internationally transferable assets. If globalization pressures are weak and the company’s assets are not transferable including the brand then the company need not go for a global brand. It should concentrate in the domestic market in creating a higher brand value. The home advantage due to a strong brand proposition can be used as a platform for building brands in selective markets. By this the company can reap added revenue and scale economies with valuable international marketing experience. Bajaj Auto’s extension to the south Asian market for their three wheelers is an example of brand success in analogous market. Companies can look for countries with common cultural and linguistic heritage. The story of Asian Paints in Indian market has made it to go for global branding in countries like Nepal, Fiji and Korea with its typical low cost formulations and service delivery propositions to support the brand name called “Asian Paints”. However for having a global brand one has to take in to consideration a different set of opportunities and constraints. The low cost of wage and proximity to raw materials also give a competitive advantage for domestic companies to go global. The success of Infosys and Wipro as brands in the global market is example of global branding success in high-tech industry. However there are many complex factors that can affect a global marketing strategy.
**Major challenges**: There are some basic propositions that a global brand manager has to take note of while developing strategy at global level.

**A. Global Orientation at the Corporate Level**

Many marketers operate in global markets with a strategy still rooted in the domestic market. The strategy needs to embrace the opportunities and the costs of working in multiple countries. The marketer has to look for his competitive advantage outside the country of origin. Are the product and the brand in particular needed in another culture? Only careful consideration of these questions will create the right platform for a global branding strategy.

**B. A Global Management Team**

Global management teams tend to reflect the environment in which they operate. They are made up of representatives of various cultures and backgrounds in their respective countries. As a result, this type of team is a challenge to manage. The work culture and pattern varies across countries. The key to building a global team is to have it start by working on something of substance together- to create and build a common vision of the future. That will globalize the company's strategy while establishing new working relationships across the globe.

**C. The D.U.M.B. Test for a Global Brand Potential**

Global branding is not simply a marketing or advertising program. It is a way of doing business that transcends the requirements of advertising and affects every aspect of the business enterprise. A simple test to see if the company has strong global brand potential is to see if the brand meets the "D.U.M.B." test. Is the brand promise Demonstrable? I.e. can consumers see the promise of performance in action? Is it Unique and different from locally available alternatives? Is the promise being made Meaningful? It doesn't help if the brand claims something that isn't important to the local consumers. Is the promise Believable? If they don't buy the claim they won't buy the product.

**D. Technology as an Enabler**

If the brand manager makes a bold promise of performance with his brand he must be able to deliver. That requires some "enabling technology" that can carry the brand around the world. The enabling technology should be proprietary, have inherent barriers to direct competitive response, and be applicable to every market the brand enters. Identifying and deploying the enabling technology may be the single most challenging management task.

**E. Adaptability to the Local Markets**

A consistent complaint of global management teams is that "home market" management tends to ignore the unique characteristics of local markets. Successful global products often require targeting a product against a different consumer audience, using a significantly different manufacturing program, or utilizing different distribution channels. These decisions should be the province of the local manager, as long as the global brand and its enabling technology are not violated.

**F. Brand extension**

At the same time, rising media costs, coupled with the importance of building high visibility and the need to obtain cost economies, create pressures to extend strong brands across product lines and country borders. Increasingly, new products and variants are launched under existing brand names to take
advantage of their strength and consumer awareness. Mars, for example, has launched an ice-cream line as well as a soft drink under the Mars brand name. Similarly, Nestlé's Maggi brand, used on sauces and seasonings, has high recognition in Eastern Europe and so was extended to frozen foods prior to divestiture of this division in 1999.

G. Brand Positioning

Equally, the importance of brand positioning consistency across country and product markets needs to be examined. Inconsistent brand positioning across countries can result in ambiguous images and confusion among customers and distributors where there is substantial movement across borders and exposure to images and products from other countries. Again, the impact on brand, image, strength and visibility merits further investigation.

Brand strategies for global brand

There are four broad brand strategy areas that can be employed.

Brand Domain

Brand domain specialists are experts in one or more of the brand domain aspects (products/services, media, distribution, solutions). A brand domain specialist tries to pre-empt or even dictate particular domain developments. This requires an intimate knowledge, not only of the technologies shaping the brand domain, but also of pertinent consumer behavior and needs. The lifeblood of a brand domain specialist is innovation and creative use of its resources. A brand domain specialist is like a cheetah in the Serengeti preying on impala and gazelle. The cheetah is a specialist hunter with superior speed to chase, and the claws and teeth to kill these animals. The cheetah is also very familiar with the habits of its prey. It finds ways of approaching, singling out and capturing its prey. The cheetah is one of the most accomplished of hunters within the wild cat species; it catches up to 70% of prey that it hunts.

Brand Reputation

Brand reputation specialists use or develop specific traits of their brands to support their authenticity, credibility or reliability over and above competitors. A brand reputation specialist needs to have some kind of history, legacy or mythology. It also needs to be able to narrate these in a convincing manner, and be able to live up to the resulting reputation. A brand reputation specialist has to have a very good understanding of which stories will convince consumers that the brand is in some way superior. A brand reputation specialist is like a horse. It can be pure-bred, have a certain nobility and bearing, and exhibit qualities that can be traced back to these (e.g. grace, speed, temperament, looks). Like a horse, the brand reputation specialist can also thrive on association with celebrities.

Brand Affinity

Brand affinity specialists bond with consumers based on one or more of a range of affinity aspects. A brand affinity specialist needs to outperform competition in terms of Building relationships with consumers. This means that a brand affinity specialist needs to have a distinct appeal to consumers, be able to communicate with them affectively, and provide an experience that reinforces the bonding process. A brand affinity specialist is like a pet dog. A dog is generally considered to be man's best friend, due to its affection, its obedience, its loyalty, the status and the protection it provides to its owners. Different kinds of dogs will command a different form of affection.
Brand Recognition

Brand recognition specialists distinguish themselves from competition by raising their profiles among consumers. The brand recognition specialist either convinces consumers that it is somehow different from competition, as is the case for niche brands, or rises above the melee by becoming well known among consumers than competition. The latter is particularly important in categories where brands have few distinguishing features in the minds of consumers. In some cases, a brand recognition specialist needs to be able to outspend competition to gain unbeatable levels of awareness. In other cases, a brand recognition specialist needs to convince a loyal following of consumers that it is unique.

Ways to overcome the Challenges in building a new brand:

1. Understand the different types of innovation that you’re trying to foster. One of the biggest problems with new innovation efforts is that they often don’t encourage employees to think beyond the development of new products. This means that employees with non-customer-facing roles are either left out or forced to brainstorm new product ideas in spite of a lack of knowledge about customer needs. Despite the product-centric view that gets passed down to employees, business strategies tend to align with a need for bottom-up innovation across several domains – most notably the 4 P’s: profit models, processes, products, and policies. By highlighting the different arenas in which employees can be involved with innovation, companies can help employees add value in areas where they have deep knowledge and a desire to get involved. This innovation team now actively encourages employees to get involved with three forms of innovation: product, business model, and policy. Since moving beyond the traditional product focus, Microsoft’s innovation efforts have taken the company in directions that were previously unthinkable. For example, earlier this year the process helped bring free versions of Office to the Android and iOS platforms. The broader innovation process is also a driving force behind the company’s ongoing efforts to establish legal precedents that push back against the NSA and EU regulators on privacy and disclosure requirements that could have deep and lasting impacts throughout the industry.

2. Empower champions to push back against bouncers. Big businesses have large employee bases with clear reporting lines. While this structure provides a number of benefits, it can also be a roadblock when it comes to creating a culture of innovation. While a company may preach the benefits of innovation, middle managers are still tasked with ensuring optimal performance in the business’s core activities. They have little desire or capacity to jeopardize core initiatives for unproven innovation efforts. Employees often get an early “no” from their direct supervisors, return to their day jobs, and put innovation out of their minds again. Brett Bishop, a Managing Design Strategist for Capital One, explained how his team beat the system. “We went to people who were too busy to pay attention. We got our quick wins while no one was paying attention, then had the proof point to do more.” Bishop’s strategy is one that Capital One has now institutionalized, with his team helping innovators find the fringe – the people who have tried, recognized that they need help, and are willing to let you try out new ideas. Innovation champions can help employees find friendly spaces to test their new ideas, while also providing a level of protection against managers who are charged with focusing on the core.

3. Redefine metrics and incentives. New ventures often struggle because they are judged by the same metrics used to evaluate activities that the business has been involved in for decades. New initiatives can’t compete at the same level, and they are killed off before they’re given a chance to prove themselves. Performance metrics often suffer from the same problem. While employees are told to be innovative, their performance goals and compensation packages don’t create the incentives to do so. Cathy Wissink, a Senior Director at Microsoft, shared how the organization went from a performance system reminiscent of Game of Thrones – with teams bringing on “sacrificial lambs” who could be easily cut come review time – to an atmosphere where senior management provides air cover to those willing to take on important innovation challenges.
4. **Give employees the tools they need to make their case.** Even the best ideas aren’t going to get any traction if the value they bring to the organization isn’t made clear. And that’s often where companies fall short. They invest in innovation programs to bring in new ideas, but they don’t give individuals the tools or frameworks to show why those ideas are worthwhile. Autodesk, leader in 3D design and engineering software, built a strong culture of innovation by bringing its employees through a series of innovation workshops. Employees are taught not how to come up with new ideas, but rather what to do with the good ideas they come up with, from knowing who should hear the idea to what that person should be hearing. Autodesk employees are given both the training and resources to create business pitches that highlight the value of their ideas and demonstrate why Autodesk is uniquely positioned to implement the solutions.

**FINDINGS**

1. A Brand must give the same message overall.

2. Many factors have to be considered while launching a product.

3. Each factor varies depending whether the brand at national or international level.

4. Both internal as well as external factors play an equal role in the success of a brand

**CONCLUSION**

As business strategies increasingly go global and brands cover a multitude of services and products, companies face ever more challenging issues related to cross-border acquisition, maintenance and enforcement of trademark rights. The central role of branding in establishing the firm's identity and building its position in the global marketplace among customers, retailers and other market participants, makes it increasingly imperative for firms to establish a clear-cut international branding strategy. A key element of success is the framing of a harmonious and consistent brand architecture across countries and product lines, defining the number of levels and brands at each level. Branding is a major issue in product strategy. Branding is expensive and time-consuming, and can make or break a product. The best brand name suggest something about the product's benefits; suggest products qualities; are easy to pronounce, recognize, and remember; are distinctive; and do not carry negative meanings or connotations in other countries or languages. The marketing implementation may make or break a brand and is most vital as consumers actually experience the brand through advertising, promotions, purchase and after-sales service. Global marketers need to make a sustainable brand strategy which lists the character traits intended for the brand.

**REFERENCES**


Challenges in Government Policies and Regulatory Environment With Special Reference to Electronic Waste Management

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Abstract:

Electronic waste or E-waste is relatively a novel addition to the ever-growing hazardous waste stream. It includes discarded electronic and electrical equipment. Developing countries are facing enormous challenges related to the generation and management of E-waste which are either internally generated or imported illegally; India is no exception to it. However, the existing management practices related to E-waste in India are reasonably poor and have the potential to risk both human health and the environment. Moreover, the policy level initiatives are not being implemented in an appropriate way. The austere problem of E-waste along with its policy level implications is looked upon in the paper. During the course of the study it has been found that there is an urgent need to address the issues related to E-waste in India in order to avoid its detrimental future consequences.

Keywords: E-waste, hazardous waste, risk, management.

1. Introduction

The manufacturing of electrical and electronic equipment (EEE) is one of the emerging global activities. The main factors identified to be responsible for the increased consumption and productions of electrical and electronic equipment are rapid economic growth, coupled with urbanization and industrialization. The Indian Information Technology (IT) sector is one of the major contributors to the global economy. At the same time, it is responsible for the generation of the bulk of E-waste or Waste Electrical and Electronic Equipment (WEEE) in India. Although the global E-waste problem has been able to attract attention across the world, not much emphasis has been given to the E-waste engendered in developing countries. Developing countries like India, today, is burdened with the colossal problem of E-waste which is either locally generated or internationally imported, causing serious menace to human health and environment. The hazardous components in electrical and electronic equipment are a major concern during the waste management phase. In the context of India, recycling of Waste Electrical and Electronic Equipment is not undertaken to an adequate degree.

However, one of the major issues related to E-waste is that there is no standard definition of WEEE/E-waste. A number of countries have come out with their own definitions, interpretation and usage of the term “E-waste/WEEE”. The most widely accepted definition and description of WEEE/ E-waste is as per the European Union directive. The Directive 2002/96/EC of the European Parliament and of the Council of 27 January 2003 on Waste Electrical and Electronic equipment (WEEE) covers all electrical and electronic equipment used by consumers. For the purposes of this Directive, following definitions are applied:

1. ‘Electrical and Electronic equipment’ or ‘EEE’ means equipment which is dependent on electric currents or electromagnetic fields in order to work properly and equipment for the generation, transfer and measurement of such currents and fields falling under the categories set out in Annex IA and designed for use with a voltage rating not exceeding 1 000 Volt for alternating current and 1 500 Volt for direct current;

2. ‘Waste electrical and electronic equipment’ or ‘WEEE’ means electrical or electronic equipment which is waste within the meaning of Article 1(a) of Directive 75/442/ EEC, including all
components, subassemblies and consumables which are part of the product at the time of discarding.

Information and telecommunications technology (ICT) and computer Internet networking has penetrated nearly every aspect of modern life, and is positively affecting human life even in the most remote areas of the developing countries. The rapid growth in ICT has led to an improvement in the capacity of computers but simultaneously to a decrease in the products lifetime as a result of which increasingly large quantities of waste electrical and electronic equipment (e-waste) are generated annually. ICT development in most developing countries, particularly in Africa, depends more on secondhand or refurbished EEEs most of which are imported without confirmatory testing for functionality. As a result large quantities of e-waste are presently being managed in these countries. The challenges facing the developing countries in e-waste management include: an absence of infrastructure for appropriate waste management, an absence of legislation dealing specifically with e-waste, an absence of any framework for end-of-life (EoL) product take-back or implementation of extended producer responsibility (EPR). This study examines these issues as they relate to practices in developing countries with emphasis on the prevailing situation in Nigeria. Effective management of e-waste in the developing countries demands the implementation of EPR, the establishment of product reuse through remanufacturing and the introduction of efficient recycling facilities. The implementation of a global system for the standardization and certification/labeling of secondhand appliances intended for export to developing countries will be required to control the export of electronic recyclables (e-scrap) in the name of secondhand appliances.

RESEARCH METHODOLOGY

RESEARCH TYPE: ANALYTICAL RESEARCH (DESCRIPTIVE)

DATA COLLECTION: Secondary Data

There are two types of data collection. They are,

3. Primary Data Collection
4. Secondary Data Collection

Primary Data Collection:

Primary data is referred that which are collected freshly and for the first time, and thus it happened to be original in character. In the primary data, there are various methods in collecting the information. On the Case, here the researcher has used the questionnaire method to collect the data for the study.

Secondary Data Collection:

In this type of study, the primary data is used to collect for the Research. The secondary data is done with the help of the Primary data. It is collected based on Various books and Journals etc.

RESEARCH METHODS

Research Design

“A Research design is the arrangement of conditions for collection of data and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”.

SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
The type of Research design adopted by the Researcher is the “Observation Method”. Serious of Observations and analysis is made during the course of study of Internship and the Research Report is prepared in such a way that represents the way of analytical approaches undertaken and practiced during the course of Research.

Categories of electrical and electronic equipment covered by this Directive within ANNEX IA are as follows:

1. Large household appliances
2. Small household appliances
3. IT and telecommunications equipment
4. Consumer equipment
5. Lighting equipment
6. Electrical and electronic tools (with the exception of large-scale stationary industrial tools)
7. Toys, leisure and sports equipment
8. Medical devices (with the exception of all implanted and infected products)
9. Monitoring and control instruments
10. Automatic dispensers

A wide range of products are included within each category mentioned above.

In India, E-waste is covered in Schedule 3 of “The Hazardous Wastes (Management and Handling) Rules, 2003”. Under Schedule 3, E-waste is defined as “Waste Electrical and Electronic Equipment including all components, sub-assemblies and their fractions except batteries falling under these rules”. “Guidelines for Environmentally Sound Management of E-waste” formulated by the Ministry of Environment and Forest, Government of India, in the year 2008 followed the same definition.

According to the very recent “the e-waste (Management and Handling) Rules, 2011”, ‘electrical and electronic equipment’ means equipment which is dependent on electric currents or electro-magnetic fields to be fully functional and ‘e-waste’ means waste electrical and electronic equipment, whole or in part or rejects from their manufacturing and repair process, which are intended to be discarded.

A wide range of literature is available on the generation and management of E-waste, especially in the developed countries. However, the work done on the Indian scenario of E-waste management is comparatively fewer. Sepúlveda, A.; Schluep, M.; Renaud, F.G.; Streicher, M.; Kuehr, R.; Hageluken, C;
Gerecke, A.C.(2009) say that with the increasing global legal and illegal trade of waste electrical and electronic equipment (WEEE) comes an equally increasing concern of poor WEEE recycling techniques.

**Burden of E Waste:**

In India, solid waste management, with the emergence of e-waste, has become a complicated task. The total waste generated by obsolete or broken down electronic and electrical equipment was estimated to be 1,46,000 tonnes for the year 2005, which is expected to exceed 8,00,000 tonnes by 2012. However, according to the Greenpeace Report, in 2007, India generated 380,000 tonnes of e-waste. Only 3% of this made it to the authorized recyclers’ facilities. One of the reasons for this is that the India has also become a dumping ground for many developed nations. The Basel Action Network (BAN) stated in a report that 50-80% of e-waste collected by the USA is exported to India, China, Pakistan, Taiwan, and a number of African countries. India is one of the fastest growing economies of the world and the domestic demand for consumer durables has been skyrocketing. From 1998 to 2002, there was a 53.1% increase in the sales of domestic household appliances, both large and small all over the world. Another report estimated that in India, business and individual households make approximately 1.38 million personal computers obsolete every year, accelerating the rate of e-waste generation, which is around 10%, annually going to affect environmental health indicators.

**Health Impacts:**

Electronic equipments contain many hazardous metallic contaminants such as lead, cadmium, and beryllium and brominates flame-retardants. The fraction including iron, copper, aluminum, gold, and other metals in e-waste is over 60%, while plastics account for about 30% and the hazardous pollutants comprise only about 2.70%. Of many toxic heavy metals, lead is the most widely used in electronic devices for various purposes, resulting in a variety of health hazards due to environmental contamination. Lead enters biological systems via food, water, air, and soil. Children are particularly vulnerable to lead poisoning – more so than adults because they absorb more lead from their environment and their nervous system and blood get affected. It is found that the e-waste recycling activities had contributed to the elevated blood lead levels in children living in China, which is one of the popular destinations of e-waste.

This was due to that fact that the processes and techniques used during the recycling activities were very primitive. Various studies have reported the soaring levels of toxic heavy metals and organic contaminants in samples of dust, soil, river sediment, surface water, and groundwater of Guiyu in China. In the same areas, the residents had a high incidence of skin damage, headaches, vertigo, nausea, chronic gastritis, and gastric and duodenal ulcers. Further it was found that the blood lead levels of children were higher than the mean level in China, and there was no significant difference between boys and girls.

It was found that e-waste recycling operations were causing higher levels of polychlorinated dibenzo-\(p\)-dioxins and polychlorinated dibenzofurans (PCDD/Fs) in the environment as well as in humans. Body burdens of people in hair, human milk, and placenta from the e-waste processing site showed significantly higher levels of polychlorinated dibenzo-\(p\)-dioxins and polychlorinated dibenzofurans (PCDD/Fs) than those from the non-processing site. There is paucity of data on burdens of heavy metal exposure on human body in India. A large number of workers including small children are exposed to different dismantling activities of e-waste. Although findings of these studies cannot be generalized to India but these are enough to alarm and strongly suggest to be replicating in occupational settings in India. There are no data available about the health implications of these workers. They might be ruining their lives in the lack of appropriate knowledge.
In another study from China, human scalp hair samples were collected to find out heavy metal exposure to workers from intense e-waste recycling sites. Higher concentrations of Pb, Cu, Mn, and Ba metals were found in hair of exposed as compared to the hair in control group.

Current State of E Waste Management:

For the recycling of e-waste, India heavily depends on the unorganized sector as only a handful of organized e-waste recycling facilities are available. Over 95% of the e-waste is treated and processed in the majority of urban slums of the country, where untrained workers carry out the dangerous procedures without personal protective equipment, which are detrimental not only to their health but also to the environment.

Recycling and treatment facilities require a high initial investment, particularly those fitted with technologically advanced equipments and processes. For the dismantling of one computer piece, these workers only get Rs. 5 or 10. For such a small amount, workers ruin their lives. Such “backyard recyclers” do not have wastewater treatment facilities, exhaust-waste gas treatment, and personal health protection equipment. Williams observed that despite significant attention from the media and enactment of some national level trade bans (most notably, China and India), the problem is apparently worsening. Therefore, health risk assessments are also required for the analysis of the consequences and of inappropriate management of end-of-life electronic wastes in developing countries.

Electrical and Electronics Equipment (EEE) have generally made life easy and convenient because of their efficiency and time saving in application. Communication systems, as they are today, would not have been achievable without electronics technology. Entertainment industry (music, radio, television, cameras, etc.) would have remained crude if not for continuing development in electronic technology. Household equipment, now making use of electricity and electronics, are making domestic chores (washing, cleaning, cooling, heating, etc.) continuously easier and more convenient. Electrical and electronics equipment, particularly electronic devices, become technologically obsolete in a matter of months as a result of continuous development of new models. This rapid technological growth leads to high rate of production of electronics equipment. Some 20 to 50 million metric tones of E-Waste are generated worldwide every year. In the United States alone, 14 to 20 million personal computers are thrown out each year, with an annual increase of 3-5%. However, only some 13-18% are recycled. In the end, the disused equipment find their way into various directions, some ending up in landfills where they pose environmental and health hazards to humans, livestock and the soil. Some of these are incinerated, leading to environmental pollution from the fumes. The ‘surviving’ ones find their way into poor developing countries where, possibly out of ignorance, the equipment are carelessly handled, hence posing a serious threat to human health, soil, livestock and drinking water. Electronic equipment that has reached their end of life becomes Waste of Electrical and Electronic Equipment (Waste-EEE), or simply Electronic Waste (E-Waste).

E-WASTE MANAGEMENT TECHNOLOGIES

Recycling is an effective and economical solution to managing electronic waste. It is one of the components of the 3R options of reduce, reuse and recycle E-Waste. There are many benefits to be derived from recycling E-Waste. Among these are the following: - Most electronic devices contain a variety of materials, including metals that can be recovered for future uses. - Intact natural resources are conserved by dismantling and providing reuse possibilities. - Air and water pollution that could be caused by hazardous disposal is avoided. - It leads to reduction in the amount of greenhouse gas emissions
caused by the manufacturing of new products. Reuse, in contrary to recycling, extends the lifespan of a device before eventual recycling. There are four main steps involved in the recycling of E-Waste, viz: collection, transportation, treatment, and disposal.

Success factors and barriers for re-use operating models:

The Best Practices project that ran from August 2010 until April 2011 is the first known study of formal re-use practices in the electronics sector. The study had a twofold purpose, aiming firstly to define a typology for the most common reuse operating models and secondly to identify specific and generic success factors and barriers for the different models derived from this typology. A set of 28 case studies was analyzed, which included both for-profit and nonprofit re-use organizations from Africa, Latin America, North America and Europe. These organizations engage in the preparation and redistribution of information and communication technology (ICT) products or large household appliances for re-use. Based on a theoretical framework for operating models, semi-structured interviews were conducted with representatives from each case study partner. From analyzing and comparing the interview data, a generic typology for re-use operating models was derived and generic success factors for these models were identified. A survey among the interviewees finally allowed for a prioritization of the success factors and barriers concerning their importance.

As for success factors and barriers, the interview data showed clear differences between the different operating models. The nonprofit models especially have distinct success factors and barriers due to the export of used equipment to developing countries, where recycling and disposal of distributed products poses a major problem, or due to the nature of large household appliances requiring different collection and preparation for re-use processes. However, the analysis also confirmed some generally known generic success factors and barriers for re-use operations, such as having access to good quality equipment or the lack of clear definitions and a globally recognized quality standard, which could be used for certification of re-use organizations. Such a standard should consider the generic success factors for re-use operating models and could be designed as a platform, based on which sub-standards for different operating models can be defined.

Moreover, the report suggests focusing on two areas for further research: While this study focused at describing and categorizing re-use operating models in qualitative terms, further research could be undertaken to quantifying the qualitative frame and the flow charts for the different models on a more solid statistical basis; this could include data for average volumes processed by the different models, the size of the different customer segments, or more detailed information about the financial structure of the different models. Another potential for further research consists in the analysis of best practices in the implementation of critical success factors identified in this study, such as track-and-trace documentation of product flows from collection to preparation for re-use to distribution to recycling and final disposal. This best practices investigation could build the basis for a benchmarking reference framework for re-use organizations. A publication is foreseen for this summer.

How to take re-use of e-waste to the mainstream

The Re-evaluate project, funded by the Irish Environmental Protection Agency (EPA), is being lead by the University of Limerick and supported by the social enterprises Rehab and Clondalkin Community Recycling Initiative with the United Nations University sitting on the Steering Committee. The project is examining how re-use of e-waste could become a mainstream activity in Ireland with a specific focus on the role of the social economy. The project has undertaken field trips to several social economy re-use enterprises around Europe to explore the important success factors from not only an operational
perspective but also considering the external legal and policy factors that enable re-use to occur on a significant scale.

One of the key findings is that due to the clear lack of emphasis on re-use in the various national implementations of the Waste Electrical and Electronic Equipment (WEEE) Directive, the opportunity to undertake re-use is often lost. For each European Union Member State, re-use and recycling targets are combined. The combined target can be achieved from recycling alone, which many EU Member States have opted for. Consequently, WEEE with potential for re-use does not have to be made available to operators who are interested in preparing it for re-use. This is acutely felt in the social economy sector where most re-use activities take place and in disadvantaged communities that are generally the main beneficiaries of refurbished goods.

From an operational perspective, the findings of the Re-evaluate project are largely in line with the Best Practices project. The project recommends that re-use should be a regulated activity and participants should work towards pre-defined standards. The PAS 141, a publication on the re-use of used waste electrical and electronic equipment, shows promise for such a set of standards since its publication in March 2011.

The project has also examined the issue surrounding the life cycle impacts of re-use and when recycling should be the preferred option. This is a particularly important issue for large household appliances since the use phase dominates the environmental impacts. The conclusion from this work, based on a literature review and surveying the existing marketplace, is that only appliances with an energy rating equivalent to the rating of the cheapest new appliances on the market should be considered for re-use.

The project is also conducting trials to determine the potential for re-use in e-waste from the sources of collection and aggregation in the Irish WEEE management system. The preliminary results indicate that while both business-to-business (B2B) IT equipment and business-to-consumer large household appliances have a significant potential for re-use, only the re-use potential of B2B IT equipment is being fully realized. A very interesting comparative analysis of re-use and recycling of B2B IT has shown that, for Rehab, preparation for re-use created 11 times more employment and generated 15 times more revenue than recycling an equivalent amount of material. The project is now entering a phase of examining if the potential for re-use can be increased by making strategic changes to the reverse logistics of large household appliances.

Moreover, Re-evaluate has also been conducting novel research in the use of radio frequency identification technology (RFID) in reverse logistics for e-waste re-use which will culminate in a proposal for how RFID could be used to streamline EEE re-use.

**Bringing sustainability to the cycle**

Information and communication technology has tremendous potential to aid businesses and societies to dramatically reduce their impact on the environment through solutions such as smarter grids, buildings, logistical systems, motors, and virtualization.

Yet as the ICT industry grows rapidly, a sustainable industrial-societal system (or s-cycle) is required. One in which, for example, the waste products of one industry or sector become value-added inputs for another. With a holistic approach we must continue to work — within the nexus of policy, design, re-use, recycling and capacity building — to grow global capacity for development of practicable but science-based solutions to the e-waste problem.
RECYCLERS OF E-WASTE IN INDIA

A. Formal Sector In this method the e-waste is collected and disposed by government authorized agency or company which do the e-waste management work in environment friendly way. These organizations perform the e-waste management by using proper equipment and also provide proper safety measures to the worker and on the recycling site.

B. Informal Sector In this method the e-waste is collected and disposed by unauthorized people. They collect the e-waste from the household and market and then separate the useful and useless part by breaking the e-waste in improper way, this is very harmful to the environment because they keeps the useful part and either dump the remaining waste or burn it. They also do not use any safety measures which increase the risk to the health of the worker. They do this work in slum area of big metros and in metro cities either by making small workshop or from their home which pollute the surrounding of their living area.

Some major sources of e-waste include

- Informal sector
- Dissembler/ Dismantler
- Smelter
- Recycler
- Formal sector
- Importer
- Producer/Manufacture
- Retailer (businesses/ government/ other)
- Consumer (individual household, businesses, government)
- Trader
- Scrap dealer

HAZARDOUS EFFECT OF E-WASTE

Today a major amount of e-waste is generated by the old computer and its accessories. In the developed western and European countries, there is a new trend of donating their old computer and equipment to nearly third world countries. Because of it people feel good at having helped the under privileged. But it turns out to be a big problem as it passes downstream costs (waste removal) to under-developed countries, which most often do not have adequate environmental regulations. Poor countries simply accumulate the dangerous hazards of electronic waste. The “donations” end up not being recycled, but as hazardous waste. E-waste constitutes the element used for the manufacture of electronic goods which are responsible
for large environmental damage. It contain various dangerous materials such as lead, mercury, and hexavalent chromium which are constituent in cathode ray tubes (CRT), batteries, liquid crystal display (LCD). Dangerous constituent of lead, brominates flame retardants are present in all electronics equipment which contain printed circuit board. Lead is reached into the ground water by the land filling of e-waste. Toxic fumes emit into air if CRT is crushed and burned. No refined machinery or personal protective equipment is used for the extraction of different materials which have ill effect on human health. The e-waste contain many toxics such as heavy metals, including lead, cadmium, mercury, Polychlorinated Biphenyls (PCB), Poly Vinyl Chloride (PVC) etc in some component.

**Complexity of E-waste flows in India:**

The e-waste is produced from different sources and various stakeholders involved in the value chain are also interlinked. Consequently, the E-waste does not follow one set path. The green areas and flows indicate the formal recycling sector, the red indicate the informal one, and the blue stakeholders and flows are semi-formal. The status of semi-formal stakeholders depends very much on their interaction with the other stakeholders. They represent the link between the formal sectors. Direct relations between the informal and formal sector occur as well, but are less common (Skinner et al., 2010). Most of the Ewaste ends up with scrap traders and dealers who, for economic reasons, commonly transfer it on to the informal sector.

**Issues related to E-waste in India:**

1. **Volume of E-waste generated** - India stands fifth in e-waste generation producing around 1.7 lakhs metric tonnes per annum (Thomas Reuters, 2015)

2. **Involvement of Child Labor** - In India, about 4.5 lakh child laborers in the age group of 10-14 are observed to be engaged in various E-waste activities and that too without adequate protection and safeguards in various yards and recycling workshops. So, there is a urgent need to bring out effective legislation to prevent entry of child labor into E-waste market - its collection, segregation and distribution. (ASSOCHAM, 2014)

3. **Ineffective Legislation** - There is absence of any public information on most SPCBs/PCC websites. 15 of the 35 PCBs/PCC do not have any information related to E-waste on their websites, their key public interface point. Even the basic E-waste Rules and guidelines have not been uploaded. In absence of any information on their website, specially on details of recycle rs and collectors of E-waste, citizens and institutional generators of E- waste are totally at a loss to deal with their waste and do not know how to fulfill their responsibility. (Sinha & Rambha, 2013). So, there is failure in successful implementation of Ewaste management and handling rules, 2012.
4. **Lack of infrastructure** - There is huge gap between present recycling and collection facilities and quantum of E-waste that is being generated. No collection and take back mechanisms are in place. There is lack of recycling facilities.

5. **Health hazards** - E-waste contains over 1,000 toxic materials, which contaminate soil and ground water. Exposure can cause headache, irritability, nausea, vomiting, and eye pain. Recyclers may suffer liver, kidney and neurological disorders. Due to lack of awareness, they are risking their health and the environment as well.

6. **Lack of incentive schemes** - No clear guidelines are there for the unorganized sector to handle E-waste. Also no incentives are mentioned to lure people engaged to adopt formal path for handling E-waste. Working conditions in the informal recycling sector are only slightly worse than in the formal sector. (Skinner et al., 2010) No incentive schemes for producers who are doing something to handle e-waste. (Toxicslink, 2015)

7. **Poor awareness and sensitization** - Limited reach out and awareness regarding disposal, after determining end of useful life. Also Only 2% of individuals think of the impact on environment while disposing off their old electrical and electronic equipment. (IRGSSA, 2010)

8. **E-waste imports** – Cross-border flow of waste equipment into India- 80 percent of E-waste in developed countries meant for recycling is sent to developing countries such as India, China, Ghana and Nigeria. (Lundgren, 2012)


10. **Security implications** - End of life computers often contain sensitive personal information and bank account details which, if not deleted leave opportunity for fraud.

11. **High cost of sourcing e-waste** - The ELCINA conducted a study in 2009, where a sample calculation of capital, operating costs, revenues etc. for an ewaste recycling project indicates the cost of sourcing e-waste as the largest portion of the operating cost. (ELCINA, 2009).

12. **High cost of setting up recycling facility** - In addition, the study also states that the advanced technology recycling projects (including metallurgy and refining of non ferrous metals) are at further economic disadvantage compared to basic process activities and are in general not economically viable. The formal recycling companies in India except some are only limited to pre-processing of the e-waste material, where the crushed e-waste with precious metals is sent to smelting refineries outside India. (Belgium, Singapore etc). Formal sector in India still has a long way to go in adopting state - of-art
technologies for e-waste recycling due to problems in sourcing e-waste and partly due to difficulty in making it profitable with high end investment in such superior and costly technologies[ (UNFCCC, 2013), (RINA, 2012)].

13. Lack of research- Government must encourage research into the development and standards of hazardous waste management, environmental monitoring and the regulation of hazardous waste-disposal. (Karishma & Vrat, 2015)

E-waste regulation in India

The environmentally sound management of e-waste is a significant challenge for India. The challenge relates not only to imported e-waste, but also to the increasing amounts of domestically produced WEEE. Despite this situation, as of September 2010, neither the central government nor the state governments had legislation in effect solely dedicated to e-waste. The following section examines the current regulatory framework for e-waste in India, examining existing legislation, voluntary e-waste guidelines released by the central government, and the new draft rules dedicated to e-waste management. The Environment (Protection) Act (EPA), enacted in 1986 following the Bhopal gas tragedy, was the first comprehensive environmental law. The Act only defined hazardous waste in very broad terms and did not address e-waste at all (Abraham & Abraham, 1991). However, what it did do was confer the power to enact regulations concerning environmental issues on the executive. Since then, the precautionary and the “polluter pays” principle have both become part of Indian environmental policy. Yet despite these developments, no regulation on e-waste has been enacted and no Indian environmental law has implemented or enforced the concept of EPR to its full extent (Mohan et al., 2008: 183). Although no e-waste laws currently exist, two regulations established under the provisions of the EPA – the Hazardous Waste (Management and Handling) (HWM) Rules and the Batteries (Management and Handling) Rules – are applicable to some extent (Alexeew et al., 2009: 6).

The Indian Municipal Solid Wastes (Management and Handling) Rules of 2000 do not cover e-waste at all (Mohan et al., 2008: 184), although some e-waste could potentially be regulated on a municipal level. The HWM Rules require any company or individual receiving, treating, transporting or storing hazardous waste to first obtain permission from the relevant State Pollution Control Board (SPCB). Furthermore, the HWM Rules also banned the import of hazardous waste for disposal or dumping. The central government can, however, issue an import authorisation for hazardous waste that is to be processed or reused. An amendment to the HWM Rules in 2000 expanded the scope of the Rules to include provisions on e-waste for the first time. However, these provisions only applied to import and export activities (HWM Amendment Rules, 2000).

The new Hazardous Wastes Management, Handling and Transboundary Movement Rules of 2008 replaced the old HWM rules and now contain additional provisions on e-waste handling within India. These provisions require every person planning to recycle or reprocess e-waste to obtain prior authorization from the relevant SPCB. However, the SPCB registration process has been criticized for granting the same authorization to collectors, dismantlers and recyclers without assessing their capability to treat the e-waste in an environmentally sound manner (Gupta, 2009). Furthermore, responsibility is split between the states and the federal government.

The central government authorizes individuals importing e-waste for processing or reuse, and the SPCBs authorize collectors, dismantlers and recyclers. The Batteries (Management and Handling) Rules exclusively cover lead acid batteries and thus have a very limited impact on e-waste. The Batteries
(Management and Handling) Rules were, however, the first regulation to implement aspects of EPR in India. Under the regulation, manufacturers, importers and assemblers are responsible for organizing a collective take-back system for batteries. They must also ensure that the batteries are then handed to registered recyclers (Batteries (Managing and Handling) Rules, 2001). Dr. Raghupathy (2009), advisor to the Manufacturer’s Association for Information Technology (MAIT) and author of the new draft rules on e-waste, has criticised the Batteries rules’ lack of an effective enforcement mechanism and argued that the rules have failed because the collection system failed. As in the US, the patchwork of regulations covering e-waste has led to a number of problems that hamper WEEE regulation and enforcement (Sinha-Ketriwal et al., 2005: 498).

Like the lack of differentiation between new, used and old EEE in EU customs codes, customs documents under the current Indian regulatory system do not differentiate between old and new computers. Only one export-import (EXIM) code exists for both old and new computers, preventing targeted compliance monitoring (Sinha, 2008: 33). Furthermore, imports are often falsely declared to be for charity, going instead to informal recyclers or becoming e-waste within two or three years (Basu, 2008: 45). The allocation of responsibility under existing legislation also causes problems. Responsibility for monitoring some activities falls to the states, while the federal government is responsible for others. As in the US, this can be expected to increase compliance costs for formal recyclers and cause difficulties in enforcement and monitoring in an environment where capacity is both limited and strained. In a similar vein to the CRT legislation in the US, the EPR system introduced by the Battery Rules operates in isolation. Lacking an effective enforcement mechanism, the legislation remains ineffective. This combination of factors has resulted in the dominance of the informal recycling sector as environmentally sound recyclers have difficulty sourcing enough e-waste to operate at capacity (Gutpa, 2009; Schreiber, 2009).

Many stakeholders have thus argued that “the absence of legislation is one of the biggest stumbling blocks in implementing an e-waste management system” (GTZ et al., 2009: 4). Stakeholder contributions to the draft rules on e-waste published by the Ministry of Environment and Forestry (MoEF) in 2009 are thus all the more important (Saroj, 2009).

The draft E-waste (Management and Handling) Rules are the most recent attempt to regulate e-waste in India. They are not the first one, however. Largely as a result of pressure from stakeholders following the publication of the Toxics Link study on ewaste in 2002, the Central Pollution Control Board (CPCB) released guidelines on e-waste management in 2008. These guidelines advocated the voluntary adoption of producer responsibility, the restriction of hazardous substances (RoHS) in manufacturing and the adoption of environmentally sustainable technologies in ewaste recycling (Chaturvedi, 2008: 15; Raghupathy, 2009). However, Dr. Saroj, from the Indian Ministry of Environment and Forests (MoEF), has acknowledged that the guidelines are obsolete because nobody actually adheres to them (Saroj, 2009). The failure of previous attempts at e-waste regulation makes the current draft rules’ success all the more urgent.

The latest version of the draft rules was made available by the MoEF on 14 May 2010 and was opened for comments until the end of July. While the draft rules have not entered into force yet, we do not expect any significant changes to be made to them. The draft’s scope includes all the stakeholders involved in e-waste handling, with a focus on producers, dealers, refurbishers, collection centres, consumers, dismantlers and recyclers. The regulation is based entirely on the EPR and IPR principles. If enacted, it would be the first piece of Indian regulation to integrate these principles comprehensively.

The draft rules state that e-waste producers have to ensure that their waste products cause no harm and that their products have been produced in line with the Reduction in the use of Hazardous Substances (RoHS) in the manufacture of electrical and electronic equipment requirements. They will also have to ensure that all their products have a unique serial number or individual identification code and take
responsibility for all previously generated waste branded with their name. Additionally, producers are responsible for implementing and financing an effective takeback system only involving authorised stakeholders (MoEF, 2010: 4).

E-waste dealers, refurbishers, dismantlers, recyclers and collection centres are all required to register with the relevant State Pollution Control Board (SPCB) or Pollution Control Committee (PCC). They are also required to comply with detailed provisions on how to handle the e-waste to ensure that they do not create any health hazards or harm the environment. Dealers of electrical equipment are responsible for collecting e-waste by providing a collection box. They are also required to submit information about the e-waste collected to the SPCB or PCC (MoEF, 2010: 5-9). Although the draft rules require consumers to dispose of e-waste by taking it to authorised dealers and collection centres, large consumers are still allowed to auction their waste. However, they may only auction it to authorised collection centres, dismantlers, recyclers or to the collection services offered by the producers (MoEF, 2010: 7).

The draft rules assign all responsibility for ensuring enforcement to the respective SPCB or PCC. Every institution registered by the authorities has to provide the SPCB or PCC with annual reports. If a registered and authorised institution fails to comply with the regulations, the SPCB or PCC may revoke its authorisation (MoEF, 2010: 9). However, the draft does not specify any further concrete measures to ensure proper monitoring, implementation and enforcement. This could lead to future implementation and enforcement problems, particularly given the previous reluctance of producers to take responsibility for their waste, the failure to enforce EPR in the Batteries Rules, and the complex logistics and high potential costs involved in tracking and collecting e-waste seen in other countries. Importantly, the draft rules also address imports.

An initial draft of the rules stipulated that imports would not be allowed for recycling or disposal. WEEE imported for refurbishment or repair would be allowed “subject to the same being exported”

Unfortunately, enforcement will be difficult. The draft rules contain several mistakes already made in the EU and US; the consequences of this are likely to be magnified in India, a country where capacity for enforcement is already strained. Devolving enforcement to a state level may result in ‘leakage’ from states actively enforcing the regulation to states taking a less stringent approach, as seen within the EU and US. Both the maintenance of the registry of authorised market participants and compliance with the regulation’s requirements are also likely to be expensive, adding administrative costs to formal recyclers already struggling to compete. In the EU such costs may have increased the incentive for actors to illegally export e-waste to countries such as India; in India the incentive will be to sell to unauthorised recyclers. The continuation of e-waste auctions and the requirement that only authorised participants are able to buy the e-waste does, however, overcome the problem that diffused sources pose agencies charged with enforcement in the EU. By concentrating e-waste sources, the auctions provide Indian regulators with the ability to target their enforcement to some extent.

The most positive aspect of draft rules is the inclusion of RoHS provisions. Addressing the toxicity of e-waste recycling by preventing pollutants from becoming part of e-waste stream is likely to be enforceable and represents a further convergence of India’s legislation with that of the EU. However, given the role of the refurbishment market in India, it may take considerable time for the benefits of this provision to become evident in recycling facilities.

**RECOMMENDATIONS**

There exist many hurdles to e-waste management in India. The major one is dominance of informal sector. So the steps should be taken to formalize the informal sector by strict implementation of rules and to levy heavy penalties on defaulters. The major challenges are to reduce E-waste through reuse, recycle, recovery and reduced use of toxic substances, to invent labor intensive intermediate technology to recycle
/ recover E-waste safely and to distribute the responsibility of managing E-waste on one or more stakeholders. Level of awareness should be increased using advertisements and e-waste issues should be included in curriculum. There is urgent need of an effective Reverse supply chain management of E-waste.

In the reverse supply chain of E-waste would be collected from all kinds of resources, and it would be delivered to a processor that can recycle valuable parts from E-waste and dispose rest hazardous components in environmentally sound manner. The producer may buy those recycled valuable parts as raw material from the processor; therefore a close loop supply chain would be formed. In the process, companies can become more environmentally efficient through reusing and reducing the amount of materials used.

There is urgent need for a detailed assessment of the E-waste including quantification, characteristics, existing disposal practices, environmental impacts and the establishment of e-waste collection, exchange and recycling centers in partnership with private entrepreneurs and manufacturers. There is need of an effective take-back program providing incentives for producers to design products that are less wasteful, contain fewer toxic components, and are easier to disassemble, reuse, and recycle may help in reducing the wastes and deposit/refund schemes to encourage consumers to return electronic devices for collection and reuse/recycling.

There is need of more recycling facilities and development of infrastructure to handle e-waste effectively. Each state should develop its own scrap yards in the respective cities to warehouse e-waste.

CONCLUSION

Electronic waste or E-waste is relatively a novel addition to the ever-growing hazardous waste are are existing potential to risk both human health and the environment. Moreover, the policy level initiatives along study India Keywords: 1. The manufacturing of electrical and electronic equipment (EEE) is one of the emerging global and productions of electrical and electronic equipment are rapid economic growth, coupled with The of contributors global responsible generation India. not much emphasis has been given to the E-waste engendered in developing countries.

Developing countries like India, today, is burdened with the colossal problem of E-waste which is either locally generated or internationally imported, causing serious menace to human health and environment. The hazardous components in electrical and electronic equipment recycling of Waste Electrical and Electronic Equipment is not undertaken to an adequate degree. However, WEEE/E-waste. A number of countries have come out with their own definitions, interpretation and description of WEEE/ E-waste is as per the European Union directive. The effectiveness of the Program lies in the Change of mind and actions of the people. Government can take end number of Steps for E waste Management, but it lies in the hands of people to realize and execute the mass change.

The hazardous nature of e-waste is one of the rapidly growing environmental problems of the world. The ever-increasing amount of e-waste associated with the lack of awareness and appropriate skill is deepening the problem. A large number of workers are involved in crude dismantling of these electronic items for their livelihood and their health is at risk; therefore, there is an urgent need to plan a preventive strategy in relation to health hazards of e-waste handling among these workers in India. Required information should be provided to these workers regarding safe handling of e-waste and personal protection. For e-waste management many technical solutions are available, but to be adopted in the management system, prerequisite conditions such as legislation, collection system, logistics, and manpower should be prepared. This may require operational research and evaluation studies.
REFERENCE


A Study on Corporate Social Responsibility of Business Entrepreneurs in India

Sudhakara G R         Shridevi Kulkarni

ABSTRACT

Entrepreneurs are those who are able to look at the environment, identify opportunities to improve the environmental resources and implement action to maximize those opportunities. They have to acquire and develop certain qualities such as High motivation, Insatiable drive, persistent enthusiasm, take risk and face challenge, Technical expertise, Spirit of innovation, hardworking, dedication, commitment, self confidence, management of time. An entrepreneur receives resources from the society, utilizes in productive manner and gives some productive output to the society and earns profit, cannot do anything without the help of society. On the other hand society is also getting benefits from entrepreneurs. Earning more and more profits is a natural Phenomenon of every business entrepreneur but social responsibility is an obligation to the people living inside and outside the business organizations. Business comes in contact with various groups of society such as owners, employees, customers, government, suppliers etc. The responsibility of business, which includes satisfaction of these parties along with the owner, is called social responsibility of business. Every entrepreneur should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. Today, government has also suggested time to time to the business entrepreneurs that the corporate should enact a framework related to CSR and include them in the vision, mission and strategic planning. So, in order to get sustainable development and to survive in this competitive world, the organizations need to demonstrate a close and good relationship with society. As a result, businesses enjoy benefits like lower tax rates, reduced regulatory interventions, faster approvals, highly motivated workforce, customer loyalty, risk mitigation, enhanced brand image, value-based supplier network and favorable public opinion about company. CSR is continuous process as business is a regular and an on-going activity. It lays emphasis on the all-round development of all the sectors of the business. This paper focus on Concept of entrepreneurship, Role of entrepreneurs towards social responsibilities, principles, CSR initiatives, CSR in India and other relevant aspects to the title.

KEYWORDS: Entrepreneurs, Successful, Phenomenon, Good relationship, Sustainable and Benefits.

INTRODUCTION ON BUSINESS ENTREPRENEURSHIP AND CORPORATE SOCIAL RESPONSIBILITY

An enterprise must earn profits for its own survival, for expansion, for bearing the risks and finally for the prestige of its management. But profit cannot be the sole objective of the entrepreneur. It is a means and not an end. No enterprise can last long unless along with earning profits, it continues to fulfill its obligations to the society. The ultimate objective of every enterprise has to be the good of the people. Business must be run by the people through the people and for the people. An entrepreneur must take risks with his or her own capital in order to sell and deliver products and services while expending greater energy than the average businessperson in order to innovate. An entrepreneur is very much linked with society. Since any venture owes its existence to society, it has to function under the overall control and discipline of the society. Every enterprise is required to perform and satisfy certain obligations which it owes to the society and the performance of which is essential for its own survival and the well-being of the society. It is the obligation of an enterprise which it owes to the different segments of the society that
determine its objectives. Besides earning profit, an entrepreneur has to satisfy the requirements of various other groups of people.

Within the world of business, the main “responsibility” for corporations has historically been to make money and increase shareholder value. In other words, corporate financial responsibility has been the sole bottom line driving force. However, in the last decade, a movement defining broader corporate responsibilities— for the environment, for local communities, for working conditions, and for ethical practices—has gathered momentum and taken hold. This new driving force is known as corporate social responsibility (CSR).

Every entrepreneur should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. Today, government has also suggested time to time to the business entrepreneurs that the corporate should enact a framework related to CSR and include them in the vision, mission and strategic planning.

CSR is oftentimes also described as the corporate “triple bottom line”—the totality of the corporation’s financial, social, and environmental performance in conducting its business. Corporate Social Responsibility considers the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations.

SCOPE OF THE STUDY

The scope, content and context of corporate social responsibility of business entrepreneurs. This paper briefly reviews the concept of CSR of entrepreneurs in India. It includes Introduction of entrepreneurs and CSR, meaning, definitions, responsibility towards stakeholders, fundamental principle of CSR policy, CSR in India and other relevant aspects to the title.

RESEARCH METHODOLOGY AND OBJECTIVE OF THE STUDY

The present study is a descriptive study. This study is mainly based on secondary data only.

Secondary data is collected from various sources like books, journals, magazines and reports and publications of recent research papers available in different websites, Research Articles, Research Journals, E-Journals, Economic Times News Paper etc. So trueness of the data depends on the trueness of the source. the main objectives of this research paper is given below

1. To understand the concept of Corporate Social Responsibility in India.
2. To analyze the role and importance of CSR in Business Entrepreneurship.
3. To analyze the fundamental principles of Corporate social responsibility.
4. To know the responsibilities towards stakeholders.
5. To know the outcomes of CSR
6. To examine the current initiatives taken by the different entrepreneurs in India.

WHAT IS CSR?

SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
While there is no universal definition of corporate social responsibility, it generally refers to transparent business practices that are based on ethical values, compliance with legal requirements, and respect for people, communities, and the environment. Thus, beyond making profits, companies are responsible for the totality of their impact on people and the planet. “People” constitute the company’s stakeholders: its employees, customers, business partners, investors, suppliers and vendors, the government, and the community. Increasingly, stakeholders expect that companies should be more environmentally and socially responsible in conducting their business. In the business community, CSR is alternatively referred to as “corporate citizenship,” which essentially means that a company should be a “good neighbor”.

DEFINITION’S OF CORPORATE SOCIAL RESPONSIBILITY

According to World Bank Group, “Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large, to improve their lives in ways that are good for business and for development.”

According to Keith Davis, “Social responsibility refers to the businessman’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest”

CORPORATE SOCIAL RESPONSIBILITY OF BUSINESS ENTREPRENEURS TOWARDS DIFFERENT GROUPS

An entrepreneur receives resources from the society, utilizes in productive manner and gives some productive output to the society and earns profit. He cannot do anything without the help of society. On the other hand society is also getting benefits from entrepreneur. Development of a new product, improvement in life style is only possible through active efforts undertaken by entrepreneur. So we can say there is give and take between entrepreneurs and society. He is debtor as well as creditor of the society.

