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**MARKET REACTION AND SEMI STRONG EFFICIENCY TEST**

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**ABSTRACT**

*This research attempt to test the market reaction of the Indonesia Stock Exchange in the form of Semi-Strong Form Efficiency conducted over listed companies that perform corporate actions (Stock Split, Cash Dividend, and Rights Issue) during 2011-2014. This study aims at investigating whether there is a market reaction or not following those corporate action events. The reaction is observed by testing abnormal returns before and after the events. Abnormal returns are measured by using market model. Conclusion is based on t test, the Indonesian Stock Exchange is classified into the category of Semi Strong Form Efficiency. It indicates that the market does not react to any corporate action, demonstrating that the average abnormal returns either before or after an event is not significant.*

**KEYWORDS**

abnormal returns stock split, cash dividend, rights issue.

**INTRODUCTION**

Testing the efficiency of capital markets in developing countries is mostly conducted with consideration of differences in capital market conditions in developed countries. Capital markets in developing countries are often associated with capital markets approach semi strong efficiency. The rationale for this arises because in developing countries the information coming into the market are analyzed in the form of past information and information published. Past information may include stock prices, while the information published in the form of corporate action.

Corporate action is an announcement from a company with a view to obtaining funding from the public. Corporate action can be taken by investors' investment strategy by using the issue of corporate action as a basis for investment in Indonesian Stock Exchange (IDX). Corporate action can be done in the form of the announcement of the rights issue, share split and cash dividend.

Testing Capital Markets in Semi Strong Form Efficiency, which is conducted to examine whether or not there is a leak of information on around the announcement of a corporate action (Stock Split, Cash Dividend, and Rights Issue) on the Stock Exchange, if the test found that there is a significant abnormal return around an investor corporate action, the IDX is categorized as not having the efficiency of Semi Strong Form Efficiency.

The problems of research conducted on the corporate action (Stock Split, Cash Dividend, and Rights Issue) is partially and using research methods that vary in investigating abnormal return as a measure of market reaction, some researchers use the market model, the market adjusted model, and the mean adjusted models. Different uses of abnormal return measurement model will produce different findings about the position of Semi-Strong Form Efficiency of a capital market. Based on the required research on testing the efficiency of capital market, especially Semi Strong Form Efficiency, a comprehensive review of corporate action (Stock Split, Cash Dividend, and Rights Issue) is conducted in the Indonesian capital market, namely Indonesia Stock Exchange (BEI), using the measurement model abnormal The same return in measuring the market's reaction to the events Corporate action (Stock Split, Cash Dividend, and Rights Issue) and the same study period. Based on these considerations, this study is expected to produce the same findings against corporate action events (Stock Split, Cash Dividend, and Rights Issue), as a form of Semi-Strong Form Efficiency testing.

**AIM OF STUDY**

This study aims to examine whether there is market reaction around corporate action (Stock Split, Cash Dividend, and Rights Issue). Market reaction is proxied by abnormal return.

**SIGNIFICANCE OF STUDY**

This study contributes in enhance the empirical studies on Efficient Capital Hypothesis in Indonesian public firms. The remaining of this paper is organized as follows. Section 2 discusses literatur review and hypothesis preparation. Section 3 describes research methodology, Section 4 explain the results of study and continued by section 5 with conclusion and recommendations.

**LITERATURE REVIEW****EFFICIENT CAPITAL MARKET THEORY**

According Tandellilin (2010: 219), an efficient capital market is the capital market where the price of all securities traded have reflected information available. In this case, the information provided may include information about past, current information, and information that is as rational opinion or circulating that may

affect the price change. Fama (1970) presents three forms of market efficiency in three different forms of information, i.e. information about the past, the information being published and private information. Three forms of market efficiency in the capital market include efficiency weak form, semi-strong form efficiency, and strong form efficiency.

Efficient capital market is defined as the market price of the securities already reflect all relevant information. The faster the market is responding to incoming information, the more efficient the market. Market participants will be very difficult to obtain abnormal return consistently to make transactions in the capital market.

