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Body of the Paper : Manuscript should be maximum 4000-5000 words including charts, tables and figures. It must be typed in double space in 12 points font size, Times New Roman, on A-4 sheet with 1.5 inches margin all around. All the tables and figures should be numbered serially. All the tables and figures should be in Black and White only.

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FROM THE DESK OF EDITOR

Dear Readers,

It is my privilege to present the current issue (Volume-4, Issue-II, and July-December 2014) of GGGI Management Review: A bi-annual Refereed International Journal of Management. To bridge the gap between management education and industry demand, it is now becoming mandatory to upgrade the skills and competencies of budding managers and entrepreneurs. To implement it effectively, we need to focus continually on research in the field of management. Keeping all this in view the GGGIMR is focusing on quality research in the field of management education and corporate needs.

The current issue has seventeen papers from various fields of management besides one book review. The researchers contributed their research on various topics like: NAAC's initiative to make quality work system in education, Positioning in Fast Food Sector, Organizational Commitment, Performance related Pay, Problems faced by Pilgrimage Tourist of Mata Vaishno Devi Shrine, Retailing, FIIs in India, Dividend Announcement Impact on Share Prices', NPA of Public and Private sector Banks and Service Sector Contribution to Economic Growth etc. These papers reflected research in the field of management education as well as current trends in industry.

The current issue is the outcome of endless efforts of editorial team. I am sure that the high quality papers published in GGGIMR will sustain the interest of academicians, researchers, managers and entrepreneurs to conduct research in various fields of management. The journal has become successful in creating shelf-space in libraries of renowned B-schools of India. So once again, I request all the researchers to take full advantage of this platform to publish their research work and let the world know about it. I also request all the readers to encourage the institutions they are associated with, to subscribe the journal. The journal is already available in more than 50 renowned institutions on exchange basis. The PDF copy of GGGIMR is also available on our institute website i.e. www.galaxyglobaledu.com

We look forward to receiving your comments and feedback.

I wish you all a very happy and prosperous New Year 2015.

Regards,

Dr. Monika G. Vashisht

Managing Editor

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Assessment and Accreditation of Higher Education Institutions: A NAAC's Initiative to Make Quality System Work

***Dr Ajay Dwivedi**

Abstract

Higher education in India has expanded rapidly after independence and specifically last four decades have witnessed a sizable growth in to it. Establishment of large number of Central universities, State Universities, Deemed to be Universities, Constituents Colleges, Autonomous Colleges and Affiliating Colleges has been playing a very significant role in enhancing the Gross Enrolment Rate (GER) in education. However, the increase in HEIs has imposed the deterioration in quality framework of higher education. Further, phenomenal changes have been observed in the era of globalization and countries are forced to upgrade the education standards and to produce the human capital to face the challenges of globalizing economy. The National Assessment and Accreditation Council (NAAC) were established in 1994 by the UGC as an apex body to deal with quality issues in higher education system in the country. Furthermore, the concept of IQAC was to introduce to establish the internal mechanism of HEIs for sustenance, assurance and enhancement of the quality culture of education imparted by them. This paper is an attempt to revisit into quality issues of HEIs and to see the role being played by NAAC in the direction of achieving phenomenal goal.

Keywords: HEIs, NAAC, Quality, IQAC, UGC, Education, Assessment, Accreditation

Introduction

Education is the process of intellectual development of individuals. It develops the potential of individuals and transmits the culture of people to following generations. Education also contributes to the economic and political development of individuals and society at large. This could be achieved in best manner by developing efficient and equitable higher education system in the country. A nation advances in proportion to education and intelligence spread among masses. There could be varied perception of role played by higher education in a particular nation. Some sees the higher education as an important factor contributing for the socio economic development of a nation while other could visualize higher education as an instrument for preparedness of people for making better choices and providing them with skills and attributes to lead better life and thus, contribute to the socio economic development of country. Development of any country depends 20% on natural resources, 16% on Infrastructure and 64% on Human Resources. This calls for a high quality and well trained human resources from our education system.

In the era of liberalization, privatization and globalization the higher education system word wide has come under scrutiny and quality element has become most crucial aspect in the higher education. Despite, third word countries focus on enlarging reach of higher education to masses it has become modus operandi for majority of the nations to look into quality issues. Establishment of independent assessment and accreditation bodies are the examples for striving towards quality higher education system.

Higher education in any country requires two types of efficiency viz. internal efficiency and external efficiency. Internal efficiency refers to efficiency within the education system while external efficiency magnifies the relationship between education system and general economy. The internal efficiency can be brought at top level by monitoring and critical evaluation of teaching-learning process i.e. by up gradation of teaching, research, training and consultancy activities. External efficiency can be enhanced with the support of government and by providing conducive environment for education.

Education in India: A Background

Ancient education system was based on Gurukul system. Subsequently educational institutions viz. Takshashila, Nalanda and Vikramshila were established for expansion of Indian education system. Looking back to modern history we find that since independence we have been applying the British concept of education. We, unfortunately, had no choices then to start contributing to our education system at three major presidencies developed in **Kolkata, Mumbai** and **Chennai.** Indian National congress tried to moderate the pace of education in India and gave prominence to technical and vocational programs. The first prime minister, Pandit Jawahar Lal Nehru emphasized on **"Education for All"**. Several commissions have been set up by Government of India for development of education including **Radhakrishnana Committee** (1945), **Kothari Commission** (1966), the **Knowledge Commission** (2007) have been set to tune the education policy to cope up with the changing world. This policy on education strives on rural education with the emphasis on providing schools within the area reachable to students easily. This policy sounds better raising our educational standards and accessibility of education. However, the existing education system in the country needs revamping to meet the challenges the world is facing today. On the same line, very recently, the **National Commission for Higher education and research Bill** (2010) have been enacted. The concept of this act is to promote the autonomy of higher educational institutions for the free pursuit of knowledge and innovation, and for facilitating access, inclusion and opportunities to all, and providing for comprehensive and holistic growth of higher education and research in a competitive global environment through reforms

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and renovation; and to provide for an advisory mechanism of eminent peers in academia.

The New Challenges for Indian Higher Education System
India is the largest democracy with remarkable diversity among its population of around 125 crores which counts about 17% of world's population. Majority of the Indian population lies in rural area and literacy rate in adults are relatively low. Although the country has been able to expand its education significantly, the fact remains that the system has not been able to accomplish the real goals of higher education. It has been observed that though the number of higher education institutions have increased by leaps and bounds, the quantitative expansion have been accompanied by qualitative deterioration.

Assessment and Accreditation of Higher Education Institutions- A Way to Improve Quality
Assessment is the process of valuing an organization. In order to see the viability of organization and to meet the core objective of the organization concerned assessment is essential. However, after assessment, accreditation is must in order to give public recognition of status of that particular academic institution. Accreditation could be defined as the process of ranking an organization on the basis of its assessment. Accreditation provides assurance and formal recognition of the competence of an organization and its staff in performing specific tasks.

The establishment of the National Assessment and Accreditation Council (NAAC) by the University Grants Commission (UGC) was an appreciated step in the direction of assessment and accreditation higher education institutions operating in India. It is an autonomous body established by UGC in 1994 to asses and accredits institution of higher education in the country and the main thrust is to uphold the quality of higher education of our nation.

Core Values of NAAC
National Assessment and Accreditation Council was set with certain core values to evaluate and grade the performance of higher education institutions in the country. The major ones are:
- Contributing to national development.
- Fostering global competence among students.
- Inculcating a value system in student.
- Promoting the use of technology.
- Quest for excellence.

Key Tasks of NAAC
In order to bring quality in all the endeavors of higher education institutions in the country the national council performs varied activities which could be listed as:
- To arrange for periodic assessment and accreditation of institution of higher education thereof, or specific academic programme or projects.
- To stimulate the academic environment for promotion of quality of teaching-learning and research in higher education institution.
- To encourage self-evaluation, accountable, autonomy and innovation in higher education, to undertake quality-related research studies, consultancy and training programmes.
- To collaborate with other stakeholder of higher education for quality evaluation ,promotion and sustenance

Quality
The very reason of establishing NAAC and starting assessment and accreditation process is to bring quality in Indian higher education system. Another reason coupled with uplifting standards of higher education in the country is to accommodate and meet the expectation of developed world in era of radical changes. Thus, quality as fitness for purposes is the ability to meet the stated purposes of education.

Quality as Defined by NAAC
The term quality could be defined in different ways i.e. subjective in nature and may take different magnitude and degree as per the subject. However, NAAC has set its own parameters and defined attributes to measure quality of higher education institutions. NAAC defines quality in ways of:
- Quest for excellence
- Understanding the concept
- Action Orientation
- Learner-centric approach
- Innovation for change
- Training to build competencies
- Year round activity

Why Quality is Essential
After globalization and information technology boom information are easily accessible. Therefore, to remain competitive it is necessary that we should strive on quality other-wise chances of loosing reputation always exist. For example, it is relevant to mention that in 1980, India's rank in terms of scientific publication was 13 and in 1990 the rank slipped to 31 and at present the situation is worst than even previous one. Thus, NAAC places high emphasis on quality issues due to following reasons:
- Competence
- Customer satisfaction
- Maintaining standards
- Accountability
- Enhance employee morale and motivation
- Credibility, prestige and status
- Image and visibility

Contribution of NAAC
NAAC has contributed immensely since its establishment in 1994. By the way assessment of accreditation it not only presents real picture of higher education institutions but also enforce to build and sustain quality through re-accreditation process conducted on regular intervals. In addition, NAAC provide funds for the cause of quality. Various schemes are made available to upgrade institutions through seminars,

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workshops, training programs etc. More specifically the contribution of NAAC could easily be understood through following sub points:

Contribution to National Development

- More access with equity.
- Developmental thrust in identification of research areas and academic programmes.
- Community engagement.

Fostering Global Competencies among Students

- Development of generic skills.
- Development of application skills.
- Development of life skills.

Inculcating Value Systems in Students

- Value integration in academic programmes
- Value integration in management practices
- Values inculcation through co-curricular and extra-curricular activities.

Promoting the use of Technology

- For enrichment of learning.
- For increasing the access-online programmes.
- For system management.

Quest for Excellence

- Development of benchmarks of excellence.
- Best practices application.
- Institutionalization of continuous improvement systems.

Quality Sustenance and Internal Quality Assurance Cell (IQAC)

The prime agenda of NAAC is to assess and accredit higher education Institutions with an objective of helping them to work consistently and continuously to improve the quality of education. That is the reason why NAAC is triggering on quality culture among the various constituents of higher education institutions as well as enhancing the awareness of Institutional Quality Assurance with all stakeholders. All stakeholders have to be fully engaged in the endeavor of quality assurance of the higher education institutions. Therefore, it is imperative that higher education institutions are motivated to establish their own internal mechanisms for sustenance, assurance and enhancement of the quality culture of education imparted by them. The efficacy of external quality assessment would therefore be determined by the effectiveness of such institutional internal quality system. The focus of IQAC is on post accreditation quality sustenance activities.

Functions of IQAC

- Development of and application of quality benchmarks/parameters in various activities of the institution.
- Dissemination of information on quality aspects.
- Organization of discussions, workshops, seminars and promotion of quality circles.
- Recording and monitoring quality measures of the institution.
- Acting as a nodal agency of the institution for quality related activities.
- Preparation of Annual Quality Assurance Report and such other reports as may be decided from time to time.

Structure of IQAC

The IQAC Shall be constituted under the chairmanship of head of the Higher Education Institution (HEI). He/She may be assisted by a Director (in case of university) or a coordinator (in case of college) who shall be a senior faculty member .This position may be held as an additional charge by the faculty member concerned, or a new position of a full- time Director /coordinator may be created and a person is selected and appointed or a senior faculty is posted by a redeployment.

Conclusion

From the discussion we arrive at conclusion that higher education in India has acquired a dualistic character and operate with wide disparity in quality. The resources available are inadequate to facilitate qualitative viability of the higher education system. Government policy and programmes are not effectively implemented and the authoritarian rigid and undemocratic system still prevails in many of our knowledge industry. However, establishment of NAAC and Internal Quality Assurance Cells are bridging the gap in quality education and catering to the institutions to build intellectuals with sufficient skills to face new generation challenges in the era of globalization.

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A Critical Study of Performance Appraisal in Service Sector

*** Prof. P.K. Yadav**
****Divya Khanna**
*****Gireesh Kumar**

Abstract

Performance appraisal is a critical human resource function which holds great importance in service sector like banking. The real power of organization are it's people who are the drivers of corporate performance and competitiveness. The current challenge before the organization is to create that will to perform or work culture, where people and groups start thinking and performing themselves in tandem with the organizational goal. The current study was undertaken to study performance appraisal practices at public and private sector banks in Rohilkhand region (N=140). The banks undertaken for study are ICICI, HDFC, Yes and Axis Banks in private sector and State Bank of India, Union Bank of India, Bank of Baroda and Andhra Bank in public sector.

Keywords : *Performance Appraisal, Service Sector, HDFC, ICICI, HR*

Introduction

According to Dale Yoder, "Performance appraisal includes all journal procedures used to evaluate personalities and contributions and potentials of group members in a working organization. It is a continuous process to secure information necessary for making correct and objective decision on employees" It has been greatly realized that any organization success depends upon its people who helps to attain competitive edge for the organization. It is through people that goals are set and objectives realized. Thus it can be concluded that performance of an organization is dependent upon the sum total of the performance of its members.

Therefore performance approval is a critical H.R. function especially in service industry like banking. It serves various functions like providing basis for promotion/ transfer/ termination, enhancing employees effectiveness, identifying employees training and development needs. Aiding in designing training and development programmes, removing work alienation, removing discontent, developing inter-personal relationship, aiding wage administration, exercising control and improving communication.

After the banking sector reforms, this sector has become more competitive. Thus the performance Appraisal as an H R tool has assumed great importance as it helps to identify employees strength and weaknesses. It not only provides feedback about employees performance but also helps in their development. It works as a tool for retention of quality workforce which is very essential in todays dynamic and competitive environment.

Review of Literature

After the reforms of 1991, numerous changes have taken place in banking sector and many research studies have been conducted to study the changes in public and private sector banks. Shri Vepa Kamesam (Chairman IDRBT, Hyderabad) at the meet of General Managers in charge of HRD and Training at JNIBD, Hyderabad on Feb 7, 2004 stated that few important changes which are vital for banks success is to right size the workforce, adjusting to the changing profile and needs of todays employees and ensuring emphasis on customer-service attitude and behavior throughout the organization.

K.C. Chakraborty (Deputy Governor of the Reserve Bank of India) in inaugural address at the HR conference of public sector banks, Mumbai, 1 June 2012 stated that a fair, transparent and objective mechanism for performance management is a must for all banks because an effective performance management system is the key to talent management and succession planning. Talent management will be a major challenge in coming times, as the workforce will get complex and there will be a need to juggle a wide variety of people with varied needs and preferences resulting in an array of relationship between the organization and those who work for it. **Shrivastava** and **P. Purang (2011)** in the study titled as "employees perception of performance appraisals: a comparative study on Indian banks." Indicated that private sector banks employees perceive greater fairness and satisfaction with their performance appraisal system as compared to public sector bank employees. In the research paper by Bi change Orina Evans **Dr. Akash SB and Dr. Benard Oyagi (2012)** titled as "Training and Development policies of public and private banks- A case study of some selected bank in Karnataka" it was revealed that policies like performance appraisal underline the progress of the banking sector and its human resources. Performance appraisal undertaken by the banking industry had a poor response from the respondents 72.4% of total respondents opined that the current performance appraisal did not work.

Dr. Krishna A. Goya and Vijay Joshi (2012) in their paper titled "Indian Banking Industry: Challenges and Opportunities has revealed that there is intense competition to retain key employees and an effective performance appraisal system can help in employee retention. **Zahid Hussain Bhat (2014)** in his paper "Impact of Training on employee performance: A study of retail banking sector in India finds out that training has positive impact on employees performance in banking industry Training and Development is a Human Resource Practice which is closely linked with the performance

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appraisal system of an organization. In the paper titled "Efficacy of performance management system: An empirical study at ICICI Bank" research study was conducted by **Anu Gupta and Devina Upadhyay (2014)**. The study was undertaken in ICICI bank Ahmedabad to identify the factors contributing to efficacy of performance management system. These factors were clarity of goals, clean job description, measurible goals, and mapping of the performance rather than only job. The study recommended the future scope for comparative analysis between public and private sector banks. The current study was undertaken for comparative analysis between public and private sectors banks with reference to performance appraisal system.

Results

The data has been analyzed for the following questions which were collected through a structured undisguised research instrument.

Table: The data for the research question in as follows:

Q. 1. Does the performance appraisal system in your bank distinguish between performer and non-performer?

Table No.1: Result based on Age Group of the Respondents

Age	<25		25-35		36-45		45>	
	Public	Private	Public	Private	Public	Private	Public	Private
YES	5	14	20	52	5	3	23	
NO	1	1	4	2			3	

Table No.2: Result based on Experience of the Respondents

Experience	<5		5-15		16-25		25>	
	Public	Private	Public	Private	Public	Private	Public	Private
YES	18	35	11	34	6		18	
NO	5	2		1	1		2	

The analysis of the responses revealed the following regarding the perception of the employees.

- Overall approx. 92% of the employees feel that their bank distinguishes between performer and non-performer is performers are recognized.
- A data of the public and private sector banks taken separately shows that approx. 96% of private sector bank employees are satisfied whereas percentage in case of public sector bank employees is approx. 87%.
- A look at the data on the basis of age, reveals that approx. 90% of employees who are less than 25 yrs of age feels that their organization distinguishes between performer and non-performer. In case of private sector bank the percentage of employees who feels that performance is recognized is approx. 94% which is substantially more than percentage of public sector bank employees where it is 83%.
- An analysis of employees between age group 25-35 reveals that overall approx. 92% of employees feels that their bank distinguishes between performer and non-performer. The said percentage in case of private sector bank employees in approx. 96% which is substantially more than public sector bank employees where it is approx. 83%.
- When the same analysis is done for employees between age group 35 and above. It is found that approx. 91% of employees accept that their bank recognizes the performers. Out of which the satisfaction level is 100% in private sector banks whereas in public sector banks, it is found to be approx. 90% .
- Thus, it can be concluded that private sector bank employees are more satisfied with the performance appraisal system of their banks.
- On the basis of experience, data revealed that for experience group of less than 5 yrs overall approx. 83% of employees are satisfied. The satisfied level of employees is approx. 94% for private sector bank employees and approx. 78% for public sector bank employees.
- Analysis done for employees with experience between 5-15 yrs shows that overall approx. 98% of employees are satisfied. Out of which the satisfaction level is approx. 97% for private sector bank employees and it is 100% for public sector bank employees.
- The same analysis done for experience group of more than 15 yrs shows that overall satisfied employees is 90%

Q. 2.Are you satisfied with the weight ages given against each parameter which is rated in performance appraisal system?

Table No.3: Result based on Age Group of the Respondents

Age	< 25		25- 35		36 – 45		45>	
	Public	Private	Public	Private	Public	Private	Public	Private
YES	3	12	20	42	4	3	22	
NO	1	5	5	11			5	

Table No.4: Result based on Experience of the Respondents

Experience	< 5		5- 15		16 – 25		25>	
	Public	Private	Public	Private	Public	Private	Public	Private
YES	16	30	10	27	6		17	
NO	6	8		8	2		3	

The following facts are revealed from analysis of data:

- 78% employees are satisfied in private sector banks. Out of which maximum satisfied employees remain in age group 25-35 yrs which is 79%.
- In public sector bank approx. 82% employees are satisfied out of which maximum satisfied employees remain in age group 35 yrs and above which is approx. 43%.
- Again the percentage of employees who are not satisfied in private sector banks is 22% out of which maximum unsatisfied employees lie in age group 25-35 yrs in which is 15%.
- In public sector bank approx.18% employees are not satisfied out of which maximum unsatisfied employees are found in age group 35 yrs and above which is 8% .and 25-35yrs which is also approx. 8%
- By looking at data on the basis of experience, we can say that maximum satisfied employees in private sector bank lie in

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experience group <5 yrs.

➢ Similarly in public sector maximum satisfied employees lie in experience group 25> yrs.

➢ The most unsatisfied employees in private sector is found to lie in experience group <15 yrs.

➢ The most unsatisfied employees in public sector in found to lie in experience group less than 5 yrs.

➢ It comes out from the data that 28% of dissatisfied employees are less than 25 yrs of age this percentage gets decreased to 20% for the age group 25-35 and for the age group 35 and above, it is virtually approx.14%

➢ Thus, it can be concluded that with increase in age, satisfaction level of employees' increases.

➢ In case of public sector bank also, the data reveals that the satisfaction level of employees increases with the increase in age, in case of new entrants with less than 25 yrs of age, the percentage of dissatisfied people with the appraisal system is 25% and it gets reduced to 16% for employees who are above 35yrs of age.

Table No.5: Result based on Age Group of the Respondents

Experience	< 25		25- 35		36 – 45		45>	
	Public	Private	Public	Private	Public	Private	Public	Private
Employees are not involved	3	8	11	34	1	3	6	
Supervisor is biased	3	11	14	35	1	0	13	
No punish-ment/reward	1	5	9	16	1	2	11	
No feedbacks	3	4	5	21	4	1	7	

Table No.6: Result based on Experience of the Respondents

Experience	< 5		5- 15		16 – 25		25>	
	Public	Private	Public	Private	Public	Private	Public	Private
Employees are not involved	10	17	5	28	1		6	
Supervisor is biased	13	26	6	20	0		0	
No punish-ment/reward	6	9	5	14	3		8	
No feedback	8	14	2	12	2		7	

The following findings have been revealed after the analysis of above research question:

➢ 51.16% of employees feel that the reason for failure of performance appraisal system is non-involvement of employees.

➢ 60% of employees feel that reason for failure of performance appraisal system is biasness of supervisor. This is the main reason given by majority of employees.

➢ 34.88% of employees feel that no outcome of performance appraisal system in form of reward or punishment is the reason for its failure.

➢ 34.88 % of employees feel that absence of feedback is the reason for its failure.

➢ It is further revealed that maximum percentage of employees 73.68% below age 25 yrs feel that biasness of supervisor is the reason for failure of performance appraisal system followed by non-involvement of employees.

➢ For the age group 25-35 yrs maximum percentage of employees62.82 % also feels the same i.e. biasness of supervisor followed by non-involvement of employees is the main reason for failure of system.

➢ Looking at data on basis of experience, it is found that out of total approx.52% of employees feel that non-involvement of employees is the reason for failure of performance appraisal system.

➢ 50.38% of employees feel that biasness of supervisor is the reason for failure of performance appraisal system.

➢ 34.88% of employees feel that no outcome of appraisal system in the form of reward or punishment is the reason for its failure.

➢ 34.88% of employees feel that no feedback is the reason for failure.

➢ For the experience group less than 5 yrs maximum percentage 66.% feel that biasness of supervisor is the reason for failure of appraisal system followed by noninvolvement of employees which is 46%.

➢ For experience group 15 yrs and above, maximum percentage of employees 44% feel that

Question-1 when analyzed on the basis of officer and clerk yields following data

Table No.7: Result based on Age Group of the Respondents

Age	< 25		25- 35		36 – 45		45>	
	Ocer	Clerk	Ocer	Clerk	Ocer	Clerk	Ocer	Clerk
YES	16	3	63	9	8	1	12	10
NO	1	1	5	1			2	1

Table No.8: Result based on Experience of the Respondents

Experience	< 5		5- 15		16 – 25		25>	
	Ocer	Clerk	Ocer	Clerk	Ocer	Clerk	Ocer	Clerk
YES	44	9	41	4	3	3	11	7
NO	5	2	1		1		1	1

The analysis of data done on basis of officer and clerk has given following facts:

➢ Out of total respondent, 91% feel that their banks differentiate between performance and non-performance and again approx. 81% of which are officers.

The research Q.2 on basis of officer and clerk yield following data

Table No.9: Result based on Age Group of the Respondents

Age	< 25		25- 35		36 – 45		45>	
	Ocer	Clerk	Ocer	Clerk	Ocer	Clerk	Ocer	Clerk
YES	14	1	53	9	7	1	11	10
NO	5	1	15	1			3	2

Table No.10: Result based on Experience of the Respondents

Experience	< 5		5- 15		16 – 25		25>	
	Ocer	Clerk	Ocer	Clerk	Ocer	Clerk	Ocer	Clerk
YES	39	7	33	4	4	2	9	8
NO	12	2	8			2	3	

Analysis: The data has given following facts:

- Out of total approx. 82% employees feel satisfied with the assignment of weightages to different parameters in appraisal system.
- 80% of such employees are officers.

Table No.11: Result based on Age Group of the Respondents

Age	< 25		25- 35		36 – 45		45>	
	Officer	Clerk	Officer	Clerk	Officer	Clerk	Officer	Clerk
Employees are not involved	10	1	42	3	4		3	3
Supervisor is biased	13	1	43	6	2		8	4
No punishment/ reward	6		22	3	2	1	6	5
No feedbacks	6	1	23	3	4	1	6	1

Table No.12: Result based on Experience of the Respondents

Experience	< 5		5- 15		16 – 25		25>	
	Officer	Clerk	Officer	Clerk	Officer	Clerk	Officer	Clerk
Employees are not involved	25	2	31	2			3	3
Supervisor is biased	34	5	24	2	1	2	7	2
No punishment/ reward	14	1	16	3		3	6	2
No feedback	18	4	13	1	2		6	1

The following facts have been revealed

- Approx. 60% feel that biasness of supervisor is the prime reason for failure of appraisal system followed by non-involvement of employees in appraisal system.
- Out of this percentage of employees 86% are officers.
- Approx.89% of employees are officers who feel that non-involvement of employees in appraisal system is reason for failure of appraisal system.
- Analysis of data on basis of experience reveals the same percentage as above

Hypothesis Testing

H1: There is no relationship between age of employee and the satisfaction level regarding the weightage given to different parameter in performance appraisal system.

The table value of chisquare at 2degrees of freedom at 5% level of significance is 5.99.The calculated value comes out to be 1.54.Since calculated value is less this hypothesis is accepted.

H2: There is no relationship between experience of employee and the satisfaction level regarding the weightage given to different parameters in performance appraisal system.

The calculated value is 0.62 which is less than table value which is 1.54.This hypothesis is also accepted

H3: There is no relationship between the age of employee and the reasons cited for the failure of performance appraisal system.

The calculated value is 5.44 which is less than table value of chisquare at 6 degrees of freedom at 5% level of significance which is 12.6 Thus hypothesis is accepted.

H4: There is no relationship between the experience of employee and the reason cited for the failure of performance appraisal system.

The table value of chisquare at 6 degrees of freedom and 5% level of significance is 2.6 which is lesser than calculated value which is 23. Hence this hypothesis is rejected. In other words there is relationship between experience of employees and reasons stated for failure of appraisal system.

Conclusion

Private sector bank employees are more satisfied with the performance appraisal system of their bank. From the data collected during the survey, it comes out that 10% of dissatisfied employees in private sector are less than 25 yrs of age and this percentage gets decreased to 8% for the age group 25-35 yrs and for the age group 35 and above it is virtually 9%. So it can be easily concluded that as age increases, employees get accustomed to bank practices so their satisfaction level also increases with performance appraisal system. In case of public sector bank also, the data reveals that the satisfaction level of employees increases with the increase in age. In case of new entrants who are less than 25 years of age, the percentage of dissatisfied employees with appraisal system is 34% and it gets reduced to 17% for employees who are above 35 yrs of age. In both sectors employees are satisfied with the weightages given in performance appraisal system So inference can be drawn that job description is well done, KRAs (key responsibility areas)are well defined and performance indicator are clearly stated to employees. It is further concluded that majority of employees approx. 60% feel that biasness of supervisor is reason for failure of performance appraisal system. The second reason stated by substantially high percentage of employees approx. 51% is non-involvement of employees in appraisal system. Thus, it comes out form data that two main reason for failure of appraisal system can be attributed to biasness of supervisor and non-involvement of employees in the appraisal system.

All Respondents who have experience above 15yrs lies in public sector feels that no outcome of appraisal in form of reward or punishment and absence of feedback are two major reasons for failure of appraisal system. But majority respondent in experience group <5yrs feels that biasness of supervisor and non-involvement of employees are major reason for failure of system. Thus there is relationship between experience of employees and reasons cited for failure of appraisal system. Based on secondary data which is collected though personal interview, majority public sector bank employees states that they are not aware of when appraisal is actually taking place. There is no joint goal setting with the superior and the employees are also not provided with any feedback for them It is a mere formality a routine, boring paperwork. The public sector bank employees also feels that only time when the appraisal record of employees in used is when promotion opportunity arises. They are not aware of any development purpose for which appraisal is done. Public sector bank employees feel no enthusiasm with the appraisal system. They lack trust in the process for them it is a non – participatory process as no communication is involved. They are totally unaware of their weaknesses and strengths.

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Positioning in the Fast Food Sector

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Abstract

Brand image, ambience and overall experience are important intangible factors for fast food restaurants also known as Quick Service Restaurants (QSRs) customers. This study makes an attempt to position select Quick Service Restaurants: McDonald's, Pizza Hut, Subway, Dosa Plaza, Café Coffee Day, Dominos Pizza, Yo! China, Baskin-Robbins and Burger Girl in Ambala District, Haryana. Positioning of select Quick Service Restaurants was done using MEXL to discover consumers' evaluation of select fast food restaurants along major dimensions of Price and Quality. A total of 200 consumers, from Ambala District, Haryana, responded to personal interviews. Convenience Sampling was used to collect data from family, friends, and acquaintances of the researchers. The owners/ managers need to position/ reposition these Quick Service Restaurants in a manner that their 'uniqueness' can be maintained. The results revealed that Yo! China is the most preferred QSR for customers seeking 'Quality' whereas McDonald's is preferred most by shoppers seeking 'Price' based brand.

Keywords: Fast Food Restaurants, QSR, positioning, price, quality

Introduction

It is estimated that the organized fast-food chains, also called quick service restaurants or QSRs market might increase from Rs 34 billion in 2012-13 to Rs 70 billion in next three years. The major reasons include the addition of stores by established foreign players at a rapid rate in Tier II and III cities and increase in access to outlets thus multiplying consumption. As a result, the increase in competition especially in Tier I cities might lead to lower down the same-store sales growth (CRISIL Research, 2013).

The concept of QSR came to India in 1996 when McDonald's entered here. Many global brands have entered after that, either via franchisees or company-owned stores or both (CRISIL Research, 2013). Indian QSR brands have emerged all over the country, offering Indian cuisine or foreign cuisine in an attempt to adapting to the fast food service format.

One major aspect is the focus of Indian players on multiple cuisines, which distinguish the international players' focusing on a single cuisine or product category. In terms of menu, Indian QSRs like Haldiram's, Bikanervala, etc. have a inclination towards vegetarian food in contrast to international players like McDonalds, Dominos, KFC, Subway, etc. which offer a mix of both vegetarian and non-vegetarian offerings (Shukla and Sharma, 2013).

The quick-service restaurant industry continues to evolve as is reflected in the QSR 50, 2014 report. In order to come ahead of Subway, the No. 2 brand, a product diversification strategy is used by Starbucks. As demand for premium products is increasing with projections to capture the market share, McDonald's put in great efforts to find consistency.

The QSR 50 - The top 50 select brands in quick service and fast casual

Rank	Company/ Chain Name	2013 U.S. Systemwide Sales (Millions)	2013 U.S. Average Sales Per Unit (Thousands)	Number of Franhised Units In 2013	Number of Company Units In 2013	Total Units In 2013	Total Change In Units From 2012
1	McDonald's	$35,856.3	$2,500.0	12,739	1,539	14,278	121
2	Subway *	$12,735.0	$490.0	26,427	0	26,427	878
3	Starbucks *	$11,723.0	$1,310.0	4,408	7,049	11,457	329
4	Wendy's *	$8,787.0	$1,510.0	4,745	1,046	5,791	-26
5	Burger King *	$8,502.5	$1,200.0	7,103	52	7,155	-28
6	Taco Bell	$7,800.0	$1,406.0	4,878	891	5,769	74
7	Dunkin' Donuts	$6,700.0	$872.7	7,648	29	7,677	371
8	Pizza Hut	$5,700.0	$861.0	7,355	491	7,846	90
9	Chick-fil-A	$5,052.6	$2,846.5	1,713	62	1,775	92
10	KFC	$4,300.0	$942.0	4,285	206	4,491	-127
11	Panera Bread	$4,284.0	$2,465.0	910	867	1,777	125
12 (tie)	Sonic Drive-In	$3,800.0	$1,109.0	3,126	396	3,522	-34
12 (tie)	Domino's Pizza	$3,800.0	$762.1	4,596	390	4,986	58
46	Baskin-Robbins1	$513.0	$207.9	2,460	7	2,467	4
50	McAlister's Deli	$459.0	$1,511.4	275	46	321	9

**Includes figures estimated by Technomic Inc. 1Includes figures estimated by QSR 2Franchised unit count includes licensed units*

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In the $225 billion limited-service restaurant industry, the 50 brands bagged the top positions. McDonald's is refreshing many components of the brand in an attempt to improve same-store-sales growth. A brief introduction of select Quick Service Restaurants (QSRs) under study is given below:

McDonald's™

Strongly founded by Ray Kroc, McDonald's™ vision and commitment for its internal as well as external customers has evolved into a value driven brand. McDonald's™, the leading retailer in global foodservice, recognizes affordability and taste of its products besides focus on customers' evolving needs to be an attractive proposition. At present, it is 58 million people via 32,000 local restaurants in 130 countries each day. Independent, local businesspersons have owned and are operating 70 % restaurants all over the world. In India, the brand is managed by two business entities, Connaught Plaza Restaurants Private Limited (for North & East India) and Hardcastle Restaurants Private Limited (for South & West India). McDonald's™ philosophy of QSCV (Quality, Service, Cleanliness and Value) is the guiding force behind its service to the customers in India. Keeping in view local food and cultural preferences, McDonald's™ served non-pork and non-beef products for the first time in India. There is complete segregation of vegetarian and non-vegetarian products starting from the food processing plants till serving the customers. It develops 70 percent of the menu in India besides special sauces that use local spices and chillies. The mayonnaise and all other sauces are also egg-less. McDonald's™ also pioneered the establishment of Cold Chain across India which helps maintain freshness and nutrition in every product. McDonald's™ regular delicious menu served in a vibrant ambience includes wide range of products like McAloo Tikki™, Filet-O-Fish™, Spicy Range, Chicken McGrill™, McVeggie™, Veg Pizza McPuff™, Chicken Mcnuggets®, Fries, Wraps, an assortment of Sundaes, Soft Serve along with Cold Coffee and Ice Tea as refreshing beverages. McDonald's™ had further reinforced the branded affordability mantra via the introduction of the Happy Price Menu which starts at Rs 25 only. Keeping pace with the customer evolving needs McDonald's™ also functions on models that drive convenience and create unique differentiation like McDelivery, high ways Breakfast Menu, Drive thru, and extended hours. At present, there are 300 McDonald's™ restaurants in India. It might be better to stick with traditional fries and burgers to enhance food and service to compete with fast casuals besides failure of menu extensions.

Subway

Operating from its main office located in Milford, Connecticut, the quick service restaurant chain is supporting its international operations via five regional centers. It is growing rapidly in Asia including India. Subway Systems India Pvt. Ltd. opened its first restaurant in New Delhi in 2001 and now has 403 operating restaurants in 68 cities in India. Although it is a global brand with relatively same menu around the world, it respects local traditions and food preferences and offers a healthier alternative to traditional fast food. It serves products without beef or pork extended vegetarian choices in India. Popular sandwiches include Paneer Tikka, Roasted Chicken, Aloo Patty, Chicken Teriyaki, Turkey, Veggie Patty, and Tuna. Brian, the first SUBWAY® franchisee, set the new standard for the SUBWAY® business model. Today, SUBWAY® restaurants is the world's largest submarine sandwich chain operating in the US, Canada and Australia. Subway, the largest restaurant chain in the world, tried to reinforce its position as a company committed to a healthy, active lifestyle. Former soccer mega-star Pele will serve as a "global brand ambassador". It also teamed up with First Lady Michelle Obama in her Partnership for a Healthier America (PHA), which aims to improve childhood nutrition.

Pizza Hut

The pizza leader and Yum! Brands team had experimented with novelty pies, the brand released its Firebaked Flatbread Pizzas. Pizza Hut exceeded the $1 billion sales mark in the online-ordering department and shares one-third of all the brand's orders. Pizza Hut takes great care to serve the best quality of food and dining experience. All food contains no MSG and zero added transfat, analyzed at NABL accredited and ISO 17025 certified laboratories. The Pizza Hut Prepaid is issued by Yum! Restaurants India Pvt. Ltd. for making payments at Delivery Outlets and Pizza Hut Restaurants in India. This card is for one time use. Not valid for service promise of '30 minutes or free'. Maximum Pizza Hut liability is Rs500. Minimum order of 1 pizza or Magic Pan set of 4 required for delivery.

Domino's Pizza

Domino´s Pizza is the renowned world leader in pizza delivery segment. In US, there are 9000 franchised and company owned restaurants and 60 international markets. Domino's is listed under the symbol "DPZ" on the NYSE. In consumers' survey of the U.S. largest limited service restaurants, Domino's ranked number one in guest satisfaction (annual American Guest Satisfaction Index (ACSI) 2009). All the efforts are directed towards making relationships stronger and providing fun by giving consumers an opportunity to get together, and spend time together, whether it is a new innovative product, offering consumers' value for money, better service, or fulfilling the promise either to deliver pizza within 30 minutes or else free to loyal consumers. The initiatives such as Fun Meal and Pizza Mania are extremely popular for value for money option. In India, Jubilant FoodWorks Limited is managing 500 Domino's Pizza restaurants. The Company also has an agreement for Dunkin' Donuts brand.

Baskin-Robbins

In 1993, Baskin Robbins had a joint venture with The Graviss Group to enter India. Its first manufacturing plant opened in Pune (outside North America). It is offering delicious and fun treats through 550 stores in 150 cities / towns. It is the effort of dedicated team of The Graviss Group with expertise in the multiple verticals due to which Baskin Robbins became India's most loved Ice Cream Brand. The Dunkin' Brand partnered with Boardwalk Frozen Treats to put 16 flavors of packaged ice creams and ice cream bars on the shelves of retailers across the U.S.

Yo! China

Yo!China is India's first chain offering Indian Chinese cuisine since 2003. Yo! China is one of the most trusted brand in Chinese restaurant segment. It is serving through 60 restaurants and delivery outlets in 22 cities. Dimsums are a specialty with over 10 million already sold. Yo!China Delivery Counters and Yo!China Dine In are two basic verticals of the chain. A trademark of Moods Hospitality Pvt Ltd, its aim is to deliver high standard Chinese food to allow guests to relax and enjoy in international ambience. It combines a charming culinary experience with child friendly atmosphere and fast service. Yo!China and Yo!China Café are for guests searching for casual or fine dining options with unique experiences.

Cafe Coffee Day

Cafe Coffee Day is favourite coffee shop of Indian youth. It is a division of Amalgamated Bean Coffee Trading Company Limited (Coffee Day). Coffee Day has a rich source of coffee with second-largest network of coffee estates in Asia. They are one of the top coffee exporters in the country. The mission is to be the best Cafe chain by offering a world class coffee experience at affordable prices. The aim is to provide the best experience to guests. The first cafe opened in Bangalore in 1996. It's a strong relationship the brand shares. It runs the Shankarakudige Veerappa Gangaiah Hegde Education Trust. Setup in 2002 as a non-profit trust with the mission of "Education for All ", it runs two institutions.

Burger Girl

Burger Girl offers fresh and flavorful burgers and hand cut French fries. Burger Girl added "secret sauce" making burgers the comfort food. Its menu offers simple options with focus on taste, quality, and presentation. Signature dessert, the freshly baked Woozookie has been in demand since beginning. Starting from burgers it now offers pizzas and ice creams too. Burger Girl is the right choice backed by tasty food, excellent staff and modern design.

Dosa Plaza

Dosa Plaza is the only player of south Indian cuisines known for its innovative approach and wide varieties of recipes throughout the country. The vision is to become the leading brand serving traditional south Indian cuisine worldwide with an oriental and western taste, delivering quality food, efficient service and value for money. Dosa Plaza runs 45 outlets nationally and 7 internationally in UAE, Oman & New Zealand. The company's strategy is to grow profitably by making each store self sustainable. The company will expand through franchise model.

CRISIL Research observed that a middle class household in tier I spend Rs 3,700 per annum for eating at QSRs i.e. 12 pizzas per household per annum. Annual spends on QSRs by middle-class households are expected to reach to Rs 3,750 per annum in coming three years. In urban areas, this is based on rise in incomes, emergence of nuclear families and increase in working women population besides changing eating patterns and lifestyle.

Literature Review

A quick service restaurant (QSR) is characterised by fast food cuisine, minimal table service and a fixed menu. The food (or ingredients) is prepared in bulk in advance and is packaged to order. QSRs are able to compete with casual dining restaurants on the basis of factors such as consistency in quality and speed of delivery. **GAIN (Global Agricultural Information Network) Report (2013)** provides an estimated census of foreign and domestic casual and quick service restaurant brands operating in India. Quick Service Restaurants (QSRs) segment is expected to grow via market expansion and entry by various players **(Shukla and Sharma, 2013).**

Prabhakar, G.P. (2008) made an attempt to study a typical Indian family run business, its inception, aspirations, the challenges faced in the context of an emerging economy and the possible way to plot the future via classic case of Haldiram's based on an interview with Mr. Pankaj Agrawal, Director, Haldiram's.

Arnórsson, S. (2013) conducted the research with aim to develop a modern quick service restaurant model that could be applicable in real life and be entered into business plan competitions through the analysis of leading Icelandic and global quick service restaurant trends to be used to complete a business plan. Despite its history of being slow to adopt global trends, Iceland's quick service restaurant industry has become efficient in adopting modern trends.

Mason, K. et al. (2011) indicated that consumers are highly price sensitive, but also place high importance on speed of service, location, quality of food, and cleanliness.

Ahmad, F. et al. (2013) made an attempt to identify the most preferable type of restaurant to dine in among consumers in Klang Valley. This study focused on the factors that might influence consumers to visit that particular restaurant and the effect of restaurant selection with socio-demographic profiles. The study employed variable such as environment or surrounding with a combination of service quality and food attributes. Convenient Sampling method was used and a total of 800 respondents were chosen through self-administrated questionnaire. Data collected was analyzed using Statistical Package for Social Science (SPSS) latest version. The analysis such as descriptive and inferential analysis was used to assess the preferences in restaurant selection and the factors influenced it.

Krishna, K. observed 'staying on top' is a daily struggle since the Quick-Service Industry is a competitive business where profits are slight and competition is high. The Quick-Service

Restaurant industry is a multi-billion dollar global industry that consists of multiple and diverse players in a market that shows no signs of tapering off. Success in this type of business comes from the simple model of offering remarkable customer service bundled with a great tasting product.

Objective

To position select fast food restaurants also known as Quick Service Restaurants (QSRs) in Ambala District, Haryana based on shopper perceptions of existing QSRs (and new concepts) along various attributes, customer preferences for QSRs, and measures of the behavioral responses of customers toward the QSRs.

Research Methodology

Primary Data and Secondary Data Collection Method methods were used to collect the relevant data via Structured Questionnaire from 200 shoppers in Ambala District, Haryana. Convenience Sampling Method was used for the purpose.

Data Analysis

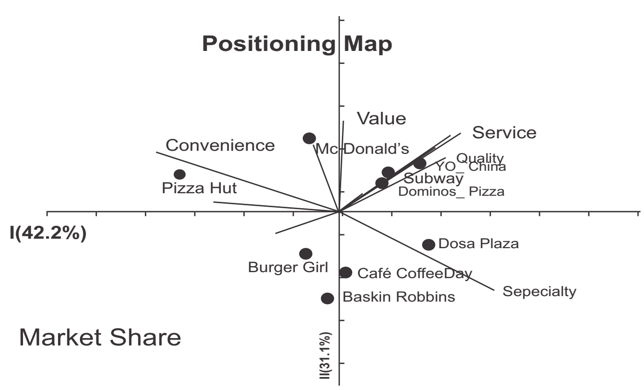
Marketing Engineering for Excel (MEXL), Tutorial, Version 2.0. "Positioning" submenu has been used to analyse the data. Marketing Engineering for Excel (ME>XL) refers to Marketing Engineering software as an Excel Add-in.

Positioning Analysis and Perceptual Mapping Model

Positioning Analysis software incorporates several mapping techniques that enable owners and managers to develop differentiation and positioning strategies for their fast food restaurants also known as Quick Service Restaurants (QSR). Perceptual-mapping helps owners and managers understand how customers view their QSR(s) relative to competitive QSR.

Positioning Analysis

Perceptual data refer to customer perceptions of the QSR along those selected attributes. For example, they indicate how the target market perceives Yo! China on the 'Quality' dimension (but not actual 'Quality' ratings of QSR). Perceptual data comprises the number of dimensions (rows) along which the QSR were compared (viz. quality, specialty, value, service and convenience).



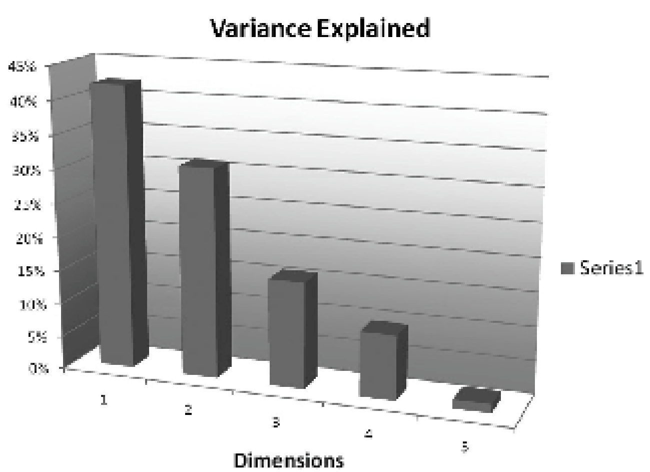
Positioning Map(s): The generated positioning map(s) consists of: One map to retain two dimensions (X-Y).

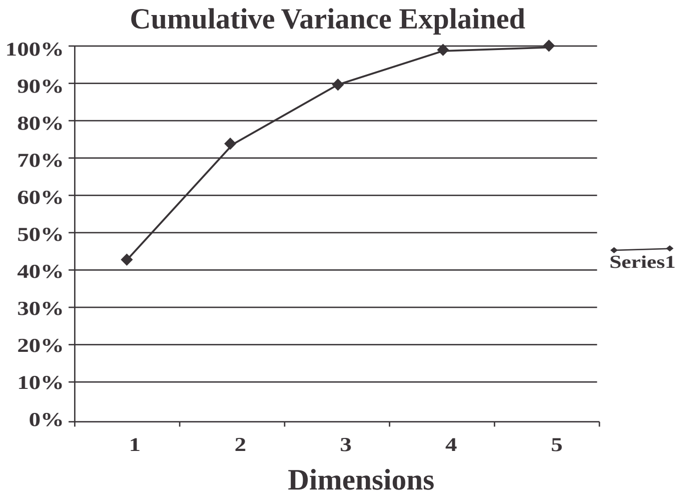
Perceptual Map: depicts a data matrix that consists of the average perceptions of different QSR (i.e. choice alternatives) in a target segment. The perceptions measures rely on selected attributes of the QSR, and the resulting map provides a visual representation, in two dimensions, of how the target segment perceives all the QSR.

Data Interpretations

- The distances between QSR on the map indicate their perceived similarities. QSR that are close together are perceived as similar, whereas those that are far apart are perceived as different.
- The axes of a perceptual map are the aggregate dimensions (or composite attributes) along which customers tend to discriminate QSR. Attributes aligned close to each axis provide clues of the meaning of that axis.
- The variance explained by each axis indicates the relative importance of that axis for explaining customer perceptions. The variance explained by the horizontal dimension is 42.2% and the variance explained by the vertical dimension is 31.1%, it indicates the horizontal dimension is nearly one-and-a-half times as important in explaining customer perceptions.
- The lines on a perceptual map indicate the direction in which an attribute increases while moving away from the origin along that line. For example, if the "Quality" attribute uses a 1-5 scale, in which 5 represents the highest quality, then quality increases along that line and away from the origin.
- The length of a line on the map indicates the variance in that attribute explained by the perceptual map. The longer a line, the greater is the importance of that attribute in differentiating among QSR in the market.
- To position a QSR on any attribute on the map, an imaginary perpendicular line can be drawn from the QSR to the attribute. The farther a QSR is from the origin along the direction of that attribute, the higher is the rating of the QSR on that attribute.