Entrepreneurs should be socially responsible for the following reasons:

- Public image
- Government Regulation
- Survival and growth
- Employee satisfaction
- Consumer Awareness

So Corporate Social Responsibility of business entrepreneurs towards different Interest groups is as follows:

Company’s Social Responsibility towards different Interest groups is as follows:

1. Responsibility towards owners: Owners are the persons who own the business. They contribute capital and bear the business.
   - Run the business efficiently and proper utilization of capital and other resources.
   - Regular and fair return on capital invested.
2. **Responsibility towards Investors:** Investors are those who provide finance by way of investment in shares, bonds, etc. Banks, financial institutions and investing public are all included in this category.
   - Ensuring safety of their investment
   - Regular payment of interest.

3. **Responsibility towards employees:** Business needs employees or workers to work for it. If the employees are satisfied and efficient, then the business can be successful.
   - Timely and regular payment of wages and salaries.
   - Opportunity for better career prospects and proper working conditions & Timely training and development
   - Better living conditions like housing, transport, canteen and crèches.

4. **Responsibility towards customers:** No business can survive without the support of customers.
   - Products and services must be able to take care of the needs of the customers.
   - There must be regularity in supply of goods and services.
   - Price of the goods and services should be reasonable and affordable
   - There must be proper after sales-service

5. **Responsibility towards competitors:** Competitors are the other businessmen or organization involved in a similar type of business.
   - Not to offer to customers heavy/discounts and or free products in every sale.
   - Not to defame competitors through false advertisements.

6. **Responsibility towards suppliers:** Suppliers are businessmen who supply raw materials and other items required by manufacturers and traders.
   - Giving regular orders for purchase of goods and Availing reasonable credit period
   - Timely payment of dues.

7. **Responsibility towards Government:** Business activities are governed by the rules and regulations framed by the government.
   - Payment of fees, duties and taxes regularly as well as honestly
   - Conforming to pollution control norms set up by government
   - Not to indulge in restrictive trade practices.

8. **Responsibility towards society:** A society consists of individuals, groups, organizations, families etc. They all are the members of the society.
   - To help the weaker & backward sections of the society and generate employment.
• To protect the environment
• To provide assistance in the field of research on education, medical science, technology etc.

FUNDAMENTAL PRINCIPLES OF CSR POLICY

Each business entrepreneur should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board. The CSR Policy should normally cover following core elements:

1. Care for all Stakeholders: The entrepreneurs should respect the interests of, and be responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them.

2. Ethical functioning: Their governance systems should be underpinned by Ethics, Transparency and Accountability. They should not engage in business practices that are abusive, unfair, corrupt or anti-competitive.

3. Respect for Human Rights: Entrepreneurs should respect human rights for all and avoid complicity with human rights abuses by them or by third party.

4. Respect for Workers’ Rights and Welfare: Entrepreneurs should provide a workplace environment that is safe, hygienic and humane and which upholds the dignity of employees. They should provide all employees with access to training and development of necessary skills for career advancement, on an equal and non-discriminatory basis.

5. Respect for Environment: Entrepreneurs should take measures to check and prevent pollution; recycle, manage and reduce waste, should manage natural resources in a sustainable manner and ensure optimal use of resources like land and water, should proactively respond to the challenges of climate change by adopting cleaner production methods, promoting efficient use of energy and environment friendly technologies.

6. Activities for Social and Inclusive Development: Entrepreneurs should undertake activities for economic and social development of communities and geographical areas, particularly in the vicinity of their operations. These could include: education, skill building for livelihood of people, health, cultural and social welfare etc., particularly targeting at disadvantaged sections of society.

COMPANIES RANKING IN CSR (INDIA)

In India, all the big companies are now expected to meet their social obligations towards the society and the environment, while working to increase their profits. Today, almost all leading corporates in India have their CSR programmes in place, in areas like empowerment of poor, development of skills among the weaker sections, education and health facilities in villages, remote areas and slums etc. Companies like Infosys, Airtel, Tata, ITC Welcom, IOC, ONGC, Wipro etc are very strong in their CSR activities. The government of India is also ensuring that the public sector companies participate actively in CSR initiatives. Guidelines for central public sector undertakings (PSUs) have been prepared by the Department of Public Enterprises (DPE) to take up important CSR projects. These projects will be funded by using 2-5 per cent of the net profits of the PSUs. Efforts are also being made by companies to become more environments friendly. Under the new Companies Act, CSR will become mandatory for companies with profit of Rs 5 crore and more, said Bhaskar Chatterjee, director general and chief executive officer of the Indian Institute of Corporate Affairs, Ministry of Corporate Affairs.
Chatterjee said: "CSR, which is made compulsory under the Companies Act and was passed by parliament, comes into effect from April 1, 2014,""All companies with turnover of Rs.1000 crore and more - or a net worth of Rs 500 crore and more or net profit of Rs.5 crore and more - will have to spend at least two percent of their three-year average profit every year on CSR activity," he said. For Example, Reliance Industries Ltd spends over Rs 700 crore on CSR in FY’14. In 2013 and 2016 CSR study finds that many companies have scaled up operations in CSR and are looking at it as a priority. Tata Steel Ltd leads first place in both the years. In 2014, M&M was placed in first place

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In the study of CSR ranking of companies in 2013, 2014, 2015 and 2016, there are four Tata group companies in the top 10 list. In 2014, GAIL replaces SAIL in the public sector honors while Coco-Cola India, Siemens, Bharat Petroleum joins the top ten list. Interestingly no foreign players make it to the top 10 list. Jubilant Life Sciences, a healthcare company, has entered the top ten list. Shree Cements Ltd, Ultra Tech Cement Ltd and ITC Ltd has entered in top ten list. M&M, Larsen & Turbo, BPCL, Coco cola Ltd and Infosys Rankings has come down in 2016 when compared to their in 2013, 2014 and 2016.

**LIST OF TOP 75 COMPANIES IN CSR RANKING (INDIA)**

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<td>Ambuja Cements Ltd</td>
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<td>Chambal Fertilisers &amp; Chemicals Ltd</td>
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**SHREE CEMENTS LTD**

**BPCL**

**LARSEN & TURBO**
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<td>Power Grid Corporation Ltd</td>
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<td>Hindustan Zinc Ltd</td>
<td>75</td>
<td>Bharti Airtel Ltd</td>
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**NOTABLE WORK BY SOME COMPANIES**

**Tata Power**: Key CSR Areas: Education, environment, community development, health, safety, security, resource and energy conservation, women empowerment, skill development and livelihood generation. Its total CSR spending in FY15 stood at Rs 31.1 crore as against the 2% of PAT requirement of Rs 29.8 crore. Further, the CSR spending of subsidiaries and joint ventures of the company was Rs 18.2 crore as against the requirement of Rs 17.2 crore.

Flagship Programme: 'Act for Mahseer', a conservation initiative started in 1975 for saving endangered species. Tata Power set up a breeding centre in Lonavala as part of its eco-restoration and eco-development project for the lakes. The programme has produced and distributed in various water bodies seeds of Mahseer in excess of 10 million in India and internationally.

**Tata Steel**: Key CSR Areas: Education, healthcare, facilitation of empowerment and sustainable livelihood opportunities, preservation of ethnicity and culture of indigenous communities and sports. Initiatives run across ten districts in Jharkhand, Odisha and Chhattisgarh, covering nearly 500 core villages. Total spending in 2014-15 on CSR was Rs 171.46 crore, which is 2.04% of the average net profit of the last three fiscals. Flagship Programme: Maternal and Newborn Survival Initiative (MANSI), a public-private initiative, is being implemented in 167 villages of the Seraikela block of Jharkhand's Seraikela-Kharsawan district since 2009. The project goals are to reduce child and infant mortality. MANSI has achieved improvement in all process and outcome indicators, such as reduction in neonatal
mortality by 32.7%, reduction in infant mortality (up to the age of one year) rate by 26.5%, increase in institution.

L&T: Key CSR Areas: Water and sanitation, education, healthcare and skill building. L&T partners with local governments on health programmes focused on reproductive health, tuberculosis & leprosy control, integrated counselling & testing centres for HIV/ AIDS. L&T's community health centres are located at Mumbai, Thane, Ahmednagar, Hazira, Vadodara, Coimbatore, Chennai, Lonavala and Kansbahal. L&T's Construction Skills Training to rural youth. In the last fiscal, L&T spent Rs 76.54 crore on CSR, amounting to 1.44% of the average net profit for the preceding three years.

Flagship Programme: L&T recently committed to the construction of 50 check dams in Talasari block of Palghar district in Maharashtra, taking the total number of check dams constructed over the years to 150. This will benefit over 75,000 villagers.

Bharat Petroleum: Key CSR Areas: Quality education (strengthening primary, secondary education and empowering teachers), water conservation, skill development (employment linked skill training to the underprivileged with an inclusive approach for women, unemployed youth and persons with disabilities), health/hygiene and rural development. In 2014-15, BPCLBSE -1.85 % had a CSR allocation of Rs 76 crore, of which it spent Rs 33.95 crore. The balance has been carried to the current fiscal, and has been spent on Swachh Bharat Swachh Vidyalaya projects.

Flagship Programme: Project BOOND, which has evolved from the construction of rain water harvesting structures to making villages drought-free. It began with four villages in Maharashtra, which were along BPCL's product pipeline. In the past 6 years, it has been extended to over 140 villages in Maharashtra, Tamil Nadu, Karnataka, Rajasthan, Uttar Pradesh and Andhra Pradesh, making them water positive. In 2014-15, 40 villages were made water positive by creating 7 crore litres of water, benefitting over 5,500 families.

Infosys: Key CSR areas: Works with Infosys Foundation, headed by Sudha Murty, towards removing malnutrition, improving healthcare infrastructure, supporting primary education, rehabilitating abandoned women and children and preserving Indian art and culture. Infosys Foundation USA is focused on bridging the digital divide in America by supporting computer science education and training in underrepresented communities. In FY15, Infosys spent 2% of its average net profit for the three preceding financial years on CSR.

Flagship program: The Infosys Foundation mid-day meal program, an initiative in partnership with the Akshaya Patra Foundation, spans several states across India.

Jubilant Life Sciences: Key CSR Areas: The Jubilant Bhartia Foundation (JBF) focuses on elementary education, improving health indices, employability and promoting social entrepreneurship. Jubilant's CSR are implemented around its manufacturing locations in six areas in India.

Indian Oil Corporation: It runs the Indian Oil Foundation (IOF), a non-profit trust, which works for the preservation and promotion of the country’s heritage. IOCL also offers 150 sports scholarships every year to promising youngsters. Some of its other initiatives lie in the domains of clean drinking water, education, hospitals and health care.

Tata Consultancy Services: Its Computer Based Functional Literacy (CBFL) initiative for providing adult literacy has already benefitted 1.2 lakh people. The programme is available in nine Indian languages. Besides adult education, TCS also works in the areas of skill development, health care and agriculture.

CONCLUSION:
From the above discussion it can be seen that any entrepreneur alone cannot do anything. It’s a team work. And a team cannot perform well if involved parties are not fully satisfied. So its duty of entrepreneur to think about the societal side of his economic activity. If every entrepreneur will start fulfilling his social responsibility properly then it can result in optimum development of society as well as nation. Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large, to improve their lives in ways that are good for business and for development. CSR is continuous process as business is a regular and an on-going activity. It lays emphasis on the all-round development of all the sectors of the business. Each business entrepreneur should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals.

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Challenges of Public Private Partnership in Infrastructure Development of India

Syed Tajuddin          Dr. Mohan P Philip

Abstract

The paper is focused on the concept of Public Private Partnership (PPP) and infrastructure development through PPP with purpose of pointing out the achievements and challenges faced by private and public sector in infrastructural development in India. This paper highlights the concept and current status of PPP in India and analyses various challenges faced by PPP as well as discuss solutions to the problems faced by PPP in developing economies like India. The study utilizes descriptive research method with secondary data to achieve the desired objectives.

Key Words: Public-Private Partnership (PPP), Infrastructure Development, Build, Viability Gap Funding (VGF).

INTRODUCTION

A Public Private Partnership (PPP or 3P) is a commercial legal relationship defined by the Government of India in 2011 as "an arrangement between a government / statutory entity / government owned entity on one side and a private sector entity on the other, for the provision of public assets and/or public services, through investments being made and/or management being undertaken by the private sector entity, for a specified period of time, where there is well defined allocation of risk between the private sector and the public entity and the private entity receives performance linked payments that conform (or are benchmarked) to specified and pre-determined performance standards, measurable by the public entity or its representative".

Infrastructure in India is poor when compared to similarly developed nations. The Government of India identified public-private partnerships (PPP) as a way of developing the country's infrastructure. Construction of infrastructure in India requires large capital outlays and there is a deficit in supply, lack of legal and institutional support for implementing PPP.

Achievements and challenges of PPP in India

The high economic growth witnessed by India during the last decade was accompanied by realization in the need for enhanced investment in infrastructure. Rapid urbanization and industrial growth led to demand for basic infrastructure such as water supply and sanitation, transportation and energy. Rapid growth in purchasing power in the rural areas simultaneously meant a need for improving connectivity and services for attaining a seamlessly integrated network of logistics and facilities. In order to augment economic growth, the government initiated several policy and enabling measures to support the creation of high-quality infrastructure and efficient delivery of services to its citizens.

The Twelfth Five Year Plan (2012-2017) was formulated against the backdrop of a remarkable performance of the infrastructure sector during the Eleventh Plan. The Twelfth Plan projected an investment of Rs.55.75 lakh crores (at current Prices) in infrastructure during the Plan period (2012-17), which was more than twice that achieved during the Eleventh Plan period. Furthermore the plan adopted as strategy of encouraging higher private investment in infrastructure which was projected to rise substantially from 37 percent in the Eleventh Plan to approximately 48 percent in the Twelfth Plan. In India mainly three types of PPP Models are adapted namely Management Contract, Lease Contract,
Build-Operate-Transfer etc. these models are manly used in the development of infrastructure in the sectors like communication, energy, social and commercial infrastructure, transport, and water sanitation.

Table 1: Projects recommended by the Public Private Partnership Appraisal Committee (PPPAC) from 20th December 2005- 28th October 2016.

<table>
<thead>
<tr>
<th>Number of Projects</th>
<th>304</th>
</tr>
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<tbody>
<tr>
<td>Total Projects Cost</td>
<td>Rs. 351,901.09 Crore</td>
</tr>
<tr>
<td>Number of Meeting Held</td>
<td>80</td>
</tr>
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Source: The PPP India Database (Department of Economic Affairs Ministry of Finance)

**Emerging Challenges**

1. The recent slowdown of PPP projects could be attributed to a combination of events, namely global economic slowdown, weak regulatory and institutional frameworks, delay in issue of clearances by authorities, financing issues (over-leveraged debt and paucity of equity), aggressive bidding by developers, contractual issues, including long drawn out dispute resolution arising in a maturing PPP landscape, inadequate diligence and appraisal by lenders, and lack of flexibility in contractual arrangements. Coupled with parallel developments of increasing stress in non-PPP projects in major sectors such as power, the lending appetite to private sector and capacity for fresh infusion of funds became constrained, in both ongoing and new projects.

2. Further, though ‘transparency’ in PPP projects is recognized as a crucial element for successful implementation of projects, (and projects pass through various stages and are configured based on complex policies and programmes), there were increasing demand from the private sector for a review of the “rigidity” in model concession documents and rebalancing of risks. While recognizing that government faces a moral hazard in allowing post–award change in contracts.

3. Apart from public implementing authorities, some stakeholders have pointed towards the possibility of opportunistic gaming by developers in the bidding process, facilitated by inadequate appraisal by lenders. By inflating the Total Projects Cost (TPC), developers achieve financial closure at an amount substantially greater than reasonable TPS and thereby source higher debt than the actual requirement. If the project is then jeopardized, the funds at risk are those of the lenders as there is virtually no “skin in the game” by the developer.

   A. **Legal and regulatory framework**

While the absence of an independent regulator did not dampen the progress of PPPs initially, sectors such as roads, airports and ports have either no independent regulator or multiple regulators (as in the case of airports). Overlap in the functions of such regulatory agencies has led to problems in certain cases, giving rise to calls for decisions taken at arm’s length. Some sectors such as the urban sector are yet to evolve regulatory frameworks for sustainable and efficient delivery of PPP projects and services.

Dispute resolution mechanisms are slow and not very well developed, often derailing projects timelines and freezing funds, thus derailing project timelines. PPP projects have also been affected by factors such as delays in land acquisition and clearances, shifting of utilities, and right of way issues, leading to time and cost overruns. Delays have often been due to a silo approach to jurisdiction instead of macro assessment of economic, social, and financial risk-reward of particular projects.
There is a lack of capacity within statutory authorities in understanding how PPPs work, and the attempt to bring corporate functioning under the ambit of standard government oversight, in addition to already applicable Companies Act requirements, has led to uncertainty on regulatory risk.

B. Financing issues

Bank appraisal of projects has in many cases suffered from lack of adequate diligence, sometimes due to inadequate appraisal skills. This has affected the quality of lending.

There is a shortfall in equity capital with local sponsors. Delays in execution of projects further leads to equity getting trapped in ongoing projects, thus not being available for newer projects. Balance sheets of most prominent developers in the country are stressed and over leveraged. In the absence of a vibrant takeout market, refinancing of projects has not been taking place at the desired scale and pace. Underdeveloped debt markets have been a cause for concern for a while.

C. Multiplicity of institutions and overlap in roles

Government at all levels, including urban local bodies (ULBs), line departments, state agencies, are by and large unable to create a steady pipeline of projects due to institutional capacity constraints. This has also led to aggressive bidding by a few developers to garner market share.

The network of multiple agencies involved in project implementation and an overlap in the functions of these agencies is leading to inordinate projects delays. Effective co-ordination amongst various government agencies to deliver improved citizen value is cited as a key cause for delay of PPP projects. Inadequate capacity in authorities, consultants, financiers, developers, statutory audit and vigilance in the PPP context has given rise to misinformation. Lack of urban planning, and clear laws, regulation and procedure has resulted in a slowdown of urban infrastructure projects.

D. Private sector problems

Over-aggressive bidding with inadequate due diligence by bidders has sometimes led to unviable offer. Since determining whether a bidder’s capital structuring permits such optimistic bidding is difficult for the Authority, despite its own conservatism in its project report, bids were accepted and later failed. The private sector did not develop its skills in pricing of risk, despite engaging the best consultants in the field. Coupled with the mistaken belief that the economy was growing at rapid pace in the second half of the 2000s, this led to myopic assessment of possible risk factors and a failure to build in mitigation measures.

Private sector developers, who were mainly construction experts, found they had no appetite for long-term operations and maintenance of infrastructure assets. However, the country is yet to develop a specialist class of operations and maintenance developers who can take over during the operations phase. The quality of consultancy services in PPPs has not kept pace with the growing need for such services in the country. This is reflected in inconsistent quality of some advisory services.

E. Contractual frameworks

Inadequate provisions to address legal and contractual issues such as exit clauses provisions, default by parties, and change of scope related events, and connectivity infrastructure, due to inadequate project preparation by authorities and appraisal by lenders have caused delays and projects not taking off as anticipated. Further, older concessions lock in lead sponsor equity, albeit at a reduced level, for the duration of the concession.
Implementing agencies often adopt model bidding and contract templates as with little or none of the project specific customization that is key to successful project design and implementation. Difficulties have been experienced with long term PPP projects when parties are in dispute or unanticipated events lead to recourse to traditional long drawn out legal systems for resolution.

While there have been demands from developers for restructuring of existing contracts to sustain private sector interest, and bank asset quality would also benefit from such restructuring exercise, there is lack of appreciation of the sanctity of contracts and the need to restructure contracts that should be based on the project’s revenues and long-term factors rather than temporary illiquidity and insolvency issues.

\[ F. \hspace{0.5cm} \text{Support and other issues} \]

PPPs can bring in the required efficiency and investments in infrastructure projects. For undertaking PPP projects successfully, several factors continue to remain valid and intact-need for the project, appropriate projects development, adequate project preparation, equitable risk allocation, transparent competitive procurement and an administrative, legal and regulatory ecosystem that promotes better value and services to the citizens and the public authorities, which result in better and cheaper long-term services.

Fundamental design flaws in PPP projects need to be tackled. For instance, contracts need to focus more on service delivery instead of fiscal benefits, better identification and allocation of risks between stakeholders, prudent utilization of viability gap funding (VGF) scheme (or grant means a grant on-time or deferred, provided under this scheme with the objective of making a project commercially viable) where user charges cannot guarantee a robust revenue stream, improved fiscal reporting practices and careful monitoring of performance. Rigidity in concession documents has triggered renegotiation of long-term contracts. It has been observed in many delayed and staled projects, that the framework to assess project risks and allocate them between stakeholders suitable to best manage the risks, has not been effectively developed. This has resulted in projects ending up in disputes, stretched project timelines and increased costs. Commercial and operational risks need to be passed on to the private sector under appropriate frameworks. Liabilities, direct and contingent, that would devolve on parties in a PPP concession along with risk-allocation needs to be incurred upfront by the parties to the concession and where relevant by the lenders.

It is difficult to sometimes foresee upfront the likely demand for the project, especially in new and greenfield developments. Contracts should build in these uncertainties.

\[ G. \hspace{0.5cm} \text{External factors} \]

The economic slowdown across the world and the credit crisis slowed the demand for goods and services across the spectrum, affecting the infrastructure sector significantly. The PPP projects were also impacted by this demand slowdown.

A series of judicial and statutory authority orders (e.g., banning of mining activity) that delayed the progress of development and implementation of PPP projects and revenue flows. New projects are finding it increasingly difficult to attract sponsors and financing (equity and debt) has become strained. Increased perceived risk of projects has further led to pension and insurance funds limiting their exposure to such projects.

\[ \text{LITERATURE REVIEW} \]

Malhotra (1997) in his study “Private finance initiatives” he argued that government involved in private finance initiative need to concern themselves with issues such as transparency of the process,
competitiveness of the bids, appropriate allocation of risk, developer returns commensurate with risks, government guarantees and credit enhancement.

**Akintola Akintoye, Matthias Beck and Cliff Hardcastle (2003)** in their research work “Public Private Partnership-managing risk and opportunities” discuss the various issues dealing with risk, value and communication in relation to public private partnership procurements and discuss the general issues of PPPs up take around the world.

**Rumi aijaz (2006)** in his study “Challenges for urban local governments in India” explain that urban local governments in India are plagued by numerous problems, which affect their performance in the efficient discharge of their duties and relate to the extent of participation and rule of law in the municipal decision-making process, transparency in the planning and implementation of infrastructure projects, and level of efficiency in various municipal management and finance practices.

**Chethanvaidya (2009)** in his study”urban issues, reforms and way forward in India” reveals that a number of issues including urban trends, projected population, service delivery, institutional arrangements, municipal finances and innovation in financing that are of direct relevance to urban development in the country. It has also described status of JNNURM and recommended constitutional measures as well administrative actions to improve India’s urban areas.

**Karundrapratapsingh (2011)** in his study “Issues and prospects of private partnership in India” highlight the concept and growth of public private partnership, and analyses public private partnership models as per industrial requirements and also discuss the problems of PPP.

**OBJECTIVES OF THE STUDY**

1. To understand the concept and current status of Public Private Partnership (PPP) Projects in India.
2. To focus on the scope of Public Private Partnership (PPP) projects in Indian Infrastructure.
3. To point out the challenges and barriers of PPP projects in India.

**RESEARCH METHODOLOGY**

This research paper is based on secondary data collected from various sources. All the data generated from Government of India official website and the official website of the committee on infrastructure, Planning Commission, ministry of finance and Investment Commission of India. The other major tools for the collection of the information has been from available literature as, journals, books, and news of Govt. of India and states Govt. related to the PPP.

**RESULT & FINDINGS**

1. The project specific risks are rarely addressed by project implementation authorities in this “One-size-fits-all” approach.
2. Typically infrastructure PPP projects span over 20-30 years and a developer often loses bargaining power related to tariffs and other matters in case there are abrupt changes in the economic or policy environments which are beyond his control.

3. PPP arrangements are characterized by the identification of risks and their allocation among the parties to the arrangement. On the basis of the risk allocation, the various PPP models are designed. Many variants of PPP models are implemented across different projects essentially differentiated on the basis of the risk allocation framework employed within these projects. Given below are the basic PPP models that are prevalent in project development.

4. It is identified that in India 304 PPP projects are awarded or used in infrastructure development in very few sectors.

5. There is a huge gap in the funds costing i.e. Rs.351.901.09 crore allocated for infrastructure development and actual need for infrastructure requirement.

6. It is identified that there are no specific efficient legal framework be available to tackle the issues arise in the PPP.

7. There is urgent need to further strengthen the three key pillars of PPP framework namely Governance, Institution, and capacity to build on the established foundation for the next wave of implementation.

8. Karnataka, Andhra Pradesh and Madhya Pradesh are the leading stated with 1471 in terms of number of projects.

CONCLUSIONS

Thus on the basis of the above findings, in the final analysis, the success of deploying PPP as an additional policy instrument for creating infrastructure in India will depend on the change in attitudes and mindsets of all the authorities including public agencies partnering the private sector, government departments supervising the PPPs, and auditing and legislative institutions providing oversight of the PPPs. The PPP reflects a paradigm shift involving the private sector. It means moving away from “transaction to relationship” accommodating “give and take” between private and public sector partners, and finally accepting uncertainties and appropriate adjustments inherent in implementing long-term contracts. Given the market and technological uncertainties, the PPP management will take decisions based on incomplete information. Hence, a decision which looks problematic “ex-post” need not necessarily be considered as mala fide. By all accounts, there are only two or three decades left for India to complete the transition from a low-income and developed economy be overcoming the “middle income trap”.

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A Study on the Conceptual Analysis Of Human Resource Development

A. Asif Ali          Vandana Srivastava

ABSTRACT:
HRD aims at preparing people for performing roles, tasks or functions which they required for overall organizational and individual growth. HRD also plays important role in employee motivation, team building, employee - employer relationship etc. Human Resource Development (HRD) is the framework for helping employees develops their personal and organizational skills, knowledge, and abilities. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, succession planning, key employee identification, tuition assistance, and organization development. HRD climate and culture is one that results from the beliefs of the top management initially and subsequently from the HRD system and practices. Organizational culture is defined as unwritten rules, practices, attitude and beliefs that affect the performance of the employees.

Key words: Human Resource, Employees, Culture, Interventions

INTRODUCTION:
People are the most important and valuable resources of any organization. Dynamic people can build progressive and growth oriented organizations. Effective employees can contribute to the effectiveness of the organization. Therefore, organization should continuously ensure that dynamism, effectiveness, competency and motivation of its people remain at a High level. Thus Human Resource Development (HRD) function plays important role to bring employee effectiveness in the organization.

HRD aims at preparing people for performing roles, tasks or functions which they required for overall organizational and individual growth. HRD also plays important role in employee motivation, team building, employee - employer relationship etc.

With the increase of globalization and economic liberalization, organizations all over the world have started facing challenges to cope with the increased competition, demands, and expectations. These changing demands that are being placed on organizations and their consequent streamlining have created both new challenges and other paradoxes.

Therefore there is a great need these days for devising more effective ways of delivering value to the organization by way of developing human resource. The fact that human competency development is perquisite for the growth and development of organizations and is well recognized now. For real development to take place, organizations need to check whether they have the right employee in the right places with right competencies, knowledge, experiences and capabilities necessary for both current and future responsibilities. These situations call for well planned Human Resource Development (HRD) strategies and policies. Various mechanisms can help the organizations in facilitating and managing their HRD functions. Training is one of the widely used mechanisms of HRD that helps the organizations to get the most from their HR, by developing a result oriented culture throughout the organization. Training improves behavior and makes performance of employee more useful and productive for him and for the organization. Training assists employees to function more effectively in their existing position by exposing them to the latest concept, information and techniques. It also enables to build up a second line of competent manpower by preparing them to occupy higher positions. It enables employees to develop
and rise within the organization, and increase their market value, earning power and job security. It improves the moral of employees by reducing dissatisfaction, grievances and absenteeism.

The fundamental forces at work here are that of a globalized economy: where capital moves quickly, technology changes rapidly, business models are replicated rapidly and products are commoditized with shortening life cycles. For any organization, the only way to compete in such an environment is through superior human capital management, of which training and learning forms the core component. That is why; professionally managed companies provide enough resource for training of their employees to maintain a viable and knowledgeable workforce.

The corporate training and development in India, still in an early stage of evolution, is comparatively undocumented and highly unorganized. There are only a few of what may be called industry players complimented by a plethora of individual trainers and professionals. Even though there are no authentic statistics and data about this industry, there is plenty of evidence to show that this industry is coming of age. Estimation shows that the corporate training market in India to be valued at approximately Rs 2,500 crore. The average training expenditure for top tier companies is approximately 0.5 per cent of the total revenues. Traditionally, Indian companies spend anywhere between 0.5 and 2 per cent of their turnover on training their employees. IT and ITES companies, which are essentially people-oriented businesses, spend about 3-5 per cent of their revenues on upgrading employee skills.

**Objective of the Study:**

The core objective of the study is to understand the core concepts of Human resource development, interventions, process, culture for the development of organization.

**Research Methodology:**

The research article has been developed from descriptive secondary information searched by reviewing various literature reviews on human resource development published in various articles, e-portals, newspapers, journals, research reports and books on this topic.

**CONCEPT OF HRD:**

Human Resource Development (HRD) is the framework for helping employees develops their personal and organizational skills, knowledge, and abilities. Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, succession planning, key employee identification, tuition assistance, and organization development.

**Khan and Khan (2011):** this definition, too much broadens and integrate the concept of HRD and makes it Integrated HRD.

Haslinda-a reported, that Harbison and Myers offered the first definition of HRD in 1964. This definition is very broad in perspective, as it elaborates HRD in relation to culture, the economy and social and political contexts rather than individuals and organizations. They defined HRD as: “HRD is the process of increasing the knowledge, the skills, and the capacities of all the people, in a society. In economic terms, it could be described as the accumulation of human capital and its effective investment in the development of an economy. In political terms, HRD prepares people for adult participation in the political process, particularly as citizens in a democracy. From the social and cultural points of view, the development of human resources helps to people lead fuller and richer lives, less bound to tradition. In short, the processes of HRD unlock the door to modernization.”
Haslinda-b (2009) also quoted definitions for HRD, proposed by other researchers and writers (i.e. Nadler & Nadler, 1970 and Werner & DeSimone, 2006). These definitions varied from the perspectives of an individual researcher or theorists to definitions of HRD by country.

Nadler and Nadler 1970: Definitions from organizational point of view are listed below. “A series of organized activities conducted within a specified time and designed to produce behavioral change”

Werner and Desimone 2006: “A set of systematic and planned activities designed by an organization to provide its members with the opportunities to learn necessary skills to meet current and future job demands”

HRD SYSTEMS/INTERVENTIONS:

HRD functions are carried out through its systems and sub systems. Pareek, Rao (1992) developed the following systems framework of HRD has five major systems and each of the systems has sub systems(Interventions) as elaborated below: the first three systems viz., Career system, Work system and Development system, are individual and team oriented while the fourth and the fifth systems viz. Self renewal system and Culture Systems are organization based.

1. Career system: As an HRD system, career system ensures attraction and retention of human resources through the following sub-systems: Manpower planning, Recruitment, Career planning, Succession planning, Retention

2. Work system: Work-planning system ensures that the attracted and retained human resources are utilized in the best possible way to obtain organizational objectives. Following are the sub systems of the work planning system: Role analysis, Role efficacy, Performance plan, Performance feedback and guidance, Performance appraisal, Promotion, Job rotation, Reward

3. Development system: The environmental situation and the business scenario are fast changing. The human resources within the organization have to rise up to the occasion and change accordingly if the organization wants to be in business. The development system ensures that the retained (career system) and utilized (work system) human resources are also continuously developed so that they are in a position to meet the emerging needs of the hour. Following are some of the developmental sub - systems of HRD that make sure that human resources in the organization are continuously developed.

4. Self-renewal system: It is not enough to develop individuals and teams in the organizations but occasionally there is a need to renew and re-juvenile the organization itself. Following are some of the sub systems that can be utilized to renew the organization: Survey, Action research, Organizational Development interventions, Organizational Retreats

5. Culture system: Building a desired culture is of paramount importance in today’s changed business scenario. It is the culture that will give a sense of direction, purpose, togetherness, and teamwork. It is to be noted that whether an organization wants it or not along with the time common ways of doing things (culture) will emerge. If not planned carefully and built systematically such common traits may not help the business but may become a stumbling block. Hence it is very important to have cultural practices that facilitate business. Some of the culture building subsystems are given below: Vision, Mission and Goal, Values, Communication, Get-togethers and celebrations, Empowerments, Rewards and recognition
HRD PROCESSES:

HRD is a process-oriented function. HRD functions in many organizations fail because the processes involving the systems are not adequately addressed. The concept of process essentially concerns the question of “how” and to a great extent the question of “why”. It emphasizes the behavioral and interactional dimensions. All the HRD processes are centered on four constituents of an organization viz, the employee, role, teams and the organization itself. Each of the unit has its own behavioral patterns and framework, which, if not addressed adequately may not bring in the desired outcomes. It is through these processes that the HRD systems are effectively implemented. Implementations of the HRD systems are, in turn indented to bring in right processes in organizations. Hence HRD systems and HRD processes are closely linked.

Their relationships are well explained by T.V.Rao (1990).

1. Individual: Individual is the basic constituent of an organization. All the behavioral pattern and dynamisms emerge from individuals. Hence individual based HRD process explained below are vital for HRD function and for implementation of the HRD systems.

2. Role: Role is a dynamic entity which involves the expectations of significant others and self from the position of the role holder. A large number of behavioral patterns and dynamism in organizations are centered on the roles. The role occupier and all others who have some linkage or relationship to that role form a constituent. Following are some of the role related, HRD processes in organizations.

3. Teams: Work in organizations are performed through teams or groups. When individuals begin to work in team, behavioural patterns and dynamisms emerge. Following HRD processes are to be addressed if team work should bring in the desired results.

4. Organization: A large number of HRD processes are organization related. Unless and until these processes are in place, HRD cannot take off. However, in a number of organizations as a result of implementation of HRD systems, these processes were set right. HRD systems can contribute towards the development and maturity of these processes.

ROLE OF HRD:

As HRD practitioners create rather than just respond, they will seek leverage and ways to help managers, teams, and individuals take charge of their own human resource practices. HRD competencies and future trends in HRD Pat McLagan (1996) identified nine important roles for HRD practitioners to perform. According to McLagan "HRD may be the only function in a clear position to represent human ethics and morality". It is in the following roles that the present HRD professionals are challenged to create new ways to address the human resource issues:

1. HR strategic advisor: In this role the issues and trends concerning an organization's external and internal people are brought to the attention of the strategic decision makers

2. HR systems designer and developer: This role involves designing and preparing HR systems for implementation so that HR systems and actions are mutually reinforcing and have maximum impact on organizational performance, development and endurance.

3. Organization change consultant: This role means facilitating the development and implementation of strategies for transforming organizations.
4. Organization design consultant: This role involves identifying the work required to fulfill organizational strategies. It also involves organizing the work so that it makes efficient and effective use of resources.

5. Learning program specialist: In this role learning needs are identified to design and develop structured learning programs and materials in a variety of media formats for self-study and workshop or electronic delivery.

6. Instructor/facilitator: This is an increasingly difficult role. In it information is presented, structural learning experiences are lead and group discussions and group processes facilitated.

7. Individual development and career consultant: This role involves helping people assess their competencies, values and goals so they can identify, plan, and implement development actions.

8. Performance consultant: This role means assisting a group or individuals to add value in the workplace. It's a coaching and consulting role in which HRD people perform both analytical and systems-design work.

9. Researcher: This role involves assessing HRD practices and programs and their impact empirically. It also means communicating results so that the organization and its people accelerate their change and development.

HRD CLIMATE AND CULTURE:

HRD climate and culture is one that results from the beliefs of the top management initially and subsequently from the HRD system and practices. Organizational culture is defined as unwritten rules, practices, attitude and beliefs that affect the performance of the employees. HRD deals with competence building, culture building and commitment building. HRD culture also termed as OCTAPACE, which is an acronym for openness, collaboration, trust and trustworthiness, authenticity, Proactive, autonomy, confrontation & experimentation. Thus the characteristics of HRD culture are:

- **Openness**: where people free to express their ideas, opinions and feelings to each other irrespective of their level and designation.

- **Collaboration**: Culture where people are eager to help each other. Trust and trustworthiness: Culture of people believing each other and acting on the basis of verbal messages and instructions without having to wait for written instructions or explanations.

- **Authenticity**: people speak truth fearlessly and keep promises made

- **Proactive**: Promote initiative and exploration on the part of all employees

- **Autonomy**: employee has some scope to use discretion to be job.

- **Confrontation**: It is culture of facing issues squarely. People discuss issues without hurting each other.

CONCLUSION:

HRD climate is characterized by the tendencies such as treating employees as he most important resources, perceiving that developing employees is the job of every manager, believing in the capability of employees, communicating openly, encouraging risk taking and experimentation, making efforts to help employees recognize their strengths and weaknesses, creating a general climate of trust, collaboration and
autonomy, supportive HRD practices. An optimal level of development climate is essential for facilitating
HRD activities.

REFERENCE:


The Greatest Challenge for India is to remain Indian….!!

B B Venkatesh

Objectives:

To illustrate and prove that the work-life balance is the most difficult thing for man in this modern era irrespective of being rich or poor, old or young, in urban or rural area, employee or self-employed. It is like walking on the edge of a sharp razor. And also to prove, however difficult it may be but it is not impossible.

Full Paper:

The greatest challenge to India is not to reform Indian Financial System or not to develop or amend government policies and regulatory environment or the development of entrepreneurship, startups and MSMEs or the development of infrastructure or bringing progress into various sectors of industry like agriculture, manufacturing, service sector, etc. or building new/innovative business management models or clearing obstacles in information & communication technologies or digital India.

As the list made here is only suggestive and not complete, any concept or aspect related to the theme is not the greatest challenge. Then what is the challenge? As a civilization, we have been existing as the only one among the ancient ones, as a country, we have survived the foreign invasion for around one thousand years, as a society, we have produced the most number of professionals which are sought after by the western or the developed world. Every shop keeper irrespective of the fact that he has a shop in a mansion or a dhaba on roadside, is an entrepreneur. When the whole western world shook with the financial recession, our financial system was not much affected as we depended more on what we grow or produce rather than what we earn.

On the other hand, the world is looking or should look at us. We stand strong as a nation, as a culture not without any reason. We are a strong way of life. Normally, we discover a disease, it becomes dreadful, and then the research on it starts. But we had yoga as a solution to all problems ages before any of these modern diseases were discovered. One small example in healthcare, a beautiful lady jumps out of the television with a mike and her crew and asks, “Aapka toothpaste mein namak neem hai…?” As a traditional practice in our culture, what were we using?

We had everything which was required for a peaceful, strong, healthy, happy society. The western influence weakened us. If India has to regain all its glory, it has to remain Indian. All this was possible only because we never shifted our focus from life to work. Work is important, no doubt but not more important than life. Life is the centre of our happiness, this world, and our existence. In the fast moving pace of development, it is difficult to maintain the balance between work and life. And that is the greatest challenge.

“Work is Worship” said our Karmayogi Basavanna who belongs to twelfth century. The work we do is equivalent to worshipping god. Let us not get into the concept of god as each one of us have our own gods. But the concept of worshipping is quite simple to handle than the concept of god. Worshipping is more a tangible idea. The purpose of doing it is quite transparent. We worship because we need something from the god almighty or just to please him. Similarly we work because we need something for ourselves or just to please ourselves. Work is like planting a sapling. Planting of a sapling is a long process of digging a pit, putting some urea along with water, planting the sapling, neatly covering it with adequate mud, protecting it from roadside animals, watering it on a daily basis till it grows above our heads. Once it grows to a certain height, it will take care of us. It provides shelter, food and oxygen for a
very long time and may continue to do it for the generations to come. This is true for many people but for some people, the moment they are born, they are already under a fully-grown and result-yielding tree.

That means somebody in their family has worked so hard or intelligently or a combination of both that the new generation need not do any work at all for their basic living. For them life becomes simple. So simple that any work which is a must or necessity for many becomes meaningless for these people. This is the stage where the individual stands empty in his mind and as the saying goes, ‘an idle mind is devil’s workshop’, and it starts attracting all negatives of lives. There is a strong probability of his life becoming miserable due to no work. This is the connection I am trying to highlight between work and life. Let us examine what would happen if it goes the other way round. A quote in a regional language goes like this, ‘Orunimishapurusottille;oru paisa utpattille….’ When an individual has lot of work and no returns for it, the work loses its importance. And life becomes miserable. In rural areas, it is the other way. How much ever they work, they are not assured of a healthy and comfortable livelihood. They slog the whole year in their fields to get the yield and many times, they don’t get sufficient rains and crops get dried. Sometimes it doesn’t rain in time and the crops get dried. Few other times it rains more and the crops get spoilt due to excess rains. This is about landowners and god only knows the condition of landless people.

We are talking about people in rural areas who are dependent on rains to get their yield. They would have borrowed some money from the banks or the local money-lenders and invested all that on crops and if things go wrong, there would be no way for them to repay the loans on one side and no source of income to manage their future and life becomes miserable. So miserable that no wonder, a helpless farmer takes the drastic decision of ending his life as we have seen or heard many cases of this kind in the recent days. There is a world of difference between the lives of people in rural and urban areas. Urban areas are more inclined towards wealth accumulation. It has more opportunities to make money and a luxurious living. It offers more opportunities for people who are inclined towards work. More the work, more the money. Life in urban areas get directly connected to money. We have reached a stage where money is the only factor which decides the quality of life. If we work, we can live. If we don’t work, we can’t live and if we have to live, we need to work. They are interdependent.

This concept of balancing the work and life is quite tricky here. Work, in urban areas, is not just to earn a living. In today’s world, more than fifty percent of people in urban areas are not directly dependent on their monthly earnings for their living. Still they work. It is for the joy of working, for the satisfaction they would get by working. So work is not just earning a living but more than that. As we start looking work in this angle, often we get engrossed and lose the crux of it. Work is intoxicating for many. They get into the ‘nasha’ of it and get engrossed. As this gets more and more deep into the system, we tend to get disconnected to people around and more oriented to the work. This is not anything wrong but let us see where it would lead us to.

This work would obviously yield more money. More money would give a capacity to own or possess more material which offer more comfort. We would enjoy the comfort and start loving the things which provide the comfort. The most important thing in the aspect of comfort is television. People had to go to cinema halls to get entertained. But later television marched into everybody’s house yielding the comfort of entertainment. People started enjoying the television. It had only one channel, Delhi Doordarshan. Seeing the success of television, few private channels opened up to offer entertainment. People loved it and embraced it. Number of channels increased, features of television also increased and improved. People just loved it. One of the most important improvisation in the making of television which provided the best comfort was ‘remote’. Now people did not even have the work of going all the way to the television to change channels. People admired it and became one with it. Television occupied the most important place in the house. In the due course of time, somebody in the house mishandled the television by chance or by ignorance, that person was badly scolded as if he had committed a murder. He could be even beaten up badly questioning, ‘Do you know the value of money?’ To that extent we loved the television. The other thing the modern man has loved so much is his car. If something happens to the car,
it is interesting to see him react. He would lose his senses, lose his sense of judgement and fight with the opposite person and no wonder if he comes back wounded or being hospitalized. As the shloka of Bhagavad Gita goes

DhyayatoVishayanpumsaha,sangasthopajayathe,sangaaathsanjayathekamaha,kamaathkrodhbhijaayathe, krodadbhathisamnohora,sammohathsmrithivibramaha,smrithibramshadbuddhinaasho, buddhinaashathpranashyathi.

(Bhagavad Gita: Chapter II, Verse 62-63)

(when a man gets to think of worldly things, he gets fond of them, as the fondness gets more he starts loving them, as the love gets deepened he gets caught with anger, when he is in anger he loses the balance of mind, when he loses the balance of mind he loses the differentiation between what is right and what is wrong, and when he reaches this stage, he will surely be destroyed.) What all happened with television and car can happen with land, wealth and any materialistic possessions. These materialistic possessions are the direct result of the work. This work which is basically to support life tends to destroy life. There is another angle for the same concept of luxuries. We discussed how these hard earned luxuries could spoil the mind of modern man and now let us see how it affects his physique. Let us start with same examples. Television brought a colourful world into his own house. He had to go a long way, stand in a que for tickets, see the movie and come back the whole way to reach his house. Now he need not do that. He can see a whole range of entertaining shows sitting inside his house. He need not even walk up to the television to change the channels or to reduce or increase the volume or to even mute it. It all happens sitting on the sofa. This has limited his physical movements to a very great extent. Even if he has to go out which would only be for an emergency or a no-alternative work, a car or a two wheeler is just waiting right in front of the door to do away the honours. The physical movement is just limited to riding or driving to a larger extent. This is the effect of working hard and earning more money. This concept has another face. As it has enhanced the buying capacity of modern man, he eats good food when compared to the less fortunate people. What is good food according to the modern man? Obviously tasty food. Tasty food means food with more oil, high fat content and calories. This is the definition of tasty food as we witness in our own vicinity. It would anyway be costly, and he can afford. He has worked hard and earned. He deserves it. He eats it. He can afford it on a daily basis. He eats it on a daily basis. I hope I am clear in my attempts to throw light on the vicious circle he is drawing for himself as per his physical health is concerned.

Now let us look at the social implications of too much of work. Family would be the unit which would be the most affected. If wife is at home, anybody could guess the implications of it. But it would not be the common scene in today’s urban world. Wife also would be equally busy. If that is the case, anybody can understand the fate of the kid or kids. Family life goes for a toss in such situations where we go on work for hours beyond the office hours. Work, work and work with no time for family is a criminal offence against family. If the person cannot give time to the family, in first case why did he get married? This affects him at emotional level. The children don’t open up at emotional level. When the family doesn’t interact at an emotional level, this family would suffer in a long run. No harmony at familial level. If this is the case at familial level, anybody can imagine, what would be the case at social level. Disharmony creeps in.

After all this what about the situation at the internal level? Spiritual level? When one is not able to maintain harmony at personal and social level, he can never be happy with himself at spiritual level. He would not be able to spend ten minutes with himself alone. Is that called as life? Life. We need to understand life. Life is very simple to understand, the points discussed here like Health-physical & mental, Emotional aspect which includes family & friends, Work which is for the livelihood or for fun and Spiritual growth. All these are like the four legs of a table. All these play an equally important role in
balancing the table. The table of life. Life goes smooth and balanced only when all the legs are of same length and strength.

In today’s modern world the probability of work overtaking an individual’s life is more. Hence, one has tell oneself to draw a line where to stop and look into other areas of life. It is a very tactical situation for each one of us for we are masters in focusing but the need of the hour is to learn the art of de-focusing. A person who doesn’t carry his work home is the ideal person. Carrying need not be just physically carrying it but even mentally the work should not be carried. A person who doesn’t carry work to home mentally is the one who plunges into sleep the moment he rests his head on his pillow. How many of us are capable to do this. Probably none of us. This is equivalent to a ‘vrutha’ which means a difficult task done with great reverence in our ancient diction. To be more particular, this concept of work-life balance is as difficult as a ‘vrutha’ called ‘AsiDhaaraVrutha’ which means it is walking on the sharp edge of a sword.

This concept of ‘AsiDhaaraVrutha’ has to be followed by individuals and the whole country to remain Indian at heart. On the contrary, we can see work occupying an important space and portion of our life. It is not just work but excess of work, excess of target, high returns, we are behaving as today is the end of the world. For example, let us take a company. If this year, they are able make a profit of Rs100/- with ten employees, the very next year their target is to make a profit of Rs1000/- with a maximum of twenty employees. Why? Why this hurry is my question? This over expectation is spoiling the work atmosphere everywhere. The work force of this country is getting tired. They tend to go slow. This is mistaken often as reluctance for work by the employers. So they need new and young employees. Here comes the importance of skill and experience. All these things are interlinked and keeps on worsening the situations. The insecurity which is created in this background corrupts the minds of people and weakens the system. The company keeps on progressing like East India Company but the people suffer. When this situation creeps into all companies, the whole work-force gets diluted and corrupted. This is the situation in the West which has already creeped into our country. If we have to avoid such a situation, we have to just focus on the necessary basic and vital things and remain happy and peaceful instead of jumping into the rat race of material accumulation.

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Hospitality Sector Facing Challenges with Indian Government Policies and Regulatory Bodies

K.P.Yuvaraj

ABSTRACT

The Hospitality sector is among the top 10 sectors in India to attract the highest Foreign Direct Investment (FDI). During the period April 2000-March 2016, the Hospitality sector attracted around US$ 9.23 billion of FDI, according to the data released by Department of Industrial Policy and Promotion (DIPP). Hospitality sector includes majorly both Tourism Industry as well as Hotel industry. Hotel industry acting as a major supporting sector for Travel and Tourism Industry by providing Accommodations and Food and beverage service to the Tourists. This study examines the difficulties faced by the Indian hospitality sector as a whole including the challenges faced by the owners as well as the Management and Potential customers in along term run. This study follows the flaws in some of the government policies and regulatory bodies directly related to hospitality sector. This policies affecting the Room occupancy rate for the hotels (Rev-par), Food and beverage outlets, transport business, local employment opportunities and destination development etc. These are few of the most important concerns which have a long lasting effect upon the business of the hospitality.

Key Words: Tourism Industry, Hotel Industry, Challenges, Rev-par, food an beverage outlets, Government policies, Indian Economy

INTRODUCTION TO HOSPITALITY SECTOR

The hospitality Industry is possibly one of the oldest forms of business. It compasses a wide range of travel and tourism business activities such as airlines, cruise ships, car rentals, recreation facilities and hotel industry comprising of hotels, motels, banqueting, organizing meeting and conventions. The common denominator in all these business activities is service which is based upon the service of hospitality of welcoming the guests and looking after their needs through exceptional service.

When India agreed to host the 1982 Asian Games, a boost was given to the country’s hospitality sector. The National Tourism policy of 1982 was the first step towards formulating a concerted policy for development of tourism in India. In 1982, Indian government officially recognized Tourism as an Industry.

HRACC (Hotel and Restaurant Approval and Classification committee) has been formed by Department of Tourism to Issue Licenses and govern the activities of the hotel.

OBJECTIVES

To understand the present status and scenario of Taxation policy on hotel Industry.

To find out impacts on Government Policies towards hospitality sector.
To enumerate how Ease of doing business process is important for the overall development of Indian economy.

**INDIAN GOVERNMENT LAWS AND REGULATIONS**

The raft of legislation governing the hospitality industry can be divided into three sectors. The first governs the construction and commissioning of hotels, restaurants, guest houses and other establishments, and includes the Foreign Exchange Management Act, the industrial licensing policy, the Transfer of Property Act, and various development control orders issued by central and state governments and local municipal councils.

The second governs the operation, maintenance and management of establishments, and the health and safety of occupants. This legislation includes the Indian Contract Act, Health and Safety laws, Insurance laws (notably public liability insurance), and Fire safety and hygiene regulations. Establishments must obtain various licences, such as a liquor licence, dance licence, lodging house licence, eating house licence, police permissions, a licence under the Shop and Establishment Act, or a licence under the Food and Drug Administration Act, all of which are granted on an annual basis. If an establishment fails to meet the requisite criteria the licence is not renewed, effectively closing down the business.

The third set of rules governs taxation, employment and other contractual relationships. This includes laws on income tax, service tax, expenditure tax, excise duty, luxury tax, entertainment/amusement tax, as well as laws on pension, gratuity and provident funds, and other employment laws.

**CLASSIFICATION OF REGULATORY OF SYSTEM**

From a regulatory perspective, the hospitality industry can be split into the following six categories. Each category needs a specific set of approvals and must fulfill specific regulatory requirements.

*The premium or luxury sector*: five-star or deluxe hotels catering generally to business and up-market foreign travellers. Nearly 30% of all hotel rooms fall into this category.

*The budget sector*: four to one-star hotels catering to average and domestic leisure travellers, and generally found in smaller towns and cities.

*Heritage hotels*: palaces, haveli(mansions) and forts that have been converted into hotels, thus mixing effective preservation with commercial capability.

*Resorts and clubs*: located on the outskirts of a city, these venues can range from premium to budget quality.