#### **STOCK SPLIT**

Stock split is a cosmetics stock, in the sense that the activity is an attempt to make it more visible stock polishing attractive by investors even though no increase prosperity to investor. Low stock price will be able to attract more investors to join the company's own shares (Baker & Gallagher, 1980).

Testing of corporate action through the Stock Split show inconsistent conclusions. Brennan and Hughes (1991), Sutrisno Wang et al (2000), Josphura (2008), Carlos and Frank (2009), Ayu Mila. (2010), Hana Rizka (2010), Iguh Wijanarko and Prasetyono (2012) and Devi Anggarini and Wiagustini (2014) have found that market participants do not respond to the above events of the stock split. While the research conducted by Savitri and Martani (2006), Indah Kurniawati (2003), namely Wistawan and Widana (2013) have shown different results that capital market participants responded positively associated with the event of stock split issuers.

#### **CASH DIVIDENDS**

Announcement of dividend distribution is one of the corporate action stemming from internal issuers, which is also one of the important factors that may affect the investor to invest (Aninditha, 2010). Cash dividend announcement could affect the reactions produced by the market. It is due to the cash dividend may provide information about the company's revenue and earnings estimates are expected. The market will react when an announcement containing the information. Research on the allegation that the cash dividend announcement contains information for market provides different results. Hidayat (2009) has found that the dividend announcement gives a significant positive effect on abnormal returns. The same has been found by Madiha et al (2012) Laabs and Frank (2013), Abdorezza and Ahmad (2014), Nikunj Patel and Kalpesh (2014). On the other hand, the opposite has been found by Hasan (2009), which shows the change in dividend has no significant effect on the amount of shares related to dividend announcements. The same has been found by Muhammad Akbar and Humayun (2010) Subhendu (2012), Nezum and Mohammed (2014) as well as Ali and Tanbir (2010).

#### **RIGHTS ISSUE**

Rights issue is a corporate action in the form of rights granted to all shareholders to buy stock at a predetermined price, usually the price is below the market price. At the announcement of the rights issue, offering stock price is lower than the market price, so expect investors interested in buying (Brigham, 2010). The reason the company rights issue is to protect the interests of shareholders of the company, particularly in implementing preemptive rights. Preemptive rights is the right of existing shareholders to buy new shares in advance at a certain price in less than 6 months (Samson, 2006: 844).

Empirical studies on the effect of the rights issue on stock prices in the overseas capital markets have indicated inconsistent results. Rahayu (2010) have examined the performance of companies that do a rights issue, and that is not rights issue by looking at the return it generates. The result shows the return of the rights issue is lower than that do not perform rights issue. Ngatuni et al (1996), Selva (2009), Samitas (2004), Kiremu et al (2013), Ramesh and Rajumesh (2014), Fahmi et al (2013), as well as and Nimal Edirisinghe (2015) have found significant abnormal returns around the event the rights issue, which shows there is information on the announcement of the rights issue. Suresha and Naidu (2012) have found different results about the events of the rights issue, which occur no significant abnormal returns around the event the rights issue. It supports their research conducted by Agarwal and Pitabas (2012) and Kabir and Peter (2002).

There is a significant abnormal return around the event of corporate action (Stock Split, Cash Dividend, and Rights Issue), which shows evidence Capital Markets is not in the position of Semi-Strong Form Efficiency. Contrary findings of abnormal return, which is not significant in the event of corporate action (Stock Split, Cash Dividend, and Rights Issue) show evidence Capital Markets is not in the position of Semi-Strong Form Efficiency.

#### **SIGNALING THEORY**

Information is a fundamental factor to investors who have an interest to invest on stock market because the market may estimate how the future state of a company. The information is published as an announcement would be a signal to investors in making investment decisions (Jogiyanto, 2010). Signaling theory explains why companies have an incentive to publish information to outside parties. The impetus is due to information asymmetry (asymmetric information) between the company and external parties. The Company has a lot of information about the company and its prospects in the future. Asymmetry of information may occur if the management does not fully convey the company's information on all matters that may affect the company, therefore, generally the market responds to such information as a signal that is reflected in the stock price changes. The impact is the announcement that the company will be responded by the market as a signal that conveys new information that is excluded from the management company, which in turn will affect the value of the stock.