Reason for Retaining Two Dimensions





The first two factors capture 73% of the variance in the initial data, and adding a third factor captures only an additional 16%. Since the third factor does not capture significantly more variance (compared with the first two), only two dimensions (first two) are retained.

Managerial Implications and Discussion

MEXL was used to discover consumers' evaluation of QSR along two major dimensions of:

◦ **Price** (Dimension I) and
◦ **Quality** (Dimension II).

The results revealed that McDonalds is the most preferred QSR for customers seeking 'price' whereas Yo! China is preferred most by shoppers seeking 'quality' based brand. Mason, K. et al. (2011) found college students to be a worthwhile marketing target for quick service restaurants. The subjects in our study indicated their quick service restaurant experiences were primarily positive. To have long term success in the quick service restaurant industry it is necessary to build loyal consumers through a strategy of relationship marketing. The keys to customer satisfaction for quick service restaurants are (in order) price, service speed, convenient locations, food quality and cleanliness. Successful quick service restaurants compete effectively on price. In this study, it was found that the factors judged to be important to consumers are low prices, fast service speed, reasonable food quality. Furthermore, consumers seek convenience in restaurant location and clean restaurants.

Conclusion

Novelty has always found its place in the quick-service industry (Subway). The owners and managers in Ambala District, Haryana need to focus more on positioning/ re-positioning of their fast food restaurants also known as Quick Service Restaurants (QSR) for the long-run success of their brand(s). This can be further strengthened by research activities in determining the rapid shift in buyers' perceptions of existing QSR (and new concepts) along various attributes and their preferences for QSR, and measures of the behavioral responses of customers toward the QSR, thereby, formulating innovative marketing practices well in time before another shift occurs in the customer behavior. In summary, the market represents a vast untapped potential with eating out becoming a regular form of entertainment for consumers today. It is also a major contributor to the exchequer in terms of tax revenues. Therefore, it is important that the role of the food services market is acknowledged by the government **(Shukla and Sharma, 2013).** Industry leaders use strategic methods and tactics like differentiation, separating their products from the competition, to cost-leadership, becoming the lowest cost producer. Yet, standing out or even staying relevant in this industry is an extremely difficult task **(Krishna, K)**. Companies must maintain their strong standardized organizational design in order to make a profit through high volume while realizing and accepting the fact that the QSR Industry is one of the fastest evolving industries in the world.

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Growth and Composition of Foreign Institutional Investments (FIIS) in India Since 2000-01

***Amita**

Abstract

The present paper is an attempt to disclose the trend and progress of foreign institutional investments to India since the beginning of twenty first century. India presents a vast potential for overseas investment and is actively encouraging the entrance of foreign players into the market. Resultantly, India which is the second fastest growing economy after China, has lately been a major recipient of foreign institutional investor (FII) funds driven by the strong fundamentals and growth opportunities. FII flows to India have steadily grown in importance. In India, during the year 2000-2001 the equity and debt investment of FII were Rs. 10,206.70 crore and -273.30 crore. The net investments of this year were Rs. 9,933.40crore. The Net Investments by FIIs to India increased to Rs. 146,438.10 crore during 2010-11. Thus, during 2001-2011, the FII net investments rose many folds. However, the FII inflows decline to Rs.93725 crore in the year 2011-12.

Keywords: FII, Economy, RBI, SEBI, Investment, Portfolio

Introduction

Since 1991, Indian economy has emerged as a prominent market for the foreign institutional investors (Pati, 1999). The FII capital flows have speeded up the process of economic development by augmenting the domestic investment, contributed towards increased market capitalisation, and enhanced the level of competition in the Indian capital market. FIIs contribute to the foreign exchange inflow as the funds from multilateral finance institutions and FDI (Foreign direct investment) are insufficient. The foreign capital lowers cost of capital and ensures access to cheap global credit. They also supplements domestic savings and investments. Upadhyay, (2006), found in her study that FII flows supplement and augment domestic savings and domestic investment without increasing the foreign debt of our country. Capital inflows to the equity market increase stock prices, lower the cost of equity capital and encourage the investment by Indian firms. From the problem of scarcity in the early 1990s to the problem of plenty now, the large FII flows in our economy have assumed great importance in recent times.

However, at the same time, these capital flows have also posed several threats to the economic and financial system in terms of inflationary trends, appreciation in foreign exchange rate, volatility in the stock market due to the uncertain nature of these FII flows characterised by the possibility of their sudden withdrawal. Foreign institutional investors' money is often referred to as 'Hot Money' because they are considered more volatile than other market forces working in the capital market. For instance, FIIs showed great interest in the Indian economy during the year 2007-08 putting in an investment worth Rs. 66179 crore the highest ever investment since their beginning in India in 1992. But, due to the global financial crisis (sub-prime crisis which originated in USA), their investment took a total turnabout change and they pulled back more than Rs. 50000 crore from the Indian stock market during 2008 leading to the biggest ever market crash(Sumanjeet, 2010). Thus, FII flows have been impacting various economic factors of the Indian economy directly and indirectly.

Further, the foreign capital flows have thrown up new policy challenges before the country as they influence all the major macro level economic factors like Inflation, FERs, Market Capitalization, Market turnover etc. This issue has become extremely important for the contemporary policy makers since managing such large FII flows in India in recent times has come to haunt both the RBI and the capital market regulator (SEBI). Hence, it is important to study further the FII magnitude, their investment trends, the determinants and the impact upon various macro level factors of the Indian economy as it would help various stakeholders to fine tune their policies and decision making process with regard to FII. More precisely speaking, the aim of this study is to analyse the growth and performance of FII flows in India.

Review of Literature

There has been a good research work undertaken in the area of growth of FII. Some of the more important and comprehensive studies are reviewed as follows:

Pati et al (1999), in his study "Flow of Foreign Investment in India: Myths and Realities", stated that the liberalization reforms which were started in post nineties era had been responded well by the foreign investment in India which was evident in the form of good foreign capital flows. This had been further evidenced by the fact that foreign intuitional investment flows had been found quite well at least in the initial years of nineties. It had been found further that during 1991-97, foreign capital flows worth rupee 7.1 billion had flown into Indian economy while the flow of FPI category had been US $7.5 billion in India till early part of 1997. The study also revealed that in order to attract more foreign capital flows, political stability would be very important, and to attract FPI, a good depository system, shorter settlement period, efficient custodial services and transparent stock market trading etc.

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would play an important role. **Kohli et al (2003)**, in her research work found that the whole world including India had witnessed significant changes in the composition and direction of capital flows during the last decade (1990-2001). It was revealed that private capital flows had dominated overall capital flow components. Such developments had created a good amount of interest amongst the economists and academicians to understand and analyse the trends of foreign capital flows, and had also motivated them to create an environment where it became desirable for the government to bring in important policy changes. The study had stated that during these years, portfolio flows had been more volatile than direct investment flows. **Joydeep (2005)**, conducted a study with an objective to study the role of FIIs in the development of noise driven Indian stock market by taking the data from 1991 to 2004. The inflows of huge institutional investments in India increased the turnover and market liquidity. But excessive speculation indulged by FIIs is the single most important reason for abnormal fluctuations of share price in Indian stock market in the post-liberalization period. The study concludes that FII influences the share price movements in Indian stock market but their role in the development of Indian stock market is still questionable. **Parthapratim (2005)**, especially examines the behavior of the FIIs in India for the period March 2004 to June 2004 and investigated how the withdrawal of foreign portfolio capital in the post election phase has affected the price and equity holding pattern of different Sensex companies. He found that sensex are quite closely related to FIIs movement in India and also support the feedback-trading hypothesis. He also supports that being the most dominant non-promoter shareholder in the Sensex companies than the other investors group FIIs also increase volatility in the market. **Bansal and Pasricha (2009)**, in their study on "Investment Trends of FII in India: An Analytical View", examined the investment trends by FIIs during the years from 1992 to 2009. The study observed that before 1990, the major flows in India constituted the money inflows from NRI and other commercial borrowings. However, after 1990s, the whole picture got changed as claimed by the study. The total FPI which was just US $ 244 million in 1992-93, increased to US $ 29,395 million in 2007-08. The study further revealed that the composition of foreign investment also underwent major changes, like in 1992-93, FII constituted 0.41% in total FPI and in the year 2007-08, it got increased to 69%. Moreover, Government of India needed to have good regulatory system for all the market players and to ensure that this regulatory system needed to be in line with international regulatory system and practices. It was also observed by the study that by the end of 2009, around 1600 FIIs and 5200 sub-accounts were registered with SEBI, but only few and selected FIIs were active in the Indian stock market which was a major source of concern. **Sumanjeet et al (2009)**, studied the contribution ofvarious investing bodies like FDI, FPI, FVC, ECBs, NRIs etc. and the composition offoreign capital flows and the rules governing them. The period of the study was from1990 to 2008. As per the study, the total foreign investment in India stood at US $ 59288 million in 2007-08. The study after making a thorough analysis of the facts and figures concluded that foreign capital had come to play an effective role in the economic growth of the country. The paper highlighted the fact that the countries which had better macroeconomic policies and defined regulatory mechanism in place were in a better position to deal with FII flows even when the flows were found to be for short term. The study revealed that during the above period, if India had not been able to manage FIIs well, the reasons responsible for the same included partial inactiveness at many times or over activeness at other times but not ensuring smart work at the right time on the part of government. The main aim of the paper of **Akula et al (2011)** was to study the process of FII registration and trends of their investment during the above period. The study observed that India was one of the fastest growing economies after China during this period. As per the World Bank Report, in terms of GDP growth, Indiastood 10th amongst the largest economies of the world as observed by the study. A positive correlation was found amongst FII, market capitalization, BSE and NSE indices which in turned proved that the liquidity and the volatility of the Indian capital market was highly driven by FII flows. **Dhiman (2012)**, in his research made an analysis of FII flows data ranging from 1992 to 2010. The study observed that over the years, the FIIs had grown many folds in terms of their total amount and registration numbers. It was found by the study that there were around 1484 FIIs and 38 foreign brokers operating in India in 2008-09. The major (around 50 %) proportion of total FII came from P Notes (also called off shore derivates). Though, FII flows grown up substantially, it has also facilitated bringing in more the capital market reforms along with increasing the kitty of FERs. **Prakash and Dharamveer (2012)** have studied the role of FIIs in accelerating the growth rate of Indian economy. They studied FII flows data for four years ranging from 2007 to 2010. The study stated that FIIs had been playing a major role in the Indian economy. It is further observed that the government decisions had also had a great impact on the FII flows. During 2007, there was speculation that government was going to ban P Notes and consequently the FII flows declined sharply. The government, however, when postponed its decision later on. The impact of FIIs action to invest less was so huge that local Financial Institutions and mutual fund also started keeping close eyes on FIIs activities.

Research Methodology

To achieve the objective of this paper of analyzing growth of FII capital flows to India, the secondary sources of data have been used. The secondary data required for this research work have been collected from various sources namely - Annual Reports of Securities and Exchange Board of India (SEBI), Bulletins, Securities and Exchange Board of India (SEBI), Annual Reports, Reserve Bank of India (RBI), and Annual reports of BSE and NSE.

The present study discusses the trends, magnitude and composition of FII in India from 2000 to 2012. Statistical tools such as percentages and compound annual growth rates are used for data analysis.

Results and Analysis
For being eligible to deal and trade in the Indian capital market, all the FIIs have to get themselves registered with SEBI as per its provisions.
The information on the registration record of FIIs has been provided in Table 1. This table shows that the FIIs registered with SEBI in India have been increasing during the last one decade. In the year 2000-01, there were 527 FIIs registered with SEBI. Due to the enhancing confidence of FIIs in the Indian economy, their number kept on increasing in the subsequent years as it rose to 540 in the year 2003-04 and it further went up to 685 in the year 2004-05. This showed that there was a net increase of 26.85 % in the total FIIs registered with SEBI in India in 2004-05 as compared to 2003-04.This increase was one of the highest increase in FIIs registered number except the increase of 28.75 % in the year 2005-06 and 32.29 % in the year 2007-08.

Table 1 : FIIs registered with SEBI during 2000-01 and 2011-12

Year	Total FIIs registered	Net Additions of FIIs during the year	% Growth of Total FIIs registered
2000-01	527	21	-
2001-02	490	-37	- 7.0
2002-03	502	12	2.44
2003-04	540	38	7.56
2004-05	685	145	26.85
2005-06	882	197	28.75
2006-07	997	115	13.03
2007-08	1319	322	32.29
2008-09	1635	316	23.95
2009-10	1713	78	4.77
2010-11	1722	9	0.52
2011-12	1765	43	2.49
CAGR	-	-	11.61

The number of registered FIIs went up to 997 in 2006-07 and to 1319 in 2007-08. The FIIs number further increased to 1635 in 2008-09. However in 2009, there was a global pessimistic environment due to the subprime and the total number of additional FIIs registered with SEBI stood at 78 only and the total number of FIIs registration stood at 1713 in that year. Further, in the year 2010-11, there was no much change found in the approach of FIIs. During this year, their registered number with SEBI got increased to 1722 with additional registration of 9 only. In 2011-12, this figure further got increased to 1765 with an additional increase of 43 FIIs. Thus, within a span of twelve years, the total number of FIIs has gone up from 527 in 2000 to 1765 in 2012. The Compound Annual Growth Rate (CAGR) of FIIs registration during the twelve years- ranging from 2000 to 2012 works out 11.61 percent.
In February 1992, the Government of India announced a policy under which Indian companies were permitted to raise funds from the international financial market with the help of various financial instruments like American Depository Receipts, Global Depository Receipts, Foreign Currency Convertible Bonds (FCCBs) and External Commercial Borrowings (ECBs). Presently, the Foreign Portfolio Investment (FPI) includes the investment in the form of FII in equity and debt-oriented instruments (both corporate and government securities), Global Depository Receipts and American Depository Receipts issued by Indian companies abroad and floating of Off Shore Funds and other investments. The composition of foreign portfolio investment in India has been shown in Table 2. The table depicts that the FIIs share in the total FPI which was 66.92 % in the year 2000-01, went up to 74.47 % in 2001-02. The share of FIIs further increased to 95.97 % in 2003-04 and 93.25 % in 2004-05. This shows that in the first two years since the beginning of the decade, the share of FIIs in the FPI as compared to other sources of finance like ADRs/GDRs and offshore funds have been quite impressive.

Table 2: Composition of Foreign Portfolio Investment in India (in US $ million)

Year	FII	GDRs/ ADRs	Offshore Funds and others	Total FPI	% share of FIIs to Total FPI Flows
2000-01	1847	831	82	2760	66.92
2001-02	1505	477	39	2021	74.47
2002-03	377	600	2	979	38.51
2003-04	10918	459	Nil	11377	95.97
2004-05	8686	613	16	9315	93.25
2005-06	9926	2552	14	12492	79.46
2006-07	3226	3776	56	7003	46.05
2007-08	20327	6645	163	29395	69.15
2008-09	-15017	1162	-177	-14032	-107.01
2009-10	29049	3328	20	32397	89.66
2010-11	29421	2049	-1179	30291	97.12
2011-12	16812	597	-239	17170	97.91

Source: Various Publications of RBI and Hand Book of Statistics on Indian Economy.

There were only two years namely 2002-03 and 2006-07 when FII share as a percentage to total FPI came down to below 50 percent. In 2002-03 FII share in total FPI came down to 38.51 % and in 2006-07, the same came down to 46.05 %. In the year 2008-09, FII flows turned to be negative. This negative development was the result of the fact that FIIs pulled back around US $ 5.5 billion from the Indian capital market during this year due to certain negative economic developments happening across the globe including US subprime crisis.
However during 2009-10, the Indian economy showed substantial features of stagnation with economic growth touching down to 6.5 %, FPI inflows were found to be as high as US $ 32397 million during that year only. In the year 2009, Indian economy regained the trust of FIIs and huge investments were made by them in the country. As per Table 2, the FIIs share in FPI which was 89.66 percent in 2009-10, went up to 97.12 % in 2010-11. Furthermore, in 2011-12 Indian

economy managed to attract the total FPI worth US $17171 million Thus it can be concluded that there has been an overall increase in the FII contribution in FPI. FII contribution which was just 66.92 % in 2000-01 got increased to 97.91 % in 2011-12. This also reflects poor flows of GDRs/ADRs and Off shore funds raised by Indian companies from abroad.

Table 3 : Trends of FII in India during 2001-01 and 2011-12 (Rs. Crore)

Year	Gross Purchase (a)	Gross Sales (b)	Net Investment (a-b)	Net Increase or Decrease	% Increase or decrease in FII flows	Cumulative Net Investment
2000-01	74051	64118	9933	------	-	9933
2001-02	5071	41398	8763	-1170	-11	18696
2002-03	4062	44372	2689	-6074	-69	21385
2003-04	144855	99091	45764	43075	1601	67149
2004-05	216951	171071	45880	116	0.25	113029
2005-06	436976	305509	41467	- 4413	- 9.61	154496
2006-07	520506	489665	30841	-10626	-25	185337
2007-08	948018	881839	66179	35698	115	251516
2008-09	614576	660386	-45811	-20368	-30	205705
2009-10	846438	703780	142658	96847	211	348363
2010-11	99,599	846161	146438	3780	0.26	494801
2011-12	921285	827562	93725	-52713	-35	588526
CAGR	-	-	-	-	22.63	

Source: Calculated on the basis of data from Handbook of Statistics on Indian Securities Market by SEBI and RBI, SEBI Annual reports 2011-12. 112

Table 3 indicates that the net investment by FIIs was Rs. 9933 crore in the year 2000-01. However, the economy got a setback in the year 2002-03 when the net FII went down to Rs 2689 crore. This showed a decline of 69 percent . This was a major negative hit for the policy makers. It was found that this decreasing trend of FII was mainly due to the existence of various factors like hardening of global oil price, weakening of rupee value and perceived economic slowdown of the Indian economy. The year 2003-04 was found to be a very good year in terms of huge investment by FIIs as they broke all the past records with their net investment of Rs.45764 crore as compared to Rs. 2689 crore in 2002-03. The major reason which accounted for such a wonderful capital inflows was the robust economic growth (8.5 %) by Indian economy in that year along with improved corporate results. The strong macro economic outlook, encouraging corporate results and buoyancy in the stock market ensured sustained portfolio investments by the FIIs to the tune of Rs. 45880 crore in 2004-05. However, in the year 2005-06 saw many economic developments which created an overall negative global economic environment across the countries. Some of these developments included unexpected increase in the interest rates, rising trends in the global oil prices and the overall bearish trends in the global stock markets. During 2006-07, the same negative global environment continued to prevail and global developments like melt down in the global commodity market and the equity market overshadowed the foreign investment environment. This brought down the FIIs investment to the tune of Rs. 30841 crore in that year. The year 2007-08 proved to be a turning point in the Indian stock market. During July 2007, Sensex touched the level of 15000 points. In September 2008, it further touched the level of 16000 points and surprisingly on 29th October 2008, it broke all the previous records and touched the highest ever level of 20000 points. This year FIIs made net investment to the tune of Rs. 66179 crore which showed an increase of 115 % as compared to the last year. The year 2008-09 proved to be exactly the opposite. This year, USA faced the problem of subprime crisis which was felt around the world including India. In the year 2008-09 that due to huge withdrawal of money by FIIs from the Indian stock market, Sensex plunged more than 55 % from the record high points which it had touched earlier. During this year , FIIs withdrew a gross amount of Rs. 66386 crore.

However during 2009-10, there was all together positive trends of FII in India and it resulted in net investment worth Rs. 142658 crore in that year. In 2010-11 and 2011-12 also, investment worth Rs.146438 crore and Rs. 93725 crore respectively was attracted by India from FIIs. The CAGR of investment by FIIs has been 22.63 % during last 12 years. FIIs have been making huge investment in the Indian economy over the last more than two decades. It has been experienced that over the years, Indian equity and debt market have become one of the preferred destination for the FIIs. Though the major share of FIIs investment happens to be in the equity market, sometimes they prefer to play safe for their investment and invest in the Indian debt market too. Table 4 describes the proportion of FII in the Indian equity market and the debt market from the year 2000-01 to 20011-12.

Table- 4: FII in Equity and Debt Market during 2000-01 and 2011-12(Rs. Crore)

Year	Net Investment in Equity	As % of Total Net Investment	Net Investment in Debt	As % of Total Net-Investment	Total Net Investment
2000-01	10206	102	-273	-2	9933
2001-02	8072	92	690	8	8762
2002-03	2527	93	162	7	2689
2003-04	39959	87	5805	13	45764
2004-05	44122	96	1758	4	45881
2005-06	48800	117	-7333	-17	41466
2006-07	25235	81	5604	9	30840
2007-08	53403	81	12775	9	66179
2008-09	-47706	-104	1895	-4	-45811
2009-10	110220	77	32437	23	142658
2010-11	110120	75	36317	25	146438
2011-12	43737	47	49987	53	93725

Source: NSE Indian Securities Market – A Review, 2012

Table 4 shows that, in the year 2000-01, FIIs made net investment into the equity market to the tune of Rs. 10206 crore, while in that very year, there was net selling of debt to the tune of Rs. 273 crore. In 2001-02, the ratio of FII into equity and debt was found to be 92 % and 8 % with the net investment to the tune of Rs. 8072 crore and Rs. 690 crore in the Indian equity and debt markets respectively. In 2003-04, there came a major thrust and preference for the Indian equity market by FIIs and they made investment to the tune of Rs. 39959 crore in the equity market and Rs. 5805 crore in the debt market. This trend continued to prevail for the next two years as well with FII equity investment of Rs. 44142 crore in 2004-05 and Rs. 48800 crore in 2005-06. Table 4 further displays that the investment data in the Indian stock market by FIIs continued to show upward trends in the next three years i.e. 2007-08, 2009-10 and 2010-2011 except two years i.e. 2006-07 and 2008-09. One of the major reasons which could be accounted for low investment in these years with some exceptions was the occurrence of global financial crisis particularly in the year 2008-09.

It is evident from the data that FIIs share in the Indian debt market which was just 8 % in the total investment in the year 2001-02 went up to 53 % in 2011-12%. Thus, it has been evidenced that FIIs are the real strategists, they know in which market to play and with what proportion to play. It is very important to study and analyse the trends of the FII as a ratio to the total market turnover. This would help us know and analyse the fact, as to what extent FIIs are responsible for the changes in the total market turnover of BSE and NSE.

Table-5: FII as Percentage of Total Market Turnover(BSE and NSE) and %age of Market capitalization during 2000-01 and 2011-12

Year	Total Turnover by FII (Gross Purchase +Gross Sales) (Rs. Crore)	Total Market Turnover (cash segment) (Rs. Crore)	% share of FII Turnover in Total Market Turnover	Total Capitalization (BSE and NSE) (Rs. Crore)	% Share of Total Cumulative Net FII in Total Market Capitalization
2000-01	138169	2880990	4.79	768863	1.29
2001-02	91469	895818	10.21	759248	2.46
2002-03	91434	968909	9.43	631921	3.38
2003-04	243946	1620932	15.04	1318795	5.09
2004-05	388022	1666896	23.27	1702136	6.64
2005-06	742485	2390103	31.06	3022190	5.11
2006-07	1010171	2903057	34.79	3548808	5.22
2007-08	1829857	5129894	35.67	4672474	5.38
2008-09	1274962	3852097	33.09	3400371	6.04
2009-10	1550218	5516833	28.09	4143062	8.40
2010-11	1838760	4682437	39.26	3310790	14.94
2011-12	1748847	3478390	50.27	3091199	19.03

Source: Calculations based on the data from SEBI Annual reports, SEBI Handbook of Statistics on the Indian Securities Market.

The role and proportion of FIIs investment in the total market turnover has been described by the Table 5 It discloses the proportion of total FII in the total market turnover increasing trends. This table further discloses that the proportion of total FII in the total market turnover (BSE and NSE) has grown up which shows the interest, trust, confidence and strengthening position of FIIs in the Indian stock market. It is also evident from this table that the percentage of total FII in the total market turnover which was just 4.79 % in 2000-01 got increased to 10.21 % in 2001-02 and then it further got increased to 15.04 % in 2003-04. The table also discloses that this proportion went up to 23.27 % in 2004-05. This share rose to 31.06 % in 2005-06. It can also be observed from this table that overall the share of FII in the total market turnover in the subsequent years has been on the rise except during the two years i.e. 2008-09 and 2009-10. As per the table, FII share in the total market turnover stood at 34.79 % in the year 2006-07. This share went up further to 35.67 % in the year 2007-08. However, the FII share came down to the level of 33.09 % in 2008-09 and 28.09 % in 2009-10 respectively. In 2010-11, the FII showed good interest in the Indian capital market and their share again rose to 39.26 % which was almost 40 % of the total market turnover. The FII proportion as a percentage of total turnover of BSE and NSE has not only increased on yearly basis, it has also shown increasing trends on monthly basis. The Table 3 shows the FII proportion to the total market turnover on the basis of monthly data from 2000 to 2012. As per this table, the FII proportion which was just 13 % in April 2000 got increased to almost 44 % in March 2012. This again shows consistency in the behaviour of FIIs in terms of their investment strategy and preference for Indian capital market as a potential investment destination. The net result of the FIIs participation in the Indian stock market has been that, on the one hand, it has made the Indian market more vibrant and on the other hand, they have consolidated it in terms of better corporate governance practices and provided a bigger platform for their investment. Table 5 also indicates that the FIIs as the proportion of the total market capitalization of BSE and NSE has grown significantly over the last twelve years. The market capitalization grew from Rs. 768863 crore in 2000-01 to Rs. 3091199 crore in 2011-12. This shows that there was almost four times increase in their share. The FIIs proportion in total market capitalization got increased from 1.29% in 2000-01 to 19.03% in 2011-12 which was 19 times more. Gross domestic product (GDP) is an important index to measure the current state of the economic activities of an economy. Finding correlation of GDP with FII becomes more important as it displays the contribution of FII in the economic activities of a country. Table 6 shows the data on the share of FII in the Indian Gross Domestic Product (GDP). As per this table, in 2000-01, the GDP of Indian economy at market price was Rs. 2168652 crore which went up to Rs. 8855797 crore in 2011-12. The percentage of FIIs total cumulative net investment to Indian GDP which was 0.46 % in 2000-01 got increased to 0.80 % in 2001-02, 0.85 % in 2002-03, and gradually it got further increased to 6.65 % in 2011-12. This shows that FII role and contribution in the Indian economy has steadily been growing.

Table- 6 : FIIs as a Percentage of India's GDP during 2000-01 and 2011-12 (Rs. Crore)

Year	FIIs Gross Purchases	FIIs Gross Sales	Net FII (Gross Purchases – Gross Sales)	Total Cumulative Net Investment by FIIs	GDP at market Price	% of FIIs Total Cumulative Net Investment to GDP
2000-01	74051	64118	9933	9933	2168652	0.46
2001-02	50071	41398	8763	18696	2348300	0.80
2002-03	47062	44372	2689	21385	2530600	0.85
2003-04	144855	99091	45764	67149	2837900	2.37
2004-05	216951	171071	45880	113029	3242200	3.49
2005-06	436976	305509	41467	154496	3693300	4.18
2006-07	520506	489665	30841	185337	4294700	4.32
2007-08	948018	881839	66179	251516	4987000	5.04
2008-09	614576	660386	-45811	205705	5630000	3.65
2009-10	846438	703780	142658	348363	6457300	5.39
2010-11	992599	846161	146438	494801	7674100	6.45
2011-12	921285	827562	93725	588526	8855797	6.65

Source: Calculated on the basis of data from RBI Hand Book of Statistics on Indian Economy, SEBI Handbook and Annual Report

Conclusion

Based on the preceding analysis of data, it has been observed that huge investments have been made by the FIIs in the Indian capital market over the last twelve years from 2000 to 2012. These huge investments have not come from only a single country, rather FIIs from a large number of countries have participated in the capital formation process in India over these years. It has also been observed that amongst the various components of FPI, FII has become the largest component. Equity market has come to become the preferred choice for investment by FIIs as compared to debt market. In the last, it has also been observed that FIIs have contributed substantially in the Indian economic growth in terms of enhancing liquidity of the Indian capital market, speeding up of the Indian stock market turnover, increasing the stock market capitalisation and finally contributing in the gross domestic product (GDP) of India.

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Dividend Announcement Impact on Share Price: A Study of Selected IT Sector Companies.

***Parmod Kumar Singhal**

Abstract

The main objective of this paper is to find impact of stock dividend announcement on selected 5 companies of Indian stock market of IT sector. Sample data was drawn from companies listed on the BSE that have announced dividend over the period 2010 to 2014. Daily normal returns of stock prices understudy were examined for the dividend announcement effect using descriptive statistics like average and standard deviation. It has been found significant on event period 16 times positive move, 24 times negative move and3 times constant or near to zero volatility. This research will help investors to identify the announcement effect and will also help market to avoid mispricing near the dividend announcement. The study also helps to the managers of the companies in deciding the dividend policy of the organization. Emphasis has been given on the collection of prices and dividends data, the authenticity have also been considered meticulously by crosschecking data on different sources.

Key Words: Dividend Announcement, Share Price, Return, BSE, IT Sector, Shareholder

Introduction

The financial goal of the companies is to maximize the value of the shareholders' investment in the firm. Managers pursue this financial goal through their investment, financing and dividend decision. Investment decision involve with the selection of positive net present value projects while financing decision involve with selection of a capital structure that would minimize the cost of capital of the firm and maximize the value of the firm. In addition, managers need to decide dividend decision on a regular basis that involves with whether to payout earnings to shareholders to reduce agency problem. The dividend is main price movement force. There are several models on dividend policies. Either company's have to make the payment of dividend or not. Some models are in the favour of dividend declaration and some are not. The Indian Stock market is major capital market in the world. There are large numbers of investors in India and outside who made investment. The Bombay Stock Exchange is one of the oldest exchanges in Asia. It was initiated its operation in 1850s, when stockbrokers gather under banyan trees in front of Mumbai's Town Hall. The location of these meetings frequently changes as number of stock brokers increases. Then this association moved to Dalal Street in 1874 and in 1875, became officially "The Native Share & Stock Brokers Association". The stock brokers used the cry system for business in stock exchange. The BSE became the first recognized stock exchange by the Indian Government in 1956. More than 5000 companies are listed in BSE. The Bombay Stock Exchange uses the S&P BSE Sensex, an index of 30 large and most liquid companies. it world's No. 1 exchange in terms of listed members. The companies listed on BSE Ltd command a total market capitalization of USD 1.32 Trillion as of January 2013. Investors earn returns in two ways firstly in the form of dividend and secondly growth of capital. The study focuses the signal of pre and post announcement of dividends of selected IT sector companies. The IT sector is chosen for the study reason being it is the most growing sector in India. The impact of dividend announcement over stock value has been aggressive issue in behavioral finance in last few years In growing country like India it is most important to provide the study result about the impact of announcement of dividend on selected sock price in Bombay Stock Exchange (BSE), which will contribute to the information efficiency to the investors, managers and policy makers specially in IT sector. The maximum companies of this sector come under the blue chip companies. The companies in this sector have large trading volume in BSE.

Literature Review

Miller and Modigliani (1961)- Here in after referred to as MM-argued that the assumption of perfect markets, rational behavior and perfect certainty, find the relationship that the value of the company and the current dividend policy is irrelevant.

Black (1976) Dividend announcement by a company is an indication to shareholders. Basically, managers and shareholders have different information, where managers have more complete information than shareholders. The shareholders will interpret the increase in dividend payments by the company, as the signal that management has a high cash flow forecast future.

Jensen and Smith (1984) the study conducted by Jensen at el. argues that there is direct relationship between dividends and stock prices.

Baskin (1989) studied the correlation between share price and dividend yield with sample of 2344 U.S. firms over a period of 1967 to 1986 and he found a significant negative correlation between dividend yield and stock price volatility which was greater than correlation between share price volatility and any of other variables. On the basis of study he suggested that dividend policy can be used for controlling the share price volatility in the market.

Bajaj and Vijh (1990) made a study by using the sample period 1962-1987. The study shows that the rate of dividend

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has a significant impact on the price movement of stock.

Gordon (1959), Ball & Brown (1968), Ariff & Finn (1986), Stevens & Jose (1992), Ogden (1994), Kato & Loewenstein, (1995), Lee (1995) found significant positive effect on stock price of the dividend announcement. On the contrary,

Loughlin (1982) and Easton & Sinclair (1989) found negative effect of the dividend announcement on stock price.

Md. Hamid Uddin (2003), have studied 137 companies who are paying dividend and listed in Dhaka Stock Exchange, he found that investors did not gain returns from dividend announcement and found that 30 days prior the dividend announcement, shareholders lost about 20 per cent. He also found that there is no significant impact of dividend announcement on stock price.

Mahmood et al. (2011), studied dividend announcements and stock returns of 100 companies' dividend announcement listed under Karachi Stock Exchange during 2005 to 2009 using three different market model i.e. Market, Mean and Risk adjusted model. The results indicated positive value relevance between dividend announcement and stock price and rejected dividend irrelevance hypothesis. They have also found strong return evidences before announcement of dividend.

Aamir & Shah (2011) studied dividend announcement and resulted abnormal stock returns of selected firms. They conducted the study on 26 companies from the cement, oil and gas sectors of Pakistan for the period from 2004 to 2008. They found positive impact on the stock prices of selected companies before and after announcement day of dividend and confirmed the semi-strong form of inefficiency.

Sujith & Halageri (2011) have studied bonus announcements for a period 1996 to 2011; they have taken stock prices 30 days before and 30 days after the bonus announcement date to test the abnormal returns before and after the bonus announcement. The results define that Indian stock market (NSE) is not perfectly efficient and there is significant abnormal return after the announcement of bonus.

Travlos et. al. , (2001) studied the stock price response to announcement of stock dividend and dividend increase in the Cyprus Stock Exchange over 1985 to 1995. They studied 41 announcements of cash dividend and 39 cases of dividend increase. Their results provided strong evidence for supporting the signaling hypothesis that the dividend announcement have positive on stock prices.

Bayezid Ali & Chowdhury (2010) made a study on Effect of Dividend on Stock Price Listed Private Commercial Banks in DSE and found that there is no significant impact of dividend announcement on the share price of various private commercial banks in Dhaka.

Nazir et al., (2010) used 73 firms listed in Karachi Stock Exchange (KSE) as sample and studied the relationship between share price volatility and dividend policy for the period of 2003 to 2008. They applied fixed effect and random effect models on panel data. They reported that share price volatility has significant negative association with dividend yield and dividend payout.

Parul Bhatia, (2010), observed the announcements during the financial year 2008-09 based on daily, monthly, quarterly and yearly news about Company and Industry. This empirical study proves that the dividend announcement have the positive impact on the share price. The stock returns did not show high changes but the announcements did affect the stock prices, with the significant t-test values.

Mahadevan & Saravanakumar (2011) studied dividend announcement effect on Indian Companies listed in NSE. They found that Investor have not received the significant returns in terms of dividend but have earned good returns in post announcement of dividend and investors are switching their investment after dividend announcement.

Sultan Singh & Sapna (2011) examined the stock return behaviour around dividend announcements in India during the period 2006-07 to 2009-10. Dividend announcements made by BSE A-Group listed companies have been taken for the study and a database of 671 observations has been constructed, which reduced to 427 observations after the implementation of the criteria. The results of paired t-test for means have shown that there are significant differences in average number of transactions before and after announcement from 2006-07 to 2009-10. On the other hand, the results of the paired t-test for means have shown mixed results for turnover and average traded quantity during the period under study.

Dhar & Chhaochharia (2008) found in their study that stock split and bonus announcement affect stock prices returns.

Mehndiratta & Gupta (2010) studied impact of dividend announcement on stock prices of 15 listed companies in sixty days, means thirty days before and thirty days after the dividend announcement. They conclude that dividend announcement have positive impact on the share price.

Murhadi et al. (2010) conclude in their study that dividend policy has positive influence on stock prices. The study shows dividend announcements have impact on the share price of the company.

Research Methodology

The populations in this study are all companies listed on BSE India. Sampling was done by using purposive sampling with sample of main 5 IT companies those announcement dividends during the period 2010-2014.

Scope of the Study

The present study tests the impact of dividend announcement on the share price in Indian Stock Market. The study covers five years ranging from 2010 to 2014. The study is restricted to dividend announcement made by 5 selected companies in IT sector from BSE Sensex. The investors use the different information for investment purpose. The India investors also use the dividend announcement as main part in selecting the securities. One major source of information that the investors can make use for valuation securities is corporate event announcement. Corporate event announcement information and stock market efficiency are of greater interest to the investors, fund managers, analysts, planners, policy makers, and market regulators, accounting standard setters, researchers, the government, and the public in general. The present study is an attempt to check the effect of dividend announcement in context of Indian Stock Market with reference to IT sector.

Statement of the Problem

The explicit question is how effectively dividend announcement affect the share price. The efficiency of stock market with respect to dividend announcements, and very rare study has been conducted between 201-2014 periods for selected IT companies. Hence present study is an attempt to test the semi strong efficiency of the Indian stock market by considering information content of dividend announcements of 5 selected companies of IT sector for period of % years from 2010 to 2014.

Sample, Sampling Size and Source of Data

Sample is drawn from companies listed on the Bombay Stock Exchange that have announced dividend over the period of 5 years from 2010 to 2014. The sample firms' dividend announcement information and other financial details were obtained from BSE web site, yahoo finance, and criteria for selection of 5 companies e.g. HCL, Wipro, Infosys, Tech Mahindra, and Rolta India, are dividend announcement of IT sector companies annually.

The average share price return is calculated by using the following formula

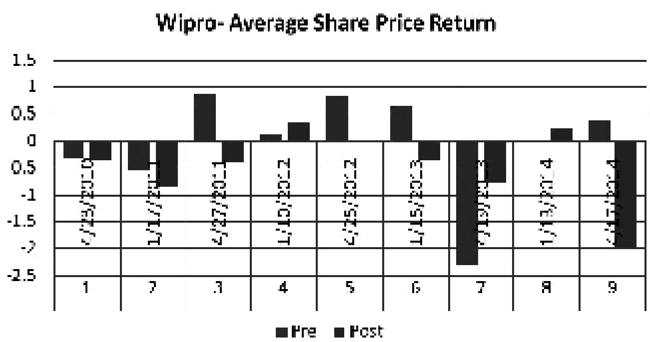
Share Price Return= {(Pt –Pt-1)/ Pt-1}*100
t & t-1= time
P= Share Price

Analysis

Tabel-1: Average Share Price Return and Standard Deviation of Share Price of Wipro Pre and Post Dividend Announcement

Date of Dividend Announcement	Average Share Price Return		Std. Deviation	
	Pre	Post	Pre	Post
4/23/2010	-0.32568	-0.36505	1.348593	1.522425
1/17/2011	-0.56846	-0.85942	2.182612	2.337625
4/27/2011	0.859432	-0.411	1.374891	1.466843
1/10/2012	0.133259	0.331487	2.556752	2.080315
4/25/2012	0.832338	-0.03173	1.960372	1.24812
1/15/2013	0.661013	-0.35664	2.772524	3.100404
4/19/2013	-2.32214	-0.75882	4.473763	3.756745
1/13/2014	0.019811	0.242201	1.368257	2.047416
4/17/2014	0.401673	-1.96242	1.950555	2.576931
Overall Average	-0.03431	-0.46349	2.220924	2.237425

Source: Calculated

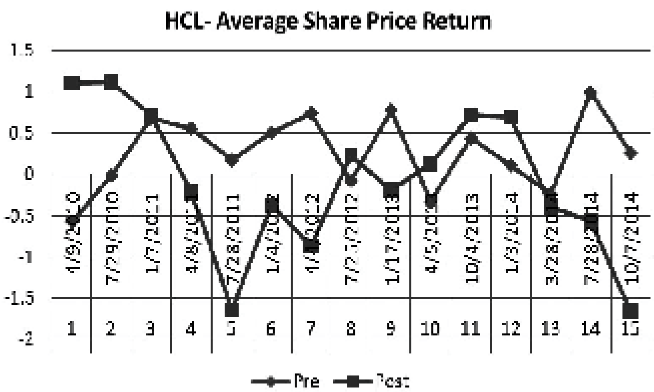


The average share price return of Wipro from 2010 to 2014 is less after the dividend announcement except in October 2012, April 2013 and January 2014. The standard deviation in share price return is more after the dividend announcement in comparison to pre dividend announcement except in October 2012 and April 2013. The result shows that share price are more volatile after the dividend announcement. The shares are overpriced before the announcement of dividend and come down at real price after dividend announcement. The study shows more loss in share price return after the dividend announcement. And the overall average standard deviation is more after the dividend announcement.

Tabel-2: Average Share Price Return and Standard Deviation of Share Price of HCL Pre and Post Dividend Announcement

Date of Dividend Announcement	Average Share Price Return		Std. Deviation	
4/9/2010	-0.56425	1.106357	1.522113	3.250299
7/29/2010	-0.01674	1.119489	1.382559	1.715544
1/7/2011	0.682728	0.718975	1.152617	1.709235
4/8/2011	0.553434	-0.21741	1.749367	2.451834
7/28/2011	0.168363	-1.63801	1.491569	2.422049
1/4/2012	0.502808	-0.36652	1.178269	1.538948
4/4/2012	0.739735	-0.85821	1.810117	1.417953
7/25/2012	-0.08165	0.234332	0.54342	0.557692
1/17/2013	0.775865	-0.19791	1.731933	2.056871
4/5/2013	-0.33608	0.131527	2.139884	2.252257
10/4/2013	0.433666	0.724177	1.736484	1.441671
1/3/2014	0.105882	0.697161	0.583043	1.981124
3/28/2014	-0.24379	-0.38067	0.787547	1.328656
7/28/2014	0.993829	-0.56107	1.011462	1.724429
10/7/2014	0.254569	-1.65254	0.676199	3.757654
Overall Average	0.264558	-0.07602	1.299772	1.973748

Source: Calculated



In last 5 years HCL generally announce the dividend 3 times in a calendar year. In 2010 company announce the dividend 2 times and have positive impact on the share price. The share price average return was more after the dividend announcement. It shows that the dividend is accommodated in share price just after the announcement. But in 2011 and 2012 the share price return show the negative return after the dividend announcement. The share price return was more after dividend announcement in 2013. And again in 2014 it show the negative impact of dividend announcement. The standard deviation of share price return is higher after the dividend announcement. It shows the more volatility in the share price of HCL due to more trading after the dividend announcement.

Tabel-3: Average Share Price Return and Standard Deviation of Share Price of Infosys Pre and Post Dividend Announcement

Date of Dividend Announcement	Average Share Price Return		Std. Deviation	
4/13/2010	0.064469	-0.24395	0.5333	0.65508
9/29/2010	0.208755	0.177896	1.144383	1.07177
4/15/2011	0.391246	-0.23492	1.186438	1.216259
9/22/2011	1.491357	0.475102	2.474704	2.139624
4/13/2012	-0.53031	-0.27278	0.998582	1.745445
9/24/2012	0.3362	-0.11282	1.817068	1.348253
4/12/2013	-0.23127	-0.17544	2.282959	1.291744
9/26/2013	0.075552	0.079757	0.633462	0.466388
4/15/2014	-0.44281	-0.32673	0.80208	1.310931
Overall Average	0.151465	-0.07043	1.31922	1.249499

Source: Calculated

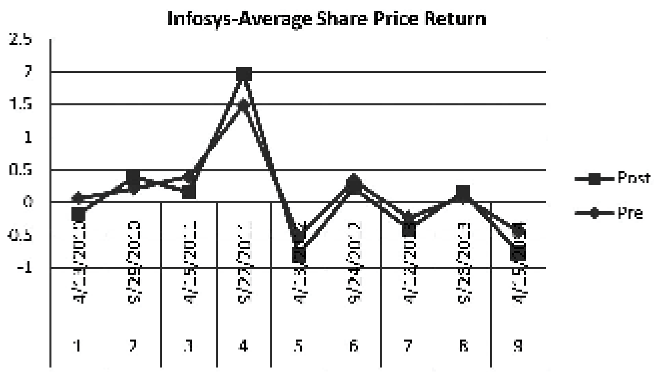
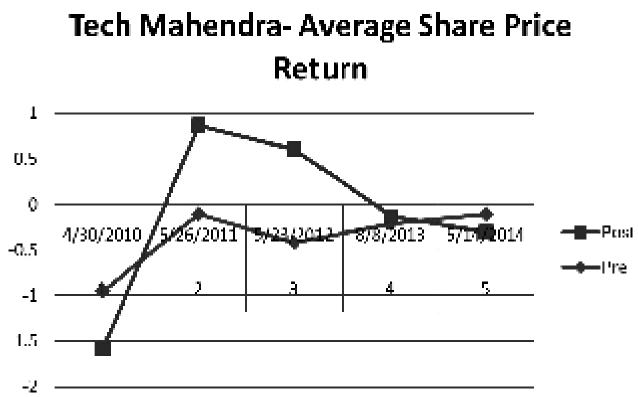


Table -3 indicates that Infosys announce the dividend 2 times in a year, i.e. interim dividend and final dividend. The average share price return of Infosys went down after the dividend announcement in 2010, 2011, September 2012. But the share price returns increase in 2013 and 2014 after the dividend announcement. But the standard deviation shows the mixed trend. So it shows that the share prices are moderate volatile. And there is mix impact of dividend announcement on share price of the company.

Tabel-4, Average Share Price Return and Standard Deviation of Share Price of Tech Mahendra Pre and Post Dividend Announcement

Date of Dividend Announcement	Average Share Price Return		Std. Deviation	
4/30/2010	-0.95002	-0.63127	1.73249	2.745898
5/26/2011	-0.10119	0.969382	2.35922	2.208121
5/23/2012	-0.42059	1.02575	2.020974	3.731491
8/8/2013	-0.20893	0.080427	1.688179	2.579463
5/14/2014	-0.10166	-0.20009	1.906853	2.155571
Overall Average	-0.35648	0.24884	1.941543	2.684109

Source : Calculated

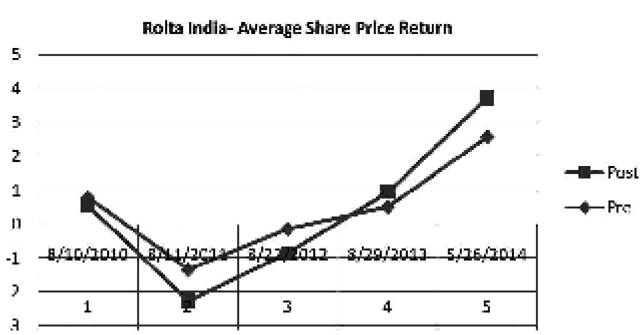


The table-4 shows that company announced the final dividend five times in last five years. The average share price return shows a positive impact of dividend announcement on share price of the company. The standard deviation is also more post dividend announcement in share price. The share price increased due to more buying of the shares after the dividend announcement. Due to dividend adjustment in share price the volatility is more in share price from 2010 to 2014. This also shows that company is fundamentally strong.

Tabel-5, Average Share Price Return and Standard Deviation of Share Price of Rolta India Pre and Post Dividend Announcement

Date of Dividend Announcement	Average Share Price Return		Std. Deviation	
8/10/2010	0.77405	-0.23663	0.61641	1.388689
8/11/2011	-1.35129	-0.91421	3.135214	3.633184
8/22/2012	-0.14305	-0.70805	1.732019	1.318734
8/29/2013	0.508329	0.446615	1.567558	1.752175
5/26/2014	2.563987	1.17214	3.929895	4.448097
Overall Average	0.470405	-0.04803	2.196219	2.508176

Source: Calculated



The table-5 shows that company announced the final dividend five times in last five years. The average share price return shows a negative impact of dividend announcement on share price of the company except in 2011. The standard deviation is more post dividend announcement in share price except 2012. The share price decreased due to more selling of the shares after the dividend announcement. Due to dividend adjustment in share price the volatility is more in share price from 2010 to 2014. This also shows that company is not fundamentally strong. The price might be overpriced, so that comes down after the dividend announcement.

Conclusion

The study shows that the average share returns and dividend announcement. The study shows that the share price of Wipro went down and standard deviation is increased in share price of Wipro after the dividend announcement. It also shows that the investors want to take the immediate benefit of the dividend announcement. So t investors sold the shares after the announcement of dividend. It shows the more volatility in the share price of HCL due to more trading after the dividend announcement as declining in share price return. In the case of Infosys there is moderate result. And there is mix impact of dividend announcement on share price of the company.

Due to dividend adjustment in share price of Tech Mahindra the volatility is more in share price from 2010 to 2014. This also shows that company is fundamentally strong. And it shows a positive relationship in dividend announcement and share price return. The Rolta India shows a reverse relationship between the dividend announcement and Share price. The overall study concludes that there is strong impact of dividend announcement on the share price of an organization. This study will help in understanding the relationship in the share price and dividend announcement.