*Restaurants*: food chains and outlets set up in India. They are usually run by international chains, like Domino’s Pizza, Pizza Hut and McDonald’s.

*Serviced apartments*: a new concept in India. Except for a few serviced apartments in Delhi and Mumbai, the market is in nascent state.

Within this broad classification the units are further sub-classified as tourism units for the grant of incentives under various central and state government policies.
LINCENSING ISSUE

It is a well known fact among the local and international investors that India is a difficult country to start a business. It ranks 130 among the 185 countries in terms of ease of doing business due to issues related to licensing. The current regulatory environment in the country makes hotel development a difficult terrain for owners. Beginning with the land acquisition stage, for which the archaic laws differ from state-to-state, to securing approvals and licenses, an owner faces bureaucratic bottlenecks irrespective of whether he uses a top-down or a bottom-up approach to cut through the red tape, though the former is likely to yield quicker results.

There are numerous licenses and approvals (can add up to more than a 100 in some states) that one needs to get in present times to open a hotel in India leading to loss of time, effort and money. Furthermore, the various bodies giving approvals/issuing licenses tend to work in independent silos, leaving the coordination up to the applicant.

INDIA NOT THAT INCREDIBLE FOR FOREIGN TOURISTS DESPITE E-VISAS

India's image as a tourist destination took a beating last year after overseas arrivals grew at the slowest pace in three years and foreign currency earnings dipped as e-visas failed to attract visitors in large numbers and an economic slowdown in some countries cut foreign travel. Tourist arrivals in the country increased 4.55% to 8.03 million in 2015, according to data on the tourism ministry's website. Earnings from tourism fell 2.8% to $19.6 billion. In 2014, both tourist arrivals and foreign exchange earnings had increased 10.2% and 9.7%, respectively

"The needle on tourism has not moved at all. After the launch of e-visa, we should have had a marketing blitzkrieg across all overseas markets and coupled that with 'Make in India' and other initiatives like ease of doing business, etc. But somehow we weren't able to link the tourism bandwagon to both these things," said Kapil Chopra, chairperson of the World Travel & Tourism Council, India Initiative (WTTCII). The government launched e-visas for tourists from 43 countries in November 2014 and widened it to 150 countries in February. Although the number of visitors using this facility surged 11-fold to 445,300, they still accounted for only 5.5% of the total arrival

"India is on such a low base (of tourist numbers) that it needs to grow exponentially...To release a statement that there is 1,000% growth in e-visa is giving the wrong perception to the public," said Chopra, who is also president of the Oberoi Group. Industry experts said the e-visa website is often mired in technical and payment gateway-related issues, which further delay the process. One reason cited for slowing growth in tourist arrivals is the lack of efforts by the government to promote India in overseas markets. "Out of the 14 tourist offices that India has in different regions across the globe, 12 don't have senior-level representatives or heads to actively promote the country," said Sarabjit Singh, vice chairman of the Federation of Associations of Indian Tourism & Hospitality.

"We need to grow 30-40% year-on-year on tourist arrivals and there needs to be a blueprint where the government works with the private sector," said Chopra. France topped the rankings of international destinations in 2014, with 84 million tourists and earnings of $55 billion, while the US was second with 75 million arrivals with $177 billion in earnings, according to the UN's World In a bid to push India's image as a tourist destination, WTTCII is in talks with the tourism world Tourism Organization.

INDIAN GOVERNMENT'S TAXATION POLICY ISSUES

Tourism is a highly taxed industry. Few people, outside of the tourism and travel industry, realize just how many taxes travelers pay. Look at the percentage of taxes paid on an airline ticket, a hotel room, or a rental car. In some locales (be that local a country, city, state or province) almost 40% of the commodity’s
cost comes from add-on taxes. When government officials claim that they must provide additional protection services to non-residents they often fail to take into account just how much money non-residents add to a local economy not only through purchases but also through the payment of taxes.

India is facing a slump in the Hotel Industries for approximately five years now. It is facing low occupancy and declining Rev-par over these years. In India, hotels are taxed anywhere between 20% and 25% depending on the state that they are operating in, when other Asian countries are levying 8-10%. In addition to this, different tax structures in different states are difficult for tourists to comprehend. Not to mention that taxes ultimately are levied through the customer’s pocket, whereas, if some tax relaxations are given to the hospitality industry it will provide a boost to the hotels in terms that they will have more operational cost to run their business and financial support to reduce the risk of failures and give endurance to sustain through the slack times. The saved money could find a place in annual budget of the hotel’s operations to increase the ADR and Rev-par through the customer retention strategies opted by the hotels.

DEBT-FUNDING BY THE INDIAN BANKS

Debt-funding for hotel projects in India is a short loan term, typically of 10-12 years, but with high interest rates of 12-14%. In cities such as New York, London, Dubai and Moscow, the term period of the loan ranges from 20-30 years, with interest rates of 5-7%.

In other cities such as Beijing and Buenos Aires, while the length of the loan term is around 10 years, the interest rate is in the range of 9-10%. According to HVS India in September 2016 researched the lending parameters prevalent in select other countries of the world for hotel debt-funding and compared them to the prevailing conditions here.

ECONOMIC ISSUES

Dependence upon the Nation’s Economy

When the nation’s economy is good, business travel generally increases. Hospitality occupancy rates and rack rates increase, which results in higher profit levels. The reverse is also true: business travel slows when the economy slow. Then occupancy and rack rates decrease. Discounts to increase occupancy are offered, which yield lower revenues and profit decreases.

Some 60 branded hotels are up for sale in India says K. B. Khachru, Chairman, Carlson Rezidor, South Asia. He further states —this trend is not unique to India; it happens all over the world and more so, when economy is not doing very well. Many Asian, European and American cities have gone through this phenomenon. Primarily it is slowdown of economy that has brought this upon us.

Shah in 2014 said that around six years ago, a night at a luxury hotel in the Delhi region cost on average Rs.10,429—about $259 at the time and on par with several five-star hotels in Singapore. Occupancy rates were an enviable 74%, according to hospitality consultants HVS, as business travellers flocked to India, an economy that was then growing at nearly 10%. Since then, economic growth has halved, reducing the flow of corporate guests who make up about 70% of the business for five-star hotels in cities like Delhi and Mumbai. Average room rates in the capital region have also almost halved to around Rs. 6,850, while occupancy rates were found 55% only.

SECURITY AND SAFTEY ISSUES

Security is a major challenge to the tourism and travel industry. The Tourism and Travel Industry should have received a major wake-up call on September 11, 2001. Unfortunately many Industry leaders simply provided lip-service to security issues rather than confronting the problem. Too many tourism offices or
convention and visitors bureaus have no (or almost no) contact with their local police departments. Too many police departments have no officers trained in TOPs (tourism oriented policing/protection services). Too few city councils or local governments have provides their security agencies (e.g., policy departments) with the economic and manpower resources to protect the visitor and tourism facilities. Almost no community has done a tourism security assessment of its industry’s personnel and sites. Unless the visitor’s security becomes a primary focus of concern, many tourism and travel destinations may face great economic losses in the future.

Safety is another challenge facing the tourism industry. The current population is aging perhaps like no other one in history. As the baby boom generation (those born between 1946-1960) increasingly approaches its 6th decade of life, many of its members are refusing to slow down. Although the baby-boomers bodies are aging, travel and tourism officials are seeing many of these people practicing all sorts of physical activities, from motorcycling to skiing. This “refusal to sit back and grow old” means that tourism officials will be facing all sorts of safety issues. Mobile medical units may be needed, others will need special diets and readily available pharmacies open 24 hours a day and 7 days a week.

Closely related to safety issues are health issues such as pandemics that can easily cause tourism panics. Not only can a drop in water quality (purity) become a major tourism issue, but also the industry must face the reality of pandemics and/or pandemic scares. The SARS “scare” ought to have reminded the travel industry that a few media stories can wreak havoc on the tourism industry’s viability. In a like manner, a nervous public may connect a health event with a potential act of terrorism. The anthrax episodes in Washington, DC are an example of how a nervous public may cease to visit a locale due to health related safety issues.

**ROLE OF INDIAN GOVERNMENT AND PRESENT INITIATIVES TOWARDS HOSPITALITY SECTOR**

The Indian government has realized the country’s potential in the tourism industry and has taken several steps to make India a global tourism hub. Some of the major initiatives taken by the Government of India to give a boost to the tourism and hospitality sector of India are as follows.

The Union Cabinet has approved a MoU between India and South Africa, aimed at expanding bilateral cooperation in the tourism sector through exchange of information and data, establishing exchange programmes and increasing investments in the tourism and hospitality sector.

The Ministry of Tourism plans to revise its guidelines to exempt homestays from service tax or commercial levies and make their licensing process online, which is expected to encourage people to offer homestays to tourists. The Union Cabinet has approved the signing of Memorandum of Understanding between the Ministry of Tourism of India and the Ministry of Trade Industry and Tourism of Colombia in order to boost cooperation in the field of tourism between the two countries.

The Central Government has given its approval for signing of a MoU between India and Cambodia for cooperation in the field of tourism with a view to promote bilateral tourism between the two countries.

The Heritage City Development and Augmentation Yojana (HRIDAY) action plans for eight missions cities including Varanasi, Mathura, Ajmer, Dwarka, Badami, Vellankini, Warangal and Amaravati have been approved by HRIDAY National Empowered Committee for a total cost of Rs 431 crore (US$ 64.27 million).

Government of India plans to cover 150 countries under e-visa scheme by the end of the year besides opening an airport in the NCR region in order to ease the pressure on Delhi airport.
Under ‘Project Mausam’ the Government of India has proposed to establish cross cultural linkages and to revive historic maritime cultural and economic ties with 39 Indian Ocean countries.

**SUGGESTIONS**

For everything we need a policy – a sound policy. Let me now put forward a few policy suggestions to develop sustainable growth of hospitality sector in India:

1. Indian government need to be liberalized on taxation policies.
2. GST (Good and Sales Tax) should be implemented as soon as possible to increase the potential of Hospitality sector.
3. Incentives towards private investment on Hospitality sector need to be increased.
4. Debt funding systems by Indian banks should be modified. Interest rate need to be reduced.
5. Enhancing security, stepping up investment and boosting (world class) infrastructural activities should be on the top of the agenda. Service quality – in hotels, Airports, railway stations, etc – needs to be upgraded.
6. Proper market segmentation should be done on the basis of criteria like demographic, socioeconomic and geographic variables. Yet a holistic approach should be the objective to project an Incredible and Inclusive India. Commercialization should not result in dehumanizing tourism.
7. E-Visa process should be extending to few more countries to attract large number of foreign travelers.
8. Education, research and training are crucial cogs in the wheel of tourism. HRD should be given priority. Adequate importance should be given to inductive research on historical importance and contemporary relevance.

**CONCLUSION**

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. We are subject to numerous federal, state and local government laws and regulations affecting the hospitality industry, including usage, building and zoning requirements. A violation of any of those laws and regulations or increased government regulation could require us to make unplanned expenditures and result in higher operating costs. In addition, our success in expanding our hotel operations or engaging in condo-hotel conversions depends upon our ability to obtain necessary building permits and zoning variances from local authorities. Compliance with these laws is time intensive and costly and may reduce our revenues and operating income.

Indian government taxation policies and regulatory system must be modified according to the demand of the travelers and Investors. Indian government regulatory measures should ensure the need of the hospitality sector for sustainable growth. Financial supports need to increase from government to the Tourism industry to protect the potential Hospitality sector to the larger extend.

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Dr.R.Latha

Abstract: HRM practices in emerging business scenario is highly focused. Customary faculty administration and HR administration exercises are insufficient to contend in the testing situations. HR divisions ought to wind up key accomplices of associations' top administration level groups and be a part of the key arranging process. All HRM capacities ought to be outlined reliable with the methodologies and objectives of associations. There ought to be vertical and level consistency among all HR capacities and association's procedures. So as to build up the aptitudes of workers and backing their creativity, HRM capacities and practices ought to be actualized by necessities of representatives. Associations can increase upper hand by outlining their HRM capacities methodically and support their representatives for being imaginative. In this paper, firstly the advancement and significance of key HRM are researched. A positive relationship between vital HRM practices and development is found in the investigation and the outcomes are talked about in the conclusion segment.

Keywords: Strategic HRM, competitive advantage, HRM functions, innovation.

Introduction
The most ideal approach to comprehend vital HR administration is by contrasting it with human asset administration. HRM concentrates on enlisting and contracting the best workers and giving them the remuneration, advantages, preparing, and advancement they should be fruitful inside an association. Be that as it may, vital human asset administration makes these obligations one stride further by adjusting them to the objectives of different divisions and general authoritative objectives. HR offices that practice key administration likewise guarantee that the greater part of their targets is adjusted to the mission, vision, qualities, and objectives of the association of which they are a section. Key human asset administration is the act of pulling in, creating, compensating, and holding representatives for the advantage of both the workers as people and the association all in all. HR offices that practice key human asset administration don't work autonomously inside a storehouse; they cooperate with different divisions inside an association keeping in mind the end goal to comprehend their objectives and afterward make systems that adjust to those destinations, and those of the association. Therefore, the objectives of a human asset division reflect and bolster the objectives of whatever is left of the association. Key HRM is seen as an accomplice in hierarchical accomplishment, instead of a need for lawful consistence or pay. Vital HRM uses the ability and opportunity inside the HR office to make different offices more grounded and more successful.

At the point when a human asset office deliberately builds up its arrangements for enrollment, preparing, and remuneration in light of the objectives of the association, it is guaranteeing a more noteworthy shot of hierarchical achievement. Key HRM characterizes the association's expectations and arrangements on how its business objectives ought to be accomplished through individuals. It depends on three recommendations: to begin with, that human capital is a noteworthy wellspring of upper hand; second, that it is individuals who actualize the key arrangement; and, third, that an orderly approach ought to be adjusted to characterizing where the association needs to go and how it ought to arrive. Vital HRM is a procedure that includes the utilization of all-encompassing ways to deal with deal with the advancement of HR systems, which are coordinated vertically with the business methodology and on a level plane with each other. These procedures characterize expectations and arrangements identified with general hierarchical contemplations, for example, authoritative adequacy, and to more particular parts of individuals’ administration, for example, resourcing, learning and improvement, prize and worker relations.
Key HRM addresses wide authoritative issues identifying with changes in structure and culture, hierarchical adequacy and execution, coordinating assets to future necessities, the advancement of particular abilities, information administration, and the administration of progress. It is worried with both human capital necessities and the advancement of procedure capacities, that is, the capacity to complete things successfully. Generally speaking, it manages any significant individuals’ issues that affect or are influenced by the vital arrangements of the association. Vital HRM supplies a point of view in transit in which basic issues or achievement elements identified with individuals can be tended to and vital choices are made that have a noteworthy and long haul sway on the conduct and accomplishment of the association. The key point of key HRM is to produce key ability by guaranteeing that the association has the gifted, conferred and all around roused representatives it needs to accomplish supported upper hand. Its goal is to give an ability to know east from west in a frequently turbulent environment so that the business needs of the association and the individual and aggregate needs of its workers can be met by the improvement and usage of cognizant and reasonable HR strategies and projects. While considering the points of vital HRM it is important to consider how HR methodologies will check the interests of the considerable number of partners in the association: workers by and large and in addition proprietors and administration. Delicate key HRM' will put more noteworthy accentuation on the human relations part of individuals administration, focusing persistent advancement, correspondence, inclusion, security of business, the nature of working life and work life equalization. Moral contemplations will be vital. 'Hard vital HRM' then again will accentuate the respect be acquired by putting resources into HR in light of a legitimate concern for the business.

Key HRM ought to endeavor to accomplish an appropriate harmony between the hard and delicate components. All associations exist to accomplish a reason and they should guarantee that they have the assets required to do as such and that they utilize them adequately. Be that as it may, they ought to likewise check the human contemplations contained in the idea of delicate vital HRM. Methodology, accomplishing key fit, elite administration, high-duty administration and high-contribution administration, as depicted beneath.

A key point of asset based HR methodology, as Barney (1991) shows, is to create key capacity accomplishing vital fit amongst assets and open doors and getting included worth from the viable organization of assets. An asset based methodology will address strategies for expanding the association's key ability by the advancement of supervisors and other staff who can think and plan deliberately and who comprehend the key vital issues. In accordance with human capital hypothesis, asset based hypothesis underlines that interest in individuals adds to their quality in the firm. The vital objective will be to 'make firms which are more keen and adaptable than their rivals' by contracting and growing more gifted staff and by amplifying their abilities base. Asset based technique is along these lines worried with the upgrade of the human or scholarly capital of the firm. 'Information has turned into a direct upper hand for organizations offering thoughts and connections. The test to associations is to guarantee that they have the ability to discover, absorb, remunerate and hold the gifted people they require.' When the outside environment is in a condition of flux, the company's own assets and capacities might be an a great deal steadier premise on which to characterize its personality. Thus, a meaning of a business as far as what it is equipped for doing may offer a more solid premise for methodology than a definition based upon the necessities (eg markets) which the business tries to fulfill.

HRM functions and practices are the infrastructure elements of strategic HRM process. Organizations should strategically utilize these infrastructure requirements to gain competitive advantage, particularly through their human resources and human resource management practices. Infrastructure requirements consist of those functions and activities are necessary for effective management of an organization’s human resources. The major purposes of these activities traditionally have been to attract, retain, and motivate employees. They are referred as HRM practices and the key HRM practices include; human resource planning, staffing including recruitment, selection and socialization, appraising, compensation,
training and development. The result of effectively managing human resources is an enhanced ability to attract and retain qualified employees who are motivated to perform, and the results of having the right employees motivated to perform are numerous. They include greater profitability, low employee turnover, high product quality, lower production costs, and more rapid acceptance and implementation of corporate strategy. Although HR executives’ involvement in strategic management was not always associated with firm performance, their involvement had a substantial effect when the firms pursued an innovation strategy for which skilled employees were a critical source of core competence manage innovative workforce effectively, traditional HRM practices, such as work systems, HR flows, rewards and employee influence, have to be renewed to be in line with the innovative strategy of the organisation. “HRM innovation” seeks a model that pays attention to the dynamic character of various types of innovations not just cost reduction or quality – in organizations, that is in line with an innovation oriented organizational strategy supported by deliberately chosen (HRM) policies and practices at all relevant levels.

Reviews

Conrad Lashley, (1999) Employee empowerment is said to benefit all organisations. The fast moving global economy requires that organisations learn and adapt to change quickly, and employees have a key role to play here. This is particularly true in modern service organisations. The empowered employee is said to respond more quickly to customer service requests, act to rectify complaints and be more engaged in service encounters. Gijs Houtzagers, (1999) nowadays in order to contribute to the competitive strength of the organization empowerment is seen as a useful tool. But the organization must know what it wants to empower. Therefore it must be able to map the desired skills and competence levels for the workforce and to compare these with the actual situation. This article gives an overview of how to set up skills and competence management. Guvenc G. Alpander, (1991) One MNC′s attempts to develop empowerment strategies are reviewed. These strategies are based on a cross-cultural study of employee needs in the company's Australian, German and Japanese subsidiaries. Although the need to control stands out in each of the three countries, employee needs patterns are different. The needs for economic security, belongingness, recognition, self-worth, and control relate with each in different configurations and patterns. Because of significant differences in employee needs patterns, empowerment strategies enabling employees to fulfil their need to control cannot be transferred from one culture to another without major adjustments. In some instances very little is needed to empower an employee while in others almost nothing works. Some light is shed on why, within an MNC, a similar amount of control over their work and work environments empowers Japanese workers much more than their Australian and German counterparts.

Leon A. Kappelman, Thomas C. Richards, (1996) examines an innovative first step which one organization took on the road to employee empowerment. Indicates that empowered employees are more able to adapt to change and less likely to resist it, and their need for control is being met through their empowerment, rather than by their resistance. Manuela Pardo del Val, Bruce Lloyd, (2003) this paper aims to contribute to the empowerment literature by providing a concrete definition of the topic and thus a way of measuring the empowerment level in organisations. The tool designed to measure empowerment resulting from the previous theoretical definition has been proved to be a scale, fulfilling the necessary properties: reliability and validity. Measuring empowerment not only serves to know how many companies use empowerment practices but also can be used to delve deeper into relationships between empowerment levels and other managerial concepts, such as the effects of empowerment on organisational change, on quality, or even on organisational performance.

Martin Dufficy, (1998) examines the development of the “empowerment audit” (EA) as a quantitative tool to measure the degree to which employees within an organisation are empowered. Analyses how what is, in effect, a two-year survey of 100-plus sites of large and medium-sized manufacturers shows a
correlation between the extent of empowerment within companies and the improvement in business performance over time. Norma D’Annunzio-Green, John Macandrew,(1999) Evidence to date shows a divergence in the methods and approaches used by companies to introduce empowerment and indeed a wide debate as to the meaning and appropriateness of the term itself. The popularity of the concept has led many organisations to “dive in at the deep end”, wanting to experience the benefits of empowerment without perhaps stopping to consider the wider implications and consequences. It provides an insight into differing perceptions of the meaning of empowerment between employees and managers; the positive and negative experiences of those working in an empowerment culture and the changes required for a renewed attempt at introducing empowerment to be successful. The authors conclude that “quick fix” strategies will rarely be successful and urge the development of a longer-term, more sustainable, approach.

Nurdan Özaralli, (2003) the purpose of this article is to investigate transformational leadership in relation to empowerment and team effectiveness. As part of an integrative model of leadership, transformational leadership style of superiors is proposed to be related to the strength of subordinate empowerment and team effectiveness. Shauna L. Meyerson and Theresa J.B. Kline, (2008) results supported the proposition that empowerment should be separated into its behavioral and psychological components. The dimensions of empowerment also differentially predicted job outcomes.

Methods

The reason for the study is to decide the relationship between key HR administration practices and development. Another reason for the study is to uncover the view of organizations on vital HR administration practices and advancement and clarify the improvement needs. Likewise it is examined that whether the impression of key HR administration practices and development show distinction or not as per representative number, organization age and capital structure. The study is critical to demonstrate the relationship between key HR administration practices and development. With the aftereffects of the exploration, it is conceivable to give significant a bit of knowledge about the impact of vital HRM rehearse on advancement. There is an absence of experimental study in the related writing about the relationship between vital HRM and advancement discernment. By considering the need of experimental studies in this field, clearly both the hypothetical and exact aftereffects of this examination will give a vital commitment to the related writing.

Sample and Data Collection

Distinctive organizations from different areas partook to the exploration (n=160) between November 2015-February 2016. The technique for the examination testing is "comfort inspecting". Two scales were utilized as a part of the surveys as estimation instrument of the exploration. 7 measurements that measure key HRM rehearse. The scale was meant Turkish by the scientists and one measurement was wiped out by considering the structure of Turkish organizations so the key HRM scale was utilized as with measurements (preparing and improvement, support to choices, employer stability, work recognizable proof, execution assessment and vocation administration) and 24 things in the examination as indicated by face legitimacy. The inquiries regarding social demographic capabilities, for example, sexual orientation, training, status, position and age were incorporated to the things and the survey structure was produced. The polls were sent to workers by means of email and gathered by the same way. Polls were sent to HR representatives who are working in various segments. HR workers answered the surveys from these segments.
Data Analysis

The items of strategic HRM scale were presented using “Yes” or “No”. If the company had this HRM practice, the answer was “1: Yes” and if the company did not have this HRM practice, the answer was “0: No”. Then the total index score of strategic HRM practices was computed. This scoring had an advantage of determining the existence of strategic HRM practices in the companies and integrating organizational level analysis. The items of innovation scale were presented using a five-point Likert item as “1: strongly disagree” and “5: strongly agree”. Data was analyzed by IBM SPSS 20. Cronbach alpha reliability value was computed in order to find the reliability of the scale. The reliability values are 0.870 for strategic HRM scale and 0.890 for innovation scale. The reliability values of both scales are high for researches in social sciences. Descriptive statistical analysis (arithmetic mean and standard deviation) and Pearson correlation test were used to determine the relationship between strategic HRM and innovation perceptions.

Findings and Results

According to descriptive statistics results, it can be seen that most of the companies support their employees to participate decision making process but they do not reflect this to career management processes.

Table 1: Mean and SD of SHRM

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>SD</th>
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</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>3.31</td>
<td>0.96</td>
</tr>
<tr>
<td>Training-Development</td>
<td>3.71</td>
<td>0.97</td>
</tr>
<tr>
<td>Participation to Decisions</td>
<td>3.76</td>
<td>1.02</td>
</tr>
<tr>
<td>Job Security</td>
<td>3.31</td>
<td>1.09</td>
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<tr>
<td>Job Identification</td>
<td>3.61</td>
<td>1.14</td>
</tr>
<tr>
<td>Performance Evaluation</td>
<td>3.54</td>
<td>1.12</td>
</tr>
<tr>
<td>Career Management</td>
<td>3.57</td>
<td>1.09</td>
</tr>
</tbody>
</table>

Table 2: Correlations Analysis of SHRM

<table>
<thead>
<tr>
<th></th>
<th>SHR M</th>
<th>Innovation</th>
<th>Training-Development</th>
<th>Participation to Decisions</th>
<th>Job Security</th>
<th>Job Identification</th>
<th>Performance Evaluation</th>
<th>Career Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHR M</td>
<td>1</td>
<td>.173**</td>
<td>.320**</td>
<td>.363**</td>
<td>.459*</td>
<td>.432**</td>
<td>.452**</td>
<td>.657**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.029</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Innovation</td>
<td>.173*</td>
<td>1</td>
<td>.211**</td>
<td>.287**</td>
<td>.328*</td>
<td>.372**</td>
<td>.061</td>
<td>.294**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.029</td>
<td>.007</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.447</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>
Training Development

Pearson Correlation

320** .211** .334** .243* .410** .382** .332**

Sig. (2-tailed) .000 .007 .000 .002 .000 .000 .000

Participation to Decision

Pearson Correlation

363** .287** .334** .482* .395** .267** .306**

Sig. (2-tailed) .000 .000 .000 .000 .001 .000 .000

Job Security

Pearson Correlation

459** .328** .243** .482** .611** .382** .437**

Sig. (2-tailed) .000 .000 .002 .000 .000 .000 .000

Job Identification

Pearson Correlation

432** .372** .410** .395** .611** .380** .498**

Sig. (2-tailed) .000 .000 .000 .000 .000 .000 .000

Performance Evaluation

Pearson Correlation

452** .061 .382** .267** .382* .380** .483**

Sig. (2-tailed) .000 .447 .000 .001 .000 .000 .000

Career Management

Pearson Correlation

657** .294** .332** .306** .437* .498** .483**

Sig. (2-tailed) .000 .000 .000 .000 .000 .000 .000

N 160 160 160 160 160 160 160

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

There is a strong positive relationship between HRM practices and innovation as a result we can say that strategic HRM practices support innovative opinions of employees.

Figure 1: Proprieties Information of SHRM
Proprieties Information of Innovation

Conclusion

HR is the important and interesting resources of associations for increasing upper hand in today's difficult surroundings. The associations which can choose and hold qualified workers with the required abilities can be effective today. HRM practices are imperative for selecting and holding these qualified workers. Outlining these HRM capacities and practices deliberately and as indicated by the necessities of representatives can help associations to pull in and hold these work powers. Vital HRM hones likewise have essential part in supporting advancement in associations. HRM practices, for example, preparing and advancement exercises, cooperation to basic leadership procedure and strengthening can bolster workers' imaginative thoughts and urge them to be dynamic in development process. Accordingly, a positive and solid relationship has been found amongst advancement and HRM practices, for example, preparing improvement, support to basic leadership, work examination, work distinguishing proof, and execution assessment and profession administration. Additionally it is seen that associations that took an interest to the examination have been utilizing these key HRM rehearses as a part of a medium level.

References

An Empirical Study of Competency Mapping with respect to Travel Operators in Hyderabad – An Executive Level Perspective

K. Pavan Kumar          Gowrabhathini. Jitendra          S. Krishna Soujanya

Abstract

Today doing business has became a complex activity which involves coping up with the highly complex and cut throat competitive environment combined with technological shifts and concerns for globalization. Success can be attributed to the organizations which deploys right employees at the right place, where by achieving ‘best fit’ in the organization. Hence identifying the employees with desirable skills to discharge the duties is crucial for the success of any organization. Competencies are the skills that are required to perform a job. The parameters that are incorporated while specifying competencies for a job are knowledge, skills and attitude. Organizations are always striving to enhance their competencies incorporating skillful workforce in their units. Therefore the current study is taken up to study the role of competency mapping in the performance of executive level employees. The research data collected through Primary data which has been collected by Questionnaire from six travel operating firms in Hyderabad. And the Secondary data has been collected from Books, journals, websites etc. A self made questionnaire considered as a basic frame work in generating the questions for the interview for the present study. The aim of the study to measure the competency levels of executive level employees among travel operators spanning around Hyderabad. For this, 19 executive cadre employees of 6 travel operating firms were analyzed against 9 factors i.e., Job/ Package Knowledge, Commitment towards Policies, Emergency Preparedness/Handling, Team Work, Initiative, Decision Making, Problem Solving, Communication Skills and Self Development. Among the 9 factors, Employee preparedness to handle emergencies has significant impact on employee competency followed by Commitment towards Policies. The study serves as deeper probe which helps in further research of competency mapping, service sector and travel industry.

Keywords: Best Fit, Competencies, Job Knowledge, Employee preparedness, Commitment towards Policies.

Introduction:

Today organizations are focusing on their excelling their competencies rather than competing in the market environment which is the need of the hour to build a skillful and competent team. Such strategic course gives an edge for an organization in the market. McClelland (1973) stated that a “competence” in tradition, is “a personal trait or set of habits that leads to more effective or superior job performance”, in other words, an “ability that adds clear economic value to the efforts of a person on the job”.

Objectives:

- To assess the competency levels of executives of travel industry in Hyderabad.
- To identify the skills gaps of the executives of travel industry in Hyderabad.
- To suggest suitable recommendation based on the study.

Methodology

- The research data collected through Primary data which has been collected by Questionnaire from the executive level employees of various travel operating firms in Hyderabad.

Sampling Design
• The sample of 95 employees was chosen on the basis of Stratified random sampling.

**Literature Review**

Gary Holmes & Nick Hooper (2000) claimed that core competency is one of a range of concepts that deal with the idea of essential skills to support personal development, employability, and socialization. Boyatzis (1982) described competencies as underlying characteristic of an individual, which are causally related to effective job performance. Boyatzis (2007) adopted the term competency an “underlying characteristic of an individual that is casually related to effective or superior performance in a job”. He identified that there were 19 generic competencies that outstanding managers tend to have. He clubbed those 19 generic management competencies into five distinct clusters as goal and action management, leadership, human resource management, directing subordinates and focus on others.

Seema Sanghi (2006) discovered that human competence is undoubtedly the key and critical element for the success of an organisation and the individual. Coll & Zegward (2006) focused on establishing what competencies the various stakeholders think are the ideal competencies needed by employees in the hospitality field in places such as hotels, food service providers, restaurants and lodges. Employers have indicated that candidates are often not prepared for the workplace and calls for assessment of competencies rather than on intelligence scores. By improving and developing candidates’ competencies such as interpersonal skills, teamwork, communication and problem solving skills, value will be added to their intellectual capabilities making them more employable. There are varieties of interpretations of the term competency and can be viewed as a characteristic of an individual and related to personal attributes rather than technical skills.

Deb (2006) stated that Human Resource Manager has to help all other functions to continuously upgrade their own systems, processes, practices, and skills by providing relevant internal and external training and expertise. He also explained that to keep upgrading the competencies of the human resources functionaries at all levels, in the formulation and implementation of human resources structures, systems, policies and practices dealing with individuals and collectives, as well as their dynamically updated knowledge of the business environment, others functions challenges and emerging human resources needs.

Gaspar (2012) found that Competency based selection method is healthy, structured and comprehensive. Candidates are evaluated on the competencies they need to demonstrate, when inducted into the organisation. Performance management competency system diagnoses the future training and development needs of the employees and it helps the HR executives to assist employees in decisions like promotions and transfers. Hogg B (1989) stated that competencies are the characteristics of a manager that lead to the demonstration of skills and abilities, which result in effective performance within an occupational area. Competency also embodies the capacity of transfer skills and abilities from one area to another. Woodall and Winstanley (1998) maintain competency as the skills, knowledge and understanding, qualities and attributes, sets of values, beliefs and attitudes which lead to effective managerial performance in a given context, situation or role.
Data Analysis

Table 1: Mean Scores of the Employees’ Competencies

<table>
<thead>
<tr>
<th>Competency</th>
<th>MEAN</th>
<th>STD. DEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have good knowledge on various tour Packages</td>
<td>4.05</td>
<td>.356</td>
</tr>
<tr>
<td>I show Commitment towards organizational Policies</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>Emergency Preparedness/Handling</td>
<td>4.15</td>
<td>.356</td>
</tr>
<tr>
<td>I rely on Team Work</td>
<td>3.68</td>
<td>.657</td>
</tr>
<tr>
<td>I will Initiative to contact the customers</td>
<td>4.68</td>
<td>.467</td>
</tr>
<tr>
<td>I will Decisions in closing the travel deals</td>
<td>4.32</td>
<td>.733</td>
</tr>
<tr>
<td>When Problems arises, I will address it without any consultation</td>
<td>4.42</td>
<td>.678</td>
</tr>
<tr>
<td>I have good Communication Skills</td>
<td>4.53</td>
<td>.502</td>
</tr>
<tr>
<td>As a person my skills have developed after taking up this job</td>
<td>4.47</td>
<td>.599</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4.36</td>
<td>0.48</td>
</tr>
</tbody>
</table>

Source: Primary Data (Questionnaire)

The above table shows the descriptive statistics of various competency factors which are having the highest mean 5.00 and a least mean of 3.68. It is inferred that most of the employees are competent enough to close the deals with regard to travel packages. But they are not competent enough to address the emergency situations.

Analysis of variance among job knowledge of employees and their various competencies (Table 2)

$H_0$: There is no significant relation between Job/ Tour package knowledge of the employees and their various competencies.

$H_1$: There is a significant relation between Job/ Tour package knowledge of the employees and their various competencies.

Table 2: Analysis of variance among job knowledge of employees and their various competencies

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig-</th>
</tr>
</thead>
<tbody>
<tr>
<td>I rely on Team Work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>1.637</td>
<td>1</td>
<td>1.637</td>
<td>3.916</td>
<td>.051</td>
</tr>
<tr>
<td>Within Groups</td>
<td>38.889</td>
<td>93</td>
<td>.418</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>40.526</td>
<td>94</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
From the above table, it is observed that there is no significant relationship between Job Knowledge and teamwork and initiation i.e. when the employee is not completely aware of the tour packages he doesn’t show any intent to contact the customers and always try to skip the package and even the employee doesn’t make any effort to gain clarity from his subordinates from the packages which he was not confident enough.

Findings

The overall mean of all competency factors is 4.3 which mean the employees are highly competent to perform their job. Further from the variance analysis it was found that there is a significant relationship between employee’s job knowledge and Decision making, problem solving and communication skills of employee, which means when the employee is clear about his responsibility and tour packages he is able convince the customer by using his skill set to close the deal.

Suggestions

In order to make the employees clear about various tour packages which they are not familiar, the management should encourage the employees to share their views to the management and further it is suggested to take up a communication audit in the organization by the management to measure communication effectiveness.
Conclusion

When the employee is clarified about the job information/ responsibilities he will perform according to the expectations of the management. If not, he doesn’t even take any initiation to contact the customer. So, the management has to identify the training needs of the employees so that the individual add value to the operations, because “to win the marketplace, one has to win his workplace.”

References:


Quality Of Work Life of the Working Employees in Modern Environment

Dr. V. Renuga          D. Durga

INTRODUCTION

Quality of work life refers to the level of happiness (or) Dissatisfaction with one’s career. Those who enjoy their careers are said to have a high quality of work life, while those who are unhappy (or) whose needs are otherwise unfilled are said to have a low quality of work life.

Quality of life is defined as the level of enjoyment in a person's life. In general, it is based on many factors. At a minimum, a person's basic needs must be met for them to have a high quality of life---they must be generally healthy, have enough to eat and have a place to live. Once a person's basic needs are met, that person's quality of life is largely determined by their own personality, their desires and their level of personal fulfillment. A person with a high quality of life tends to feel as though all of their important needs and wants are fulfilled. They are generally happy and overall feel as though their life is good. A person without quality of life is lacking in one or several basic areas of his life. For example, the very ill or those who are no longer able to care for themselves or do activities they enjoy because of physical, mental or financial restrictions are often said to have a low quality of life.

It means having a work environment where an employee's activities become more important by implementing procedures (or) policies that make the work less routine and more rewarding for the employees.

The elements in a typical Quality of work life program include – open communications, equitable reward systems, a concern for employee job security and satisfying careers and participation in decision making. Many early Quality of work life efforts focus on job enrichment. In addition to improving the work system, Quality of work life programs usually emphasize development of employee skills, the reduction of occupational stress and the development of more co-operative labor-management relations.

Quality of work life means having good supervision, good working conditions, good pay and benefits and an interesting, challenging and rewarding job.

There exists a relationship between Quality of work life and productivity.

The people involved get a sense of satisfaction in their work. Work then becomes not a burden but a means by which the abilities of a person can find expression.

Result of low Quality of work life are absenteeism, low performance, poor morale and occasional sabotage. Ultimately it is the organization that suffers.

OBJECTIVES OF THE STUDY

- To study about the level of satisfaction of working employees towards the quality of work life.
- To find out the physical working environment related to the quality of work life of employees.
- To identify the factors affecting quality of work life.
- To suggest suitable measures to improve the quality of work life.
NEED FOR THE STUDY

- This study helps to efficiency of the employees in the organization.
- It also helps the management to have an idea on whether the workers are satisfied with the company policies and rules.
- This study helps to find out the basic expectation of the employees in the organization.

STATEMENT OF THE PROBLEM

A study of quality of work life is a paramount importance, the nature being different for each category of employees depending upon their needs. A good quality of work life reduces absenteeism, accidents & attrition. Quality of work life is useful to improve production, organizational effectiveness, morale of an employees and economic development of the country. So an attempt has been made to know about the employees satisfaction on Quality of work life and its influence on their working and social environment.

SCOPE OF THE STUDY

- This study helps to take care of the health and safety measures of the employees.
- This study helps to know the job security given by the organization to their employees.
- This study helps to know the employees attitudes and responses towards the management.

LIMITATIONS OF THE STUDY

- Time had been constraints for completion of present study and making out a detailed analysis was limiting factors.
- The employees were not willing to give the detailed information, because of their busy work schedule.
- The time allotted for the study is only for 4 months, which is a very short period to conduct survey.

REVIEW OF LITERATURE

Dann and Griffin (1999): View Quality of work life as a hierarchy of concepts that includes life satisfaction (top of the hierarchy), job satisfaction (middle of the hierarchy) and specific facet satisfaction such as satisfaction with pay, co-workers, supervisor, among others.

Maccoby (2001): Defines Quality of work life as a commitment of management and union to support localized activities and experiments to increase employee participation in determining how to improve work. This process is guided by union -management committees and facilitators, and requires education about the goals of work in training and group process.

Lau, Wang, Chan and Law (2001): Quality of work life as the favorable working environment that supports and promotes satisfaction by providing employees with rewards, job security and career growth opportunities. Indirectly the definition indicates that an individual who is not satisfied with reward, may be satisfied with job security and to some extent would create the career opportunity provided by the organization for their personal as well as professional growth.

Sirgy, Efraty, Siegal and Lee (2001): Define Quality of work life as employee satisfaction with a variety of needs through resources, activities, and outcomes stemming from participation in the workplace. This
definition returns to the concept of satisfaction as an underlying theoretical model. It suggests that 30 years after the 25 concept first appeared, Quality of Work life is still being defined in terms of satisfaction.

Rathinam and Ismail (2008): Define Quality of work life as the effectiveness of the work environment that transmit to the meaningful organization and personal needs in shaping the values of employees that support and promote better health and well being job security, job satisfaction, competency development and balance between work and non work.

RESEARCH METHODOLOGY

Primary Data:

It is primary data and field survey data are collected from various working employees by the researcher through questionnaire.

Main study

TABLE – 1 the table showing perception about the job satisfaction

<table>
<thead>
<tr>
<th>S. no</th>
<th>Particulars</th>
<th>No. of. Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Very good</td>
<td>158</td>
<td>63%</td>
</tr>
<tr>
<td>2.</td>
<td>Good</td>
<td>42</td>
<td>17%</td>
</tr>
<tr>
<td>3.</td>
<td>Neutral</td>
<td>30</td>
<td>12%</td>
</tr>
<tr>
<td>4.</td>
<td>Poor</td>
<td>10</td>
<td>4%</td>
</tr>
<tr>
<td>5.</td>
<td>Very Poor</td>
<td>10</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>250</td>
<td>100%</td>
</tr>
</tbody>
</table>

INFERENCE: The above table it is inferred that out of 250 respondents 63% of the respondents are excellent, 17% of the respondents are Very Good, 12% of the respondents are good, 4% of the respondents are bad, and 4% of the respondents are Very Bad.

Chart - 1 the chart showing perception about the job satisfaction
TABLE - 2 the table showing top level management involve employees in the management decision

<table>
<thead>
<tr>
<th>S. no</th>
<th>Particulars</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Always</td>
<td>174</td>
<td>70%</td>
</tr>
<tr>
<td>2.</td>
<td>Sometimes</td>
<td>60</td>
<td>24%</td>
</tr>
<tr>
<td>3.</td>
<td>Rare</td>
<td>16</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>250</td>
<td>100%</td>
</tr>
</tbody>
</table>

**INFERRENCE:** The above table it is inferred that out of 250 respondents 70% of the respondents are always, 24% of the respondents are sometimes, 6% of the respondents are Rare
CHART – 2 the chart showing top level management involve employees in the management decision

![Bar chart showing employee involvement in management decisions]

TABLE 3 the table showing career development when compared to other firms

<table>
<thead>
<tr>
<th>S. no</th>
<th>Particulars</th>
<th>No. of. Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Strongly Agree</td>
<td>70</td>
<td>28%</td>
</tr>
<tr>
<td>2.</td>
<td>Agree</td>
<td>12</td>
<td>5%</td>
</tr>
<tr>
<td>3.</td>
<td>Neutral</td>
<td>137</td>
<td>55%</td>
</tr>
<tr>
<td>4.</td>
<td>Disagree</td>
<td>16</td>
<td>6%</td>
</tr>
<tr>
<td>5</td>
<td>Strongly Disagree</td>
<td>15</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>250</td>
<td>100%</td>
</tr>
</tbody>
</table>
INFERENCE: The above table it is inferred out of 250 respondents 55% of the respondents is Neutral, 28% of the respondents are strongly agree, 6% of the respondents are Disagree, 6% of the respondents are Strongly Disagree, 5% of the respondents are agreeing.

CHART - 3 the chart showing career development when compared to other firms

TABLE 4 the table showing opportunities and promotions

<table>
<thead>
<tr>
<th>S. no</th>
<th>Particulars</th>
<th>No. of. Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Very Good</td>
<td>118</td>
<td>47%</td>
</tr>
<tr>
<td>2.</td>
<td>Good</td>
<td>73</td>
<td>29%</td>
</tr>
<tr>
<td>3.</td>
<td>Neutral</td>
<td>36</td>
<td>14%</td>
</tr>
<tr>
<td>4.</td>
<td>Poor</td>
<td>13</td>
<td>5%</td>
</tr>
<tr>
<td>5.</td>
<td>Very Poor</td>
<td>10</td>
<td>4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>250</td>
<td>100%</td>
</tr>
</tbody>
</table>
**INFERENCE:** the above table it is inferred that out of 250 respondents 47% of the respondents are good, 29% of the respondents are Very Good, 14% of the respondents are excellent, 5% of the respondents are poor, and 4% of the respondents are Very poor.

**TABLE 5** the table showing training given by the management

<table>
<thead>
<tr>
<th>S. no</th>
<th>Particulars</th>
<th>No. of. Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Very Good</td>
<td>108</td>
<td>43%</td>
</tr>
<tr>
<td>2.</td>
<td>Good</td>
<td>67</td>
<td>27%</td>
</tr>
<tr>
<td>3.</td>
<td>Neutral</td>
<td>45</td>
<td>18%</td>
</tr>
<tr>
<td>4.</td>
<td>Poor</td>
<td>17</td>
<td>7%</td>
</tr>
<tr>
<td>5.</td>
<td>Very Poor</td>
<td>13</td>
<td>5%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>250</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
**INFERENCES:** The above table indicates that out of 250 respondents, 43% rated their experience as Very Good, 27% as Good, 18% as Neutral, 7% as Poor, and 5% as Very Poor.

**CHART 5** The chart showing training given by the management

**TABLE 6** The table showing opinion about the sensible integration of job, career, family life and leisure time

<table>
<thead>
<tr>
<th>S. no</th>
<th>Particulars</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Very Good</td>
<td>147</td>
<td>59%</td>
</tr>
<tr>
<td>2.</td>
<td>Good</td>
<td>49</td>
<td>20%</td>
</tr>
<tr>
<td>3.</td>
<td>Neutral</td>
<td>26</td>
<td>10%</td>
</tr>
<tr>
<td>4.</td>
<td>Poor</td>
<td>16</td>
<td>6%</td>
</tr>
<tr>
<td>5.</td>
<td>Very Poor</td>
<td>12</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>250</td>
<td>100%</td>
</tr>
</tbody>
</table>
**INFERENCE:** The above table it is inferred that out of 250 respondents 59% of the respondents are very good, 20% of the respondents are good, 10% of the respondents are Neutral, 6% of the respondents are poor, 5% of the respondents are Very poor.

**CHART – 6** the chart showing opinion about the sensible integration of job, career, family life and leisure time

![Chart showing opinion about the sensible integration of job, career, family life and leisure time](chart)

**TABLE – 7** the table showing opinion about the pay structure

<table>
<thead>
<tr>
<th>S. no</th>
<th>Particular</th>
<th>No. of. respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Highly Satisfied</td>
<td>136</td>
<td>54%</td>
</tr>
<tr>
<td>2.</td>
<td>Satisfied</td>
<td>59</td>
<td>24%</td>
</tr>
<tr>
<td>3.</td>
<td>Neutral</td>
<td>18</td>
<td>7%</td>
</tr>
<tr>
<td>4.</td>
<td>Dissatisfaction</td>
<td>20</td>
<td>8%</td>
</tr>
<tr>
<td>5.</td>
<td>Highly Dissatisfaction</td>
<td>17</td>
<td>7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>250</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
**INFERENCE:** The above table it is inferred that out of 250 respondents 54% of the respondents are highly satisfied, 24% of the respondents are satisfied, 7% of the respondents are Neutral, 7% of the respondents are Highly Dissatisfaction, and 8% of the respondents are Dissatisfaction.

**TABLE – 8 the table showing skills and talents of the employees are used by the organization to their optimum level**

<table>
<thead>
<tr>
<th>S. no</th>
<th>Particulars</th>
<th>No. of. respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Strongly Agree</td>
<td>97</td>
<td>39%</td>
</tr>
<tr>
<td>2.</td>
<td>Agree</td>
<td>86</td>
<td>34%</td>
</tr>
<tr>
<td>3.</td>
<td>Neutral</td>
<td>10</td>
<td>4%</td>
</tr>
<tr>
<td>4.</td>
<td>Disagree</td>
<td>30</td>
<td>12%</td>
</tr>
<tr>
<td>5.</td>
<td>Strongly Disagree</td>
<td>27</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>250</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**CHART – 7 the chart showing opinion about the pay structure**

---

SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
INFERRENCE: The above table it is inferred that out of 250 respondents 39% of the respondents are Strongly Agree, 34% of the respondents are Agree, 12% of the respondents are Disagree, 11% of the respondents are Strongly Disagree, and 4% of the respondents are Neutral.

CHART – 8 the chart showing skills and talents of the employees are used organization to their optimum level

TABLE – 9 the table showing opinion about the awareness of the quality of work life

<table>
<thead>
<tr>
<th>S. no</th>
<th>Particulars</th>
<th>No. of. respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Very Good</td>
<td>158</td>
<td>63%</td>
</tr>
<tr>
<td>2.</td>
<td>Good</td>
<td>37</td>
<td>15%</td>
</tr>
<tr>
<td>3.</td>
<td>Neutral</td>
<td>28</td>
<td>11%</td>
</tr>
<tr>
<td>4.</td>
<td>Poor</td>
<td>15</td>
<td>6%</td>
</tr>
<tr>
<td>5.</td>
<td>Very Poor</td>
<td>12</td>
<td>5%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>250</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

INFERRENCE: The above table it is inferred that out of 250 respondents 63% of the respondents are very good, 15% of the respondents are good, 11% of the respondents are neutral, 6% of the respondents are Poor, 5% of the respondents are Very Poor.
CHART – 9 the chart showing opinion about the awareness of the quality of work life

TABLE – 10 the table showing quality of work life according to you

<table>
<thead>
<tr>
<th>S. no</th>
<th>Particulars</th>
<th>No. of respondents</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Good Working Environment</td>
<td>102</td>
<td>41%</td>
</tr>
<tr>
<td>2.</td>
<td>Good Welfare Measures</td>
<td>41</td>
<td>16%</td>
</tr>
<tr>
<td>3.</td>
<td>Career Development</td>
<td>32</td>
<td>13%</td>
</tr>
<tr>
<td>4.</td>
<td>Social Recognition</td>
<td>26</td>
<td>10%</td>
</tr>
<tr>
<td>5.</td>
<td>High Standard of living</td>
<td>49</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>250</td>
<td>100%</td>
</tr>
</tbody>
</table>
**INFERENCE:** The above table it is inferred that out of 250 respondents 41% of the respondents are Good Working Environment, 20% of the respondents are High standard of living, 16% of the respondents are Good Welfare measures, 13% of the respondents are Career Development, and 10% of the respondents are Social recognition.

**CHART -10 the chart showing quality of work life according to you**

![Chart showing quality of work life](chart.jpg)

**SUGGESTIONS**

- Mostly all the organization has to improve the friendly relationship between the workers and their supervisors for increasing effectiveness in work.
- The management people can provide some career development programmes for their employees.
- The organization has to increase the facilities for their employees.
- The organization has to consider the working hours of the employees.
- The organization may create new opportunities and new learning behaviour for their employees, to their knowledge and skills in the concerned area.

**CONCLUSION**

Quality of work life is an environment, that promotes and maintains employees satisfaction with an aim to improve working conditions for lab ours and organizational effectiveness for employers. It plays a radical role on employees work performance and productivity in automobile industry. Allowing employees who have knowledge, skill and experience to participate in decision making make them to work enthusiastically and give recognition to them in their work which also promotes cooperation, employee commitment and organizational effectiveness.
The Quality Mission should include not only the quality of products; but also the quality of work life of the employees. Quality of work life can be improved upon by having good supervision, good working conditions, good pay and benefits, an interesting and challenging, and a rewarding job. Positive Industrial Relations should ensure better wages, flexible hours of work, favorable work environment, employment benefits, career prospects, job satisfaction, and meaningful employee involvement in decision making etc., ultimately leads to better Quality of Work Life. Since the employees are the backbone of the company, the company should satisfy them in order to improve the business in higher competitive market of the liberalized economy considering the above mentioned factors.
Creating Value to Bench in Information Technology Companies in India

Rojes V Coalbe

Abstract

One of the major risks in information technology (IT) project execution is the non-availability of skilled resources with required skill sets to meet the project demands. To mitigate this risk, almost every IT companies maintain a portion of their resources on bench/pool. The bench strength reduces the delay in staffing the project due to the non-availability of skilled resources. But bench strength or buffer is cost to the company. A medium scale Indian IT company incurs around USD 142,337 monthly on maintaining the bench strength. Hence this study is undertaken to develop a methodology to reduce the bench strength in IT companies. The proposed methodology is to integrate different channels involved in staffing right from academia to the clients and implement the various options presented in the paper. A case study on the application of proposed methodology is also discussed in the paper.

Keywords: Bench, Fresher’s, Manpower Planning, Optimization, Academia

Introduction

Information technology (IT) has enabled organizations to improve productivity, reduce cost and time in manufacturing products, delivering services, etc. There is high demand for IT applications to manage various business processes. The business of IT companies is to take up the projects of developing information technology applications. The success of IT projects are often judged based on their performance with respect to cost, quality and schedule (Jalote, 2000). Hence identification and mitigation of risks are very important for the success of IT projects (Chua et al., 1999).

The risks involved in project execution can be mitigated to a great extent by the application of appropriate knowledge, skills, processes and techniques (Porananond and Thawesaengkulthai, 2014). Since software development is a human activity and also due to the rapidly changing nature of information technology field (Bouras and Bendak, 2014), the most critical risk in IT projects is the non-availability of resources with the correct skills at the right time. One of the ways to manage the aforementioned resource constraint (Nguyen and Chua, 2014) is to maintain large buffer or bench strength.

At any point of time, information technology (IT) companies have a portion of their resources on bench. The organizations retain the resources on bench to ensure that whenever a new project deal is materialized, there is no shortage of the resources with required skill set to commence the work. The bench strength reduces the delay in starting the project due to the non-availability of skilled resources (Narayanan and Swaminathan, 2007). But over capacity is a cost to any organization (Lennartsson and Björnfot, 2012). Generally a medium scale Indian IT company maintains bench strength of 5 to 6 %. The approximate cost of maintaining this bench strength is USD 142,347 per month. Hence this study is undertaken to develop a methodology to reduce the bench strength for information technology companies and to recruit and retain talent only as per the demand.
Bench in IT Firms: Analysis

The typical bench period in IT firms vary from 1 week to 6 months and in some cases even to a year. Resources on bench are totally idling during this period without having any contribution. This situation creates a large disruption in the workforce model of IT firms in India. Each of the Tier 1 IT companies in India will be having a bench strength of approx. 10,000-15,000 at any point of time. This would make a population of around 50,000 people on bench considering only the big 4 IT firms like TCS, Infosys, CTS and Wipro. If consider the Tier 2 IT Firms, the numbers would reach around 1 Lakh to 1.4 Lakh. People on bench would be having an average take home pay of approximately 30K per month. This can create a significant impact on the operating cost of the companies if not managed properly.

Why Bench

Demand for services in the IT industry is notoriously difficult to forecast. To business managers, it can seem that either there is great demand and a shortage of developers or there aren’t enough sales and too many good developers don’t have paying work. Every developer that isn’t working on a commercial project of course is a cost to the organization. The great economic swings of boom and bust affect whether there is too much demand or too little.

Forecasting new demand means being accurate about when and what new business will close. This is obviously easier said than done. Customer priorities often change. One minute the new system is needed yesterday. A week later, it’s put on hold. It becomes all the more complex when the customer’s customers play a part in deciding timelines.

But the story doesn’t end there.

It is also necessary to be able to forecast what skillsets will be needed for new projects and customers. Will they need .NET? SQL? Java? Ruby? Python? Oracle? We in our industry of course deal with a myriad of technologies.

Even then we may not be quite done. Demanding customers also want business domain skills such as knowledge of financial or insurance applications, marketing and advertising applications, scientific applications and so on.

This does not even begin to touch upon the differing level of skill and experience that customers will want. Will they insist on gurus or senior developers? Will they be satisfied with full competent resources? Will junior developers be acceptable?

Due to the above reasons it is unavoidable for the IT firms to maintain a bench.

Contributors for Bench

About 70% of the bench in IT firms is contributed by Fresher’s and the rest by lateral joins. Fresher’s are those people who have completed their training and have come into the production environment and waiting for a project allocation. Laterals are those people who have got experience and are waiting to get allocated to a project. Some of these laterals can be new joins from the market or can be current employees who have completed a project and are waiting for the fresh allocation.

The lead time for laterals to get allocated to new project is minimal and varies from 1 week to 1 month depending on their level of experience. But for fresher’s, it may take weeks and even months for them to get allocated to the projects. This is mainly because of the client demand for experienced people in the projects and not for the fresher’s who do not have experience working on projects. IT companies are largely dependent on fresher’s due to the lower cost associated with hiring them. Having a lower cost
resource in the project help to maintain a better margin for the project. Each of the Tier 1 companies hire around 10,000 – 15,000 fresher’s every year from campuses. They undergo the training and get deployed in projects where they could be billed. Cost is one of the major factor that push for huge fresher hiring. Availability is also another factor that lead to an increase of fresher numbers in companies.

Current Fresher hiring Model

The manpower planning model for hiring freshers in IT firms have life cycle of 6 Months to 24 months. The campus offers get released during Aug – Oct time frame of the current year and the joining would start from June of next year to March of Next + 1 Year. Post joining, the employees would be undergoing a training period of 2 months to 6 months depending on the training cycle. During the training, recruits will be undergoing technical as well as soft skills training and would be trained in a particular skill set that is forecasted to have a demand. This may include Java, .NET, PL/SQL to SAP etc. Once the training gets completed, the people are deployed to delivery environments where they wait for the project allocation.

The pitfall of this model is that even after 1.5 years of completing their qualifying degree, people do not have a chance to work in projects though they have been trained and certified in their domains. Most of the Tier 1 companies would be recruiting the cream of the campuses. The best and the brightest students from the campus will have to complete their training and be on bench till the time a project gets allocated.

We need to have an environment wherein the lead time for project allocation is minimal and the new employees can start working at the earliest of completion of their training.

Creating Value on Bench

Value creation on Bench can happen by optimizing the talent on bench. Various levers identified for the same are defined below

![Diagram: Levers for Value Creation in Bench](image)

**Fig 1: Levers for Value Creation in Bench**

Model A: Campus to Production

The current model of fresher hiring, training and deployment needs to get replaced by a model wherein the training for prospective employees start from campuses itself. As per the Nasssom regulations, the
campus offers cannot be released unless the students are in pre final semester. This makes a good opportunity for the educational institutions to select and train the students who are interested in joining the IT services. Educational institutions should challenge the current model and curriculum and design a course structure that is industry interactive. The syllabus need to get designed with the need of the hour in close consultations with the Industry. IT demand is ever fluctuating and the skill requirement also keeps changing every now and then. Educational institutions and universities need to be updated about the growing changes in the demand and redefine their syllabus accordingly. A strong channel of partnership need to get established between the educational institutions and the corporates. The placement season should not be the only time when corporates interact with academic institutions but rather it should be a year round interaction. Academic institutions should make the students Job –ready by the time they pass out from the institutes. With minimal amount of training duration, the companies should be able to deploy the passed out students into projects. Some of the direct benefits of this approach is summarized in the table below.

![Benefits of Campus to Production Model](image)

**Model B: Real Time Recruitment of Fresher’s.**

Companies need to move into a model where there is a real time recruitment /agile recruitment of the fresher’s happening from the colleges. In the current scenario, once the student receives the offer letter, he/she needs to wait for the respective companies to communicate the date of joining which may vary between 3-6 months and even to a year. During this, what do these selected students do? In most of the campuses, it is mandatory that a student can accept only 1 offer and having accepted the offer of an IT firm, they will not be eligible for second offer from any other IT firms. This will make them locked to a particular IT Company till they provide the date of joining. It is also the responsibility of the recruited firms that the prospective candidates keep the spirit in joining the company till they join.

One such way to implement this is by providing on the Job training, Assignments to the recruits that can keep them engaged. Periodic evaluation and feedback mechanism need to be put in place. There need to be opportunities for the selected students to interact with the project managers/project team and understand the work culture and working patterns. This will help to maintain the enthusiasm for helping them to join the companies. The work piece shared with the candidates could be a part of the actual project or something related to a project. This in turn will make the campus selects to understand their area of interest and get trained accordingly. There should be proper reward and recognition mechanism.
for the work /project that they are delivery. This can be in the form of monetary rewards, an accelerated career path once they join the companies etc.

Having done the above, it would make the life of companies much easier. The companies need not have to maintain such a high bench strength of fresher’s without having an opportunity to deploy them in projects; rather these prospects get trained by themselves with the help of real life projects executed by them before joining the company. This would make it easier for the companies to deploy them in projects once they join as they are coming in with adequate work experience that is relevant to the work environment. This may not necessarily eliminate the bench but make the bench smaller and shorter.

**Model C: Utilize the bench strength in Internal Projects/Products**

Having a bench strength of Zero is the dream of every IT companies. Many a times this may not be practically possible as they would need people who are ready deployable once the project is ready to be executed. Due to the volatility in the business environment, demand projections cannot be done for a period of more than 3-5 months. Getting the required skills from the market in such a short duration is a challenging task for the recruitment team and in many a times we end up in a situation where there is a demand supply mismatch.

The bench is always cost effective when it follows a pyramid structure with the bottom of the pyramid occupied by the people in the entry category, whose salaries will be lower as compared to that of a project manager on bench. The people at the bottom of the bench pyramid need to be always encouraged to look out for projects thereby reducing their time period on bench. They also need to engage themselves with work so that the skills are updated and they are always project ready. A small portion of the project, extra innovation etc that can add value to the current project can be passed on to the people on bench so that are updated with the technology.

Most of the IT companies have products of their own. Depending on how successful these products are, there can be the ability to keep developers who are on the bench productive by having them work on product development until they are needed on new, paying services business. This approach is pretty common.

More sophisticated companies will have engagement departments that are staffed with mixed groups of sales- and technically-oriented individuals. When a new prospect comes along, they ‘engage’ with the prospect, qualify them as to their potential, scope out their work, etc. This buys time and allows the company to use that time to consider who might be available to staff that project.

**Model D: Creating a startup culture within the organization**

Startups are very common these days and most of them are highly innovative. These days, many of the IT companies are ready to fund these start - ups so that it can be collaborative for them later once these start up picks up.

Rather than funding a startup that is outside the company, the companies should encourage the startups within. People on bench along with the people in projects (who could take out time) should create products and solutions that are useful and can be sold to the clients. This creates a culture of innovation within the company. The top management of the company along with the strategy team should be publishing requirements of products/solutions that are in market demand or which has got a forecasted demand for the future. The employees should be encouraged to own and take up these projects in groups of say ‘X’ no of people. It should be made compulsorily that the mix of the team should be 70 % people on bench and the rest from the production. Most of these projects should be related to the current projects running in the company so that at a later stage these could be sold to the clients as a value add on the top of the existing projects. The projects completed need to be evaluated by a competent panel and the team
to be properly rewarded. This motivates the employees on bench to take up more of such projects till they get into a suitable billable project that is assigned to them.

One problem that may occur with this model is the consistency of the resources. Resources who start with the work may get allocated to a billable project in the mid-way and may have to leave the work. This would create issues in the continuity. This can be avoided/minimized by taking up projects that would be less affected by the resource changes and where transition can be done smoothly.

In this way, we are minimizing the bench strength to almost zero as well as creating more value for the employees.

**Case Study from a major IT company**

One of the Tier 1 IT Company in India was maintaining a bench strength of approx. 10,000 people at any point of time. The company wanted to reduce the bench and wanted to make the people on bench productive. They devised a model of deploying the people on bench to internal projects/products wherein work was created and people in bench could apply and get selected for these tasks. The work would be anything related to software coding, creating solutions, preparing prototypes or even creating processes. A web portal was created for posting the work and whoever is interested in the same could apply through the portal. The work creator will evaluate the applications and make the selection that is best fit for the project. The task assigned would vary from 2 weeks to a month. Once the task is completed, the candidate is evaluated and performance ratings are provided. By this, the people on bench gets hands on experience in their domain and area of interest and not having an issue of losing the skills while on bench.

Result: The work creation has seen an overwhelming response from the people on bench. The bench strength has come down to almost 0 % from 10-15 % in a span of 1 year.

**Conclusion**

The most important risk in IT projects is the no availability of resources with the correct skills at the right time. The IT companies mitigate this risk by maintaining a portion of the resources with various skills on bench. This adds cost to the company. In this paper the author suggests different methodologies for reducing the bench strength without increasing the risk of not having the required number of skilled resources to meet the demand. The suggested methodologies require partnership from academia, Industry as well as from the employees. By implementing the above, more value addition per employee is achieved and thereby companies reduce the risk of retaining their talent.

**References**

A Study on Employee Engagement and Its Impact on Organisational Commitment
(Selected Companies)

Roopa Shettigar

ABSTRACT
Employee engagement is the degree to which an employee is cognitively and emotionally attached to his work and organization. It reflects in the level of identification and commitment an employee has towards the organization and its values. An engaged employee is aware of the business context, and works as a team member to improve performance of the job for the benefit of the organization. Engaged employees are concerned about the future of the organization and are willing to invest discretionary efforts for the organization. Employee engagement is closely linked to employee turnover, customer satisfaction, loyalty, productivity, safety and profitability criteria (Harter, Schmidt and Hayes 2002).

Employee engagement is not the only term used to describe the positive attitudes and behaviour of employees at work. Other terms commonly used are ‘commitment’, ‘organisation citizenship behaviour’ and the ‘psychological contract’. The policy and practice implications of employee engagement are often captured in ‘high involvement work practices’ and ‘high performance working’. This plethora of terms can sometimes confuse the debate but the fundamentals are the same. Purcell explains, “Engagement is a combination of attitude and behaviour. The attitude is ‘commitment’, and the behaviour is ‘going the extra mile’” (Purcell, 2010). Engaged employees create winning organizations that are more profitable, a fun place to work and offer superb customer services and other solutions for which the organization exists.

Keywords: ‘commitment’, ‘organisation citizenship behaviour’ and the ‘psychological contract’

INTRODUCTION
Employee Engagement is a concept gaining significant importance in the past 10 years. Organization today use engaged employees as a tool for strategic partner in the business. The concept of employee engagement has now gained even more importance, since many drivers have been identified, which impact employee performance and well-being at workplace. As companies across industries strive to survive and rise above the stiff competition, physical and mental well-being of employees will be one of the important aspects that HR managers need to tend focus on. Hence, employee engagement is today seen as a powerful source of competitive advantage in the turbulent times.

Kahn defines employee engagement “as the harnessing of organization member selves to their work roles: in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.”

An employee’s discretionary effort results in the Engagement-Profit chain. Because they care more, they are more productive, give better service, and even stay in their jobs longer. All of that leads to happier customers, who buy more and refer more often, which drives sales and profits higher, finally resulting in an increase in stock price.
The importance of employee engagement in the current business scenario attains significance and it has been labelled as the “hottest topics in management” in recent times (Welbourne 2007). Previous researches show that the prime factor for the health of an organization is the engagement of employees. The employees who are engaged in their work and committed to their organizations give companies crucial competitive advantages including higher productivity and lower employee turnover.

Towers Perrin (2003) have identified senior management’s interest in employees’ well-being, challenging work, decision-making authority, customer orientation of the organization, career advancement opportunities, employer brand, collaborative work environment, resources to get work done and vision of the top management as drivers of employee engagement.

According to Watson Wyatt (2002) consulting companies, as organizations globalize and become more dependent on technology in a virtual working environment, there is greater need to connect and engage with employees to provide them with an organizational identity. They have a line-of-sight of their future and on the organization’s mission and goals. They are enthused and in gear, using their talents and discretionary effort to make a difference in their employer’s quest for sustainable business success.

The study notes how ‘there is evidence that engaged employees perform better than others, take less sick leave and are less likely to leave their employer’. The authors distinguish between three types or dimensions of employee engagement:

- **Intellectual engagement**: the extent to which individuals are absorbed in their work and think about ways performance can be improved.
- **Affective engagement**: the extent to which people feel positive emotional connections to their work experience and thus with the company.
- **Social engagement**: the extent to which employees talk to colleagues about work related improvements and change.

**Advantages of Employee Engagement:**

Employee engagement is a win-win for the both employee and employer. Here are a few reasons why we, as employee, should choose to be engaged in our work.

1. **Safety**: Research show that engaged employees have a decreased chance of experiencing an accident at work. When we are engaged in what we do we tend to follow safety procedures more diligently and don’t lose focus as often, thus leading to fewer safety incidents.
2. **Better health**: A group of engaged and disengaged workers monitoring multiple times during a day to measure stress, as well as other health indicators. Those that were engaged reported lower stress and higher interest levels throughout the day. They also showed improvement in cholesterol and blood pressure readings.
3. **Happiness**: Employees can be happy but not fully engaged in their work. Employee engagement is based on fulfilling five basic human needs in our work: meaning, autonomy, growth, impact, and connection.
4. **Pay and advancement**: Engaged employees not only work harder, but also work smarter and are able to produce better results. This helps them to earn higher wages, receive faster promotions and market themselves for better career opportunities. Being fully engaged
allows you to get more out of your workday while feeling energized and committed to your work.

5. **Better home life:** If we are disengaged at work, it’s pretty tough to make the switch to an engaged home life. Decision wise research shows that engaged employees are far more likely to be engaged outside of work as well.

6. **Communication:** Engaged employee get more involved due to transparency in the organisation whereas disengaged employee will not find the same work environment.

7. **Innovation:** Engaged employee find the environment more effective as the employer gives the opportunity to employee to think innovatively and put their strategies into the organisational upliftment.

2. **LITERATURE REVIEW**

   This article studies on the relationship of perceived flexibility workplace and policies of work-life support towards employee engagement and expectations of the organisation with reference to retention. The research data is collected from multi-organisation database created by WFD Consulting of studies (1996-2006). The findings of the study revealed that perceived workplace flexibility and policies of work-life supportive is greater related to employee engagement and longer than expected retention. The formal and informal use of flexibility is positively associated with perceived flexibility, employee engagement and expected retention.

2. **Sabine Sonnentag, Eva J. Mojza, Carmen Binnewies & Annika Scholl, 2008**
   This study examines the work engagement of the employees associated with positive outcomes of the organisation as employees need time period for temporary disengaging from work. The hypothesis shows that work engagement and psychological disinterest from work during off-job time forecast high positive affect and low negative effect. The research data survey over the course of 4 working weeks, 159 employees from 5 German organisations from various industries completed survey twice a week, once at the beginning and at the end. The hierarchical linear modelling shows that work engagement and psychological disinterest from work during off-job time together affect at the end of the working week.

3. **Mark Attridge, 2009**
   This research article is on the high levels of work engagement of employees involved with commitment, enthusiasms, and passion about their work. The areas of focus include defining the concept of employee work engagement, how work is measured, how often it is done, the costs of disengagement, organisation profits linked to positive engagement and how organisation change will encourage the engagement of the employees. The research findings indicates that the work engagement can be improved by adopting certain health practices like supervisory communication, job design, resource support, good working conditions, corporate culture and leadership style.

4. **Dr. Peter H. Langford, 2009**
   This study examines the tool tested across 13,729 employees from 1,279 business units and approx. 1,000 organisations. Through survey of psychometric properties of the voice climate survey on an employee opinion survey that measures work practices and outcomes. The study is analysed by exploratory factor analyses, confirmatory factor analyses and internal reliability analyses supported by 31 lower order work practices and outcomes such as organisation direction, ethics, resources, involvement, recognition, development, teamwork, wellness, work-life.
balances, change management, customer satisfaction, job satisfaction, organisational commitment and employee intention to stay. External validation demonstrated on the employee survey with independent manager reports of turnover, absenteeism, productivity, health and safety, goal attainment, financial performance, change management, innovation and customer satisfaction.

This article links between job fitness, affective commitment, psychological climate and employee engagement as well as discretionary effort, and intention to turnover. Job fitness, affective commitment and psychological climate are majorly related to employee engagement, whereas employee engagement is closely related to discretionary effort and intention to turnover.

Over the last decade among practitioners and scholars study, there is considerable increase of work spirit among the employees and EE. The study describes how workplace spirituality and EE are related and its implications on EE. It has also described the meaningfulness at work and engagement maintenance and generalisation. The framework of the model has presented in three dimensions of workplace spirituality i.e. transcendence, community and spiritual values. These are all related to EE through psychological conditions such as meaningfulness in/ at work, safety and availability.

7. Natalie Jones, 2011
This study examines on the model of antecedents and consequences of job and organisation engagements based on social engagement theory. Through 102 data survey of employees collected in a variety of job and organisations, the average age was 34 and 60% was female. Results indicate that there is a meaning difference between job and organisation engagement and that perceived organisational support predicts both job and organisation engagement; job characteristics predicts job engagement and procedural justice predicts organisational engagement.

8. Timothy D. Ludwig & Christopher B. Fraier, 2012
This study investigates on the positive psychology and behaviour analysis. Based on “Positive Psychology”, engagement is a buzz word, perceived as a valuable state for employees; as survey found that it correlates with some organisational tactics like human resource policies, procedural justice and positive outcomes like growth, lower costs, lower absenteeism etc. Behaviour analysis is found through the field of Organisational Behaviour Management to create an “engaged” workforce and culture.

The research is on the employees who work in mid-sized Canadian city. The observation was done between 15 public and private sector office buildings. The investigation of research shows their level of work engagement, which was measured by job satisfaction, perceived productivity and affective organisational commitment, environmental orientation, pro-environmental behaviour. The results suggest that green design in office buildings does not have a positive effect on employee engagement or environmental attitudes and behaviours.

10. Suthinee Rurkkhum & Kenneth R. Bartlett, 2012
This article is based on the relationship between employee engagement and organisational citizenship behaviour (OCB)S in Thailand. The study has been proposed on the influence of employee perceptions of human resource development practices. 522 employee data were collected. The result has supported the positive relationship between employee engagement and OCB.
This article is on the new framework of Kahn’s theory and develops a model of disengagement with three requirements: a work-role focus, activation and positive affect. This model was operationalised with three new measures like the intellectual, social and affective engagement scale (ISA Engagement Scale). According to Study 1, 278 employee survey data from a manufacturing organisation, the scale and its sub-scale have internal reliability whereas Scale 2, 683 data survey is from retail organisation. The new scale has positive associations with three theoretically and empirically important outcomes like task performance, organisational citizenship behaviour and turnover intentions.

12. Dana Yagil, 2012
This study examines on the service employees emotional displays which plays an important role in service interactions. It studies on the model in which emotions regulate with customer satisfaction and loyalty intentions as mediated by employee burnout and engagement. The data has been collected from 135 employee-customer dyads; the following service interactions were analysed with structural equation modelling. The results of the study shows that engagement mediates the relationship of deep acting, and partially burnout the relationship of surface acting with customer satisfaction and loyalty intentions.

This article contributes on how employees are engaged and employee engagement through management activities. This research is based on the importance of organisational change, communication and culture. Research demonstrates on two main factors:
a. Managers use both direct and indirect forms of communication to create a good environment for the employees to get engaged in their work.
b. Employees feel that they are valued and engage themselves to their organisational work goal.

14. Sarah Jenkins & Rick Delbridge, July 2013
This article has categorised employee engagement with two approaches i.e. ‘hard’ and ‘soft’ and examine how this will reflect the different external and internal context of management operation. The importance of this research is to combine the practitioner concern with the role and managers practices insights related to the job features. The major characteristic of organisational context is to examine the tensions and constraints which encounter the management in promoting the engagement.

The study defines on how the people management can enhance performance outcomes. The interest lies on the parallel stream of employee engagement and their performance. The justification is done on the mechanism based on HRM practices- impact on individual and organisational performance. The employee engagement is susceptible to ‘fixing, shrinking, stretching and bending’.

This article is based on the case study to improve the engagement and performance of supervisory staff at New Zealand. The important contribution are-1) the engagement initiates on the requirement of political intelligence and commitment on the part of HR. Therefore, they require a clear business which is focused on performance, and not merely on engagement itself. 2) a purposive approach is done to analyse the fundamental issues like employee voice, work design and management agency on employee engagement.
17. **Amanda Shantz, Kerstin Alfes, Catherine Truss & Emma Soane, 2013**

   The study examined the relationship between job design and performance. The discussions is made on OCB & engage in fewer deviant behaviour through the employees who hold the offers of high level of autonomy, task variety, task significance and feedback are highly engaged.

18. **Soumendu Biswas, Arup Varma & Aarti Ramaswami, 2013**

   The study has a linking between distributive and procedural justice to employee engagement through social exchange mediators. Among 238 managers and executives from manufacturing and service sector firms in India describes the concepts through Perceived Organisational Support (POS) and psychological contract. The research studies that there is a relationship between procedural justice and employee engagement through POS and psychological contract.


   This research study is to determine the importance of demographic as well as the factors influencing the hotel line employee level of engagement. The findings indicate the significance difference between demographic line employees and their organisational characteristics, particular to their age, department and level of engagement.

20. **Yong-Ki Lee, Sally Kim & Sun Yong Kim, 2014**

   This study examines the internal branding which helps the service organisation to achieve the desired outcomes such as Job satisfaction and employee loyalty. Consideration of relationship among internal branding, employee engagement, Job satisfaction and employee loyalty is based on the development of the social exchange theory. The finding of the study is that the internal branding is critical for the employees to be engaged with the job and the organisation.


   This research examine on the ‘managerial strategies’ towards employment relations which focus on the success aspect of Hyman’s partial failure notion. The management team has involved themselves to develop the management strategies with respective case study to lift the standard of how they can engage with their employees.

22. **Claire Valentin, 2014**

   The study examines on the mainstream of construct, contribution of employee engagement on HRD processes and practices. In the point of view of social construction of employee engagement, it has introduced a critical perspective on employee engagement and HRD. The article has discussed more on the how cultural management programmes serve to construct he engaged employees and the impact of competing discourse.


   This study is to investigate the influence of POS (Perceived Organisation Support), EE, OCB (Organisation Citizenship Behaviour) on Quality Performance. Structural Equation Model was used for analysing the data from random sample of 255 shop floor employees. The finding of the study is, neither POS nor EE operates an antecedent to OCB.

24. **Mandu Sibiya, Johanna H. Buitendach, Herbert Kanengoni & Shaida Bobat, 2014**

   The study investigates on the prediction of employee turnover intention, demographic variables and Information and Communication Technology (ICT) organisation. Through Cross- sectional survey the data was collected from the organisation. Utrecht Work Engagement Scale (UWES) used to measure employee engagement by using a sample of 2276. There is negative significance...
relationship on employee engagement relation to turnover intentions reference to age, tenure. Whereas qualification and race has a positive significance relationship to turnover intentions. This study has practical implications to contribute on human resource activities in the form of differentiated remuneration and retention strategies based on differences in age and tenure.

This study is on the relationship between the employee engagement and foci-commitment of employees in Professional Service Firms (PSFs). PSFs are more competent on the basis of their ability to support their employees to generate extraordinary knowledge based on services and products, acting inside and outside the organisational limits. To attain these outputs, the PSFs need to certify that their professionals are engaged and committed. Through survey of 375 employee data, they made a comparison of two models to be tested between the work engagement and multi-foci commitment with reference to the organisation, the client, the team and the profession. The result reveals that there is overall positive effect of work engagement on commitment to all four foci.

The articles examines on creativity as a key ingredient of organisational effectiveness, business innovation and entrepreneurship. This study investigates the predictors of creative achievement through the factor influencing effect of perfectionism, employee engagement and entrepreneurial potential. Structural equation modelling demonstrates that entrepreneurial potential was significantly and positively related to all creative achievement outcomes whereas hypothesized has negative relationship support between perfectionism and creative achievement.

27. Geetha Jose & Sebastian Rupert Mampilly, 2015
This study examines the impact of perceived supervisor support and psychological empowerment on EE. The result finding shows that perceived supervisor support and psychological empowerment has positively influenced EE and psychological empowerment. It has the close relationship between supervisor support and EE.

28. Sowath Rana, 2015
This article is on the high involvement work practices and employee engagement. The main characteristics of high involvement work practices are:
   a. Employees are involved in making decision.
   b. They maintain transparency by sharing the information.
   c. Good performance is recognised and rewarded.
   d. Necessary training is given to improve on their knowledge.
   This research investigates the connection to engagement and the work practices and linking it to the conceptual model.

The study investigates on the relationship between employee perceived workplace ethics culture and climate variables and their level of engagement. The research is measured on three elements-corporate ethical values scale (CEVS), ethical climate questionnaire (ECQ) and Utrech work engagement scale (UWES). The finding of the research indicates that the participants perceived workplace ethics culture and workplace ethics climate is significant and positively related to their level of engagement.

30. Rona S. Beattie & Frank Crossan, 2015
This study is based upon Scottish nurses in a new hospital with given unprecedented levels and pace of change that are being experienced in the UK’s National Health Service. The study focused on the interaction between feeling valued, involved and having a voice; and line management support. Empirical research study was done for identified themes and challenges for future.

3. RESEARCH DESIGN

3.1 STATEMENT OF THE PROBLEM:
In recent past, the organisation pays more attention to employee engagement and commitment. Therefore, the experts are increasingly asked to play a role in the development of engagement strategies. Though there is no universally accepted measure of employee engagement. The knowledge gap between the organisation needs and the professional’s ability to respond effectively is problematic. It has been noticed that employee engagement is one of the potential research trends and there is enormous scope to implement comprehensive framework, and analyse and show how private sector can make better use of employee engagement to improve the overall performance.

3.2 NEED FOR THE STUDY:
Employees should be provided with job training and career development opportunities. Their performance should be appraised and rewarded fairly. Organisations should increasingly convert from traditionalism to the contemporary learning and individualised corporations.

3.3 RESEARCH OBJECTIVES:
1. To analyse the need, factors and its critical analysis on employees to get engagement.
2. To measure the impact of employee engagement on commitment on selected organisation.
3. To construct suggestions for improving employee engagement practices in private sector.

3.4 SCOPE OF THE STUDY:
The proposed study is about analysing the relationship between employee engagement and organisational commitment measured by few factors like strategic alignment, trust in senior leadership, immediate manager working relationship, peer culture, personal influence, nature of career, career support, nature of the job, development opportunities, employee recognition and pay fairness etc. by enhancing passion, commitment and alignment with the organisation to reach new heights of excellence.

3.5 HYPOTHESIS:

\[ H_0: \text{There is no significant difference in the degree of employee engagement and organisational commitment} \]
\[ H_1: \text{There is significant difference in the degree of employee engagement and organisational commitment} \]

\[ H_0: \text{There is positive relationship between organisational commitment and employee engagement} \]
\[ H_1: \text{There is positive relationship between organisational commitment and employee engagement} \]

3.6 METHODOLOGY:
Research design can be defined as the plan to inquiry, formulated in order to obtain answers. For the purpose of this study the quantitative descriptive research method is proposed to be used, since this method of research involves understanding the current status and obtaining views from
the management, to develop approaches to improve the performance of employee by integrating engagement framework.

3.7 SOURCE OF DATA:
Primary data: The data required to investigate the employee engagement within the organisation by using: 1) Observations 2) Interviews 3) Questionnaire
Secondary data: Literature, documents, research articles, textbooks, handbooks and selected websites.

3.8 SAMPLE:
The proposed research is an empirical analysis on “A study on employee engagement and its impact on organisational commitment”. The required relevant data will be collected from the primary sources by administering a structured questionnaire for at least 500 respondents from across Bangalore City, such as selected companies by Random Convenient Sample. The collected data will be classified, tabulated and analysed in a systematic manner.

3.9 DATA ANALYSIS AND TECHNIQUES:
The data collected from samples are analysed focusing on current status of employee engagement. Data analysis will be carried out using SPSS and a host of quantitative techniques such as correlation, ANOVA and Cluster analysis.

3.10 LIMITATIONS OF THE STUDY
The present Study encountered the limitations:
1. The study is objective assessment of the research fact, however, the sampling error related attributes couldn’t be ruled out totally.
2. The outcome of the study relates to the reference period from 2010 to 2016.
3. Utmost efforts have been made to analyze the data with the heap of inferential statistics. This cannot be constructed as conclusive.
4. The study is restricted to selected companies which is located in Bangalore.

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THE CHALLENGES OF JOB ROTATION

R. Suhasini        Dr. Suganthalakshmi

Introduction:

The days of employees spending decades at a company -- and receiving a gold watch in gratitude - are long gone. Workers today are constantly on the move, a fact of life that will only accelerate as job growth picks up. But the turnover poses particular challenges for companies looking to hold onto their best and brightest.

Today’s workers are constantly looking for something refreshing and new. This thirst for new challenges has posed a problem for many employers, who must learn new ways to train and maintain employee motivation at high levels.

One of the strategies employers are utilizing is job rotation. It’s a strategy used to keep employees challenged and motivated, as well as to provide tangible benefits to the organization.

In response, innovative companies are embracing a promising new retention strategy: employee rotation. Instead of locking workers into a single job category with a specific career trajectory, companies are moving workers through a variety of positions within departments or teams. Job rotation is seen as a way to motivate key employees, broaden their skill sets and, most important, hold onto them. It also gives employers the comfort of knowing there's someone who can quickly fill an ailing or departing co-worker’s shoes.

WHAT IS A JOB ROTATIONAL PROGRAM?

Job rotational program refers to a human resources (HR) strategy, in which organizations move around employees from one job to another.

Under the program, the employee will work in different positions within the organization, instead of spending all their time in a single position. In certain situations, it can even help identify the best people for specific positions, as you are testing employees’ skills in different roles.

Job rotation is typically done either within a department or a team, but there are occasions it can also be done within the entire organization. In these cases, the switch can take place between departments. This can depend largely on the type of organization in question, as well as the roles part of the program.

Job rotational programs are used to identify, assess and develop the organization’s talent readiness.

PURPOSE OF JOB ROTATION:

• It nurtures future talent: Provides the top talent within the organization a broader experience, which can be beneficial in future roles.

• It cross-trains employees: The employees gain better understanding of the different roles and the ‘big picture’, which can help understand how the organization operates. The deeper understanding can improve the employee’s ability to work in their regular job position.

The program is therefore efficient in preparing the organization for future challenges. It can strengthen the position of the organization in the face of uncertainty, whether it is arising from within the organization or outside of it.

SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
Job rotational programs typically run within specific time intervals. The length of the program can vary from business to business. The minimum length generally falls around a week, with the top length programs running for a few months.

The program is suitable for all types of organizations operating in different industries. Susan Hearth field, a HR consultant, said in a Cornerstone interview, “I can’t think of a single industry that wouldn’t benefit from job rotation”. She continued by stating, “It helps employees spread their wings and extend their boundaries.

Job rotation is a process which enables individuals to know and work beyond their domain and also gain from other team members’ expertise and knowledge. A multiskilled employee delivers more as compared to someone who works nl for salary and hates to accept challenges in life.’ Like every other process, job rotation has also got some disadvantages as well.

**Potential Barriers to Job Rotation:**

There are several potential barriers and difficulties with implementing job rotation, the following are some of them:

- Not all jobs and departments are a good fit for job rotation.
- Short-term productivity losses and product quality issues.
- Workers not wanting to rotate because they have an “easier job”.
- Workers not wanting to change jobs or learn new work tasks for a variety of reasons.
- Workers not wanting to give up “their job” to others.
- Workers not qualified for some jobs due to restrictions or ability.
- Union or other workplace policies related to job bidding and compensation.
- Supervisors are not convinced that the benefits are worth the perceived costs.
- Supervisors perceive that implementation and management of job rotation is very difficult.
- Group leaders and trainers tend to focus on the short term costs rather than the long-term benefits, and perceive that the costs are too high for them verses the benefits.
- Supervisors and group leaders not wanting to “fight” employees who don’t want to rotate.

**Misconceptions about Job Rotation:**

1. “Job rotation will fix ergonomic issues.”

   - **Fact:** Job rotation is NOT a substitute for an ergonomic improvement process.

2. “Quality and productivity will suffer with implementation of a job rotation program.”

   - **Fact:** Quality and productivity gains can be realized thru an effective job rotation program.

3: “Job rotation is hard to manage.”

   - **Fact:** Once effective rotations are set, job rotation is no harder to manage than regular work assignments. If fact, managers have much greater flexibility when workers are trained to perform a variety of jobs.

4: “Job rotation is easy to design.”
• **Fact:** Effective design is one of the most important and difficult aspects of a job rotation program. The rotation sequence and frequency should be based on a specialist’s evaluation of various job factors including: muscle groups used, forces, postures, repetition, sustained exertions, tools utilized, and skill / training requirements.

5: “Job rotation will not be accepted by management or employees.”

• **Fact:** While it’s true that this can be a hard sell (especially if the company safety culture is not strong), the benefits of implementing job rotation frequently exceed the costs. Managers and employees will accept this program provided that they fully understand the benefits of job rotation, and upper management is fully committed to it.

**Guidelines:**

The employee rotation programs should be implemented with careful consideration. Every company should establish clear guidelines with each internal team so employees know what the rotation will entail and managers have a set of best practices. Otherwise, the rotation will fall apart as employees wander from job to job without clear guidance or oversight. Have a purpose, have a plan and have a way to measure if the rotation is successful and the programs can often be costly in terms of time spent training workers for their new jobs, but the benefits can far outweigh the expense. Take, for instance, human resources. In a large company, an employee who typically handles employee health insurance can be shifted into a position that tends to job referrals. "So many employees come to human resources for a multitude of reasons and it makes more sense if their questions can all be answered by their first point of contact. Everyone in HR can be cross-trained so that we can serve employees immediately." The same logic applies to sales teams. Since sales hinge on relationships, it's crucial for everyone on the team to be familiar with one another's clients.

**A Motivated Worker Is a Happy Worker:**

If we have a valued employee, whose skills have grown beyond her current duties yet, a promotion isn't an option. In any organization -- flat or hierarchical -- the opportunities to move up the ladder get smaller the higher up you go. Then, too, the employee may not want a promotion to the next rung. She'd rather stay an individual contributor than move into management. For these folks, job rotation can be a key retention strategy to keep them within your company. Whether an employee wants to be promoted or not, job rotation improves their skills and gives them a broader understanding of the inner workings of a company.

Sometimes, a valued employee's career path isn't the right one for her. But that doesn't mean she needs to pack up and leave. Quite the opposite. Too often we follow the old adage "If it ain't broke, don't fix it" and are happy to have employees do what they've shown they can do best. But a lot of workers might be happier facing different challenges and learning new skills.

If employees don't feel like they're growing, they'll head for the exits,. So if we have got a great employee who has expressed interest in trying out new roles within your company, work with
them to create a job rotation plan or test phase -- it could be the difference between losing a stellar employee and helping them find a new passion that, in the end, bolsters your bottom line.

The disadvantages of job rotation:

Lot of time as well as effort go in motivating and persuading employees for job rotation. You just can’t expect your team members to willingly work with people of other departments whom they don’t even know at the first attempt only. Superiors have to sit with each and every individual in person and explain the benefits of job rotation first and then motivate him/her to contribute in other domains as well. Convincing employees for job rotation can sometimes be a time consuming process. As a Boss; we just can’t concentrate on any other work but keep on encouraging your immediate juniors to say a yes to job rotation.

Another disadvantage of job rotation is that individuals take some time to acquaint to a new process, set up, be friendly with other employees and so on. Expecting miracles out of a marketing professional who has been asked to contribute in the accounts department as a result of job rotation is foolish. Individuals working beyond their expertise would definitely be able to contribute but their output would certainly not be at par with the experts. Efficiency may be lost as individuals do not become proficient in a particular task all of a sudden. Upgrading skills is no rocket science and takes time. How can a sales professional know each and every thing about the accounts team or all the soft wares used by the IT team in just one day? In the same way, an individual from the MIS team would also take time to know about the specifications /features of each and every product and would never be able to convince clients to invest in the organization’s products or services, the way a hard core sales professional would do. Work suffers at the end of the day and eventually the organization is at loss.

Job rotation also leads to stress and anxiety among employees. Employees are reluctant to come out of their comfort zone and hardly contribute in other department. For them, job rotation is another formality or process imposed on them. They simply have to follow the same as their Boss has asked them to do so. Individuals take time to open up in front of new people, express their ideas in a new team and often turn negative. They are very comfortable working with the people they have known for some time but when it comes to new colleagues, they find it extremely difficult to adjust and thus create all sorts of problems.

Another problem of job rotation is that it does not take into account the time wasted in training someone who is not worth it and does not deserve to be in the system also. One sometimes tends to pick the wrong employee for job rotation who not only creates problems for everyone else but also misuses other departments’ information and data. If someone has willingly volunteered for job rotation, the company has to give him/her an opportunity, irrespective of the fact whether he/she is actually capable of the same or not?. Anyone who is denied of the same would all of a sudden speak ill about the entire organization and lose interest in work. It is extremely difficult to find the right and deserving candidate for job rotation.

Another disadvantage of job rotation is that sometimes, employees even after working for few months, in another department hardly learn anything. All your efforts go waste when the end result is a zero.

Hurdles to Success

HR leaders should be precise when implementing job rotation programs, maximizing benefits and minimizing problems. They should align rotations with the organization's HR strategy and use them to prepare high-potential employees for assuming leadership roles.
Here are four common challenges faced by HR leaders when implementing a program and four possible solutions:

1. **Establishing value;**

Leadership doesn't recognize the value of job rotation, seeing it as a potential creator of chaos/musical chairs.

**Solution:** Gain the commitment of your leadership team by making the business case for job rotation as a tool to motivate, broaden skills, retain employees (especially younger ones) and develop cross-functional capabilities.

2. **A loss of specialized skills:**

Job rotations can lead to a generalist mind set within an organization, meaning that employees know something about multiple areas while the company may prefer employees to know a lot about one area (i.e., have a more specialist mind set).

**Solution:** Define the departments and functional areas suitable for such a program. Remember, it may not be a good tool to develop the technical expertise your company needs, but it could be great for developing generalists and leaders. Setting up a leadership track alongside a specialist track may represent the best of both worlds. Organizations must have other ways to get specialist skills, such as using vendors for specialist tasks or using different career-management systems in technical areas.

3. **A decrease in productivity:**

We will be rotating someone out of a position where the employee is highly productive into a new position where they have a steep learning curve ahead, so we have to provide more support when rotating the now less capable employee into a new position. The rotated employee's new manager and colleagues may also find themselves less productive in the short term as they provide coverage.

**Solution:** Develop policies and standards to help managers and rotated employees navigate the program and introduce a structure of support, such as training, orientation for the rotated employee's manager and colleagues and mentoring programs.

4. **Success Metric:**

It is not cakewalk to measure the success of job rotation.

- Define criteria to evaluate the results.
- The skills that the rotated employee learned.
- The best practices that the rotated employee used from the previous position.
- What the employee's manager and team learned from the employee, and vice versa.
- Regular feedback to be collected from the rotated employee, their manager and colleagues.

Although implementing a job rotation program may seem complex (it is), such programs offer tremendous benefits for employees and organizations alike. A popular HR strategy where companies move around their employees to different kinds of jobs inside the organization for the benefit for the
employer as well as employee is called job rotation. Job rotation has been designed to increase the level of motivation and interest level among employees. Despite having several benefits to skill development, job rotation needs more than employee training.

**Drawbacks for Job Rotation:**

1. Rigid employees not ready for it quits.
2. Adjustment problem in new job scenario with increased challenges and difficulties.
3. Adjustment problem with the timings if the company works in shifts.
4. Increased stress and peer pressure.

**Steps in Implementing an Effective Job Rotation Program:**

1. **Get sponsorship or leadership commitment for the program.** Making the business case is the first step.
2. **Determine the critical positions or functions to include in the program.** This should be linked to the overall business plan of the organization. Assess the company’s vulnerabilities in terms of the average time someone is in a given position, the number of people ready for retirement, the turnover risk for each role, and future growth plans of the organization.
3. **Conduct a job analysis to determine the components of the job that are most important to learn during the job rotation.** Naturally there probably won’t be time to learn every nuance of the role. Pick the most important competencies or tasks that the person needs to learn in the job—those that they use most frequently.
4. **Determine the ideal “bench strength” for each role.** With job rotation you’re really creating your internal talent pool for this role. For a critical position, having at least three people that are trained for the role to cover increasing turnover is recommended.
5. **Create job readiness assessments and an evaluation process.** Once we are ready to put candidates into this program, it’s good to have some type of assessment developed or available that determines candidate readiness and current skill level. This is a way to tailor or individualize the job rotation experience.
6. **Develop job profiles and development maps.** Using the job analysis as a basis for what training is needed, determine how to best implement such a program in reality. In other words, an employee cannot get work done in their current role while learning the key competencies of another role. Some examples might include using coaching, mentoring, a buddy system, online learning, special project participation, etc.
7. **Determine readiness periods.** A readiness period is an estimate of how long a job rotation program should be. There will be different readiness periods in different roles. This can be determined by examining past incumbents or recent new employees to determine how long it normally takes to learn the role—bearing in mind that most rotation programs will not aim for 100% competency in the new role.
8. **Develop the selection process for the program.** Determine how many job rotations can happen simultaneously. How will candidates be selected? How will the selection process be communicated? If the job rotation program is used for promotions, employers may need to validate the selection process to ensure there’s no discrimination.
9. **Develop and implement internal communications.** Communicating about it so that you get a high volume and high-quality candidates from your internal employee pool to want to participate in it is a really good idea. Consider branding it or including it in other initiatives, such as succession planning or career development.
10. **Orient the team(s).** “It may sound very obvious, but this tends to be one of the pitfalls we see.” “Really involving and orienting the whole team of people who are going to be working with this individual – including the individual themselves – is extremely important. People need to understand what their roles are; it’s a new program, they need to know what they’re responsible for and when and how to do it.”

11. **Support the process.** Having a team orientation is important, but ongoing support is needed as well. Using check-in milestones along the way can allow companies to ensure that progress is being made against the program goals and employees are seeing the benefits of program participation.

12. **Measure and reward success.** One way to measure progress is conducting skills assessments of the program participants. Measure at different intervals, not only at the end, which will allow adjustments to be made as needed. Communicate progress throughout the entire organization. Reward the manager and the team as well as the employee.

**Infosys introduces onsite rotation policy for employees**

Infosys has introduced an onsite rotation policy for employees and set an upper limit of 18 months on the duration that employees can stay in overseas locations when they go for client-specific work. Rotations are becoming the norm as onsite opportunities are declining, given the slowing demand for IT and pressure to hire locals. IT employees have always regarded onsite opportunities in the US or Europe as one of their biggest perks. Companies too believe it's important for employees to be part of the client's environment, because it helps them become more engaged and develop domain- and client-specific knowledge.

**Wipro:**

Take, for example, IT major Wipro Ltd. The company is currently running two independent programmes Vista and Wings which are internal job posting sites for Wipro InfoTech and Wipro Technologies, respectively. Today, all corporations want to give their employees equal experience and opportunity, even if they are not working at the headquarters. This internal job posting and rotation model serves a number of purposes at the same time. Incidentally, Vista (which is open to Wipro employees who have completed 18 months in their current role) is being used as a key tool to give Wipro InfoTech employees the opportunity to move positions (in some cases overseas) as the domestic business group of Wipro expands into the APAC region. Wipro has decided to restrict the onsite deputation period for employees to two years. The country’s third largest information technology (IT) services firm will, instead, rotate people for onsite assignments — a move the management expects would boost the career growth opportunities for its employees.

The Azim Premji-headed company says: “The intention of the two-year limitation is to allow continuous rotation of talent, promoting the efficiency of worldwide operations and personal and career-development opportunities to employees.” This kind of rotation policy provides an equal opportunity for all employees to be part of the client’s environment, become more engaged and develop domain and client specific knowledge,” the company statement in its response to this newspaper.

**CISCO:**

The new HR system at Cisco is looking at lateral job rotations as a key strategy and specific tracks are being worked out on the basis of a skill and career matrix, which will focus on the top 20 per cent of the employee base. This mosaic matrix is likely to be a global solution, which would mean the employees could get opportunities to function across the company offices at other locations, involving even international transfers.

**Sasken Communication Technologies:**

At Sasken, we believe that rotation is a natural process for which there is no set model. But when companies have a hybrid technology model like ours (both IP and services), the technology needs to be kept in mind as the limiting factor. Some people get so specialised that moving them does not make sense. However,
Interestingly, at Sasken, the scaling down of our services business gave us an opportunity to provide job rotation options to our employees from services to products.

Source: www.financialexpress.com

Internal Job Rotation, the New IT Retention Mantra

Also, companies are now offering alternative options to employees who have been in the same role for about three years, unlike the earlier five-year timeframe. LG Electronics, IBM, Tata Steel, McDonald’s are few examples which practice job rotation.

Keep em at any cost or simply lose them! With the talent pool at well-known IT corporations now becoming veritable storehouses ripe for the picking by the market, IT players are going that extra mile to make sure they hold on to their star performers. The message is clear: It’s better to lose employees to other departments, where they remain within the same resource pool, than to lose them to the competition.

So besides offering juicy pay packets and international working styles, the flavour of the year is well-thought-out strategies and operational models to facilitate internal job rotations that offer cross border/department career growth and an opportunity to build competencies and achieve career aspirations. Interestingly, this tool is also proving to be an effective incentive in retaining employees, especially since more premiums is now being attached to competencies rather than the conventional experience-salary based model.

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Challenges In Information And Communication Technologies And Digital India

Kusuma. C.M

Abstract:

Information and Communication Technology (ICT) deals with all of the technology that we use to collect, process, protect and store information. It refers to hardware, software (computer programs), and computer networks. This concept involves transfer and use of all kinds of information. ICT is the foundation of economy and a driving force of social changes in the 21st century. Distance is no longer an issue when it comes to accessing information; for example, working-from-home, distance learning, e-banking, and e-government are now possible from any place with an Internet connection and a computing device. We also highlight few programs under Digital India.

The purpose attempts to analyze the use of communication and how it is impacting on development of the nation. The information and communication are transforming professional activities and interactions in ways that challenge traditional assumptions about Professional identity. In this paper we consider the ways in which the nation is shaped by the use of ICTs. The analysis suggests development and use of ICT enabled scientific technologies and their development of unique areas of scientific knowledge. ICT related changes in data collection, collaborative coordination and scientific interaction. Digital India works on WI-FI centers and Hotspot: BSNLs mass deployment of WI-FI Hotspots across the country.

The method involves the improvement of aptitudes skills abilities knowledge understanding and attitude of the employees of an enterprise. The use of electronic technology for communication has become effective on citizens of modern India.

The findings include the quality of Human labour relations permitting to build on well-functioning company structure company systems and process helping the country. The study therefore presents some recommendations on how Digital India and Information and Communication are making the country prosper.

Keywords: Collaboration, uses of technology by modern citizens, Information and modern technologies, Digital India, Aptitude and knowledge.

INTRODUCTION:

Information and Communication Technologies (ICTs) are referred as the collection of technological resources which are made use to communicate. They are also made use to generate, distribute, collect and administer information. ICT is a force that has changed many aspects of the way we live. Information and Communication Technologies consist of the hardware, software, networks, and media for collection, storage, processing, transmission and presentation of information like, voice, data, text, images as well as related services.

Introducing ICT as a tool to support the education sector has initiated substantial discussions since the late 1990s. It plays important role for Technical and Vocational Education for training teachers. During the last few years an increasing number of international development agencies have embraced the potential of ICT to support the education sector.

UNESCO has played a major role in the Education. When looking at the integration of ICT to support the achievement of educational objectives, it can be found that after almost a decade of using ICT to stimulate development .They have become a medium to create voice, music, text, image and video communication.
Importantly, these communication can be created and shared on demand by the mobile user. Additionally, mobile devices are also a tool used to access the internet, view television and movies interact with GPS (Global positioning system), play games and read and respond to barcode and augmented reality messages.

In this paper I have also covered Digital India and use of technologies by the citizens. As it is the dream project of the government and blessing for the citizens it will help in connecting the dots of various projects past and present, to bring India to a global platform? It will help in moving universal trends of Digital Innovation in creation of positive impacts in the lives of people like Rural, Urban Young and Old. The history of mobile Technologies began with the use of two way radios and evolved to the current state of prolific smartphones, tablets, and other mobile devices. The history of Mobile technologies originated with the limited use of radio frequencies. India is the first mobile country with over 70% of the Internet traffic being used through mobile over 30000 application developers. India is only a second country after USA in developing Apps for Android platform. This will provide great platform for the government to a mobile devices depend on their network infrastructure and the capabilities of the mobile device or handset. India is a mobile first country with over 70% of the internet traffic being used through mobile and over 300000 application developers. India is only a second country after USA in developing apps for Android platform. This will provide great impetus to the key pillar Mobility of the Govt. of India’s flagship program “Digital India”.

**OBJECTIVES:**

- Importance of Wireless Networks in Global Online Practice.
- To understand the Impact of Mobile Technologies.
- To encourage the learners to develop the social skills.
- To help the learners to become competent and confident users of ICT
- To develop cultural, social and personal aims in education.