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A Comparative Study of Priority Sector NPAs of Public and Private Sector Banks in India

***Jitender Kaushal**

Abstract

India is a mixed economy focusing on priority sector to boost the economic and social status of the poor people in the country. Priority Sector refers to those sectors of the economy which may not get timely and adequate credit in the absence of special dispensation. Small loans are distributed for farming and allied activities, for study, for micro and small enterprises and for housing to weaker section of the society who have low income. Indian Domestic Commercial Banks / Foreign banks with 20 and above branches are required to achieve a target of lending 40% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off Balance Sheet Exposure (CEOBE) to Priority Sector. Agriculture is mainly dependent on weather conditions and small enterprises are more prone to different type of risks because they have low capital. All these circumstance increases risk of bank advances becoming NPAs. This study compared Priority Sector NPAs of Public and Private Sector Banks with the help of different variables such as Real GDP, Bank Credit Growth, Total NPAs and Total Advances of banks. Total NPA of Private Sector Banks had more growth rate as compare to their counterparts whereas increase in Total Advances is nearby. The paper lay bare that Public Sector Banks are controlling their NPAs in a superior way.

Keywords: NPA, public and private sector banks, priority sector

Introduction

Financial Sector plays a very important role in economy of any country by fulfilling the financial needs of the society such as mobilization of deposits from depositor to industry and other needy sectors. During the recent financial crisis including European Sovereign Debt Crisis, Indian Banking System remains stable. A long history, strong foundation, amalgamation, nationalization, regulatory mechanism and social objectives are the characteristics of Banks in India. The General Bank of India was the first Bank to be established in the year 1786.The Bank of Bengal /Calcutta (1809), Bank of Bombay (1840) & Bank of Madras established by the East India Company in 1870. These three individuals units were called Presidency Banks. Allahabad Bank was the first Bank that was completely run by Indians. In 1894, Punjab National Banks was set up with headquarters at Lahore. Between 1906 and 1913, Bank of India, Central Bank of India, Bank of Baroda, Canara Bank, Indian Bank and Bank of Mysore were set up. Empirical Bank of India was formed by amalgamating all Presidency Banks. Reserve Bank of India was established in April, 1935. There were approximately 1100 small Banks in India during 1913 to 1948. To regulate the Commercial Banks, the Government of India introduced Banking Companies Act, 1949 & later it was changed to Banking Regulation Act, 1949. The Empirical Bank of India was nationalized in 1955 and was given the name,' State Bank of India' which acts as principal agent of RBI. To further safeguard the investor's interest, Indian government nationalized seven banks (all subsidiaries of SBI) in 1960, fourteen largest commercial banks in 1969 and another six banks in 1980. Government of India controlled around 91% of the Banking business with the 2nd phase of Nationalization. Financial Markets in India have witnessed a fundamental revolution in the years since liberalization along with the rest of the economy. This process has not been smooth all along but the overall effects have been largely positive.

Structure of Indian Banking Industry

RBI control banks and financial institutions in India. Scheduled Banks includes Scheduled Commercial Banks and Scheduled Cooperative Banks. Scheduled Commercial Banks includes Public Sector Banks, Private Sector Banks, Foreign Banks operating in India and Regional Rural Banks. Scheduled Cooperative Banks includes Scheduled Urban Cooperative Banks and Scheduled state Cooperative Banks. The country has 87 Scheduled Commercial Banks with deposits of Rs.71.6 trillion on 31 May, 2013. Of this, 26 are Public Sector Banks, which control over 70% of India's banking sector, 20 are Private Banks and 41 are Foreign Banks. Of the total, 41 banks are listed with a total market capitalization of Rs.9.35 trillion.

Emergence of Private Banks and Banking Reforms

Narsimham Rao government started policy of liberalization, licensing a small number of Private Banks. New generation Banks included Global Trust Bank (which was later amalgamated with Oriental Bank of Commerce), Axis Bank (earlier as UTI Bank), ICICI Bank and HDFC Bank. Ten licenses were issued to Private Sector Banks in 1993-94. The last time licenses were issued to Kotak Mahindra Bank Ltd and Yes Bank Ltd in 2003-04 by RBI. After the recommendations of Narasimham Committee under the chairmanship of Sh. M. Narasimham, the then Deputy Governor of Reserve Bank of India, the first phase of Banking reforms was introduced in the year 1992-93. These reforms provide functional autonomy and operational flexibility to Banking Sector and thereby enhancing Bank's efficiency, productivity and profitability. The Narasimham Committee has recommended Asset

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classification and provisioning (also called IRAC norms) at par with international standards prescribed by Bank for International Settlements (BIS) and introduction of Prudential Norms for income recognisition. In 1992, Narasimham Committee II was setup to review the financial Sector reforms.

Non Performing Assets

Second generations Banking reforms were introduced in 1998 on the basis of second Narasimham Committee and major recommendation was to adopt international practice of treating an asset as non-performing when the interest was overdue for at least two quarters. The interest was not considered on accrual basis but on actual receipt basis with few exceptions. RBI accepted many recommendations and advised Banks to classify their advances in two categories-standard Assets and Non-performing Assets and further classification of Non-Performing Assets into three categories, namely Sub Standard Assets, Doubtful Assets and loss Assets. RBI advised that certain specified percentage of the same should be held as provision against Non-Performing Assets. Standard Asset is one which does not disclose any problems and which does not carry more than normal risk attached to the business. Sub Standard Asset is one which has been classified as NPA for a period not exceeding 12 months. A Doubtful asset is one which has remained NPA for a period exceeding 12 month and a loss of Assets is one where loss has been identified by the Bank or Internal or External auditor or Reserve Bank of India. Due to improvement in technology, settlement system and availability of more legal support, NPA norms have been changed from 31 March, 2004. Accordingly, as from the date, a Non-Performing Asset (NPA) is an advance where:

- Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of tern loans.
- The account remains out of order for a period or more than 90 days, in respect of an overdraft/ cash credit (OD/ CC).
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- Interest and /or installment of principal remains overdue for two harvest seasons but for a period not exceeding two half years in the case of an advance granted for agricultural purpose and
- Any amount to be received remains overdue for a period of more than 90 days.

Public Sector Banks have been established to fulfill social objectives. This has led to increased risk of NPA'S as decisions of lending are not purely based on commercial basis. Competition and profitability concerns are driving Public Sector Banks towards greater profit orientation. Professionalism has been increased due to emergence of Private Sector Banks and greater participation by Foreign Banks. Private Banks operates on pure commercial basis and though aggressive business model help Private Banks to grow rapidly but increased NPA are one of the side effects of growth in lending. The issue of Non-Performing Assets (NPAs) came into existence in 1992 and its current status indicates poor quality in recovery management and high degree of riskiness in the credit-portfolio of the Public Banks, resulted adverse impact on profitability of Banks. Gross non-performing assets (NPAs) have increased sharply in public sector banks (PSBs) in the first quarter of the current financial year as a rapidly slowing economy is resulting in a quantum leap in bad loans. Gross NPAs as a percentage of advances stood at a two-and-half year high in several leading PSBs in the April-June quarter of 2013. State Bank of India (SBI), the country's largest lender, topped the list of banks with the highest gross NPAs (in percentage terms) during the quarter among BSE-Bankex constituents. Centre for Monitoring Indian Economy(CMIE) showed that the gross NPA to advances for SBI, which has seen a steady increase in bad loans, surged to 5.56% in April-June(2013), the highest since the quarter ending March 2011. Gross NPAs have increased 81 basis points (0.81%) for SBI during the quarter. The rise of bad loans is across the board. The growth has lowered,manufacturing sector is not doing that well and interest rates are going up instead of moving down. In such an environment, NPAs is likely to only move up. Gross NPA to advances surged to the highest in 10 quarters for Bank of Baroda, Canara Bankand Punjab National Bank. Incidentally, global ratings agency Moody's downgraded the bankfinance strength ratings of Bank of Baroda, Canara Bank and Union Bank of India on August 16. Moody's says PSBs would find it difficult to respond to slower economic growth, deteriorating asset quality and declining profit margins. According GoI Finance Ministry communique, the Gross Non-Performing Assets (NPAs) of Public Sector Banks (PSBs) as on 30th June 2013 was Rs. 1,76,009 crore. The Gross NPAs of PSBs were Rs. 1, 12,489 crore in March 2012 and Rs. 1, 55,890 crore in March, 2013.

Review of the Literature

Dong (2002)[1] in his work, "Resolving Non Performing Assets of the Indian Banking System" point out the nature of NPA and key design features that would be important for Asset Management Companies (AMC) to plan an effective role in resolving NPAs. Credit Quality is low in Public Sector Banks and Development Finance Institutions, the dominant sub sectors of the Indian Banking system. The AMCs are used extensively to tackle the NPA problem. **Rajiv Ranjan & Sarat Chandra Dhal (2003)**[2] in their study, ' 'Non Performing Loans and Terms of Credit of Public Sector Banks in India" argue how Bank's non- performing loans are influenced by three major set of economic and financial factors i.e. terms of credit, Bank size induced risk preferences and macroeconomic shocks. The study finds out that terms of credit variables have significant effect on the Bank's non- performing loans in the presence if Bank size & macroeconomic shocks. Asset size has a negative impact and capital size has a positive & significant impact on gross NPAs but negligible effect on net NPAs. The level of NPAs decreases with horizon of maturity of credit, favorable macroeconomic & business conditions. **K. karthikeyan (2010)**[3] in his doctoral dissertation, "A Study on the Management of Non Performing Assets" examined the concept and prudential norms related to management of NPAs.

The study finds that new Private Sector Banks show maximum compounded growth rate (CGR) in respect of gross NPAs. The study pointed out increase in Standard Assets indicating NPA recovery and reduction in asset slippage. There is a significant decrease in the share of Doubtful Assets, Sub-Standard Assets and Loss Assets. Punjab & Sind Bank has the highest gross NPA ratio among the Public Sector Banks and Development Credit Bank Limited has 15% gross NPA ratio among new Private Banks. The study suggested high powered committee, engagement of professional agencies and encouragement to securitization of stressed Assets of Banking Sector advances.

Jaya Agnani (2010)[4] in her paper, ‘‘NPAs in Banks: A Syndrome probing remedy’’ find out that only lower profitability or higher NPAs taken in isolation do not reflect the performance and future direction of success or failure of a Bank in real and absolute terms. Bank’s rating does not depend on any single factor such as NPA or profitability or rating given by rating agencies. It is not always that increase in NPAs will reduce profits of Banks.

Dr. Harpreet Kaur & Dr. J. S. Pasricha (2010)[5] in their study, ‘Management of Non-Performing Assets: A Study of Public and Private Sector Banks’ highlights that Public Sector Banks have more NPAs as compared to Private Sector Banks. There are higher non priority sector NPAs as compare to priority sector. Most of the Banks decrease NPAs during 2003-2009. Even some Banks bring down the level of NPAs to zero level in 2003-04 but they are not able to maintain this trend. The Study suggested creation of awareness among Bank staff, frequent interactions with the borrowers for creating better understanding, sending reminders and set up of separate legal department for effective handling of NPAs. Credit audit, ABC technique and use of management information system can minimize NPAs. **Dr. M. Jayasree & R.Radha (2011)**[6] in their study, ‘‘Non Performing Assets: A Study of Scheduled Commercial Banks in India’’ examine sector wise NPAs. The study compares NPAs of Public Sector Banks, new Private Sector Banks and Foreign Sector Banks. It uses regression analysis to check the impact of NPAs on net profit & impact of total advances on NPAs. NPAs declined during the study period. NPA is lower in Public Sector Banks as compare to Private & Foreign Banks during the study period. **Jappanjyot Kaur Kalra and S. K. Singla (2011)**[7] **in their paper** ‘‘Comparison of Non Performing Assets of Selected Public Sector Banks’’ analyze the procedure and causes of NPAs. Doubtful assets of Punjab & Sind Bank and Central Bank of India decreases during study period (2005-2009). The study finds out that managers of both the Banks consider industry prospects and financial efficiency before giving loan. Lack of proper planning and wrong selection of customer are the main causes of NPAs. According to this study important reasons for nonpayment are business slow down, delay in disbursement of loan and political influence. NPAs can be cured with increase in the provisions of NPAs, effective inspection system and efficient reminder system.

Research Methodology

Variables Used in the Study

To make comparative study of Public Sector and Private Sector Banks, following variables are used-

- India's Real GDP Growth Rate (Factor cost)
- Bank Credit Growth
- Total NPAs of Public Sector Banks
- Total Advances of Public Sector Banks
- Total NPAs of Public Sector Banks
- Total Advances of Private Sector Banks
- Priority Sector of NPA of Public Sector Banks
- Priority Sector NPA of Private Sector Banks

Population of the Study

Public Sector and Private Sector Banks of equal numbers (5 each) are taken for the study.

Time Period

The study is conducted using information available- Priority Sector NPA from 2006 to 2011

Objectives of the study

- To analyze the trend and growth of priority sector NPAs of Public Sector Banks
- To analyze the trend and growth of priority sector NPAs of Private Sector Banks
- To compare the priority sector NPAs of in Public and

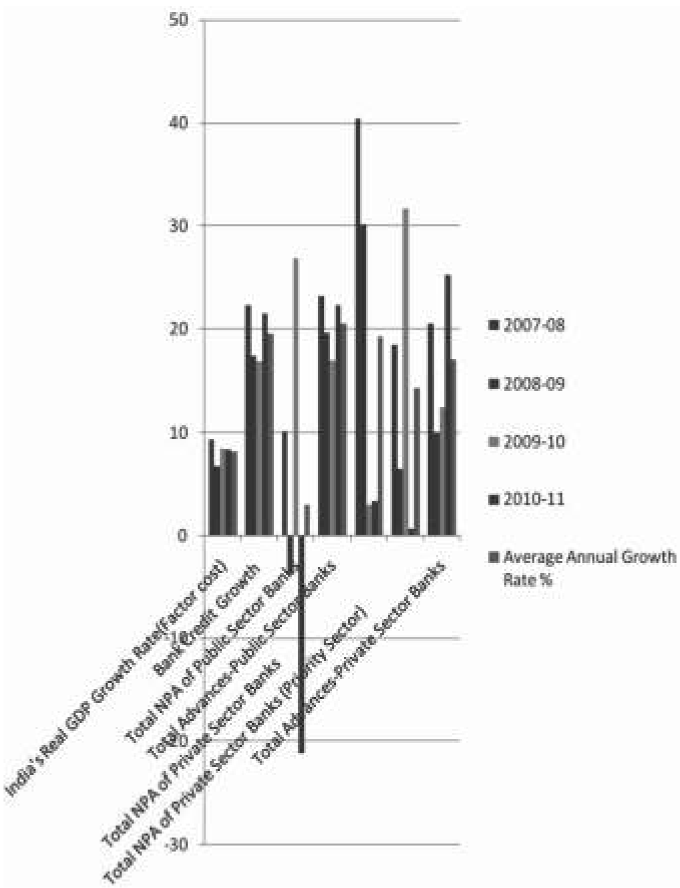
Private Sector Banks

Analysis and Interpretation of the data

Table No.-1: Annual Growth Rate of Real GDP, Bank Credit Growth, Total NPAs and Total Advances of Public Sector Banks and Priority Sector (in %)

Variables	Annual Growth %				Average Annual Growth Rate %
	2007-08	2008-09	2009-10	2010-11	
India's Real GDP Growth Rate(Factor cost)	9.3	6.7	8.4	8.37	8.19
Bank Credit Growth	22.3	17.5	16.9	21.5	19.55
Total NPA of Public Sector Banks	10.16	-3.83	26.85	-21.17	3
Total Advances-Public Sector Banks	23.14	19.63	17.03	22.27	20.52
Total NPA of Private Sector Banks	40.44	30.14	2.94	3.37	19.22
Total NPA of Private Sector Banks (Priority Sector)	18.53	6.48	31.65	0.65	14.33
Total Advances-Private Sector Banks	20.54	10.02	12.49	25.27	17.08

Figure No.-1: Annual Growth Rate of Real GDP, Bank Credit Growth, Total NPAs and Total Advances of Public Sector Banks and Priority Sector (in %)

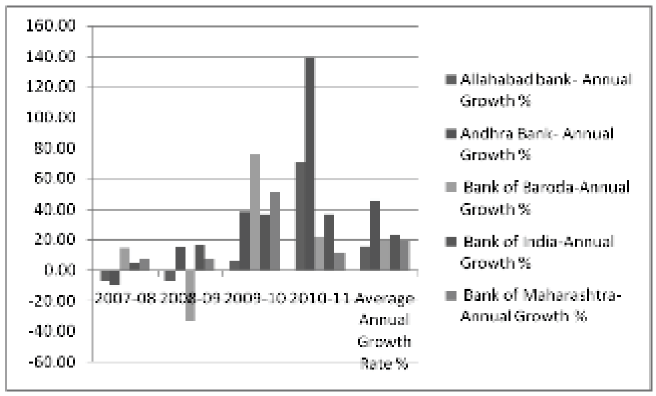


India registered a good Average Annual Growth Rate in Real GDP during 2006-2011. Bank credit growth is more impressive as government stress on financial inclusion and banks generously provide credit to customer whose income increased with the rise in the economy. Government implemented its agenda of focusing on priority Sector; the Sector is one of the main sources of employment for rural people generating demand for industrial goods and services. Agriculture which is included in priority Sector provides food security to the nation. With the robust credit growth in the Bank Credit, Total NPAs of Public Sector Banks registered Average Annual Growth Rate of 16.96%. There was economic crisis during the 2008-2011 which may be one of the reasons of increased NPAs. Allahabad Bank's NPA's Average Annual Growth Rate is less than growth rate of Bank Credit Growth and Total NPAs of Public Sector Banks and its NPA's Average Annual Growth Rate (15.63) is much more than Total NPA of Public Sector Banks-Priority Sector (3%). Total NPA of Private Sector Banks (Priority Sector) increased more than increase in total advances in whereas performance in priority sector is not so good.

Table No-2: Annual Growth Rate of Priority Sector NPAs of Public Sector Banks (in %)

Name of the Bank	% Annual Growth in NPAs				Average Annual Growth Rate %
	2007-08	2008-09	2009-10	2010-11	
Allahabad bank-Annual Growth %	-7.08	-7.37	6.26	70.75	15.64
Andhra Bank-Annual Growth %	-9.99	14.96	38.85	139.67	45.88
Bank of Baroda-Annual Growth %	14.61	-33.01	76.10	22.01	19.93
Bank of India-Annual Growth %	4.62	16.77	37.28	36.89	23.89
Bank of Maharashtra-Annual Growth %	7.86	7.59	50.85	11.72	19.51

Figure No-2: Annual Growth Rate of Priority Sector NPAs of Public Sector Banks (in %)



Andhra Bank registered a maximum Average Annual Growth Rate of 45.88% among all the Public Sector Banks under study. It is a worried situation for management of Andhra Bank as they are accountable to, first and foremost depositors, then other stakeholders i.e. government and society. Allahabad Bank registered minimum growth in Total NPAs reflecting better results of Assets management which is supported by good loan recovery mechanism. Bank of Baroda, Bank of Maharashtra and Bank of India also recorded increase in Priority Sector NPAs in the range of 19% to 24% which is more than Bank Credit Growth and Total NPAs of Public Sector Banks Growth. All of the Public Sector Banks under study could not control Priority Sector NPAs growth rate below the bank credit growth rate. The first hypothesis that

Table No-3: Priority Sector NPAs of Private Sector Banks

Name of the Bank	% Annual Growth in NPAs				Average Annual Growth Rate %
	2007-08	2008-09	2009-10	2010-11	
Total NPA of Private Sector Banks	40.44	30.14	2.94	3.37	19.22
Total NPA of Private Sector Banks (Priority Sector)	18.53	6.48	31.65	0.65	14.33
Total Advances-Private Sector Banks- Annual Growth %	20.54	10.02	12.49	25.27	17.08
Axis Bank Ltd.	91.27	41.03	77.78	27.48	59.39
Development Credit Bank Ltd.	-82.66	257.14	70.00	-17.68	56.70
HDFC Bank Ltd.	16.73	95.46	5.26	20.93	34.60
ICICI Bank Ltd.	38.17	6.60	34.30	-7.11	17.99
Indusind Bank	-23.70	55.56	-15.15	27.07	10.95

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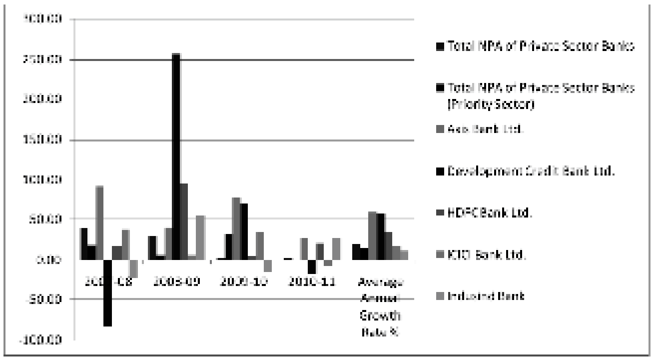
Figure No-3: Priority Sector NPAs of Private Sector Banks



Private Sector Banks are playing their role in fulfilling growing demand for Bank Credit from different sections of the society. Few of the leading Private Banks are competing with Public Sector Banks in deposits and loans. Total NPA of Private Sector Banks (Priority Sector) increased at lessor rate than Overall NPA of Private Sector Banks. Most of the Private Sector Banks registered more growth in NPAs than Bank Credit. Private Banks have to look after their Loan granting and recovery mechanism. IndusInd Bank's performance is better than other Private Banks and this kind of management can be helpful to bank in enhancing its customer base without substantial provisions for NPA.

Table No.-4: Comparison of Public Sector and Private Sector Banks

Particulars	Annual Growth %				Average Annual Growth Rate %
	2007-08	2008-09	2009-10	2010-11	
India's Real GDP Growth Rate(Factor cost)%	9.30	6.70	8.40	8.37	8.19
Bank Credit Growth %	22.30	17.50	16.90	21.50	19.55
Total NPA of Public Sector Banks-Annual Growth %	10.16	-3.83	26.85	-21.17	3.00
Total Advances-Public Sector Banks- Annual Growth %	23.14	19.63	17.03	22.27	20.52
Allahabad bank- Annual Growth %	-7.08	-7.37	6.26	70.75	15.64
Andhra Bank- Annual Growth %	-9.99	14.96	38.85	139.67	45.88
Bank of Baroda-Annual Growth %	14.61	-33.01	76.10	22.01	19.93
Bank of India-Annual Growth %	4.62	16.77	37.28	36.89	23.89
Bank of Maharashtra-Annual Growth %	7.86	7.59	50.85	11.72	19.51
Total NPA of Private Sector Banks	40.44	30.14	2.94	3.37	19.22
Total NPA of Private Sector Banks (Priority Sector)	18.53	6.48	31.65	0.65	14.33
Axis Bank Ltd.	91.27	41.03	77.78	27.48	59.39
Development Credit Bank Ltd.	-82.66	257.14	70.00	-17.68	56.70
HDFC Bank Ltd.	16.73	95.46	5.26	20.93	34.60
ICICI Bank Ltd.	38.17	6.60	34.30	-7.11	17.99
Indusind Bank	-23.70	55.56	-15.15	27.07	10.95

Liberalization, privatization and globalization was started in 1991 to promote Private Sector to boost economy, increase export and earn foreign exchange to support import, mainly of oil; Private Sector displayed efficiency in many areas specially IT, Telecom and other services. In Banking Sector also Private Sector Banks increased their foothold many folds till 2013. Above mentioned comparison of NPAs of Public Sector and Private Sector Banks portray a different scenario that four out of five Public Sector Banks have less than 25% AAG (Average Annual Growth Rate) in priority Sector NPA whereas only two Private Sector Banks under study have less than 25% AAG. This study illustrate that Public Sector Banks are better managing their Assets though there is difference at individual level.

Conclusion

The government will reconsider a clause that requires all state-run banks to treat a borrower's account as non-performing if a loan to the company by any bank has become a bad asset in the books of that bank. According to a report by BofA-ML, loan growth of Indian banks will fall to a 15-year low of less than 13% in the current fiscal. The latest data from RBI shows that in the last two weeks to June 14,2013 credit growth has slipped by 0.39%. Bankers have argued that adhering to a common NPA norm will further weaken the banks given that RBI has already come up with stringent guidelines in June 2013, increasing the provisioning on the newly restructured account by 300 bps to 5% from June. India is important contributor in growth of world economy along with other BRIC (Brazil, Russia, India & China) who collectively challenging the dominance of western countries in agriculture, manufacturing and service. In this turbulent times Indian financial sector; especially banks have to be more careful in disbursing loans to achieve the targets set either by government or management of banks.

Asset and Liability portfolio are two main thrust areas of banks in India. Most of the people deposit their money in banks thus making Liability targets somehow easy as compare to targets of distributing good loans. Public Sector Banks have to fulfil political assurances which divert them from their business model of security of depositor's interest, earning more profit and distributing loan to only economically sound lenders. Private Sector Banks have advantage that they have few restrictions but they are new in the field and high risk, high return approach may be harmful if applied without proper necessary measures. More AAG of NPAs of Private Sector Banks posed a serious consideration of review of loan disbursement policy making, implementation and control. Problem of NPAs have negative impact on overall profitability of Public and Private Sector Banks. Identification, measurement and control of risk that is related to NPAs are need of the hour to compete international banks, which are awaiting more licences from RBI to get revenue from Indian customers with their innovative products and practices.

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Employees Aspiration Regarding Pay for Performance Practices: A Study of Selected Private Sector Banks in Haryana

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Abstract

The subject of employees' performance in furtherance of organisational objectives has occupied management attention for long. Differences in levels of performance have been attributed to differences in skills and abilities on the one hand and to different theories of money on the other. This study examined the issue of performance-based pay as a motivational tool for achieving organisational performance, using the situation in selected private sector banks of Haryana. The main objective of the study was to assess the impact of performance-related pay on the motivation of employees and subsequently, on the achievement of organisational goals. Here also employee's aspiration regarding Performance Related Pay has been measured. In all, four hundred and seventy five respondents took part in the survey. The sample comprised 100 managerial staff and 375 operating level staff. The main research instrument was the questionnaire. Factor analysis was used to test the objective of the study. The result of the study revealed that the effect of performance-based pay on employee performance is minimal as the extracted factors are related to the categories like goal oriented, quality improvement, accountability reinforcement, performance oriented, morale enhancement and open culture. The main limitation of the study is that it could not cover all banks, due to time and financial constraints. In this respect, the interpretation of the results of the study should not be over-generalised.

Keywords: Motivation, Performance Appraisal, Performance Related Pay, Factor analysis.

Introduction

In modern decades, the reward packages of a growing section of organizations comprise inducement pay schemes concerning pay to member of staff or business performance. The expansion in encouragement pay has been cultivated by prevalent concern over the survival of inefficiencies in the place of work and the faith that incentive pay can move up output growth and get better profitability. Incentive pay has an extended standing exercise in financial investigation and policymaking. From the Classical economists (Smith, 1776; Marx, 1867) to analysts and practitioners, compensation systems based on employee performance are seen as a way to correct some of the deficiencies in labour, product and wealth markets that have an effect on the employment relationship. By motivating individual workers to be more efficient at work and increasing their attachment and identification with the interests of the enterprise, inducement ideas are expected to get better interpersonal relationships, elevate job contentment, lower absenteeism and waste of intermediate material or capital and lower turnover rates, all of which should produce lasting effect on company performance. Firms have introduced individual rated schemes, group incentive schemes, profit-sharing bonuses and developed employee stock ownership programs, often through retirement plans that put significant assets in the stock of the firm. Employee motivation is one of the most essential parts in a company's development and success. In order to maximize the overall performance of the company it is vital for an employer to understand what motivates the employees and how to increase their job satisfaction. It might however be challenging for a company to find out what motivates its employees, especially because different people are motivated by different things. A well designed and functional reward system is an efficient way to increase employee work motivation. The appropriate type of reward is developed in accordance to the company's reward philosophy, strategies and policy. However, it might be challenging to find the right way to combine the company's integrated policies and practices together with the employee's contribution, skill and competence. (Armstrong, 1999, p. 569-570). variety of definitions of PRP, each one emphasising a different aspect to its nature. 'Group PRP', including group bonus and profit sharing schemes, are then compared to 'individual PRP', in relation to their merits and drawbacks. In discussing the concept of PRP, an examination of how this concept emerged is undertaken, by documenting the rise of the individualisation of the pay system. An historical background to the growth of PRP is described and for the same, experience is examined through the wider changes in work practices which generated the requirement for a flexible payment system in banking sector.

Review of Literature

Baron (1983)[1] argued that there is very close relationship between motivation and job performance. Both performance and motivation are directly proportion to each other. The premeditated successes for an organization lies in focusing attention at all levels specifically on important business activities, which can be achieved through effective performance management.

Pearce and Perry et al. (1983)[2] has given their views in support that performance-related pay is theoretically grounded in expectancy theory and reinforcement theory.

Porter and Lawler (1984)[3] developed his theory into a model, which followed vroom's ideas by suggesting that there are two

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factors determining the effort people put into their jobs: (a) the value of the rewards to individuals in so far as they satisfied their needs for security, social esteem, autonomy and self-actualization and (b) the probability that rewards depend on effort, as perceived by individuals-in other words, their expectations about the relationships between effort and reward. Thus, the greater the value of a set of awards and the higher the probability that receiving each of these rewards depends upon effort, the greater the effort that will be put forth in a given situation.

Carnige (1985)[4] focused the human aspect regarding management, strongly believed that people who craft a formulation for an organization's success or failure are the chief executive-responsible for motivating his company employees in respect of their satisfaction and assurance of organizational success. Carnige mainly insisted on human capital that played pivotal role in an organizational effectiveness compared to financial capital. People rather than finance have been observed in modern times as the primary source of a company competitive advantage.

Deming (1986)[5] explained that PRP has been highly based on the effectiveness of the performance measurement system. The departments need to be ensured whether they can measure the performances and particularly, if distinction can be made between the outputs of the individual jobs, which are highly, interrelated. There are several tasks, which involved two or more individuals with interrelated performance in the case of tied-up jobs.

Folger and Konovsky et al. (1989)[6] viewed that there is also the association of PRP with the equity issues. Adam's equity theory highlighted the importance that employees attach to fairness in the rewards determination process and while comparing their rewards with others. In cases, where the efforts of the performers are not reciprocated, they feel cheated and therefore withdraw from taking efforts in future.
Swabe (1989)7 said that performance-based pay (PBP) is a compensation scheme that linked employee performance with pay. It can be defined as a system of remuneration in which an individual's increase in salary is solely or mainly dependent on his/her appraisal or merit rating.

Thomas Mahoney (1989)[8] summarized in his paper that there are three bases for pay: output/performance, job and person. Person-based pay equates to skill-based pay and is typical of technology-based organizations where tasks and outcomes vary. Job-based pay is salaried or hourly and is typical of stable mass production environments where tasks are defined. Performance-based pay is typical of jobs involving minimal supervision but with identifiable, controllable outcomes. According to Mahoney, these approaches needn't be mutually exclusive and are often combined in companies.

Brown (1990)[9] viewed PRP as a modifying factor, for which firms need to improve product quality. Simple PRP schemes make workers focused on quantity rather than quality.

Lawler (1990)[10] viewed PRP as simple and compelling logic for linking pay to performance as a means of motivation, performance enhancement and accountability reinforcement is based on several assumptions.

Research Methodology

Scope of the study

The present research work proposes to study the Employees aspirations for Pay for Performance Practices in Banking Sector. Under these undertakings different branches of private sector banks (HDFC Bank, ICICI Bank, Axis Bank, Kotak Mahindra Bank) of Haryana has been surveyed.

Rationale of the Study

After studying existing literature which inspired the emergence of PRP. Here rationale behind PRP's introduction from employee aspirations regarding the various PRP practices has come into the light. This includes PRP as a professional strategy and philosophical approach. Following an analysis of the wider rationale in introducing PRP, individual objectives of its introduction, commonly found in organisations, are examined. This includes the widely debated issues related to employee's aspiration regarding the PRP in organizations in various contexts. It has appeared that the traditional pay system is somewhat outdated in consideration of the loss of the conventional expectancy of a 'job for life'. In fact, many organisations now make it clear to employees that they do not expect staff to stay with the company for life, but rather, the company will provide them with skills which will enable them to be sufficiently adaptable and flexible in order to be long-term employable.

Objective of the Study

To study the Employees Aspiration Regarding Pay for Performance Practices: A Study of Selected Private Sector Banks in Haryana

Sample Profile

The sample will be selected by categorizing Haryana state in four zones i.e. zone-I (Ambala, Panchkula, Kurukshetra, Kaithal etc), zone-II (Sonipat, Panipat, Jind, Jhajjar, Rohtak etc), zone-III (Sirsa, Fatehabad, Hisar etc),zone-IV (Gurgaon, Bhiwani, Mahendargarh etc). Further the sample frame of the study will consist of 475 employees from two levels of the management (100 from middle /executive level and 375 from lower/supervisory/operative level) from all the four zones. The data for the study will be collected from the four private banks (HDFC Bank, ICICI Bank, Axis Bank, Kotak Mahindra Bank).

Parameters for the study

The study includes the aspirations of employees regarding Pay for Performance Practices in selected Private Sector Banks of Haryana. For that employee's from middle and operative level has been taken in to consideration.

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Data Collection
In order to have a complete view of the study, survey method has been used for the collection of data with the help of designed structured questionnaire on five point scale.

Statistical Analysis
SPSS 19.0 version software package has been used for the analysis of the data. Analysis has been done by using factor analysis.

Table No.1 : Demographical Profile

		Frequency	Percent
Gender	Male	289	60.8
	Female	186	39.2
	Total	475	100.0
Experience (in Years)	Less than 5	49	10.3
	5-10	203	42.7
	11-15	199	41.9
	16-20	20	4.2
	21-25	4	.8
	Total	475	100.0
Age Group (in Years)	Up to 20	2	.4
	21-30	137	28.8
	31-40	244	51.4
	41-50	90	18.9
	More than 50	2	.4
	Total	475	100.0
Education and Qualification	12th	6	1.3
	Under Graduate	24	5.1
	Graduate	175	36.8
	Post Graduate	193	40.6
	Others	77	16.2
	Total	475	100.0
Salary (in rupees pm)	Less than 20000	164	34.5
	20000-60000	249	52.4
	61000-100000	44	9.3
	More than 100000	18	3.8
	Total	475	100.0
Department	Marketing	179	37.7
	Finance	151	31.8
	Human resource	86	18.1
	Administration	27	5.7
	Any Other	32	6.7
	Total	475	100.0

Source: Calculated

The table no.1 shows the demographical profile of the respondents which are selected study was conducted in the state of Haryana. The population respondents was those who are the employees working in the banks which are taken for study like four private sector banks (HDFC, ICICI, Axis and Kotak Mahindra Bank). A total 475 well structured questionnaires were distributed to employees. And the responses of that employee's are considered for analysis. The questionnaire from different sections –the first captured the demographical profile of sample respondent's; the second tried to the aspiration of employees towards pay for performance practices in private sector has been measured. Most of respondents were male (60.8%), with in age group 31-44 (51.4%), having experience 5-10 (42.7%), with education and qualification post graduate (40.6%), having salary 20000-60000 (52.4%) and from the department marketing (37.7%).

Table No.2 : Demographical Profile

	Mean	Std. Deviation
Performance Related Pay should support my initiative	3.96	1.093
PRP should uphold me to give high performance	4.01	1.040
PRP should help me to get my main concern right	3.97	1.108
PRP should made me further open to my workmates	4.00	1.104
PRP should allow me to communicate my opinion more visibly	4.05	1.014
PRP should made me more readiness to work harder	3.98	1.071
PRP should made me more agreeable to raise excellence of my effort	3.98	1.053
PRP should made me more willing to raise extent of my work	4.07	1.000
PRP should not decline my morale	4.09	1.018
Performance Pay should help in to set work targets more clearly	4.04	1.083
Performance Pay should raise staff consciousness of the appraisal system's objectives	4.03	1.055
Performance Pay made no effect on the quality of work because it was already at the appropriate standard	3.98	1.093
PRP should develop communications between staff and management	3.95	1.085
It should provide opportunities to exercise responsibilities	4.08	1.045
It is simply a tool to get more work to be done	3.97	1.049

Source: Calculated

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The S.D of all the variable were found to be very high significant difference in the aspiration of employees regarding pay for performance practices in selected banks of Haryana. The cronbach alpha values lied between 0.71-0.91 and hence the responses were considered reliable.

Table No - 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.549
Bartlett's Test of Sphericity	Approx. Chi-Square	285.074
	Df	105
	Sig.	.000

Source: Calculated

The KMO measure was 0.549 indicating the adequacy of the sample. Moreover the overall significance of the correlation matrices was tested with Bartlett Test (Approx. Chi-square= 285.074 and significant at 0.000) at 105 degree of freedom as well a support for the data for factor analysis.

Table No. - 4

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of S quared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.672	11.143	11.143	1.672	11.143	11.143	1.526	10.176	10.176
2	1.429	9.528	20.671	1.429	9.528	20.671	1.363	9.089	19.266
3	1.292	8.615	29.286	1.292	8.615	29.286	1.269	8.462	27.728
4	1.214	8.093	37.379	1.214	8.093	37.379	1.234	8.228	35.956
5	1.137	7.578	44.956	1.137	7.578	44.956	1.224	8.158	44.114
6	1.059	7.061	52.017	1.059	7.061	52.017	1.185	7.903	52.017
7	.993	6.621	58.639						
8	.946	6.304	64.943						
9	.889	5.929	70.872						
10	.874	5.825	76.697						
11	.753	5.021	81.718						
12	.731	4.875	86.594						
13	.704	4.694	91.288						
14	.685	4.565	95.853						
15	.622	4.147	100.000						

Source: Calculated

Extraction Method: Principal Component Analysis.

It is observed from the above only 6 factors have eigen value more than value more than one and accordingly we proceed with these factors. The total variance explained by these factors (1, 2, 3, 4, 5 and 6) was 10.176, 9.089, 8.462, 8.228, 8.158 and 7.903 of variance, whereas the cumulative variance explained by all these factors was found 52.017 percent and rest of the variance was due to the factors which are beyond the scope of the study.

Table No.5 : Rotated Component Matrix

	Component					
	1	2	3	4	5	6
Performance Related Pay should support my initiative	.029	-.127	.555	.107	-.053	-.408
PRP should uphold me to give high performance	.138	.436	-.011	.495	.200	-.061
PRP should help me to get my main concern right	.627	.076	.196	.075	.096	-.170
PRP should made me further open to my workmates	-.055	-.122	.038	.041	-.014	.756
PRP should allow me to communicate my opinion more visibly	.663	-.042	-.060	-.100	-.055	.109
PRP should made me more readiness to work harder	.375	-.303	-.057	.324	.379	-.091
PRP should made me more agreeable to raise excellence of my effort	.163	.092	.592	.118	-.166	.088
PRP should made me more willing to raise extent of my work	-.142	-.198	.007	.678	-.118	.023
PRP should not decline my morale	.116	.124	-.061	.047	.668	.136
Performance Pay should help in to set work targets more clearly	-.124	.063	.630	-.336	.199	.191
Performance Pay should raise staff consciousness of the appraisal system's objectives	.426	-.149	.272	-.176	.257	.401
Performance Pay made no effect on the quality of work because it was already at the appropriate standard	-.188	.561	.196	-.101	-.092	-.135
PRP should develop communications between staff and management	-.410	.285	.206	.393	.303	.232
It should provide opportunities to exercise responsibilities	.051	.711	-.088	-.026	.038	-.008
It is simply a tool to get more work to be done	.260	.226	.008	.264	-.574	.314

Source: Calculated

Table No.5 shows each statement corresponding to the highlighted factor loading which is correlated with the factors corresponding to that factor loading. Higher the factor loading, stronger is the correlation between the factors and statement. On the basis of rotated component matrix the factor extraction table has been prepared which is as given in table no.6

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Table No.6 : Loading and Percentage of Variance

Factors	% of Variance	Loading
F1 Goal Oriented		
PRP should help me to get my main concern right	10.176	.627
PRP should allow me to communicate my opinion more visibly		.663
Performance Pay should raise staff consciousness of the appraisal system's objectives		.426
F2 Quality Improvement		
Performance Pay made no effect on the quality of work because it was already at the appropriate standard	9.089	.561
It should provide opportunities to exercise responsibilities		.711
F3 Accountability Reinforcement		
Performance Related Pay should support my initiative	8.462	.555
PRP should made me more agreeable to raise excellence of my effort		.592
Performance Pay should help in to set work targets more clearly		.630
F4 Performance Oriented		
PRP should uphold me to give high performance	8.228	.495
PRP should made me more willing to raise extent of my work		.678
PRP should develop communications between staff and management		.393
F5 Morale Enhancement	8.158	
PRP should not decline my morale		.668
F6 Open Culture		
PRP should made me further open to my workmates	7.903	.756
It is simply a tool to get more work to be done		.314

Source: Calculated

The above stated factors are in the order of degree of importance i.e. Factor1 (F1) is more importance than the other factor2 (F2); F2 is more important than factor 3(F3) and so on. The F1 and F2 had 10.176 and 9.089 of variance which was the highest variance as compared with factor 3, 4, 5 and 6 where percentage of variance is 8.462%, 8.228%, 8.158% and 7.903.Hece it was found that the PRP practices comprised of goal oriented, quality improvement, accountability reinforcement, performance oriented, morale enhancement and open culture.

Conclusion and Implications

It has been analyzed from the study that PRP has significant impact on employee motivation. While considering the important PRP practices components it should include goal orientation, quality improvement, accountability reinforcement, performance oriented, morale enhancement and open culture. Out of the factor extracted the most important factor is goal orientation as it is having more variance in comparison with other factor. Thus further this goal orientation is followed by the quality improvement, accountability reinforcement, performance oriented, morale enhancement and open culture. Thus organizations should design their PRP structure by taking care of these entire factors. And it will help the organizations design effective PRP system.

This will help the managers to design a sound policy regarding PRP for future. Thus managers should give importance to this study of PRP in context to various PRP practices which help to motivate employees in organizations. Because this is the major factor for any organization in current scenarios. This factor is important to such an extent that proper designing lead to retention of employees in the organizations also.

Limitations and Future Research

The major weakness in this study is that it was limited in scope. This means that the findings cannot be over generalized. Also the study is limited to four private sector banks of Haryana only and not covered the other parts of India and sectors. Future research should focus on other parts of India as well as sectors and organisations. A comparative study among organisations in the same sectors should be conducted in order to determine whether the use of PRP enhances employee motivation and organisational performance. Some other factors also affect the PRP which are not taken in the study. The dimensions found in this study should be regarded as preliminary. Although they appear to be stable and measurable, they are not necessarily exhaustive and should be viewed as a starting point for additional research.

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An Examination of Job Satisfaction in Pharmaceutical Industry in Northern India

***Aupama**

Abstract

The present paper is addressed to the examination of the extent of job satisfaction among the employees of the companies under study. For the purposes of study five pharmaceutical companies namely Ind Swift, Cadila, Dr. Reddy's Lab, Promed Exports and Torrent Pharma operating in northern India were selected. In the study, statistical and econometric techniques used for analyzing job satisfaction included, means, percentages and ANOVA. On the whole job satisfaction among the employees of the companies under study appears to be quite satisfactory. In respect of majority of the statements describing the extent of job satisfaction most of the employees have responded in affirmative. They either agree with the statements or they are neutral in their responses. Very few of them disagree with these statements indicating presence of job satisfaction. From the ANOVA it was inferred that the respondents feel that the quality of job satisfaction in these five pharmaceutical companies under study is significantly different and this difference is not by sampling or chance. In all the companies under study the average perception of the employees about different components of job satisfaction has been observed to be above average. The mean score varies from Ind Swift (3.214) to Torrent (4.028571). This is indicative of that fact that employees of all the companies under study agree with the presence of job satisfaction in their companies.

Keywords: Job Satisfaction, ANOVA, Performance, Employees, Business.

Introduction

Genesis of Performance management as a concept lies in the urge of the human beings working in the organizations and the management of these organizations in reaching the pinnacle of excellence. It reminds us that being busy is not the same as producing results. It redirects our efforts away from busyness toward effectiveness. It creates a shared understanding of what is required to improve performance and how this can be achieved by clarifying and arguing what people are expected to do and how they are expected to behave. A good system of performance management is expected to have salutary effect on job satisfaction. The present paper is addressed to the examination of the extent job satisfaction of the employees of the companies under study.

Job satisfaction describes how content an individual is with his or her job. The happier people are within their job, the more satisfied they are said to be. Job satisfaction is not the same as motivation, although it is clearly linked. Job design aims to enhance job satisfaction and performance; methods include job rotation, job enlargement and job enrichment. Other influences on satisfaction include the management style and culture, employee involvement, empowerment and autonomous work groups. Job satisfaction is a very important attribute which is frequently measured by organizations.

Definition of Job Satisfaction

Job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job an affective reaction to one's job and an attitude towards one's job. **Weiss (2002)**[1] has argued that job satisfaction is an attitude but points out that researchers should clearly distinguish the objects of cognitive evaluation which are affect (emotion), beliefs and behaviors. This definition suggests that we form attitudes towards our jobs by taking into account our feelings, our beliefs, and our behaviors.

Models of Job Satisfaction

Affect Theory

Edwin A. Locke's Range of **Affect Theory (1976)**[2] is arguably the most famous job satisfaction model. The main premise of this theory is that satisfaction is determined by a discrepancy between what one wants in a job and what one has in a job. Further, the theory states that how much one values a given facet of work (e.g. the degree of autonomy in a position) moderates how satisfied/dissatisfied one becomes when expectations are/aren't met. When a person values a particular facet of a job, his satisfaction is more greatly impacted both positively (when expectations are met) and negatively (when expectations are not met), compared to one who doesn't value that facet. To illustrate, if Employee A values autonomy in the workplace and Employee B is indifferent about autonomy, then Employee A would be more satisfied in a position that offers a high degree of autonomy and less satisfied in a position with little or no autonomy compared to Employee B. This theory also states that too much of a particular facet will produce stronger feelings of dissatisfaction the more a worker values that facet.

Dispositional Theory

Another well-known job satisfaction theory is the Dispositional Theory. It is a very general theory that suggests that people have innate dispositions that cause them to have tendencies toward a certain level of satisfaction, regardless of one's job. This approach became a notable explanation of job satisfaction in light of evidence that job satisfaction tends to be stable over time and across careers and jobs. Research also indicates that identical twins have similar levels of job

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satisfaction.

A significant model that narrowed the scope of the Dispositional Theory was the Core Self-evaluations Model, proposed by **Timothy Judge in 1998**[3] . Judge argued that there are four Core Self-evaluations that determine one's disposition towards job satisfaction: self-esteem, general self-efficacy, locus of control, and neuroticism. This model states that higher levels of self-esteem (the value one places on his/her self) and general self-efficacy (the belief in one's own competence) lead to higher work satisfaction. Having internal locus of control (believing one has control over her\his own life, as opposed to outside forces having control), leads to higher job satisfaction. Finally, lower levels of neuroticism lead to higher job satisfaction.

Two-Factor Theory[4] (Motivator-Hygiene Theory)

Frederick Herzberg's two factor theory (also known as Motivator Hygiene Theory) attempts to explain satisfaction and motivation in the workplace. This theory states that satisfaction and dissatisfaction are driven by different factors – motivation and hygiene factors, respectively. An employee's motivation to work is continually related to job satisfaction of a subordinate. Motivation can be seen as an inner force that drives individuals to attain personal and organization goals. Motivating factors are those aspects of the job that make people want to perform, and provide people with satisfaction, for example achievement in work, recognition, promotion opportunities. These motivating factors are considered to be intrinsic to the job, or the work carried out. Hygiene factors include aspects of the working environment such as pay, company policies, supervisory practices and other working conditions.

While Hertzberg's model has stimulated much research, researchers have been unable to reliably empirically prove the model, with Hackman & Oldham suggesting that Hertzberg's original formulation of the model may have been a methodological artifact. Furthermore, the theory does not consider individual differences, conversely predicting all employees will react in an identical manner to changes in motivating/hygiene factors. Finally, the model has been criticized in that it does not specify how motivating/hygiene factors are to be measured.

Job Characteristics Model[5]

Hackman & Oldham proposed the Job Characteristics Model, which is widely used as a framework to study how particular job characteristics impact on job outcomes, including job satisfaction. The model states that there are five core job characteristics (skill variety, task identity, task significance, autonomy and feedback) which impact three critical psychological states (experienced meaningfulness, experienced responsibility for outcomes, and knowledge of the actual results), in turn influencing work outcomes (job satisfaction, absenteeism, work motivation, etc.). The five core job characteristics can be combined to form a motivating potential score (MPS) for a job, which can be used as an index of how likely a job is to affect an employee's attitudes and behaviors. A meta-analysis of studies that assess the framework of the model provides some support for the validity of the JCM .