**REVIEW OF LITERATURE:**

A review of literature published between (1990 and 2000) has revealed that the use of ICTs is growing in Africa, despite many constraints. There is a considerable variation between different African countries' adoption and use of these technologies, ranging from the fairly advanced status of South Africa to the relatively undeveloped status of Somalia, which is reported to have only recently introduced its first Internet Service Provider (ISP).

*Adeeb and Hussain* (2009) the technology includes, iPod, MP3 Player personal Digital Assitants USB Drive E-Book reader Smart phone ultra-mobile pc and laptop.

*Coates* (2009) Mobile Technology refers to devices that are both transportable and mobile networks.

*Mary Meeker* (2008) at kleiner Perkins Caufeild Buyers who reviews technology trends annually in May. Mobile to overtake fixed Internet access by 2014 was the huge deadline summarizing the bold prediction.

*Synder (2009)* The mobility wave now in place may have the most profound impact previous waves were built on Computers that communicate and represents a complete model were built on Computers that communicate and represents a complete model.
(Urien, 2011) and Canton (1999) remarked that technology is more important to a town than new roads or bridges. Modern communication tools have greatly influenced personnel management in Nigeria. Similarly, the improvement in the development of personnel makes communication faster and easier. Assembling, processing, storing and transmitting information are now not only easy but also faster for example, Freire (1970) and Tracy (1998) noted that the advancement in telecommunication networks which relays massive volume of voices, video and print products along digital circuits at very high speeds could not be possible without the efficacy of personnel management.

IMPORTANCE OF INFORMATION AND COMMUNICATION TECHNOLOGY:

To compete in the global marketplace, companies use websites to provide ordering information and product lists online, allowing monetary exchange with customers. Websites also allow companies to receive valuable feedback on customer needs and ideas for improvement. Through email, faxes, and telecommunications devices, businesses generate greater accessibility through almost instantaneous communications.

The ICT services have increased considerably due to ICT accessibility and affordability. All groups in society and those in remote areas have taken advantage of this to transfer and use the available resources. Access to telecommunication services has enhanced socio economic development in remote areas with introduction of mobile banking and Internet services.

The hardware and software that people use to send and receive information that social networking sites such as Facebook Twitter and My space computers phones and Tablets make up the term ICT. Over the past few years the ICT sector has grown substantially with a lot of new companies releasing new gadgets to improve how we communicate.

ICT in Education:

To help the learners become competent and confident users of ICT who can make efficient and effective and creative use of basic application software in their everyday activities. It also encourages the learners to become critical reflective users of ICT who can evaluate the capabilities and limitations of the technology and of social, technical political ethical and economical principles. It prepares the learners for the society of tomorrow by making them the users of ICT who have the necessary openness of mind to be able to adjust the future changes in the Technology. It also encourages the learners to adopt social skills that are essential for co-operative and collaborative learning. It facilitates better communication between the learners and promotes greater social understanding and harmony.

It helps the learners to associate the richness of our cultural heritage by facilitating access to our culture and it helps to become cultured citizens and modern world by facilitating the discovery and appreciation of the cultural heritage of various countries .It encourages the learners to develop personal skills for independent learning. It helps the learners to acquire knowledge and it affects the attitude of the learners .It helps the learners to develop with special needs to support the younger generations.

PERSONAL COMPUTERS: Internally personal computers allow businesses to keep permanent records of communication, messages and media of all types .PCs also increasingly play a significant part of external business communications. PC sales will increase from 301 million units to 400 million in 2010 to 2017.

LAPTOPS: Laptop and computers provide same features as they desktop computers but also adds portability .They boosted the mobility of business practices.
MATERIALS AND METHODS:

Personnel are the most important driver of national prosperity, growth and development. It is the determinant and nucleus of the work force to which the economy revolves. Personnel development involves the improvement of aptitudes, skills, abilities, knowledge, understanding and attitude of the employees of an enterprise. No country can prosper without the capacity of the people to manage, govern and control the material resources. At the Centre of personnel development is the effectiveness of the educational policies and practices which enhances the knowledge and skills of the nation and moulds the future of the nation.

The current international trend in personnel management and development depends largely on communication. The tools and methods of communication have evolved over the centuries. Presently, the Information Technologies (IT) presents new challenges to Nigeria for many reasons. The role of the educational institutions to the building of adequate workforce capable of coping with the national challenges has placed the tertiary universities in prime focus. This study presents a narrative discourse of the subject-matter. Materials used are deduced from selected previous literature.

Digital India:

Indian Prime Minister Narendra Modi wants to create a digital India that would use technology to improve the country’s healthcare systems, education and banking. He envisages ‘cities ‘that will use big data to build more efficient cities. But as the following chart shows, India will have to address the problem of digital have-nots at some point, as the barrier to internet access in the country is high.

A global study by McKinsey and Facebook finds that India has one billion people without Internet access. The report, titled ‘Offline and Falling Behind: Barriers to Internet Adoption,’ has constructed an ‘Internet Barrier Index’ assessing the obstacles to Internet access in 25 countries. India finishes 20th on that list. “Even the cheapest data plans are simply too expensive.

A total of 4 billion people in the world don’t have access to Internet—India accounts for 25% of them. The study found that most people who don’t have Internet access live in the rural areas, in low income countries and are largely elderly and female.

The report suggests that the major obstacles in Internet access in India are the same as the most pressing issues facing the country today: literacy, poverty and poor infrastructure.

Thirty seven percent of adult Indians are illiterate which translates to 287 million people—the highest in the world. The report notes that such a high illiteracy rate acts as a major roadblock in expanding the reach of the Internet. Awareness about the Internet and ability to operate a computer is low among Indians, adding to the worries.

“Illiterate farmers are unable to benefit from the existing services that provide weather forecasts and market prices through text messages or other digital means,” the study notes.

But here is the good news: mobile data plans in India are among the cheapest in the world and the average retail price of smartphones are sharply declining. Still, Internet is out of the reach of nearly 950 million Indians as many of them struggle to make their ends meet. “Even the cheapest data plans are simply too expensive,” the study says. And even as India gears up for 4G, network coverage is poor in village.

DESCRIPTION OF THE PROBLEM:

This AAC method is very cumbersome and inefficient. The Communication partner is extremely poor there is also a severe loss in the conversation continuity costs by the speaker phone during the
conversations. Some AAC devices have the phone that the user must plug into. This party interventions as well as the need for tethering. These limitations create the need for many people who use AAC devices to get assistance from third party who commonly used strategies for the assistance to deliver a predetermined message and for the assistance to both of these methods are inefficient and severely restrict a person’s ability to communicate over the telephone can help in improving social and economic condition of people living in rural areas through mobile devices.

**Impacts of Mobile Technology in India:** The Digital India project provides a huge opportunity to use the latest technology to redefine the paradigms of service delivery. A digitally connected development of non-agricultural economic activities apart from providing access to education, health and financial services. However, it is important to note that ICT cannot alone directly lead to overall development of the nation. The overall growth and development can be realized through supporting and enhancing elements such as literacy, basic infrastructure, overall business environment, regulatory environment, etc.

**Economic impact:**

According to analysts, the Digital India plan could boost GDP up to $1 trillion by 2025. It can play a key role in macro-economic factors such as GDP growth, employment generation, labor productivity, growth in number of businesses and revenue leakages for the Government. As per the World Bank report, a 10% increase in mobile and broadband penetration increases the per capita GDP by 0.81% and 1.38% respectively in the developing countries. India is the 2nd largest telecom market in the world with 915 million wireless subscribers and world’s 3rd largest Internet market with almost 259 million broadband users. There is still a huge economic opportunity in India as the tele-density in rural India is only 4510 where more than 65% of the population lives. Future growth of telecommunication industry in terms of number of subscribers is expected to come from rural areas as urban areas are saturated with a tele-density of more than 160%.

**Social impact:**

Social sectors such as education, healthcare, and banking are unable to reach out to the citizens due to obstructions and limitations such as middleman, illiteracy, ignorance, poverty, lack of funds, information and investments. These challenges have led to an imbalanced growth in the rural and urban areas with marked differences in the economic and social status of the people in these areas. Modern ICT makes it easier for people to obtain access to services and resources. “It is a myth that only metro and urban citizens use & need digital services. Huge traction for digital services is already being witnessed beyond cities. For, Idea Cellular, the usage of data services is growing exponentially in non-urban centers. Digital services constraints are on the supply side—not on the demand side. Social sectors such as education, healthcare, and banking are unable to reach out to the citizens due to obstructions and limitations such as middleman, illiteracy, ignorance, poverty, lack of funds, information and investments. These challenges have led to an imbalanced growth in the rural and urban areas with marked differences in the economic and social status of the people in these areas. Modern ICT makes it easier for people to obtain access to services and resources. The penetration of mobile devices may be highly useful as a complementary channel to public service delivery apart from creation of entirely new services which may have an enormous impact on the quality of life of the users and lead to social modernization.

The poor literacy rate in India is due to unavailability of physical infrastructure in rural and remote areas. According to estimates, the digital literacy in India is just 6.5% and the internet penetration is 20.83 out of 100 population. The digital India project will be helpful in providing real-time education and partly address the challenge of lack of teachers in education system through smart and virtual classrooms. Education to farmers, fisher men can be provided through mobile devices. The high speed network can provide the adequate infrastructure for online education platforms like massive open online courses (MOOCs). Mobile and internet banking can improve the financial inclusion in the country and can create
win-win situation for all parties in the value-chain by creating an interoperable ecosystem and revenue sharing business models. Telecom operators get additional revenue streams while the banks can reach new customer groups incurring lowest possible costs. Factors such as a burgeoning population, poor doctor patient ratio (1:870), high infant mortality rate, increasing life expectancy, fewer quality physicians and a majority of the population living in remote villages, support and justify the need for tele-medicine in the country. 

Environmental impact: The major changes in the technology space have not only brought changes to the economic system but are also contributing to the environmental changes.

The next generation technologies are helping in lowering the carbon footprint by reducing fuel consumption, waste management, greener workplaces and thus leading to a greener ecosystem. The ICT sector helps in efficient management and usage of scarce and non-renewable resources.

Tele-presence in work environment as well as home helps in creating a virtual environment for face to face conversations and minimizes the need for travel. Similarly, the flexible work environment where work from home and bring-your-own-device (BYOD) are permitted, can significantly reduce their carbon footprint and operational costs by not only reducing the electronic waste in the form of laptops, desktops, etc. but also by reducing the need of large fixed office space for businesses.

Cloud Computing:

This is a concept where the infrastructure is converged and services are shared. The resources which include application/software (also in the form of an API), platform, infrastructure and also business processes can be shared with multiple users and is dynamically allocated on demand. To enable Digital India it is necessary to evaluate the type of services that will be provided to citizens. Digital India should have strategy wherein the Government will be providing information and services to internal and external stakeholders.

Pillars of Digital India: The Digital India initiative covers many important projects like National e-Governance Plan, National Knowledge Network, National Optical Fiber Network, digital cities, etc. which will help in digital inclusion in the country and empower the citizens to eradicate the digital divide.

Broadband highways: The government with the vision of “Digital India” has allocated five billion to build high speed broadband highways connecting all the villages, government departments, universities, R&D institutes, etc. There are many different initiatives from central government as well as state-governments under the NEGP project to ensure government services are available to citizens electronically. Pensioners’ portal, a web-based portal called Pensioner's Portal has been created for the redressal of pensioners’ grievances. It also provides information to pensioners on retirement and pension-related issues The Digital Chip Maker Intel along with the government unveiled a digital skills training application in five Indian languages, which includes modules on digital literacy, financial inclusion, healthcare and cleanliness. Intel will work with the Indian government to create digital literates across 1000 panchayats, a move that will impact five million citizens by the end of 2017.

Conclusion: This paper studies the importance of mobile technology to the people and how it helps for the development of the country. This also concentrates on Digital India concept and how it has been useful in different states of India. It also shows the impact on Education, Health sector and Industries. This helps the people for easy accessibility and it provides people a lot of information regarding banking and other areas. The objective of this paper is to explore, evaluate and compare regulatory measures. Digital economy presents unique challenges which require the tax laws as well as the tax administration.
to be more up to date with the technological advances in the space and to ensure that the digital economy is liable to pay appropriate taxes. The use of Information and Communication Technology has no doubt improved the quality of higher education in the past decade. The reason is that ICT contributes to better learning environment and improves the effectiveness of teaching method. ICT method creates a healthy learning environment and brings higher quality of study material in the classrooms and libraries from the different e-library sources for the teachers and students. But the students found it more interesting when presentations using photographs, videos, storylines, cases, etc. were presented in the class using the ICT method, & engaged in discussions more actively. Therefore ICT as well as Digital India both have been useful for the development of the country and for every individual it has been useful to prosper.

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The Role of E-Commerce in Start Up and Digital India-Challenges and Opportunities – An Overview

Getendra Kumar M

Abstract

E-commerce is definitely one of the business options that one will have to explore in the future. E-commerce is said to bring about paradigm shift in the world for trading. E-commerce is showing tremendous business growth in our country. Backed by increased online user base & mobile phone presentation, Indian e-commerce has seen impressive growth in the last few years. Considering India’s demographic dividend & rising internet accessibility, the sector is slated to scale greater heights. Although, India’s overall retail opportunity is substantial, the sector is beset with some serious challenges.

The present study has been undertaken to describe the present status & future growth of e-commerce in India. Analyze the present trends of e-commerce in India & examine the challenges & opportunities of e-commerce in India.

Keywords: E-commerce, Online retail, Increasing internet users, Electronic fund transfer.

OBJECTIVES OF THE STUDY:

The paper has following objectives:

- To explain the concept of start up
- To explain the concept of Digital india
  - To explain the concept of E-Commerce
  - To explain the difference between traditional commerce and E-commerce .
  - To study the India’s prospect in E-Commerce.
  - To study about the key drivers in building E-Commerce
  - To study about various trends of E-Commerce.
  - study about advantageous and disadvantageous of ecommerce
  - To study about key factors in the growth of ecommerce in india
  - To study various challenges and opportunities faced by E-Commerce in India.
**Definition:**

The buying & selling of products & services by businesses & customers through an electronic medium, without using any paper documents. E-commerce is widely considered the buying & selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered E-commerce.

E-commerce is subdivided into three categories: business to business or B2B (Cisco), business to consumer or B2C (Amazon) & Consumer to consumer C2C (eBay).

**DIFFERENCE BETWEEN TRADITIONAL COMMERCE AND E-COMMERCE:**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Traditional Commerce</th>
<th>E-Commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Scope is local or regional</td>
<td>Scope is Global</td>
</tr>
<tr>
<td>2.</td>
<td>Time required for business transaction is in terms of week.</td>
<td>Time required for business transaction is in terms of minutes and seconds.</td>
</tr>
<tr>
<td>3.</td>
<td>Product attributes are selected by seller</td>
<td>Product attributes are selected by buyer.</td>
</tr>
<tr>
<td></td>
<td>Prices are listed by taking over view of local market.</td>
<td>Prices are listed by taking over view of global market.</td>
</tr>
<tr>
<td>---</td>
<td>------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
</tr>
<tr>
<td>5.</td>
<td>Service is available in between 9 a.m. to 5 p.m. in weekdays.</td>
<td>24 hours service is available for all 7 days.</td>
</tr>
<tr>
<td>6.</td>
<td>Marketing focus is related to product position.</td>
<td>Marketing focus is related to customer relation.</td>
</tr>
<tr>
<td>7.</td>
<td>Asset for traditional business is location of shop.</td>
<td>Asset to e-commerce is customer database.</td>
</tr>
<tr>
<td>8.</td>
<td>Value proposition is related to product.</td>
<td>Value proposition is related to product, information and service.</td>
</tr>
<tr>
<td>9.</td>
<td>Mode of payment is physically transfer of money i.e. DD, Cash, Cheque etc.</td>
<td>Mode of payment is electronically i.e. electronic transfer of money using credit cards, digital cash etc.</td>
</tr>
<tr>
<td>10.</td>
<td>Transactions are taken place with help of paper.</td>
<td>Transactions are taken place without help of paper.</td>
</tr>
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</table>

**Methodology**

**Research methodology:** The Process used to collect information & data for the purpose of making business decisions. The methodology may include publication research, interview, surveys & other research techniques & could include both present & historical information.

**Market size and growth**

India's e-commerce market was worth about $3.8 billion in 2009, it went up to $12.6 billion in 2013. In 2013, the e-retail segment was worth US$2.3 billion. About 70% of India's e-commerce market is travel related. According to Google India, there were 35 million online shoppers in India in 2014 Quarter 1 and...
is expected to cross 100 million mark by end of year 2016. Compound Annual Growth Rate (CAGR) is a global growth rate of 8–10%. Electronics and Apparel are the biggest categories in terms of sales.

Result & discussion

India has an internet user base of about 354 million as of June 2015. Despite being third largest user base in world, the penetration of e-commerce is low compared to markets like the United States, United Kingdom or France but is growing much faster, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point.

In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products (including long-tail items) is growing much faster than in-country supply from authorized distributors and e-commerce offerings.

As of first Quarter, 2015, seven Indian e-commerce companies have managed to achieve billion-dollar valuation. Viz. Flipkart, Snapdeal, InMobi, Quikr, Amazon India, OlaCabs, and set to grow the fastest .

Key drivers in Indian e-commerce are

Large percentage of population subscribed to broadband Internet, burgeoning 3G internet users, and a recent introduction of 4G across the country. Explosive growth of Smartphone users, soon to be world's second largest Smartphone user baseRising standards of living as result of fast decline in poverty rate. Availability of much wider product range (including long tail and Direct Imports) compared to what is available at brick and mortar retailers. competitive prices Increased usage of online classified sites, with more consumers buying and selling second-hand goods. Evolution of Million-Dollar startups like Jabong.com, Saavn, Makemytrip, Bookmyshow, Zomato Flipkart, Snapdeal Etc.

As per "India Goes Digital", a report by Avendus Capital, a leading Indian Investment Bank specializing in digital media and technology sector, the Indian e-commerce market is estimated at Rs 28,500 Crore ($6.3 billion) for the year 2011. Online travel constitutes a sizable portion (87%) of this market today. Online travel market in India is expected to grow at a rate of 22% over the next 4 years and reach Rs 54,800 Crore ($12.2 billion) in size by 2015. Indian e-tailing industry is estimated at Rs 3,600 crore (US$800 mn) in 2011 and estimated to grow to Rs 53,000 Crore ($11.8 billion) in 2015.

Overall e-commerce market is expected to reach Rs 1,07,800 crores (US$24 billion) by the year 2015 with both online travel and e-tailing contributing equally. Another big segment in e-commerce is mobile/Direct To Home recharge (DTH) with nearly 1 million transactions daily by operator websites.

New sector in e-commerce is online medicine. Company like Reckwing-India, Buyonkart, Healthkart already selling complementary and alternative medicine whereas Net Med has started selling prescription medicine online after raising fund from General Insurance Corporation and Stead view
capital citing there are no dedicated online pharmacy laws in India and it is permissible to sell prescription medicine online with a legitimate license.

The state of Indian E-commerce – trends and opportunities

E-commerce has come a long way since its inception and is only getting bigger. As technology continues to grow rapidly, e-commerce retailers are adopting newer techniques to facilitate sellers and buyers to sell and buy online more efficiently, thanks to ever dropping rates of internet surfing – both for web and mobile interfaces – which is complimenting to the soaring population of internet users. It has hence become the key force behind driving the trend for e-commerce. The rise of social networks and mass adoption of mobile devices is acting as a catalyst to accelerate this drive further, shaping the e-commerce trends for the Indian market.

Consumers are more connected than ever before and have more information and choices at their fingertips today.

Key market and technology trends that we believe will define e-commerce in near future include:

**Brand loyalty**

Price has been the dominating factor in the Indian market and the customer is not hesitant in changing brands frequently to avail the lucrative offers presented by competing brands. There is a lot that e-commerce players in India would have to do to make their customers feel special to retain them, as the loyalty erodes fast when the shopper is confronted with promotions and deals. Knowing what your customers want and offering them accordingly can possibly drive this, which is possible by using big data techniques to predict consumer preference and behaviour.

**Improving customer experience with varied offerings and options**

With the advent of technology, online retailers are devising attractive delivery options such as same-day delivery or delivery within an hour, perks on buying from mobile apps, and try @ home @ your door for consumers that are leading improved customer experience. To further improve customer experiences, we might also see adoption of international practices such as digital or experiential stores and showrooms, pop-up and fulfillment stores and drones that will fascinate the Indian market. The other technologies that will affect these trends and help shape the e-commerce business include:

**Retailer’s own logistics**
Logistics have been a major issue for online retailers in India, which leads them to build their own strategies in the absence of established systems to handle cash-on-delivery (CoD) and same-day shipments. Online market leaders are choosing to build their own logistics such as technology to the fullest, and by developing strategies through analytics produced using big data will help in making customers feel special and increase brand loyalty. With the increasing adoption and use of Smartphone’s, businesses are able to collect large amount of data on consumers, which can be further utilized to do target-based marketing and advertising.

Mobile

Brands have taken the mobile advertising route and are gradually picking up. Online retailers have realized the potential increase of online shoppers through their mobile phones in future. And as consumers grow more comfortable with using mobile devices for browsing and shopping, they are now more open to getting messages from brands via their mobiles. Businesses are implementing strategies for integrating mobile into their marketing campaigns and before they do that, they will have to make efforts to optimize legacy websites for mobile in order to improve customer experience.

Social

Another important consideration is the social aspect and marketers have realized its importance very well. Product and service feedback via social media channels have an impressionable effect on the minds of the larger customer base.

Advantages of e-commerce To Consumers

Consumers have a much wider choice available on the cyber market.

They bear lower costs for products due to increased on-line competition among sellers.

Because of wide-scale information dissemination, consumers can compare products, features, prices and even look up reviews before they select what they want.

They enjoy wider access to assistance and to advice from experts and peers.

They enjoy saving in shopping time and money.

Consumers also avail of fast services and delivery of products and services.

They also have the convenience of having their orders delivered right to the door step.

Finally, consumers are driven to e-shopping as branded goods cost less on the Net.

To Suppliers

The major advantages that e-commerce can bring to the companies/suppliers are:

1. It minimizes inventory cost

E-commerce venture need not maintain huge inventories or expensive retail showrooms. Their marketing and sales force is a fraction of that of traditional mortar-based businesses. E-commerce can
minimize inventory costs by adopting just-in-time (JIT) system enhancing the firm’s ability to forecast demand more accurately.

2. It can improve customer services

It has been found that providing both customer and after-sale services account for up to 10 per cent of the operating costs worldwide. This is well confirmed by Amazon. Com. founded by Jeff Bezos, the largest bookstore in the net by taking away a large amount of sales from the traditional booksellers. In India, the experience of reinfusion-on-the-net presents the similar case.

3. It helps business globalize

E-commerce by minimizing costs enables companies’ especially small ones to make information on its products and services available to all the potential customers spread over worldwide. This is well confirmed by Amazon. Com. founded by Jeff Bezos, the largest bookstore in the net by taking away a large amount of sales from the traditional booksellers. In India, the experience of reinfusion-on-the-net presents the similar case.

4. It helps market products more quickly

By taking the entire product design process online, drawing partners and customers into the process and removing the traditional communication barriers, companies can bring products and services to market far more quickly.

Internet commerce solutions allow customer to reduce the costs of sales and open new markets, speed and simplify order accuracy, approval, and processing, tracking and delivery

Challenges & opportunities

Backed by increased online user base & mobile phone penetration, Indian e-commerce has seen impressive growth in the last few years. Considering India’s demographic dividend & rising internet accessibility, the sector is slated to scale greater heights. Although, India’s overall retail opportunity is substantial, the sector is beset with some serious challenges.

factors that will fuel growth of ecommece
Challenges:

1. Slow change in the buying behavior:
Indians are still reluctant to buy on-line and prefer brick and mortar models. Indians still like to have a feel of product and spend time in buying.

2. On-line portals are not up to the mark:
website search options are not good, lack of sufficient information about products and terms and conditions, slow websites etc

3. Issues concerning security and transaction frauds:
In addition many of the web portals don’t support all on-line modes of payments. There are high occurrence of failed payments and this if often a deterrent for clients to revisit the portal.

4. Competitors are just a click away:
When consumers search, they have multiple options available, and many use search to navigate the Web rather than type in or bookmark specific sites.

5. Visitors can disappear in 15 seconds or less:

Online consumers are goal-oriented shoppers. If they don't immediately find what they're looking for when they reach your site or landing page, they're gone in under 15 seconds.

6. Shopping is a multistep process:

Online consumers love to browse. Many spend a fair bit of time visiting several sites just to gather information. They may also compare the offerings of several competitors before hitting the "buy now" button.

7. Customers wait for merchants' best offer:

Having been seduced during the holiday season with free shipping and handling and other price-driven offers, consumers have been trained to wait for a special deal.

Conclusion

E-commerce is changing the way of buying & selling of product & services in India. E-commerce is future of shopping. Due to E-commerce the gap has been reduced between manufacturer & consumer. According to Indian population their vast scope for e-commerce because currently in India only 19% people using internet for selling & buying goods & services so remaining percentage we can consider that we have scope in Indian Market. There is weak Cyber security Law in India that is why Indian People are facing challenges toward e-commerce. The future of e-commerce e in India would be bright in the upcoming years if all essential factors would be implemented, by establishing cyber & have their benefits as per people wish. The role of government is to provide a legal framework for e-commerce so that while domestic & international trade are allowed to expand their horizons, basic right such as privacy, intellectual property, prevention of fraud, consumer protection etc. are all taken care of. The expansion of e-commerce has been developed in rural as well as urban area because its cost of trading is less and so people is more linked with e-commerce & the ratio of that is getting increase day by day.

References


Viral Marketing – A Strategic Marketing Tool for Start-Up Entrepreneurs

Jyothi Magodu Nagaraj

Abstract:

With the advancement of technologies, the world of business is getting more and more competitive, entrepreneurs should compete in the same pace. In such an environment, entrepreneurs should make their presence felt in such a way that attracts new customers and keeps the old customers from straying. Selling the products harder is not the solution, but the way you sell your products is.

Many small and medium-sized companies in abroad started with Guerrilla Marketing, which is a modern tool of marketing products/services with low cost and established their businesses lucratively. Through constant growth rates, they have the means to also afford traditional marketing tools to gain more and more market share and continuing to attack the market leaders. Those accomplishments drew the attention of many Indian start-up companies to adopt strategy of guerrilla marketing. As the initial investment is low for the start-up they can’t afford big advertisement campaigns to promote their product, so the Viral Marketing can be a strategic tool for them to promote their product/service to the customers.

Within the advertising branch, it is almost something like a remedy that every business can use successfully. This paper gives an insight into the concept of Viral Marketing as being a strategic tool for start-up companies to achieve large impacts with little resources. It is however recommended that entrepreneurs should go for Viral marketing as it is cost effective.

Key-words: Start-up companies’ investments, Guerrilla Marketing, Viral Marketing, Techniques of Viral marketing.

INTRODUCTION:-

As companies begin to realize the value of the Internet as a primary component of their communications platform, they are correspondingly beginning to leverage alternative marketing practices like use of Social media, Guerrilla tactics, and experiential campaigns that are more cost-effective and more efficient at actively engaging with consumers, than traditional advertising channels. The effective use of alternative marketing practices can be especially advantageous for smaller to medium sized firms in the consumer products and services industry, which oftentimes lack the resources that are necessary for employing traditional forms of advertising. When integrated through a social media platform, viral, guerrilla, and events-based marketing are cost-effective promotional options that can also deliver measurable business results. When developed in accordance with a company’s overall strategic objectives, a smaller firm not only can communicate its message to its target audience, but also the ability to begin to cultivate meaningful relationships with its consumers. The purpose of this paper is two-fold: firstly, it will provide insight into the current best practices for the formation and execution of alternative marketing strategies, specifically in terms of word-of-mouth (WOM) marketing strategy, marketing communications, and social media marketing. Secondly, it will develop a managerial model for alternative marketing, geared toward small to medium sized entrepreneurial firms in the consumer products and services industry.

A start-up company is an entrepreneurial venture which is typically a newly emerged, fast-growing business that aims to meet a marketplace need by developing or offering an innovative product, process or service. A start-up is usually a company such as a small business, a partnership or an organization designed to rapidly develop scalable business model. Often, start-up companies deploy technologies, such as Internet, e-commerce, computers, telecommunications, or robotics. These
companies are generally involved in the design and implementation of the innovative processes of the development, validation and research for target markets.\[10\]

Beyond founders' own contributions, some start-ups raise additional investment at some or several stages of their growth. Not all start-ups trying to raise investments are successful in their fundraising. Prior to the advent of equity crowdfunding, a form of online investing that has been legalized in several nations, start-ups did not advertise themselves to the general public as investment opportunities until and unless they first obtained approval from regulators for an initial public offering (IPO) that typically involved a listing of the start-up's securities on a stock exchange. Today, there are many alternative forms of IPO commonly employed by start-ups and start-up promoters that do not include an exchange listing, so they may avoid certain regulatory compliance obligations, including mandatory periodic disclosures of financial information and factual discussion of business conditions by management that investors and potential investors routinely receive from registered public companies.

 Guerrilla Marketing is an advertisement strategy concept designed for businesses to promote their products or services in an unconventional way with little budget to spend. This involves high energy and imagination focusing on grasping the attention of the public in more personal and memorable level. Guerrilla marketing is a concept that has arisen as we move from traditional media to more online and electronic media. It is a concept that was created by Jay Conrad Levinson when he wrote the book ‘Guerrilla Marketing’ in 1984. It is a way of advertising that increases engagement with the product or service, and is designed to create a memorable experience for the consumer. This style of marketing is extremely effective for small businesses to advertise their product or service, especially if they are competing against bigger companies as it is inexpensive and focuses more on reach rather than frequency. For guerrilla campaigns to be successful companies don’t need to spend large amounts, they just need to have imagination, energy and time.\[10\]
Two types of marketing encompassed by guerrilla marketing are Viral Marketing and Buzz Marketing. So, in this paper we discuss about the Viral Marketing as a strategic marketing tool for start-up companies.

**Viral marketing** describes any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message’s exposure and influence. Like viruses, such strategies take advantage of rapid multiplication to explode the message to thousands, to millions. Off the Internet, viral marketing has been referred to as "word-of-mouth", "creating a buzz", "leveraging the media", "network marketing", But on the Internet, for better or worse, it’s called "viral marketing".

### History Of Viral Marketing

The emergence of "Viral Marketing," as an approach to advertisement, has been tied to the popularization of the notion that ideas spread like viruses. The field that developed around this notion, memetic, peaked in popularity in the 1990s. As this then began to influence marketing gurus, it took on a life of its own in that new context.

There is debate on the origination and the popularization of the specific term viral marketing, though some of the earliest uses of the current term are attributed to the Harvard Business School graduate Tim Draper and faculty member Jeffrey Rayport. The term was later popularized by Rayport in the 1996 *Fast Company* article "The Virus of Marketing, and Tim Draper and Steve Jurvetson of the venture capital firm Draper Fisher Jurvetson in 1997 to describe Hotmail's practice of appending advertising to outgoing mail from their users." An earlier attestation of the term is found in *PC User* magazine in 1989, but with a somewhat differing meaning.

Among the first to write about viral marketing on the Internet was the media critic Doug Rushkoff. The assumption is that if such an advertisement reaches a "susceptible" user, that user becomes "infected" (i.e., accepts the idea) and shares the idea with others "infecting them," in the viral analogy's terms.

As long as each infected user shares the idea with more than one susceptible user on average (i.e., the basic reproductive rate is greater than one—the standard in epidemiology for qualifying something as an epidemic), the number of infected users grows according to an exponential curve. Of course, the marketing campaign may be successful even if the message spreads more slowly, if this user-to-user sharing is sustained by other forms of marketing communications, such as public relations or advertising.

Bob Gerstley was among the first to write about algorithms designed to identify people with high "social networking potential. Gerstley employed SNP algorithms in quantitative marketing research. In 2004, the concept of the alpha was coined to indicate that it had now become possible to identify the focal members of any viral campaign, the "hubs" who were most influential. Alpha users could be targeted for advertising purposes most accurately in mobile phone networks, due to their personal nature.

In early 2013 the first ever Viral Summit was held in Las Vegas. It attempted to identify similar trends in viral marketing methods for various media.

### Viral Marketing Overview

Viral Marketing also known otherwise as Viral Advertising is one of the branches of Guerrilla Marketing. It is a marketing technique used to build the public awareness of one’s product or company. They use many forms of media to reach out to the public without actually promoting the product by riding on in other forms of addictive means that could get a person hooked and be obliged or amused to actually pass it on, with the product or company advertisement along with it. In a nutshell, companies ride on the idea that if people like the content of a media they will pass it on to their friends and family. They sponsor the certain media, such as a cool flash game, funny video, amusing story and such, which one may pass on to
Viral marketing has become a popular means of advertising and marketing because they are relatively low cost. Many companies offer incentives such as discounts and rebates when they help in spreading their viral marketing. They rely on the number of recipients a viral marketing gets from one person in determining the amount or number of incentive they can be attributed with.

**The advantages of Viral Marketing are**

The main and foremost advantage of viral marketing is that you get a lot of publicity and public awareness about your site and your company. You get to generate a more number of customers. With a little ingenuity and imagination, and with some incentives or prizes, you can reach out to a great number of people and announce your existence. Viral Marketing could be a sneaky way to get people to know about you and your company. You get them to pass your advertisement along. All it takes is a great idea, a good addicting game, a funny story many ideas are still out there. Create a gossip or a buzz, many movies are promoted by using scandals and gossips to make them moiré popular. Remember the movies of recent like Telugu Movie – Bahubali, Tamil movie – Kabali and Hindi movie – Bhajarangi Bhaijan etc.

Here are some of the most valuable advantages of Viral Marketing:

1. **An Enhanced Customer List**
   
   If you think what help does a customer list do, you need to know that a customer list plays an important role in your online marketing quite in the same way as it does in the off-line marketing. Suppose you sell ice-creams, won’t you expect you are already existing customers to show more interest in your newly introduced flavours over the new customers? It is not just the quantity but also the quality of your customers that decides your business. Every loyal customer you gain adds to your customer list and viral marketing works quite well in enhancing this list of yours.
2. Remarkable Growth in Comparatively Lesser Time

Did it ever occur to you why is viral marketing called viral by the way? Well, you can say it has virus like characteristics – i.e. it develops in almost geometric progressively. You can also say that it is kind of contagious! And once it hits a group of people, it soon gets spread everywhere and this also affects your sales and profit. As a viral disease has amazing potential engulfing masses so has it, so you can expect huge traffic to your site and more clicks and conversion.

3. You Gain More Credibility

As it essentially works on personal recommendations, with time when you are known to lots of new people because of being recommended by their friends and network, your credibility is increased among your audiences. Also, you are being recommended and shared by masses, you get greater noise, and there’s a remarkable buzz about your products among the masses. It works like the links of a chain, i.e. one event leading to another and all finally getting you more credibility. You get higher traffic and better comments that works for your business on a positive note.

4. Better visibility

So, your stuffs are being recommended, shared, commented upon, and discussed among your audiences, this creates a better buzz which leads to greater visibility.

5. Cuts your Promotional Costs

Though this won’t happen at the very beginning, but with time it will cut down your promotional costs as you already get enough visibility and buzz around the internet, so you don’t need to spend extra amount for promoting your site. It is indeed a great way to lower down your advertising expenses as enough advertising is done without spending a buck by being recommended by your existing audiences.

Elements of a Viral Marketing Strategy

Accept this fact. Some viral marketing strategies work better than others. Few work as well as the simple Hotmail.com strategy. But below are the six basic elements you hope to include in your strategy. A viral marketing strategy need not contain all these elements, but the more elements it embraces, the more powerful the results are likely to be. An effective viral marketing strategy:

1. Gives away products or services;
2. Provides for effortless transfer to others;
3. Scales easily from small to very large;
4. Exploits common motivations and behaviours;
5. Utilizes existing communication networks;
6. Takes advantage of others’ resources.

General Techniques of Viral Marketing:

Viral marketing has gathered much attention today. The way it spreads a marketing message can be very effective. Internet viral marketing behaves like a virus, as the name implies. The marketing message tends to be spread through virus-like activity. There are many well-known ways of creating a fuzz through Internet viral marketing. an start-up entrepreneur can utilize site links, referral programs and other viral marketing techniques to be able to reach his target audience. A bright idea is the start of the viral marketing venture and this is made operational through the right techniques.
Some of the techniques which can be effective in spreading a marketing message: Distributing a free software, newsletter with bonuses, Free Writing articles and distributing them for reprint Providing free email account & free web space, Offering free graphics, banners, templates, Offering free consultation and specialized link directory, Start your own affiliate programs/conferences, Provide free forum, Tweet Button, Share Widget and Social Media.

7 Secrets of Viral Marketing

1. Now, one of the most important secrets to be considered is about getting the headline right, and you can do this by adding numbers to the headline. Thus, you show the reader that he can find some real value in the content.
2. Another secret for a successful viral is to tap into buzz-worthy topics, and that is because content that talks about something which is currently talked about has the tendency to get talked about.
3. After that, you can also try to cram a lot of value into a small package, because the more value is to be found in one single place, the greater the impact.
4. No matter how experienced you are, you must always learn from what already works. You must always use a proven formula.
5. The viral content must be concise and right straight to the point, outlining the value, otherwise readers will scroll past it.
6. Insert links into what you write for a plus of value and depth. Make sure though that they are carefully chosen links.
7. And last but not least, the 7th secret is about spreading the word: you can be the one to start word of mouth.

Some of the Best examples of Viral Marketing are:

*Dove's "Real Beauty Sketches"* campaign is the new face of viral marketing success. The uplifting promotional video generated record-breaking online interest, yielding more than 114 million views the first month. Dove uploaded the video in 25 languages to 33 of its official YouTube channels, reaching consumers in more than 110 countries.

*Oreo Daily Twist*: The big idea was a massive PR and social media campaign to put an Oreo “twist” on daily events. This 100 day online campaign - called the ‘Daily Twist’ - saw Oreo create highly topical content based on the day’s biggest news story or key word trends, and release a new piece of content each day through its social channels. 100 pieces of content published across 100 days fuelled their owned digital media ecosystem. Facebook audiences rose by over 1 million and shares rose by 280%. This helped generated the equivalent of 231 million media impressions and gave the brand the highest overall buzz increase in 2012 (+49).

*McDonald's At the 2015 Super Bowl* certainly took the prize for most innovative digital aspect of a campaign, with a two-pronged social media strategy to get people engaging with the brand while watching the game. The fast food chain used its 2015 ad to announce that it will let random customers pay with funny and heart-warming gestures rather than cash. This was followed up with tweets that pledged to giveaway all other products advertised during each ad break- from Toyota cars to superglue.

*Parle G* was attempting to reach out to parents and kids by engaging them in an online activity to reinstate the brand philosophy. The campaign was an opportunity to interact with the core target group and build a strong relationship with them. They had launched a microsite thefuturegenius.com/ and roped in Ruskin Bond, a famous writer for the site. The micro site contains a couple of sections namely Genius Gyaan, Parents Quotient and Diary of a Genius.
The song 'Kolaveri Di' from Indian actor Dhanush’s movie 3 has become one of the internet viral sensations of the year. The Tanglish song (a mix of Tamil and English) with nonsensical lyrics has already notched up over 17 million views on YouTube since its launch. The song is performed by Tamil star Dhanush for his film "3", which is directed by his wife Aishwarya Dhanush. 'Kolaveri Di' translates as ‘rage’ in Tamil, and the song reflects on a broken love affair [9].

**CONCLUSION:**

As a result of the rising popularity of viral campaigns, the cost of developing one has increased significantly, and the increased ‘viral clutter’ has made it more difficult to stand out from the crowd. However, despite this, viral marketing can indeed be more cost effective than traditional marketing when done well. Seeding is the most expensive aspect of a viral marketing campaign, with some video sites charging in excess of $10,000 to be featured on their home page for one week. Only a few years ago a humorous video or unique toy could be seeded into a couple of relevant online communities, and it would be hugely popular. However, the cost of entry has gone up as the concept of viral marketing has become pervasive.

In general, a well-executed viral marketing campaign can cost anywhere from $100K to many millions. There is a reason that sites like Priceline.com Europe and Facebook, which everyone believes were made popular by viral marketing, have spent at least $50 million each becoming a household name. [7]

Some start-ups not only ignore this and don’t budget for it, but they plan on the free viral marketing to generate enough revenue from click-through advertising to fund operations and future growth. That’s a double death wish. We have all heard of a few cases where viral marketing resulted in a message “spread through the Internet like a cold in a kindergarten,” but counting on this can just as quickly lead to the death of your start-up. Unless you have very deep pockets, plan for some very significant marketing costs to kick-start your dream. (Marty Zwilling)

One of the major problems is also that people don’t like advertising and that is why they protect themselves from that by means of pop-up blockers, spam filters, no-call lists and so on. People see companies which make use of advertising as companies which lack credibility. This works best only when it reminds consumers of something they already know, but they forgot, rather than to tell consumers something new. Therefore, to increase people’s involvement, special marketing agencies focus on creativity with mainly humorous concepts to gain attention. So, start-up companies should go for growth-hacking to check out which will be best suitable for their enterprise.

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A Study on Growth and Challenges for Online Marketing in India

Pushpa Hongal

Abstract:

India today is witnessing a digital revolution. The online marketing in India has observed exceptional growth from last five years, especially since 2014. The growth was driven by rapid technology adoption led by the increasing use of devices such as smart phones and tablets, and access to the internet through broadband, 3G, etc, which led to an increased online consumer base. Furthermore, favored demographics and a growing internet user base helped this growth. Today internet has become an integral part of this growing population segment. The changing lifestyles of the country’s urban population have also led many people relying on the internet for their shopping needs. Today’s economy is witnessing increasing number of “netizens”. The new trend has set now, not only due to raising number of “netizens” but also changing ecosystem. Online players have made intensive efforts to explore this growing opportunity and brought changes in logistic and payment system, which again added sweet flavor to the growth of online market in India. Consumer perception towards ecommerce has also changed today. Many players are interested to invest in online marketing in India. Though online marketing provides huge growth opportunity, it is not free from challenges. It faces various challenges such as legal issues, perception of customers, branding, ethical and security issues etc. In this paper an effort is made to study about present status of online trading in retailing in India and also highlights challenges faced by ecommerce along with few suggestions to face it.

Keywords: E-Commerce, Netizen, Evolving Ecosystem

Introduction:

Corporate world today is observing enormous change in all terms. Due to globalization the borders between different countries are vanishing toady. Competition has become more intense in nature. Technology is offering challenge and opportunity for today’s marketer. Customers today are driving the entire market force. The word “digital revolution” is not only gaining more importance in all the level of country’s development but also in all the levels of business. The new trend of “netizens” is growing rapidly. The fast development of telecommunications technology in the past few decades is changing many aspects of our lives – how we search for information, how we travel and not at least how we buy products or services. Although classic shop-based retail is still preferred, e-commerce or electronic commerce, namely the buying and selling of products and services exclusively through electronic channels, is gaining ground. The most well-known form of e-commerce or electronic commerce is online shopping, also known as business to consumer e-commerce (B2C), where private customers can order various products which they then receive by courier or postal mail. Another category of e-commerce focuses on transactions between companies, such as manufacturers and a wholesaler or wholesalers and retailers and is called business to business e-commerce (B2B). The third category of e-commerce involves transactions from consumer to consumer (C2C), as in the example of eBay or other similar websites.

Internet has become an integral part of this growing population segment for remaining connected with friends, accessing emails, buying movie tickets and ordering food. The changing lifestyles of the country’s urban population have also led many people relying on the internet for their shopping needs. The convenience of shopping from the comfort of one’s home and having a wide product assortment to choose from has brought about increased reliance on the online medium. The trend of online shopping is set to see greater heights in coming years, not just because of India’s rising internet population, but also due to changes in the supporting ecosystem. Players have made intensive efforts to upgrade areas such as logistics and the payment infrastructure. Furthermore, the Indian consumer’s perception of online shopping has undergone drastic change, and only for the good. Given these developments, venture capital
investors, who were restricting themselves to the sidelines, are now taking akin interest in the country’s e-Commerce market.

Internet marketing is defined as “Internet Marketing or online marketing or E-Marketing is the process of promoting a brand, products or services over the Internet. Its broad scope includes email marketing, electronic customer relationship management and any promotional activities that are done via wireless media.” “E-marketing means using digital technologies to help sell your goods or services. These technologies are a valuable complement to traditional marketing methods whatever the size of your company or your business model.”

Need for study:

As penetration of internet in India is increasing at tremendous rate, the way how people think and take decision is changing a lot. The considerable rise in the number of internet users, growing acceptability of online payments, the creation of internet-enabled devices and favorable demographics are the key factors driving the growth story of online marketing in the country. Players in the marketplace are also adapting to changing ecosystem. India’s overall retail opportunity is substantial. Online marketing has enjoyed unique growth of almost 50% in last five years. Revolution in telecommunication sector, especially the introduction of smart phones, launch of 4G, reduction in the prices of mobile, increasing in the penetration of mobile network etc has given boost for the development of online marketing and E-Commerce. These drivers are also given an opportunity for the development of “M-Commerce”. Today’s market player is utilizing these opportunities favorably for growing their business houses. Though online marketing provides a tremendous opportunity, it also suffers from few major challenges. Hence, I thought fit to study about online marketing and its challenges.

Objectives of study and methodology:

This paper is based on the conceptual framework about online marketing. Objective this paper is to study about present status of online trading in India, to know about the growth drivers for online marketing along with challenges faced by it. An effort is made to provide few suggestions to face these challenges. This paper is developed based on secondary data (literature survey and using many statistical data.)

How online marketing evolved in India?

The introduction of internet in India in 1995 marked the beginning of the first wave of Online marketing in India. The launch of Liberalization, Privatization and Globalization (LPG) in 1991 attracted many MNC’s in India and brought about the growth of IT industry. LPG policy has even given rise for the growth of many SME’s. The IT industry and SMEs were the early adopters of internet. This led to the emergence of B2B, job searches and matrimonial portals.

Although online businesses had begun to develop in the late 1990s, the supporting ecosystem had not been put in place. The first wave of e-Commerce in India was characterized by low internet penetration, a small online shopping user base, slow internet speed, low consumer acceptance of online shopping and inadequate logistics infrastructure. Thereafter, the IT downturn in 2000 led to the collapse of more than 1,000 e-Commerce businesses in India. Following this; there was muted activity in the space in India between 2000 and 2005.

The entry of Low Cost Carriers (LCCs) in the Indian aviation sector in 2005 marked the beginning of the second wave of e-Commerce in India. Travel emerged as the largest segment. People began relying on internet to search for travel-related information and to book tickets. As a ripple effect, the success of the online travel segment made consumers comfortable with shopping through the medium, thus leading to the development of online retail.
The e-Commerce market in India has enjoyed unique growth of almost 50% in the last five years. Although the trend of e-Commerce has been making rounds in India for 15 years, the appropriate ecosystem has now started to fall in place. The number of users making online transactions has been on a rapid growth trajectory, and it is expected to grow from 11 million in 2011 to 38 million in 2015.

Online travel has traditionally been the largest e-Commerce sub-sector (by revenue) in India. Nevertheless, online retail is catching up fast and is expected to match online travel revenues by 2015. The online retail segment has evolved and grown significantly over the past few years. Cash-on-delivery has been one of the key growth drivers and is touted to have accounted for 50% to 80% of online retail sales. Players have adopted new business models including stock-and-sell, consignment and group buying; however, concerns surrounding inventory management, location of warehouses and in-house logistics capabilities are posing teething issues.

Few Facts about Online Marketing:

As of 2014, India was the third-largest online market with more than 198 million internet users, ranked only behind China and the United States. Of the millions of internet users in India, 38 percent of those who use the internet at home or at work come from the 25-34 age brackets, a percentage which was higher than any other age group surveyed. Furthermore, men dominated internet usage with 61 percent to women’s 39 percent. Average daily online usage in the country amounted to 5.1 hours among internet users. (Source: Internet Live Stats)

The following table details the growth of internet users in India:

<table>
<thead>
<tr>
<th>Year</th>
<th>Internet Users</th>
<th>Penetration (% of Pop)</th>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>462,124,989</td>
<td>34.8 %</td>
<td>1,326,801,576</td>
</tr>
<tr>
<td>2015</td>
<td>354,114,747</td>
<td>27 %</td>
<td>1,311,050,527</td>
</tr>
<tr>
<td>2014</td>
<td>233,152,478</td>
<td>18 %</td>
<td>1,295,291,543</td>
</tr>
<tr>
<td>2013</td>
<td>193,204,330</td>
<td>15.1 %</td>
<td>1,279,498,874</td>
</tr>
<tr>
<td>2012</td>
<td>158,960,346</td>
<td>12.6 %</td>
<td>1,263,589,639</td>
</tr>
<tr>
<td>2011</td>
<td>125,617,813</td>
<td>10.1 %</td>
<td>1,247,446,011</td>
</tr>
<tr>
<td>2010</td>
<td>92,323,838</td>
<td>7.5 %</td>
<td>1,230,984,504</td>
</tr>
</tbody>
</table>

(Source: Internet Live Stats)
By observing the above table we can say that there is a exceptional growth in the internet penetration in the country from 2010 to 2016.

With an expected 33 percent of the global market in 2015 and over 37 percent in 2018, the Asia Pacific region is becoming the leader of the e-commerce industry. In fact, China, due to its unprecedented economic boom, is not only driving the region’s leadership, but is also set to outdo the United States as the single country with the largest e-commerce market in the world. Another emerging Asian market in terms of e-commerce is India. Recent statistics show that retail e-commerce sales in India have grown tremendously, from 2.3 billion U.S. dollars in 2012 to an estimated 17.5 billion U.S. dollars, representing an almost eight-fold growth. As of 2015, the retail e-commerce sales as a percent of total retail sales in India are set to account for 0.9 percent of all retail sales in India, but this figure is also expected to grow in the near future, reaching 1.4 percent in 2018.

Online shoppers are expected to increase from 20 million in 2013 to 40 million in 2016, as an additional 200 million Indians will access the Internet in the next three years, with majority of them coming online through smart phones, indicates a new joint study by Assocham and Grant Thornton. It also predicts that the Indian e-commerce market is estimated to grow at a compounded annual growth rate (CAGR) of 63 percent to reach $8.5 billion (Rs. 54,304 crores approximately) in 2016 on the back of growth in the penetration levels of mobile and Internet and increased consumer demand.

Globally out of 3.010 billion active Internet users, 2.078 billion are active on social media with 1.685 billion active on social media via mobile,” informed We Are Social’s new Digital, Social and Mobile in 2015. “Including stats for more than 240 countries around the world, and profiling 30 of the world’s biggest economies in detail, this report is the most comprehensive, free compendium of up-to-date digital statistics and data you’ll find,” Simon Kemp, Asia Managing Partner said. According to this report:

- Out of 243 million active Internet users, 118 million are active on social media with 100 million active on social media via mobile. Growth in the numbers of active mobile social accounts saw a spike of +39% since January 2014.
- Average daily television viewing time for Internet users is close to 2 hrs but average daily use of social media via any device is 2 hours 31 minutes.
- Total number of active internet users is 243 million and total number of active mobile internet users is 200 million.
- Share of web page views via laptop and desktops have a negative year on year growth, while mobile phones are witnessing a positive growth though the percentage is small.
- Out of 118 million social media active accounts, 100 million are accessing via mobile.
- Facebook rules in India when it is about top active social media platforms.
- Social media activities and watching videos on mobile account 10% each when it comes to mobile activities followed by playing games on mobile. Interestingly 9% of the population use mobile banking.

It is very clear from the above facts that, we are witnessing a huge growth in digital marketing and also the trend of use of smart phones for online shopping is increasing.

**Major developments in online marketing in 2014:**

(As per the report by www.pwc.in)

- **Mobile to be the most influential aspect of E-Commerce:**
  With mobile apps being developed by most ecommerce websites, smart phones are increasingly replacing PCs for online shopping. In 2013, only 10% of the mobile users used smart phones, and
only 5% of the ecommerce transactions were made through a mobile device. This figure has more than doubled, and more than 13% of all ecommerce transactions today happen via mobile. According to some industry players, over 50% of the orders are being placed through mobile apps, which is not only leading to substantial customer acquisition but also building customer loyalty for various brands. However, most mobile transactions so far are for entertainment, such as booking movie tickets and music downloads. This trend will change soon with more and more merchandise being ordered online.

- **More business coming from smaller towns:**
  E-commerce is increasingly attracting customers from Tier 2 and 3 cities, where people have limited access to brands but have high aspirations. According to ecommerce companies, these cities have seen a 30% to 50% rise in transactions.

- **Enhanced shopping experience:**
  Besides general online shopping, customers are also shopping online for weddings and festivals. The free and quick shipment and wider choice of products, along with the ease of shopping online as compared to in-store shopping, is also helping ecommerce gather momentum. Further, ecommerce companies are doing rapid business due to sales.

- **Exclusive partnerships with leading brands:**
  Over the year or so, there has been a trend of exclusive tie-ups between etailers and established boutiques, designers, and high-end lifestyle and fashion brands. For instance, in 2014, Jabong added international fashion brands such as Dorothy Perkins, River Island, Blue saint and Miss Selfridge, along with local fashion brands through Jabong Boutiques. Similarly, Myntra benefited from exclusive tie-ups with brands such as Harvard Lifestyle, Desigual and WROGN from Virat Kohli.

- **Expanding the product basket:**
  There is a recent trend of relatively newer products such as grocery, hygiene, and healthcare products being purchased online. Similarly, lingerie and Indian jewellery has also been in great demand among customers outside India. Export comprises 95% of cross-border ecommerce, with the US, UK, Australia, Canada and Germany being the major markets.

**Importance of online marketing:**

Internet Marketing is an impactful tool of marketing with attention-grabbing qualities for any type of business, mainly those which are making money online. The most remarkable feature of Internet Marketing is its capacity to let businesses communicate directly with their target audience. However, there are plenty of reasons like increasing awareness and changing consumer behavior which has resulted in newer dynamics of Internet Marketing. Online marketing offers several advantages.

- Cost effective for the customer
- Wider reach
- More Convenient
- Better conversion rate
- Personalization
- Saves time
- Huge product assortment
- Easy comparison of products and price
- Faster impact
• Easy for tracking and monitoring the progress
• Helps to increase the awareness of brand
• Can increase high traffic and sales through high quality of sites
• Provides high accessibility for customers
• Helps to customize products and offers as per requirement
• Provides ongoing communication

**Challenges of Online Marketing:**

The phenomenal growth of ecommerce faces several challenges. Some of them are internal (related to companies or individual players) and few of them are external.

• **Legal issues in India:**
  E-Commerce is a rapidly growing market in India, and domestic as well as international players are looking to tap the opportunity in the sector. However, there are no specific e-Commerce laws in India. The sector is governed by the IT Act 2000, which regulates the legal obligations of sellers and buyers of goods and services in cyberspace and also uses Contract Act. Laws regulating e-Commerce in India are still evolving and lack clarity. This poses a challenge for potential entrants and existing players. Furthermore, the lack of law firms or lawyers specializing in e-Commerce laws compounds the problem.

• **Low Entry barriers attract new players:**
  The rapid growth of the e-Commerce sector is attracting new players. The initial investment required to start an online venture is as low as a US$10,000–20,000. The sector is also attracting the interest of Venture Capitalists and entrepreneurs to secure funds easily. This enables new companies to easily replicate the existing business models and, thereby, increases competition in the sector. Furthermore, some operational aspects such as free shipping of products and COD, which were differentiators earlier, have now become hygiene factors.

• **Changing business models:**
  Business models have been changing rapidly in the e-Commerce sector. This could be due to heightened competition and the inability of players to sustain high costs. Some businesses, such as online DVD rentals, have gone into obsolescence; some companies in the online retail segment have shut shop due to their inability to sustain price wars with their competitors. Group-buying companies, which started off by providing deals at high discounts, have now begun selling products. Therefore, players in the e-Commerce space need to adapt to changing business models and innovate constantly to sustain their businesses.

• **Urban development:**
  India’s e-Commerce market is mainly restricted to urban areas, with the bulk of the business being restricted to cities. Internet usage in rural areas is limited. This could be due to several reasons including low internet speed and internet user base (20 million out of a total of 121 million in 2011), though rural areas account for 70% of the country’s population. The inadequacy of vernacular content on e-Commerce websites is another reason for low penetration in rural areas.

• **Product and Market Strategy:**
  E-commerce companies have to address issues pertaining to rapidly evolving customer segments and product portfolios access information on market intelligence on growth, size and share manage multiple customer engagement platforms focus on expansion into new geographies, brands and products and simultaneously tackle a hypercompetitive pricing environment

• **Customer and Digital Experience:**
Companies have to provide a rich, fresh and simple customer experience not geared towards discovery, manage inconsistent brand experience across platforms; manage proliferation of technologies; and handle time to market pressure for new applications. In the recent past, social media has become more influential than paid marketing.

- **Payments and Transaction:**
  E-commerce companies may face issues around security and privacy breach and controlling fictitious transactions. Further, RBI restrictions for prepaid instruments or E-Wallets act as impediments. From a transactions perspective cross border tax and regulatory issues and backend service tax and withholding tax can have serious implications.

- **Shortage of manpower:**
  The e-Commerce sector is growing rapidly, but scarcity of trained manpower is threatening to slow down this growth. The lack of specialized courses on e-Commerce at college or university levels limits the talent pool available to e-Commerce players. Therefore, the senior management of e-Commerce companies needs to expend a considerable amount of time on hiring (the conversion rate is very low). The attrition rate at some e-Commerce companies is as high as 65% at the junior level and 20% at the mid-senior management level.

- **Customer loyalty**
  Online players offer huge discounts to attract people to shop online. However, since Indian Consumer looks for the lowest price before making a purchase, the cost of customer acquisition is high for these companies. Moreover, since a large number of players offer the same products at the same prices, switching cost is non-existent. Consequently, a customer’s lifetime value is low. This poses a challenge for players in their effort to develop sound strategies to attract and generate repeat customers.

- **Security and privacy**
  This is one of the great challenges for online players. Many customers don’t trust web companies and may hesitate to provide information. When companies that collect data are exposed to scammers and spammers, this is especially true. To adopt a sound policy and implement a fool-proof security measure, it becomes imperative for e-businesses. In a particular Encryption systems are a tool that online companies should seriously consider investing in.

- **Impersonal service**
  Electronic methods of providing customer service are used by businesses which are operating online, such as posting and emailing info on the website to answer possible user questions. Sometimes customers perceived this to as just too impersonal or uncaring. Merchants must develop efficient checkout procedures for selling goods via the Web, for addressing this problem. Hiring call handling services is also taken into consideration, so that customers can talk to real people when they have inquiries about problems that need instant answer.

- **Dealing with the IT Department**
  There is a circle of IT vs. marketing for a long time. But, it's a time to understand that we need to be partner with our IT friends to implement our marketing programs more efficiently. In simple sense, we need them and they need us or we can say that both complement each other.

- **Lack of Trust**
  In general, identity theft, Spam, intrusive advertising and technological glitches have left many mistrusting of marketing. You are either part of the problem or part of the solution, you have to decide it.

- **Ethical Practices**
  An unprecedented mass of un-ethical businesses has been spawned by the Internet. There have always been scam regarding bottom feeders and artists, but the Internet seems to have brought them out in epic numbers. Make sure that your own practices are squeaky clean and try to educate your customers about some of the pitfalls of e-commerce.
• **Corporate Culture**
  In many companies every department "owns" the website and no department "owns" the website. Websites should belong to marketing, not finance/operations/IT or legal. When the committee doesn't have a clue, it is difficult to produce good marketing by committee. Collaboration is an important in this situation and your associates should provide 100% input for this, but marketing should make the final decisions.

• **Intellectual Property**
  It has never been easier to steal someone else's hard work. Everyday everything from music to software, movies and images are lifted from the Internet. This is a bad thing.

• **Customer Expectations**
  Managing your customer expectations is vital to marketers, because if you don't know your competitors will, you are not able to survive in long run in the market. Without customers you will not have a business because customer is treated as a king of market, so take the time to get to know them, treat them with due care and respect, and in the same way you want to be treated as a customer.

Strategies for online marketers to face challenges:

• Online marketer has to constantly upgrade his offering as per the changing technologies.
• Solutions enabling seamless integration of back-end and front-end infrastructure, customer experience enhancement initiatives, integrated inventory management and analytic would be crucial for the ecommerce firms.
• Marketer can utilize the growing opportunity of M-Commerce.
• Marketer need to understand customers mind set and adapt himself according to that. Easy transitions between ordering on tablets, mobile phones or PCs will have to be facilitated. Besides, convenient multichannel returns and delivery options need to be developed along with the provisions of touch and feel the product before buying. They should also ensure sufficient after sales service and support. Online product reviews and ratings, videos, more advanced sizing and fitting tools should be provided.
• Online players need to build a strong logistic system, so that products are reached to customers at the promised time. No doubt, today few players have developed their own delivery model, few of them have dependent on others for delivery purpose.
• Data protection and the integrity of the system that handles data and transaction are serious concern. Companies need to look into this matter with utmost care, as there is a need to protect customer privacy and safety.
• Digital disruption has driven change in the industry with shoppers embracing multiple touch points in their purchase journeys. Companies should spend enough resources on technology development as also advertising and branding, especially because the younger population is demanding.

**Conclusion:**
Digital marketing in India is flourishing area today. It may currently be behind its counterparts in a number of developed countries and even some emerging markets. However, with India’s GDP growth pegged at 6.4% by the International Monetary Fund and the World Bank, it is expected to grow rapidly. However changing internet habits of Indian consumers, increase in the usage of Smartphone’s, tablets, growth in telecommunication sector is providing huge opportunity for the Indian ecommerce industry. Overall, the ecommerce coming up with its own business model. As a result, customers have a wide range of products and services to choose from. However, this sector is not free from of challenges, be it...
operational, regulatory, or digital. Players are coping with changes and following different strategies to tackle those challenges and building a competitive advantage.

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IFRS Adoption In The European Union, Accounting Harmonization And Markets Efficiency: A Conceptual Review

A.Seshachalam

ABSTRACT

As of 1st January 2005 all European listed companies had to adopt IAS/IFRS in order to prepare their consolidated financial statements. Half a decade later, the paper analyzes the advancements in the accounting harmonization process within European countries and between E.U. and the rest of the world, over-viewing the first available evidence on the effects on financial markets efficiency. The paper aims at providing an updated description of the process of IFRS adoption in the E.U., pointing out the positive aspects and the main drawbacks and reviews the major contribution provided by the literature during the last years on this subject.

As of 1st January 2005 all European Union listed companies had to adopt IAS/IFRS in order to prepare their consolidated financial statements. This decision was aimed at enhancing the competitiveness of the European capital markets by establishing a single set of homogeneous, “investor oriented” and internationally recognized accounting standards. The decision to adopt IFRS in a wide and relevant economic area such as E.U. boosted, in the last decade, a conspicuous research stream concerning international accounting harmonization. This stream of literature had already gained international relevance in the previous decades, with the increasing internationalization of capital markets.

Nevertheless, IFRS adoption in E.U. has offered a unique opportunity for researchers, raising by more than 7000 units the companies adopting IFRS at least for consolidation purposes. As a first aim, the paper describes the advancement of the process of IFRS adoption in the E.U. Second, the paper aims at reviewing, half a decade after the implementation began, the advancements in the literature developed on this subject. Finally, it aims at identifying some interesting and so far not explored research areas.

The paper proceeds as follows: It analyzes the key institutional facts related to IFRS adoption in the E.U; section the main topics developed by the literature on this subject; some final remarks. Now that too after U.K pulling down its role from the European Union by Brexit, this paper had become the need of the moment.

KEYWORDS: International Financial Accounting Standards; International Accounting Harmonization; Convergence; European Union; Accounting Standards.

I. INTRODUCTION

More than 160 countries worldwide either require or permit the use of IFRS (or are converging towards IFRS). Globalization and increasing cross-border transactions called for the issuance of a homogeneous and universally recognized set of accounting standards and, by the end of the nineties the IAS were already an internationally recognized set of accounting principles.

Table 1 summarizes the choices concerning IFRS implementation in the 25 E.U. countries; two observations are worthy to be mentioned. First, the implementation choices are, to a large extent, influenced by the accounting traditions of each Member State. IFRS are “investor oriented” standards, based on similar principles to the ones of Anglo-Saxon accounting systems.
As a consequence, Anglo-Saxon countries opted to allow unlisted companies to choose between IFRS and
local GAAP, being the differences between the two standards relatively limited. Countries with “creditor
protection oriented” accounting systems have been more cautious, often maintaining local GAAP at least
for individual accounts.

On the other side, countries in which tax reporting historically relies less on financial reporting generally
opted for a more extensive implementation of the E.U. Regulation No.1606/2002. In fact, local GAAP are
still required for individual accounts in France, Germany and Spain while the U.K. legislator has allowed,
as previously noted, the use of IFRS for the individual accounts of both listed and unlisted companies.

Table 1: IFRS implementation in the EU

<table>
<thead>
<tr>
<th>S. No</th>
<th>Country</th>
<th>Publicly traded companies</th>
<th>Non publicly traded companies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Consolidated accounts</td>
<td>Individual accounts</td>
</tr>
<tr>
<td>1</td>
<td>Austria</td>
<td>Required</td>
<td>Not allowed</td>
</tr>
<tr>
<td>2</td>
<td>Belgium</td>
<td>Required</td>
<td>Not allowed</td>
</tr>
<tr>
<td>3</td>
<td>Bulgaria</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>4</td>
<td>Cyprus</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>5</td>
<td>Czech Rep.</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>6</td>
<td>Denmark</td>
<td>Required</td>
<td>Allowed (except for companies that do not draw consolidated accounts)</td>
</tr>
<tr>
<td>7</td>
<td>Estonia</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>8</td>
<td>Finland</td>
<td>Required</td>
<td>Allowed (not allowed for insurance co.’s)</td>
</tr>
<tr>
<td>9</td>
<td>France</td>
<td>Required</td>
<td>Not allowed</td>
</tr>
<tr>
<td>10</td>
<td>Germany</td>
<td>Required</td>
<td>Not allowed (Allowed only for informational purposes in addition to mandatory local GAAP)</td>
</tr>
<tr>
<td>11</td>
<td>Greece</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td></td>
<td>Country</td>
<td>Requirement</td>
<td>Use</td>
</tr>
<tr>
<td>---</td>
<td>--------------</td>
<td>-------------</td>
<td>-----</td>
</tr>
<tr>
<td>12</td>
<td>Hungary</td>
<td>Required</td>
<td>Not allowed (Allowed for informational purposes in addition to local GAAP)</td>
</tr>
<tr>
<td>13</td>
<td>Ireland</td>
<td>Required</td>
<td>Allowed</td>
</tr>
<tr>
<td>14</td>
<td>Italy</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>15</td>
<td>Latvia</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>16</td>
<td>Lithuania</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>17</td>
<td>Luxembourg</td>
<td>Required</td>
<td>Allowed</td>
</tr>
<tr>
<td>18</td>
<td>Malta</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>19</td>
<td>Netherlands</td>
<td>Required</td>
<td>Allowed</td>
</tr>
<tr>
<td>20</td>
<td>Poland</td>
<td>Required</td>
<td>Allowed</td>
</tr>
<tr>
<td>21</td>
<td>Portugal</td>
<td>Required</td>
<td>Allowed (banks, insurances &amp; other financial institutions shall use IFRS additionally to still required local GAAP)</td>
</tr>
<tr>
<td>22</td>
<td>Romania</td>
<td>Required</td>
<td>Allowed (For purpose of information only)</td>
</tr>
</tbody>
</table>
II. REVIEW OF LITERATURE

As a consequence of this partial IFRS adoption, in spite of a full, de jure, harmonization for what concerns consolidated accounts of listed companies, local GAAP continue to be used in many countries for individual accounts and by unlisted companies, leading to the emergence of a “two standard” system, as described in Larson and Street (2004a and 2004b).

By analyzing the results of the report “GAAP Convergence 2002”, the authors pointed out that the link between tax and financial reporting and the complicated nature of certain IFRS represented the main obstacles to a full accounting harmonization.

The inefficiency of a status quo in which listed companies must comply with IFRS in preparing their consolidated accounts and with local GAAP in preparing individual accounts has been pointed out in Haller (2002).

Convergence has become, therefore, a critical aspect to assure the effectiveness of the European accounting harmonization and to maximize the benefits of IFRS adoption on market efficiency. It can be achieved (see Tokar, 2005) indirectly, by reforming local GAAP and making them similar to the international standards, or directly, by opting for an extensive IFRS adoption.

On the other hand, IFRS transition in the E.U. enhanced a convergence program with U.S. GAAP that is on-going and that could lead to a better comparability of financial data provided under the two accounting standards. After 2005, convergence appears to have accelerated and in 2008 (see Erickson et al., 2009) a road map that would have led U.S. companies to use IFRS by 2010, was approved.

The following part of the paper reviews the main contributions concerning two significant issues related to the adoption of IFRS in the E.U. the effects on the accounting harmonization and on markets efficiency. This first group of contributions summarized in Table 2 deals with the effects of European IFRS adoption on accounting harmonization both within the E.U. and worldwide.

The adoption of IFRS as a starting point for the computation of a common consolidated corporate tax base would contribute to eliminate some of the impediments to a full harmonization, but presents several drawbacks. Convergence between IFRS and U.S. GAAP is also a central theme, since it would assure a higher degree of comparability among companies using those two internationally recognized accounting standards.

III. OBJECTIVE OF THE STUDY

- Study the IFRS adoption in the EU and international accounting harmonization;
- Study the IFRS adoption and market efficiency;
- Study IFRS adoption and accounting harmonization

Sources: Commission of the European Communities, European Committee of Central Balance Sheet Data Office and www.iasplus.com
<table>
<thead>
<tr>
<th>References</th>
<th>Countries/Sample Analyzed</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IFRS AND EUROPEAN COUNTRY LOCAL GAAP CONVERGENCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Larson and Street (2004a and 2004b)</td>
<td>E.U. countries, European Economic Area and Switzerland</td>
<td>Barriers to convergence.</td>
</tr>
<tr>
<td>Vellam (2004)</td>
<td>Poland</td>
<td>Difficulties that Poland, as an example of a transition economy, has in complying with the underlying principles of IFRS.</td>
</tr>
<tr>
<td>Brown and Tarca (2005)</td>
<td>E.U. (focus on France, Germany, the Netherlands and U.K.)</td>
<td>IFRS enforcement strategies and developing of adequate enforcing bodies.</td>
</tr>
<tr>
<td>Delvaille et al. (2005)</td>
<td>France, Germany and Italy</td>
<td>Reforms of national accounting rules as a consequence of IFRS adoption in the E.U.</td>
</tr>
<tr>
<td>Whittington (2005)</td>
<td>European Union</td>
<td>IASB’s process of developing accounting standards to be used within the E.U., structure and role of the IASB as a global standard setter.</td>
</tr>
<tr>
<td>Christensen et al. (2007)</td>
<td>U.K. listed companies (German companies used to estimate a counterfactual proxy)</td>
<td>Economic consequences for UK firms of the European Union’s decision to impose mandatory IFRS.</td>
</tr>
<tr>
<td>Guerreiro et al. (2008)</td>
<td>Portuguese listed companies in 2003</td>
<td>State of preparedness of Portuguese companies to adopt IFRS</td>
</tr>
<tr>
<td><strong>IFRS AND TAX REPORTING</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gammie et al. (2005)</td>
<td>European Union</td>
<td>Analysis of the extent to which IFRS could represent a starting point for achieving a CCCTB in Europe.</td>
</tr>
</tbody>
</table>
A second group of contributions (summarized in Table 3) discusses the relationship between accounting practices and financial markets efficiency. The main goal of the adoption of a high quality and internationally recognized set of standards should be to make financial markets work better, lowering the cost of capital and increasing access to financing for companies.

Contributions on IFRS adoptions and markets efficiency treat issues such as voluntary adoption of the international standards and the effects of the transition on accounting information quality, earnings management and earnings predictability.

**Table 3: IFRS adoption and market efficiency**

<table>
<thead>
<tr>
<th>References</th>
<th>Countries/ Sample Analyzed</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VOLUNTARY IFRS ADOPTION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>El-Gazzar et al. (1999)</td>
<td>IAS compliant companies worldwide at the end of nineties</td>
<td>Motivations and characteristics of co’s. voluntarily complying with IAS.</td>
</tr>
<tr>
<td>Ashbaugh (2001)</td>
<td>Non U.S. companies listed on the L.S.E. in 1993</td>
<td>Motivations and characteristics of co’s voluntarily complying with IAS or U.S. GAAP</td>
</tr>
<tr>
<td>Weibenberger et al (2004)</td>
<td>German listed companies</td>
<td>Motivations and characteristics of co’s voluntarily complying with IAS or U.S. GAAP</td>
</tr>
<tr>
<td>Cuijpers and Buijink (2005)</td>
<td>E.U. listed companies</td>
<td>Determinants and consequences of voluntary adoption of non-local GAAP by co’s. listed in the EU</td>
</tr>
<tr>
<td><strong>EARNINGS MANAGEMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Van Tendeloo &amp; Vanstraalen (2005)</td>
<td>German companies voluntarily complying with IFRS prior to 2005</td>
<td>Earning management comparison (IFRS versus German GAAP).</td>
</tr>
<tr>
<td>Jeanjean and Stolowy</td>
<td>Listed companies from Australia,</td>
<td>Effect of the mandatory</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EARNINGS PREDICTABILITY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cuijpers and Buijink (2005)</td>
<td>E.U. listed companies</td>
</tr>
<tr>
<td>Djatej et al. (2009)</td>
<td>European countries</td>
</tr>
</tbody>
</table>

### IV. IFRS ADOPTION AND ACCOUNTING HARMONIZATION

Has IFRS adoption in the E.U. accelerated the process of harmonization of accounting standards within European countries and worldwide? It has, but with relevant exceptions. Within European countries, IFRS coexist with local GAAP and with tax reporting rules; worldwide, the convergence with U.S. GAAP is clear, but the two standards still survive and maintain their independent lives. In this section the literature on the accounting harmonization process will be discussed and the main impediments to a full convergence of reporting systems will be analyzed.

### V. IFRS AND LOCAL GAAP CONVERGENCE

The European accounting convergence process is analyzed in several country studies: among others Haller and Eierle (2004), Sucher and Jindrichovska (2004), Vellam (2004), Delvaille et al. (2005), Guerreiro et al. (2008). Delvaille et al. (2005) describe the developments in France, Germany and Italy pointing out that, while listed German companies were allowed, since 1998, to use IFRS for consolidated purposes, in Italy and France full application of IFRS has not become fully effective until 2005. By analyzing a sample of Portuguese companies, Guerreiro et al. (2008) point out that larger companies audited by one of the Big-4 accounting firms are generally more prepared to IFRS implementation, while smaller companies appear to be more willing to follow using local GAAP in cases in which IFRS are not mandatory. Vellam (2004) provides an analysis of the difficulties that companies in a transition economy, such as Poland, have faced in complying with IFRS.

### VI. IFRS AND TAX REPORTING

The adoption of IFRS as a starting point for the calculation of the fiscal base would partially remove the impediments to a full convergence of European countries accounting systems; this option has been considered within the on-going debate on the identification of a common consolidated corporate tax base (CCCTB).

Financial reporting is aimed at providing the market with useful information on the performance of a company while tax reporting is oriented to different goals (raising revenue above all). Aligning tax and financial reporting may lead to a certain degree of tax pollution that would lower the quality of financial data provided to the markets.
First, the adoption of IFRS as a starting point for the identification of the tax base would lead to an increased cross-country comparability of tax reporting and to a decrease in the tax compliance costs for companies operating in different E.U. countries.

Finally, the tightening of the link between tax and financial reporting would probably lead to a certain degree of tax pollution, lowering the quality of financial information. Therefore, these considerations, together with the already mentioned drawbacks implied by the use of IFRS as a tax base, suggest a high degree of prudence to be taken in considering the use of IFRS for fiscal purposes.

VII. WORLDWIDE ACCOUNTING HARMONIZATION

The decision of the E.U. to adopt IFRS for consolidated financial statements of listed companies enhanced worldwide harmonization, pushing more countries to the adoption of the international standards. Moreover, it enhanced a convergence program with U.S. GAAP that is on-going and that could lead to a better comparability of financial data provided under the two accounting standards. Differences between IFRS and U.S.

Also according to Cascini (2008) U.S. companies will end up using IFRS. Convergence between the two accounting standards and the consequences of this trend on the quality and international comparability of financial data will represent a promising and interesting stream of analysis for future research.

VIII. FINDINGS

The ultimate goal of IFRS adoption and accounting systems harmonization is to provide financial markets with high quality information, improving their efficiency and lowering the cost of capital and increasing the possibility that companies have to access capital. Half a decade after the E.U. Regulation No.1606/2002 became effective, still few contributions have analyzed up to what extent IFRS implementation has enhanced capital markets efficiency.

The few empirical works available up to now show no positive effect of IFRS adoption on earnings management. Vice versa, the literature emphasizes the necessity of improving economic environment, to ensure greater competition and to promote a correct incentives system rather than just concentrating on accounting standards harmonization. Finally, the adoption of unique, and internationally recognized, accounting standards increases the comparability among companies of different countries, lowering the learning costs that analysts face in analyzing financial statements drawn with different standards. There are, nevertheless, three caveats.

IX. CONCLUSIONS

A description of IFRS adoption process in the E.U has been provided, together with a preliminary analysis of the effects of this process on international accounting harmonization and on markets efficiency. In particular, the paper analyzed the different options followed by Member States for what concerns the adoption of IFRS for individual accounts of listed companies and consolidated and individual accounts of unlisted ones.

The diversity in the adoption choices may be an impediment to an efficient harmonization process. The relevant costs linked to transition towards IFRS are among the reasons that led to a partial adoption of the international standards: unlisted companies were, in the majority of the countries, allowed or required to continue to use local GAAP in drawing their financial statements. Costs and benefits related to IFRS adoption were therefore analyzed through the existent contributions in the literature.

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X. FURTHER SCOPE OF RESEARCH

Future research, as long as data on a sufficient period from the IFRS adoption in the E.U. will be available, should explore to what extent the mandatory adoption of IFRS in such a large economic area will have contributed to improve the ability of analysts to correctly interpret the information contained in the financial statements of European companies.

The paper points out that further research on IFRS adoption will be of a fundamental importance. Mandatory adoption in the E.U. provides researchers with a unique setting to test some of the tenets of economic theory on the consequences of the adoption of IFRS on the quality of accounting data. Consequences on market efficiency, in particular, will deserve further attention.

XI. REFERENCES

Customer Preferences towards Retail Clothing at Bangalore

Dr. K C Mishra       Yashashwini. A

1. INTRODUCTION

The innovations in technology are taking place with the blink of an eye and the quality standards are undergoing changes every movement. The attitude of the consumers is varying and so as the fortunes of the various organizations.

The attitude towards the retail brand attitude towards the product (through involvement in fashion clothing) and the idea that attitude guides behavioral intention, in turn results in actual behavior, is supported by Ajzen and Fishbein’s (1980) fundamental theory of reasoned action. The attitude towards a retail brand is associated with the consumer’s intension to shop from the retailer outlet and this behavior will be carried over to the behavioral intensions of the retailer.

Clothing retail, therefore, appears to be poorly differentiated and it is not always clear why consumer prefer to patronize one store and avoid another store. The similar merchandise and similar brands may create confusion selling similar products to similar environments. Key words: Retailing, Attitude, Fashion Clothing, Brand, Merchandise.

2. NEED FOR THE STUDY

The research provides information on consumer preferences, which includes consumers, need, want, desire, tastes and preferences according to the changing trends leading to attitude formation. The opportunities and challenges faced by the cloth retailers in accordance with understanding the attitude of consumer. The pre and post purchase behavior of the consumer is analyzed through various variables which shows consumer preferences and decisions made based on their mindset.

3. STATEMENT OF THE PROBLEM

Consumers are influenced by their attitude towards the products and therefore the cloth retailers need to implement the strategies and tactics in order to attract more consumers. The accurate target is to find what consumers are expecting in their product offering accordingly which will help cloth retailing industry stake holders to enrich and enhance the customer experience.

4. OBJECTIVES

1. To analyze the customer preferences towards retail clothing at Bangalore
2. To identify the factors influencing the consumers perception towards cloth retailing at Bangalore.
3. To analyze the pre and post purchase behavior of consumers towards retail clothing at Bangalore.
4. To come out with strategies/suggestions for those consumers for better use of their financial resources towards retail clothing at Bangalore

5. SCOPE OF THE STUDY

The study will help us to understand the consumer preferences of various clusters of people in Bangalore. The consumers have become quality and price conscious which has made retailers to innovate and bring
trends in the clothing retail sector. The sale of clothes according to the changing trends has created challenges to the designers and retailers.

6. RESEARCH METHODOLOGY
SAMPLING DESIGN:
The first hand information was gathered from the customers of well known retail outlets across Bangalore. The pilot study of 50 respondents was conducted as to test the validity of the sample.

Cluster Sampling: The total population is divided into these groups (or clusters) and a simple random sample of the groups is selected. In the study Bangalore district is divided in to four clusters North, South, East and West.

- The Cronbach's Alpha test shows 0.7403 which represents the reliability of the samples. The Cronbach's Alpha test consistency of the samples should represent the values between 0.65 to 0.8 (or higher in many cases).
- The Split-Half (odd-even) Correlation stands at 0.720. The value shows the positive correlation in the test samples relating to the changing trend in consumer attitude.
- The Spearman-Brown Prophecy test stands at 0.837 where the value shows good reliability of the test samples and supporting the statement adopted for research.

7. LIMITATION OF THE STUDY

- The respondents are from the rich creamy layer of the society & they are afraid to reveal the data like income, and wealth etc.
- The limitation in the sample size is also a major constraint for research

8. DATA ANALYSIS AND INTERPRETATION

Table 8.1: Showing gender response

<table>
<thead>
<tr>
<th>Si No.</th>
<th>Gender</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>23</td>
<td>46</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>27</td>
<td>54</td>
</tr>
</tbody>
</table>

Analysis

46% were male respondents and 54% are female respondents.

Graph 8.1: Showing gender response
**Interpretation**

Majority of the respondents are female.

Table 8.2: Showing age classification

<table>
<thead>
<tr>
<th>Si No.</th>
<th>Age</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Below 20 years</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>2</td>
<td>21 – 29 years</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>3</td>
<td>30 – 39 years</td>
<td>05</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>40 – 49 years</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>5</td>
<td>50 years &amp; above</td>
<td>03</td>
<td>0.6</td>
</tr>
</tbody>
</table>

**Analysis**

36% of the respondents are under the age category 21-29 years, 26% of the respondents belong to the age category 40-49 years, and 22% of the respondents are under the age category below 20 years.

Graph 8.2: Showing age classification

**Interpretation**

Majority of the respondents belongs to the age category 21-29 years.

Table 8.3: Showing marital Status of respondents
### Marital Status

<table>
<thead>
<tr>
<th>Si No.</th>
<th>Marital Status</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Single</td>
<td>31</td>
<td>62</td>
</tr>
<tr>
<td>2</td>
<td>Married</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>3</td>
<td>Separated/Divorced/Widowed</td>
<td>2</td>
<td>.4</td>
</tr>
</tbody>
</table>

**Analysis**

62% of the respondents are single in marital status, and 34% of respondents married.

Graph 8.3: Showing marital Status of respondents

### Table 8.4: Showing occupation of respondents

<table>
<thead>
<tr>
<th>Si No.</th>
<th>Occupation</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Professional</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>2</td>
<td>Salaried</td>
<td>11</td>
<td>21</td>
</tr>
<tr>
<td>3</td>
<td>Self-employed</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>4</td>
<td>House wife</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>5</td>
<td>Student</td>
<td>8</td>
<td>16</td>
</tr>
</tbody>
</table>

**Analysis**

34% of respondents were house wife, 21% of respondents are salaried employee, 16% of respondents are self-employed and students.

Graph 8.4: Showing occupation of respondents
**Interpretation**

Majority of the respondents are housewife.

Table 8.5: Showing educational qualification of respondents

<table>
<thead>
<tr>
<th>Si No.</th>
<th>Educational Qualification</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>High School</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Under Graduate</td>
<td>33</td>
<td>66</td>
</tr>
<tr>
<td>3</td>
<td>Post Graduate</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>4</td>
<td>Professional</td>
<td>4</td>
<td>.8</td>
</tr>
</tbody>
</table>

**Analysis**

66% of the respondents are under graduate, 14% of respondents are High School, and 12% of respondents are Post graduate.

Graph 8.5: Showing educational qualification of respondents

**Interpretation**

Majority of respondents are under graduate.
Table 8.6: Showing monthly income of respondents

<table>
<thead>
<tr>
<th>Si No.</th>
<th>Monthly income</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Below 15000</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>15001 - 30000</td>
<td>29</td>
<td>58</td>
</tr>
<tr>
<td>3</td>
<td>30001 - 45000</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>4</td>
<td>45001 - 60000</td>
<td>2</td>
<td>.4</td>
</tr>
<tr>
<td>5</td>
<td>Above 60000</td>
<td>1</td>
<td>.2</td>
</tr>
</tbody>
</table>

Analysis

58% of the respondents belong to the income group 15001-30000, 22% of the respondents belong to the income group 30001-45000 and 14% of the respondents come under the income group below 15000.

Graph 8.6: Showing monthly income of respondents

Interpretation

Majority of the respondents belong to the income group between 15001-30000.

Table 8.7: Showing family size of the respondents

<table>
<thead>
<tr>
<th>Si No.</th>
<th>Family Size</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 – 3</td>
<td>28</td>
<td>56</td>
</tr>
<tr>
<td>2</td>
<td>4 – 6</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>3</td>
<td>Above 6</td>
<td>05</td>
<td>1</td>
</tr>
</tbody>
</table>

Analysis

56% of the respondents belong to the family size 1-3 members, 34% of the respondents belong to the family size 4-6 members.

Graph 8.7: Showing family size of the respondents
Interpretation

Majority of the respondents belong to the family size 1-3 members.

Table 8.8: Showing sources of information gathered for purchase decision

<table>
<thead>
<tr>
<th>Si No.</th>
<th>Sources of information</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Newspaper/Magazines</td>
<td>3</td>
<td>.6</td>
</tr>
<tr>
<td>2</td>
<td>Advertisement</td>
<td>3</td>
<td>.6</td>
</tr>
<tr>
<td>3</td>
<td>Friends/Relative</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>4</td>
<td>Colleagues/Neighbor</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Sales representative</td>
<td>2</td>
<td>.4</td>
</tr>
<tr>
<td>6</td>
<td>Internet</td>
<td>23</td>
<td>46</td>
</tr>
</tbody>
</table>

Analysis

46% of the respondents refer the information from internet, 28% of the respondents refer to the information source through friends and relatives.

Graph 8.8: Showing sources of information gathered for purchase decision
**Interpretation**

Majority of the respondents refer the information from internet

Table 8.9: Showing media influence and communication mix.

<table>
<thead>
<tr>
<th>Si No.</th>
<th>Media influence &amp; Communication mix</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Television</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>2</td>
<td>Radio</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>3</td>
<td>Newspaper</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Hoardings</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>Direct Mail</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>6</td>
<td>Pamphlets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>Signage and Billboards</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>Telemarketing</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>9</td>
<td>Newspaper/Magazines</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>Fairs and exhibition</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

**Analysis**

34% of the respondents are influenced by television media, 24% are influenced by the radio media, 16% of the respondents are influenced by direct mail media, and 12% of respondents are influenced by telemarketing media.

Graph 8.9: Showing media influence and communication mix.

**Interpretation**

Majority of the respondents are influenced by television media.

Table 8.10: Showing promotional offers

<table>
<thead>
<tr>
<th>Si No.</th>
<th>Promotional offers</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cash discounts</td>
<td>3</td>
<td>.6</td>
</tr>
<tr>
<td>2</td>
<td>Freebies</td>
<td>11</td>
<td>22</td>
</tr>
</tbody>
</table>
Analysis

52% of respondents are influenced by end of season sale promotional offers, 22% of respondents are influenced by freebies, and 12% of respondents are influenced by vouchers and coupons.

Graph 8.10: Showing promotional offers

<table>
<thead>
<tr>
<th>No.</th>
<th>Purchase decision on retail outlet</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Max</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>2</td>
<td>Reliance trends</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>3</td>
<td>Westside</td>
<td>4</td>
<td>.8</td>
</tr>
<tr>
<td>4</td>
<td>Fab India</td>
<td>19</td>
<td>38</td>
</tr>
<tr>
<td>5</td>
<td>Shopper stop</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>Pantaloons</td>
<td>2</td>
<td>.4</td>
</tr>
<tr>
<td>7</td>
<td>Lifestyle</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>
Analysis

38% of the respondents purchase their clothing from Fab India, 26% of the respondents buy the cloths from Max, and 14% of the respondents purchase cloths from reliance trends.

Graph 8.11: Showing purchase decision on retail outlet

Interpretation

Majority of the respondents purchase their clothing from Fab India and Max.

9. FINDINGS

- 54% of respondents were female, and 46% of respondents are male.
- 36% of the respondents are under the age category 21-29 years, 26% of the respondents belong to the age category 40-49 years, and 22% of the respondents are under the age category below 20 years.
- 62% of respondents were single in marital status, 34% of respondents are married.
- 34% of respondents were house wife, 21% of respondents are salaried employee, 16% of respondents are self-employed and students.
- 66% of the respondents are under graduate, 14% of respondents are High School, and 12% of respondents are Post graduate.
- 58% of the respondents belong to the income group 15001-30000, 22% of the respondents belong to the income group 30001-45000 and 14% of the respondents come under the income group below 15000.
- 56% of the respondents belong to the family size 1-3 members, 34% of the respondents belong to the family size 4-6 members.
- 34% of the respondents are influenced by television media, 24% are influenced by the radio media, 16% of the respondents are influenced by direct mail media, and 12% of respondents are influenced by telemarketing media.
- 52% of respondents are influenced by end of season sale promotional offers, 22% of respondents are influenced by freebies, and 12% of respondents are influenced by vouchers and coupons.
- 38% of the respondents purchase their clothing from Fab India, 26% of the respondents buy the cloths from Max, and 14% of the respondents purchase cloths from reliance trends.

10. SUGGESTION AND CONCLUSION
The changing trends in consumer attitude during their purchases is being influenced by many factors such as promotional offers portrayed through various media. The age factor impacts on purchasing behavior of the consumer. The standard of living and disposable income of the consumer plays vital role on their purchasing pattern. The challenge for the cloth retailer is to adopt for the trending pattern of consumers mindset. The consumers are mainly becoming brand conscious during their purchase decisions. As the consumers are flooded by various brands of clothing, creating niche in the customer mind for the brand has become a challenging task to the cloth retailers.

11. BIBLIOGRAPHY

- Khare & Handa, “Gender as a moderator of the relationship between materialism and fashion clothing involvement among Indian youth”, International Journal of Consumer Studies, Special Issue January 2013, PP 105-112
Technology Aided Banking Services: An Initiative towards Digital Empowerment of Indian Populace?
K. Avinash Krishna Gowda

ABSTRACT:

Today the internet and e-technology have become ubiquitous. They are no longer the proprietary of highly wealthy and technically competent individuals. They are penetrating into every sphere of human activity. As Indian Government conceived the thought of Digitizing India by empowering its citizens, every sector of the Economy started embracing technology and automation as they provide greater efficiency to achieve profitability by reducing human interference in transactions and also ensures transparency in business. The E-commerce sector has seen tremendous growth in recent years. The growth is driven by rapid technology adoption led by the increased use of devices such as smart phones, tablets, access to the internet through broadband, 3G, 4G and credibility of E-commerce companies which has led to an increased online consumer base. To complement the booming e-commerce, Indian Banking sector is also gearing up and equipping with technology in all its operations. This empirical paper examines the challenges and benefits associated with technology aided banking services like e-banking, e-payment, e-KYC, remote banking, Plastic money, Electronic Fund Transfer, ATM Services, e-depositing, e-passbook and host of others. Technology Aided Banking Services (TABS) are likely to enhance service quality, reduce errors, save the cycle time of transactions, ensure quick accessibility of information and foster better relationships between clients and banks. However there are certain challenges like hacking, phishing, technical snarls, data thefts, information distortion or information loss and others. In this study, around 100 clients of both Public and Private Sector banks were surveyed using questionnaire as a research instrument and based on the responses elicited data was analysed using SPSS 20th Version. Valid conclusions about benefits and challenges associated with digital services of banks are drawn based on the findings of the study.

KEY WORDS: E-banking, E-KYC, E-payment, e-documentation, Digital Banking Service.

Introduction:

Technological innovations have transformed most industrial sectors, especially due to the evolution of information-based technologies. In banking services, due to the role of banks as information-based and its role in gathering and analysing information, technology has made a lot of impact on banking services. Finance is a life blood of every sector business to run the day to day activity. Technology aided banking also includes all the systems that enable financial institution and customers to access accounts, transact business, obtain information on financial products and services by technological means. Technology banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. In present day banking, total automation of banking operations is an imperative need for all banks to attract more customers, provide efficient and quality services, and survive in the emerging new competition, apart from the profit motive which is the primary objective of the banks. The post bank reform era, more particularly after the information communication technology (ICT) enablement there is semantic changes and innovation in the quality of customer services. Moreover, the beeline of customers standing in queue in bank branches staring anxiously at the staff, their eagerness to catch up bank timings to log in transactions, searching for known employees to deposit/receive payments late at the counters, receiving wads of currency notes in retail payments at the counters, waiting for updating pass books, receiving drafts, grumbling over the bad hand writing of some of the employees were also the common features of manual banking. They are now no more relevant. The banking work space has changed for good. Bank branches are now sporting a smart look with refurbished interior, radiating corporate colour, well dressed bank logos, wide glass doors, and plush interiors and well developed customer lounges etc... The technology aided banking service have
driven value proposition has transformed the whole range of banking services to customers. It has proved to be a great customer centric enabler for banks to induce innovation. It has made the life of bank employees much better. The skill sets of employees can also be diversified and synchronized with current needs. According to Loon am et al (2008), ICT advancements, globalization, competition and changing social trends such as heightened customer pro-activeness and increased preferences for convenience have caused intense restructuring of the banking industry.

Literature Review:

Sally McKechnie, Heidi Winklhofer, Christine Ennew, (2006) "Applying the technology acceptance model to the online retailing of financial services", International Journal of Retail & Distribution Management, Vol. 34 Iss: 4/5, pp.388 – 410 Purpose – Extant research has examined consumer acceptance of the internet in various contexts mainly as a dichotomy (adoption/non-adoption), thus ignoring the process underlying adoption. This paper aims to provide insights into factors determining the extent to which an innovation is adopted. Design/methodology/approach – The paper reviews the literature on the technology acceptance model (TAM), and justifies the use of this model to explore the factors contributing to the extent to which consumers use the internet as a distribution channel for financial services (FS). Data are collected through telephone interviews with 300 UK consumers responding to a questionnaire. Findings – The application of the TAM model is helpful but additional links need to be included. The key drivers of extent of use are past experience with the internet as a purchasing channel (for non-FS) and attitudinal aspects, i.e. positive emotions towards the internet as a distribution channel for FS. Insecurity about this channel does not appear to be an obstacle and perceived usefulness is not directly linked to extent of use but fully mediated via attitude towards the channel.

There have already been a number of studies related to Internet banking covering a range of research dimensions. For example, Pyun et al. (2002) assessed the status of Internet banking in the U.S., Japan and Europe, Gurau (2001) investigated Internet banking in Romania, and Waite and Harrison (2002) explored factors contributing to customer satisfaction and dissatisfaction with the online information provided by retail banks. Research on the adoption of Internet banking has been also active in the past few years. A significant part of this work has also focused on the process by which adoption occurs or the demand aspect of diffusion (Brown, 1981; Roger, 1995). In study on the adoption of Internet banking in Australia, Sathye (1999) reported that security concerns and the lack of awareness stand out as the main reasons for the failure to adopt Internet banking by customers. Polatoglu and Ekin (2001) undertook a similar study on the acceptance of Internet banking services in Turkey while Balachandher et al (2000) examined the factors that affect the adoption of Internet banking in Malaysia.

➢ As an alternative, Jun and Cai (2001) attempted to identify key quality attributes of the Internet banking products and services by analysing Internet banking customers’ comments on their banking experiences. Finally, Howcroft et al (2002) explored consumers’ existing financial services behaviour and assessed their attitudes towards home-based services, i.e., telephone and Internet banking. Howcroft et al (2002) concluded that branch networks are still the most popular delivery channel in the acquisition of current accounts, credit-based and investment-based services. Moreover, consumer preferences reveal that they are not generally predisposed to change their behaviour radically, however changes in the use of delivery channels occurs naturally as the population matures and computer usages seeps into older age groups.
Statement of Problem:

Banking system plays a vital role in the financial transaction among individuals and businesses and corporates. Every time the users need to perform some or the other transaction which makes him to go to bank in person and do his necessary work, which may not be feasible at all time. Today the customer demands the bank’s services for 24 hours. Now in this modern age the entire banking structure has been changed. Due to widespread of internet technology now all the business like commerce, trade, import, export, purchase and sale of goods is relying upon electronic banking by using the advanced electronic technology the banking services are fast and economical. But due to various aspect like illiteracy and poverty, unawareness of technovation in banking system and unreached to the remote area also the faster pace in innovation have been the challenges in transforming India in to digitalization. Apart from which people also face many problems in technology aided service like Lack of privacy to their information, Low Knowledge in using technology facilities, ATM cards getting stuck in ATM machine sometime, Shortage of cash in ATM machine, ATM malfunction due to internet connectivity problems, Inability to withdraw bigger amount with ATM, Challenges posed by internet fraud as regards doing business via internet prevent them from doing business with technology, IT avoids personal interaction, making it difficult to get instant solutions to problems. There are various aspects of problem which associated with technology aided and non-technology aided banking activity.

RESEARCH DESIGN OF TECHNOLOGY AIDED BANKING SERVICES

Objectives of the Paper:

- To identify the various forms of technology used in banking.
- To examine the benefits associated with technology aided E-banking services.
- To identify the problems related to TABS.
- To examine the relationship between the effectiveness of E-banking service based on benefits derived from them.
- To analyse the implication of technical problems on E-banking prospects.

Scope of Study:

- The sample units of the study are general public with different levels of age group taken in to consideration.
Empirical research through questionnaires collection of information to analysis the people potential in accepting technological aided banking services.

Various factors could have been considered in TABS* but on priority e- banking, e-payment, e-KYC, e-document etc..... Have been considered as the factor of this paper.

The Research is made to examine the various aspects like awareness among the people, acceptance level of general public on the concept of digitalization, to know the comfort zone of customers in TABS*.

Methodology:

- Descriptive design is the proses through by which research is undertaken to measure the central tendency.
- Questionnaire Research instrument was used to analysis the opinion of the general public.
- Sources of data for the study were both primary and secondary sources. A structured questionnaire was used to collect the primary data to answer.
- Sampling frame of this paper is banking customers and the sampling units are 20 of various banks and the elements are the people who are general people. The technique of probability sampling is the technique used in testing the sampling unit of 100 people.

<table>
<thead>
<tr>
<th>RELIABILITY STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach's Alpha</td>
</tr>
<tr>
<td>0.837</td>
</tr>
</tbody>
</table>

As questionnaire validated through reliability analysis 11 factors were subjected to Cronbach’s alpha test. A Cronbach’s alpha value of 0.837 was obtained. This is much about Nunn ally’s threshold limit of 0.65 for social science hence the questionnaire validated.

**DIAGRAMMATIC REPRESENTATION OF TECHNOLOGY AIDED BANKING ENABLES IN PROVISION OF QUALITY SERVICES**

Figure 2: *mean of technology aided banking enables in provision of quality services.*

Above graph represent the mean of technology aided banking enables in provision of quality service on the bases of age factor. Graph itself state the opinion over the acceptance of the technology in e-processing of all transaction. The highest acceptance level is seen in the age group between 26-35 years.
But when it comes to the age of 36-45 there is a decline in graph and also in case of 46-55 years age group, were as above 56 year age people to whom the questionnaire was provided are techsyave who accept the technology aided banking for quality services.

CHALLENGES IN USING TECHNOLOGY FACILITIES BY CUSTOMERS IN A BROADER SENSE:

Customers agreed with banks as to which challenges they face in using technology facilities offered by the banks. However they also encounter the following challenges:

- Lack of privacy to their information
- Low Knowledge in using technology facilities
- ATM cards getting stuck in ATM machine sometime
- Shortage of cash in ATM machine
- ATM malfunction due to internet connectivity problems
- Inability to withdraw bigger amount with ATM
- Challenges posed by internet fraud as regards doing business via internet prevent them from doing business with technology
- IT avoids personal interaction, making it difficult to get instant solutions to problems.

Almost everyone on Facebook changing their profile pictures to support digital India but to make it reality here are list of challenges in the implementation of digital India. Challenges are in every sector right from policy making, changing the work flow up to changing the mentality of the government officers. It is technological change within the most diversified nation. Few of them have been listed below:

High Level of Digital Illiteracy: Digital illiteracy is prevalent in most of the towns and villages in India. Cities have adopted digitalization but limited to certain extent. Full-fledged digitalization is cashless transaction on daily basis, use of internet services to get government certificates. This requires administration changes, Taxation changes and change in public Mentality. So it’s a team work which includes citizen’s responsibility and support to the new system.

Connectivity to Remote Areas: It is a mammoth task to have connectivity with each and every village, town and city. The problem of connectivity is a complex issue because every state has different laws pertaining to its execution. Also it is challenging for the central authorities to make a database where such a huge information can be stored.

Compatibility with Centre State Databases: Every state has different internet protocols because every state is diversified. Diversified not only in the sense of religion but also in language. Hence software compatibility with the centre is a crucial issue. Information shall be saved carefully.

Cyber Crime: There is cyber threat all over the globe and digital India will not be any exception. Hence we need a strong anti-cybercrime team which maintains the database and protects it round the clock.

Inter Departmental Co-Ordination: Within the government there are various departments which should be integrated. Integration has technical as well as corporate issue. Corporate in the sense self-ego of the officers and staff of our government services are hurdle in the change. Also the middle man policy will be eliminated completely because of digital India, hence there will be imminent resistance from the working staff.
Finance: Though there are resources with India but there is a huge capital cost which is to be invested and the fruits of the investment will be received after few years.

Net Neutrality: The issue is still on the table and we are blindly following the digital India. Net neutrality is must and we should make sure that digital India without net neutrality would be a great blow to entrepreneurs and citizens of India.

Changing The Mind-Set: This point will come into picture when you have allocated the required resources and material but when it comes to implementing them, most of them will be hesitant to change. People are accustomed with years of same of practice that they are not ready to change.

Exchange of Information: The information stored should also be used by other government offices. For example police, surveillance and other security issues can be easily resolved with digital India but its coordination is a mammoth task. It is not only a technological question but also deals with the question of privacy and security.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
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<tr>
<td><strong>Is User Friendly</strong></td>
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<td>.428*</td>
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<tr>
<td><strong>Facilitates Online Documentation</strong></td>
<td>.565*</td>
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From the above Karl Pearson correlation table it may be observed that - Technology Aided Banking Services positively transform India since they save time(0.332 at p> 0.01), ensure easy transactions(0.220 at p> 0.05), is User-friendly (0.347 at p> 0.01), ensure flexi-payments (0.246 at p> 0.05), multi-payment options(0.252 at p> 0.05) and sends transaction reports(0.280 at p>0.01)

Similarly it is also evident from the above table that Technology Aided Banking Services Ensure Superior Quality due to availability of Multiple-Payment options (0.419 at p> 0.01) and since all transaction reports are sending through SMS service or email. (0.210 at p> 0.05). Also Customers have stated that since Technology Aided Banking Services ensure superior Service Quality (0.243 at p> 0.05) they lead to positive transformation of Indian economy.

Suggestions:
   a. To overcome the digital illiteracy.
   b. Creation of awareness by connecting to remote areas
   c. Interdepartmental coordination in digitalization process to bring the efficiency in operation.
   d. Net neutrality, big data operation etc...
   e. Change of mind-set of the people who are unaware of the technovation.
   f. Exchange of information consistence to be increased
   g. Creation of vault for personal information
   h. Enhancement of knowledge in using technology facilities.