Communication Overload and Communication Under Load[6]

One of the most important aspects of an individual's work in a modern organization concerns the management of communication demands that he or she encounters on the job. Demands can be characterized as a communication load, which refers to the rate and complexity of communication inputs an individual must process in a particular time frame. Individuals in an organization can experience communication over-load and communication under- load which can affect their level of job satisfaction. Communication overload can occur when an individual receives too many messages in a short period of time which can result in unprocessed information or when an individual faces more complex messages that are more difficult to process . Due to this process, "given an individual's style of work and motivation to complete a task, when more inputs exist than outputs, the individual perceives a condition of overload which can be positively or negatively related to job satisfaction. In comparison, communication under load can occur when messages or inputs are sent below the individual's ability to process them. According to the ideas of communication over-load and under-load, if an individual does not receive enough input on the job or is unsuccessful in processing these inputs, the individual is more likely to become dissatisfied, aggravated, and unhappy with their work which leads to a low level of job satisfaction.

Superior-Subordinate Communication[7]

Superior-subordinate communication is an important influence on job satisfaction in the workplace. The way in which subordinate's perceive a supervisor's behavior can positively or negatively influence job satisfaction. Communication behavior such as facial expression, eye contact, vocal expression, and body movement is crucial to the superior-subordinate relationship. Nonverbal messages play a central role in interpersonal interactions with respect to impression formation, deception, attraction, social influence, and emotional expression. Nonverbal immediacy from the supervisor helps to increase interpersonal involvement with their subordinates impacting job satisfaction. The manner in which supervisors communicate their subordinates may be more important than the verbal content. Individuals who dislike and think negatively about their supervisor are less willing to communicate or have motivation to work where as individuals who like and think positively of their supervisor are more likely to communicate and are satisfied with their job and work environment. The relationship of a subordinate with their supervisor is a very important aspect in the workplace. Therefore, a supervisor who uses nonverbal immediacy, friendliness, and open communication lines is more willing to receive positive feedback and high job satisfaction from a subordinate where as a supervisor who is antisocial, unfriendly and unwilling to communicate will naturally receive negative feedback and very low job satisfaction from their subordinate's in the workplace. Mood and emotions while working are the raw materials which cumulate to form the affective element of job satisfaction. **(Weiss and Cropanzano, 1996) .**

There is some evidence in the literature that state moods are related to overall job satisfaction. Positive and negative emotions were also found to be significantly related to overall job satisfaction. Frequency of experiencing net positive emotion will be a better predictor of overall job satisfaction than will intensity of positive emotion when it is experienced. Emotion regulation and emotion labor are also related to job satisfaction. Emotion work (or emotion management) refers to various efforts to manage emotional states and displays. Emotion regulation includes all of the conscious and unconscious efforts to increase, maintain, or decrease one or more components of an emotion. Although early studies of the consequences of emotional labor emphasized its harmful effects on workers, studies of workers in a variety of occupations suggest that the consequences of emotional labor are not uniformly negative.

Measuring Job Satisfaction

There are many methods for measuring job satisfaction. By far, the most common method for collecting data regarding job satisfaction is the Likert scale (named after Rensis Likert). Other less common methods of for gauging job satisfaction include: Yes/No questions, True/False questions, point systems, checklists, and forced choice answers. This data is typically collected using an Enterprise Feedback Management (EFM) system.

The Job Descriptive Index (JDI), created by **Smith, Kendall, & Hulin (1969)**[8], is a specific questionnaire of job satisfaction that has been widely used. It measures one's satisfaction in five facets: pay, promotions and promotion opportunities, coworkers, supervision, and the work itself. The scale is simple, participants answer either yes, no, or can't decide (indicated by '?') in response to whether given statements accurately describe one's job.

The Job in General Index is an overall measurement of job satisfaction. It is an improvement to the Job Descriptive Index because the JDI focuses too much on individual facets and not enough on work satisfaction in general.

Other job satisfaction questionnaires include: the Minnesota Satisfaction Questionnaire (MSQ), the Job Satisfaction Survey (JSS), and the Faces Scale. The MSQ measures job satisfaction in 20 facets and has a long form with 100 questions (five items from each facet) and a short form with 20 questions (one item from each facet). The JSS is a 36 item questionnaire that measures nine facets of job satisfaction. Finally, the Faces Scale of job satisfaction, one of the first scales used widely, measured overall job satisfaction with just one item which participants respond to by choosing a face.

Relationships and Practical Implications[9]

Job Satisfaction can be an important indicator of how employees feel about their jobs and a predictor of work behaviors such as organizational citizenship, absenteeism, and turnover. Further, job satisfaction can partially mediate the relationship of personality variables and deviant work behaviors. One common research finding is that job satisfaction is correlated with life satisfaction. This correlation is reciprocal, meaning people who are satisfied with life tend to be satisfied with their job and people who are satisfied with their job tend to be satisfied with life. However, some research has found that job satisfaction is not significantly related to life satisfaction when other variables such as no work satisfaction and core self-evaluations are taken into account.

An important finding for organizations to note is that job satisfaction has a rather tenuous correlation to productivity on the job. This is a vital piece of information to researchers and businesses, as the idea that satisfaction and job performance are directly related to one another is often cited in the media and in some non-academic management literature. In short, the relationship of satisfaction to productivity is not necessarily straightforward and can be influenced by a number of other work-related constructs, and the notion that "a happy worker is a productive worker" should not be the foundation of organizational decision-making.

With regard to job performance, employee personality may be more important than job satisfaction. The link between job satisfaction and performance is thought to be a spurious relationship; instead, both satisfaction and performance are the result of personality.

Different aspects of Performance Management Practices affecting Job Satisfaction

Performance management practices seek to enhance the efficiency of the employees while ensuring that they are happy and contended. The different questions which can be asked from the employees to judge the level of their job satisfaction can be listed as below:

1. Does the management give due consideration to various HR development programs
2. Does the management give fair treatment to employees and workers of organization?
3. Are the promotions in the company given as per qualification and experience of employees?
4. Are the employees of the company free to present their problems and grievances to management?
5. Do the supervisors and managers create high team spirit among work groups?
6. Does the company conduct seminars and meetings with employees to get feedback and suggestions from them?
7. Are the employees provided adequate incentives and bonus in addition to their salary?

Research Design

Need for the Study

The studies conducted in the past on job satisfaction are more general in nature and there is not enough research work on the subject covering specific industries. Pharmaceutical industry is not an exception. A few studies have been conducted which deal with job satisfaction in the isolated units in pharmaceutical industry but no worthwhile study is available which gives a comparative analysis of performance monitoring practices in this industry. Thus a need was felt for carrying out a study dealing with job satisfaction in pharmaceutical industry.

Scope of the Study

The scope of the present study is limited to companies in the pharmaceutical industry in northern India. For this purpose a list of companies in the pharmaceutical industry in northern India was prepared. In this list only those companies were included which are either listed in the National Stock Exchange or the Bombay Stock Exchange. Out of this list a sample of five companies was drawn for carrying out this study. The number of companies for the present study has been restricted to five so as to ensure the intensive study job satisfaction in these companies.

Objectives of the Study

The present study examines job satisfaction in the selected companies in the pharmaceutical industry in northern India. Job satisfaction in the companies under study have been examined from different angles perception of employees about their job satisfaction, mean scores of the perception about job satisfaction of the employees of the companies under study and analysis of variance (ANOVA) of components of job satisfaction of pharmaceutical companies under study.

Sample of the Study

The present study seeks to examine job satisfaction in the companies in the pharmaceutical industry in northern India. For this purpose five companies were selected. These companies are; Ind Swift, Cadila, Dr. Reddy's Lab, Promed Exports,and Torrent Pharma. For each company a random sample of 50 employees were selected for collection of primary data needed for the study.

Data Collection

The present study is based upon both primary as well as secondary data. The primary data was collected through the administration of a structured questionnaire. This questionnaire includes questions pertaining to the different aspects and components of job satisfaction. The secondary data was collected from business journals and annual reports and websites of the companies under study. Miscellaneous sources like research papers, articles published in various magazines, journals and newspapers were studied thoroughly to understand the framework of job satisfaction.

Tools of Analysis

In the present study, statistical and econometric techniques used for analyzing job satisfaction included, means, percentages and ANOVA. ANOVA (Analysis of Variance) was used for classifying and cross classifying statistical results and testing whether the means of a specified classification differ significantly.

Discussion and Results

Job Satisfaction among the Employees of the Companies under Study

Majority of the employees of Promed (90.5%) and Torrent (100%) strongly agree/agree that their management gives due consideration to various HR development programs. On the other hand majority of the employees of three other companies i.e., Ind Swift (71.4%), Cadilla (95.7%) and Dr Reddys Lab (92.7%) are neutral in their response to this statement. In the same manner majority of the employees of Promed (78.5%) and Torrent (95%) strongly agree/agree that their management gives fair treatment to employees and workers of their organizations. On the other extreme, majority of the employees of remaining three companies; IndSwift (83.3%), Cadilla (82.6%) and Dr Reddy's Lab (82.9%) are neutral in their response to the statement. Majority of all the companies under study, Ind Swift (57.2%), Cadilla (97.8%), Dr Reddy's Lab (100%), Promed Exports (100%) and Torrent Pharma (85%) strongly agree/agree that in their companies, promotions are given as per qualifications and experience. Also majority of employees of all the companies under study; Ind Swift (52.4%), Cadilla (95.7%), Dr Reddy's Lab (97.6%), Promed Exports (100%) and Torrent (92.5%) strongly agree/agree that employees in their organization are free to present their problems and grievances to management. Majority of the employees of Cadilla (97.8%), Dr Reddy Lab (95.1%), Promed Exports (83.3%) and Torrent strongly agree/agree that their supervisors and managers create high team spirit among work groups. The employees of Ind Swift appear to be divided in their response to this statement. Majority of the employees of all the companies under study, IndSwift (69%), Cadilla (95.7%), Dr Reddy's Lab (100%), Promed Exports (85.7%) and Torrent(70%) strongly agree/agree that management of their companies conducts seminars and meetings with employees to get feedback and suggestions from them. Majority of the employees of Dr Reddy's Lab (92.7%) strongly agree/agree that employees in their companies are provided adequate incentives and bonus in addition to their salaries. On the other hand majority of the employees of Promed (76.2%) strongly disagree/disagree with this statement. Majority of the employees of Cadilla (52.2%) are neutral in their response to the above statement. The employees of both Ind Swift and Torrent Pharma are not very clear whether or not they agree that employees are provided adequate incentives and bonus in addition to their salary.

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Table-1: Job Satisfaction among the Employees of the Companies under Study

	Ind swift			Cadila			Dr. Reddy's Lab			Promed			Torrent		
	SA/A	N	D/SD	SA/A	N	D/SD	SA/A	N	D/SD	SA/A	N	D/SD	SA/A	N	D/SD
Your management gives due consid-eration to various HR development programs	4 (9.5)	30 (71.4)	8 (19)	2 (4.3)	44 (95.7)			38 (92.7)	3 (7.3)	38 (90.5)	4 (9.5)		40 (100)		
Your management gives fair treat-ment to employees and workers of organization	3 (7.1)	35 (83.3)	4 (9.5)	2 (4.4)	38 (82.6)	6 (13)	2 (4.8)	34 (82.9)	5 (12.2)	33 (78.5)	9 (21.4)		38 (95)	2 (5)	
In your company promotions are given as per qualification and experience of employees	24 (57.2)	10 (23.8)	8 (19)	45 (97.8)			41 (100)			42 (100)			34 (85)	6 (15)	
Employees in your organisation are free to present their problems and grievances to management	22 (52.4)	18 (42.9)	2 (4.8)	44 (95.7)	2 (4.3)		40 (97.5)	1 (2.4)		42 (100)			37 (92.5)	3 (7.5)	
Your supervisors and managers create high team spirit among work groups.	16 (38.1)	15 (35.7)	11 (26.2)	45 (97.8)	1 (2.2)		39 (95.1)	1 (2.4)	1 (2.4)	35 (83.3)	4 (9.5)	3 (7.2)	37 (92.5)	2 (5)	1 (2.5)
Management of your company conducts seminars and meetings with employees to get feedback and suggestions from them.	29 (69)		13 (31)	44 (95.7)	2 (4.3)		41 (100)			36 (85.7)	4 (9.5)	2 (4.8)	28 (70)	12 (30)	
Employees are provided adequate incentives and bonus in addition to their salary.	16 (38.1)	18 (42.9)	8 (19.1)	20 (43.5)	24 (52.2)	2 (4.3)	38 (92.7)	3 (7.3)			10 (23.8)	32 (76.2)	11 (28.5)	14 (35)	15 (37.5)

On the whole job satisfaction among the employees of the companies under study appears to be quite satisfactory. In respect of majority of the statements describing the extent of job satisfaction most of the employees have responded in affirmative. They either agree with the statements or they are neutral in their responses. Very few of them disagree with these statements indicating good degree of presence of job satisfaction among them.

Analysis of Variance (ANOVA) of Components of Job Satisfaction of Pharmaceutical Companies under Study
In this study, the significance of the difference among the sample means was tested through an Analysis of Variance (ANOVA). This was done by F-test for testing the significance of the differences of all the components in all five companies under study. For this purpose the following two hypotheses were formed:-

H0: There is not any significant difference in the Job Satisfaction practices of the companies under study

H1: There is a significant difference in the Job Satisfaction practices of the companies under study

Table-2: Analysis of variance (ANOVA) of components of job satisfaction of pharmaceutical companies under study

Personal Effectiveness		Sum of Squares	DF	Mean Square	F	Sig.
Your management gives due consideration to various HR development programs	**Between Groups**	122.321	4	30.58	151.108	.000
	Within Groups	41.689	206	0.202		
	Total	164.009	210			
Your management gives fair treatment to employees and workers of organization	Between Groups	90.306	4	22.576	70.146	.000
	Within groups	66.301	206	0.322		
	Total	156.607	210			
In your company promotions are given as per qualification and experience of employees	Between Groups	30.753	4	7.688	22.46	.000
	Within Groups	70.517	206	0.342		
	Total	101.27	210			
Employees in your organization are free to present their problems and grievances to management,	Between Groups	36.631	4	9.158	25.518	.000
	Within Groups	73.928	206	0.359		
	Total	110.559	210			
Your supervisors and managers create high team spirit among work groups.	Between Groups	63.072	4	15.768	32.935	.000
	Within Groups	98.625	206	0.479		
	Total	161.697	210			
Management of your company conducts seminars and meetings with employees to get feedback and suggestions from them.	Between Groups	39.564	4	9.891	18.512	.000
	Within Groups	110.066	206	0.534		
	Total	149.63	210			
Employees are provided adequate incentives and bonus in addition to their salary.	Between Groups	143.942	4	35.986	58.346	.000
	Within Groups	127.053	206	0.617		
	Total	270.995	210			

Hypotheses:

HO : UI=UC= UR= UP= UT ; HO accepted when probability is 0.05

H1: $UI \neq UC \neq UR \neq UP \neq UT$; H1 accepted when probability is 0.05

Where UI, UC, UR, UP, UT are the means of Job Satisfaction of Ind Swift, Cadilla, Dr Reddy's Lab, Promed Exports and Torrent Pharma.

Since the probability .000 in respect of all the components of Job Satisfaction is less than 0.05, therefore at the 5% level of significance alternate hypothesis has been accepted. The inference is that the respondents feel that the quality of Job Satisfaction in these five pharmaceutical companies under study is significantly different and this difference is not by sampling or chance.

Hence from the above analysis it is inferred, that in all the five pharmaceutical companies under study the perception of the employees about quality of Job Satisfaction is not the same.

Mean Scores of the Perception about Job Satisfaction of the Employees of the Companies under Study

Table-3 shows the average score of the perception about different components of job satisfaction in the companies under study. In all the companies under study the average perception of the employees about different components of job satisfaction has been observed to be above average. The mean score varies from Ind Swift (3.214) to Torrent (4.028571). This is indicative of that fact that employees of all the companies under study agree with the presence of job satisfaction in their companies. From the above table it can be stated that employees of Torrent are most appreciative of the extent of job satisfaction in their company followed by Dr. Reddys Laboratories Ltd. (4.000), Promed Exports (3.897). Cadila (3.807) and Ind Swift (3.214).

Table-3 Mean Scores of the Perception about Job Satisfaction of the Employees

Particular	Ind Swift Ltd.	Cadila Pharmaceuticals Ltd.	Dr. Reddys Laboratories Ltd.	Promed Exports Pvt Ltd.	Torrent Pharmaceuticals Ltd.
Your management gives due consideration to various HR development programs.	2.90476	3.04348	2.92683	4.69048	4.3
Your management gives fair treatment to employees and workers of organization.	2.97619	2.93478	2.95122	4.35714	4.225
In your company promotions are given as per qualification and experience of employees.	3.40476	4.36957	4.07317	4.5	4.2
Employees in your organisation are free to present their problems and grievances to management.	3.61905	4.45652	4.80488	4.71429	4.4
Your supervisors and managers create high team spirit among work groups.	3.11905	4.52174	4.53659	3.71429	4.275
Management of your company conducts seminars and meetings with employees to get feedback and suggestions from them.	3.33333	3.97826	4.68293	3.80952	3.8
Employees are provided adequate incentives and bonus in addition to their salary.	3.14286	3.34783	4.02439	1.5	3
	3.214	3.807	4	3.897	4.028571

Conclusion

The present paper examined the extent of job satisfaction in the companies under study. On the whole job satisfaction among the employees of the companies under study appears to be quite satisfactory. In respect of majority of the statements describing the extent of job satisfaction most of the employees have responded in affirmative. They either agree with the statements or they are neutral in their responses. Very few of them disagree with these statements indicating presence of job satisfaction. From the ANOVA it was inferred that the respondents feel that the quality of Job Satisfaction in these five pharmaceutical companies under study is significantly different and this difference is not by sampling or chance. In all the companies under study the average perception of the employees about different components of job satisfaction has been observed to be above average. The mean score varies from Ind Swift (3.214) to Torrent (4.028571). This is indicative of that fact that employees of all the companies under study agree with the presence of job satisfaction in their companies.

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Determinants of Stock Prices in BSE Listed Companies

*** Anubha Vashisht**

Abstract

This paper seeks to examine the empirical relationship between equity share prices and explanatory variables such as: dividend per share, earnings per share, book value, payout ratio, price earnings ratio, return on capital employed, growth and market capitalization in the selected companies. An attempt has also been made to identify the most significant variables affecting share prices to enable the companies in making optimal managerial decisions. A sample of 74 companies covering Automobile Industry, Cement Industry, Chemical Industry, Cotton Textile and Pharmaceutical Industry listed on Bombay Stock Exchange for the years 2009-2013 was selected for the purpose of the study. To Analyze the Determinants of Equity prices in India the regression analysis was used in the study. The analysis brings home the fact that Earnings per Share, Price earnings ratio and dividend have emerged as the most significant variables affecting the share prices in the industries under study. These findings are understandable as the companies with higher earnings and paying regular and uninterrupted dividends can expect rise in their share prices. Market Cap and Book Value also influence in the dependent variable i.e. share price. This implies that the companies with higher market cap and healthy balance sheet command higher premium in the market. The other independent variables like Return on capital employed, payout ratio and growth have remained insignificant in explaining the behavior of stock prices. Thus the study identifies Earnings per Share, Price earnings ratio and dividend as the most significant variables explaining the behavior of stock prices during the period under study. The investors and corporate management should keep a track of these variables for predicting share prices and making investment and other financial decisions.

Keywords: Stock Price, BSE, Equity Share Price, Dividend.

Introduction

Maximization of the wealth of its shareholders is considered to be one of the principal objectives of a firm. The achievement of this objective requires the management of a company to make investing, financing and dividend decision in an efficient manner so that the market price of its shares is maximized. The market price of the shares of a company represents the collective judgment of all the market participants who are holding or intend to hold the shares of the company. Market price, therefore, "serves as a performance index or report card of the firm's progress; it indicates how well the management is doing on behalf of its shareholders." (James C. Vanhorne, Financial management and policy, Prentice hall of India Pvt Ltd., New Delhi,1974 p.7). For predicting the market price of shares different schools of thought have followed different approaches. Fundamentalists emphasize that the price of a shares depends upon three levels of factors; (i) factors operating at the macro level or economy levels such as GDP, price level, level of interest rates, money supply etc., (ii) factors operating at the industry level such as nature of industry, nature of competition in the industry, industry life cycle, government policy relating to the industry, availability of critical inputs etc., and (iii) factors operating at the company level such as, management of the company, its financing pattern, liquidity, profitability, solvency, industrial position, its future growth plans etc. On the other hand technical school predicts the share prices on the basis of past trend of share prices. Among these conflicting views, researchers through their empirical works have been trying to establish the relationship of various variables with the market price with the objectives of predicting the future market price.
Empirical works carried out in the past suggest that share price changes are associated with changes in number of variables such as payout ratio, dividend yield, capital structure, earnings, size of the firm and its growth. However the actual variables found to be relevant may vary from market to market. The changes in asset growth of firms are significant in case of Japanese shares while earnings appear to be universally a relevant factor. However, it is widely agreed that a set of variables as, suggested by individual theories is no doubt relevant as possible factors affecting share prices changes in the long run. Knowledge of relative influence of different variables on equity share prices is helpful to corporate, management, government and investors. To the corporate management an understanding of the valuation mechanism in stock market is essential for the sound financial management of the company. An understanding of determinants of share prices is useful to dividend payment, bonus declaration, right issues, etc. Investors can also form better judgments and make intelligent and rational investment decisions. Investors in shares usually make constant use of these various variables for gauging the relative merit of a script. These calculations are in no sense, final determinants of value of shares but they are convenient indicators about the performance of equity shares

Review of Literature

A number of empirical studies have been conducted in India and abroad on relationship between market price of shares and explanatory variables namely, dividend per share, earnings per share, book value per share, size, cover, return on capital employed and payout ratio. For example a study by **Pandey (1981)** analyzed the effect of leverage on equity prices and concluded that Modigliani and Miller hypothesis does not find

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support in India. Based upon the study of 327 companies **Srivastava (1984)** concluded that high dividend rates are associated with higher market prices of securities. Like **Pandey (1981)**, he has concluded that the famous Modigliani - Miller model which states that dividends have no impact on share prices was not applicable in the Indian context. **Zahir and Khanna (1982)** examined the determinants of stock prices in India in 101 industrial giants in the private sector for the year 1976-77 and 1977-78 with the help of multiple linear regression models. Dividend per share emerged as a significant determinant of share price, yield also emerged highly significant determinant with its negative association with market price of share. The coefficient of book value was positive throughout and highly significant except 1977-78. The influence of earning-price multiplier on share prices appeared to be very weak. **Balkrishan (1984)** analyzed the interrelationship in the explanatory variables, i.e. dividend per share, earning per share, book value, yield and cover with market price of share. A linear regression model was used to study the inter-relationship of these variables in general engineering and cotton textile industries. Book value per share and dividend per share turned out to be the most significant determinants of market price in both the industries. Yield also emerged as significant determinant in cotton textile industry along with a negative sign. Kumar and **Hundal (1986)** examined the impact of dividend per share, earning per share, net sales per share, book value per share, earning per share, net worth, retention ratio, leverage ratio and growth in total assets on market price of share by using the linear regression model. The analysis also showed the sensitiveness of the market towards the dividend policy of the three groups. Growth showed a positive influence only in case of textile industry. Leverage in general had a negative influence on the share prices. **Barua and Raghunathan (1990)** used the Gordon's dividend growth model and concluded that the prevailing P/E multiples in the Indian capital market around the second and third quarter of 1990 were on the higher side. **Rao and Bhole (1990)** examined the real rates of return on equities in the Indian market for the period 1953-1987and concluded that equities provide only a partial hedge against inflation. **Srinivasan (1993)** studied the efficiency of the market in assimilating the information content of right issues and concluded that the market was efficient to a significant extent. **Vaidyanathan and Goswami (1997)** tried to examine as to whether the price to earnings ratio (P/E) was a good criteria on which to base investment decisions. There was a general proposition that low P/E stocks on an average provide larger return than high P/E stocks. The results of the study revealed that the average annual return of the portfolios formed on the bases of P/E ratio was not significantly different from each other. Hence, P/E ratio may not be an appropriate measure to be used for investment decisions. **Mohanty (1998)** found that once the PE risk and the liquidity risk was adjusted for, the book-to market and size of the company does not had explanatory power in so far as stock return are concerned. **Malhotra and Prakash (2001)** examined the market price determinants of 'A' group and 'B' group shares during 1989-90 to 1998-99, using correlation analysis and regression analysis as the tools. The study concludes that the price behavior of B group share is determined mainly by book value per share, earning per share, dividend per share, P/E ratio and market price to book value ratio. Interestingly, the price of a group shares is determined by the same factors except P/E ratio which was found significant only in case of four years out of ten years. The study by **Subir Sen and Rajkumar Ray (2003)** which explores the possibility of explaining the P/E ratio of Indian stocks in terms of certain key variables through a decomposition study finds out that Dividend Payout Ratio (DPR) is by far the single most important factor that affects P/E of stocks in India. Growth in earnings per share (EPS) was also found to be relevant, although to a much lesser extent. **Shefali Sharma and Balwinder Singh (2006)** examined the empirical relationship of explanatory variables namely, dividend per share, earnings per share, book value per share, size, cover, return on capital employed and payout ratio on the market price of shares in the post reform era by using the data of 160 companies over a period of five years spanning from 2001 to 2005 and concluded that earnings per share, dividend per share and book value per share are the important determinants of share price as they are an index of the sound financial position of the companies. Also the study conducted by **Monica Singhania (2006)** which has examined the various determinants of equity share prices with reference to Indian stock market reveals that that price earnings ratio, book value and dividend cover were the variables which contributed most in determining the share prices followed by dividend per share and yield.

The literature on determinants of share prices suggests that share price changes are associated with changes in fundamental variables which are relevant for share valuation like payout ratio, dividend yield, capital structure, earnings, size of the firm and its growth. The present study seeks to examine the effect of some important variables on stock prices in India and reinforce the findings of earlier studies conducted on the subject.

Research Methodology

Objectives of the Study

- To examine the empirical relationship between equity share prices and explanatory variables such as: dividend per share, earnings per share, book value, payout ratio, price earnings ratio, return on capital employed, growth and market capitalization in the selected companies.
- To identify the most significant variables affecting share prices to enable the companies in making optimal managerial decisions.

Sample and Period of Study

The data employed in the study relates to manufacturing companies listed on Bombay Stock Exchange for the years 2009-2013. A sample of 74 companies covering the following industries were selected for the purpose of the study.

Table - 2

Sector	No. of companies
Automobiles	14
Cements	15
Chemicals	15
Pharmaceuticals	15
Textile & cotton	15
Total	**74**

Criteria for Selection of Data

While selecting the sample of the companies from five industries, the following criteria were adopted:

- The necessary financial data required for calculating the measures of dependent and independent variable pertaining to all the years 2009-2013 is available.
- The companies which did not skip dividend for any two successive years have been included in the sample.
- Further only those companies whose price data is available have been retained in the sample.
- The listed shares on Bombay Stock Exchange have been considered

Sources of Data

The data relating to earning per share, dividend payout ratio, total assets, gross block, growth rate, return on capital employed, book value, market capitalization of the companies was taken from the PROWESS DATABASE. Data regarding the share prices of the companies was taken from the website: www.bseindia.com

Statistical Procedure used in the Study

To Analyze the Determinants of Equity prices in India the regression analysis has been used in the study. The regression analysis is concerned with the study of dependence of one variable, the dependent variable on one or more explanatory variables, with a view to estimating and/or predicting the population mean or average value of former in terms of the known or fixed (in repeated sampling) values of the latter. The linear multiple regression approach has been selected to measure the combined effects of explanatory variables on dependent variable.

The multiple regression estimating equation used in study is:

$SP = \alpha + B1(EPS) + B2\ (DPS) + B3(DPR) + B4\ (G) + B5(ROCE) + B6\ (BV) + B7(S) + B8\ (P/E)$

Where, SP = Share Price,
EPS =Earnings per share,
DPS =Dividend per share,
DPR =Dividend Payout ratio,
G =Sales Growth,
ROCE =Return on Capital Employed,
BV =Book Value,
S =Size,
P/E =Price to Earnings ratio,
α =Regression Constant, and
B1, B2,.. , B8 =Regression Coefficients of independent variables.

Results and Interpretation

The average values of dependent variable share price and the explanatory variables namely, earning per share, dividend per share, dividend payout ratio, sales growth, return on capital employed, book value, size and price earnings ratio were computed from 2009 up to 2013 for all the companies in different industries selected for the study. Thereafter these average values of the dependent and independent variable were used to carry out the regression analysis. The analysis has been done by using the backward regression model in which the insignificant explanatory variables are removed one after the other based on their significance level. In the final equation only those variables are left which are the most significant variables explaining the maximum variation in the dependent variable.

Regression Results: Automobile Industry

In the first equation all the explanatory variables namely earning per share, dividend per share, dividend payout ratio, sales growth, return on capital employed, book value, size and price earnings ratio explained 99.2% variation in the dependent variable share price. The backward regression model used for analysis removed explanatory variables one after the other based on their significance level. The final regression model indicates that EPS and Book Value are the most important determinants of share price for the automobile industry with positive T- values. Sales growth is also one of the important determinants of share price for the automobile industry but with negative T- value. The coefficient of multiple determination (R2), obtained from the final equation indicates that variables included in the equation could explain 99.1% of the dependent variable share price. The variables Market Cap, ROCE, P/E, Dividend, Growth and Payout are found to be insignificant.

Model	Variables Entered	Variables Removed	Method
1	Sal_Growth, Mark_Cap, ROCE, BV_per_Share , Divi_per_sh, Div_Payout, P/E , EPSb		Enter
2		Div_Payout	Backward (criterion: Probability of F-to-remove >= .100).
3		Divi_per_sh	Backward (criterion: Probability of F-to-remove >= .100).
4		P/E	Backward (criterion: Probability of F-to-remove >= .100).
5		ROCE	Backward (criterion: Probability of F-to-remove >= .100).
6		Mark_Cap	Backward (criterion: Probability of F-to-remove >= .100).

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Variables Entered/Removeda

a. Dependent Variable: Average_Price
b. All requested variables entered.

Coefficientsa

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std.Error	Standardized Coefficients Beta	t	Sig.
1 (Constant)	108.542	336.389		.323	.760
Mark_Cap	-.001	.001	-.102	-1.900	.116
ROCE	53.240	50.520	.031	1.054	.340
EPS	15.203	4.571	.653	3.326	.021
P/E	8.875	9.491	.053	.935	.393
BV_per_ Share	1.621	.751	.336	2.158	.083
Divi_per_sh	7.347	9.083	.069	.809	.455
Div_Payout	99.501	239.359	.020	.416	.695
Sal_Growth	-31.812	14.471	-.109	-2.198	.079
2 (Constant)	121.259	311.047		.390	.710
Mark_Cap	-.001	.000	-.089	-2.156	.075
ROCE	62.432	42.176	.037	1.480	.189
EPS	15.067	4.233	.647	3.559	.012
P/E	9.802	8.566	.058	1.144	.296
BV_per_ Share	1.596	.695	.331	2.296	.061
Divi_per_sh	7.534	8.423	.071	.894	.406
Sal_Growth	-32.717	13.283	-.112	-2.463	.049
3 (Constant)	179.280	299.829		.598	.569
Mark_Cap	-.001	.000	-.068	-2.029	.082
ROCE	56.546	41.060	.033	1.377	.211
EPS	18.524	1.700	.796	10.895	.000
P/E	9.868	8.442	.059	1.169	.281
BV_per_ Share	1.064	.353	.221	3.011	.020
Sal_Growth	-35.878	12.620	-.123	-2.843	.025
4 (Constant)	502.977	117.510		4.280	.003
Mark_Cap	.000	.000	-.041	-1.647	.138
ROCE	57.443	41.982	.034	1.368	.208
EPS	17.835	1.631	.766	10.936	.000
BV_per_ Share	1.232	.330	.256	3.737	.006
Sal_Growth	-48.234	7.051	-.165	-6.841	.000
5 (Constant)	545.147	118.764		4.590	.001
Mark_Cap	.000	.000	-.047	-1.794	.106
EPS	17.883	1.708	.768	10.473	.000
BV_per_ Share	1.270	.344	.263	3.691	.005
Sal_Growth	-46.911	7.315	-.160	-6.413	.000
6 (Constant)	491.934	127.113		3.870	.003
EPS	17.184	1.838	.738	9.351	.000
BV_per_ Share	1.341	.378	.278	3.549	.005
Sal_Growth	-46.321	8.077	-.158	-5.735	.000

a. Dependent Variable: Average_Price

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.998a	.997	.992	146.3768681
2	.998b	.997	.993	135.9126517
3	.998c	.996	.993	133.9565219
4	.998d	.996	.993	136.9882796
5	.997e	.995	.992	143.4728002
6	.996f	.993	.991	158.5856742

a. Predictors: (Constant), Sal_Growth, Mark_Cap, ROCE, BV_per_ Share , Divi_per_sh, Div_Payout, P/E , EPS
b. Predictors: (Constant), Sal_Growth, Mark_Cap, ROCE, BV_per_ Share , Divi_per_sh, P/E , EPS
c. Predictors: (Constant), Sal_Growth, Mark_Cap, ROCE, BV_per_ Share , P/E , EPS
d. Predictors: (Constant), Sal_Growth, Mark_Cap, ROCE, BV_per_ Share , EPS
e. Predictors: (Constant), Sal_Growth, Mark_Cap, BV_per_ Share , EPS
f. Predictors: (Constant), Sal_Growth, BV_per_ Share , EPS

Regression Results: Cement Industry

In the first equation all the explanatory variables namely earning per share, dividend per share, dividend payout ratio, sales growth, return on capital employed, and book value, size and price earnings ratio were regressed with the dependent variable share price for finding out the significant variables affecting the share prices in the Cement Industry. All these variables explained 98.6% variation in the dependent variable share price. The backward regression model used for analysis removed explanatory variables one after the other based on their significance level. The final regression model indicates that EPS, P/E and Growth are the most important determinants of share price for the Cement Industry with positive T- values. Dividend payout is also one of the important determinants of share price for the Cement Industry but with negative T- value. The coefficient of multiple determination (R2) (adjusted), obtained from the final equation indicates that variables included in the equation could explain 98.4% of the dependent variable share price. The variables Market Cap, ROCE, Dividend and Book Value have been found to be insignificant

Variables Entered/Removeda

Model	Variables Entered	Variables Removed	Method
1	Sal_Growth, Mark_Cap, ROCE, BV_per_ Share , Divi_per_ sh, Div_Payout, P/E , EPSb		Enter
2		Div_Payout	Backward (criterion: Probability of F-to-remove >= .100).
3		Divi_per_sh	Backward (criterion: Probability of F-to-remove >= .100).
4		P/E	Backward (criterion: Probability of F-to-remove >= .100).
5		ROCE	Backward (criterion: Probability of F-to-remove >= .100).
6		Mark_Cap	Backward (criterion: Probability of F-to-remove >= .100).

a. Dependent Variable: Average_Price
b. All requested variables entered.

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig.
	B	Std. Error	Beta		
1 (Constant)	-335.126	97.260		-3.446	.014
Mark_Cap	-2.146E-005	.000	-.003	-.079	.939
ROCE	-17.915	31.908	-.024	-.561	.595
EPS	15.998	3.227	.872	4.958	.003
P/E	27.351	4.632	.284	5.904	.001
BV_per_ Share	-.643	.802	-.150	-.802	.453
Divi_per_sh	6.883	5.845	.059	1.177	.284
Div_Payout	-293.175	147.367	-.108	-1.989	.094
Sal_Growth	3.773	1.640	.085	2.301	.061
2 (Constant)	-335.039	90.087		-3.719	.007
ROCE	-17.819	29.535	-.024	-.603	.565
EPS	15.977	2.979	.871	5.364	.001
P/E	27.283	4.217	.283	6.469	.000
BV_per_ Share	-.639	.741	-.149	-.862	.417
Divi_per_sh	6.780	5.282	.058	1.284	.240
Div_Payout	-293.167	136.506	-.108	-2.148	.069
Sal_Growth	3.762	1.514	.085	2.485	.042
3 (Constant)	-353.693	81.181		-4.357	.002
EPS	15.697	2.823	.856	5.560	.001
P/E	27.003	4.021	.280	6.715	.000
BV_per_ Share	-.577	.705	-.135	-.819	.436
Divi_per_sh	6.527	5.051	.056	1.292	.232
Div_Payout	-254.582	115.704	-.094	-2.200	.059
Sal_Growth	3.418	1.345	.077	2.541	.035
4 (Constant)	-402.506	54.133		-7.436	.000
EPS	13.516	.925	.737	14.620	.000
P/E	26.759	3.937	.277	6.798	.000
Divi_per_sh	5.221	4.705	.045	1.110	.296
Div_Payout	-184.867	76.967	-.068	-2.402	.040
Sal_Growth	3.684	1.281	.083	2.876	.018
5 (Constant)	-382.312	51.569		-7.414	.000
EPS	14.134	.747	.770	18.926	.000
P/E	26.364	3.966	.273	6.648	.000
Div_Payout	-175.261	77.359	-.064	-2.266	.047
Sal_Growth	3.275	1.241	.074	2.639	.025

a. Dependent Variable: Average_Price

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.997a	.994	.986	78.1962375
2	.997b	.994	.988	72.4335488
3	.997c	.994	.989	69.4946172
4	.997d	.993	.989	68.2141372
5	.996e	.992	.989	68.9988880

a. Predictors: (Constant), Sal_Growth, Div_Payout, Mark_Cap, P/E , Divi_per_sh, ROCE, EPS , BV_per_ Share
b. Predictors: (Constant), Sal_Growth, Div_Payout, P/E , Divi_per_sh, ROCE, EPS , BV_per_ Share
c. Predictors: (Constant), Sal_Growth, Div_Payout, P/E , Divi_per_sh, EPS , BV_per_ Share
d. Predictors: (Constant), Sal_Growth, Div_Payout, P/E , Divi_per_sh, EPS
e. Predictors: (Constant), Sal_Growth, Div_Payout, P/E , EPS

Regression Results: Chemical Industry

To identify the significant variables affecting the share prices in the chemicals industry, in the first equation all the explanatory variables namely earning per share, dividend per share, dividend payout ratio, sales growth, return on capital employed, and book value, size and price earnings ratio were regressed with the dependent variable share price. All these variables explained 95.3% variation in the dependent variable share price. The backward regression model used for analysis removed explanatory variables one after the other based on their significance level. The final regression model indicates that EPS and Dividend are the most important determinants of share price for the chemicals industry with positive T- values. Dividend payout is also one of the important determinants of share price for the automobile industry but with negative T-value. The coefficient of multiple determination (R2) obtained from the final equation indicates that variables included in the equation could explain 90.5% of the dependent variable share price. The variables Market Cap, ROCE, P/E, Growth, Book Value have been found to be insignificant.

Variables Entered/Removeda

Model	Variables Entered	Variables Removed	Method
1	Sal_Growth, Div_Payout, Mark_Cap, P/E , EPS , ROCE, BV_per_ Share, Divi_per_shb		Enter
2		Sal_Growth	Backward (criterion: Probability of F-to-remove >= .100).
3		ROCE	Backward (criterion: Probability of F-to-remove >= .100).
4		Mark_Cap	Backward (criterion: Probability of F-to-remove >= .100).
5		BV_per_ Share	Backward (criterion: Probability of F-to-remove >= .100).
6		P/E	Backward (criterion: Probability of F-to-remove >= .100).

a. Dependent Variable: Average_Price
b. All requested variables entered.

Coefficientsa

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	sig.
1 (Constant)	-310.264	65.760		-4.718	.000
Mark_Cap	.000	.000	-.109	-2.958	.004
ROCE	34.037	22.909	.056	1.486	.142
EPS	7.147	1.747	.340	4.090	.000
P/E	2.488	1.298	.067	1.917	.060
BV_pe_ Share	2.516	.315	.578	7.987	.000
Divi_per_sh	12.114	5.494	.120	2.205	.031
Div_Payout	126.533	124.035	.037	1.020	.311
Sal_Growth	-.671	1.405	-.018	-.477	.635
2 (Constant)	-321.244	61.246		-5.245	.000
Mark_Cap	.000	.000	-.111	-3.072	.003
ROCE	29.658	20.871	.049	1.421	.160
EPS	7.135	1.737	.340	4.108	.000
P/E	2.547	1.284	.068	1.984	.051
BV_pe_ Share	2.538	.310	.583	8.197	.000
Divi_per_sh	12.177	5.460	.120	2.230	.029
Div_Payout	122.924	123.078	.036	.999	.322
3 (Constant)	-291.429	53.477		-5.450	.000
Mark_Cap	.000	.000	-.106	-2.950	.004
ROCE	26.301	20.598	.043	1.277	.206
EPS	7.127	1.737	.340	4.103	.000
P/E	2.793	1.260	.075	2.216	.030
BV_pe_ Share	2.485	.305	.571	8.147	.000
Divi_per_sh	13.385	5.325	.132	2.514	.014
4 (Constant)	-254.544	45.212		-5.630	.000
Mark_Cap	.000	.000	-.112	-3.150	.002
EPS	7.537	1.715	.359	4.396	.000
P/E	2.738	1.265	.073	2.164	.034
BV_pe_ Share	2.467	.306	.567	8.059	.000
Divi_per_sh	12.128	5.257	.120	2.307	.024

a. Dependent Variable: Average_Price

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.964a	.930	.921	182.0190328
2	.964b	.929	.922	180.9512640
3	.963c	.928	.922	180.9478814
4	.963d	.927	.921	181.7847549

a. Predictors: (Constant), Sal_Growth, Mark_Cap, P/E , Div_Payout, EPS , ROCE, Divi_per_sh, BV_pe_ Share
b. Predictors: (Constant), Mark_Cap, P/E , Div_Payout, EPS , ROCE, Divi_per_sh, BV_pe_ Share
c. Predictors: (Constant), Mark_Cap, P/E , EPS , ROCE, Divi_per_sh, BV_pe_ Share
d. Predictors: (Constant), Mark_Cap, P/E , EPS , Divi_per_sh, BV_pe_ Share

Conclusion

The study examined the empirical relationship of explanatory variables namely earnings per share, dividend per share, dividend payout, sales growth, return on capital employed, book value, and size, with the market price of the shares. The relationship between independent variables of 74 companies falling in five industries namely, automobile, cement, chemical, cotton textile and pharmaceutical was studied over a period of 5 years from 2009 to 2013.

The results of the analysis indicate that EPS and Book Value, EPS, P/E and Growth, EPS and Dividend, P/E, Market Cap and Dividend and Market Cap, P/E, EPS, Book Value and Dividend are the significant variables explaining the variations in the share prices in the Automobile Industry, Cement Industry, Chemical Industry, Cotton Textile and Pharmaceutical Industry respectively. The results reveal that Earnings per Share is the only determinant which is a significant determinant of share prices in all the industries except Cotton Textile industry. Therefore, EPS is an important determinant of share price. Price earnings ratio is another variable which significantly affects the share prices as it has turned out to be significant in three industries under study namely Cement Industry, Cotton Textile, and Pharmaceutical industries. Also dividend is another variable which significantly affects the share prices as it has turned out to be significant in three industries under study namely Chemical, Cotton Textile, and Pharmaceutical industries. Market Cap as an explanatory variable significantly explains the variation in the share prices of two industries namely Cotton Textile and Pharmaceutical industries. Book Value as an explanatory variable significantly explains the variation in the share prices of two industries namely Automobile and Pharmaceutical industries. Growth as an explanatory variable significantly explains the variation in the share prices in only one industry namely Cement Industry only.

The analysis brings home the fact that Earnings per Share, Price earnings ratio and dividend have emerged as the most significant variables affecting the share prices in the industries under study. These findings are understandable as the companies with higher earnings and paying regular and uninterrupted dividends can expect rise in their share prices. Market Cap and Book Value also influence in the dependent variable i.e. share price. This implies that the companies with higher market cap and healthy balance sheet command higher premium in the market. The other independent variables like Return on capital employed, payout ratio and growth have remained insignificant in explaining the behavior of stock prices. Thus the study identifies Earnings per Share, Price earnings ratio and dividend as the most significant variables explaining the behavior of stock prices during the period under study. The investors and corporate management should keep a track of these variables for predicting share prices and making investment and other financial decisions.

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"Work Force Diversity: Impact of Diversity with Regard to Age in IT Sector in India"

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Abstract

Human communities have a variety of practices, experience, thought, beliefs, interest, social roles, norms, expressions, forms of organization and conflicts (economic, political, legal, religious, expressive and artistic) that exhibit various sorts of internal coherence and cleavages within communities. In India, the main diversity categories are age, gender, religion, place of birth and for Hindus, caste – specifically, whether individuals belong to one of the dominant "Forward Castes (FC)", one of the excluded "Scheduled Castes (SC)" or "Scheduled Tribes (ST)", or the large "Other Backward Castes (OBC)" grouping. Workplace diversity refers to the differences that people bring with them to their jobs on the basis of gender, age, race, ethnicity, culture or professional background. Those differences have a direct and/or indirect influence on the work done.

Workplace Diversity also refers to the variety of differences between employees in an organization. Diversity encompasses race, gender, age, ethnic group, personality, cognitive style, tenure, organizational function, education background etc. Diversity not only includes how people perceive themselves, but how they perceive others. The objectives of the study is to study the Impact of diversity with regard to age in IT sector in India.

Keywords: Work force diversity, Impact of diversity, IT sector

Introduction

Maximizing and capitalizing on workplace diversity has become a crucial issue for management today. Diversity can be defined as recognizing, understanding, accepting, valuing and celebrating differences among people with respect to age, class, ethnicity, gender, physical and mental ability, race, religion, sexual orientation, spiritual practice, and public assistance status (ToolsKelli A. Green, Mayra López, Allen Wysocki and Karl Kepner,2002)1. Diversity is beneficial to both parties i.e. employees and employers. Although employees and employers depend on each other in the workplace, respecting individual differences can increase productivity and profitability in the organization. Diversity in the workplace can reduce lawsuits and conflicts; and increase marketability, profitability, recruitment, creativity, talent, productivity and image of the business.

Demographics, competition, marketplace demands and the changing environment demand for a diverse workforce. This workforce includes men and women, employees with differing religious backgrounds, younger and older workers, physically challenged employees and other workers who differ from the dominant group. By attracting a greater pool of talent to the workplace, diversity often results in better decision making, an increase in the understanding of customers' wants/needs and a greater staffing ability.

Information Technology (IT) Sector in India

Information Technology industry is one of the fastest growing sector in India. Indian IT industry has built up brand equity for itself in the global markets and IT industry in India comprises of software industry and information technology enabled services (ITES), which also includes business process outsourcing (BPO) industry. India is developed as a leader in software development and has built a favourite destination for IT-enabled services. Today, Indian Information Technology companies such as Tata Consultancy Services, Wipro, Infosys and HCL are renowned in the global market for their IT prowess.[2]

In the last two decades, the Indian Information Technology industry has contributed to Indian economic growth in terms of GDP, foreign exchange earnings, per capita income and employment generation.[3]

The current role of IT/ITES industry in India's economy is well known now. The sector is proving to be the major growth pillar within the services industry, which in turn drives several economic indicators of growth in the country. The Indian Information Technology industry can be classified into the following categories – Information Technology Services, Engineering Services, Business Process Outsourcing (BPO) Services and E-Business. IT Services can further be divided into information services outsourcing, packaged software support and installation, systems integration, data processing services, hardware support and installation and IT training. Engineering Services constitutes Industrial Design, Electronic System Design, Design Validation Testing, Industrialization and Prototyping. IT Enabled Services are services that use the Internet as a basic infrastructure i.e. Back Office Operations, Data Processing, Call Centers, Business Process Outsourcing (BPO), Medical Transcription etc. IT sector is attracting interest not only as a developed market but also as potential production base by MNCs. Therefore India is established as a pioneer in software development and a favourite destination for IT-enabled services. The fast growth in the sector is a

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consequence of access to trained English speaking professionals, educated manpower, cost competitiveness and quality telecommunications infrastructure in India. Companies operating from India are able to leverage the advantage of the Indian time zone to offer 24 x 7 services to their rest of world customers. Many world leaders including General Electric (GE), British Airways, American Express and Citibank have outsourced call centre operations to India.

Review of Literature

Review of literature chapter consists of reviews of secondary data collected from other journals, books and primary data. It also outlines the literature and relevant theoretical model reviews regarding work force diversity and employee performance and determined and defined deeply about the variables. The determinant of variables is necessary to understand to the relationship between the independent variables (gender, age, ethnicity, and education background) and the dependent variable.

Pelled (1996)[4] this study was about Demographic Diversity, Conflict, and Work Group Outcomes: An Intervening Process Theory. This study developed a theoretical model to explain the turnover and mixed performance consequences of demographic diversity in work groups. The model also suggested that each demographic diversity variable with respect to age, gender, race, group tenure, organization tenure, education and functional background can be classified according to its level of visibility and its level of job relatedness, visibility is the extent to which the variable is easily observed by group members and job-relatedness is the extent to which the variable directly shapes perspectives and skills related to cognitive tasks. It was found that the visibility and job relatedness of a diversity variable indirectly influence how much turnover and/or performance enhancement the variable yields.

Latimer (1998)[5] argued that diversity in terms of ethnicity, age, gender, personality and educational background promotes creativity and problem-solving capability. He suggested that groups had been found to be less risk averse than an individual's 'risky shift'. Increased diversity leads to lower levels of risk aversion and better decision-making and problem-solving capability. This arises because diversity promotes a more robust critical evaluation of the first solution to receive substantial support.

Simlin (2006)[6] conducted study to learn the type of culture prevalent in the Indian IT-ITES sector using Geert Hostede's 6 Dimensions of Organizational culture. To learn the relevance of Hostede's cultural dimensions in the Indian IT-ITES context and understand the impact of diversity openness on job satisfaction. It was found that as the age increases the perception of diversity openness decreases, hence it is important to orient the older employees also about the presence and need of diversity openness in organizations through training, workshops, group's discussions etc. When we move from organizations with Indian Origins to Foreign origins, employees increasingly agree with diversity openness. Hence the IT-ITES organizations of Indian origin need to take more measures to create a diversity open environment, where people freely express their uniqueness and culture. It was found in the study that job satisfaction among employees of IT-ITES organizations were dependent on diversity openness/assimilation levels. And it was recommended that organizations try to create diversity open culture instead of one which assimilates the employees, to its own dominant culture. It is important to build and nurture a culture of diversity openness. It would not only help in increasing job satisfaction, but also further the cause of effectively managing cultural diversity.

Paelmke (2007)[7] study was comparative analysis of Human resource management practices and diversity management in German and Indian companies. The purpose of the study was to explore the differences of HRM and diversity management concepts in these organizations and understand their implications. The questionnaire was administered to 64 German managers and 77 Indian managers employed in manufacturing companies. The findings were that age structures are contrary to conventional wisdom, not many differences in perceptions about individualism or collectivism between German and Indian managers. German and Indian companies consider interviewing applicants personally as the most effective and eminent hiring method, the linguistic diversities in German companies seem to have more impacts on work processes than in the multilingual Indian work environment, demographic differences between Germany and India does not reflect the demographic profiles of sampled companies. Workforce diversity was acknowledged as a prevalent and manageable organizational phenomenon by all managers.

Patrick (2010)[8] the study was about the organization culture and its impact on diversity openness, the study explored the type of culture prevalent in the Indian IT sector and to measures diversity openness. It was found that not only the presence of the diversity determines the effects of the diversity within an organization but, rather, the level of openness to dissimilarity characteristics among of the organization's members, work groups and culture. It was also found that as the age increases the perception of diversity openness decreases, so it is important to orient the older employees also about the presence and need of diversity openness in organizations through training, workshops, group discussions etc. It was found that as employee's move from organizations with Indian Origins to Foreign origins, employees increasingly agree with diversity openness, so the IT-ITES organizations of Indian origin need to take more measures to create diversity open environment, where people freely express their uniqueness and culture. It was found that
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culture.

Khaled Helaly (2011)[9] had explained that diversity is not only about preventing unfair discrimination and improving equality but also valuing differences and inclusion, spanning such areas as ethnicity, age, race, culture, gender, physical disability and religious belief.

Research Methodology

Research Objective

The objective of the study is to study the impact of diversity with regard to age in IT sector in India.

Importance of the Study

To achieve success and maintain a competitive advantage, every organization must be able to draw on the most important resource that is the skills of the workforce. With the increasing richness of diversity in the world and in the workforce, we need to expand our outlook and use creative strategies to be successful. Every organization needs to realize the full potential of all employees of all ages and help to achieve its goals. We hope that proposed research will help IT sector to understand importance of workforce diversity and help them to manage the challenges faced by sector due to workforce diversity.

Scope of the Study

The study proposes to cover leading companies from IT sector of India. The Sample included in the study was drawn from different places of India. The Sample size of the research consisted of 250 managers and executives working in different areas in IT companies at top level and middle level in the organization.

Hypothesis of the Study

Hypothesis of the study is as follows:

"There is no significant impact of age in the workplace with respect to workforce diversity in IT sector."

Instruments for Data Collection

Primary data were used to achieve the objective taken up in the study. For primary data collection, questionnaire was prepared with the help of experts from management.

The questionnaire was individually made available to respondents through e-mails, by Indian post, by courier, by hand according to availability of respondents. The respondents were approached at their respective work place or residence and their willingness to participate in the study was sought and objectives of the study were made clear to them. It was explained to the respondents that these items of information were needed for research purpose only and will kept confidential. So respondents were requested to provide genuine and correct view. If any of the respondents has doubts in the mind were duly taken care of and answered properly so that they could give the correct view. All relevant information pertaining to subject was recorded.

Sample Design

Area of the Study

The sample will be selected from those places where IT companies are situated throughout India i.e. Gurgaon, Delhi, Noida, Hyderabad, Bangalore, Chandigarh etc.

Population

In order to fulfil the objective respondents from different age i.e. 18-30 years, 31-40 years, 41-50 years and More than 50 were included in the study. Employees from top level and middle level were taken for the study.

Sampling Method

Non-probability sampling technique will be used as Convenient Sampling technique and will be adopted to choose the IT companies. Every sincere effort will be taken by the researcher to avoid bias in the selection of respondents.

Statistical tools used

The Analysis for the questionnaires was divided into two parts viz, descriptive inferences and statistical inferences. To achieve the objective of the study frequencies, ANOVA and Descriptive Mean analysis was used and tables and charts were made using SPSS 16.0 version software package.

Reliability of Data

Reliability analysis is important and widely used in measuring the accuracy of a study. Below are the descriptions of how coefficient alpha is labeled.

Table- 1: Internal Consistency (Coefficient Alpha)

Coef«cient alpha	Level of reliability
0.8-0.95	Very good reliability
0.7-0.8	Good reliability
0.6-0.7	Fair reliability
< 0.6	Poor reliability

Source: Adapted from Hair, Money, Samouel and Babin (2003). Essential of Business Research Methods. Wiley International Edition: Leyn Publishing LLC,(page 172).

Table 2: Reliability Test

S.No.	Constructs	Coef«cient Alpha
1	Questionnaire: Impact of diversity with regards to age	

Source: Data generated by SPSS version 16.0

From the table 2, the Cronbach's alpha was used to test the internal consistencies and stability of the multi-item scale. The closer the Cronbach's alpha to value of 1 the higher the internal consistency of the particular item.

The constructs which is "Impact of diversity with regards to age" shows coefficient alpha at 0.892. Questionnaire gives a very good reliability. In conclusion, the reliability coefficient (coefficient alpha) of all examined constructs in the questionnaire is acceptable. The constructs shows a Cronbach's alpha more than 0.6 which signifies the consistency and reliability of the questionnaire.

Respondent Demographic Profile

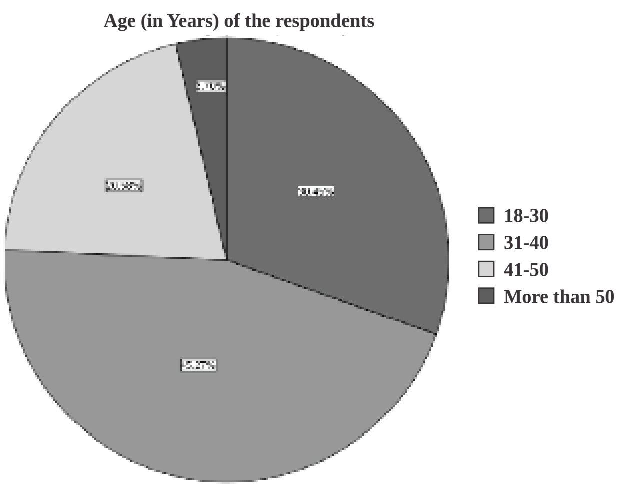
Scope of the study was 250 respondents but 243 responses were received from respondents from IT sector in India as below:

Table- 3 : Age (in years) Wise Analysis of the Respondents

	Frequency	Percent	Percent Valid	Cumulative Percent
Valid 18-30	74	30.5	30.5	30.5
31-40	110	45.3	45.3	75.7
41-50	50	20.6	20.6	96.3
More than 50	9	3.7	3.7	100.0
Total	243	100.0	100.0	

Source: Primary Data
(Generated by SPSS version 16.0)

Figure- 1 : Age (in years) Wise Analysis of the Respondents



Source: Primary Data (Generated by SPSS version 16.0)

Above Table- 3 and Figure- 1 shows age group of the respondents. The majority of the respondents falls under the age group of 31-40 years old (accounted for 45.3% or 110 respondents), followed by the age group of 18-30 years old (30.5% or 74 respondents), 41-50 years old (20.6% or 50 respondents) and more than 50 years old and above (3.7% or 9 respondents).

Study the impact of diversity with regard to age in IT sector in India

For considering the effect of age five statements related to work force diversity were being studied and out of these statements one statement was found to have significant impact on the age in case of IT sector, which is shown in Table- 2 as below:

Table- 4 : Impact of diversity with regard to age in IT sector in India

Statements	IT Sector	
	F	Sig.
This organization provides equal opportunities for training and career development to all employees irrespective of their age.	2.004	.114
My organization includes all members at different ages in problem solving and decision making.	.624	.600
The age differences in work group might cause con¬ict.	7.204	.000*
At work, I experience lack of bonding with people of different age group.	2.117	.099
I am positive about age diversity in this workplace.	.793	.499

***Significant at 5% level (Tabulated value .05)**
Source: Field Survey

Descriptive mean analysis and test of hypothesis

The descriptive mean analysis revealed that respondents of age group 18-30 years strongly agree that the age differences in work group might cause conflict with corresponding mean value 2.8919. And this belief become weaker as age group of respondents is increasing. Respondents having age group more than 50 years don't believe that the age differences in work group might cause conflict with corresponding mean value 4.2222. Analysis show that as age is increased employees become open and broad minded. Youngest respondents think that the age differences in work group might cause conflict in the organization in IT sector, but oldest employees don't think so and they are broad minded and open than youngest employees.

Statement related to organization, which had significant impact on age is shown in Table-5

Table- 5: Descriptive Mean analysis for Impact of diversity with regard to age in IT

Statements	Age 18-30 years	Age 31-40 years	Age 41-50 years	Age more than 50 years	Total
The age differences in work group might cause conflict.	2.8919	3.1091	3.7000	4.2222	3.2058

Source: Field Survey

To test the impact of diversity with regard to age in IT sector, we formulated below hypothesis and tested:

H0 : There is no significant impact of age in the workplace with respect to workforce diversity in IT sector.

Out of above five statements only one statement is significant. The examination has been carried out at 5% significance level. Hence it can be concluded that Null hypotheses was rejected and alternate hypotheses was accepted for statement i.e. "The age differences in work group might cause conflict." Therefore there is significant impact of age in the workplace with respect to workforce diversity in IT sector.

Conclusion

The study revealed that respondents of age group 18-30 years strongly agree that the age differences in work group might cause conflict with corresponding mean value 2.8919. And this belief become weaker as age group of respondents is increasing. Respondents having age group more than 50 years don't believe that the age differences in work group might cause conflict with corresponding mean value 4.2222. Analysis show that as age is increased employees become open and broad minded. Youngest respondents think that the age differences in work group might cause conflict in the organization in IT sector, but oldest employees don't think so and they are broad minded and open than youngest employees.

Managerial Implications

The study will help the manager to study the impact of age factor in the organization and help managers to make policy to manage the diverse workforce specially w.r.t age. Demographic change like increased retirement age and efforts to shorten the duration of education will lead to a more age-diverse workforce in future. Age diversity's successful management will now become an important business issue for company practitioners.

Limitations

No study is complete and there are always chances of improvements in the universe. The study is based on the data collected through a sample survey and, therefore, sampling errors cannot be ruled out, notwithstanding the fact that all care has been taken to keep it free from biasness as explained in the sampling procedure. Due to time and cost constraints, it was not possible to go for larger sample size and thereby produced an exhaustive work. Some of the respondents were unwilling to open up while giving information because of disclosure of organization study and qualitative nature of the study. The scope of the study had to be limited to the some companies in IT sector with a view to carry out an in depth analysis within stipulated timeframe and resources available within the researcher.

Directions for Future Research

Although the present study has shed some light into diversity with respect to age at work, there are several limitations that must be kept in mind. First, the participants of this study were selected from a professional group of human. The response to the questions asked might not be free from their personal biasness. Second, the study is based on workplaces in India; hence the findings might not be applicable to other countries. Third, future studies should also incorporate equal samples for the age groups and work sectors. The uneven sample sizes used in the study reduced the power of the statistical analysis and only allowed on a non-parametric test to be conducted. Lastly, the emphasis on age in this present study as an important diversity issue has undermined other workplace diversity issues such as gender, educational qualification, ethnic group, religion all which are factors that can affect human resource development practices.

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Antecedents and Consequences of Organizational Commitment: A Theoretical Perspective

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Abstract

This paper elaborates the concept of organizational commitment with three component model developed by Meyer & Allen (1991). A deep analysis regarding antecedents and consequences of organizational commitment is presented and discussed in the study.Few strategies for building organizational commitment among employees are also suggested. Further possible scope for future research in the same area is explored and discussed at the end.

Keywords: Organizational Commitment, Components, Antecedents, Consequences

Introduction

The role of human resources has changed greatly from the earlier times when the prominent motivational factors were basic human necessities and the role of HR was to arrange for these in proportion to the work done. Today's organizations comprise fast, flexible and dynamic teams of enthusiastic, motivated and creative people. Human capital is increasingly being seen as an issue of strategic significance in the industry today. The challenge for HR experts in the organization lies in bringing high degree of alignment so that the contribution of people in each and every activity along the value chain becomes a key differentiator in the industry.

If organizations have to achieve desirable outcomes they have to re-think strategies in order to retain the human resource and to get maximum productivity out of them. One of the most important options being exercised is to develop a climate that would meet the expectations of the employees and make them more committed towards the organization.

A committed employee is an asset to the organization, shares organizational goals, adds value to the organization and has more growth potential as compared to other employees **(Porter et al., 1974 & Buchanan, 1974).** Organizational outcomes like retention of employees, lower absenteeism, better job performance, quality work and personnel commitment to the work are achieved only with the help of committed employees **(London, 1983; Hall, 1977; Rabinowitz & Hall, 1977 & Randall, 1990)**.

Commitment can be viewed from two different perspectives attitudinal commitment and behavioural commitment **(Mowday, Porter & Steers, 1982)**. Behavioural commitment is defined as commitment of the employees as a result of behavioural acts. This type of commitment had been a research area for earlier researchers **(Becker, 1960; Alluto et al., 1973; Salanick & Staw, 1977 & Angel & Perry, 1983). Becker (1960)** defined commitment in the form of Becker's side-bet Theory. The term side-bets refers to the accumulation of investment are valued by individuals which would be lost if he or she leaves the organization.

Attitudinal commitment is defined as individual identification with the organizational goals and willingness to work towards them. A bond between individual and organization exists in this form of commitment. This type of organizational commitment is supported by researchers like Buchanan **(1974), Porter et al.(1974), Mowday et al. (1982) and Allen & Meyer(1990).** According to **Meyer & Allen (1977)** attitudinal commitment further can be studied into three forms as affective attachment, perceived costs and as an obligation. **Meyer & Allen (1991)** presented a very comprehensive model based on previous studies and summarized them into a three component model of organizational commitment. Affective, normative and continuance commitment were three components of this model. Affective commitment is defined as the employee's emotional attachment to, identification with, and involvement in the organization, continuance commitment is the awareness of the costs associated with leaving the organization and normative commitment is a feeling of obligation to continue employment.

Objectives of the Study

a) To study the meaning and types of organizational commitment.
b) To identify and analyse the antecedents and consequences of organizational commitment.
c) To suggest innovative ways to develop organizational commitment among employees.

Significance of the Study

The present study will be useful for Human Resource practitioners and researchers to understanding the concept and types of organizational commitment. The study on antecedents and consequences of organizational commitment will help the readers to understand the basis of organizational commitment and how it can build up among employees. With this insight it becomes easier for organizations to implement the mechanism of organizational commitment to get the desired outputs.

Research Methodology

The research is descriptive and analytical in nature as it

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focuses on studying the concept of organizational commitment with its types and building framework. A deep analysis on the antecedents and consequences of organizational commitment is also presented in the study. Data Collection and Sources- Data is collected from secondary sources mainly from, Journals, Newspaper, Books and online resources.

Organizational Commitment Defined

Allen & Meyer (1990) defined organizational commitment as "psychological state that binds the individual to the organization" (i.e. makes turnover less likely). **Mowday, Porter and Steers (1982)** defined organizational commitment as a process by which individuals become locked into a certain organization and how they deal with this problem. They also came up with their own model where they took only one dimension of organizational commitment as attitudinal commitment and defined it as a strong belief in and acceptance of organizational goals and values, a willingness to exert considerable effort on the behalf of organization and a strong desire to maintain membership in the organization. **Mathieu and Zajac (1990)** defined organizational commitment on the basis of **Mowday et al. (1982)** definition and states that this reflects a multidimensional view though it includes the concepts of identification and incorporates the desire to remain in the organization and work towards organizational goals. The most accepted form of organizational commitment is affective commitment which includes acceptance of organizational values and a desire to remain in the organization.

Meyer and Herscovitch (2002) defined commitment as the incentive that sustains a line of behaviour towards one or more objectives. It has been theorized that commitment is a multidimensional construct with various antecedents, correlates, and consequences across various dimensions.

Components of Organizational Commitment

Meyer and Allen (1991) three component model of organizational commitment identified different forms of commitment as affective commitment, continuance commitment, and normative commitment. Normative commitment is a relatively new aspect of organizational commitment having been defined by Bolon (1993).

a) **Affective commitment** is defined as the emotional attachment, identification, and involvement that an employee has with its organization and goals (Mowday et al, 1979, Meyer & Allen, 1993; O'Reily & Chatman, 1982). Porter et al (1974) further characterize affective commitment by three factors (1) "belief in and acceptance of the organization's goals and values, (2) a willingness to focus effort on helping the organization achieve its goals, and (3) a desire to maintain organizational membership". Allen and Meyer (1990) defined affective commitment into three aspects a) the formation of emotional attachment to a) an organization b) identification with c) and the desire to maintain organizational membership. According to affective commitment is found to be correlated with large range of outcomes such as turnover, absenteeism, job performance and citizenship behavior.

b) **Continuance commitment** is the willingness to remain in an organization because of the investment that the employee has with "nontransferable" investments. Nontransferable investments include things such as retirement, relationships with other employees, or things that are special to the organization (Reichers, 1985). Allen and Meyer (1990) defined continuance commitment as a form of psychological attachment to the organization that reflects the employee's perception of the loss he/she would suffer if they were to lose the organization. This realizes the employee's part of cost which is associated with leaving the organization. Hence it forms a link to the organization and the decision to remain with the organization is an effort to retain all the benefits.

c) **Normative commitment** is the commitment that a person believes that they have to the organization or their feeling of obligation to their workplace (Bolon, 1993). Weiner (1982) discusses normative commitment as being a "generalized value of loyalty and duty". Meyer and Allen (1991) supported this type of commitment prior to Bolon (1993) definition, with their definition of normative commitment being "a feeling of obligation". It is argues that normative commitment is only natural due to the way we are raised in society. Normative commitment can be explained by other commitments such as marriage, family, religion, etc. therefore when it comes to one's commitment to their place of employment they often feel like they have a moral obligation to the organization (Wiener, 1982).

Antecedents and Consequences of Organizational Commitment

A variety of antecedents and outcomes have been identified in the past thirty years (Angle and Perry, 1981; Mowday et al 1979; Hall, 1977). The literature shows that affective commitment antecedents are studied in the form of personal characteristics or what the employee contributes to the workplace. According to researchers predictors of commitment occurs in three categories a) organization characteristics b) personal characteristics and c) work experiences. Organization characteristics are like size, autonomy and decentralization. Personal characteristics like age, gender and organization tenure. Work experiences include factors like organization support and warmth. Later on Steers & Porter (1983) added another antecedent to organizational commitment as Organizational Design.

Antecedents of Organizational Commitment

Antecedents to Affective Commitment

According to researchers antecedents of affective commitment occurs in four categories as a) Organization characteristics b) Personal characteristics and c) Work experiences & d) Organizational design

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a) Organization Characteristics
Organization characteristics as a predictor to organizational commitment includes Job Challenge, Supervisor Support, role stress, role conflict and role ambiguity (Mowday et al, 1982). Challenging jobs are positively correlated with organizational commitment (Mathieu & Zajac, 1990). Also job characteristics have a strong relationship with organizational commitment (Mathieu & Zajac, 1990; Meyer & Allen, 1998, Meyer et al 2002). Role stress is negatively associated with organizational commitment (Meyer et al, 2002) as less role stress on employees lead to higher organizational commitment. Role Ambiguity is also negatively associated with organizational commitment (Agarwal et al, 1999). Conversely, role clarity is positively associated with organizational commitment (Morris & Koch, 1979).

b) Personal Characteristics
Personal Characteristics as an antecedent of organizational commitment includes variables like age, marital status, education, gender, organization tenure, work value, perceived competence, ability, salary and various personality factors on commitment (Mowday et al., 1982; Steers, 1977). Organization tenure is found to be positively associated with organizational commitment. Longer the duration of stay of the person he or she is more committed to the organization (Mathieu &Zajac, 1990). Age is also found to be positively related to the organizational commitment (Mathieu &Zajac, 1990). Gender is also related with organizational commitment. Though there is difference in the levels of organizational commitment by males and females (Marsden, Kalleberg& Cook, 1993), females tend to be more committed to the organization as compared to males (Grusky, 1996; Mathieu &Zajac, 1990; Aryee& Hang, 1990; Mowday et al, 1982; Angel & Perry, 1981). Regarding marital status, married employees are more committed as compared to unmarried employees (Mathieu &Zajac, 1990; Angel & Perry, 1981). Whereas education is found as a negative predictor of organization commitment, highly educated employees are less committed as compared to less educated employees. Perceived Personal Competence is found to be positively related with organizational commitment (Mathieu &Zajac, 1990). Based on the above results personal characteristics are an important predictor to organizational commitment and individual differences must be taken into account while studying organizational commitment (Mowday et al, 1982; Meyer & Allen, 1991).

Work Experience
Many of the variables of work experience are positively related to organizational commitment. Work Experience variables include organization support and warmth, positive organizational climate, job involvement, trust between employee and organization, pay equity, group norms regarding hard work, leadership style, social involvement in organization (Eisenberger et al, 1986; Tansky& Cohen, 2001; Barling et al., 1990; Mowday et al, 1982; Meyer & Allen, 1997). Perceived organizational support, job involvement, higher level of trust between employees and organization are positively related with organizational commitment (Barling et al, 1990). Socialization and clarity of group norms regarding hard work are important and have a strong correlation with organizational commitment (Meyer & Allen, 1997).

c) Organizational Design
Organizational design is also studied as an antecedent to organizational commitment. It includes variables like age of the organization, leadership style, organization structure (Steers & Porter, 1983). Though there is little research in this area and needs further development. Age of the organization is positively correlated with organizational commitment as older the organization higher will be the organization commitment of employees (Glisson&Durick, 1988). Leadership styles are also related with organizational commitment. If the leader follows democratic style, good communication with employees more likely employees are committed to the organization (Glisson&Durick, 1988; Settoon et al, 1996). Participative citizenship behaviour by leaders makes the employees more committed to the organization (Yousef, 2000). High structure & high consideration behaviour of the leaders makes the employees more committed to the organization (Morris & Sherman, 1981).

Antecedents to Continuance Commitment
Continuance commitment is studied as the cost associated with the organization while leaving the organization but the definition of cost varies from person to person. Continuance commitment studies two antecedents: investments and alternatives.

a) Investment
Investments made by people in their organizations can be defined in the form of time, money, or effort. Helman (1997) discussed the concept of investment in older and younger employees. Younger employees have invested less time and investment in the organization as compared to the older ones; therefore younger employees are found switching more jobs.

b) Availability of Alternatives
Availability of alternatives is defined as the number of job options available outside the organization. Older employees have better opportunities in terms of number of options as they have more knowledge and experience as compared to younger employees. Moreover their knowledge and skills are polished over the period of time and therefore better candidates for the organizations to hire them up (Harrison & Hubbard, 1998).

Antecedents to Normative Commitment
Normative commitment may be developed if the employees get rewards in advance from the organization. Employees are committed to the organization because they have a sense of obligation towards organization. There are two antecedents of normative commitment as:

a) Reward in Advance
Reward in advance is defined by the Goulder's norm of reciprocity (1960) meaning that if employee are offering their services to the organization, organizations in return are paying some reward before like paying tuition fees, training employees at their own cost or buying employees from other organization (buy out policies) (Meyer & Allen, 1991).

b) Organizational Tenure
Organizational tenure is defined in the form of a sense of obligation developed over a period of time among the employees. This is further described as the degree to which employees align themselves with the organizational goals (Jaros, 1977). Normative commitment is negatively correlated with years of education (Iverson & Buttigieg, 1999) and positively correlated with job satisfaction and job involvement (Meyer et al., 2002)

Consequences of Organizational Commitment
Research on organizational commitment outcomes examines whether the different components of commitment have certain consequences. Employee retention, attendance, organizational citizenship, and job performance are commitment outcomes that are widely studied (Schultz, 2002).Employee attendance is the most positively related outcome to affective commitment. Steers (1997) found that employee commitment was highly related to the attendance of workers. Retention of employee appears to be one of the most studied outcomes of organizational commitment. This is due to the numerous studies which have found a correlation between turnover and commitment (Porter et al, 1974; Meyer & Allen, 1997).
Porter et al (1974) found that employees with lower levels of commitment were more likely to leave their counterparts. Meyer and Allen (1997) argue that the different components of commitment relate to different types of outcomes, therefore continuance commitment may or may not relate to employee performance. Studies related to consequences of organizational commitment can be studied into three ways for employees having low, moderate and higher levels of commitment.

a) Consequences for Low Level of Commitment
The low level of commitment is described as lack of acceptance of organizational goals and values. Employees with low commitment level are not willing to exert any efforts to be with the organization (Reichers, 1985). Consequences for low committed employees can be positively related with the organization. As low committed employees always look for alternate employment and if they switch the organization, a more skillful and competent can be hired. By performing an internal assessment for lower commitment among employees organizations can benefit themselves. Expression of opportunity and innovation are potentially the positive consequence of low level of commitment. Negative consequences for low level of commitment can be explained as waste of organizational resources, non-alignment to organizational goals, no participation in decision making and poor quality of work (Schein, 1968; Mowday et al., 1982 & Ermann & Lundman, 1982)

b) Consequences for Moderate Levelof Commitment
Willingness to exert extra effort to remain in the organization and acceptance to organizational goals and values to some extent are the characteristics of moderately level committed employees. Employees with moderate level of commitment show acceptance towards core and primary values of the organization but reject the secondary values. Positive consequences for moderate level of employees can be described as greater job satisfaction, sense of belongingness, job security and long term tenure (Mowday et al., 1982;Hall & Schneider, 1972 &Steers, 1977).Negative consequences for the organization can be stated partial commitment to organizational goals leading to slow growth in organizational chart. Doubts about growth opportunities will always remain with the moderately committed employees (Katz & Kahn, 1966, Mowdayetal., 1982 & Randall, 1987).

c) Consequences for High Level of Commitment
Employees with high level of commitment shows strong acceptance towards organizational values and are willing to exert efforts to remain in the organization (Reichers, 1985). Highly committed employees show positive consequences like strong& fast work, potential for high productivity, greater opportunity for advancement and compensation for employees. Negative consequences like reduced organizational flexibility, suppressed creativity and innovation are the outcomes of highly committed employees (Merton, 1938 & Thompson, 1965). Stress in work life relations, less opportunity for personal growth and potential, reduced organizational flexibility, activeness in illegal or unethical behavior are negative consequences for highly committed employees (Randall, 1987; Salancik, 1977 &Kanter, 1977).

Summary of Antecedents and Consequences of Organizational Commitment

Antecedents → Commitment → Consequences

Organizational Characteristics, Personal Characteristics, Management, Environmetal Conditions, Work Experience, Role Status and Psychological Contract. Cowrker Satisfaction, Promotion satisfaction and Work Satisfaction	Retention, Productive Behavior and employee well being Increase in organizational citizenship Increased motivation Decrease in absenteeism and turnover

Source: *Formulated by Author from Past Literature*

Strategies to build Organizational Commitment
1) Training and Development- is a very important tool to enhance commitment levels among employees. Organizations should not restrict the level of training to meet the current job demands but should give employees an opportunity where

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they can realize their full potential and talent. Training on decision making skills, interpersonal skills & enhancing technical skills should be provided to employees. Development strategies like opportunity to pursue higher studies or any other advance skill training etc. should be integrated with their career planning and development to make the employees more committed to the organization.

2) Career Planning- organizations can build commitment among their employees by planning their career development strategies. Opportunities to exceed in their career stages will not only make them more responsible towards organizational goals but also enhances their commitment levels. Employees can realize their career goals and objectives with the help of organizations in different ways like making employees empower their roles, providing them with greater flexibility in work and by showing justice and equity in managing and awarding their performances. All these strategies will make employees more committed to their jobs by reducing absenteeism and turnover.

3) Competency based Performance Management- measuring performance in a way where employees feels that their efforts and performance are duly recognized and measured in the most justified way will not only build their trust in the organization but will also make them loyal to the organization. By devising strategies where performance is measured in the form of job competencies (Knowledge, Skill, and Behavior) will give a new dimension to the organization in terms of retaining their talent.

4) Learning Organizations- for survival and to maintain excellence in the competitive world organizations are always looking for newer ways to excel. Learning organization is a concept that helps the organization to innovate, to think of new strategies, building new knowledge and problem solving. Loyal and committed employees can be the answer to make an organization a learning organization. If employees are given a chance to innovate, empower them and to do creative things at their own will make them more efficient and loyal to the organization.

5) Maintaining balance with Quality of work life for employees will them more satisfied with their jobs. This balance will help the employees to concentrate more their professional life in terms of participation, growth and development activities and decision making.

Conclusion

Studies related with organizational commitment, its antecedents and consequences are of strategic significance for organizations today. Understanding the relationship between organizational commitment and variables like age, experience, organization support and turnover intensions etc. help the organizations to plan their strategies for employees in the challenging times. Organizations are striving hard to retain their employees, get maximum productivity out of them& aligning them with organizational values. Organizational commitment, here, offers as a rescue factor to all problems. Antecedents of organizational commitment like turnover intension of employees help to understand the reasons behind employee's turnover while designing policies to retain employees in the organizations. Similarly by exploring the factors responsible for positive consequences like increased productivity, job satisfaction, low absenteeism rates etc. organizations can get the desired outcomes. This study will help the organizations to implement strategies for building organizational commitment among employees for example opportunities for training and development will help the employees to upgrade their skills with the organization. Planning career path for employees will give them a feel as they are the part of the organization (no job insecurity) and will remain loyal to the organization.

With the upcoming challenges there is a need to have a relook at the antecedents and consequences of organizational commitment. New Dimensions like learning organizations, corporate ethical values, organizational learning, job competencies and performance can be explored to manage employees and devise innovative ways for building organizational commitment.

This study will help researchers to have a new look at the antecedents and consequence of the organizational commitment. With the changing time it is important to understand the transit which is taking place and act according to the new challenges.

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India's Foreign Trade in the Era of Economic Reforms and WTO: Review of Existing Studies

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Abstract:

Foreign trade plays an important role in the economic development and growth of a country. The economic reforms launched during 1990s and establishment of WTO in 1995 has provided a lot of opportunities and challenges for both developed as well as developing countries. The present paper makes a review of past studies related to the topic 'India's foreign trade in the era of economic reforms and WTO". It is an attempt to review the research work on the various aspects of economic reforms and World Trade Organization, and their effect on India's foreign trade performance. It is concluded that there are many studies, which discover strong positive relationship between exports and economic growth. On the other hand some studies do not indicate the existence of such a relation.

Keywords: WTO, Economic Development, Growth, Foreign Trade, Developing Counties

Introduction

Economic development is one of the main objectives of every society in the world and economic growth is fundamental to economic development **(Anwer and Sampath, 2000)**. There are several economic and non-economic factors affecting economic growth and development. Foreign trade plays an important role in the economic development and growth of a country **(Meier, 1980)**. It serves as an important engine of economic growth and development. Foreign trade as a highway of learning and thus foreign ideas and creativity imported by foreign trade are an impetus to domestic creativity and growth and thus has a deep impact on welfare, stability, and development of an economy.

India's foreign trade started to gain significance during the latter half of the 19th century. The period 1900-1914 saw expansion in India's foreign trade. The rise in the output of such crops as oilseeds, cotton, jute and tea was largely due to a flourishing export trade. The First World War was a serious setback to India's foreign trade. In the immediate post-war period, India's exports increased due to rise in world demand for raw materials and removal of war time restrictions. The imports, too, increased to satisfy the pent-up demand. India's foreign trade was severely hit by the great depression of 1930s. It was mainly due to: sharp fall in commodity prices, decline in consumer's purchasing power and discriminatory trade policies adopted by the colonial government, to name but a few.

During the Second World War, India achieved huge export surplus, enabling her to accumulate substantial amount of sterling balances.

In 1938-39, jute manufactures, cotton manufactures and tea accounted for only about 35 per cent increased dependence on a few commodities and brought an element of instability in the export prospects. Prior to independence, India's foreign trade was typical of a colonial and agricultural economy. Exports consisted mainly of raw materials and plantation crops, while imports composed of light consumer goods and other manufactures.

The structure of India's foreign trade reflected the systematic exploitation of the country by the foreign rulers. The raw materials were exported from India and finished products imported from the U.K. The productions of final products were discouraged. For example, cotton textiles, which at one time constituted bulk of India's exports, accounted for the largest share of her imports during the British rule. This resulted in the decline and decay of Indian industries. Over the last six decades, India's foreign trade has undergone a complete transformation in terms of composition of commodities. The exports cover a wide range of traditional and non-traditional products while imports mainly consist of capital goods, petroleum products, raw materials, intermediates and chemicals to meet the ever increasing industrial demands.

Many developing countries of the world had initiated the process of economic reforms in their economies during 1980s. India like other developing countries during 1990s has launched economic reforms in its economy such as in financial sector, fiscal sector, social sector, public sector, trade sector, etc. On the other hand, establishment of WTO in 1995 has provided a lot of opportunities and challenges for both developed as well as developing countries. Many countries of the world have changed their foreign policies from inward oriented import substitution to outward-oriented export promotion to reap the benefits from the opportunities provided by globalization by accepting WTO norms and commitments and also introducing capitalist economic reforms in every sphere of their economies. Establishment of WTO on the one hand and the introduction of economic reforms on the other, have influenced Indian trade sector as a whole and export sector in particular.

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Objective of the Study

The objective of this paper is to provide an overview of the research work on the various aspects of economic reforms, World Trade Organization (WTO), and their effects on India's exports. The study will help researchers to identify future areas of research related to foreign trade. For this purpose, the presentation is divided into following sections:

- Exports and Economic Growth
- India's Exports (1951-1991)
- Economic Reforms and India's Exports
- World Trade Organization and India's Exports
- Conclusion

Review of Existing Studies

Exports and Economic Growth

Raju and Kurien with Granger causality test on time-series data finds that Exports and GDP are "weekly" co-integrated for the period 1960-1992, which is a pre-liberalization period. The export performance was an important cause of growth does not by itself explain how exports could have contributed to economic growth in India directly by relieving severe import constraints, especially in vital capital goods industries. Indirectly exports may have eased the balance of payments crunch to some extent and undertake structural adjustment programmes in response to trade shocks of the 1970s and 1980s. There is no definite conclusion for the whole period of 1950 to 2008.

Sharma and Dhakal (1994) offer some evidence of the export-led growth hypothesis for India, but the empirical evidence offered by it is unreliable. The study concludes that the income and export series for India are non-stationary using the Phillip-Perron test. It tests for causality, but does not test for co-integration. However, the correct application of Granger tests requires the identification of a possible co-integrating relationship.

The export-led growth hypothesis argues that export extension is the main factor of economic growth. It amplifies that export expansion can be enhanced by expanding exports along with the increasing amount of capital and labor inside the economy. It seems like that export execute as an "engine of growth". The growth of export enhances the efficiency because exporters are competent to compete in foreign markets which result in technological growth and nurturing of local industrialist. **Anwar & Sampath (2000)** scrutinize the hypothesis of export led growth for 97 countries as well as Pakistan for the period of 1960-1992. The study used econometric tools like Granger-Causality Test to test the hypothesis .They discovers the unidirectional causality in the case of Pakistan. They finds that exports and economic growth in India are co integrated but do not find any strong evidence of causality from exports to economic growth or vice-versa.

Vohra (2001) showed the relationship between the exports and economic growth in India, Pakistan, Philippines, Malaysia, and Thailand for the period 1973 to 1993. The empirical results indicated that when a country has achieved some level of economic development then the exports have a positive and significant impact on economic growth. The study also showed the importance of liberal market policies by pursuing export expansion strategies, and by attracting foreign investments.

Jordaan (2007) analyzed the causality between exports and GDP of Namibia for the period 1970 to 2005. The export-led growth hypothesis is tested through Granger causality and co-integration models. It tests whether there is unidirectional or bi-directional causality between exports and GDP. The results revealed that exports Granger-cause GDP and GDP per capita, and suggested that the export-led growth strategy through various incentives has a positive influence on growth.

Dash (2009) analyzes the causal relationship between growth of exports and economic growth in India for the post-liberalization period 1992-2007, and the results indicate that there exists a long-run relationship between output and exports, and it is unidirectional, running from growth of exports to output growth.

Mishra, P.K. (2010) aims to investigate the dynamics of the relationship between exports and economic growth in India using the annual data for the period 1970 to 2009. In this study, the variables are Total Exports by India (EX) and Economic Growth (EG). Total Exports by India is the sum of oil, and non-oil exports expressed in crores of rupees. And, the real Gross Domestic Product (GDP) is used as the proxy for economic growth in India. All necessary data for the sample period are obtained from the Handbook of Statistics on Indian Economy published by Reserve Bank of India. All the variables are taken in their natural logarithms to avoid the problems of heteroscedasticity. The estimation methodology employed in this study is the cointegration and error correction modeling technique. The results of the co-integration test based on Johansen's procedure indicate the existence of the co-integration between exports and real GDP.

Bhat (2011) conducted a comprehensive study with the objective of bringing out structural changes in India's foreign trade during pre and post economic reforms period. The study used Percentage method to show the relation between economic growth and exports. The GDP growth rate and export and import growth rates do not show any consistent positive relationship during the period 1951-52 to 1959-60. The export growth rate for the period on an average was 1.05 per cent and import was 6.93 per cent. At the same time, GDP grew by 3.73 per cent. In the period 1970-71 to 1979-80, the GDP growth rate declined to 3 per cent and whereas exports and imports grew by 16 per cent and 20 per cent per annum on an average respectively. In the post reform period, both rise in exports and imports growth rates contributed to the enhancement of GDP. During period 2000-01 to 2008-09, the high export and import growth rate pushed up the GDP growth rate to over 7 percent from the previous level of 5.72 per cent.

This study clearly indicates that Export and import growth has a positive effect on GDP.

The paper of **Ranajit Chakrabarty (2012)** titled, "An Econometric Study of Indian Export and Import of Black Gold (oil)", tries to analyse the export and import of black gold (oil) with respect to the Indian scenario. The study extensively tries to capture the trends over the last four decades. Existing stuff primarily focuses on real GDP, exports, imports and share of exports. Unlike the existing papers this study has made an attempt to pin down the issue of export and import of oil, petroleum and the related products. In such a backdrop we have considered three variables - export of oil, import of oil, and GDP at constant prices for the Indian case. It has been found that all three time series data are integrated of order one. In what follows the cointegration analysis was done to show that the bivariate relation between exports and imports of oil is negative. So taking their first difference, an appropriate VAR specification was proposed. However, the bivariate cointegration results were positive for import of oil and GDP and so were the trivariate results for the three variables. This result interestingly corroborates Milton Friedman's theory of permanent income hypothesis.

Michaely, 1977; Krueger, 1978; Balassa, 1978; Chenery, 1979; Fasana, 1979; Tyler, 1981; Feder, 1982; Kavoussi, 1984; Ram, 1985; Chow, 1987; Alam, 1989; Fosu, 1990; Liang, 1992; Attri, 1996; or Bhat,1995; Nidugala, 2001; Chandra ,2002;are prominent country and cross country level studies in this direction. All these studies except Chandra (2002) contend that there exists a strong positive association between economic growth and export growth and thus exports play a key role as an additional variable in the process of economic growth by one way or the other.

2. India's Exports (1951-1991)

The period (1951-1991) has been characterized by import substitution inward oriented development strategy. A lot of research has taken place on India's exports during this period.

Patel (1959), by analyzing long-term trends in Indian exports until the end of the first five-year plan in terms of volume, composition and direction of exports, attributes that the falling world demand for Indian traditional exports is the main factor responsible for relative stagnation of Indian exports during the concerned period.

Singh (1964) examined India's export performance and trends and highlighted the future prospectus for self-sustained growth during the period 1951-60. The study explained that intensity or relative importance of external and internal factors influencing India's export performance varied from one commodity to other, but stagnation in India's export earnings and even declining share in world exports during study period was partly a consequence of faulty economic policies of import substitution adopted by the government during 1951-60.

Samuel and Mote (1970) analysed the competitiveness of Indian exports at micro level both theoretically and empirically and pointed out that the competitiveness of exports depends both on non price (i.e. quantity and service) and price factors, but the price factor is dominating in determining competitiveness.

Bhagwati and Srinivasan (1975) examined India's foreign trade regime, in its interaction with domestic policies and objectives, so as to assess its efficiency and growth during 1951-70. These studies claimed that import substitution policy played a bias against the export promotion and resulted in poor export performance. Thus, these studies emphasized the need of change in the attitude towards the export promotion from the import substitution one.

Nambiar (1979) has traced the role of exports in employment generation in Indian economy during the period 1963-64 and 1973-74. The author concluded that exports have contributed much less to employment generation in India. Export-related employment increased only by half a million between 1963-64 and 1973-74 and only accounted for roughly two per cent of total domestic employment. There were no major structural changes in the overall exports. The significant observations are that the fastest growing exports are least labour-intensive and the outward-orientation of industry is inversely related with labour-intensity of the industry. Export promotion offers no substantial relief from unemployment problem in India.

Dhindsa (1981) has examined the trends in exports of major traditional commodities such as tea, cotton manufactures, and jute manufactures and major causes of slow growth in their exports in major importing countries over last three decades. Main factors which have adversely affected the exports of these commodities are increasing profitability of domestic sales vis-à-vis foreign, heavy exports taxes, and increase in domestic demand, low production and productivity and relative higher production costs. All the selected commodities face stiff competition from their own substitutes.

Nayyar (1988) examined the underlying factors and assessed the relative importance of domestic and foreign constraints in affecting India's exports during the period of 1977-1985. Lack of competitiveness of Indian exports due to price and non-price factors, pressure of domestic demand, infrastructural and supply bottlenecks are found to be the major constraints of Indian export growth. External factors such as steady increase in protectionism in industrialized countries and fierce price and non-price competition led by near stagnation in international trade during 1980's are found to influence India's export growth adversely.

Wadhawa (1988) has attempted to examine a few specific aspects of the India's export performance in quantitative terms and impact of real effective exchange rate on it. The econometric results confirm that exchange rate depreciation had an important effect of all five selected products. The results further confirm that for all five selected products, exports in real terms are highly elastic with respect to both the Real Effective Exchange Rate (REER) and the incentive adjusted Real Effective Exchange Rate (REER).

Bhide et al., (1997) highlighted the pattern of Indian exports in terms of their composition and direction, the importance of supply factors in determining the composition of Indian exports and also mentioned the importance of political and other events, which can influence the destination of Indian exports during the period 1960-61 to 1993-94. The pattern and composition of exports and the share of Indian exports reflect either supply bottlenecks of Indian exports or the more aggressive exports by other countries. The composition of Indian exports also indicates the rising share of manufactured exports and decline of agricultural exports.

Marjit and Chaudary (1997) analyzed India's export performance and trade policies during 1970-90 and also highlight the prospectus of recent reforms in the light of past performance, especially in the context of external sector. The study shows that India's export performance is far from satisfactory. Lack of price competitiveness is the most important lacuna in Indian exports.

3. Economic Reforms & India's Exports (1991 onwards)

India adopted an inward-oriented import substitution heavy industrialization strategy which fostered a large and diverse industrial sector. All this is done to serve some of the domestic interests such as to save domestic industries from foreign competition, to encourage import substitution etc. Over the time, this sector accumulated impressive technological capabilities, but this system created various types of inefficiencies and slowed down the rate of growth of the economy. This model suffered a crisis in early 1980s due to falling production and eroding its position in world exports. India's share in world exports has rapidly decreased to 0.5 percent in 1980 from a respectable one of two per cent in 1950. Several studies have argued that the import substitution policies had created a bias against exports in India. In spite of the various export promotion schemes adopted in the 1970s and 1980s, profitability in the heavily protected domestic market remained significantly higher than that in the export market **(Kathuria 1996).**

In 1992-93, EOU-EPZ system was expanded to agricultural and allied exports. An electronic Hardware Technology Park Scheme was introduced at par with the EPZ in 1994-95. Besides trade policy reforms, establishment of World Trade Organization in 1995 has also led to steep reduction in tariffs and non-tariff barriers to trade in all the member countries. The concept of Free Trade Zone was accepted in 1999-2000 and Foreign Exchange Management Act (FEMA) was introduced in June 1, 2000 replacing the earlier Foreign Exchange Regulation Act (FERA). Special Economic Zone (SEZ) policy was announced in April 2000 to overcome the shortcomings of EPZs such as multiplicity of controls and clearances, absence of world class infrastructure and instable fiscal regime. SEZ policy act 2005 supported by SEZ rules came into effect on February 10, 2006 (Economic Survey, 2006-07). Apart from the SEZs, a number of export promotion schemes such as Special Import License Scheme (SILS), Export Promotion of 30 Capital Goods Scheme (EPCGS), Duty Free Import Exemption Scheme (DFIES), etc. were also introduced **(Joshi and Little, 1996).**

According to the study of **Joshi and Little (1996),** it is only after the severe macro-economic crisis that a serious attempt was made to free up trade, domestic competition, and technology inflow and attract foreign investment. The study indicates that India's latest phase of economic reforms was initiated in mid 1991 with a primary focus of trade policy reforms. Trade policy consists of imposition of taxes on trade and other restrictions and regulations which prevent or control trade. Reforming foreign trade policy was the first step in the process of India's external sector reforms and an integral part of the programme of macro-economic stabilization and structural adjustment initiated in the economy in July 1991. This step was very significant in the sense that the size of the trade deficit during the fiscal year 1990-91 was abnormally large amounting to over US $ 9.4 billion, which constitute 3.20 per cent of GDP (GOI, 1999).

There are a number of studies that examine foreign trade reforms and their impact on the foreign trade sector as a whole and on export sector in particular. **Joshi and Little (1996)** described various dimensions of India's economic reforms as whole. Various reforms of trade controls and reforms of tariff and protection during 1991-2001 have been analyzed in fuller detail. Withdrawal of various quantitative restrictions, reduction of tariff protection, and introduction of special export promotion scheme has been highlighted as major reforms on trade front.

Kathuria (1996) examined the impact of recent policy changes on India's exports with special reference to export incentives during pre and post reforms periods. Since July 1991, there have been dramatic changes in the trade policy regime in India. The objective of these reforms has been to enhance export performance by improving export incentives and eliminating discretionary controls. By means of a simple model, this paper sets out to examine whether export incentives actually improved as a result of the policy changes. The model is divided into two parts: one compares export profitability (EP) across regimes, and the other compares the gap between domestic and export profitability across regimes. The export basket is divided into eight sub-sectors, and the model applied to each of those sectors. Several sets of simulation exercises have been performed. The dominant results are that relative to export profitability in the pre-July 1991 period, EP declined in the dual exchange rate regime (March 1992-February 1993) for most export sectors. The gap between domestic and export profitability also increased in this period, meaning that domestic sales became even more

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attractive relative to export sales than they already were. This adverse movement in export incentives was reversed with the unification of the exchange rate in March 1993.