Conclusion:

Research on the banking industry provides a wealth of information about technological progress. We all support Digital India but we should be aware of the dangers and setbacks, so that we can prepare ourselves for the upcoming challenge. We should be mentally prepared for the changes and challenges in implementing the policy, only then it would be possible to change it to reality. In line with the global industries’ move in acquiring the latest advanced technology to stay ahead of competitors, banks throughout the world and India have notably been moving in the same direction. Evidently, Mobile banking is considered a new era in banking, in which banks are spending considerable amount of money to have it available to their customers and to cut their operations costs. Unfortunately, evidences have shown that a large number of customers do not use Mobile banking for various reasons, despite its benefits.

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An Empirical Study on the Impact of Internet Connection in Innovating and Transforming Indian Education System

Divya N

ABSTRACT

Internet is an essential component of a modern economy’s infrastructure. Broadband and next generation, high speed network plays a vital role in promoting and expanding access to education. The pace of technological development and its impact on the society has emerged into a brand new world of innovations and upgradation. Not much time has passed when people could not dare to think of using internet with so high speeds with increasing human needs of faster internet speeds, the R&D of this technology led to the emergence of 4G.

Ensuring that our students have the skills and innovative thinking needed for good jobs in the 21st century economy and access to High-speed Broad Band is a critical tool in preparing our young people for success.

A recent UK-Indian Business Council report titled “Meeting the India’s Education Challenges through E-learning” states that India is the 2nd largest biggest E-learning market globally after US.

INTRODUCTION

The country’s education system is undergoing a revolution. Thanks to rapid internet penetration and the availability of low cost mobile and hand-held devices.

With the technology playing a major role in multiplying the reach and providing access to learning tools and material, the opportunity is being seen as a huge potential for many foreign and domestic training providers offering online education opportunity in the country.

Internet being a provider of endless amount of information, students with the hands-on tool can relate to their interests on a personal level, which is believed to motivate students to do better in their academics.

OBJECTIVES:

To study on the impact of broadband connection on the education system of the country.

To study about the initiatives taken by GOI regarding the Internet education.

SCOPE: The study concentrates only on how the Indian education system is benefited by the broad connection.

LIMITATION:

• The study is geographically limited to the country India.
• The study is limited to only the education system of India.

DATA COLLECTION:

Secondary data from various articles, journals, research papers, press notes released by GOI etc…

KEY WORDS:

E-learning, Internet education, digital literacy, Digital India and GOI Initiatives.
IMPACT OF BROADBAND ON EDUCATION SYSTEM:

- NEW STARTUPS:

The flourishing e-learning sector in India has caught the fancy of young entrepreneurs willing to invest in education startups. The sector has grown considerably with a sharp rise in smart phone penetration and high speed internet facilities across the country, and according to KEN RESEARCH, an information service company; the E-learning market in India is estimated to be around US$ 3 billion.

- ONLINE FREELANCER

Internet has also created great opportunities for people who are interested in working online as freelancers. Be it writing or web designing, e-commerce or entrepreneurship, now it is possible for everyone to show off his talent online and make a living out of it. Millions of freelancers make their living online and this number is increasing substantially every year.

- DATA SHARING

Data sharing was never so easy and quick before! It doesn’t matter, if you have to send a file or song, a picture or a E book.; with help of internet, you can send just about anything at anywhere and that too, in no time.

- DIGITAL LITERACY:

Digital literacy is the knowledge, skills, and behaviors used in a broad range of digital devices such as smart phones, tablets, laptops and desktop PCs, all of which are seen as network rather than computing devices. Digital literacy initially focused on digital skills and stand-alone computers, but the focus has moved from stand-alone to network devices.

- OPEN UNIVERSITY AND DISTANCE LEARNING:

Distance education or distance learning is the education of students who are not physically present at a school. Courses that are conducted partly through distance education and partly on-site are referred to as hybrid or blended education.

- ONLINE COURSES:

A massive open online course (MOOC) is a model for delivering learning content online to any person who wants to take a course, with no limit on attendance.

- DIGITAL LIBRARY:

A digital library is a special library with a focused collection of digital objects that can include text, visual material, audio material, video material, stored as electronic media formats (as opposed to print, microform, or other media), along with means for organizing, storing, and retrieving the files and media.

- EDUCATION FOR DIFFERENTLY ABLED:

With wide use of internet we can see an increase in the independence of persons with disabilities. Visually disable, did not wait for a long period for information to be available on Braille, can now access information at the very same time it becomes available to the sighted population. People who have difficulty using a pen or key board can now use the latest speech recognition software to perform their work-related tasks. The various assistive technologies such as speech recognition software, text to speech software, audio, video and physical aids are bridging the gap between the disabilities and real world education.
GOVERNMENT OF INDIA AND E-LEARNING

The e-learning market in India is estimated to be around $3 billion. The central government's efforts to make digital learning available to students in every corner of the country are also aiding the sector.

Currently, online training in India focuses equally on both school and college-based courses as well as mid-level professional courses.

THE DIFFERENT INITIATIVES BY GOI:

E-Content development: Authoring tools allow authors or e-content developers to integrate or use any array of media to create professional, engaging and interactive e-content. In Wikipedia 'An authoring tool is defined as a software application used to create multimedia content typically for delivery on the World Wide Web (www)'.

E-Pathshala: E-Pathshala has been developed by NCERT for showcasing and disseminating all educational e-resources including textbooks, audio, video, periodicals and a variety of other print and non-print materials through website and mobile app. The platform addresses the dual challenge of reaching out to a diverse clientele and bridging the digital divide (geographical, socio-cultural and linguistic), offering comparable quality of e-contents and ensuring its free access at every time and every place. All the concerned stakeholders such as students, teachers, educators and parents can access e-books through multiple technology platforms.

Web portals and Mobile Apps:

SARANSH: is a web portal launched by Central Board of Secondary Education (CBSE) of India, with the primary aim of promoting information and communication technologies in schools.

SWAYAM: is a programme initiated by Government of India and designed to achieve the three cardinal principles of Education Policy viz., access, equity and quality. The objective of this effort is to take the best teaching learning resources to all, including the most disadvantaged. SWAYAM seeks to bridge the digital divide for students who have hitherto remained untouched by the digital revolution and have not been able to join the mainstream of the knowledge economy.

SAKSHAT: one stop education portal to facilitate lifelong learning of the students, teachers and those in employments or in the pursuit of knowledge free of cost to them.

CONCLUSIONS:

“Digital Literacy is the ability of individuals and communities to understand and use digital technologies for meaningful actions within life situations”.

The Digital Saksharta Abhiyan (DISHA) or National Digital Literacy Mission (NDLM) Scheme has been formulated to impart IT training to 52.5 lakhs persons, including Anganwadi and ASHA workers and authorized ration dealers in all the States/UTs across the country so that the non-IT literate citizens are trained to become IT literate so as to enable them to actively and effectively participate in the democratic and developmental process and also enhance their livelihood.

Altogether 52.5 lakhs persons, including Anganwadi and ASHA workers and authorized ration dealers will be trained under the programme in two phases. In the first phase, 10 lakhs beneficiaries will be trained under the scheme. Nine lakhs beneficiaries will be eligible for training fee support from the government. The rest 100,000 beneficiaries will be trained by the industry and civil society partners.

Some of this campaign’s targets also include providing broadband connectivity to a quarter of a million rural villages by 2019 and making Wi-Fi connections available in schools.

SUGGESTIONS:
In the last decade, we can see a increase in the children and youth in India become technology-driven – showing readiness to learn using digital media.

- For internet education to succeed in impacting education, it needs a coordinated and targeted approach to integrate technology into our vast and complex school system. A comprehensive vision to achieve integrated use of technology in education must be built on the following pillars.
  A. Digital Infrastructure
  B. Ready Access
  C. Quality E-Content
  D. Affordability.
- To look for more Public-Private Partnership.
- Academic courses to be imparted solely through the online mode, which should be properly structured with proper, rigor and proper system of evaluation. With minimum amount of productive context interaction.
Challenges in Information and Communication Technologies & Digital India with Special Reference to Sector Development and Analysis

Harshit Singh Chauhan          Deepak Singh Chauhan          Pankaj Singh Adhikari          Megha Bisht

Abstract:

IT industry has changed the image of India in the global arena. Today’s highly developed IT industry is the result of many external and internal factors which worked over a long period of time. This paper based on Secondary data tries to analyze the growth, features and reasons for the development of IT sector in India. Challenges faced by Indian IT sector too were manifold.

Key Words: IT industry, Software, Export, Employment.

Introduction

Today where the new „mantra‟ for the development is Information Technology, this mantra has changed the image of India in the global arena. Even if the results of development of IT in India are more visible after globalization, its development got rooted almost before 50 years. The computers and IT materials which were basically invented and designed to solve numerical problems as explained by Majumdar (2007) are facilitating the transition to a global society by encompassing all walks of our life. In the initial stages of IT revolution or computerization there was a fear of increased „unemployment” and workers redundancy” but afterwards the same IT industry became a great employer. Panchamukhi (2000, 840) noted this potential of IT industry and opined “If the sectors of agriculture, knowledge and information industries are encouraged to grow in a consistent manner then the problems of poverty, unemployment can be solved”. Further as rightly observed by Unni and Rani (2000) IT allows leapfrogging which can help countries skip generations of technology and stages of growth and place them directly in a service-dominated economy. That’ why even without having a fully matured manufacturing sector, India is experiencing shift in its economy due to its service sector development which is dominated by IT.

A bird’s view of development of IT in India

The industry was started during early 70‟s by Bombay-based conglomerates which entered the business by supplying programmers to global IT firms located overseas. During that time Indian economy was state-controlled and the state remained hostile to the software industry throughout the 1970s. Import tariffs were high (135% on hardware and 100% on software) and software was not considered as an "industry", so that exporters were ineligible for bank finance. Government policy towards IT sector changed when Rajiv Gandhi became Prime Minister in 1984. His New Computer Policy (NCP-1984) consisted of a package of reduced import tariffs on hardware and software (reduced to 60%), recognition of software exports as a "de-licensed industry", i.e., henceforth eligible for bank finance and freed from license-permit raj; permission for foreign firms to set up wholly-owned, export oriented units and a project to set up a chain of software parks that would offer infrastructure at below-market costs. These policies laid the foundation for the development of a world-class IT industry in India. In India, the software boom started in the late 1990s. Most of the Indian software companies at that time offered only limited software services such as banking and engineering software. The business software boom started with the emergence of Y2K problem, when a large number of skilled personnel were required to fulfill the mammoth database-correction demand in order to cope up with the advent of the new millennium.
The world is flat. But more often than not we tend to forget what goes into flattening the world. When a company decides to go global to expand its business, it faces plenty of obstacles in its way.

Same is true for Indian IT (Information Technology) firms. In this article, we are going to highlight some of the new challenges that have emerged for the Indian IT companies as they become larger players on the global stage. The challenge lies particularly in terms of the workforce employed by the companies. As they expand their global footprint, companies have to look beyond the borders of India to recruit talent.

The first major problem that the Indian IT firms have started to face in recent times is that they are now subject to different legal laws and norms. Each country has its own set of rules. For example not recruiting older employees was fine in India. But they can no longer reject people on the grounds of their age. A case in point is the recent lawsuit filed against Infosys, wherein an individual alleged that the company declined employment to him just on the grounds that he was old. While Infosys has reiterated that they do not discriminate on age, however, they were unable to give a plausible reason for rejection. There are many more such cases that Indian IT companies now face as they expand global operations.

Another major problem that has cropped up is the issue of anti-outsourcing. Indian IT industry has thrived on the work outsourced to them particularly by the developed nations. However, as the developed world faces the brunt of the global crisis, they have started raising their voices against the migration of jobs to India. In recent times, many have imposed stricter visa norms and legal fees. For example, US visa rejection rates for Indian techies have doubled from around 4% to over 8% over the past nine months. As a result, sending IT personnel to onsite locations has become increasingly difficult and expensive for the companies. This would start to have an impact on their margins in times to come.

Also as Indian IT firms go global they need to develop the optimum mix of employees. A big dilemma that they face is to get the balance correct in terms of recruiting from the local markets or to assign the jobs to Indian counterparts. The decision is critical as the wrong mix could have an adverse impact on employee morale and productivity. It also has a serious impact on the company's operating costs. Companies like Infosys and TCS have been opening offices in countries outside of India. As a result, sending IT personnel to onsite locations has become increasingly difficult and expensive for the companies. This would start to have an impact on their margins in times to come.

Hence it is clear that Indian IT companies are facing multi faceted problems. Japanese Auto major Toyota too had to face the same issue when it was expanding its business in USA. Indian IT firms will do well to learn from Toyota, which has effectively dealt with such issues.

RESEARCH TYPE: ANALYTICAL RESEARCH (DESCRIPTIVE)

DATA COLLECTION:

There are two types of data collection. They are,

5. Primary Data Collection
6. Secondary Data Collection

Primary Data Collection:

Primary data is referred that which are collected freshly and for the first time, and thus it happened to be original in character. In the primary data, there are various methods in collecting the information. On the Case, here the researcher has used the questionnaire method to collect the data for the study.

Secondary Data Collection:

SAMYOGA, AN ACADEMIC JOURNAL, TJGAJ, Vol.12 No.2, FEB-2017
In this type of study, the primary data is used to collect for the Research. The secondary data is done with the help of the Primary data. It is collected based on Various books and Journals etc.

**RESEARCH METHODS**

**Research Design**

“A Research design is the arrangement of conditions for collection of data and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”.

The type of Research design adopted by the Researcher is the “Observation Method”. Serious of Observations and analysis is made during the course of study of Internship and the Research Report is prepared in such a way that represents the way of analytical approaches undertaken and practiced during the course of Research.

**IT industry’s contribution to the key economic indicators**

Considering the IT industry”s contribution to the key economic indicators Sarkar and Mehta (2005) said that there is the emergence of „New Economy”. It accounts for 1/5th of the total Indian exports. New jobs are created for technical persons; it is the major forex earner and attractor of FDI.

As per NASSCOM 2010 report, during 2009 the overall revenue received from IT-BPO industry was $69.4 bn. Out of which $47.5 bn was from exports and $21.9bn was from domestic market. Further for the year 2010 expected revenue is $73.1bn out of which $50.1 bn. is expected from exports and $23bn from domestic market. With respect to employment, in the year 2009, IT-BPO employed 2,200,000 directly. Out of which 958000 were employed in IT services, 738000 in BPO and 500000 in domestic market segment. Further for the year 2010 the estimated total direct employment is of 2,290,000 out of which 993000 in IT, 768000 in BPO and 525000 in domestic market. Table-1 furnishes the information regarding the growth of IT industry.

Despite the recent economic slowdown, India”s IT-BPO sector displayed resilience to grow by 5.5 per cent India continues to take centre stage with 51% of total sourcing market. The industry has had a significant impact on the Indian economy with 30% of incremental export during 2005-09; providing employment to nearly 8 million people in ancillary industries; and spreading up to the industry to the tier 2 and 3 cities.

IT industry has turned out to be an aspiring industry for the young generation. IT industry with its different emerging branches employed both highly skilled youth in hardware and software sectors and people with less technical and formal education in ITES-BPO industry. Hence it has created employment opportunities for both highly skilled and formally graduated. Some other notable impact on employment are summarized by Kumar and Joseph(2005) apart from creating jobs software industry has provided opportunities for expanding the local base of entrepreneurship. Lesser initial start-up costs and insignificant economies of the scale, especially for services enterprises reduced the entry barriers and that induced many technical professionals to start their own. Further the industry helped to reduce the extent of the brain drain by creating rewarding employment opportunities within the country, a trend also supported by availability of venture capital to implement new ideas. The rise of the software industry had also prompted a number of non-resident Indians to return to start software ventures.”
Notable features of Indian IT Industry:

**Domination of software and BPO operations.** Indian IT industry which includes the sub-sectors like Hardware, Software, ITES-BPO and recently KPO is highly dominated by software and BPO operations. The capital intensive nature of Hardware sector is found to be the reason for its declining share where as more of labor intensive nature of software industry and BPO is grooming in India. Software products attract no import duty whereas Hardware products, parts, and peripherals attract import duty ranging from five per cent to 40 per cent.

**Upward movement in the value chain** is another feature. Early IT sector growth was mainly with „body shopping” or „onsite” work which was considered to be in the lower level of the value chain. As Chakraborthy and Jayachandran (2001) put it, the on-site work was characterized by low skill, low-tech, low investments and low-return. But NASSCOM 2003 report visualize upward movement in the value chain and Indian companies offered services such as System interaction package implementation, IT outsourcing and IT consultancy.

**Mainly Export driven:** The fact observed by Heeks (1996) has not changed much till date and many other researchers like Chakraborthy and Jayachandran (2001), Varma and Sasikumar (2004), Sarkar and Mehta (2005) and others found excess export orientation in the Indian IT sector. The export direction is highly skewed towards U.S. about 60% and Europe about 20%.

**Slowly developing domestic market:** Despite IT industry being export driven, the glimpses of slowly growing domestic market can be visualized through the development of SOHO (small offices and home offices), banking and E-governance initiatives.

**Increasing quality of the products and services:** As Indian companies are acquiring global nature as indicated by Bajpai and Shastri they are adopting global practices and increasing the standard of quality. Further, following the global standards as Kumar and Joseph (2005) points out, many Indian companies equipped themselves with international certifications like ISO 9000, SEI level 5, CMM etc.

**High-wage industry:** Indian IT industry, specifically software industry is rewarding its employees with excellent pay and perks. This is inevitable to retain the short-supplied technical labor and avoid them from being grabbed by some other company.

**Attracting Foreign Investment:** As observed by Sarkar and Mehta (2005), IT industry is attracting foreign capital in three ways; first, direct FDI is attracted as MNCs start their own subsidiaries or through the joint venture; second FII"s are investing heavily in stocks and equities of IT-BPO companies; and third Non-Resident Indians also are investing in Indian IT sector by starting their own units.

**Reasons for the Growth of IT industry:**

There are various reasons for the growth of IT industry in India. Some were more visible and spontaneous and others were much subtle and in a very slow but steady manner paved way for the development of IT which is now experienced.

Many considered this as a „demographic dividend „for India. Availability of manpower at a comparative cheap price was the main factor according to the researchers. India”s most prized resource is its readily available technical work force. India has the second largest English-speaking scientific professionals in the world, second only to the U.S. It is estimated that India has over 4 million technical workers, over 1,832 educational institutions and polytechnics, which train more than 67,785 computer software professionals every year. The enormous base of skilled manpower is a major draw for global customers.
India provides IT services at one-tenth the price. No wonder more and more companies are basing their operations in India.

Some quote “Indian Education System” which places strong emphasis on mathematics and science, resulting in a large number of science and engineering graduates. Mastery over quantitative concepts coupled with English proficiency has resulted in a skill set that has enabled India to reap the benefits of the current international demand for IT. „Infrastructure” development too cannot be neglected as Indian IT industry gained immensely from the availability of a robust infrastructure (telecom, power and roads) in the country. NASSCOM-Mercer (2003) report recognizes the strong domain knowledge and global exposure along with the above said reasons. As per NASSCOM report Besides the Indian software companies, a number of multinational giants have also plunged into the India IT market. India is the hub of cheap and skilled software professionals, which are available in abundance. It helps the software companies to develop cost-effective business solutions for their clients. As a result, Indian software companies can place their products and services in the global market in the most competitive rate. This is the reason why India has been a favorite destination for outsourcing as well. Many multinational IT giants also have their offshore development centers in India.

But Kumar and Joseph (2005) mentions the governmental institutional measures like STPI policy and other liberalization policy. As Union Minister Jairam Ramesh explained, the role of Indian government’s policies cannot be neglected. It may be the highly subsidized education in India because of which many IIT and Engineering professionals were generated. As Indian economy couldn”t absorb the excess „educated” „technical, and „professional” manpower created by our education system, the brain drain that was allowed especially to U.S. made Indians to dominate the Silicon Valley. Then the return of those NRI”s powered with money, networking ability, prestige and technology started their units here. Further the liberalization process, establishment of STPI and the IT policy made them to excel along with the MNCs.

CHALLENGES FACED BY INDIAN IT INDUSTRY

Still this growth is not free from some inherent problems and criticisms.

Sustainability of this growth itself is questioned by the researchers for several reasons.

Too much export orientation besides the composition and direction is a cause of concern. Extreme export orientation which inherently succumbed to international pressures is highly volatile. It requires diversification in terms of product structure and destination too. Because even today our 60% of the software export is to U.S. Already 2009 and 2010 experienced the surge due to the U.S. crisis.

Excess dependence on Government concessions as Magazine (2008) reports “despite the various advantages of the STPI policy and its evident success, a major point of contention is that the STPI policy was the inbuilt “Sunset Clause” which stipulates that all incentives offered under the policy will cease to exist s of March 31, 2009 which has recently been extended to March 2010. Any change in STPI policy will lead to the drastic decline in the cost advantage”. Even if the STPI policy has been extended for further a year due to the recession definitely one or the other day this provision will be removed.

Declining technical efficiency is explored by Reddy and Bhat (2007). There lies huge gap between actual and potential performance. On average the Indian software industry is utilizing less than 50% of their potentiality. The average technical efficiency of Indian software companies recorded highest at 45.22% in 1996 and it declined thereafter. Further they found more of a negative effect on the efficiency of software companies in India due to deregulation.

Inadequate attention to the domestic market as Kumar and Joseph (2005) observed, the Enclave nature of the operation of IT industry generated little knowledge spill over for the domestic economy.
Emerging competitor like Ireland, Canada, China, Mexico, Russia, Philippines, Thailand and other countries are in the race. It is probing serious threat to the Indian IT industry. Because attrition pushing up the manpower cost which is eroding the cost advantages and other countries are becoming comparatively cheap.

Problem of attrition and shortage of manpower is haunting IT industry. After recession again it reached double digit. Shifting of companies from employees in search of better salary, status, growth opportunities and other reason is quiet common. This is increasing the costs of the firms in two ways. To retain the employees firms have to increase their expenditure on pay and perks at another side attrition leads to increased HR costs for further recruitment, training etc. Already Indian IT industry is experiencing the shortage of technical manpower. And as per NASSCOM the shortage is of 2 million for the year 2008.

Further IT is criticized for creating and increasing the ‘digital divide’ based on Region, gender and socio-cultural norms.

Even if as argued by researchers ICT products and services are inherently equalizing tools still the inherent bias to the access and employment opportunities leads to the inequalities. Then ICT enlarges the Digital Divide.

Regional divide increased as Indian IT industry is highly concentrated and clustered around metropolitan cities and suburbs as Varma and Sasikumar (2004), Kumar and Joseph (2005) found in their studies. It is developed comparatively more in Southern and western regions. Due to clustering in five cities, Bangalore, Hyderabad, Chennai, Mumbai and Delhi NCR account for 80.5% of the top companies. Jairam Ramesh in his address delivered to the NASSCOM executive board puts forth these bothersome features of glittering IT industry. The slow geographical spread of IT as only 7 cities Bangalore(33%), Delhi(15%), Chennai(14%), Hyderabad(13%), Pune(10%), Mumbai(8%) and Kolkata(2%) accounted 95% of the total exports and another 7 cities accounted for 3% and four cities accounted for another 0.6%. Furthermore, SEZ appear to be increasing the digital divide as out of total 142 notified SEZs 86 were for IT and ITES. And of these 86, 26 in Andhra Pradesh, 14 in Tamil Nadu, 13 in Karnataka and 10 in Maharashtra, making total of 80% in these four states alone.

Gender-divide is already evident as Heeks (1996), Vijaybhaskar et al (2001), Varma and Sasikumar (2004) and many others found male domination in Indian IT industry. Even if NASSCOM claims increasing women employment in IT industry and expects to reach 45:65 male-female ratio at the entry level jobs, that too accepts that less than 4% reach the top level. Top positions are dominated by men whereas lower entry level jobs are filled with women. Especially BPO has seen 60:40 ratio but this sub-sector is in the lower strata. Hence jobs with more status and pay and technical expertise are with men and jobs with less status, pay and technical knowledge are with women.

Rural-Urban divide has been widened as Vasanthis and Upadhya (2008) Sarkar and Mehta (2005) explains urban people are dominating the industry. Rural people lacking the required language proficiency, soft skills and access to ICT products, education and training are not making their way to this high-wage industry.

Division based on caste and other socio-cultural norms too enlarged Vasanthis and Upadhya et.al. Upadhya (2008) and Vijay bhaskar et.al. found the employment in IT industry is not as meritocratic and equal to all as publicized. There is a more bias in favor of high and middle cast and upper and middle class society. As requisite soft skills require some socio-cultural and economic background they witness inherent bias in the supply pool of labor itself.

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Wage inequality is evident between IT and non-IT jobs. Within IT again in its sub-sectors like software and BPO, further within sector based on size and form of the companies, education and expertise of the worker pay differentiates. Large companies, MNCs and foreign subsidiaries pay more to the highly qualified and expert workers. Biradar (2009) explains de-skilling (raised unemployment among the illiterates and literates at lower levels), re-skilling (withdrawal of labor force in favor of educational institutions to acquire more knowledge and skills), skill-polarization (better career and jobs for the skilled workers and leaving the rest of the workforce in dead-end low paid jobs) is witnessed.

IT not considered being the reliable employer:

Even if employment opportunities are created by IT industry compared to the total work force IT employment is not significant. But it has changed the whole set of employment conditions, recruitment pattern, work conditions etc. IT employs minimal as found by Heeks (1996) and Mukherjee (2008) only 0.08% of the aggregate workforce. The remarkable changes to urban lifestyle and landscape it has fostered are responsible for its tremendous visibility nationally and globally. IT employment has changed all the traditional employment patterns and conditions. Neither the industry provides „employment security‟, nor do employees want to work for the same company till retirement.

Basically IT jobs are considered to be „Footloose industries‟ as framed by Ramesh (2009). The main change in the required character of workers today is along with the technical knowledge high level of adaptability and capacity to work in a team. The traditional qualifications of physical strength and individual work ability no longer suffice”. There is no longer a guarantee of lifetime employment but lifetime employability is assured through continuous up gradation. The right kind of education in the knowledge society is a new form of security as employability is assured (Low, 2000) recent recession cleared how illusive the bubble was. Many of the employees lost their jobs and highly stressful pattern of work and typical work patterns leading to social and family tensions among employees. There were reports regarding increasing suicide cases among IT employees.

As many Indian companies are acquiring global companies “Reverse off shoring” is witnessed. As reported by the media Indian companies are hiring aggressively, in US reversing the earlier trend. Tata Consultancy Services Limited, Software giant‟s Infosys and Wipro re-employing American workers in Indian outfits after training in India.

Doubts the contribution due to high opportunity cost:

As the government concessions based on which they are stating the revenue the loss of revenue to the government due to the concessions and tax benefits has been not measured. Further as Joseph and Harilal et.al. Observed, there is an adverse effect on other sectors. As IT industry attracted the talent pool available in other sectors, professions and industries those sectors lost their best talent and IT is growing at the cost of other sectors development. IT development had a high „opportunity cost‟ and it grabbed the best talent from other industries due to which others suffered a lot. Any movement of highly specialized personnel from high paying Global companies to domestic firms is impossible hence domestic economy suffers.

CHALLENGES IN COMMUNICATION TECHNOLOGIES IN INDIA

1: Customer service

IT suffers from a bad reputation when it comes to satisfying customer needs. Unfortunately, it is often well deserved. Too many times, the work is done incorrectly or not to the customer's requirements — and it is the customer who ultimately determines what is good customer service and what is not.
Corporate IT has similar challenges with its customer service. There may be a lot of truth to the statement "The customer needs to be told what they want." However, the tone of the "recommendation" by the computer expert often comes across as arrogant. The customer may be ignorant but they are rarely stupid — and they don't like being treated as such. A little better bedside manner offering education and choice is far preferable to a simple "you need this" approach to customer service.

**My Suggestion:** Improve customer service by listening to and meeting the client's needs. Make customer service job number one.

2: **Human resources**

Burnout is an ever increasing concern as budgets become tighter and workloads increase. Creative ways need to be found to reduce stress and revitalize tired workers. More vacation time, sabbaticals, temporarily reduced responsibilities — anything that can give the IT professional a break should be considered. This might seem costly, but losing a valued employee due to burnout can be far more costly.

It has always bothered me when I or a fellow workmate requested a transfer only to have the request ignored or denied, seemingly without any thoughtful consideration. Organizational structures are not conducive to employee sharing and growth. Managers just don't want to give up a key member of their staff. The truly exceptional companies find ways to maximize their employees' full potential. After all, what is a company if not its people and their skills?

**My Suggestion:** Develop creative ways to minimize stress, satisfy employee needs, and match corporate needs to employee goals.

3: **Productivity**

First came the mainframes, then the minicomputers, PCs, and the Internet. Each was a tremendous technological leap that greatly increased user productivity. What will be the next great productivity innovation? The cloud? Mobile computing? Can these technologies deliver real, significant productivity gains? The law of unintended consequences warns that issues will arise with the introduction of any new technology. To name a few, security and privacy for cloud services and increased stress and burnout for employees tethered to mobile devices 24x7. Until these concerns are resolved, any productivity gains must be carefully weighed against the negatives before mainstream adoption.

**My Suggestion:** Make the best use of new technologies like cloud and mobile computing but search out additional ways to increase productivity.

4: **Complexity**

If you look at the progression of software from the introduction of the IBM PC to today's systems, one obvious trend is irrefutable: The IT world has gotten increasingly complex. The complexity is rapidly reaching a point of critical mass, where one single developer can no longer know everything needed to be proficient at his or her job. Because of this, teamwork is more important than ever. Forget KISS — it's a complex world and it is getting more complicated every day.

**My Suggestion:** Manage and tame the complexity beast.
5: Obsolescence

Everything from the PC you are using to the skills needed to perform your job seem to become obsolete in three to five years. As costs continue to be scrutinized, IT needs to find a way to reduce the costs of obsolescence. Expect Microsoft to continue the trend of planned obsolescence as it adheres to a regular release cycle. But upgrading to every new release of Windows may be one of the first costs to go. It is getting harder for companies to justify the costs without real documented productivity increases.

Obsolescence poses another problem: Which development software will still be around 10 years from now? Pick the wrong horse and you may be faced with the same challenge as those who were still supporting OS/2 in the late 1990s. OS/2 experts were as rare as original IBM PCs by then, but IBM was more than willing to help — for a considerable price.

**My Suggestion:** Increase the productive life of systems, software, and equipment.

6: Budgets

Meeting budget constraints is tough even in the best of times. It is especially challenging during hard times. Most IT budgets are expected to grow in 2011, but they continue to be tight. The growth of cloud computing and mobile technology will require more attention and resources. Managers will be faced with the tough decisions of how best to meet existing budget needs while still planning for the future.

**My Suggestion:** Accomplish more with budgets similar to last year.

7: Marketing/public relations

Aside from a handful of tech companies like Apple and Google, IT suffers from a poor public relations image. It may be an honest assessment for Microsoft CEO Steve Ballmer to state, "If people want to wait they really can. But I'd definitely deploy Vista." But when a statement like that leads to headlines like "Ballmer says it's okay to skip Windows Vista," you have a problem. Analytical thinkers make poor marketers.

Hiring a PR firm can be well worth the expense, but even then a nasty faux pas can occur. South By SouthWest Interactive engaged Ink PR to meet its marketing needs. Ink PR came up with this speaker's tip for South By SouthWest Interactive 's green rooms: "A speech should be like a woman's skirt: long enough to cover the topic, yet short enough to be interesting." It has been said that any publicity is good publicity. But ask South By SouthWest Interactive if it thinks Ink PR's marketing gaffe was good for its corporate image.

**My Suggestion:** If you don't have the expertise, hire marketing and PR experts who can get it right.

8: Multinational operations

The global economy is upon us. It is increasingly common to find offices and data centers in countries halfway around the world. And with this transition come a number of challenges. Travel, language, and time zone differences are all issues that must be addressed. But far and away the greatest challenge will likely be overcoming the cultural differences and changing the "us versus them" mindset. Emotions run
high for those who have been affected by outsourcing. Salary differences between countries can lead to resentment. Both are difficult people problems to solve.

**My Suggestion:** Instill a culture of teamwork among international team members with diverse backgrounds and varying ethnicities.

**9: The mobile generation**

In 10 high-tech gadgets I can live without, I noted my dislike for mobile devices. I didn't like the electronic leashes that constantly tied me to work when I needed some downtime. The mobile generation appears to be poised to overtake the PC generation as users spend more time using their mobile devices. However, a caveat should be included in any discussion of the onset of the mobile generation. Any productivity gains achieved using mobile technology in the workplace may be more than offset by the additional burdens placed on the IT workforce during nonworking hours.

**My Suggestion:** Make use of mobile technology without tearing down the virtual wall between work and family and leisure time.

**10: Data storage and retrieval**

It is not obvious since most data needs are short-term, but there is trouble lurking in those data archives. Perhaps you are an unknowing victim of this silent crisis in the making. If you have important files on those old 5 1/4-inch floppies and you need to go back and retrieve one, you may be out of luck. Chances are that the data is no longer readable and the device you need to read the media has long since been tossed into the trash bin. Or, as in my case, turning on the old antique microcomputer to read my single-sided, single-density floppies might lead to a fire and the quick end of your weekend data retrieval project.

As our data ages, it needs to be continually transferred to fresh media. The problem is bit rot, and it happens with every type of media, from disk drives to DVDs. Shelf life varies by media type and manufacturer. Magnetic tape is claimed to be the best, with a shelf life of up to 30 years in optimal conditions, but even it eventually succumbs to the ravages of time.

**My Suggestion:** Determine what data, if any, is susceptible to bit rot and transfer to new media before it becomes a problem.

**CHALLENGES IN DIGITAL INDIA**

**Digital India:** The challenges facing Narendra Modi. Prime Minister Narendra Modi has inaugurated "India Digital Week", aimed at reinvigorating an $18bn campaign to strengthen India’s digital infrastructure

**Impediments in the path:**

The restrictions like Department of telecom (DoT) opposition to the 3G roaming deprive the economy form the benefit of the gains from roaming. The consistent shielding of and inability to revive the sick PSU’s like BSNL and MTNL. Hamstrung decision making, a ‘not to touch’ approach because of recent
2G spectrum scandals. Soaring prices of spectrum which is equated with the investment in the networks and spectrum. And their subdivision among numerous distributors resulting in the sub-optimal performance. Last mile access to end-user will need to be built through wireless access using the radio spectrum because laying fiber costs too much. Also our approach to spectrum allocation is such that it is simply unavailable.

**What can be done? – My opinions**

Permitting the spectrum sharing between the primary users (defense and defense related services) and authorized secondary users. Just in a way the physical infrastructure like roads are shared. In this manner current holder retain their rights, while allowing their utilization of otherwise idle spectrum. More traffic would generate high earning and generate high revenue share and tax collection. A multi stakeholder collaborative participation to draft end-to-end strategy and problem solving approach in formulating and executing policies, regulations and processes. The transition to open access shared network available on payment to all the licensed operators. This has to be worked out by negotiations between participants based on technology, economics, business interest and pragmatism. Simultaneously trials must be based conducted with new technologies with wireless broadband utilizing unused spectrum reserved through the TV broadcasts.

1) **Spectrum crunch:** This is the single biggest challenge. As Ambareesh Baliga said in his tweet:As per the announcement made by prime minister Narendra Modi, Digital India initiative will give a big push to mobile commerce. "E-Governance is going to change into M-Governance... M is not Modi Governance, it is Mobile governance," he has been quoted as saying at the launch. This is quite an ambitious plan. As of January 2015, India has 979.21 million telephone subscribers. Of this, 952.34 million is wireless - 553.45 million in urban areas and 398.89 million in rural areas. As per the visible trend, wireless subscribers are growing and wireline subscribers are declining. This is true in urban and rural telephony.

It is already a known fact that spectrum is a scarce resource. A further mobile push is likely to make the situation worse. That is one reason why Bharti Enterprises, which has committed Rs 1 lakh crore for Digital India programme, recently acquired stake in a company called, OneWeb, a global team-up of telecom companies aimed at providing affordable internet access.

But one such tie-up is not going to solve the problem completely. A spectrum crunch would result in traffic congestion and call drops, which are a commonplace in India already. Further, the shortfall raises the demand and prices. We have already seen that in the recently concluded auctions. If price of spectrum increases, companies will not be able to provide internet at affordable internet. This will defeat the very purpose of Digital India initiative.

2) **No holds barred democratisation:** Internet is all about democracy and transparency because it facilitates interactivity.

To be sure, the Modi government has definitely brought about a major change in the way the government functions through increased usage of social media. All his ministers are active on Twitter. They even make major announcements through such channels. Clearly the government knows how to use the new media.

A case in point is the #SelfieWithDaughter campaign Modi launched last week, which became an instant hit. (This is not to say that we should forget many daughters who were raped, killed and orphaned during the Gujarat riots of 2002). But nonetheless, there has been criticism that Modi is using these in "broadcast mode", as this article in BBC rightly points out.

The prime minister's communications have essentially been one way probably because he doesn't want to face unsavoury questions. Already, critics have started comparing Modi to Manmohan Singh, with Modi
maintaining stone-like silence in the face of many raging controversies. Such an approach kills the very purpose of using digital and social media. In this context the question that how far can Modi really democratise information flow and governance is a valid one.

3) Duty anomalies mar electronic manufacturing: Manufacturing has always been a weak link in the India story. Electronic manufacturing is all the more so. Sample this: On 22 June, media reports said Japanese telecom giant SoftBank and Taiwanese Foxconn technologies are in talks to set up joint ventures in India to make electronics products here. Four days later, on 26 June, The Financial Express reported that global mobile phone makers, including Foxconn, may have to rethink their plans because the government has removed the 11.5 percent excise duty concession. "As a result, even those importing mobile phones into the country will end up paying the same duty as those manufacturing domestically," the report said. This essentially is a duty anomaly that has the potential to put off global majors from investing in e-manufacturing here. Minister of communication and IT Ravi Shankar Prasad knows this very well. At a recent MoU signing between National Association of Software and Services Companies (Nasscom) and India Electronics and Semiconductor Association (IESA) in Delhi, the minister admitted that correction of duty structure is crucial to increasing electronics manufacturing in the country. According to a report in The Hindu BusinessLine, the minister also acknowledged that for this 'finance minister Arun Jaitley will have to be convinced'. The government's net-zero import target in the sector has been set at 2020. It will have to move fast on this front to attain this objective.

On the whole, while the intent of the initiative is good, it is riddled with challenges. We will have to wait and watch how fast the government will succeed in fulfilling the dream.

1 High level of digital illiteracy: Digital illiteracy is prevalent in most of the towns and villages in India. Cities have adopted digitalization but limited to certain extent. Full fledged digitalization is cashless transaction on daily basis, use of internet services to get government certificates. This requires administration changes, Taxation changes and change in public mentality. So its a team work which includes citizen’s responsibility and support to the new system

2 Connectivity to remote areas: It is a mammoth task to have connectivity with each and every village, town and city. The problem of connectivity is a complex issue because every state has different laws pertaining to its execution. Also it is challenging for the central authorities to make a database where such a huge information can be stored.

3 Compatibility with center state databases: Every state has different internet protocols because every state is diversified. Diversified not only in the sense of religion but also in language. Hence software compatibility with the center is a crucial issue. Information shall be saved carefully.

4 Cyber Crime: There is cyber threat all over the globe and digital India will not be any exception. Hence we need a strong anti cyber crime team which maintains the database and protects it round the clock

5 Inter Departmental Co ordination: Within the government there are various departments which should be integrated. Integration has technical as well as corporate issue. Corporate in the sense self ego of the officers and staff of our government services are hurdle in the change. Also the middle man policy will be eliminated completely because of digital India, hence there will be imminent resistance from the working staff.

6 Finance: Though there are resources with India but there is a huge capital cost which is to be invested and the fruits of the investment will be received after few years.

7 Net neutrality: The issue is still on the table and we are blindly following the digital India. Net neutrality is must and we should make sure that digital India without net neutrality would be a great blow to entrepreneurs and citizens of India.
8 Changing the mindset: This point will come into picture when you have allocated the required resources and material but when it comes to implementing them, most of them will be hesitant to change. People are accustomed with years of same of practice that they are not ready to change.

9 Exchange of information: The information stored should also be used by other government offices. For example police, surveillance and other security issues can be easily resolved with digital India but its co ordination is a mammoth task. It is not only a technological question but also deals with the question of privacy and security.

Conclusion

Whatever may be the challenges definitely IT industry has changed the whole scenario. Transforming it to be an equalizer depends on government and social system changes, where access to ICT products and employment opportunities to be assured to all. Finally what Jairam Ramesh said in the NASSCOM Executive Board

“Competitiveness, we have been led to believe, emanates from technology development. This is true to an extent”.

My own view has always been that it is technology application that in the long run leads to productivity gains. We have not paid adequate attention to this aspect of technology strategy and all that it entails. Technology is always embedded in a social context and unless we focus on the core, unless we always keep in mind the adage-technology is the answer but what was the question-we are liable to be disillusioned soon”.

We all support Digital India but we should be aware of the dangers and setbacks, so that we can prepare ourselves for the upcoming challenge. We should be mentally prepared for the changes and challenges in implementing the policy, only then it would be possible to change it to reality.

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Challenges in Bridging the Digital Divide
Ms.K.Geetha          Dr.S.Thirunavukkarasu          Dr.V.VelMurugan

ABSTRACT
This article discusses some of the projects initiated by the government to reach remote areas. It further discusses Digital Library Project. This paper also mentions the role of educational institutions like the Indian Institute of Technology. The challenges and barriers to digitization and the need for strong determination are discussed. Information Technology has great influence on the economy of people across the world. The benefits have been slow in rural and remote areas. The Efforts made in bridging the digital divide are dealt with in this paper. Challenges and barriers in bridging the digital divide are discussed at length. Role of government programmes for e-governance, community information centres (CIC), libraries and information centres, academic institutions, efforts made by private business houses and dot-com companies are discussed. The density of telephones has already increased. The rural teledensity has increased significantly. The government of India has declared Information Technology as one of the thrust areas for the country’s development. Gyandoot, means “Knowledge Messenger,” is the first ever project in India for a rural information network in the Dhar district of Madhya Pradesh. Every village has a computer centre or “soochnalayas” at prominent market places or major roads. It is expected that the Gyandoot Project will play an important role in bridging the digital divide between the urban and the rural people. Himachal Pradesh (HP), the hill state of the country, has initiated the Lokamitra project with grants from NABARD to provide the general public E–Chaupals Project. The Project launched in the year 2000 has been quite popular in rural areas of India. The National Science Digital Library (NSDL), Vidya Vahini Project, and Digital Mobile Library have been an encouraging step taken by the government to bridge the digital divide. In order to bridge the digital divide in a larger way the government of India, in collaboration with the Centre for Advanced Computing aims to bring about one million digital books to the doorsteps of common citizens. Several city networks, such as CALIBNET, the Kolkatta Library Network, DELNET, the developing library network, Delhi& Bombay Library Network (BONET), Madras Library Network MALIBNET, Pune Library Network (PUNET) and Ahemedabad Library Network are promoting resource sharing and disseminating information. A project has been started by IIT Karagpur to “bridge the communication gap between the sightless and the sighted.” The project has enabled the blind to surf the Internet, read text in Indian languages and even take up normal office work. Some of the private businesses, like the Tata Council of Community Initiatives, are playing an important role in promoting adult education in the country. Although India has made encouraging efforts to bridge the gap by initiating a number of projects and programmes for rural and remote locations, a lot more needs to be done to bring the people into the information society.

Key Words: Digital divide- NSDL-E-Governance- IT Sectors – barriers

INTRODUCTION
The unequal access to information and communication technologies has led to a massive divide digitally. The role of community information centers, government programmes, libraries and institutions or appreciable. Challenges and barriers must be tackled cleverly. Technological change is the major contributor to the growth and development of the information society. But access to information in society is not uniform and globally there has always been a gap between those people and communities who can make effective use of IT and those who cannot, leading to a kind of digital divide. The National Information Centre (NIC), a central government organisation, was chosen to implement a national programme called “DISNIC,” Information System of NIC, to computerise all district offices.

GOVERNMENT ENDEAVOUR

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The density of telephones has already increased significantly. The cellular mobile sector has also grown exponentially. As well, the rural teledensity has increased considerably. The government of India has declared IT as one of the thrust areas for the country’s development. Gyandoot, which literally means “Knowledge Messenger,” is the first ever project in India for a rural information network in the Dhar district of Madhya Pradesh which has the highest percentage of tribes and dense forest. Every village has a computer centre or “soochnalayas” at prominent market places or major roads. It is expected that the Gyandoot Project will play an important role in bridging the digital divide between the urban and the rural people.

In Tamil Nadu state a private outfit “N Louge” offering low cost tele-solutions has worked wonders in Madurai districts by using the local loop technology.

Himachal Pradesh (HP), the hill state of the country, has initiated the Lokamitra project with grants from NABARD to provide the general public. The central and state governments of India, especially the Ministry of Information Technology, have taken several initiatives for rural development through community information centres. Efforts are being made to use the IT Infrastructure at the CICs to capture local information of the block and make them available worldwide through the Internet. The Project launched in the year 2000 has been quite popular in rural areas of India. The e–chaupals enable rural people to access information in their local languages on crops and market prices.

PART PLAYED BY LIBRARIES

Libraries with their commitment to freedom of access to information and promotion of lifelong learning are central to bridging the digital divide where all services are provided to all. The National Science Digital Library (NSDL), Vidya Vahini Project, and Digital Mobile Library have been an encouraging step taken by the government to bridge the digital divide. The National Science Digital Library Project was conceived by the government to provide cheaper access to science and technology books to students. In order to bridge the digital divide in a larger way the government of India, in collaboration with the Centre for Advanced Computing (C–DAC) based in Pune, aims to bring about one million digital books to the doorsteps of common citizens.

Library networks are playing an important role in bridging the information needs of the people. Several city networks, such as CALIBNET, the Kolkatta Library Network; DELNET, the developing library network, Delhi; Bombay Library Network (BONET); Madras Library Network MALIBNET; Pune Library Network (PUNET); and, Ahmedabad Library Network (all sponsored by NISSAT Department of Scientific and Industrial Research) are promoting resource sharing and disseminating information.

Very few libraries provide access to the Internet. The Bill and Melinda Gates Foundation have generously supported the process of modernisation of public libraries in United States and beyond. It has provided technology grants so that people can access the Internet. IIT Kanpur initiated a project and developed a battery–powered facility, the “Infothela” (Information Box), which is equipped with an assortment of Internet and telecom facilities to impart the benefit of IT to people in remote areas. The program is also laced with a “Digital Mandi” facility, which is an electronic platform for agro–commodity business. Under this project the farmer will be given warehouse certificate facility. Another project has been started by IIT Karagpur to “bridge the communication gap between the sightless and the sighted.” The project has enabled the blind to surf the Internet, read text in Indian languages and even take up normal office work.

RECENT DEVELOPMENTS IN THE WORLD

Technology for the benefit of the common man is also introducing telemedicine in a big way in India. The Indian Space Research Organisation (ISRO) started a pilot project in 2002 with a “technology demonstration” and has been established in nearly 100 hospitals. During the recent tsunami disaster which struck the coast of India and the Islands of Andaman and Nicobar, the SATCOM–based telemedicine and GRAMSAT Islands Network provided by ISRO were pressed immediately into service.

THE ROLE PLAYED BY PRIVATE COMPANIES

Some of the private businesses, like the Tata Council of Community Initiatives, are playing an important role in promoting adult education in the country.

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The Azim Premji Foundation has been involved with universalization of elementary education. Some of the corporate giants like “Hindustan Liver” have embarked upon a project called i–shakti, an IT–based rural information service to provide information to meet rural needs. The project envisages setting up of 1,500 kiosks for delivering information services. The “Param” Computer interacts with the operator in the local language in both spoken and written form. The “Amul India” based in Anand in the state of Gujarat, has developed a network of Dairy Information System kiosks (DISK). Dotcom companies are also playing an important role in promoting e–business. People from any corner of the country can purchase e–market products they need with the click of a few buttons. Reservations for railway and airline tickets have already gained popularity and are catching up with the common people.

**CHALLENGES AND BARRIERS**

Faster networks, higher level machines, more complex software and more capable professionals are required. Public libraries which can provide access to the Internet do not have computers and Internet access. Education in information literacy will play an important role in keeping the society from fragmenting into a population of information haves and have–nouts. The lack of skill in using computer and communication technology also prevents people from accessing digital information. The lower income group does not have discretionary money to spend on cyber–cafes. Steps should be taken by the government to ensure that all citizens are able to receive diverse content relevant to their lives. Today a large percentage of information content on the Internet is in English, which is a barrier for the people whose primary language is not English.

**CONCLUSION**

The unequal access to information and communication technologies has led to the digital divide. Although India has made encouraging efforts to bridge the gap by initiating a number of projects and programmes for rural and remote locations, a lot more needs to be done. Libraries and information centres have a special role in providing information to all. The country needs to improve the infrastructure of public libraries and link them with community information centres. The government of Tamil Nadu is distributing Laptops free of cost to the students of higher Secondary Schools. This will enable the students to be computer savvy and thereby they will contribute their mite to develop remarkable social changes. The recent announcement of demonetization by the honourable Prime Minister Modi ji has activated all kinds of e-activities like e-business, e-banking and e-transfer.

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**Opportunity and challenges of cloud technology**

**Dr.Rajesh MV**

**Introduction:**

The nature of contribution to business by information technology(IT) has changed over time. During the early years, it started off as a mere automation tool. Over the subsequent years, IT has evolved and has become useful to businesses as a decision support system (DSS) and management information system(MIS). IT has become as integral part of business without which business would not survive.
However, the increasing use of IT also brought with it overheads in implementation and maintenance of computing systems. The amount of time and finances invested in managing IT has increased exponentially.

The need to simplify delivery and cost of IT led to the creation of the new technology paradigm that we call the cloud.

This paper looks at the opportunities and challenges involved in adopting the cloud. Business leaders are often challenged by constantly evolving technology. With their focus on core business, they often get blindsided to the rapid changes disruptive influence on their business model.

One such phenomenon that has stirred up interests and investments in many parts of the world is the cloud. However, before taking a plunge into this seeming panacea for IT ills, it would be prudent to understand the opportunities and challenges.

**Opportunities,**

The cloud offers several opportunities for organizations as enumerated below:

- **Reduction of CAPEX,** the cloud reduces the significant upfront capital expenditure which is needed to purchase and maintain IT infrastructure like hardware and software systems. Pricing in the cloud is done on a usage-based or subscription-based model which converts CAPEX into OPEX.
- **Rapid provisioning and release of computing resources,** cloud services are available “on demand” which allows customers to upscale/downscale capacity without incurring any capital expenditure. Furthermore, cloud services largely work on the self-service model wherein customers can add or reduce services with relative ease using intuitive dashboards.
- **Reductions in cost,** multiple users share the infrastructure in the cloud model which allows cloud service providers to enjoy significant cost advantages, benefits of which are passed on to the cloud users making the cloud solution a cost-effective option.
- **Easy implementations and management,** cloud resources in terms of hardware and the supporting software are managed by the cloud service providers which enables customers to concentrate on their most important task i.e. business, instead of doing the routine and thankless job of maintenance.

**Challenges,**

As with any technology, risks to the business must be considered before embarking on the cloud journey.

**Privacy and security,** by far the biggest inhibitor of cloud adoption is customer concern of the security and privacy of their data. The multi-tenant environment of the same underlying hardware may be used by other companies and competitors; it may lead to a breach of privacy. Moreover, any data leakage or virus attack would have a cascading effect on multiple organizations.

Cloud service providers have tried to address these concerns by deploying strong security controls using the formidable security controls using the formidable security skills that they have at their disposal.

**Reliability and availability,** there have been instances of outages at the facilities of the cloud service providers which have raised concerns over the reliability of the cloud solutions. What would be the repercussions to a business if their applications and data are not available for an extended period of time or worse, lost?
Cloud service providers have tried to allay these fears by making significant investments into redundancies that are unaffordable to most individual organizations.

**Cloud suitability,** the cloud may not be suitable to run all types of applications. For example mission-critical applications, needing 24X7 processing may be better off in an organization’s datacenter, behind a corporate firewall, using dedicated computing resources. Organizations need to perform a detailed feasibility and risk analysis before moving existing applications to the cloud.