Prasad (1997) highlighted the impact of economic reforms on India's exports during the period from 1990 to 1994. The study concluded that reforms process has helped India's exports, despite relatively lower world demand. This period has witnessed rise in India's competitiveness vis-à-vis its competitors. This has also paved the path for India to reap the benefits of any increase in world demand.

Ghomawat and Patibandla (1999) examined export performance of Indian diamond, garments, and software industries and also quantified the impact of economic reform on competitiveness of these three exports. The authors argue that economic reform have enhanced India's competitiveness in the labour and skill-intensive industries; helped to reduce the dependence of competitive industries on inefficient domestic suppliers and infrastructure. Devaluation of rupee, reduced tariffs from import of capital goods, freer imports of raw materials, formation of alliance for technology transfer and international marketing due to liberalization of FDI and reduction in dependence of sub-optimal domestic inputs and technology are identified as such aspects of reforms process which benefited exports of these three industries a lot. Nonetheless, they find causes for concern about each industry's ability of sustain growth, pointing out the need to continue extend and deepen the reform process.

Nidugala (1999) has analysed the impact of exports on economic growth in India for the period 1960-80 by using Esfahan's (1991) modified growth model. The study concludes that the growth of manufactured exports had significant positive relationship with GDP growth, while growth of primary exports hardly had any influence on GDP growth. The study suggested that there is a need to deepen the reforms further to sustain the current growth and to attain high levels of growth.

Bhatachariya et al., (2000) examined the India's export performance in the post liberalization era. An attempt has also been made to find out whether the demand for knowledge or capital intensive products is increasing faster than that of labour intensive products. The analysis shows that India's exports have shifted towards more value added product categories. The gain has primarily come at the cost of labour intensive products. Further the study reveals that demand for knowledge intensive or capital intensive products is increasing at the faster rate than that of labour intensive products which is in line with global trend.

Sharma (2000), using annual data for 1970-98, investigated the determinants of export performance in India in a simultaneous equation framework. The Results of the study suggest that demand for Indian exports increases when its export prices fell in relation to world prices. Furthermore, the real appreciation of the rupee adversely affected India's exports. Export supply was positively related to the domestic relative price of exports and higher domestic demand reduces export supply. Foreign investment appeared to have statistically no significant impact on export performance although the coefficient of FDI has a positive sign.

Hargopal (2001) has evaluated the performance of external sector of India in the light of trade policy reforms for the period 1980-81 to 1997-98 by dividing whole period into sub periods i.e. pre-liberalization (1980-81 to 1990-91) and post-liberalization period (1991-92 to 1997-98). The study concluded that on the whole, trade liberalization measures had a positive impact on external variables. Post liberalization period saw a tremendous growth of exports, imports, foreign exchange, and a decline of internal debt. The only concern found was the faster growth of imports as compared to exports. Sharan and Mukhreji (2001) presented a complete picture of India's foreign trade reforms and also highlighted their impact on trade sector. They found that foreign trade reforms have not lived up to expectations. It is true that terms of trade have gone in India's favour conferring gains from trade. It is also true that the structure of trade has diversified in favour of larger number of commodities and countries, which is a positive trend. But trade deficit has been on the increase despite lowering of the growth rate of imports in recent years making the development process more vulnerable.

Sekhar (2003) analyzed the likely implications of agricultural trade liberalization for the rice sector in India with a special focus on determining the role of major exporters in world rice market. The results indicate that the world markets for rice are mainly influenced by reduction in income levels in the major importing countries. Demand functions showed high elasticity with respect to Indian exports prices relative to that of Thailand and Pakistan.

Aggarwal (2003) analyzed the inter-firm determinants of export performance in Indian manufacturing in late 1990s by taking a sample of firms from Indian manufacturing. The results show that high tech industries are not attracting efficiency seeking FDI as had been expected. In case of medium high-tech sectors, performance is somewhat better. In low-tech industries, firms with high foreign stake are found to be performing better. The results also suggest that in technology based sectors own technological capabilities of the firms are crucial determinants of export performance. It was also found that export performance was linked with firm size and import of raw material in component in almost all technology groups. Further, the liberalization of markets and technological changes taking place has changed the kind and determinants of trans-border activities engaged in by MNEs.

Devi & Rao (2004) also examined the impact of economic reforms on India's external sector as a whole and on exports in particular. They argue that reforms have enhanced India's competitiveness in labour and skill intensive industries,

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reduced dependence of competitive industries on inefficient domestic suppliers and infrastructure and enhanced domestic competitive conditions. Exports have been growing at 20 percent in dollar terms. What is more significant is that the share of manufactured goods in the export basket has risen while that of primary goods has fallen.

Kaundal (2005) examines the patterns, causes and determinants of growth and instability of India's principal exports. He also evaluates the impact of trade policy reforms and that of export growth and instability on economic growth. The structure of India's exports has undergone radical changes during 1970-71 to 2001-2002. Share of important traditional items like tea, jute manufactured and cotton textile, raw jute and cotton raw has sharply gone down while that of new non-traditional items like machinery, transport and metal manufactures including Iron and steel, chemical and allied products and developmental imports have gone up during the period under study. The direction of exports has remained mainly towards the industrialized countries of the west. Early post reforms experienced considerable buoyancy in exports.
The forgoing policy changes are an indication to create an environment that will enhance the competitive strength of Indian exports in international market **(Kaundal, 2006).** Peak rate of customs duty for non-agricultural products was reduced from 20 per cent to 15 per cent. An additional 108 items, including 30 items in the category of textile products, including hosiery, were identified for de-reservation from the ambit of small-scale industries to help textiles and clothing exports in the post-quota regime.

Veeramani (2007) in his study states that the redesigning of foreign trade policy covers quite a broad area and a variety of measures. A major objective of the trade reforms has been to reduce and eventually eliminate the gap between domestic and export profitability. The focus of the export policy, by and large, shifted from product-specific incentives to more generalized incentives based primarily on the exchange rate. A major element of this policy shift was the downward adjustment in the exchange rate of the rupee against the major currencies in July 1991. Further, rupee was devalued twice in July 1991 leading to 20 per cent depreciation in its value. It was held that a more realistic exchange rate would make exporting inherently more attractive. In 1993, the government adopted full convertibility of the rupee on the current account. The exchange rate was henceforth to be determined by demand for and supply of foreign exchange in the foreign exchange market. Exchange rate has been used as the general instrument for export promotion and import management. Several steps have been introduced for export promotion. These included sufficiently large exports credit at internationally competitive rates, special import licenses to import items and relaxing restrictions related to agricultural exports. All these policy changes are the indication of export friendliness of government, which will enhance the competitive strength of Indian exports in international markets.

Sarkar, Amal (2010) has made an attempt to find the main determinants of India's exports of the major commodity groups to ASEAN. The top ten commodity groups, which have been found in this study, are gems & jewellery, machinery & instruments, dyes & intermediates, primary & semi-finished iron & steel, oil meal, drugs/pharmaceuticals & fine chemicals, transport equipment, electronic goods, inorganic/organic/agro-based chemicals, and manufactures of metals in recent years. Among these items, gems & jewellery, machinery & instruments, dyes & intermediates and transport equipment have registered higher growth in last five years. To explore the determinants, an export demand function has been formulated at the commodity level. As regards to results, it has performed very well in terms of sign and significance of the explanatory variables. It can be said that all the commodities under study, except oil-meal, are not only price competitive in the ASEAN market but also very much elastic in demand. These elasticities are indicative of the fact that real devaluation of Indian rupee against dollar has high impact on India's export of these products to ASEAN market. Further, economic growth in ASEAN region would also be helpful for expanding India's exports of these products to that Region.

Malini L. Tantri (2012) analyzed the empirical evidence on the effectiveness of recent India's special economic zone (SEZ) policy over export processing zone structure by aggregating data of seven conventional SEZs from 1986-1987 to 2007-2008.the study reveals that introduction of SEZs in place of its predecessor, the export processing zone, is having a significant and positive impact on its trade performance at the aggregate level. However, in terms of contribution to national trade, the Indian SEZs are lagging away behind the expectations of policy maker. Furthermore, the SEZ policy does not seem to be successful in diversifying the export basket, which in turn has affected the direction of exports by the SEZs. Moreover, these zones were found to be highly susceptible to external shocks. Thus, we strongly argue in favour of a care in deciding sectoral choice of SEZs and careful scrutiny of its approval across major Indian states.
A Study on Direction & Composition of Trade by CARE Ratings (2013) highlights changes in patterns in India's foreign trade over the last decade. The report separately studies exports and imports of India, to gauge their composition (i.e. the commodity basket) and direction (i.e. the country profile of trade). For the sake of ease and clarity, this report uses two years, viz. FY03 and FY13, as reference years. It may however, be noted that changes in the trade basket (i.e. composition) and direction of trade highlighted thereof, have been gradual over the ten year period under consideration. More importantly, trends in FY12 and FY13 have been rather similar and do not display sharp variances. (These were years when both exports and imports showed diverse growth trends).

PHD Research Bureau, PHD Chamber of Commerce and Industry, New Delhi published a study in March (2014) which analyses structural changes in India's direction of foreign trade. The study covers period from 2004 to 2013 and uses tabulation and pie charts to present the data .It found that India's major export destinations have experienced various other changes in terms of strengthening and weakening, positions of different important countries. UK, Germany has shifted downwards in India's top ten export destinations, while Belgium, Italy eventually disappeared from the respective list. On the other hand, Saudi Arab and Netherlands have become significant destinations for India's exports and in fact entered the group of India's top ten export destinations during the period of 2007-09.

4. World Trade Organization and India's Exports.

The General Agreement on Tariffs and Trade (GATT) came into effect with 23 contracting parties including India as signatories in 1947. The New World Economic Order during 1950-84 led to various rounds of trade negotiations, which effected massive disciplines in international trade. Finally, the trends of these negotiations hint at liberalization of economies and the reduction of tariff, which with a participation of 123 countries, prompted the nations to finalize the world trading rules at the eighth round of GATT, i.e. Uruguay Round of trade negotiations 1986-94 leading to the formation of the World Trade Organization (WTO) in 1995 **(Mittal and Raju, 2005)**.

The WTO came into effect on January 1,1995, as the result of the Uruguay Round trade negotiations (8th round of GATT) and is one of the world's leading international economic institutions. The establishment of the WTO completed the third pillar system envisaged at Bretton Woods, alongside the World Bank (WB) and International Monetary Fund (IMF). The WTO has a cooperative relationship with the United Nations (UN), but it is not a UN specialized agency. The openness index (trade to GDP ratio) of the economy has increased three fold since late 1980s and almost doubled over the last couple of years.

Verma (2001) gives a brief pre and post-Uruguay Round history of textile and clothing sector exports in particular. Product group wise differences between applied and bound tariff rates in developed against the developing economies are brought out in brief. The study found the positive impact of WTO agreement on Indian textile and clothing industry. Again, the formation of custom unions and free trade areas (i.e. NAFTA, CBI, Sub Saharan African Region, etc.) has adverse effect on textile exports rather than the newly emerging non tariff measures.

Nanda and Raikhy (2003) examines the implications of Environmental and Labour Standards in WTO context for India's textile exports on the basis of a painstaking analysis of the changing composition and direction of India's trade in textile and ready-made garments. They discover that reduced off-take by Germany, Netherlands and other European countries very largely owes itself to strict environmental and labour standards imposed by them. Study found that the developed countries still remain the major destination for India's textile exports and imposition of strict environmental and labour standards is a cause of worry for India's textile exports. A number of suggestions, most notably the needed precaution for the use of industrial chemicals, are made to ward off restrictions that are likely to follow from the U.S.A and many other European countries.

The findings of **Barua & Chakaborty (2004)** show that in the post-WTO period, scale efficiency of the net exporting sectors has increased. However, it has been pointed out from time to time that Indian exports have been subject to various non-tariff barriers, which inhabit the level of market access they enjoys. Newly emerged NTBs such as safeguards measures, anti dumping duty, countervailing duty; Technical Barriers to Trade-SPS; environmental standards; labour standards and intellectual property rights, etc., have widespread implications for Indian agricultural and manufactured exports.

Agriculture sector is very important for India due to its contribution in GDP and employment and also due to continuous surplus in agricultural trade. Raju (2005) identified the problematic areas in the Agreement on Agriculture (AoA) and other negotiations in this sector in the context of WTO. He argues that the adoption of Doha Development Round (DDA) was in the right direction, but 2004 July package undermined the spirit of DDA which is in favour of developed nations and also pointed out that Special and Differential Treatment provisions are not properly implemented in the agriculture sector.

Chakraborty et al., (2005) compared the recent Indian export performance with that of China and attempted to analyse the situation through various features of Indian export basket, namely competitiveness, diversification trends and instability and examined the recent stance adopted by India at WTO. Results of the study reveal that while diversification of the export basket has slightly been increased, the instability index is quit insignificant for a number of commodity groups at major export destinations. Besides the competitiveness, the number of product groups has declined in post WTO phase.

Dutta et al., (2006) has examined environmental standards as problem of market access in the WTO context with special reference to India's exports. They found both the issues respectively worked as NTBs to India's exports and influenced India's export performance of concerned products in respective markets adversely. **Narayan and Thomas (2005)** analyzed WTO agreement on safeguards measures, custom valuations and pre-shipment inspection and observe that safeguard measures would lead to grave disruptions for trade.

Ramphul (2006) analyses the impact of WTO on world agricultural trade and agricultural trade performance of developed, developing, and least developed countries. In WTO regime, the annual average growth rate of the world agricultural exports has worsened implying deterioration of in share of agricultural commodities in world total merchandise trade. The developing and the least developed countries are found to be net importers of agricultural commodities. The share of LDC's in world agricultural exports has declined while in case of imports it increased.

5. Conclusion

The review of available economic literature on India's exports, WTO and economic reforms highlighted the following facts:

- Export and Economic Growth relationship is a controversial phenomenon in economic literature. There are many studies, which discover strong positive relationship between exports and economic growth and thus, an increase in the export leads to multiple changes in national income as in Keynesian Foreign Trade Multiplier theory and growth models especially of Harrod-Domar. On the other hand many other studies refuse the existence of such a relation between the two and found export promotion outward-oriented strategy inferior to that of import substitution one with respect of such strategy on economic growth in the long run.

- Economic literature on India's exports during the period 1950-91 shows that exports during this period were subject to many tariff and non- tariff trade controls and protections. Export promotion up to 1980s is a totally neglected area in Indian policy making. India's Export performance during this period found to be very weak due to restrictive trade policy. Some studies observed that domestic factor were more responsible for stagnation and even degradation of India's export sector. Some prominent studies found external factors responsible for export stagnation in the economy in the pre-reforms period. Meanwhile, all the studies examining export performance during this period found restrictive trade policy primarily responsible for poor performance of export sector and emphasis an export promotion outward-oriented strategy to improve this.

- Impact of WTO on India's export sector is a mixture juncture. A few studies show that domestic economic reforms combined with WTO commitments has lowered down the tariff barriers to export in the markets of member countries and exports have benefited from the reduction in tariff barriers by the WTO member countries. Thus, progressive reductions in tariffs due to WTO agreement, Indian export see its massive price effect on exports volume. But, on the other hand, most of the studies related to WTO and India's export confirmed that newly emerged NTBs such as safeguards measures, anti dumping duty, countervailing duty; environmental standards, labour standards and IPRs, etc. have restricted growth of several Indian exports during post WTO by one way or the other.

- Most of the studies show that domestic economic reforms combined with WTO commitments have lowered down the tariff barriers to export in the markets of member countries and exports have benefited from the progressive reduction of trade barriers. Careful analysis of the literature on Indian exports shows that most of studies have analyzed mainly agricultural exports, textile exports and pharmaceutical exports and even some specific exports within these during the post-reforms period. Exports of POL, iron and ore exports and other manufactured exports except textile and pharmaceutical exports are neglected and covered only fewer studies and there is a need to peruse further research in this area.

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Corporate Governance Philosophy of Indian Automobile Sector: A Case Study of Tata Motors Ltd.

***Dr. M. R. Bansal**

Abstract

Corporate Governance is a system which helps in directing and controlling the companies by the management in the best interest of the stakeholders and other related parties. This has become more important in today's globalized business world where corporations need to access global pools of capital and need to live in harmony with the community. The objectives of the paper are to review the disclosure requirements under the listing agreement, to provide input to ICAI and to review existing Indian accounting standards on par with international practices. The paper is limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. This study is neither an audit nor an expression of opinion on the financial statements of the company.

Keywords: ICAI, Corporate Goverance, TATA Motar, Global Business, Stakeholder.

Introduction

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company. A corporation is a congregation of various stakeholders, namely, customers, employees, investors, vendor partners, government and society. A corporation should be fair and transparent to its stakeholders in all its transactions. This has become imperative in today's globalized business world where corporations need to access global pools of capital, need to attract and retain the best human capital from various parts of the world, need to partner with vendors on mega collaborations and need to live in harmony with the community. Unless a corporation embraces and demonstrates ethical conduct, it will not be able to succeed. Corporate governance is a key element in improving the economic efficiency of a firm. Further, it ensures that their Boards are accountable to the shareholders. This, in turn, helps to assure that corporations operate for the benefit of society as a whole. Often, increased attention on corporate governance is a result of financial crisis. For instance, the Asian financial crisis brought the subject of corporate governance to the surface in Asia. The many instances of corporate misdemeanors have also shifted the emphasis on compliance with substance, rather than form, and brought to sharper focus the need for intellectual honesty and integrity. This is because financial and non-financial disclosures made by any firm are only as good and honest as the people behind them. By this very principle, only those industrialists whose corporations are governed properly should be allowed to be a part of committees. This includes the Prime Minister and Finance Minister's advisory councils, committees set up by the Confederation of Indian Industry ("CII"), the Securities and Exchange Board of India ("SEBI"), the Department of Company Affairs, ministries, and the boards of large banks and financial institutions. Corporate governance initiatives in India began in 1998 with the Desirable Code of Corporate Governance – a voluntary code published by the CII, and the first formal regulatory framework for listed companies specifically for corporate governance, established by the SEBI. The latter was made in February 2000, following the recommendations of the Kumarmangalam Birla Committee Report.

The Kumarmangalam Birla Committee on Corporate Governance

Financial disclosure is a critical component of effective corporate governance. SEBI set up an Accounting Standards Committee, as a Standing Committee, under the chairmanship of Shri Y. H. Malegam with the following objectives

- To review the continuous disclosure requirements under the listing agreement for listed companies;
- To provide input to the Institute of Chartered Accountants of India ("ICAI") for introducing new accounting standards in India; and
- To review existing Indian accounting standards, where required and to harmonize these accounting standards and financial disclosures on par with international practices.

Implementation of Corporate Governance Requirements:

The Recommendations were implemented through Clause 49 of the Listing Agreements, in a phased manner by SEBI.

They were made applicable to all companies in the BSE 200 and S&P C&X Nifty indices, and all newly listed companies, as on March 31, 2001.

The applicability of the Recommendations was extended to companies with a paid up capital of Rs. 100 million or with a net worth of Rs. 250 million at any time in the past five years, as on March 31, 2002.

In respect of other listed companies with a paid up capital of over Rs. 30 million, the requirements were made applicable as on March 31, 2003.

The accounting standards issued by the ICAI, which are applicable to all companies under sub-section 3A of Section 211 of the Companies Act, 1956, were specifically made

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applicable to all listed companies for the financial year ended March 31, 2002, under the Listing Agreements.

Compliance with the Code and SEBI's Experience

SEBI's Circular No. SMD/Policy/CIR-03/2001 dated January 22, 2001; all companies are required to submit a quarterly compliance report to the stock exchanges within 15 days from the end of a financial reporting quarter. The report has to be submitted either by the Compliance Officer or by the Chief Executive Officer of the company after obtaining due approvals. SEBI has prescribed a format in which the information shall be obtained by the Stock Exchanges from the companies. The companies have to submit compliance status on eight sub-clauses namely:

1. Board of Directors;
2. Audit Committee;
3. Shareholders / Investors Grievance Committee;
4. Remuneration of Directors;
5. Board Procedures;
6. Management;
7. Shareholders; and
8. Report on Corporate Governance.

Stock exchanges are required to set up a separate monitoring cell with identified personnel, to monitor and compliance with the provisions of the Recommendations. Stock exchanges are also required to submit a quarterly compliance report from the companies as per the Schedule of Implementation. The stock exchanges are required to submit a consolidated compliance report within 30 days of the end of the quarter to SEBI.

Corporate Governance: A Case of Tata Motors

Tata's principal purpose is to improve the quality of life of the communities it serves. The values and ideals, the way that it functions, help it do that. As a Tata Company, the Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated by adopting highest standards of professionalism, honesty, integrity and ethical behavior. As a global organization, the Corporate Governance practices followed by the Company and its subsidiaries are compatible with international standards and best practices. Through the Governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fair play and independence in its decision making.

The Corporate Governance philosophy is further strengthened with the adherence to the Tata Business Excellence Model as a means to drive excellence, the Balanced Scorecard methodology for tracking progress on long term strategic objectives and the Tata Code of Conduct which articulates the values, ethics and business principle sand serves as the ethical road map for the Company, its directors and employees supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the said Code. The Company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Indian Stock Exchanges ("the Listing Agreement"). The Company's Depositary Programme is listed on the New York Stock Exchange and the Company also complies with US regulations as applicable to Foreign Private Issuers (non-US listed companies) which cast upon the Board of Directors & the Audit Committee, onerous responsibilities to improve the Company's operating efficiencies. Risk management and internal control processes focus areas continue to meet the progressive governance standards.

Board of Directors

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board currently comprises of twelve Directors out of which nine Directors (75%) are Non Executive Directors. The Company has a Non Executive Chairman and the six Independent Directors comprise at least one half of the total strength of the Board. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Clause 49 of the Listing Agreement.

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees (Committees being, Audit Committee and Investors' Grievance Committee) across all the Indian Public limited companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than fifteen public companies. None of the Directors of the Company are related to each other. All Non - Executive Directors, excluding the 'Steel Director' (Tata Steel representative), are liable to retire by rotation. The appointment of the Managing Director and Executive Directors including the tenure and terms of remuneration are also approved by the members at the first meeting after their appointment.

The Committees of The Board

The Board has constituted a set of Committees with specific terms of reference/scope to focus effectively on the issues and ensure expedient resolution of diverse matters. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out. The Board of Directors and the Committees also take decisions by circular resolutions which are noted at the next meeting. The minutes of meetings of all Committees of the Board are placed before the Board for discussions/noting.

Audit Committee

During the year under review, the Committee comprised of four independent Directors, all of whom are financially literate and have relevant finance and/or audit exposure. Mr S M Palia,

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who was the Financial Expert, stepped down as Director w.e.f. April 25, 2013. Mr Munjee has been appointed as the Financial Expert in his place. The quorum of the Committee is two members or one-third of its members, whichever is higher. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company. During the year under review, nine Audit Committee meetings were held on April 18, 2012, May 26, 2012, July 17, 2012, August 7, 2012, September 7, 2012, November 5, 2012, December 1, 2012, January 16/17, 2013 and February 13, 2013.

Table-1 : The composition of the Audit Committee and attendance at its meetings

Composition	Meetings attended
N Munjee (Chairman)	9
S M Palia*	7
R A Mashelkar	8
V K Jairath	9
Falguni Nayar**	NA

*Ceased to be member w.e.f. April 25, 2013
**Appointed as member w.e.f. May 29, 2013

Remuneration Committee
The Remuneration Committee is empowered to review the remuneration of the Managing Director, Executive Directors of the Company and the CEOs of certain significant subsidiary companies, retirement benefits to be paid to them under the Retirement Benefit Guidelines approved by the Board, recommending the amount and distribution of commission to the non Executive Directors based on criteria fixed by the Board and to deal with matters pertaining to Employees' Stock Option Scheme, if any. The Remuneration Committee comprises two Independent Directors (including the Chairman of the Committee) and two non Executive Directors. During the year under review, a meeting of the Committee was held on May 29, 2012. The decisions are taken by the Committee at meetings or by passing circular resolutions.

Table-2 : The composition of the Remuneration Committee and attendance at its meeting is as follows:

Composition	Meetings attended
N N Wadia (Chairman)	1
Ratan N Tata	1
Cyrus P Mistry	–
S Bhargava	1
Ravi Kant	1

The Directors' remuneration and sitting fees paid/payable by the Company in respect of the Financial Year 2012-13, are given below:

Table-3 : Non Executive Directors **(Rs. in Lakh)**

Name	Commission	Sitting Fees
Ratan N Tata	133	2.40
Cyrus P Mistry	–	2.00
Ravi Kant	67	3.30
N N Wadia	25	2.60
S M Palia	60	4.10
R A Mashelkar	20	3.20
N Munjee	45	4.00
S Bhargava	25	2.80
V K Jairath	20	3.80
R Sen	5	1.00
R Speth	–	–
Falguni Nayar	–	–

Table-4 : The Remuneration paid to the Managing Director and Executive Directors in FY 2012-13

(Rs. in Lakh)

Name	P M Telang	Karl Slym	R Pishar-ody	S B Bor-wankar
Salary	18.23	65.95	42.00	33.13
Perquisites & Allowances	82.16	628.20	40.25	47.02
Commission/Bonus	56.00	394.80	160.00	85.00
Retirement Benefits	4.92	7.91	11.34	8.95

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Table-5 : Shareholding Pattern as on March 31, 2013

	Ordinary Shares					'A' Ordinary Shares				
Month	As on March 31, 2013		As on March 31, 2012			As on March 31, 2013		As on March 31, 2012		
	No. of shares	%	No. of shares	%	Variance 13 v/s 12 %	No. of shares	%	No. of shares	%	Variance 13 v/s 12 %
Promoters and Promoter Group#	*94,00,56,205	34.72	*93,70,56,205	34.82	(0.10)	42,53,587	0.88	1,86,00,448	3.86	(2.98)
Mutual Funds and Unit Trust of India	3,44,99,261	1.27	4,43,55,749	1.65	(0.37)	16,91,52,392	35.09	18,25,45,509	37.88	(2.78)
Government Companies, Financial Institutions, Banks and Insurance Cos.	25,57,56,154	9.44	31,55,05,382	11.72	(2.28)	2,88,936	0.06	4,48,83,879	9.31	
Foreign Institutional Investors	76,21,92,951	28.14	74,37,65,001	27.63	0.51	23,69,15,544	49.16	18,83,23,828	39.08	10.08
NRIs, Foreign Companies and ADRs/ GDRs	51,56,34,863	19.04	45,48,27,555	16.90	2.14	21,97,642	0.46	29,20,334	0.60	(0.14)
Others	20,00,16,717	7.39	19,61,03,563	7.28	0.10	691,51,519	14.35	4,46,59,117	9.27	5.08
Total	2,70,81,56,151	100	2,69,16,13,455	100		48,19,59,620	100	48,19,33,115	100	

* Out of the Promoter holding, 7,10,00,000 shares of face value of Rs.2/- each, aggregating 2.62% of the paid-up capital were pledged.
#TATA AIA LIFE INSURANCE COMPANY LIMITED (TALIC) does not act in concert with Tata Sons Limited or any of its group companies for acquisition of shares, voting rights or control over the Company. However TALIC held 56,57,335 Ordinary Shares representing 0.21% of the paid up Ordinary Share Capital. Accordingly, their holding is included under Public Shareholding under the head "Instutitions"-Insurance Companies

Table-6 : Distribution of Shareholding as on March 31, 2013
Ordinary Shares

Range of Shares	No. of Shares				No. of Shareholders			
	No. of Shares	Physical form (%)	Demat form (%)	% of Capital	No. of Holders	Physical form (%)	Demat form (%)	% of Capital
1 – 500	3,93,64,926	0.24	1.21	1.45	3,39,058	9.78	72.73	82.51
501 – 1000	2,22,64,794	0.19	0.63	0.82	29,575	1.72	5.48	7.20
1001 – 2000	2,98,27,218	0.24	0.86	1.10	20,524	1.12	3.87	4.99
2001 – 5000	4,59,59,018	0.31	1.39	1.70	14,824	0.68	2.93	3.61
5001 – 10000	2,71,93,852	0.15	0.86	1.01	3,896	0.14	0.81	0.95
Above 10000	2,54,35,46,343	0.31	93.61	93.92	3,049	0.07	0.67	0.74
Total	2,70,81,56,151	1.44	98.56	100.00	4,10,926	13.51	86.49	100.00

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Table-7 : 'A' Ordinary Shares

Range of Shares	No. of Shares				No. of Shareholders			
	No. of Shares	Physical form (%)	Demat form (%)	% of Capital	No. of Holders	Physical form (%)	Demat form (%)	% of Capital
1 – 500	52,62,576	0.03	1.06	1.09	37,603	2.29	77.67	79.96
501 – 1000	30,51,881	0.01	0.62	0.63	3,938	0.15	8.22	8.37
1001 – 2000	30,87,886	0.01	0.63	0.64	2,068	0.05	4.35	4.40
2001 – 5000	60,53,454	0.01	1.25	1.26	1,859	0.02	3.93	3.95
5001 – 10000	49,43,208	0.00	1.02	1.02	673	0.00	1.43	1.43
Above 10000	45,95,60,615	0.00	95.36	95.36	887	0.00	1.89	1.89
Total	48,19,59,620	0.06	99.94	100.00	47,028	2.51	97.49	100.00

Top Shareholders (holding in excess of 1% of capital) as on March 31, 2013

Table-8 : Ordinary Shares

Name of Shareholder	No. of Shares held	% to Paid-up capital
Tata Sons Limited	70,23,33,345	25.93
Citibank N.A. New York, NYADR department	49,80,41,255	18.39
Tata Steel Limited	14,78,10,695	5.46
Life Insurance Corporation of India	11,58,25,841	4.28
Euro Pacific Growth Fund	8,39,11,630	3.10
Tata Industries Limited	6,84,36,485	2.53

Table-9 :'A' Ordinary Shares

Name of Shareholder	No. of Shares held	% to Paid-up capital
HDFC Trustee Company Limited - HDFC Top 200 Fund	2,93,87,761	6.10
HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Limited	2,87,89,306	5.97
HDFC Trustee Company Limited- HDFC Equity Fund	2,58,78,932	5.37
Matthews Asia Dividend Fund	1,94,10,000	4.03
Swiss Finance Corporation (Mauritius) Limited	1,51,65,244	3.15
East Spring Investments India Equity Open Limited	1,21,09,359	2.51
Government Pension Fund Global	1,19,23,281	2.47
DSP Blackrock Top 100 Equity Fund	1,13,34,005	2.35
Government Of Singapore	1,03,63,096	2.15
HDFC Trustee Company Limited - HDFC Prudence Fund	98,46,027	2.04
SBI Magnum Tax Gain Scheme - 1993	84,00,000	1.74
Reliance Life Insurance Company Limited	77,56,978	1.61
The Master Trust Bank of Japan, Ltd. A/c HSBC Indian Equity Mother Fund	74,38,909	1.54
HSBC Global Investment Funds A/C HSBC Global Investment Funds BRIC Equity	73,76,534	1.53
ICICI Prudential Focused Bluechip Equity Fund	73,45,749	1.52
Birla Sun Life Insurance Company Limited	72,68,868	1.51
HDFC Trustee Company Limited - HDFC Tax Saver Fund	66,85,418	1.39
Dragon Peacock Investments Limited	64,60,573	1.34
The Royal Bank Of Scotland Asia Merchant Bank (Singapore) Limited	63,40,959	1.32
DSP Blackrock Equity Fund	59,40,623	1.23
Robeco Capital Growth Funds	57,20,000	1.19
Franklin Templeton Mutual Fund A/C Franklin India Bluechip Fund	50,00,000	1.04

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Dematerialisation of Shares:

Table-10 :The electronic holding of the shares as on March 31, 2013 through NSDL and CDSL

Particulars	Ordinary Shares (%)		'A' Ordinary Shares (%)	
	2013	2012	2013	2012
NSDL	97.45	97.28	97.78	96.59
CDSL	1.11	1.17	2.16	3.35
Total	98.56	98.22	99.94	99.94

Outstanding Securities

Outstanding Depositary Receipts/Warrants or Convertible instruments, conversion date and likely impact on equity as on March 31, 2013

ADRs/GDRs

There are two separate programs for the Company's Depositary Receipts. Each Depository Receipt represents 5 underlying Ordinary Shares of Rs.2/- each post subdivision of face value in September, 2011. The American Depositary Shares (ADSs) through the conversion of its International Global Depositary Shares into American Depositary Shares (ADSs) are listed on the New York Stock Exchange (NYSE) since September, 27, 2004. 99,604,051 ADSs were outstanding as on the year end. The Global Depositary Shares (GDSs) issued in October 2009 are listed on the Luxembourg Stock Exchange and the GDSs were also traded on IOB platform of the London Stock Exchange. 9,972 GDSs were outstanding as on the year end. In view of the very few GDSs outstanding and as there was no trading the Company had deregistered the GDSs from the said IOB trading platform w.e.f. May 23, 2013

Conclusion

The Company offers foreign investors a limited facility for conversion of Ordinary Shares into American Depositary Receipts/ Global Depository Receipts within the limits permissible for two way Fungibility, as announced by the Reserve Bank of India vide its operative guidelines for the limited two way fungibility under the "Issue of Foreign Currency Convertible Bond and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993", circular dated February 13, 2002.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company. Stated that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

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Problems Faced by Pilgrimage Tourists with special Reference to Mata Vaishno Devi Shrine

***Professor Ravi Bhushan Kumar**
****Lakhvinder Singh**

Abstract

Pilgrimage tourism is the largest segment of Oriental world, including India. It is one of the oldest types of tourism in India where different pilgrimage places are found at every place. Vaishno Devi in Jammu is especially important in North-West India. Pilgrimage to the shrine has increased manifolds last few years.

The present study aimed to identify various problems faced by pilgrims whiles their visit to the famous shrine of Vaishno Devi. The data for this study were collected through questionnaire from tourists who visited the shrine. The collected data were analyzed by using statistical tools such as growth rate, frequency distribution and mean etc. The result of the study indicated that pilgrims did not face any significant problems with transportations, accommodation services, arrangements of safety & security, and behaviour of locals. But some problems were identified by tourists such as lack of adjoining tourist attractions, poor condition of roads, lack of cleanliness & hygiene, improper public utilities, proper location tourist information centres, shortage of accommodation units and absence of good quality food & eatables etc. The study also offers few suggestions to remove such deficiencies in order to facilitate the pilgrims to get satisfaction and carry a good impression of the destination. It will bring more pilgrims by word of mouth publicity.

Keywords: Pilgrimage tourism, Vaishno Devi Shrine, Pilgrims, Problems, Satisfaction.

Introduction

Pilgrimage is one of the oldest forms of tourism and is an integral component of the tourist industry. It is a journey made by a pilgrim, who travels from place to place, usually a long distance and to a sacred place as an act of devotion **(Onions, 1983)**.Pilgrimage tourism become the fastest growing segments in the global tourism **(Ivakhiv, 2003)**.It offers tremendous opportunities for generating revenues, earning foreign exchange, and providing employment. Concurrent with growth in pilgrimage there is the tremendous increase in tourism. As rightly stated by **Timothy and Olsen** in their book (2006): "Religiously or spiritually motivated travel has become widespread and popularized in recent decades, occupying an important segment of international tourism, having grown substantially in recent years both in proportional and absolute terms." The explosion of pilgrimage tourism is considered as an important element of the tourism industry. Pilgrimage tourism involves a journey to a shrine of a deity or a saint or to any other sacred places. Pilgrimage tourism in India has root from most ancient times **(Mukhtar, 2012)**. India is a country of vast culture diversity with a number of sects and faiths. Each faith is followed by millions of person and they visit a number of sacred haunts round the year. In India the largest segment of domestic tourism market is pilgrimage tourism, where without any publicity unprecedented number of visitors gather at a given location for solace and salvation **(Kumar, 2006)**. With the passage of time the requirements of pilgrims also showed some changes, now they start preferring those pilgrimage spots which possess better facilities in terms of connectivity, food & lodging etc. Hence, it becomes necessary to develop minimum facilities for pilgrimage travellers **(Mukhtar, 2012)**. Earlier, the routes of pilgrimage were ardours and unknown, and were not well-defined. The means of transportation were very poor and undeveloped. Accomodation, food etc. were not easily available. The journeys were infested with dense forests, mountains, wild animals and robbers. So, it was very difficult to visit and even return home. In such adverse situations only old person, who had completed all worldly duties, could think of pilgrimage. But today all means of transportation are well developed. Routes are well defined. Several travel agencies, tour operators or bus operators are offering the whole package of journey. Accommodation and food are easily available. So, the journey has become easy and pilgrimage can now be undertaken by process of all age groups. In this changing Scenario, there has been changes in values of pilgrimage and spiritual aspects. The modern age pilgrims emphasize on luxuries, comforts and entertainment rather than on hardships. Pilgrims are not going to wash the sins of their life and improve the next life but are inclined to opt for physical gains in this life. The importance of pilgrimage is also changed. Some have emerged to be very popular and several notable destinations have lost their importance and values **(Kumar, 2006).**

Types of Pilgrimage

India is a holy place where gods, goddess, gurus, seers, pirs and saints have appeared at several places from time time. There are still so many living religious leaders, gurus who have a large number of followers and devotees within and outside India. It appears that Indians are very devotional in nature. They are god-fearing. Hinduism is a way of life. It is not like other religion which are based on a single religious book. In Hinduism, everyone is free to accept any way of world's philosophy and a person has liberty to follow any faith and is free to analyse the religious book by his own theory and

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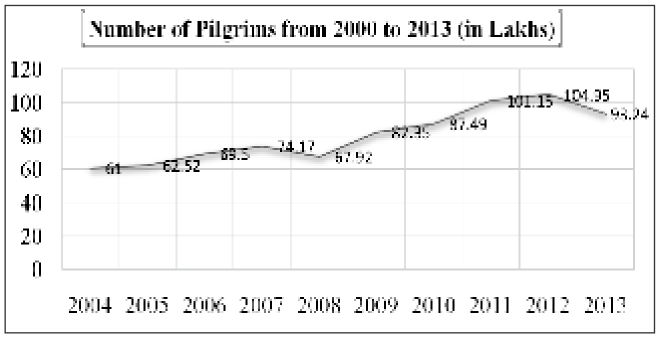
method. According to Hindu philosophy man is an exposition of 'atma' (soul or spirit). The body and mind are the great soul or God. In Hinduism, spirituality covers religiosity, philosophy, moral and ethics values, ideals, yoga, meditations and ayurveda. So, Hinduism is not based on a particular religious book, but it is a way of life which reflects in every person's day to day activities. It is believed that a number of gods, goddesses, saints, etc. have played a pivotal role at a number of sacred places. Wherever they lived, acted and performed 'leela' (performance), the place is considered sacred place or 'Tirtha' (pilgrim place). Some tirthas are very old, which are mentioned in holy book such as Ramayana, the Mahabharata, Puranas, etc. Some were established/set up or associated with some known religious saints and reformers, e.g. Adi Guru Shankaracharya, Guru Nanak, Chaitanya Mahaprabhu, Saint Thiruvalluvar, Ramanujacharya, Sai Baba etc. Some tirthas are related to some holy events such as birth/death anniversary of some saint or solar or lunar eclipses, Kumbh mela etc. Some are located on natural setup, e.g. Amarnath, Gangotri, Yanunotri, Badirnath and Kedarnath and some are located in densely populated cities like Varanasi, Ujjain, Puri, Dwarika and Mathura. So there can be several criteria for classification of pilgrimages. Whatever may be the class and criteria but there is no doubt that millions of devotes gather in such places without any publicity or media blitz (Kumar, 2006). The numbers of visitors to Allahabad (Prayag) during the recent Kumbha Mela (Jan.-Feb.2013) exceeds the estimation and touch the gigantic mark of 120 million which is highest in any Kumbh Mela in Allahabad so far (kumbhmelaallahabad.gov.in, 2013). One can just imagine the quantity of food, water, transportation, accommodation and other services needed to feed such a large gathering. The number of pilgrims to Vaishno Devi, Tirupati, Amarnath, Amarnath, Shabrimala, Ganga Sagar etc. is increasing year by year despite adverse weather conditions and poor services. Such sacred places are supposed to be some super natural powers, which can do miracles. They are worshipped by locals. Some holy places transcend the boundary of villages, caste and ethnic groups. They become popular tirthas. Unlike other tourist destinations, Indian tirthas become very popular **(Kumar, 2006)**. It also appears that religiosity is increasing every year and everywhere. The number of visitors to temples and tirthas in increasing day by day **(Kumar, 2006)**. Thousands of Kanwarias are carrying water from holy Ganga to temples of Shiva, especially from Haridwar to different temples in North-West India. There are other reason which make Indian pilgrimage places more popular such as architecture of temple, location of religious centres, fairs & festivals. In almost all pilgrimage places there are poor means of transportation facilities such as transportation, accommodation, as well pilgrims face severe cold, snowfall, slippery trails in pilgrimages situated in hilly areas and landslides caused by heavy influx of visitors in such areas **(Kumar, 2006)**. There are now many thousands of devotees visiting the Holy Cave every year and the average number of visitors per day falls between 15,000 and 18,000. As per the Yatra information on the Vaishno Devi Shrine Board web page, the number of pilgrims in 1986 stood at 13.96 Lakhs, this has dramatically increased to 82.35 lacs (8.2 Million) in the year 2009 (Shri MataVaishno Devi Shrine Board, 2010). Ever since the inception of Shrine Board in 1986, the Holy Shrine of Mata Vaishno Devi has witnessed an ever-increasing number of devotees. The increase in the Yatra has been possible due to the efficient and pilgrim oriented management of the Shrine Board. The figure I depicts the annual Yatra figures in last ten years:

Figure-1



Source: SMVDSB Website

Also, the conditions that make a pilgrimage easier and thus attract greater numbers, in turn, create other negative factors. The tremendous number of pilgrims burdens essential services (e.g., sanitation and crowd control) that are necessary for moving the thousands of daily visitors. This is illustrated dramatically by the fact that movement of the massive number of visitors allows each pilgrim an average of only five seconds to view the three holy Pindis. It should be noted that, after the third tunnel is completed and the movement of pilgrims can be made faster, the pause for darshanis expected to be thirty seconds (Foster & Stoddard, 2010).As a result of above, there was a phenomenal growth in pilgrimage traffic and the tradition of pilgrimage underwent perceptible changes **(Mukhtar, 2012).**

Pilgrimage tourism based on religious sites or arte facts faces difficulties and raises controversial issues. Various problems confront the sustained development of pilgrimage tourism. It is vulnerable to theft and to vandalism **(Vijayanand, 2012)**. According to **Wang (1999)** there can be serious conflicts between a desire to keep facilities freely open to religious visitors need to raise money to maintain the fabric and the vulnerability of often remote sites to damage, theft and desecration. Mostly pilgrimage tourist and pilgrimage sites assessed had suffered from theft and there were problems of wear and tear, damage to buildings, noise disturbance and litter a more recent study considered the problems of pilgrimage tourists. Tourism industry enriches knowledge, brings social development and economic growth but, there are lots of problems faced by tourists during their tour due to poor facilities, uncertainties, cleanliness, safety, poor stay arrangements etc. These problems could be addressed by the supportive industry. If they address them with a service mind, this could be minimized. Reducing intensity of tour problems motivates the people to undertake frequent tours that will enable to build a better society and better national economic development than before **(Chockalingam & Ganesh, 2010)**. Also **Ioana (2009)** stressed that the marketer always try to know about the attitude and behaviour of the pilgrimage tourists to effectively design and offer their tour packages. So, there is need to further identify the pilgrimage tourist and their experiences towards various services at place such as a holly shrine. This upcoming industry needs focus on various problems faced by pilgrimage tourists. Hence, the present study will put some efforts in developing pilgrimage tourism.

Review of Literature

Tourism industry has grown to such dimensions and importance that it has become the largest industry in the world. This remarkable growth is not due to any particular phenomenon but only the result of evolutionary process. Hence, tourism stakeholders must take steps in order to reap consequential benefits of pilgrimage tourism. **Garg (1980)** is of the view that availability of suitably services is a pre-requisite for boosting the tourism trade in India. According to him, tourism & hotel industry should be provided with the package of infrastructural facilities on one hand and earmarked larger promotional budget on the other. The present study is based on pilgrimage tourism. The basic foundation of the tourism has been laid down by pilgrimage. In early times, pilgrims go on pilgrimage satisfied themselves with very basic facilities, but with the passage of time the needs and wants of pilgrimage tourist have undergone many changes. Many private and government players have sensibly tried to provide smooth travel to the pilgrims **(Mukhtar, 2012)**. But there are lots of problems faced by the pilgrimage tourists, the problems start from the railway/bus station itself **(Jackowski and Smith, 1992). Ponsgen (2000)** in a study identified that pilgrims had to wait a long time after reaching the bus station to get a bus. The available busses run by the Govt. will start only after being filled up by the pilgrims. **Coleman (2002)** in his study explored that existing network of roads in pilgrimage centres is quite in adequate to meet the ever increasing need of the pilgrims. Especially during the festival season due to traffic blocks the pilgrims have to wait long hours at pilgrim centres for their vehicles to reach their boarding point. In addition to road network, the public transport is also inadequate and parking facilities provided are not in commensurate with the increase in number of vehicles. The existing parking grounds are not systematically and orderly arranged. So they face much difficulty while returning to some of the pilgrimage centres **(Vukonic, 1996).** Sufficient parking space with fuelling facilities and basic amenities to the drivers and passengers are not available at pilgrimage centres. **Felicia (2011)** conducted a study on Courtallam and found that language skills are very crucial in tourism. Mostly tourists were visited from different parts of the world, so visitors may found problems in communicating with local populations. As far as this area is concerned, adequate accommodations and food offered by hotels and restaurants are not satisfactory though not fulfilling expectations of the tourists. The large influx of tourists in the area were faced several other problems such as dishonesty, cheating, violence, crimes and inferiority complex and so on. Especially many local drivers, local vendors and shopkeepers try to exploit tourists by charging extra amount for providing services. Lack of banking facilities in the area are also identified by the author. All these factors lead to hindrances in the development of tourism in the area. In another work **Bhatia (1982)** observes that an adequate supply of accommodation suitably tailored to the requirements of the tourist market is one of the basic conditions of tourism development but facilities available for accommodation at pilgrimage centres are not at all adequate. Facilities provided by the Govt. for accommodation the pilgrims during the festival season are not adequate. **Gohil (2004)** observed that Due to terrible conditions of travelling by trains, in India tourists prefer to avoid unless unavoidable. Lack of hygienic and comfortable accommodation for the tourists renders tourism unattractive. There is absence of an up to date information systems with quick retrieval facilities causes inconvenience to tourists. Inadequate infrastructure is another factor of much concern for pilgrimage tourism in India. As a matter of fact drinking water is an important problem faced by the pilgrims during their stay at the destination. There is lack of drinking water to the pilgrims. Adequate pipe connections are yet to be implemented **(Sternberg, 1997).** The pilgrims are forced use the same water for bathing and drinking. The solid waste management at pilgrimage centres is also not satisfactory **(Lloyd, 1998)** because solid waste consisting of mainly the food waste generated at pilgrim centres is being discharged in a hap hazard manner. Solid waste generated at pilgrim centres is being disposed near the temple. The decayed garbage is washed off during the rains in to the drainage. Lack of the toilet facility is another problem for the pilgrims. **Robb (2002)** found that pilgrims have to come across during the season in pilgrimage centres, the available toilets and sanitation facilities are not sufficient. **Nafees (2008)** analyzed the problem of human resource development in this Industry, viz., shortage of qualified manpower; shortage of tourism training infrastructure and qualified trainers; and lack of proper strategies and policies for human resource development. Hence the author has identified the need to incorporate the spirit of Human Resource Development in day to day functioning by utilizing the all possible human resource systems and mechanism to the organization. Hence it was determined that tourists may experience problems relating to various factors such as lack of safety & security, poor infrastructure, lack of proper transport facilities, lack of accommodation units, shortage of guides, heavy rush, language problems etc **(Chockalingam & Gandhi,2010). Negi (1984)**, thus, in his study suggests for having intensive research and insights for promoting efficiency and revenue potentials of the industry. The present study is contributed towards this area by focusing on problems of pilgrimage tourist. The author after going through the extensive review of literature found it necessary to remove these problems in order to increasing satisfied and loyal tourists so, that it would build

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a better socio-economic development. Keeping all this in view the author decided to conduct a study by focussing on the problems faced by pilgrimage tourists while their visit at Vaishno Devi shrine in Jammu & Kashmir.

Vaishno Devi Shrine

Vaishno Devi Shrine is one of the most popular holy shrines in Northern India which is visited by millions of pilgrims every year. These pilgrims come from all parts of India motivated by faith or by religious reasons. The holy cave is nestled in the Trikuta Mountains at an altitude of 5,200 feet which is located on southern most range 'Shiwalik' of Himalyas. The pilgrims have to trek for nearly 14 Kilometer from base camp at Katra which lies 61 km north of Jammu town in J&K. Although the Yatra or trek is open throughout the year, the peak period is during the summer and autumn months, especially during Navaratras. Navartras are festivals of 9 nights which is observed twice in year in the months of April & September or October (Shri Mata Vaishno Devi Shrine Board, 2010).

The Mata Vaishno Devi shrine is one among the most popular religions shrine of India. A pilgrimage to the Holy Shrine of Shri Mata Vaishno Devi Ji is considered to be one of the holiest pilgrimages in Hindu religion. The Holy Cave attracts millions of devotees every year. The shrine of Mata (Goddess) Vaishno Devi is primarily a natural cave-temple. The holy cold and crystal clear water washes the lotus feet the Mata's 'Pindian'. The unique religious sanctity of the holy cave lies in the existence of three pindies (top of idols) or Moorties, which represent all the three shaktis- Mata Saraswat (goddess of intellect); Mata Lakshami (goddess of wealth) and Maha Kali (goddess of recreation). The legend behind the shrine is, the tapasya of Devi (Goddess) pursuing her aim to attain higher level of spirituality was disturbed by demon king Bhairon Nath who intended to marry the Devi. Mata Vaishno Devi had to flee to the mountains to continue her Quest undisturbed. But due to the persistent disturbance by the demon king, she had to unwillingly kill him. Some other legends associated with this pursuit are that of the Goddess hiding in a cave (Ardhkawari or Garbh Joona) for nine months, and of granting divine forgiveness to the demon as he pleaded for mercy while dying. The Goddess granted a boon to the demon, whereby every devotee in order to ensure fulfilment of the pilgrimage had to visit Bhairon Nath's temple near the shrine. Meanwhile Vaishno Devi assumed the shape of a rock with three pindies (heads) and immersed herself into meditation forever.

The journey to the Holy Shrine of Shri Mata Vaishno Devi Ji starts with the Call of Mata. It is not only a belief but also a strong experience of one and all that the Divine Mother sends a call to her children. And once a person receives it, wherever he is, is bound to visit the Mother to receive Her unbounded love and blessings. The entire pilgrimage from Jammu to Katra and then to cave of Mata Vaishno Devi shrines is famous for its natural beauty. Pilgrims cover the journey from Katra to cave of Vaishno Devi or at Mata Bhawan by foot. Before starting journey to the Bhawan pilgrims have to get themselves registered at Katra know as 'Yatri Parchi' or 'Journey Sleep' for darshan. The way to Bhavan is steep and requires a long walk uphill. Alternatively ponies and palanquins are also available. Helicopter service can also be taken for a large part of the trip. A pilgrim can get the first glimpse of Bhawan around 1.5 Kms before he actually reaches there. The first sight of the Holy Bhawan brings a sudden upsurge of energy and all the tiredness of the strenuous climb evaporates immediately as if by a magic wave of some mystic wand. At the Bhawan the Holy Cave is providing beautiful Darshans of the Pindies inside the Cave, there are various other Darshans, outside and inside the Holy Cave and around the Holy Pindies. It is also believed that during Poojan and Aarti in the morning and evening, all these Gods and Goddesses arrive at the Holy Cave to pay their obeisance to the Mother. Here are other Darshans in the Bhawan area as well. These include Darshans of Lord Shiva s Shivling in a cave, Mata Durga, Lord Shiv, Shri Ram with Sita and Lakshman, Lord Hanuman etc. These Darshans are in temples situated at different point of the Bhawan complex. Signboards have been put up at Bhawan to guide the yatries as to the location of these temples. In addition, there are Yagyashalas in the Bhawan complex where Yagyas and Havans are preformed round the year and especially during the Navratras. The main Yagyashala is situated at Saraswati Bhawan. The journey to Shri Mata Vaishno Devi Ji is not considered complete without Darshans at Bhairon Temple. Legend says that Bhairon was killed by Mata and later upon seeking an apology was granted the boon of being the final link of the Great Pilgrimage. The Bhairon Temple is located at a distance of 1.42 kilometers from Bhawan. It is situated atop an adjacent hill and again involves a steep climb, which can be undertaken either on foot or on ponies or palanquins. The Bhairon temple is the highest point of the entire climb and is situated at an altitude of 6619 feet. Concrete steps as well as a concrete, paved, lighted track have been built right till the Bhairon temple. All necessary facilities are also available around Bhairon temple. After Darshans at Bhairon temple, instead of returning to Bhawan, one can directly proceed on the connecting track to Katra Via-Sanjichhat.

Shri Mata Vaishno Devi Shrine Board

The management of pilgrimage (holy yatra) is an important administrative activity at Shri Mata Vaishno Devi Shrine. In its early stage the management and control of the Shrine was with a private trust called the Dharamarth Trust and a group of traditional local residents called Baridars (so called because they collected their offerings according to their turn- bari). Dogra Maharajas were in control of the trust for performing routine administrative functions by their nominated family) priests. This system of the management of the shrine was popularly known as 'Baradari System'. In reality the groups of Baradaris collectively, and privately controlled the major administrative and managerial functions of the trust with the blessings of Maharajas. The Bardari system lacked a formal and systematic organizational hierarchy as well as their major interest was to collect funds from the pilgrims and exercise their financial & decision –making powers to run the routine administration of shrine. The growing number of visitors can be attributed also to a change in administration of the shrine and to the tremendous increase in pilgrimage tourism. So, the Shri Mata Vasihno Devi Shrine Board was set up in August 1986 (under the provisions of 'The Jammu and Kashmir Shri Mata Vaishno Devi Shrine Act, 1986'). The main objective of the Act was to provide for better management and governance of the Holy Shrine of Shri Mata Vaishno Devi Ji and its endowments including the appurtenant lands and buildings. Under the provisions of the Act, the Administration, management and governance of the Shri Mata Vaishno Devi Shrine and the Shrine Funds shall vest with a Board comprising Chairman and not more than ten members. The Governor of the state of Jammu and Kashmir by virtue of his office is the ex-officio Chairman of the Board. He/ She nominates nine members in the Board at the policy making level. The Board discharge its duty through a Chief Executive Officer who is assisted by the Addl. Chief Executive Officer and various Area Heads and Functional Heads. The Shri Mata Vaishno Devi Shrine Board has continued to develop facilities that cater to the comforts of visitors and improve conditions meant to encourage more pilgrims and as result the growth in the number of visitors can be attributed to a tremendous increase in religious tourism (Foster & Stoddard, 2010).

Research Objectives and Methodology

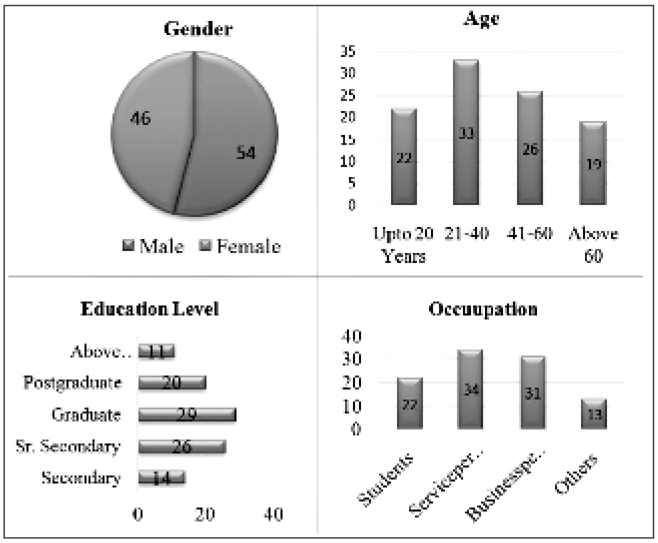
The study intended to identify the problems faced by pilgrimage tourists; and to offer suitable measure to develop the pilgrimage tourism in the area. This study is descriptive in nature, because, it describes problems encountered by pilgrims during their visit at Shri Vaishno Devi Shrine. These problems have been mainly identified based on one hundred respondents to list the problems encountered and also based on reviews.The study area has been fixed as Mata Vaishno Devi Shrine. The respondents are those who have gone on tour in the last six months and who were volunteered to provide data. The data is collected through a structured questionnaire from 100 respondents by adopting simple random sampling techniques. This is the most suited sampling technique because the respondents have been those who volunteered to provide data. The collected data was analyzed with the help of suitable statistical tools such as frequency distribution, percentage, mean etc. The result of the study is presented through tables and graphs to make study more attractive.

Result of the Study

Socio-Demographic Profile of the Respondents

Respondents were inquired about their socio-demographic features. Among the respondents 54 percent were male where 46 were female which indicate that both gender visit almost equally to the shrine. On asking about age one third (33%) respondents were aged between 21-40 years followed by 41-60 years (26%). More than one fifth (22%) were youngsters i.e. up to age of the 20 years and almost one fifth (19%) were aged above 60 years. This defined that almost all age group pilgrims visited the place. In response to education 29% indicated that themselves as graduate which is followed by more than one fourth respondents (26%) those were intermediate. One fifth (20%) respondents were postgraduate, 14% were matric and remaining 11% were educated above post graduate degree. In compliance to respondents occupation majority of the respondents (34%) were serviceperson which were very closely followed by businesspersons (31%). 22 % respondents were students group and remaining 13% were involved in some other occupations such as agriculture, shopkeepers, pensioners etc. This was observed that Shri Vaishno Devi Shrine is famous among all sectors of the society. In terms of economic conditions of the respondents one third (33%) were in the category of those who earned between 2-5 lakhs per year which is followed by 26% respondents who earned up to 2 lakhs in a year. One fourth respondents (25%) were in income group of 5-10 lakhs per annum and remaining 16 % were in the income group of more than 10 lakhs per year. This cite that every income segment have faith in Vaishno Devi Shrine.

Fig II: Socio-Demographic Profile of the Respondents



As well frequency of visit concerns more than half of the respondents (54%) were repeat visitors who visited 2-5 times followed by 31% who visited more than 5 times at the shrine. Remaining 15% were first time visitors. More number of repeat visitors (85%) was showed the faith and trust of the pilgrims in Mata Vaishno Devi.

The respondents were also asked about purpose of visit. The majority of the respondents (63%) were visited for religious purpose followed by 26% visited the place as a holiday tour and 11% were visited for education purposes. More than half of the respondents (56%) were visited the shrine with their families or friends which is followed by those (27%) visited as member of group or School/College tour and remaining 17% visited alone. The high strength of pilgrims in families and groups is the strongest reason behind more tourist arrivals at this shrine.

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Fig III: Socio- Demographic Profile of the Respondents

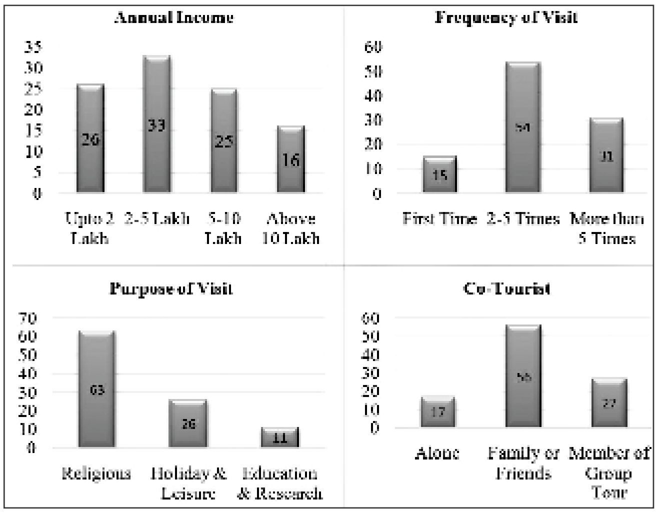
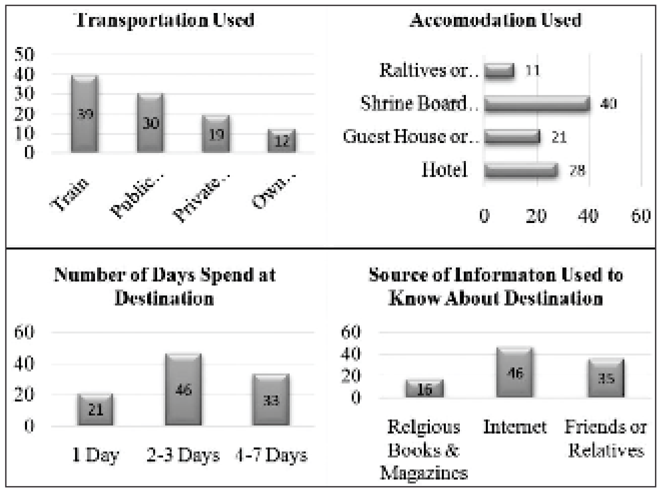


Fig IV: Socio- Demographic Profile of the Respondents



On asking about mode of transportations used to arrive Katra maximum number of visitors used Government transport i.e. rail & road both. 39% responded used rail transport. Recently extended rail track from Jammu to Katra is the root cause behind this. Nearly one third (30%) were used public road transport vehicles to reach Katra. Almost one fifth (19%) were travelled through private coach/taxi and remaining 12% were travelled by self-driven vehicles.

Among the total respondents stayed at Katra 40% were used to stay in Shrine board Hotels or Dormitory. The reason being that the accommodation provided by Shrine Board is very cost effective and comfortable with all facilities. 28% respondents stayed in hotels followed by 21% who used guest house or lodge to stay at Katra. The remaining 11% were stayed at their relatives and friends house.On asking about length of stay nearly half of the respondents (46%) were spend 2-3 days followed by one third (33%) respondents who spend 4-7 days and only 21% respondents were spend only one day at the shrine. More number of travellers with long stay indicated that they also used to visit nearby attractions such as Shiv Kohri, Surinsar lake and Patnitop as well as experience the local shopping centres & souvenirs shops etc. Respondents were also enquired about sources of information used to know about the facilities & services provided at the destination. Almost half of the respondents (49%) used internet to know more about the destination.

The biggest reason behind this is the website and online service portals run by Shri Mata Vaishno Devi Shrine Board. Visitors found it very convenient to know each and every thing at their doorsteps due through these websites. More than one third (35%) respondents were used to collect information about the services available at the destination from their relatives & friends those who earlier visited there and remaining 16% were used books & magazines to find out the facilities & arrangement for pilgrims at the destination.

Problems & Constraints Faced by Pilgrims at Vaishno Devi Shrine

On asking about the problems faced by pilgrimage tourists during their visit at the shrine. The responses are as under:
As far as road connectivity and direction map is concerned the respondents rated it poor (mean=3.42). A major portion of the visitors were travelled through road transport but roads were in bad condition and wrecked at many places as well as direction map for making driving efficient were also lacking. The local administration should take initiatives to handle this problem as soon as possible.

The respondents did not found any shortage of private buses/taxies and public transportation facilities with mean score of 2.58 and 2.42 respectively. This result indicated that there is ample transport service providers both public & private available in the area. More concisely the concerned authorities should take some steps to introduce air conditioned & Volvo buses for convenience of the tourists.

Three factors namely inadequate signage of facilities; lack of hygienic & cleanliness at temples site; and improper parking arrangements for private vehicles of the visitors were shared the same rank with mean score of 3.45. The signage of facilities are not sufficient in numbers as well as not at proper places. The local ambience of the temple site is dirty and muddy which demotivate pilgrims to perform a repeat visit and poor parking arrangements promoting the bad image of the destination among future visitors. The concerned authority should take these issue on priority to remove the deficiencies in the expansion of tourism development.

The respondents gave 3rd rank to lack of tourist information centres with mean score of 3.63. This indicated that tourists were interested to know about each & every facts regarding destination but due to shortage of information counters they disappointed. The Tourism Department of the state and Shrine Board will need to meet the demands of increasing pilgrims by

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establishing more tourist information counters at suitable spots.

The respondents also found shortage of public utilities such as drinking water, bathing & toilets facilities etc. (mean=3.17). These are very basic of requirement of anyone. Adequate presence of these facilities will make pilgrims feel comfortable during their journey from Katra to Bhawan as well as during their stay at the Bhawan area. These facilities should be properly assembled by Shrine Board and concerned authority.

The respondents gave very less value (mean=2.21) to the lack of access stairs or path to the temple area which means that there is sufficient number of stairs and suitable pathway is built for making journey more comfortable from Katra to Bhawan and vice-versa. Even at frequent distances shelters were also made. The pilgrims during their journey (yatra) stayed under these shelters for taking rest & relaxation.

The pilgrims also faced difficulties in finding a suitable accommodation unit at temple site as well as Katra (mean=3.61). The only Shrine Board proving suitable accommodation to pilgrims. Rest of the accommodations i.e. hotels, motels, resorts etc. are lacking the area. The concerned tourism authority should keep this fact in concern.

The pilgrims also found lack of supportive infrastructure i.e. medical facilities, banks & ATM, communication facilities and police posts by occupying mean score of 3.37. Medical facilities were essentials for those pilgrims who were aged or ill. Unavailability of ATM, banks and communication channels also demotivate the pilgrims to visit again to the shrine and image of the destination is badly hampered from tourism point of view.

The respondents also found sewage-sanitation & garbage management (3.59) very poor at the temple site. The mismanagement of carrying capacity is the reason behind this problem. It should be tackled in an appropriate manner to develop the sustainable pilgrimage tourist at the destination.
In responses to safety & security of tourists and belongings, the respondents did not found any drawbacks and gave mean value of 2.36 to this factor. This showed that the government and local authorities were significantly handling the security arrangements at the shrine and surrounded areas by providing local police and army corps.

The pilgrims were also found it difficult to experience good quality food & beverages at temple site and surroundings areas (mean=3.72). This defines that there not much quality eatable and drinking varieties existed at the destination.
The respondents nearly did not found any drawbacks with the behaviours of temple priest and Shrine Board staff by giving mean score of 2.65 which described that the priests and staff members of the Shrine Board recognized the importance of pilgrims and benefits associated with the pilgrimage tourism. The Shrine Board will need to continue this in future to ensure the more visitors to the shrine.

The local shopping and souvenir owners are not behind in charging very high rates from pilgrimage tourists (mean=3.56). This drawback of the destination hamper the image of local market in pilgrims visited as well as due to word of mouth factor the potential tourism market will also suffered due this.

The inhospitable behaviours of locals i.e. shopkeepers, pithoos and ponywalas also make pilgrims feel uncomfortable (mean=3.57). The locals were lacking in knowing the significance of tourists and their benefits associated with them which were essential for the development of the area.

The highest mean value (3.80) was found in lack of nearby tourist attractions by which indicated that today's' pilgrims were more keenly interested in adding some touristic experience to their pilgrimage journey. They want to fully enjoy their visit along with pilgrimage journey.

Suggestions and Recommendation

The findings of the study indicated that pilgrims were faced problems with majority of facilities. The author after understanding the significance of pilgrimage tourism in the study area offered suggestions with regard to various issues emerging from result of the study. The suggestions were as follow:

Development of Roads

First and foremost duty is to develop roads which are in poor condition. The roads developed should be to standard including re-alignment of local curves, increasing the width of the roads and providing protection on the roads. In addition to main roads local roads to the pilgrimage shrine also need to enhance so as to accessibility for pilgrims from rural areas should be enhanced.

Accessibility through aerial transportation

The pilgrimage shrine of Vaishno Devi shrine can be made more accessible by connecting the area with air transport. It will be an added attraction for the pilgrims and tourists to visit the site because it reduces the journey time and shorten the distance.

Accommodating Pilgrims

Vaishno Devi Shrine is facing problems in shortage of accommodation units at temple area as well as at Katra particularly during the month of summer and festival occasions such as navrtris etc, much difficulty is faced accommodating pilgrimage tourists when there is an increase in tourist arrivals. The concerned authorities should offer adequate accommodation services to the pilgrims for not only increase satisfied tourists index but also bridge the gap between the guest and host.

Food and Catering
In order to cater the eating and drinking requirements of the pilgrimage tourists more eating establishments should need to set up at the site as well en-route. The government should give special incentives for running such units. Local cuisine should be promoted through eating and drinking stalls. The quality and rate of the food & beverages should be regularly monitored by local government.

Building Public Convenience
The pilgrims visiting Vaishno Devi have one common complaint about the sewag-sanitation and garbage conditions of the destination. This indicated carelessness of the concerned authority in this area. When a pilgrim visit this site, he/she has to wonder here and there for tracing out toilets & bathing areas, drinking water points, resting chairs etc, and the end result is that he/she hardly finds any one of them. Way side amenities are totally absent in the area. Hence, due care should be taken to establish more public utilities such as bathing areas, toilets, water cooler etc. The maintenance of the toilets and bathrooms at pilgrimage spot need to be keep neat & clean.

Shopping at the Shrine
The pilgrimage site can prove to be ideal centre for selling the local art & handicrafts and other unique items of the region. The author suggested to setting up the art & handicraft market at every adequate spot so as to promoting pilgrimage on one hand and market the unique master pieces of local art such as wooden items, stone items and woollen clothes etc. on the other. It also providing employment to hosts and crate a host friendly behaviour towards such type of tourism.

Means of Information
Pilgrimage sports are cool and calm places so there should be proper use of sign boards at different places in and around the pilgrimage spot. This helps avoid the mess created by the unnecessary enquiries of pilgrims. Sign boards should be legible, written with prominent colours and should be conveniently placed at appropriate places. More tourist information centres should be established so that they will inform the pilgrims as well as attraction more visitors towards them.

Educating Guests & Hosts
Pilgrimage spot is a place where there is no restriction on the entry of any person. But the pilgrims visiting them have to take care of the holy nature of the place so as to maintain its spiritual sanctity. For this purpose codes of conduct and ethics should be displayed prominently in various languages on boards and signage.

Similarly host of the areas should be informed about how to treat visitors so that the gains and development associated with this smokeless industry can be bring to the area. They should be trained in offer better hospitality to the current as well as potential pilgrimage visitors.

Promoting Pilgrimage Tourism
Although Vaishno Devi possess enough pilgrim attractions but its marketing and publicity initiatives are not adequate and effective. An aggressive marketing campaign needs to be organized worldwide. The Tourism Department of the area in association with Shrine Board should be encouraged to organize publicity programmes such as TV advertisements, video materials, newspaper advertisements, posters & pamphlets and commercial events etc. More internet links & portals should be created on internet with different websites.
Feedback and Redressel

It is obvious that besides taking hundreds of measures there may be some shortcomings in services or in the pilgrims' satisfaction. Hence, a feedback and redressel system should be adopted to handle such complaints and receive suggestions made by the pilgrims. There should be prominent complaint & suggestions boxes in premises of pilgrimage tourism spot. The concerned official should be dealt these complaints & suggestions with full dedication and efficiency so as to improve the services and provide tourist satisfaction to the pilgrims.

Conclusion
Pilgrimage tourism is recognized as a source of diversifying the economy of the nation. It would however be folly to pretend that the sector will continue to stimulate the economy without pro active measures aimed at managing the forces confronting this sector. In recent years, the veneration of pilgrimage tourism at Vaishno Devi has become very important which is indicated from the increased number of pilgrims at the shrine. The present study revealed various problems faced by pilgrimage tourists while their visit to the famous shrine of Vaishno Devi. The study found that the pilgrims did not faced any significant problems with factors such as availability of public & private transportations services, proper arrangements of security at the shrine, better access stairs or path to Bhawan from Katra and proper behaviour of priests and shrine board staff etc. These factors are playing their counterparts very well and did create any significant problems for pilgrims. However, on the other side pilgrimage tourists faced various problems such as lack of nearby tourist attractions surrounding shrine, poor road connectivity, lack of cleanliness & hygiene at pilgrimage spot, poor management of public utilities, lack of tourist information centres, lesser availability of accommodation units and shortage of good quality food & eatables and so on. The lack of these essential services gives the bad impression about the destination and thus confronts the sustainable development of tourism. These deficiencies of the pilgrimage tourism in the area should be removed as early as possible to stimulate the overall development of the pilgrimage tourism in the area. By working on proposed suggestions given in the study will ease the pilgrims in order to bring satisfaction and carry a good impression of the destination and hence will bring word of mouth publicity.

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Service Sector Contribution to Economic Growth

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****Dr. Simmi Arora**

Abstract

The growth of service sector in India has been unusually rapid; it started 15 years ago from unusually low levels. The services sector has played a pivotal role in accelerating the economic growth in India. Growth in services picked up in the 1980's and accelerated in the 1990's. Since then, it has become a dominant contributor to economic growth. This paper presents a conceptual framework of the service sector in India that focuses on analyzing the performance of service sector & its contribution to growth, employment & GDP in the Indian economy. It also makes a comparison of the performance of service sector in India with rest of the world. The prime movers of the growth in services have been trade, hotels and restaurants, communication and banking and business services such as computer related services, renting of machinery, accounting and research development with recorded growth rates above 10 per cent on the average from the 1990's.

Keywords: GDP, Employment, Economic Growth, Service Sector, Sectoral.

Introduction

There are three major sectors of the Indian economy: Agriculture, Industry and the Services Sector. Traditionally, agriculture accounted for the majority of share of the Indian economy. Over the years, with modernization, industrial reforms and liberalization process this trend has changed. Indian economy saw a decline in the contribution of the agriculture sector and sharp rise in the growth of the services sector. Services sector surpassed the other two sectors in the recent past decade. The table below presents the contribution of the three sectors to India's GDP and justifies the increased contribution of the services sector to the GDP in 2011-12.

Table 1: Sectoral Contribution to India's GDP

Sector\Year	2011-12 (in percentage)
Agriculture - Share to Total GDP	12.02
Industry - Share to Total GDP	27.52
Mining & Quarrying-Share to Total GDP	2.06
Services - Share to Total GDP	58.39

Source: www.indiabudget.nic.in

As an economy grows prosperous, its people not only require more and more of manufactured output but also services to drive these. Indian service segment comprises of wide range of activities, such as trading, transportation and communication, financial, real estate and business services and community, social & personal services. Though all three sectors of economy have seen tremendous growth and contributed to the GDP during the last sixty two years, the growing importance of service sector particularly in the post reform era is a sign of India's being projected as superpower of future. It is the second largest employer after agriculture. People need more of services along with the physical goods for better quality life. They need more of transport, communication, education, training, healthcare, doctors, nurses, hospitals, diagnostic centers, entertainment, technicians and artisans for repair and maintenance of buildings, houses, household equipments, plumbers, electricians, sewerage systems, more courier services, banks, ATMs, organized shopping malls, car parking's, and so on.

Income and employment growth flies in the tertiary sector. Tertiary sector includes scientific research and innovations that increases productivity and provide engineering and construction consultancy support services for all projects in all sectors. An economy cannot continuously grow with primary and secondary sectors retaining the same importance. Most advanced and rich countries have more than 80% of employment and income in the services sector. In the US, agriculture is less than 1%.

Services sector is also attracting ample amount of Foreign Direct Investment in India. The total share of cumulative FDI inflows to the services sector has been around 56.08 per cent for year 2011-12. The government has taken many policy initiatives to liberalize the FDI policy for the services sector. These include liberalizing the policy on foreign investment for companies operating in the broadcasting sector, like increasing the foreign investment limit from 49 per cent to 74 per cent in teleports (setting up up-linking HUBs/teleports) and direct to home (DTH) and cable networks, and permitting foreign investment (FI) up to 74 per cent in mobile TV; permitting foreign airlines to make foreign investment, up to 49 per cent in scheduled and non-scheduled air transport services; permitting FDI, up to 51 per cent, in multi brand retail trading, and amendment of the existing policy on FDI in single-brand product retail trading.

This article focuses on the contribution of various services sub sectors to the Indian GDP & also analyses the pattern of their growth. It also makes a comparison of the growth of services

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sector in India with rest of the world. The contribution of service sector to employment has also been analysed.

Review of the Literature

India's services sector expanded with very high growth in the second half of the 2000s. Though the growth rate has slowed down, but the sector is still growing at a much higher rate in comparison to manufacturing and trading sectors of the economy. The services sector is a vital cog in the wheel of the Indian economy. Services sector has been a major contributor to India's GDP and growth **(Bhattacharya & Mitra 1990)**.The Indian service industry has emerged as one of the largest and fastest-growing sectors on the global landscape and hence has made substantial contribution towards global output and employment. In India, there has been a shift from agriculture to the services sector. In the initial five year plans agriculture was major contributor to India's economy while in the post reform era there has been shift from agriculture sector to service sector. In this respect, some economists **(Ansari 1995)** consider India as an outlier among South Asian countries and other emerging markets. However, **(Gordan and Gupta 2003, Banga 2005** and **Jain and Ninan 2010)** have pointed out that India is not an outlier as the share of services sector in GDP has increased with rise in per capita income. Also, **(Kochhar et. al. 2006)** argued that India was a negative outlier in 1980s in comparison to other emerging markets as the share of services in value added and employment was below that of other countries. After the economic reforms of the 1990s, Indian services sector became a positive contributor in terms of the share of services in value added but continued grew to be a negative in terms of its share in employment. **(Chanda 2002, Gordan & Gupta 2003, Banga &Goldar 2004** and **Jain & Ninan 2010)** identified liberalization and economic reforms as one of the important factors contributing to the growth of services sector in India. Further, **(Bhattacharya & Mitra 1990)** and **(Gordan & Gupta 2003)** reported that high income elasticity of demand for services has contributed to the high growth of services sector. Regarding the technological progress **(Chanda 2002)** documented that availability of high skilled manpower has led to growth of services like information technology (IT) and IT enabled services (ITES). Developed countries outsource its services to developing countries like India leading to a rise in demand for services from the developing market **(Bhagwati 1984, Gordan & Gupta 2003 and Hansda 2001).** High government expenditure on certain services like community, social and personal services has also led to high growth of services (Ansari 1995).

Objectives of the study

- To identify & classify services and their categories.
- To give a track record of service sector in India.
- To analyse the performance of service sector in the recent past.
- To analyse the contribution of service sector towards employment

The services sector covers a wide array of activities ranging from services provided by the most sophisticated sectors to simple services. The National Accounts classification of the services sector incorporates trade, hotels, and restaurants; transport, storage, and communication; financing, insurance, real estate, and business services; and community, social, and personal services.

Table 2: Comparative Growth of Different Sectors in India

Financial Year	Agriculture & Allied Services -Share to Total GDP (in percent-age)	Industry - Share to Total GDP (in percent-age)	Services - Share to Total GDP (in percent-age)
1999-2000	23.27	26.87	49.85
2000-01	22.31	27.32	50.37
2001-02	22.42	26.57	51.02
2002-03	20.13	27.39	52.48
2003-04	20.32	27.20	52.48
2004-05	19.03	27.93	53.05
2005-06	18.27	27.99	53.74
2006-07	17.37	28.65	53.98
2007-08	16.81	28.74	54.45
2008-09	15.77	28.13	56.11
2009-10	14.64	28.27	57.09
2010-11	14.45	28.23	57.32
2011-12	14.10	27.51	58.39
2012-13	13.68	27.03	59.29

Fig 1: Comparative Growth of Different Sectors in India

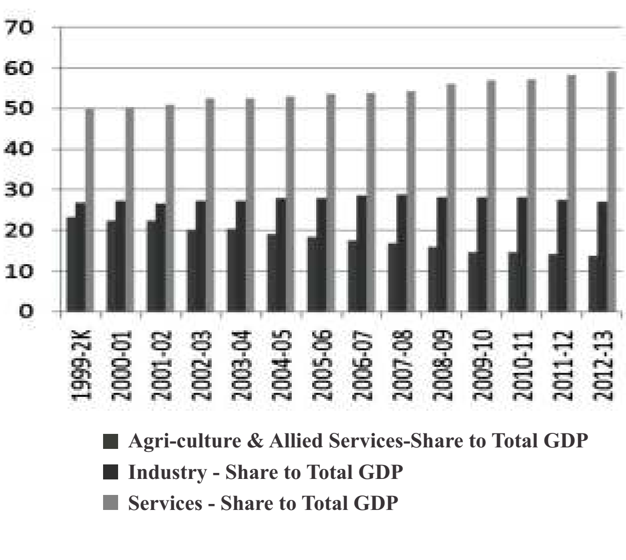


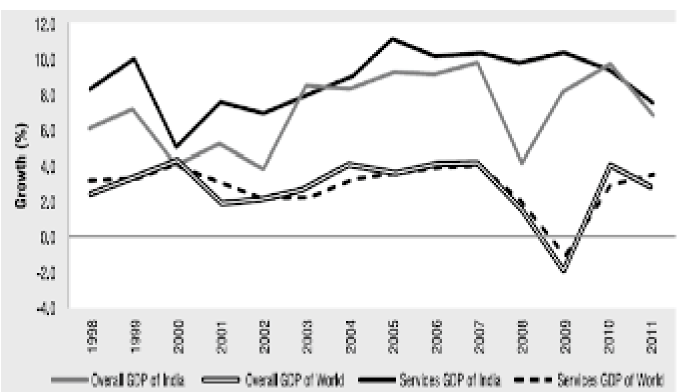
Figure 1 shows the comparative growth of different sectors from 1999 to 2013. Over the years, the share of Agriculture & allied services to India's GDP has declined from 23.27 % to 13.68%. The contribution of industry to GDP has remained almost same. It was 26.87% in 1999-2000 and 27.03% in 2012-13. It rose to the maximum of 28.74% in 2006-07. However, the contribution of services sector has shown a continuous uptrend. Over a span of 13 years, the contribution of tertiary sector rose by 10 % contributing around 59.29% to the Indian GDP.

Growth of Service Sector: India & Rest of the world

India's services sector has emerged as a prominent sector in terms of its contribution to national and states incomes, trade flows, FDI inflows, and employment. The overall growth story and growth story of services of world and in India began from almost the same level of around 4-5 per cent in 2000. Over the years, India's overall and services growth rates have outshine those of the world. India's services growth has been consistently above its overall growth in the last decade except for 2003.

As regard export of services, India's share of services exports in the world exports of services, increased from 0.6 per cent in 1990 to 1.0 in 2000 and further to 3.3 per cent in 2011, has been increasing faster than the share of merchandise exports in world exports.

Fig 2: Growth rate of Services GDP & Overall GDP- India & world



Source : Based on UN National Accounts Statics accessed on 2 February 2013

India's Share of Services in World Economy

In world GDP of US$70.2 trillion in 2011, the share of services was 67.5 per cent. Moreover, the top 15 countries in terms of services GDP are also the same in overall GDP in 2011 including the major developed countries and Brazil, Russia, India, and China. Among the top 15 countries with highest overall GDP in 2011, India ranked 9th in overall GDP and 10th in services GDP.

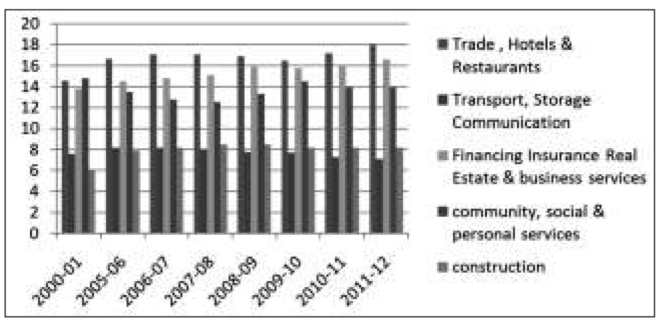
Table 3: Performance in Services: International Comparison

Sr no.	Country name	Rank in GDP contribution
1.	US	1
2	China	2
3	Japan	3
4	Germany	4
5	France	5
6	Brazil	6
7	UK	7
8	Italy	8
9	India	9
10	Russia	10
11	Canada	11
12	Australia	12
13	Spain	13
14	Mexico	14
15	South Korea	15

Service Sector: Sectoral Analysis

Service sector incorporates trade, hotels, and restaurants; transport, storage, and communication; financing, insurance, real estate, and business services; and community, social, and personal services. Table 4 below gives the contribution and growth rate of different sub sectors.

Fig 3: Contribution of Different Sectors to GDP of India from 2000-2012



Trade, hotels, and restaurants as a group is the largest contributor to GDP with around 18% share among the various services sub-sectors, followed by financing, insurance, real estate, and business services with a 16.6 per cent share. Both these services showed around 3% increase in their contribution to GDP over this 12 year period.

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Table 4: Share & Growth of India's Services Sector (in percentage)

		2000-01	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Trade , Hotels & Restaurants	Share in GDP	14.6	16.7	17.1	17.1	16.9	16.5	17.2	18
	growth rate	5.2	12.2	11.1	10.1	5.7	7.9	11.5	6.2
Trade	Share in GDP	13.3	15.1	15.4	15.4	15.3	15.1	15.7	16.6
	growth rate	5	11.6	10.8	9.8	6.7	8.5	11.5	6.5
Hotels & Restaurant	Share in GDP	1.3	1.6	1.7	1.7	1.5	1.4	1.5	1.5
	growth rate	7	17.4	14.4	13	-3.3	1.9	10.8	2.8
Transport, Storage Communication	Share in GDP	7.6	8.2	8.2	8	7.8	7.7	7.3	7.1
	growth rate	9.2	11.8	12.6	12.5	10.8	14.8	13.8	8.4
Railways	Share in GDP	1.1	0.9	0.9	1	0.9	0.9	0.8	0.7
	growth rate	4.1	7.5	11.1	9.8	7.7	8.8	5.9	7.5
Transport by other means	Share in GDP	5	5.7	5.7	5.6	5.5	5.3	5.3	5.4
	growth rate	7.7	9.3	9	8.7	5.3	7.3	8.2	8.6
Storage	Share in GDP	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
	growth rate	6.1	4.7	10.9	3.4	14.1	19.3	2.2	9.4
Communication	Share in GDP	1.5	1.6	1.5	1.4	1.4	1.4	1.1	0.9
	growth rate	25	23.5	24.3	24.1	25.1	31.5	25.4	8.3
Financing Insurance Real Estate & business services	Share in GDP	13.8	14.5	14.8	15.1	15.9	15.8	16	16.6
	growth rate	4.5	12.6	14	12	12	9.7	10.1	11.7
Banking & insurance	Share in GDP	5.4	5.4	5.5	0.5	5.6	5.4	5.6	5.7
	growth rate	-2.4	15.8	20.6	16.7	14	11.4	14.9	13.2
Real Estate , ownership of dwellings & business services	Share in GDP	8.7	9.1	9.3	9.6	10.3	10.4	10.4	10.8
	growth rate	7.5	10.6	9.5	8.4	10.4	8.3	6	10.3
community, social & personal services	Share in GDP	14.8	13.5	12.8	12.5	13.3	14.5	14	14
	growth rate	4.6	7.1	2.8	6.9	12.5	11.7	4.3	6
Public administration & defence	Share in GDP	6.6	5.6	5.2	5.1	5.8	6.6	6.1	6.1
	growth rate	1.9	4.3	1.9	7.6	19.8	17.6	0	5.4
Other services	Share in GDP	8.2	7.9	7.6	7.4	7.5	7.8	7.9	7.9
	growth rate	7	9.1	3.5	6.3	7.4	7.2	8	6.5
construction	Share in GDP	6	7.9	8.2	8.5	8.5	8.2	8.2	8.2
	growth rate	6.1	12.8	10.3	10.8	5.3	6.7	10.2	5.6
total services	Share in GDP	50.8	53.1	52.9	52.7	53.9	54.5	54.4	55.7
	growth rate	5.4	10.9	10.1	10.3	10	10.5	9.8	8.2
total services (incl. construction)	Share in GDP	56.8	61	61	61.2	62.4	62.7	62.6	63.9
	growth rate	5.5	11.1	10.1	10.3	9.4	10	9.8	7.9
total GDP	Share in GDP	100	100	100	100	100	100	100	100
	growth rate	4.3	9.5	9.6	9.3	6.7	8.6	9.3	6.2

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The contribution of Community, social, and personal services ranked 3rd and hovered around an average of 14 %. The contribution of construction also reported an increase of 2.2% with an 8.2 per cent share to GDP.

The CAGR of the services sector GDP at 10 per cent for the period 2004-5 to 2011-12 has been higher than the 8.5 per cent CAGR of overall GDP during the same period. However in 2011-12 and 2012-13, there has also been a deceleration in growth rate of services sector at 8.2 per cent and 6.6 per cent respectively. Among the Sub-sectors, the largest contributor had been trade, transport by other means (i.e. excluding railways), banking, and insurance, and real estate ownership of dwellings, and business services, besides construction.

In 2011-12, though the growth of 'trade' decelerated to 6.5 per cent from 11.5 % in 2010-11, its contribution to GDP improved from 16 % in 2010-11 to 16.6 per cent.

The share of 'transport by other means' has been 5.4 per cent was almost at earlier levels with just 0.1% growth however, the growth rate of this sector has increased from 8.2 to 8.6 % .

Banking and insurance sector which even recorded a negative growth rate in 2000-01 experienced maximum growth rate of 20.6% for year 2006-07. But the growth rate for this sector declined due to 2008 subprime crisis. However, India was not much adversely affected and growth rate still remained high.

Real estate, ownership of dwellings, and business services contributed 10.8 per cent, which is marginally higher than that of the previous year, also had robust growth of 10.3 per cent. Other services with a share of 7.9 per cent both in 2010-11 and 2011-12 grew at a slower pace of 6.5 per cent in 2011-12. Among 'other services', the two major items are community services, of which education, medical, and health, are the major items; and personal services. Interestingly some items among community services like coaching centers and membership organizations have high growth rates with small shares which are rising.

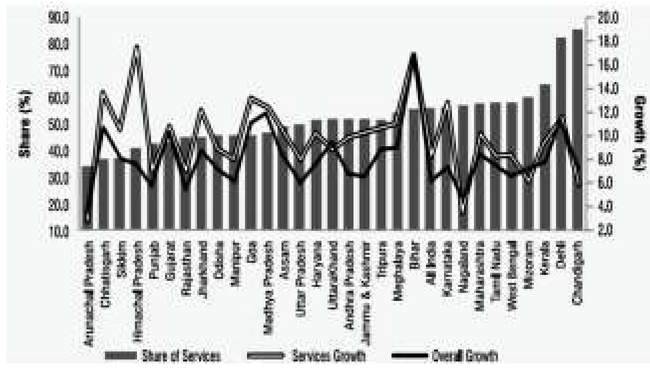
Construction, the borderline services sector, has been the most vulnerable to global events. With a share of 8.2 per cent as in the previous two years, it has been growing unevenly since the global crisis.

State Wise Contribution to GDP

In India, services sector is expanding. Even the services sector for least developed states is showing an improvement in their contribution to GDP over the years.

A view of the state wise contribution to services growth for year 2011-12 has been presented in Fig 4.

Fig 4: Share & growth of services sector in 2011-12



A view of the state wise contribution to services growth for year 2011-12 shows that the services sector is the dominant sector in most states of India. Chandigarh & Delhi report maximum contribution of around 80-90% to the GDP of the state. Chandigarh has been the highest contributor to the GDP with a share of 85 per cent followed by Delhi with 81.8 per cent. Also the growth rate of contribution for both these states has been the highest which hovers around 19 %. Other states such as Kerala, Mizoram, West Bengal, Tamil Nadu, Maharashtra, Nagaland, and Karnataka have higher than all-India shares. Other than Arunachal Pradesh (33.8 per cent), Chhattisgarh (36.7 per cent), and Sikkim (37.0 per cent), the share of services in the GDP in all other states is more than 40 per cent. In 2011-12, in tune with the general slowdown in overall services growth, services growth rates in many states also moderated. But some states continued to register high growth rates with the highest being in Himachal Pradesh at 17.3 per cent followed by Bihar at 16.6 per cent. Delhi registered 11.5 per cent growth.

Services Employment in India

The three major service sectors providing maximum employment in India are Construction; trade, hotels, and restaurants; and public administration, education, and community services. The employment pattern amongst the sectors has sown a tremendous change. With agriculture providing the maximum employment for decades, its share in employment fell from 64.75 per cent in 1993-4 to 53.2 per cent in 2009-10 and of industries falling from 12.43 per cent to 11.9 per cent. The shares of the services and construction sectors in employment, on the other hand, increased in the same period from 19.70 per cent to 25.30 per cent and 3.12 per cent to 9.60 per cent respectively. As per the National Sample Survey

Office's (NSSO) report on Employment and Unemployment Situation in India 2009-10, on the basis of usually working persons in the principal and subsidiary statuses, for every 1000 people employed in rural India, 679 people are employed in the agriculture sector, 241 in the services sector (including construction), and 80 in the industrial sector. In urban India, 75 people are employed in the agriculture sector, 683 in the services sector (including construction) and 242 in the industrial sector.

Conclusion

Service sector is the largest contributor to the GDP of India. The growth of the steadily growing services sector did not fall even during the post 2008 crisis period. This may be primarily due to higher government spending. Trade, hotels, and restaurants have been the major contributors to GDP and community, social and personal services recorded the maximum growth rate. Service sector provides employment to majority of Indian population. Service sector attracted more than 50% FDI in India. Compared to the world, the growth rate of service sector in India had been higher. It is recommended that further steps should be taken to expand the services sector to different activities and to retain and expand our competitive advantage in those services where we have already made a mark.

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A Study of Customer Relationship Management in Private Sector Banks

***Dr. Reeta**

Abstract

Customer Relationship Management is a business strategy in this competitive scenario.It is being used as a tool to enhance a business and a firm's profit. Banks are giving much emphasis on CRM to maintain old customers and make new customers. Geographical region Kurukshetra (Haryana) in India has been selected for this research paper. Multiple choice questions are drafted and random sampling is used for this study. 86 private sector banks' customers have been selected for the analysis- 43 ICICI bank's customers and 43 AXIS bank's customers. Mean score and percentage have been used for data analysis. After data analysis findings show that customers are satisfied from service factors, staff factors, environment factors apart from promotional factors. By promotional factors customers are less satisfied.

Key words: CRM, Banks, Customer, Satisfaction, Private.

Introduction

Customer relationship management (CRM) is increasingly important to firms as they seek to improve their profits through longer-term relationships with customers. CRM as defined by Kotler, is the process of utilizing detailed information about individual customers & carefully managing all the customers' touch points with the aim of maximizing customers' loyalty.

A human being, who opens an account in a bank and maintains it, is a bank customer. Customers are being aware for retail banking. Customers deposit their money, which they get after hard work, want its safety and take money from banks for their different needs. Customers confirm first that in which bank they are going to open an account, is adopting customer Relationship Management (CRM) policies or not. To observe the customer awareness, banks are emphasizing on CRM. Customer Relationship Management is a good policy to business, firms, banks, industries, enterprises etc. Banking industry has public sector banks, private sector banks and foreign banks. In this competitive time banks prefer CRM very much to maintain healthy competition with their counterparts. Banks are adopting different dimensions of CRM. Banks maintain data of customers very well. Banks explore how to enhance more and more customer relationship management. There are the problems in front of banks- How can be banks ahead in the present competitive time as well as how can they maintain their reputation and CRM is the solution of these problems.