**Regulatory hurdles,** cloud service providers choose datacenters which are cost-effective and can support their operations (availability of bandwidth, power etc) however, these locations may not be suitable from a customer’s point of view due to security and regulatory compliance restriction’s. several Indian businesses are wary of storing data on US-based hosting environments because US could have access to all such data under its Patriot Act which could lead to a breach of privacy. Business leaders should seek legal and risk inputs before moving such applications to the cloud.

**Migration costs,** existing investments in infrastructure and high cost of migration may make it unfeasible for organizations to migrate to the cloud. Legacy architecture may not be compatible with virtualized cloud environments and may involve time and cost consuming upgrades.

However, organizations should not totally rule out cloud adoption due to these existing investments. Efficiencies can be achieved by moving certain applications to the cloud and exploring cloud options for new business requirements.

**Conclusion,**

Given the promise that the cloud holds, it is now a question of when rather than whether organisations adopt the cloud. As with most technologies, the organizations that move fast on adoption stand to gain the most. However, at the same time, they also run the risk of getting on the bleeding edge of technology. In order to maximize the benefits of the cloud, organisations while moving fast should perform a due diligence by taking into account risk factors prior to migration.

Organizations across sectors have learned that they can ignore disruptive technologies at their own peril. In the IT space a storm is brewing with the emergence of the cloud. It is a disruptive technology which organizations can ill afford to ignore.

The cloud has various benefits including cost saving, speed to market etc. that can be derived by organizations who adopt it. Being a new technology paradigm, challenges do exist but those who are ready to adopt the cloud while addressing risks in a pragmatic manner would be adequately rewarded.
A Study On The Barriers Impeding The Growth Of Information And Communication Technology

Hema Prabha C            Madhu Kale R

ABSTRACT
Information and Communication Technology (ICT) is an electronic based system of information transmission, reception, processing and retrieval which has drastically changed the way we think, the way we live and the environment in which we live. ICT supports the process of learning, knowledge networking, knowledge codification, tele-networking and science systems. This paper gives an insight to the software and hardware limitations in the field of ICT and challenges faced by developing countries like India technically and steps to be taken to resolve the current scenario. Internet congestion is becoming a serious problem which is having an impact on scientific activities which are disrupted through lack of control of network capacity. Description and indexing of data are inadequate and data cannot be located and there is a chance of error. Electronic storage media have limited life spans and hence data can be lost while transferring them to new media on a regular scheduled basis. Tools for authentication and privacy are immature due to which valuable assets (data and infrastructure) could be lost or corrupted. The encryption technologies are inconsistent from country to country limiting information commerce. The demands of entertainment in particular interactive multimedia, animation creation and delivery of large numbers of simultaneous video channels are driving the frontiers of computer and communications technology. For example a computer optimized for video streaming might not be suitable for running a large chemical model or ocean simulation. Inspite the growth of new telecommunication capacity, the availability of high bandwidth circuits for data acquisition and analysis will continue to lag. In developing countries like India, outmoded government operated facilities could impede the development of new, high speed or alternative capacity links. The various institutional policies and the government restrictions on free flow of information, poor quality telecommunication systems and most commonly lack of funds for use of whatever communication infrastructure does exist. There is an essential necessity to overcome the barriers in the field of technology to appreciate the nuances of Information and Communication Technology.

KEYWORDS: Internet congestion, Indexing, Encryption, Optimized and Bandwidth

INTRODUCTION
ICT could offer developing countries unprecedented opportunities to change educational systems, improve policy formulation and execution, and widen the range of opportunities for business and for the poor. It could also support the process of learning, knowledge networking, knowledge codification, teleworking, and science systems. ICT could be used to access global knowledge and communication with other people. However, over major parts of developing countries ICT is available only on a very limited scale, and this raises doubts about developing countries' ability to participate in the current ICT-induced global knowledge economy. There has also been concern that this unequal distribution of ICT may in fact further contribute to the marginalization of poor countries in relation to developed countries, and to disruptions of the social fabric. Hence, one can conclude that the concept of 'digital slavery' is inevitable for developing countries as far as ICT is concerned. The wide gap in the availability and use of ICT across the world, and the influences ICT exerts on globalization, raise questions about whether globalization entails homogeneity for organizations and societies in developing countries. It also raises questions about the feasibility and desirability of efforts to implement the development of ICT through the transfer of best practices from western industrialized countries to developing countries like India and whether organizations can utilize ICT in accordance with the socio-cultural requirements of the contexts. Information and Communication Technology development is a global revolution. It has become a subject of great significance and concern to all mankind. Relevant studies have shown that the greatest impact of the ICT revolution will revolve around the 'Digital Divide' equation. The most important aspect of the
ICT challenge is the need to plan, design and implement a National Information Infrastructure (NII) as the engine of economic growth and development.

Without any shadow of doubt, it must be realized that the entire world is going online. Although globalization is being propelled by rapid technological innovations, There are breakthroughs as well as development in ICT which firms and other nations must be aware of and proactively anticipate the trends, consequences and implications as well as device appropriate response. Many of us are aware that we live in a rapidly changing world. But most of us are still not conscious of the speed of change and the interconnections between the many technological and other changes that are affecting our daily lives and that will have a profound effect on our future. And without this consciousness, it is going to be difficult to fully understand our present predicament and proffer effective solutions that will ensure that we have at least a standing place in a future world.

**OBJECTIVES OF THE STUDY**

- To analyze the problems in power and connectivity issues.
- To study the limitations in software and hardware.
- To study and analyze the technologies and limitations in Encryption and Authentication.
- To analyze the various existing electronic storage media and alternatives available.
- To study the challenges due to Network and Internet Congestion.
- To analyze real time data networks and the data access issues in developing countries.
- To have an insight and study the other non – technical issues like Human resources.
- To analyze the various policies instilled and infrastructures provided by the Government.
- To study the various non – technical issues like Human resources.
- To analyze the future and the various recommendations to improve the scenario in the field of Information and Communication Technology.

**RESEARCH METHODOLOGY**

The study focuses on extensive study of secondary data collected from various books, national and international journals, reference books, published books and published reports. An extensive study on the various technological challenges has been done. The limitations posed by the Government was also studied extensively as it was felt that it is a one of the major challenge in the field of ICT.

**FACTORS THAT POSE AS CHALLENGES IN ICT:**

**POWER CHALLENGES**

Lack of consistent and affordable electricity is the single greatest challenge in designing a computing infrastructure for rural health informatics (or any other application for that matter). The vast majority of health facilities in remote parts of the developing world have no mains power and, where available, such power is usually extremely unreliable or so unstable that it poses a threat to unprotected electronic equipment.

Due to a number of factors, including increased energy cost, the market shakeup due to the proliferation of mobile platforms, increased focus on “bottom of the pyramid” opportunities.

**CONNECTIVITY CHALLENGES**

Lack of reliable connectivity complicates core IT functions, such as systems updates and virus control, thus increasing costs while reducing use value. Most cell networks do not yet provide high-speed connectivity (at least not in rural areas), they can support a number of valuable asynchronous and low-bandwidth applications, like email, which are easy to use, powerful and sustainable. As these networks expand and are upgraded, they will provide crucial connectivity for a large number of rural communities and will be better able to support data-intensive applications. While connectivity options are improving, careful design for high-bandwidth and delay tolerance remain critically important. Only systems-level design that accounts for system resource as well as networking constraints can support this objective.

**SOFTWARE AND HARDWARE LIMITATIONS**

High speed CPUs generate enormous amounts of heat that, if not properly dissipated, reduces performance or can render these systems inoperable. Dust threatens sensitive electronics by shorting circuits and impeding airflow and heat dissipation. Humidity leads to condensation, corrosion and even mould, all of which can cause electrical problems and possibly shorten equipment lifespan. The physical
environment in most rural and remote settings is characterized by some combination of heat, dust and humidity, each of which is a challenge for standard computers. Sensors which are the extension of the range that which can be observed (more precision, more spectral range, higher sampling frequency, less calibration effort).

Small satellites and inexpensive launches barriors to entry for remote sensing applications.

The demands of entertainment are driving the frontiers of computer and communication technology. It is possible that computers and networks will be optimized for entertainment applications making it difficult for some scientific endeavours to have access to cost effective computer power. For example, a computer optimized for video streaming might not be suitable for running a large chemical model or ocean simulation. In the past, scientific applications and funding for the advanced computers to support them have driven computer design. Advances such as floating point and vector acceleration mainly parallel computers, gigabit networks, large volume storage media, and visualization softwares were developed because of scientific needs. Robotics for exploration and technology data transmission from or to inaccessible places used for improved autonomy of vehicles for ocean and atmosphere studies and for planetary missions. There is an even greater demand for practical experience in the use of software, the strengthening of network communication and skills in preparing documentation. The role of graphics software in the design of multimedia applications has increased along with the significance of handling videos and music editing programs.

**ENCRYPTION TECHNOLOGIES**

Encryption is a key control that receives a lot of attention in organizations today. Organizations know they need to encrypt sensitive and regulated data. Encryption can help prevent data loss or theft, as well as prevent fraud within an organization. Encryption technology for digital identification, authentication and privacy safeguards might remain inconsistent from country to country limiting information commerce. In some cases, encryption is also used to meet regulatory requirements for consumer data protection. Many organizations have felt the pain when encryption controls haven’t been implemented the way they should be within the organization, and data has been lost. There have been many situations over the years in which backup tapes have gone missing, either lost or stolen, and their sensitive data was not encrypted. A server can also be compromised, resulting in information being leaked. In any of these cases, there may be regulatory requirements to report the data leaked. To this end, more and more organizations are seeking to protect data, just in case it is leaked, by encrypting data within the environment. When it comes to encrypting data at the database level, there are many areas in which encryption is applied and managed. Throughout this paper, we will look at the basics of encryption and discuss the pros and cons of leading encryption architectures available today. Encryption is not a magical solution and cannot solve all problems, but it can mitigate many of the security risks organizations face. It is critical to understand what encryption does and does not provide within an organization so we can properly manage risk to our sensitive and regulated data.

A prerequisite to proper implementation of any encryption solution mandates an understanding of how encryption works. Key components related to encryption that security professionals need to understand include data at rest versus data in transit, algorithms and Key management. Data at rest and in transit. Data needs to be protected in two states. Data can exist either at rest or in transit. For example, for data at rest, the data may be stored in a database or on a backup tape. For data in transit, the data is traveling across the network, which dictates different encryption solutions for the data in transit. Database encryption can solve some of the issues related to data at rest. Asymmetric algorithms rely on extremely complicated algorithms and, therefore, are generally slower than symmetric algorithms. However, with asymmetric cryptography, key management can be easier to administer. Because different keys are being used to encrypt and decrypt data, the encryption key can be provided to anyone without a risk of them being able to decrypt the communication. Examples of asymmetric algorithms in use today include RSA and El Gamal. Key management is a big concern with encryption, because the effectiveness of the solution ultimately depends on protecting the key. If the key is exposed, the data being protected with the key is, essentially, exposed. Wherever the key is stored, it must be protected, and it should be changed on
occasion. For example, if an administrator with access to a key leaves an organization, the key should be changed.

**CHALLENGES IN AUTHENTICATION**

Authentication is a method for securing data by using mathematical algorithm to convert the data to scrambled code before transmission. The data is decoded when an authorized user accesses it. Tools for authentication and privacy are immature. Data and networks are vulnerable. Valuable assets (data and infrastructure) could be lost or corrupted, intellectual integrity could be compromised. If tools depend on restricted (for export) encryption technologies, barriers to free, protected exchange of information could emerge. Alternatively, data would remain unprotected. Today, tools for authentication and for protecting privacy of data are difficult to use, do not follow widespread standards, and in some cases, involve encryption technologies that cannot be universally distributed. Such tools however can help researchers to maintain control over the research environment. Because effective use of authentication and privacy measures involves the collaborative effort of numerous programs, "top down" leadership in standards setting across the scientific community may help speed the acceptance and use of emerging tools designed primarily for electronic commerce on the internet.

Beyond the basic issues of protecting information privacy and integrity, the community must prepare itself for disruptions for basic network and computing infrastructure. The complexity of software and networks, the large number of users, the relative sophistication of programmers worldwide leave networks vulnerable to attack and experience large scale disruptions of the internet and telephone systems. International scientific data collection and dissemination activities are similarly vulnerable to both intentional and unintentional disruptions. A proper balance thus needs to be maintained between open but vulnerable access and secure but not overly rigid control.

**RAPID OBSOLESCENCE OF ELECTRONIC STORAGE MEDIA**

The media in which scientific data are stored are vulnerable to decay and obsolescence. Electronic storage media have limited life spans. The impact of this being data are lost or rendered unusable in the absence of long term commitments for transferring them to a new media on a regularly scheduled basis. The vulnerability of electronic data networks must be treated with special care to ensure their dissemination only with a prescribed community. The standard lifetime of a particular disk or tape appears to be less than a decade. The data stored on these media must be copied or refreshed at regular intervals. Valuable records may fail to be transferred to electronic form because of lack of resources (funds or appropriate equipment) or lack of motivation. Scientists without long-term support commitments will face the discouraging fate of losing precious data assets over the long term. With the extraordinary volumes of data being collected, transferring data to new media and managing high-value data sets for active use will increasingly challenge the scientific community, particularly since the time frames for rescuing old, deteriorating data are frequently quite short. Examples include scientific publications printed on high-acid paper and data sets stored on magnetic tapes that are crumbling, some after only a score of years.

**NETWORK AND INTERNET CONGESTION**

The phenomenal growth of the Internet in terms of the volume of economic activity and traffic it carries over the past fifty years represents a remarkable example of the scalability of the Internet architecture, which in spite of the growth, remains in many respects, fundamentally unchanged. We argue that the growth of the Internet in terms of the diversity of users/uses it is called upon to support, the sheer volume of traffic involved, and the economic value associated with this activity have contributed to making the congestion problem increasingly complex.

Internet congestion is becoming a serious problem. Scientific activities are disrupted through lack of control of network capacity. High bandwidth applications are impeded or blocked and urgent communications are slowed. The Internet increases the vulnerability of information systems and network so that they can be used to facilitate attacks by criminals and crackers. Hackers who find weakness in a computer or a network so that they can be corrected. A cracker who is someone who intentionally breaches security to break into someone else’s computer or network for a malicious purpose. A Dos (Denial of
Service) attack floods a network with traffic, rendering the network useless to its intended users. The attack will either force the target network to reset or consume its resources so that it is unable to provide its intended service. Recently, major banks have experienced cyber-attacks which private information was not stolen, the attacks still posed a security threat and inconvenience for customers and the organizations. Computer virus a program that infects a computer without the user’s knowledge. It can replicate itself and easily spread from one computer to another. Computer virus are developed that will erase files and lock up company computers. Email is a prime medium for spreading viruses. Emails with attachments can contain unwelcomed virus which will infect the user’s computer. One of the fastest growing crimes has been identity theft. Since many private organizations and governments keep information about individuals in accessible databases, there is endless opportunity for thieves to retrieve it and misuse the information.

Network congestion in data networking and queuing theory is the reduced quality of service that occurs when a network node is carrying more data than it can handle. Typical effects include queuing delay, packet loss or the blocking of new connections. A consequence of congestion is that an incremental increase in offered load leads either only to a small increase or even a decrease in network throughput. We recognize that a public discussion over the implications of changing mechanisms for congestion control is important for the health of the Internet and, potentially, for protecting the openness of the Internet; however, we also believe it would be premature to conclude that we know what the best mechanisms for congestion control are.

Description and indexing of data are inadequate to support their use by others. Data must be transformed, recomputed. Data cannot be located and there is potential for error. Cost and delay in performing scientific work are generally increased.

LACK OF SUFFICIENT INTERNATIONAL REAL-TIME DATA NETWORKS

Scientists increasingly need real-time communications capabilities for collaborative scientific activities and optimal use of major experimental and observational facilities. Advanced networking and computing services can make large file transfers practical and provide for remote access to (and control of) large-scale scientific and medical facilities. However, even with the growth of new telecommunications capacity, the availability of high-bandwidth circuits to data acquisition and analysis sites and to the desktop will continue to lag behind demand. Also, the Internet protocols that are now in wide use do not effectively support time-synchronized activity. Circuits to the developing countries will be limited to the relatively low speeds of voice circuits. Wireless communication systems will operate at lower speed than comparable wired services for the most cost-effective use of spectrum. In developing countries like India the existence of outmoded government-operated facilities could impede the development of new, high-speed or alternative-capacity links because government-run post, telephone, and telegraph ministries (PTTs) are used to subsidize no telecommunication governmental activities and maintain monopolistic control over access and use.

DATA ACCESS ISSUES IN DEVELOPING COUNTRIES

It is potentially more cost-effective to buy computers, networks, and mirror sites of the libraries and data centers in developed countries than to try to maintain autonomous libraries with up-to-date collections of books, journals, and data compilations. As scientists in developing nations obtain computers with connections to networks linking them to international collections of scientific information, they greatly increase their research capabilities. Low-cost computers and modern software approaches are available to help developing countries "leapfrog" multiple generations of equipment and approaches. Unfortunately, many of these technologies are not yet widely available in the most developed nations, much less in the developing countries. For example, roughly half the nation now served by some form of Internet connection have access only to electronic mail. Even in those countries with at least one full-service Internet node, the proportion of users actually accessing all services is low. In addition, as noted throughout this report, full Internet service does not automatically mean full access to information. There are various other reasons for low Internet usage in developing nations, aside from the lack of infrastructure. These include internal institutional policies stipulating the placement of computers in administrative offices rather than in laboratories, governmental restrictions on the free flow of...
information, poor-quality telecommunications systems, and, most commonly, lack of funds for use of whatever communications infrastructure does exist. The costs of telephone services, for example, generally bear an inverse relationship to the per capita income of a country. International calls that cost $1.00 when originating in the United States frequently cost many times that when originating in a less developed country or a country where the tariffs are a general source of revenue for the government. Various strategies can help mitigate these differences or eliminate the end user's cost entirely. The Internet itself, by institutionalizing communications facilities, can make the costs transparent to the end user. However, persons in developing nations often must limit their Internet use or drop their subscriptions to list servers because of cost.

For scientists in developing countries, another difficulty is competition for access to large remote data sets, which is made even more difficult by the increasing volume of data, particularly from new observational sensors. In addition, given the vast amount of data being collected, small data sets that they might contribute may be viewed as less important, limiting the ways in which researchers in the developing countries can participate in the scientific community. One result of such disparities is the perception by some scientists in developing countries that the OECD (Organisation for Economic Co-operation and Development) countries take information but seldom return it on an equitable basis. Currently, developing countries severely lag the OECD countries in bandwidth for emerging applications. If the majority of communication in developing countries is wireless, end users may not be able to take advantage of the more bandwidth-intensive applications. Moreover, as noted above, problems arise even after advanced communication capabilities are installed. Transoceanic and intercontinental communication and exchange of scientific information must compete with all the other electronic traffic—increasingly business and entertainment. Unless bandwidth is improved, the "information superhighway" becomes the electronic equivalent of many urban highways during rush hour. Furthermore, in many of the developing nations, the decreasing costs and increasing bandwidths that might be available generally are not passed on to the scientific end user by the government communications monopolies.

**HUMAN RESOURCES AND OTHER NON-TECHNICAL CHALLENGES**

The cost of ICT is still beyond reach of very many people in rural areas. This has created a divide between the elite (urban dwellers) and rural folks. “Rural communities are characterized by limited availability of services such as telecommunications, banking services, transport systems, public housing, shops, civic associations and community networks”. As important as these physical and infrastructural challenges are the many human factor and institutional obstacles to sustainable health information solutions in underserved areas. A partial list of these includes:

- Inexperienced computer users
- Lack of trained technical support
- Absence of defined, action-oriented health indicators
- Uncoordinated or absent governance mechanisms
- Widespread poverty and associated security risks

**RECOMMENDATIONS ON ISSUES IN INFORMATION TECHNOLOGY**

Based on the areas of concern discussed above, this paper makes the following recommendations for improving technical support in the field of Information and Communication technology:

To overcome the power issues, Chip makers are now paying more attention to power efficiency. Besides reducing power costs, power-efficient computing also helps to resolve the environmental challenges like dust and heat, especially in countries like India. CPUs with slower clock speeds generate less heat and, with appropriate thermal design, can be deployed without fans. This allows computer enclosures to be better sealed against these threats as well as vermin of various sorts. Fewer moving parts also means greater reliability and lower overall operating costs. In exceptionally remote and/or hot environments, solid-state flash memory can be substituted for hard drives, which are prone to failure in extreme heat and are a common failure point requiring support. New multispectral sensors, improved resolution, smaller and more numerous satellites are to be introduced for terrestrial applications like agriculture. Increased space and ground remote sensing activity, Wireless (space and ground) communications capability to enhance
communications in remote areas where post, telephone and telegraph have limited capability/capacity. Worldwide access to voice and high speed data transmission within 5 years wireless systems filling in to meet communication needs that ongoing investments in fibre cable or wireline systems have been unable to accommodate. High performance computer processors has enhanced capability for computationally intensive science activities (e.g., Models, transformation of large data sets. More expensive fabrication processes expected to cause reduction in supplier alternatives potential for “single electron circuits”. High density storage and memory capacity to deal with large volume of data and high rate of transmission for today’s science demands. Precipitous drop in cost. Holographic and high-density optical memory technology will enter market very soon to overcome the challenges faced in storage media. In the field of robotics, New frames for small submarines and pilotless aircraft (driven in part by military applications); "downhole" oil, gas, and geologic exploration; micro-electromechanical systems (MEMs) applications. In the technology of encryption, Imbedded encryption in numerous products expected to make privacy and security applications manageable. There is a widespread application of public key encryption. To overcome Network Congestion, Network operators have introduced a variety of new technical and nontechnical strategies for managing short and medium term congestion of best-effort traffic. These traffic management techniques include 1) volume caps that limit the total volume of traffic over different durations of times and in the upstream and or downstream directions, 2) prioritizing subscriber or application traffic based upon factors such as the amount of traffic sent during congested periods or assumptions regarding what subscribers would prefer to be prioritized (such as voice traffic over bulk transfers) and 3) rate limiting traffic classes, such as peer-to-peer traffic, that are believed to significantly contribute to congestion. Satellite ventures are planned to provide worldwide access for short messages, voice telephony, and broadband digital links. Direct-broadcast television also is having an impact by offering hundreds of channels of high-quality video to a growing percentage of the world's population. Many of the developing countries may soon be expected to be the beneficiaries of a broadly distributed modern telecommunications infrastructure. Scientific efforts in these countries will be supported, even in remote areas. The anticipated low cost of desktop video conferencing equipment and the ability to communicate with multimedia functions, as described above, can enable scientists and others in the less developed countries to participate more fully in global scientific research, subject to the availability of high-bandwidth transmission capabilities and the mitigation of local cost barriers. Hardware and software for electronic communication in the sciences therefore offer particularly high leverage for return on investment in foreign aid to developing nations.

1. The principal scientific societies and the Internet Engineering Task Force (IETF) should begin a long-term planning effort to assess the carrying capacity and distribution capability of the Internet, using projections of storage and transmission capacity and of demand and taking into account the next generation of Internet protocols. Scientific societies should encourage their publication committees to maintain contact with the IETF and keep their members abreast of advances in technologies useful for scientific information management. One option that science societies and government science agencies should evaluate is the creation of dedicated international science networks, such as the Internet II now being developed.

2. To improve the technical organization and management of scientific data, the scientific community, through the government science agencies, professional societies, and the actions of individual scientists, should do the following:
   a. Work with the information and computer science communities to increase their involvement in scientific information management;
   b. Support computer science research in database technology, particularly to strengthen standards for self-describing data representations, efficient storage of large data sets, and integration of standards for configuration management;
   c. Improve science education and the reward system in the area of scientific data management. Provide incentives and recognition for papers dealing with data
representation standards, archiving strategies, data set creation, data evaluation, data
directories, and service to users.

3. India should improve data authentication and apply security safeguards more vigorously. They
should implement the means to protect data, including safe storage of data copies, and support
policies that make it easier to exchange encryption technology.

4. Government science agencies also should continue funding for research and development in
information technologies that are important to the pursuit of science. Examples include high-
performance computing and communications, advanced database technology, higher-density
storage media, and basic research in microelectronics.

5. Foreign aid to developing countries in the form of computers, computer networks, and associated
software, coupled with the training and resources necessary to operate and maintain those
technologies, should be given high priority, on the basis of the potential for long-term
socioeconomic returns. The communication systems must have adequate carrying capacity to
meet growing demand.

6. Security Defences: Because of the large number of threats, a great deal of defensive strategies and
tools have been developed. Firewalls are used to prevent outside attacks. It's an hardware or
software designed to keep threats and unintended visitors from accessing private network.
Firewalls used to not only secure and limit access to internal data but also to authenticate users. A
hardware firewall will inspect incoming traffic from the internet or network and allow it to pass or
block it based on predefined rules. A software firewall will prevent crackers and malicious
software from gaining access to the network.

CONCLUSION
ICT has transformed the way things are done in so many ways. The positive impact of ICT eclipses the
negative impact. Imagine the world with no ICT, how would it be? The human quest for knowledge has
greatly improved more than ever before. This can be attested by amount of information available and
shared over the internet. In the human history there have been episodes of catastrophically threatened to
wipe existence of human beings. For example the environmental calamities, diseases, and conflicts. ICT
has greatly helped in governance to reduce human to human conflict through the use of internet to
exchange information research, interact and present views. Due to the improved learning conditions, more
knowledge is generated and discoveries in many fields are discovered specially medicine for killer
diseases. Diseases like “bird flu or H5N1” which hit the headlines worldwide in 2007 is an example of
how ICT helped to counter the spread of the virus by provision of information by internet and social sites.
The power of ICT in geological calamities was evidence during the recent floods in Chennai, Tamilnadu.
The early warning systems and accurate weather forecasting helped to safe millions of life. India's Prime
Minister Narendra Modi has started ‘DIGITAL INDIA’ project to give IT a secured position inside &
outside India.

In India, the severe restrictions on inward foreign investment and high import tariffs on equipment had a
negative effect on the industry’s growth. Government can also play a facilitator role by encouraging ties
between the various IT industries. In addition, Government can cater customer- centred approach by
reducing hurdles required to start a local company. Government can give tax incentives favourable for
software companies. The Government can build and guide national infrastructure in two vital areas:
Technology parks and telecommunication. For example, Technocrats in the Indian Government has a set
of recommendations which includes set of actions targeted specifically for software industry including
Software Technology Park(STP). Continued funding on an international basis for research leading to
these kinds of advances is necessary if vendors are to respond to the technical needs of science. It has
become appallingly obvious that our technology has exceeded our humanity and challenges and barriers
leads to more innovations.

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Opportunity and challenges of cloud technology

Dr. Rajesh MV

Introduction:

The nature of contribution to business by information technology (IT) has changed over time. During the early years, it started off as a mere automation tool. Over the subsequent years, IT has evolved and has become useful to businesses as a decision support system (DSS) and management information system (MIS). IT has become an integral part of business without which business would not survive.

However, the increasing use of IT also brought with it overheads in implementation and maintenance of computing systems. The amount of time and finances invested in managing IT has increased exponentially.

The need to simplify delivery and cost of IT led to the creation of the new technology paradigm that we call the cloud.

This paper looks at the opportunities and challenges involved in adopting the cloud. Business leaders are often challenged by constantly evolving technology. With their focus on core business, they often get blindsided to the rapid changes disruptive influence on their business model.

One such phenomenon that has stirred up interests and investments in many parts of the world is the cloud. However, before taking a plunge into this seeming panacea for IT ills, it would be prudent to understand the opportunities and challenges.

Opportunities,

The cloud offers several opportunities for organizations as enumerated below:

- **Reduction of CAPEX**, the cloud reduces the significant upfront capital expenditure which is needed to purchase and maintain IT infrastructure like hardware and software systems. Pricing in the cloud is done on a usage-based or subscription-based model which converts CAPEX into OPEX.

- **Rapid provisioning and release of computing resources**, cloud services are available “on demand” which allows customers to upscale/downscale capacity without incurring any capital expenditure. Furthermore, cloud services largely work on the self-service model wherein customers can add or reduce services with relative ease using intuitive dashboards.

- **Reductions in cost**, multiple users share the infrastructure in the cloud model which allows cloud service providers to enjoy significant cost advantages, benefits of which are passed on to the cloud users making the cloud solution a cost-effective option.

- **Easy implementations and management**, cloud resources in terms of hardware and the supporting software are managed by the cloud service providers which enables customers to concentrate on their most important task i.e. business, instead of doing the routine and thankless job of maintenance.

Challenges,

As with any technology, risks to the business must be considered before embarking on the cloud journey.

**Privacy and security**, by far the biggest inhibitors of cloud adoption is customer concern of the security and privacy of their data. The multi-tenant environment of the same underlying hardware may be used by
other companies and competitors; it may lead to a breach of privacy. Moreover, any data leakage or virus attack would have a cascading effect on multiple organizations.

Cloud service providers have tried to address these concerns by deploying strong security controls using the formidable security controls using the formidable security skills that they have their disposal.

Reliability and availability, there have been instances of outages at the facilities of the cloud service providers which have raised concerns over the reliability of the cloud solutions. What would be the repercussions to a business if their applications and data are not available for an extended period of time or worse, lost?

Cloud service providers have tried to allay these fears by making significant investments into redundancies that are unaffordable to most individual organizations.

Cloud suitability, the cloud may not be suitable to run all types of applications. For example mission-critical applications, needing 24X7 processing may be better off in an organization’s datacenter, behind a corporate firewall, using dedicated computing resources. Organizations need to perform a detailed feasibility and risk analysis before moving existing applications to the cloud.

Regulatory hurdles, cloud service providers choose datacenters which are cost-effective and can support their operations(availability of bandwidth, power etc) however, these locations may not be suitable from a customer’s point of view due to security and regulatory compliance restriction’s. several Indian business are wary of storing data on US-based hosting environments because US could have access to all such data under its Patriot Act which could lead to a breach of privacy. Business leaders should seek legal and risk inputs before moving such applications to the cloud.

Migration costs, existing investments in infrastructure and high cost of migration may make it unfeasible for organizations to migrate to the cloud. Legacy architecture may not be compatible with virtualized cloud environments and may involve time and cost consuming upgrades.

However, organizations should not totally rule out cloud adoption due to these existing investments. Efficiencies can be achieved by moving certain applications to the cloud and exploring cloud options for new business requirements.

Conclusion,

Given the promise that the cloud holds, it is now a question of when rather than whether organisations adopt the cloud. As with most technologies, the organizations that move fast on adoption stand to gain the most. However, at the same time, they also run the risk of getting on the bleeding edge of technology. In order to maximize the benefits of the cloud, organisations while moving fast should perform a due diligence by taking into account risk factors prior to migration.

Organizations across sectors have learned that they can ignore disruptive technologies at their own peril. In the IT space a storm is brewing with the emergence of the cloud. It is a disruptive technology which organizations can ill afford to ignore.

The cloud has various benefits including cost saving, speed to market etc. that can be derived by organizations who adopt it. Being a new technology paradigm, challenges do exist but those who are ready to adopt the cloud while addressing risks in a pragmatic manner would be adequately rewarded.
ABSTRACT

Rural education in India is beset with several problems and challenges. Technology can be a catalyst to face these challenges effectively. This paper explores the problems of rural education and discusses how technology can be an enabler to solve these problems. The paper explores various ICT solutions to meet some of the most critical challenges. The paper discusses in detail the leverage of technology by Sri SathyaSaiVidyaVahini to address challenges in rural education. The paper also gives lessons that can be learnt from Sri SathyaSaiVidyaVahini experience.

Keywords: ICT in education; Technology as enabler; Rural Education; Sri SathyaSaiVidyaVahini

1. INTRODUCTION

Education is at the heart of social development and progress of mankind. Education has a direct positive impact on the neighborhood and society at large (Burns & Lavinson, n.d.). Basic education can also contribute to economic productivity. Moulton, et al. (2001) stated that individuals become more productive with the skills acquired inside and outside the school.

Classroom teaching in India predominantly uses chalk and board. Chalk and board, however, has limitations. Digital aids help to cater to the needs of auditory, visual and kinesthetic learners quite effectively by using audio-visuals, simulations and interactive content. Digital aids are being used very effectively in urban schools with service providers like Educomp, Tata Class Edge providing content and training to teachers (The Hindu, 2016). These smart classes, however, are costly. Rural schools are in no position to afford these technology-enabled solutions that improve the teaching – learning process.

With RTE act stipulating education for all and UNESCO’s objectives of universal primary education, it is imperative to ensure quality education is delivered in all schools of the country. This paper presents the use of technology by Sri SathyaSaiVidyaVahini, a charitable initiative started under the aegis of Sri SathyaSai Central Trust, to address some of the challenges faced by rural education in India. The paper discusses how technology can become an enabler in transforming the rural education landscape in India.

2. LITERATURE REVIEW

Koehler and Mishra (2005) have pointed out that at the heart of good teaching are three core components: content, pedagogy, and technology, plus the relationships among them. This has led to several researchers attempting to understand the challenges in rural education in order to provide appropriate technology solutions.

Education in India is wrought with number of challenges. India, which hosts 22% of the world population, also hosts 46% of the illiterates in the world. The literacy rate of population over 15 years of age is 61%. It is disappointing to note that class 2 learning objectives are met at class 5 level, and that too by only half of the students in reading and only about 34% in arithmetic (Kingdon, 2007).

Given the current scenario, rural education has several challenges including poor attendance in schools, lack of access to libraries, poor school infrastructure, poor accessibility to schools, low competence and motivation of teachers, poor access to technology and high quality content, lack of funds for the school and shortage of staff, both academic and administrative (Rawat & Chettri, 2015).

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Moulton et al. (2001) emphasized that producing competent and qualified teachers, deploying them in rural schools and providing these teachers with professional training and moral support were three major challenges faced by the Ministry of Education in India. Further, with regard to pedagogy, existing teachers in rural areas showed reluctance to innovate and come up with creative ways to teach.

The Government of India has implemented various schemes like distributing free textbooks and providing mid-day meals to address the challenge of drop-outs, improve attendance in schools and improve access to high quality content. The Government has focused on leveraging Information and Communication Technology (ICT) for skill building of teachers.

The EFA Global Monitoring Report, 2012 recognized the rising use of ICT in education to provide better learning experience, reduce drop-outs from schools and prepare youth for work. The UNESCO report recommended that reforms in secondary school curriculum must focus more on imparting problem solving and critical thinking skills and leverage on ICT to deliver these skills to help students gain employment in a labour market that is increasingly dependent on technology (UNESCO, 2012).

ICT can facilitate asynchronous learning. MOOCs and other online content providers have ensured that content may be accessed anytime and from anywhere with internet connection. Teleconferencing and video conferencing bridge the distance and time gap, enabling subject matter experts to train students. ICT also ensures that high quality content is made available for reference by teachers and students (Roy, 2012).

ICT encompasses a variety of resources like computers, projectors, internet, TV and even radio as a medium to reach out to students. Rural areas in Nepal and Dominican Republic demonstrated the application of radio in rural education. Programs like Interactive Radio Instruction (IRI) and Radio Math have experienced considerable success in these regions. A major contributor to success of the IRI was the content of the lessons which educators have gained expertise in tailoring to suit their target audience (Moulton et al., 2001).

The above research studies thus show the importance of using technology as an enabler to improve rural education. This paper elaborates on this important issue with the help of the case study of Sri SathyaSaiVidyaVahini.

3. CHALLENGES IN RURAL EDUCATION AND TECHNOLOGICAL SOLUTIONS

Rural education, worldwide, is facing a number of challenges. Availability of qualified and competent teachers, getting students to attend school on a regular basis, providing a conducive environment for learning are some of the critical challenges faced today by rural schools in India. Table 1 showcases some of these challenges and the solutions that technology can provide to resolve them.

Table 1

<table>
<thead>
<tr>
<th>S.No</th>
<th>Challenge</th>
<th>Specific Aspects</th>
<th>Technological solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Poor school infrastructure</td>
<td>Non-existence of library in school</td>
<td>1. Digital library access to rural schools will increase content availability.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Libraries with limited books</td>
<td>2. Computers based learning can solve space constraints.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dilapidated building</td>
<td>3. Computer simulations of</td>
</tr>
</tbody>
</table>
| 2 | Low motivation levels of teachers | Poorly maintained classroom furniture | science concepts can be a substitute for science labs.  
| | No computer labs / science labs |  
| | Lack of subject knowledge | 1. Collaborative, multimedia enabled expert content creation can facilitate effective transaction in classrooms which can motivate the teachers.  
| | Minimal IT skills | 2. Skill based courses in English and other subject areas improve specific competencies.  
| | Challenges in communicating in English | 3. Virtual classrooms via video conferencing connect experts with teachers and students.  
| | Low pay scale | 4. Online courses can reduce the need for dependence on teachers.  
| | Insufficient teaching staff |  
| 3 | Inadequate in-service training | Lack of trainers | 1. Online courses in subjects and soft skills will improve teachers' abilities.  
| | Poor training facilities | 2. Webinars and video-conference based trainings can improve training effectiveness.  
| 4 | Absence of extra-curricular activities | Lack of avenues to showcase extra-curricular skills | 1. Students can be exposed to audios and videos of expert talents to motivate them.  
| | | 2. Audio and video recording of student performances can be uploaded and shared on web to be judged by experts for effective feedback.  
| | | 3. Students can participate in reality shows of popular telecasters as a medium to showcase their talent.  
| 5 | Non-exiting school environment for students. | Plain walls with no graphics or charts | 1. Provision of high quality academic and non-academic content can make schooling experience exciting.  
| | | 2. Simulations and material |
No Notice Boards | Based learning aids can enhance learning.
---|---
Absence of activity based learning | 3. Availability of computers can improve technological literacy.
No Computer based learning | 
No access to high quality academic content | 

| 6 | Poor attendance of students | Pressure from parents to miss school for other activities | Exciting technology enabled content and motivated staff will induce students and parents to improve attendance. |

The above table thus summarizes the major challenges of rural education in India. The succeeding parts of this paper will showcase how Sri SathyaSaiVidyaVahinileverages technology to face these challenges.

4. SRI SATHYA SAI VIDYA VAHINI

Sri SathyaSaiVidyaVahini (SSSVV) is an initiative under the aegis of Sri SathyaSai Central Trust. The project was started by Bhagawan Sri SathyaSai Baba on November 23, 2010 in Puttaparthi. SSSVV is headquartered in PrasanthiNilayam, Puttaparthi (Sri SathyaSaiVidyaVahini, 2016a).

Like all institutions set up by Sri SathyaSai Baba, SSSVV is also a volunteer driven initiative that calls upon the altruistic nature of enthusiastic volunteers who wish to contribute towards community development to help achieve the dream of “Education for All, Education by All”. All services of SSSVV are provided to beneficiaries, which include rural schools, totally free of cost.

With a vision “to be a seamless, synergistic, safe medium for nurturing and sharing knowledge by harnessing the power of collaborative ideas, people and technology for the welfare of humanity”, SSSVV strives to provide holistic education that is Insightful, Inspiring, Enjoyable and Participative (IIEP) across four domains of learning viz. Classroom, Corridor, Campus and Community (4Cs). SSSVV has been implemented in 170 schools across India with the help of around 6000 volunteers.

The four objectives of SSSVV are as follows (IIEP):

1. To ignite minds with Insightful ideas
2. To Inspire education with human values
3. To make schooling experience Enjoyable
4. To ensure Participation in active learning

SSSVV strives to achieve each of these objectives in the four domains of influence namely Classroom, Corridor, Campus and Community (4Cs). In the view of SSSVV, a Classroom comprises of learning interactions, Corridor is all about immersive spaces, Campus encompasses enabling culture and Community stands for creating opportunities for self-rewarding service.

The organization structure of SSSVV is one of thinking “Networks” not “Trees” leading to a non-hierarchical organization structure as depicted in Figure 1 below (Sri SathyaSaiVidyaVahini, 2016b):

Figure 1

Organization structure of SSSVV

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As can be seen from the organization chart, the entire program is built around the student, who is directly supported by the teachers, school and parents. These key stakeholders are in-turn supported extensively by SSSVV content and SSSVV volunteers who may engage in various capacities with the school. The state team of SSSVV is primarily responsible in identifying schools to be supported, identifying respective volunteers to engage with the school on a periodical basis, and facilitate training sessions in their state’s SSSVV schools. This entire network is again supported by specialized teams who coordinate with a vast number of volunteers and other teams to ensure that the three deliverables of SSSVV, namely Content, Training and Teaching Aids, are delivered to the schools. The entire effort of SSSVV is centrally coordinated by the core team of SSSVV.

4.1 SSSVV – School Engagement Process

SSSVV has a structured process to engage with supported schools. The following steps are followed to identify and implement SSSVV program in schools:

a. Interested schools are encouraged to approach SSSVV for initiation of the program.
b. SSSVV collects basic information about the schools and has a discussion with the school management to understand and set expectations about SSSVV is undertaken.
c. A school-wide orientation program about SSSVV is conducted.
d. Support School Teacher Training (SSTT) workshop is conducted to train teachers in the usage of SSSVV content and allied areas.
e. Deployment of SSSVV content is done simultaneously.
f. A School Relationship Coordinator (SRC), who is a SSSVV volunteer, is identified for further continuous engagement. Similarly, a teacher from the school is identified to coordinate with SRC.
g. Continuous engagement is established through organizing huddle sessions, participation of SSSVV team in various capacities in school events and regular feedback collection on the academic content used and training sessions conducted in the school.

(Source: Discussion with Mr. ManojGadi, State Coordinator, SSSVV Karnataka on 25th Nov, 2016).

With a focus to address three critical problems that plague rural education currently – limited access to motivating educational content, inadequate focus on inculcation of human values, and ill-defined avenues for volunteering in education, SSSVV has three core deliverables to the schools – Content, Training and Teaching Aids. These are discussed in detail below.
4.2 Content

SSSVV currently provides academic content for classes 5 to 9 of schools from various boards such as CBSE and state boards of Karnataka, Tamil Nadu, Maharashtra, West Bengal, Orissa, Gujarat, Andhra Pradesh and Telangana.

- **Seven Assets Framework:** SSSVV content contains Main Script, Inquisitive Questions, Interesting Asides, Day to Day Relevance, Value Content, Suggested Activity and Questions to Assess. These are collectively called as the ‘Seven Assets Framework’ of SSSVV content. The academic content created by SSSVV contains small modules comprising of these assets applied to a chapter in the board the school is affiliated to. This framework of content creation ensures that the quality of the content is high and that the content itself is holistic in nature. The framework also ensures that various teaching methodologies are followed to cater to the needs of different types of learners. SSSVV content is modular, and enriched with multimedia to make it exciting for the students.

- **Asset Banao Challenge:** In 2014, SSSVV launched a novel initiative named *Asset Banao Challenge*, to encourage teachers and professionals to collaboratively create content within the seven assets framework. As on November 27, 2016, there were 29226 approved assets in SSSVV content repository.

4.3 Training

The second deliverable of SSSVV is training. The training team structure of SSSVV is represented in Figure 2 below:

**Figure 2**

**SSSVV Training Team Structure**

![SSSVV Training Team Structure](http://saisevadal.net/sssvv/introduction-to-sssvv-exhibition/)

Training in SSSVV is aimed at enhancing the knowledge, skills and attitude of (a) teachers and (b) volunteers. Under training for teachers, two workshops are conducted.
1. **Supported School Teachers’ Training:** This is conducted as a two-day workshop in the supported school where the SSSVV content is to be deployed.

2. **Huddles:** This is a bi-monthly event focused on covering specific topics in greater detail in the supported schools.

Volunteer training involves different types of training including:

1. **Master trainers’ retreat:** SSSVV core team and team of master trainers retreat for a week annually to conduct and participate in sessions covering all aspects of SSSVV, including various techniques used in the field of education.

2. **Train the trainers:** This workshop is conducted with the aim to build a pool of competent trainers who would then be able to conduct training workshops and huddles in schools. Trainers are trained in various aspects such as SSSVV methodology, soft skills, presentation skills, conducting activities and asking and responding to questions by participants.

3. **Multimedia training:** This training is targeted towards multimedia volunteers in SSSVV and aims to cover various skills such as still graphics, video recording and editing, creating animations, audio recording and editing.

4. **School Relationship Coordinators training:** School Relationship Coordinators (SRCs) are trained in deploying SSSVV content and other online tools, technical troubleshooting, collection of feedback for academic content and training sessions held.

**4.4 Teaching Aids**

Teaching aids are provided to teachers to improve their effectiveness in teaching. Teaching aids are created simultaneously with content. Teaching aids may be in the form of presentations, animations, songs, videos, images, and flash cards.

The next section deals with how SSSVV has been leveraging on technology to meet its objectives.

**5. LEVERAGE OF TECHNOLOGY BY SSSVV TO ADDRESS RURAL SCHOOL CHALLENGES**

SSSVV aims to provide quality education by leveraging technology to create a difference in the teaching methodology and the learning process. Use of technology is primarily targeted in empowering teachers and facilitating teachers to excel in their professional life. SSSVV also has deliverables for the students to help them understand subjects better. Technology is pervasively used in the three areas of collaborative content creation, content delivery and training delivery.

**5.1 COLLABORATIVE CONTENT CREATION**

Content in SSSVV may be categorized into three broad categories – Academic, Non-Academic and Training content.

**5.1.1 Academic Content**

Technology is an integral part of academic content creation in SSSVV. Academic content in SSSVV is created collaboratively by teams comprising of volunteer teachers from various content generation and supported schools, multimedia volunteers, IT volunteers, subject matter experts and coordinators for various state and central education boards. Together, these teams create assetson a specified topics, bringing together the best of the skills and knowledge of each of the volunteers. Quality of the content generated is ensured through rigorous evaluation. All the work is carried out on Google Drive to work in real-time collaboration. Multimedia content is created using various tools like Adobe Photoshop, Adobe Captivate and Adobe Premier Pro.

**5.1.2 Non-Academic Content**
Learning in school does not happen only in classrooms. Technology can help in creating an environment where students can learn on their own. These include science models, quiz boards, notice boards and school walls that capture the attention of the students and facilitate learning.

SSSVV uses technology to design innovative notice boards and propose effective utilization of space. The designs aim at ensuring that notice boards have insightful, inspiring, enjoyable and participative contents. Multimedia team working in collaboration with content team designs such notice boards.

SSSVV has pioneered an initiative called ‘No More Boring Walls’ (NMBW). For this purpose, SSSVV uses an intelligent application in which a school can mention the dimensions of the space they would like to make exciting and enjoyable. Based on the content required, the application will generate appropriate visual content for the dimensions provided. These can be projected onto the wall to create a permanent display.

5.1.3 Training Content

SSSVV uses technology to create training content. This involves creation of presentations, videos, simulations and models to help trainers. SSSVV training content is created by master trainers and are ably supported by multimedia team. The training team uses ‘Instructional Design Methodology’ to design its training course. The design document is prepared in conjunction with two or more subject experts, collaborating in real-time using Google Spreadsheets.

5.1.4 Multimedia Request Application

Multimedia request application was created in-house using Google Scripting. The application is designed to communicate with multimedia volunteers using auto-generated emails when a request comes in. The notification email contains a link which leads the volunteer to a page where the volunteer can take up the task by selecting his / her name from a drop-down list. Once selected, another auto-generated email notification is sent to all multimedia volunteers and the requester updating about the change in status of the multimedia request.

5.2 CONTENT DELIVERY - DEPLOYMENT APPLICATION

SSSVV has developed a Deployment Application that is installed in school computers. Academic content is updated on a fortnightly basis through FTP server, when the computers are connected to internet. In areas where internet connection is not good, content may be downloaded in Zip format by the SRC and later updated in school computers.

The Deployment Application provides access to SSSVV content and teaching aids. It is designed with logical folder structure that is easy to navigate around. Thus, even with basic computer skills, teachers can comfortably use the Deployment Application.

Feedback for the lesson plans is also captured through the Deployment Application. Technology in SSSVV enables asynchronous delivery of content and feedback to schools and SSSVV team respectively.

5.3 TRAINING DELIVERY

5.3.1 Multimedia enabled training

SSSVV conducts training sessions for teachers and volunteers. Training makes use of technology in the form of presentations and relevant multimedia content. Multimedia training also provides hands-on experience by asking the participants to work along with the trainer and develop those specific skills.

5.3.2 Mission IT

SSSVV has an initiative called ‘Mission IT’. In this, IT skills are imparted to teachers. IT skills training uses a theory followed by practice method, providing hands-on experience to teachers.

5.3.3 Mission English and PYF

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English training is conducted by competent volunteers in schools, after school hours, for teachers. The training content includes videos, inspirational movies, computer based games and classroom instruction.

Conversational practice is provided by connecting teachers with volunteers over phone calls. This program is called Phone Your Friend (PYF) and aims at a daily conversation for about 10 minutes between the teacher and the volunteer at a time convenient for both. Over a period of three months, significant improvement has been observed in conversational capabilities in teachers which has led to a boost in their confidence.

5.3.3 Training Management System

SSSVV is developing a Training Management System (TMS), which is currently in final stages of testing. This will be used to plan, coordinate, and monitor and evaluate all training sessions that will be conducted in various SSSVV schools in India.

The above section captures in detail the technology leveraged by SSSVV. There are important lessons to be learnt from the SSSVV experience which is discussed in the next section.

6. LESSONS TO BE LEARNT FROM SSSVV EXPERIENCE

- **Usage of appropriate technology:** SSSVV uses appropriate technology at different levels. For example, content creation uses high end applications like MM request application, NMBW application and Google Drive, and delivery uses FTP servers. However, at the school level SSSVV requires basic infrastructure of desktop computers with low end specifications and projectors. Similarly, the deployment application requires minimal hardware specifications.

- **Volunteerism through technology:** SSSVV uses technology that provides a platform to reach out and connect to thousands of volunteers who are enthusiastic about contributing towards betterment of rural education.

- **Open virtual communities:** SSSVV leverages on technology to create free network structures enabling small teams to create large content.

- **Technology based training:** As effectiveness of technology is limited by the user’s competence, SSSVV gives utmost importance to technology training to develop IT skills in teachers, students and volunteers, making them more confident and productive.

- **Technology based management:** SSSVV highlights the importance of using technology in management through the Training Management System and MM request application.

- **Technology based intelligence:** Technology can be leveraged to intelligently design artefacts which may be beyond human comprehension. The NMBW application is an excellent example of technology based intelligence.

- **Innovative methodologies:** SSSVV is at the forefront of technology leveraged innovation. Through the ‘Asset Banao Challenge’ and ‘Phone Your Friend’ initiatives, SSSVV has demonstrated the use of technology in an innovative manner.

- **Affordable technology:** SSSVV makes technology affordable for rural schools by offering the content and training totally free of cost. This is absolutely important in rural school settings plagued by deficient finances.

- **Contingency based technological application:** One of the important challenges in rural India is the lack of internet connectivity. SSSVV manages this contingency through offline deployment of academic content.

- **User friendly technology:** The deployment application of SSSVV is extremely user friendly. This makes teachers in rural school adopt SSSVV easily.

- **Technology to capture feedback:** SSSVV also showcases the importance of usage of technology to capture feedback for continuous improvement.
• **Technology for values based learning:** Education is not for information but for transformation (Baba, 1998). SSSVV leverages technology to provide values based content. This ensures that character is developed along with competency.

• **Technology for national welfare:** Ultimately, technology should be used as a pivot for national welfare. PURA (Providing Urban Amenities in Rural Areas) was an initiative pioneered by Late President Dr. A.P.J Abdul Kalam (Kalam, 2005). The vision of SSSVV is aligned to this initiative by being a technology based platform for national welfare.

7. CONCLUSION

Technology is a great enabler in imparting quality education. With the right content and effective training of teachers and other stakeholders, education in rural schools will definitely undergo a positive transformation. SSSVV plays an important role in this regard. The lessons learnt from the SSSVV experience can go a long distance in transforming rural education in the coming decades.

DEDICATION

The authors humbly dedicate this paper to Bhagawan Sri Sathya Sai Baba, The Revered Founder Chancellor of Sri Sathya Sai Institute of Higher Learning, Prasanthi Nilayam.

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