Customer Relationship Management

Nowadays customer relationship management is used as a business tool and business strategy. The aim of CRM is to maintain customers, their data and enhance their profit. "CRM is a „core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer related data and enabled by information technology" (Buttle, 2013). In the present time CRM is used to maintain good relations with the people. CRM helps to maintain healthy environment in this competitive scenario. "CRM has gained popularity in recent times as on approach to developing bonding with individual constituents of the value chain of a firm operating in the industry to gain a competitive edge in an increasingly cut throat maker condition, players are using it is a competitive marketing weapon" (Garikaparthi, 2005). CRM increases the value of company's products or services which help in maintaining a long term relationship with the customers. CRM must be implemented as a long lasting business technique. "CRM is about cultivating a long term relationship with the customer by enhancing the value of a company's product or services. Therefore the process of implementing CRM should be approached as a long- term strategy" (Sharp, 2000). Customer relationship management is very important in the market and banks. It is very essential to inform customers about the products and many offers with the products. The importance of this information is that the customer takes his decision very easily and shortly. " Analyzing CRM processes from any customer perspective is obviously of value to an organization that is serious about CRM One problem facing customer today is that they have too many options to choose from – information, advice, offers – with little time to make intelligent decision." (Sharp, 2000)

Banks & Retail Banking

Sundaram V.,2009 defined "bank as an institution which accepts deposits from public and lends money. People want to deposit their money for the sake of safety and to earn interest. Bank in return, lends that money at higher rate of interest and earns profits." Banks are the backbone of an economy. Banks play an important role for the proper development of an economy. Banks are very helpful in poverty alleviation. "Banks have come to play a significant role in the development of economy. They are essential institutions for mobilizing savings and for the purpose of lending. Development countries of today owe their gratitude to banking for the most direct as well as indirect role played by the banks in their economic development". "Retail banking has become an extensively researched and debated subject in the present day world; unique issues are arising in the context of banks and financial institutions. In the developing countries

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initially did not quite receive the attention they certainly deserved but in the overarching context of economic liberalization the potential role of retail banking has increasingly come to the force. Banks are better placed to cash in on their retail boom because of risk dispersion and better quality assets" **(Sharma, 2005)** "Retail banking offers such products-Loans, deposit, credit card, debit card etc. In recent times, retail banking has generally been considered synonymous with retail lending, but retail banking includes operations both on the deposit and loan side" **(Sharma p. 125).**

Literature Review

Krishan Rajeswari (2005) revealed that customer relationship Management is helpful to achieve the bank targets- customer identification, cross selling or up selling, customer acquisition, customer retention, customer satisfaction and delight. **ChaudaryKoushiki, Avinandanmu kherjee & Ashish Banerjee (2001)** suggested that the strategies are very helpful for Indian banks to make long term relationship with customers in present highly competitive scenario. Managers and 224 customers were interviewed and questioned respectively. By enhancing ATM services, the crowd of banks' branches may be reduced.15 service quality factors in four dimensions (competence, tangibles, orientedness, convenience) were discussed in this study. Mittal R. K. & Rajeev Kumara (2001) considered that the success of banking in the changing atmosphere depends on three elements- technology, people and customer. E-CRM is one of the effective tools for the development of banks.

Research Methodology

For this research paper multiple choice questionnaires were designed. For collection of data questionnaires were filled up by ICICI bank and AXIS bank customers (respondents). Mean score, percentage, standard deviation were used for data analysis. Findings of this research paper have been defined and explained with the help of bar diagram and pie charts. For the analysis of data, advanced statistical analysis software SPSS has been used.

Objectives of the Study

- To know that customers are satisfied with service factor by ICICI bank and Axis bank.
- To know that customers are satisfied with staff factor by ICICI bank and Axis bank.
- To know that customers are satisfied with promotional factor by ICICI bank and Axis bank.
- To know that customers are satisfied with environment factor by ICICI bank and Axis bank.

Hypotheses of the Study

- H1 Customers are satisfied with service factor by ICICI bank and Axis bank.
- H2 Customers are satisfied with staff factor by ICICI bank and Axis bank.
- H3 Customers are satisfied with service promotional factor by ICICI bank and Axis bank.
- H4 Customers are satisfied with environmental factor by ICICI bank and Axis bank.

Data Collection and Sample Size

This research paper is based on primary data. Data was collected from the customers (respondents) of ICICI bank and AXIS bank .The sample size of customers was taken of 86- 43 customers from ICICI bank and 43 customers from AXIS bank. The sample was classified based on age, gender, income level, occupation and most preferred delivery channel. Random sampling has been used in this research paper.

Scale

For this research paper variety of questions has been used to find out complete and proper information about the topic. Multiple choice questionnaires were prepared using 5 point likert scale.

Geographical Region

Respondents (customers) have been selected from ICICI bank and Axis bank, of Kurukshetra.

Discussion on Findings

Table: 1. Classification of Respondents based on Gender

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
	16.7	17.1	17.1	16.9
Female	37	43	43	43
Male	49	57	57	100
Total	86	100	100	

Table-1 presented that from 86 respondents female respondents were 37 (43%) and male respondents were 49 (57%). Number of male was more than that of female.

Table: 2. Classification of Respondents based on profession

Profession	Frequency	Percent	Valid Percent	Cumulative Percent
Service	49	57	57	57
Business	37	43	43	100
Total	86	100	100	

In table-2 profession of respondents had shown 49 respondents (57%) were from service class and 37 respondents (43%) were from business class.

Table: 3. Classification of Respondents based on Age

Age	Frequency	Percent	Valid Percent	Cumulative Percent
25-30	33	38.4	38.4	38.4
31-36	25	29.1	29.1	67.4
37-42	13	15.1	15.1	82.6
43 & above	15	17.4	17.4	100.0
Total	86	100.0	100.0	

Table-3 displayed the age of respondents.25-30age group respondents were 33(38.4%),31-36age group respondents were 25 (29.1%), 37-42 respondents were 13 (15.1), 43 and above age group are 15 (17.4). Table presented that bulk of respondents were from 25-30 age group.

Table: 4. Classification of Respondents based on Income

Income	Frequency	Percent	Valid Percent	Cumulative Percent
10,000- 25000	46	53.5	53.5	53.5
25,000-50,000	26	30.2	30.2	83.7
50,000-75,000	7	8.1	8.1	91.9
75,000 & above	7	8.1	8.1	100.0
Total	86			

In table- 4 it has been observed that respondents of earning group10000-25000 were 46 (53.5%), respondents of earning group 25000-50000 were 26 (30.2%), respondents of earning group 50000-75000 were7 (8.1%), respondents of earning group 75000 and above were 7 (8.1%).Table presented that bulk of respondents were from 10,000 t0 25,000 income group.

Table: 5. Most Preferred Delivery Channel

Bank Delivery Channels	Frequency	Per-cent	Valid Percent	Cumulative Percent
Mobile Banking	10	11.6	11.6	11.6
ATM	46	53.5	53.5	65.1
Internet Banking	22	25.6	25.6	90.7
Personal Banking	8	9.3	9.3	100.0
Total	86	100	100	

In table 5 it had been demonstrated, which delivery services were most preferred by respondents. 10(11.6%) respondents preferred mobile banking, majority of respondents 46 (53.5%) preferred ATM. 22 (25.6%) respondents preferred internet banking. 8 respondents (9.3%) proffered personnel banking which was quite low.

Mean Scores and Dimensions of Satisfaction labels

- $\bar{x}$ = 1- 1.50 = Dissatisfies
- $\bar{x}$ = 1.51 -2.50 = less satisfied
- $\bar{x}$ = 2.51 – 3.50 = Satisfied
- $\bar{x}$ = 3.51 -4.50 =very much satisfied
- $\bar{x}$ = 4.51 – 5.00 = highly satisfied

For Analysis the data Mean has been used. Different Mean show the different label of satisfaction in the above table.

Table: 6. Service Factors

S. No.	Service Factors	Mean	S.D.	Satisfaction Level of Bank Customer
1	Deposit Service Processing Speed	3.38	1.05	Satisfied
2	Degree of Ease in Account Opening	3.25	1.17	Satisfied
3	Deposit Safety	4.27	.915	Very Much Satisfied
4	Easy of Applications for credit card issuing	3.46	1.11	Satisfied
5	Credit card issuing process-ing Speed	3.32	1.06	Satisfied

That highest mean in table-6 is 4.27, which indicates respondent are very much satisfied. Respondents are satisfied from deposit service processing speed (3.380), degree of ease in account opening speed (3.38), easy of applications for credit card issuing (3.45), credit card issuing processing speed (3.32).

H1 is accepted that customers are satisfied with service factor by ICICI bank and Axis bank.

Table: 7. Staff Factors

S. No.	Staff Factors	Mean	S.D.	Satisfaction Level of Bank Customer
1	Friendliness &Polite-ness	3.61	.909	Very Much Satis«ed
2	Accuracy of Employee	3.56	.833	Very much Satis«ed
3	Individual Attention to Customer	3.09	1.00	Satis«ed
4	Helpfulness of Bank Employee	3.47	.877	Satis«ed

Table-7 indicates that respondents are very much satisfied from friendliness and politeness of employee (3.61), and accuracy of employee (3.56). Respondents are satisfied from individual attention to customer (3.09), and the helpfulness of bank employee (3.47).

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H2 is accepted that Customers are satisfied with staff factor by ICICI bank and Axis bank

Table: 8. Promotional Factors

S. No.	Promotional Factors	Mean	S.D.	Satisfaction Level of Bank Customer
1	Bank Advertising regarding Services	2.46	0.97	Less Satisfied
2	Bank Publication regarding Services	2.45	0.79	Less Satisfied

Table-8 indicates that respondents are less satisfied from bank advertising regarding services (2.46) and bank publication regarding services (2.45).

H3 is rejected that Customers are satisfied with promotional factors by ICICI bank and Axis bank.

Table: 9. Environment Factors

S. No.	Environment Factors	Mean	S.D.	Satisfaction level of bank Customer
1	Location of Bank	4.00	1.08	Very much satisfied
2	Atmosphere of Bank	3.83	.733	Very much satisfied
3	Drinking water facility	3.40	1.33	Satisfied
4	Parking Facility	3.06	.904	Satisfied

Table-9 indicates that respondents are very much satisfied from location of the bank (4.00), atmosphere of the bank (3.83). Respondents are satisfied from the drinking water facility (3.40) and parking facility (3.06).

H4 is accepted that Customers are satisfied with environment factor by ICICI bank and Axis bank.

Conclusion

It may be concluded that private sector banks (ICICI & AXIS Bank) are giving emphasis on customer relationship management. Banks are making positive efforts to maintain old customers and to make new customers. Private sector banks are achieving their target by enhancing CRM. They are giving all the suitable facilities which a customer wants. Private sector banks are following CRM dimensions to create their good reputation. Private sector banks have healthy environment and staff members are friendly and helping. As well as services are fast of these banks. Customers are satisfied with CRM factors and policies.Private sector banks are maintaining CRM but by focus more and more customers might be very much satisfied by service factors, staff factors and environment factors. Customers might be satisfied by promotional factors to enhance CRM policies.

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Retailing: Role in Indian Marketing

***Naib Singh**

Abstract

We all are concerned with the meaning of retail sector in the modern business era. It was around 1365 when retail originated from the Old French word tailer which means "to cut off" in terms of tailoring. In the German and Dutch languages this word also refers to the sale of small quantities of items. Retail business has a big scope in India and having worth $500 billion. In the last decade, the consumer market in India has achieved an exceptional growth. Indian economy would likely to come out as one of the fattest-growing economies in the world by witnessing such a growth. It is estimated that the Indian retail market would grow at a CAGR of 12 % to reach a value of US $ 900 billion by 2017 from the US $ 500-billion. The retail sector is the largest source of employment after agriculture particularly in our country. Given the already over-crowded agriculture sector, and the stagnating manufacturing sector, and the hard nature and comparatively low wages of jobs in both, many million Indians are almost forced into the services sector. Here, given the lack of opportunities, it is almost a natural decision for an individual to set up a small shop or store, depending on his or her means and capital.

Keywords: *Indian Scenario of Retailing, Growth Prospective of Retail Sector, Challenges*

Introduction

We all are concerned with the meaning of retail sector in the modern business era. It was around 1365 when retail originated from the Old French word tailer which means "to cut off" in terms of tailoring. In the German and Dutch languages this word also refers to the sale of small quantities of items. In 2004, this term was defined by The High Court of Delhi as a sale for final consumption in distinction to a sale for further sale. Retailing is not direct interface between the manufacturer and institutional buyers such as the government and other mass customers. Retailing is the last connection that connects the individual consumer with the manufacturer. Many manufacturers, wholesalers, intermediaries and retailers-do retailing. But most retailing is finished by retailers. The sale of these retailers comes directly from manufacturers. Many marketers are now accepting the concept of shopper marketing. It is the idea in which the retail store itself is an important marketing channel. Shopper marketing involves focusing the whole marketing process towards regulating shoppers into buyers at the one point of sale. A new concept is coming into existence in the sector is nonstore retailing which has been growing much faster than has store retailing. This type of retailing includes selling to final consumers through the Web, direct mail, catalogs, salesmen, the telephone and other direct selling channels. The retail industry in India is of late often being hailed as one of the sunrise sectors in the economy. Retail business has a big scope in India and having worth $500 billion. In the last decade, the consumer market in India has achieved an exceptional growth. Indian economy would likely to come out as one of the fattest-growing economies in the world by witnessing such a growth. It is estimated that the Indian retail market would grow at a CAGR of 12 % to reach a value of US $ 900 billion by 2017 from the US $ 500-billion.

Research Methodology

In the context of role of global retailing in the Indian Marketing scenario, an attempt is made in this study to find out the contribution of retail sector in the economy. Information has been collected on the basis of secondary data considering the need to explore more the role of retail sector in the Indian business. It is not possible here to precisely assert any statement due to the limitation of secondary information. Some suggestions have been framed under conclusion for making the retail sector more powerful.

Indian Scenario of Retailing

In India the retail sector is divided into organised and unorganised sectors. Organised retailing means all those trading activities which are performed by licensed retailers. Organized retailing outlets are included in the corporate sector. Unorganised retailers, includes the traditional forms of retailing, for example, the local shops, single entity general stores, convenience stores, handloom shops and street vendors, etc. Unorganized retailing constitutes 97% of total trade in India, while organized retail trade accounts only for 3 per cent of the total retail industry in the country. Organised retail sector is estimated to be around $300 billion. It is still dominated by the unorganized sector. But organised retail sector is predicted to grow at over 20 per cent annually and touch $23 billion by 2010. After 2000, organised retail sector emerged as one of the fastest-growing sectors in India. The Indian retail market has been ranked the second most attractive emerging market for investment after Vietnam. Organized retailers now are using direct and online channels. The online sale of big retailers is increasing rapidly. Indian Railways, a public sector undertaking, also sells tickets through its Web site. Easy-day outlets are selling fresh fruits, vegetables and other grocery items have invited the rage of local fruit and

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vegetables vendors in many cities.Organised Retail can be categorised by the type of products retailed as well as the by the different kind of formats. The main retailing types include the following forms:

Departmental store
Departmental retail outlets are those that stock a wide variety of merchandise ranging from apparel, toiletries, handicrafts items, cosmetics, toys, and jewellery to appliances and furniture.

Supermarkets
These markets offer a range of food and household articles. These are self service stores. Departmental stores generally established in a larger area. Major supermarkets operating in India include Food Bazaar, Sabka Bazaar, Vishal Mart, Easy Day, Reliance Fresh, Fabmall, Arambagh Food Mart and Big Bazaar etc.

Hypermarket
These types of markets have the features of both a supermarket and a departmental store. Some of the prominent hypermarkets include Big Bazaar (Pantaloon Retail), Star India Bazaar (Trent), Choupal Sagar (ITC), HyperCity (K Raheja Group), etc. These markets are operated at large scale.

Specialty stores
These stores sell specific merchandise with focus on single/few categories. The leading specialty stores in India include Planets M, Music World, Reliance Footprints, and Crossword etc.

Convenience stores
Convenience stores are located at convenient locations like fuel stations, Railway Stations and Bus Stops and have flexible timings. My Mart, In & Out, Red Shop, DHL Service point, Touchworld and 24/7 are some of the Convenience Store in Indian market.

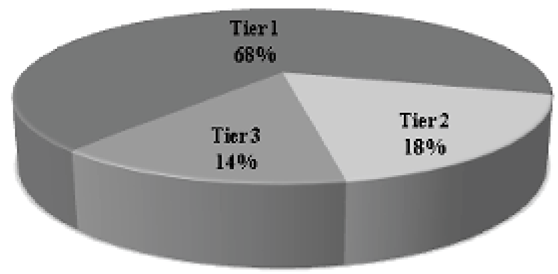
Kiosks
Kiosks are termed such stores which are located in shopping malls, multiplexes, Movie Theaters, railway stations, and airports where space is at a finest and mostly stores engage in selling consumer goods like edibles and snacks, newspapers and magazines, fashion accessories and entertainment products.

Discount Stores
These stores offer discount on products. Discount Retail includes such sales were 60% to 70% of the merchandise is sold at a discount of 10% to 25% or more. Some of the major players in this space include Big Bazaar, Megamart, Prateek Lifesty, and Sankalp Retail Value Stores.

Organised Retail has been more of an urban phenomenon till recently, but this is rapidly capturing rural market also. Organised Retail has spread to the big cities of India that have a large population and high expenditure per household, namely, Surat, Kanpur, Jaipur, Lucknow, Nagpur, Bhopal and Coimbatore. It has also spread to the other prominent cities that are relatively smaller in population but have above national average household spend, namely, Faridabad, Noida, Amritsar, Ludhiana, Chandigarh and Jalandhar.

A major portion of the malls is spread in Tier 1 cities of India. It is estimated that by the year 2015, the tier I cities will continue to hold a majority share, with the tier II and III cities inching a slash up in terms of supply. The highest contributors in each zone are primarily the tier I & II cities such as NCR, Chandigarh and Ahmadabad in the north; Bangalore, Chennai and Hyderabad in the south; Kolkata, Raipur and Jamshedpur in the east; and Mumbai, Pune and Nagpur in the west. Figure 1 is representing this situation clearly.

Figure 1: Share of cities of Operational Mall space in India



Source: nsdcindia.org

Though organised trade makes up over 70-80% of total trade in developed economies, India's place is low even in comparison with other Asian developing economies like China, Thailand, South Korea and Philippines, all of whom have figures perched around the 20-25% mark(Table:1 and Figure 2).

Table 1: Retail Trade in India & South East Asia (in %)

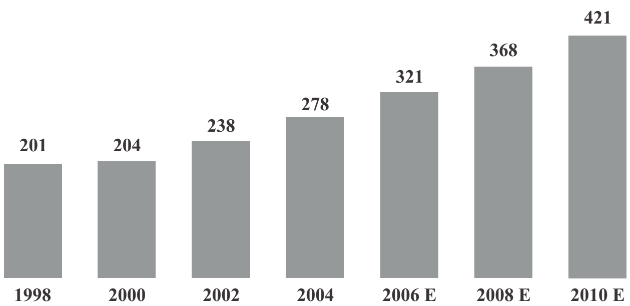
Countries	Organised	Unorganised
India	2	98
China	20	80
South Korea	15	85
Indonesia	25	75
Philippines	35	65
Thailand	40	60
Malaysia	50	50

Source: CRISIL

In India unorganized retail sector is dominating the market so unorganized market is progressing as compared to organized market. As mentioned, many players ventured into the retail sector post-liberalisation; According to a study about 34% of the retailers established their retail business in India during 1990-2000. After that they have opened retail stores in various parts of the country. Some retail companies that established their grip in this sector during this period are Shopper's Stop, Pantaloons, and Spencer etc.

The retail sector has unquestionably benefitted from the gradual liberalization process that was started after 1991. As 51% Foreign Direct Investment is allowed on single brand and 100% FDI is allowed on cash and carry format through the automatic route even though 94-95% of the Indian retail sector is unorganised. The total retail market size in the USD has been increasing since last 12 years, which was USD 201 Billion in 1998 and it has increased upto USD 421 Billion in 2010. Figure 2 is supporting this view very well.

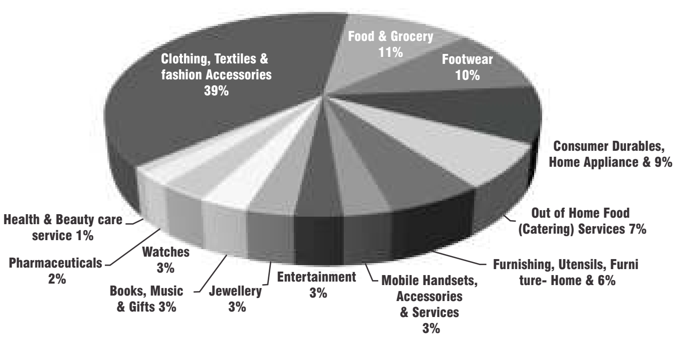
Figure 2: India's total retail market size (USD Billion)



Source: Economist intelligence unit (EIU), Euromonitor A.T. Kearney analysis.

Organized retail sector has been classified in the various segments. The sector mainly deals in clothing, textiles and fashion accessories items as depicted by Figure 3. Health and beauty care services share the organized sector only 1 %.

Figure 3: Segment-Wise Share: Organized Retail

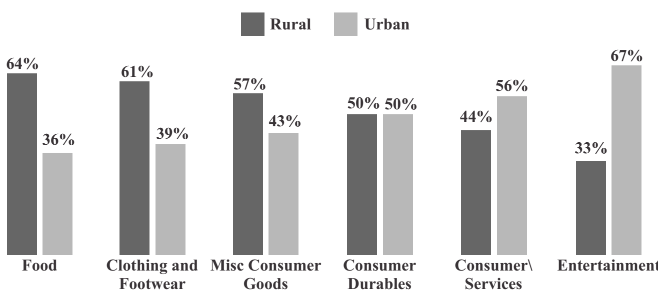


Source: Images Retail 2009 and IMaCS analysis

The top 10 players in terms of ground space accounted for 77.2% of the total ground space of the respondent companies and operated in multi-segments and different formats spread across major cities in the country. There are about 12 million retail outlets in India. India is a big country having large population and this data means that for every 90 persons there is one retail store in the country. The organized retail sector however is at a very rising stage. Large attempts are being made to increase its proportion to 9-10 percent.

The last decade witnessed enormous growth of the retail sector. The major drivers like income and education are changing the consumer profile, taste and demographic features. Increase in the number of international brands, availability of credit and financial facilities, improvement in the infrastructure and increasing use of the technology have built a world class shopping environment for the customers. The remarkable development during this period, however, was the coming out of new retail formats like departmental stores, hypermarkets and supermarkets that gained countrywide popularity. Indian retail market comprises various segments which can be divided in the rural and urban categories as depicted by Figure 4.

Figure 4: Share in Retail Market: Urban vs. Rural (%)



Source: Current economic statistics and review of the week 2006 EPW

With a contribution of 14% to the national GDP and employing 7% of the total workforce (only agriculture employs more)

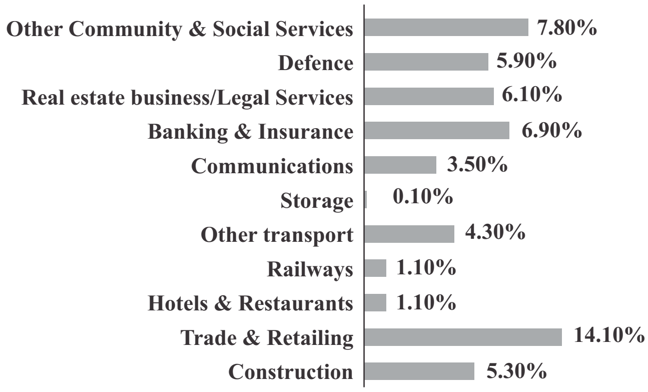
Table 2: Components of service sector in India

Components	Share % in GDP (2002-03)
Construction	5.3
Trade & Retailing	14.1
Hotels & Restaurants	1.1
Railways	1.1
Other transport	4.3
Storage	0.1
Communications	3.5
Banking & Insurance	6.9
Real estate business/Legal Services	6.1
Defense	5.9
Other Community & Social Services	7.8
Total	**56.1**

Source: Presentation to FICCI by MBN Rao (Chairman, Indian Bank): "Strategy for Financing Service Sector" (Sept. 15, 2004)

in the country, the retail industry is definitely one of the pillars of the Indian economy. Table 2 is advocating this scenario. Figure 5 is depicting that the trade or retailing is the single largest component of the services sector in terms of contribution to GDP.

Figure 5: Components of service sector in India



The modern consumer is more aware about his rights. Now days multinationals are targeting Indian consumer and this practice is popularly known as the hopeful India. In the country the middle income segment is growing faster than ever. Retail sector in India will see very high growth in coming years.

Future Group has technical support of Australia-based Woolworths Ltd. in the venture. Kishore Biyani-led Future Group has started as a garment manufacturing company almost 20 years ago, entered modern retail with Pantaloon Retail outlet in Kolkata in 1997. It has now grown into a retail giant with 140 stores across 32 cities in India. Future Group's retail network touches the lives of more than 200 million Indians in over 71 cities and 66 rural locations across the country and this scenario is a big view.

In India the cosmic middle class and its almost unexploited retail industry are the key striking forces for global retail giants who always want to enter into newer markets and this practice is helping the India Retail sector to grow faster. Indian retail business is predictable to grow 25 per cent annually. Modern retail in India could be worth US$ 175-200 billion by 2016. The Mobile phone Retail Industry in India is already a US$ 16.7 billion business, growing at over 20 per cent per year. The Food Retail Industry in India dominates the shopping basket. The future of the India Retail Industry looks talented with the growing of the market.

The retail sector is the largest source of employment after agriculture particularly in our country. Given the already over-crowded agriculture sector, and the stagnating manufacturing sector, and the hard nature and comparatively low wages of jobs in both, many million Indians are almost forced into the services sector. Here, given the lack of opportunities, it is almost a natural decision for an individual to set up a small shop or store, depending on his or her means and capital. And thus, a retailer is born, seemingly out of circumstance rather than choice. This phenomenon quite aptly explains the millions of kirana shops and small stores. The detonation of retail outlets in the more busy streets of Indian villages and towns is a visible evidence of this revolution.

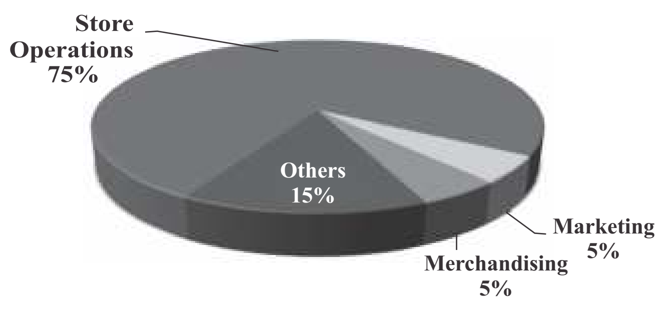
Women retailer are playing very important and efficient role in the retail sector. Share of women in employment out of total employment has been increasing over the years in the retail sector as depicted by

Figure 6: Percentage Share of Women Employment Out of Total Employment in Organised Sector

Source: Ministry of Statistics and Programme Implementation & Ministry of Labour, IMaCS

Major proportion of the employment in the retail sector is in front-end/retail assistant profiles in stores. The function/activity-wise distribution of human resource in the Organised Retail sector is shown in the following figure 7. Store operations account for 75%-80% of the total manpower employed in the Organised Retail sector.

Figure 7: Functional Distribution of Employment in Organised Retail



Source: Primary Research, IMaCS analysis

About 8% of India's population is in the retail trade says a lot about how vital this business is to the socio-economic equilibrium in India. These figures quite accurately reveal the relative underdevelopment of the retail industry in India. Table 3 reveals that however the percentage of population engaged in retail sector in India is low than other economies but organised retail is still in the stages of finding its feet in India even now.

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Table 3: Employment in Organised Sector, 1997-2002 (Nos. in Lakhs)

Public/Private Sector	**1997-98**	**1998-99**	**1999-00**	**2001-01**	**2001-02**
Public Sector	194.18	194.15	193.14	191.38	187.73
Central Govt.	32.53	33.13	32.73	32.61	73.84
State Govt.	74.58	74.58	74.6	74.25	73.84
Quasi Govt.	64.61	63.85	63.26	61.92	60.19
Central	35.36	34.72	34.13	32.91	31.95
State	29.25	29.14	29.13	29.01	28.24
Local Bodies	22.46	22.59	22.55	22.61	21.75
Agriculture, Hunting etc	5.3	5.15	5.14	5.02	4.83
Mining and Quarrying	9.37	9.26	9.24	8.75	8.61
Manufacturing	16.16	15.69	15.31	14.3	13.5
Electricity, gas and Water	9.54	9.62	9.46	9.35	9.23
Construction	11.09	11.07	10.92	10.81	10.26
Wholesale and retail Trade	1.64	1.63	1.63	1.63	1.56
Transport, Storage & Communications etc.	30.84	30.84	30.77	30.42	30.09
Financing, Insurance & Real Estate etc.	12.88	12.94	12.96	12.81	12.03
Community, Social & Personal Service	97.37	97.94	97.71	98.3	97.35
Private Sector	**87.48**	**86.98**	**86.46**	**86.52**	**84.32**
Large	78.21	77.7	77.19	77.09	75.08
Small	9.27	9.28	9.27	9.43	9.24
Agriculture, Hunting etc	9.04	8.71	9.04	9.33	8.55
Mining and Quarrying	0.91	0.87	0.81	0.79	0.68
Manufacturing	52.33	51.78	50.85	50.13	48.67
Electricity, gas and Water	0.42	0.41	0.41	0.52	0.42
Construction	0.74	0.71	0.57	0.57	0.56
Wholesale and retail Trade	3.21	3.23	3.3	3.39	3.35
Transport, Storage & Communications etc.	0.65	0.69	0.7	0.76	0.76
Financing, Insurance & Real Estate etc.	3.41	3.58	3.58	3.7	3.91
Community, Social & Personal Service	16.77	17	17.23	17.34	17.42
Total Employment	**281.66**	**281.13**	**279.6**	**277.89**	**272.06**

Source: Monthly Abstract Statistics, Volume 57, No. 7, July 2004, Central Statistical Organisation

A simple glance at the employment numbers is enough to paint a good picture of the relative sizes of these two forms of trade in India – organized trade employs roughly 5 lakh people, whereas the unorganized retail trade employs nearly 3.95 crores.

However Indian Government did not yet allowed the multi-brand retail entry in the country. Even though Walmart and Tesco are planning to open their branches in India, the BJP manifesto declaration might create a stir among other foreign investors, in case it comes to power. Walmart has remained unfazed and has announced that it would go ahead and open 50 new branches in India which would be in the form of wholesale outlets and malls that would start online operations to sell to small shopkeepers over the next four to five years. It already has 20 wholesale outlets in India which sell to the nation's small shopkeepers. Full foreign ownership in wholesale trade has been allowed. It is only in multi-brand retail trade that foreign ownership is restricted to 51 per cent.

Growth Prospective of Retail Sector

Historically, the Indian retail sector has been dominated by small independent players such as traditional, small grocery stores and others. Recently organized, multi-outlet retail concept has gained acceptance and has since then accelerated. Determined by changing lifestyles, strapping income growth and favourable demographic patterns, Indian retail is mounting at a rapid speed. The retail industry in India gathered a new breadth with the setting up of the different International Brand Outlets, Hyper or Super markets, shopping malls and departmental stores.

Most of us still make most of our purchases the old-fashioned way: We go to the store, find what we want, wait patiently in line to put down our cash or credit card and bring home the goods. However, consumers now have a broad range of

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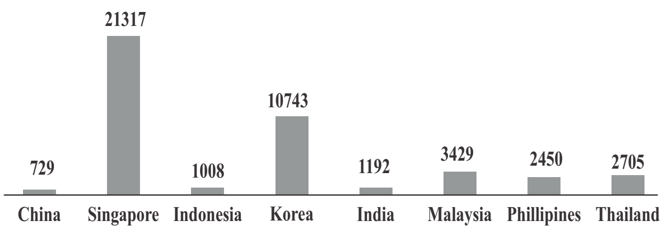
alternatives, including mail-order, television and phone and online shopping.

The rise of enormous mass merchandisers and specially superstores, the formation of vertical marketing systems, and a reaction of retail mergers and acquisitions have created a nucleus of superpower mega retailers. Through their better-quality information systems and buying power these mega retailers can offer better products selections, good service and strapping price saving to consumers. As a result, they grow even larger by squeezing out their smaller, weaker competitors. Retail sector in India requires very low-cost labour among Asian countries.

Figure 8: Labour cost per worker In India in retail sector across Asian countries (US $ Per Annum)



Sources: DIPP, Government of India;"Annual Report 2007-08", Ministry of Human Resource Development website, www.education.nic.in, accessed on September 16, 2009 US

Retail technologies have become critically important as spirited tools. Modern retailers are using advanced information technology and software system to make better forecasts, control, and inventory costs, interact electronically with suppliers, send information between stores and even sell to customers within stores. Modern retailers now use technologies ranging from touch-screen kiosk, handheld shopping assistants, customer-loyalty cards and self-scanning checkout systems to in-store access to store inventory database.

Challenges

FDI has two-side affect on retail sector. The Indian government has allowed 100% foreign direct investment (FDI) in the India retail sector to one brand shops only. This has made the entry of global retail giants to organized retail sector in India easy. This is a challenge being faced by the Indian organized retail sector. But the global retail giants like Tesco, Wal-Mart, and Metro AG are entering the organized retail sector in India indirectly through franchisee agreement and cash and carry wholesale trading. Many Indian companies are also entering the Indian organized retail sector like Reliance Industries Limited, Pantaloons, and Bharti Telecoms. But they are facing rigid competition from these global retail giants. Opposition and prohibition to foreign direct investment from small traders affects retail industry. The retail sector is not recognised as an industry by the government even though it is the second-largest employer after agriculture. Even though the real estate prices have subsided recently due to the slowdown in economies and the financial crises, these prices are expected to go up again in the near future. Presently the sector faces pro-tenancy acts, the rigid Urban Land Ceiling Act and the Rent Control Act and time-consuming legal processes, which causes delays in opening stores. Poor roads and lack of cold chain infrastructure hampers the development of food retail in India. The existing players have to invest substantial amounts of money and time in building a cold-chain network. The lack of proper infrastructure and distribution channels in the country results in incompetent processes. Warehouse facilities and timely distribution are other areas of challenge. Logistics is another challenge related to the supply chain. It is imperative for any organised food and grocery retailer to establish a healthy cold chain. The challenge related to the supply chain is procurement. The main challenge here is to procure adequate amount of stock according to customer requirements, failing which the resultant rise in inventory can affect bottom lines. The challenges facing the Indian organized retail sector are various and these are stopping the Indian retail industry from reaching its full potential. The behavior patterns of the Indian consumer have undergone a major change. This has happened for the Indian consumer is earning more now, western influences, women working force is increasing, desire for luxury items and better quality. He now wants to eat, shop, and get entertained under the same roof. All these have lead the Indian organized retail sector to give more in order to satisfy the Indian customer. The biggest challenge facing the Indian organized retail sector is the lack of retail space. With real estate prices escalating due to increase in demand from the Indian organized retail sector, it is posing a challenge to its growth. The Indian retailers have difficulty in finding trained person and also have to pay more in order to retain them. This again brings down the Indian retailers profit levels.

Some malls developers make a blunder by constructing the malls without carrying out rigorous due diligence exercise on their feasibility. If the mall developer flunks in conducting any of the feasibility analysis i.e. market study, technical study, financial study, economic study and ecological study it may lead to blunders before jumping on mall bandwagon, developers need to undertake market feasibility. Malls are the latest format in Indian organised retail. So, the gestation period of these ventures is quite long. A mall spread out over one lakh sq ft requires capital budget of Rs.20-30crores, with a payback period of 60-75 months. Human resource is the most important asset of an organization and no one can understand this better than the mall developers of India. They are facing a crunch in hiring personnel. In India the mall managers are substituted either by real estate or hospitality personnel, which is totally a misfit case. The deficiency is not limited to mall managers only; human resources specialized in the facility management, advertising programs, and event management is not upto the mark. Global economic slowdown is impacting consumer demand. The challenge facing the organized retail sector is the competition from unorganized sector. Developed IT management is absent in retail sector. Low skill level for retailing management is another problem. Intrinsic complexity of retailing- rapid price changes, threat of product obsolescence and low margins. Organized retail sector has to pay huge taxes, which is negligible for small retail business. Cost of retail business operations is very high in India.

Conclusion

Indian Retail Industry is standing at its point of inflexion, waiting for the knock to take place. The maturity of the retail sector took place with the establishment of retail stores in the locality for convenience. With the government intrusion the retail industry in India can took a new curve. Outlets for Public Distribution System, Cooperative stores and Khadi store should be established. These retail Stores require low investments for its establishment. To compete in this sector one needs to have up-to-date market information for planning and decision making. Another most important requirement is to manage costs extensively in order to earn at least normal profits in face of hard competition. Seminars, conferences and workshops should be organised by the government to train the manpower occupied in this sector. Retail-market hubs should be established and entry of wholesalers should be banned in the same. Legal formalities and registration costs pertaining to the operation of these stores should be cut down. Consumer attitude and behaviour should be studied to satisfy them effectively. Farmer tie-up with malls should be encouraged to put together retail and agriculture sector. Retail-market hubs should be established and entry of wholesalers should be banned in the same. Legal formalities and registration costs pertaining to the operation of these stores should be cut down. Consumer attitude and behaviour should be studied to satisfy them effectively. Farmer tie-up with malls should be encouraged to put together retail and agriculture sector.

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A Comparative Study of Attitude of Students and their Parents towards Private Coaching at Senior Secondary Level

***Vikram Pal Singh**

Abstract

In the present study the investigator attempt to find out the significant difference in the attitude of students & their parents towards private tuition in relation to their gender, subject-stream and locality & education of their parents. The sample consists of 100 secondary school students (50 boy students and 50 girl students) and 60 parents (30 rural and 30 urban) of Ambala district of Haryana was selected randomly. The investigator has used a self constructed two point attitude scale to collect the data. The data were analyzed by using t-test. The findings of the study reveals that gender does not affect the attitude of students towards private tuition but subject-stream effects the attitude of the students towards private tuition. In case of parents, locality and education both affects the attitude of parents towards private tuition.

Keywords: Attitude, Private coaching, Rural, Illiterate, Student.

Introduction

Education is very important in the life of any human being. From the birth, human acts as an animal; education plays an important role in modifying the behaviour of the human being and makes his behaviour more beautiful. By the education, a society can protect their culture and move towards top. Improvement in most of the human qualities is only possible by education, a child's personal-development as physical, mental and emotional development can't be possible until he do not get the proper education. According to Mahatma Gandhi: "By education I mean an all-round drawing out of the best in child and man-body, mind and spirit." Therefore, all parents can understand that how important role education plays in every child's life. All parents want that their children should take best education at any cost. So, they try to provide each and every facility to their children what they can, so that their children can give better academic results. So, parents seeking to give their children the best chance in their life through education is increasingly turning to private tuition/coaching to give their children an "extra edge".

The present study reveals some important facts related to comparisons of attitude of students and their parents towards private-tuitions or coaching classes at senior secondary level. Although it has certain positive effects, it imposes a considerable financial burden on parents and often gives rise to abuses. The present study which focuses on the senior secondary level addresses a number of questions related to the attitudes towards private-tuitions. The discussion ends with an appeal for more research on private tuition in order to provide a basis for policies to address the problem.

There is now a universal perception that private-tuition is a necessity to succeed in board examinations and also for entrance tests. Formal school education has taken a back seat, almost becoming redundant. Even some of the teachers manipulate to get the students to attend private tuition. After matriculation, most of the students concentrate on entrance tests and they pay less attention to the board examination. One of the negative aspects of private tuition is that students who cannot afford the fees for private tuition creates social inequalities in educational opportunities. Children who have coaching will be more likely to gain academic scholarships, places in selective schools and to university courses. Hence it becomes a subject of conflicts and also of discussion in detail.

Review of Literature

Anthony M Grant (2001) conducted a study on "Towards a Psychology of Coaching" he found that coaching is an effective process for the enhancement of learning. Coaching give psychological support to the learning and provide solutions to remove complex problems.

Wageman (1997) The effect of tuitions on students. The study highlighted that coaching is no panacea and that good coaching works most effectively when both the tutor and the learner have a good interaction.

Kiel et al. (1996) conducted a study on "Intervention programme through private tuitions". The one-year long coaching process began with a two day presentation in which the students were presented with the results of a comprehensive assessment based on coaching, guidance, interviews with peers, family and friends. After getting adequate knowledge about the students proper coaching was given to the students Kiel reported that this approach to coaching facilitates a rapid shift in students' performance as well as self-perception. The coaching process focused on helping the students to develop a clear vision and developmental goals with their academic performance.

Veenman Jonghe and Wezel (1996) they found no significant difference in pre/post coacher's evaluations of the coaches' coaching skills. The coaching program was intended to provide the coaches, who were teachers, with feedback on their own functioning, and in doing so stimulate self-reflection and self-analysis in order to improve the coaches' instructional effectiveness.

Strayer and Rossett (1994) conducted a study on "The design, implementation and evaluation of an in-house coaching program for poor performer". Concerned with the poor performance of the students, a well trained coaching group was formed. The students were provided special coaching for a longer period. The objective of the intervention programme was to see the effectiveness of the poor performer

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after providing coaching. Apart from coaching the students were assured with special environment in rest of the coaching time. The result after the intervention was more positive and the students performed better in their subjects with full of self-confidence.

Objectives of the Study

1. To find out the significant difference between the attitude of students and their parents towards private tuition at senior secondary level.
2. To find out the significant difference between the attitude of boys & girls towards private tuition at senior secondary level.
3. To find out the significant difference between the attitudes of science's & art's students towards private tuition at senior secondary level.
4. To find out the significant difference between the attitudes of rural & urban parents towards private tuition at senior secondary level.
5. To find out the significant difference between the attitude of educated & uneducated parents towards private tuition at senior secondary level.

Hypotheses of the Study

The hypotheses of the study were:

1. There exists no significant difference between the attitude of students and their parents towards private tuition at senior secondary level.
2. There exists no significant difference between the attitude of boys & girls towards private tuition at senior secondary level.
3. There exists no significant difference between the attitude of science's & Art's students towards private tuition at senior secondary level.
4. There exists no significant difference between the attitude of rural & urban parents towards private tuition at senior secondary level.
5. There exists no significant difference between the attitude of educated & uneducated parents towards private tuition at senior secondary level.

Research Method

In the present study 'Descriptive Survey Method' is used.

Sample

In the present study a sample of 100 senior secondary school students (50 boy students and 50 girl students) and 60 parents (30 rural and 30 urban) of Ambala district of Haryana was selected on random basis.

Tool Used

For the collection of requisite data, the investigator used a self constructed two point attitude scale i.e. questionnaire on private tuition.

Statistical Techniques

For the analysis and interpretation of data, the investigator has used mean, standard deviation and t-test.

Results and Discussion

Table – 1 : Comparison of Attitude of Students & their Parents towards Private Tuitions at Senior Secondary Level

Groups	N	M	S.D.	S.Ed.	T-value	Level of Significance
Students	100	21.6	2.2	0.351	0.85	Not Significant
Parents	60	21.9	1.75			

Table – 1 shows that the obtained t-value 0.85 is found to be not significant at 0.05 level of significance because calculated t-value is less than its tabulated value 1.98 at 0.05 level of significance. It means that there is no significant difference between the attitude of students & their parents towards private tuition at senior secondary level. Thus, null hypothesis framed earlier which states that there exists no significant difference between the attitude of students & their parents towards private tuition at senior secondary level is accepted.

Table – 2 : Comparison of Attitude of Boys & Girls Students towards Private Tuitions at Senior Secondary Level

Groups	N	M	S.D.	S.Ed.	T-value	Level of Significance
Boys	50	21.4	2.65	0.485	0.21	Not Significant
Girls	50	21.3	2.19			

Table – 2 shows that the obtained t-value 0.21 is found to be not significant at 0.05 level of significance because calculated t-value is less than its tabulated value 1.98 at 0.05 level of significance. It means that there is no significant difference between the attitude of boys and girls towards private tuition at senior secondary level. Thus, null hypothesis framed earlier which states that there exists no significant difference between the attitude of boys and girls towards private tuition at senior secondary level is accepted.

Table – 3 : Comparison of Attitude of Science's Students & Art's Students towards Private Tuitions at Senior Secondary Level

Groups	N	M	S.D.	S.Ed.	t-value	Levels of Significance
Science's Students	50	21.3	1.79	0.404	3.71	Significant at .01 level
Art's Students	50	19.8	2.23			

Table – 3 shows that the obtained t-value 3.71 is found to be significant at 0.01 level of significance because calculated t-value is greater than its tabulated value 2.58 at 0.01 level of significance. It means that there is a significant difference between the attitude of science and arts students towards private tuition at senior secondary level. Thus, null hypothesis framed earlier which states that there exists no significant difference between the attitude of science and arts students towards private tuition at senior secondary level is rejected.

Table – 4 : Comparison of Attitude of Rural & Urban Parents towards Private Tuitions at Senior Secondary Level

Groups	N	M	S.D.	S.Ed.	t-value	Levels of Significance
Rural Parents	30	18	1.017	0.261	11.49	Significant at 0.01 level
Urban Parents	30	21				

Table 4 shows that the obtained t-value 11.49 is found to be significant at 0.01 level of significance because calculated t-value is greater than its tabulated value 2.58 at 0.01 level of significance. It means that there is a significant difference between the attitude of rural and urban parents towards private tuition at senior secondary level. Thus, null hypothesis framed earlier which states that there exists no significant difference between the attitude of rural and urban students towards private tuition at senior secondary level is rejected.

Table – 5 :Comparison of Attitude of Educated & Uneducated Parents towards Private Tuitions at Senior Secondary Level

Groups	N	M	S.D.	S.Ed.	t-value	Levels of Significance
Educated Parents	30	21.5	0.933	0.24	6.25	Significant at 0.01 level
Uneducated Parents	30	20				

Table – 5 shows that the obtained t-value 6.25 is found to be significant at 0.01 level of significance because calculated t-value is greater than its tabulated value 2.58 at 0.01 level of significance. It means that there is a significant difference between the attitude of educated and uneducated parents towards private tuition at senior secondary level. Thus, null hypothesis framed earlier which states that there exists no significant difference between the attitude of educated and uneducated parents towards private tuition at senior secondary level is rejected.

Conclusion

1. After the analysis of data it was found that students and their parents have equal attitude towards private tuition.
2. After the analysis of data it was found that boys and girls have equal attitude towards private tuition.
3. Looking to the mean scores of both the groups it can be concluded that science students showed more positive attitude towards private tuition than the arts students.
4. Looking to the mean scores of both the groups it can be concluded that urban parents showed more positive attitude towards private tuition than the rural parents.
5. Looking to the mean scores of both the groups it can be concluded that educated parents showed more positive attitude towards private tuition than the uneducated parents.

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Book Review

Title: Financial Engineering, Risk Management & Financial Institutions
Authors : Dr. S.S. Prasada Rao & Dr. G.V. Satya Sekhar
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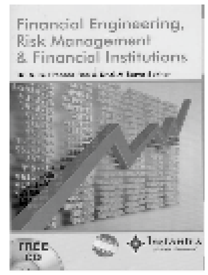

This book is divided into two parts. Part one includes the topics of Financial Engineering & Risk Management covered into 12 chapters. Second part consists of 7 chapters relating to Financial Institutions. The first six chapters discuss about the financial engineering and seventh to twelfth chapter includes the topics regarding the risk management. The first chapter discuss about the financial engineering, which is a new topic in the finance area. This involves the design, development and implementation of innovative financial instruments. It includes the process and formulation of creative solution in finance. It also discusses the factor contributing to thr growth of financial engineering.

The second chapter deals with financial innovation, which is an essentials force motivating the financial system towards greater economic competence with considerable economic advantage accruing from the changes over time.

Third chapter focuses on 'New financial product development'. It is necessary for the companies should have the effective and innovative new product development skills to improve their competitive strength. The fourth chapter deals with 'Valuation of Equity Shares'. The valuation of equity share depends on various factors, which discussed in the chapter. Fifth chapter describe the 'Equity Related Instruments'.

Sixth chapter discuss the debt and bond market and their valuation. The debt and bonds are the long term financing instruments used to finance the business.

The seventh chapter describes the management of risk to a corporate. The result of increasingly global market is that risk may originate with events thousands miles away that have nothing to do with the domestic market.

In eighth chapter authors discuss about the hedging tools and techniques. Further they discuss derivatives, which are used to minimize the investment risk. In the ninth chapter authors explain the 'Asset Liability Management' models. These models used to measure and monitor the risk. Tenth chapter explain the importance of the portfolio diversification and uses of portfolio for risk reduction.

The fundamentals credit risk management is elaborated in eleventh chapter. Market risk measures the financial loss that will be experienced should the client default. In twelfth chapter the role of banks in managing the risk is defied.

In second part authors discuss the financial institutions in seven chapters. Thirteenth chapter discuss the development objectives of state and various financial institutions, which play a major role in long term financing. Chapter fourteen includes the discussion about role of various intermediaries and SEBI in respect of issue of share capital. In chapter fifteen authors explained the role of banking in the economic development of country and also discuss about the Banking Technology Management, Technology Infusion and up gradation challenges. Chapter sixteen includes the role of venture capital in business. The venture capital helps in raising the funds for long term for business. The credit rating and factoring services are also explained in this chapter. In seventeenth chapter investment banking and non banking financial institutions are discussed, which involved subscribing investors to a security issuance. Chapter eighteen discusses the insurance sector and role of insurance in fulfilling social obligations. In last chapter author discuss the merchant banking. The merchant bankers provide the various intermediaries services to the corporate and investors. The government policy regarding merchant banking also explained in this chapter.

In this book the keywords, review questions, references and case studies are given at the end of each chapters. The case studies are important part of this book. Because case study is main teaching pedagogy in current era. The review questions helps to the students in preparation for examination.
At the last of book terminology and objective type questions are given, I sure which will be helpful to students a lot in study. I congratulate both authors for valuable literature in book form.

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