Asymmetry of information has an impact on stock prices that have not yet reached the point of market equilibrium used by investors, who know about the information that the stock price will reach the point of balance at a certain point. they will purchase shares and will sell when the price reaches a point of balance so that they can obtain the abnormal return, which in this case is called a capital gain.

#### **CORPORATE ACTION**

Groves (2008) has disclosed the issuer's corporate action is an action that affects both the amount and price of shares outstanding as well as unpublished. Corporate action types include stock dividends, cash dividends, rights issue, bonus issue, stock split, Initial Public Offering (IPO) and others. News of corporate actions usually draw the attention of market participants, especially shareholders therefore will affect the number of shares ownership participation.

#### **ABNORMAL RETURN**

Jogiyanto (2010) has defined the actual return as returns occurred that can be calculated based on historical data. Expected return is the return that is expected to be acquired by investors in the future. In contrast to the realization of the return, the return expectations of its nature have not happened and use it as a base to measure the actual return expectations. Abnormal return is the difference between the actual return and expected return.

The expected return is the return that must be estimated. Brown & Warner, 1985 (in Jogiyanto 2010) have estimated the expected return using a model estimating the mean-adjusted models, market models and market-adjusted model.

#### **HYPOTHESIS PREPARATION**

Research on stock splits has been carried out, among others, Christian Wulff (2002) in Germany has found that there is a positive abnormal return around the announcement of the company that performed stock split; Wiagustini (2005) has found that the stock split announcement raises the market reaction or abnormal returns obtained by investors around the period of the event at the Jakarta Stock Exchange Period 2002 to 2004; Chou et al (2005) have found that there are significant differences in abnormal return between periods before and after the stock split in the New York Securities Exchange (NYSE) in the period 1996-200; The empirical evidence is found in India by Dhar and Chhaochharia (2008), who discover a positive abnormal return on a company that splits from the period 2001 to 2007 at the Bombay Stock Exchange; Omollo et al (2010) in Kenya have found that the positive abnormal return associated to the announcement of a stock split at the Nairobi Stock Exchange in the period 2002 to 2008.

Dasilas (2011) has found that there is a significant market reaction on the announcement statistically dividend. Dividend increases significantly cause a reaction of positive changes in stock prices, while the dividend reduction reactions cause negative changes in stock prices in the Athens Stock Exchange the period 2000-2004. Akbar Baig (2010) to test the efficiency of the market in the form of a strong half Karachi Stock Exchange (KSE) from July 2004 to June 2007, and found a significant positive abnormal return around the announcement of cash dividend. Furthermore, Bashir, Ali Shah, Hussain (2013) have found the same thing at KSE for a company that does the announcement of a dividend in 2011. Adelegan (2009) has found an excess return of a significant positive return 30 days before the announcement of dividends and dividend announcement event period in Nigerian Stock Market, this condition indicates that the capital market is proven not in the form of half strong. Asamoah and Nkrumah (2010) have found the same in the Ghana Stock Exchange.

Ramesh and Ramesh (2014) have conducted a study with the aim to test the stock market's reaction to information rights issue and determine the impact of the announcement of the rights issue of the shares. This study finds out that Shareholders may obtain a positive Abnormal Return to the rights issue and Nimal Edirisinghe (2015) has found that there is a significant stock price reaction to the debt and equity during the announcement of the rights issue undertaken in

companies located in Colombo. Miglani (2011) has conducted a study in India, the analysis indicates that the actual stock performance for the company is higher than the market expected. This study reveals that abnormal return is statistically significant at the date of the announcement and its surroundings.

Based on empirical corporate action (Stock Split, Cash Dividend and Rights Issue) research hypothesis can be formulated as follows:

H 1: There is a semi-strong market efficiency (Semi Strong Form Efficiency) on the Stock Exchange.

H 1a: There is an abnormal significant difference before and after the announcement of stock split in BEI.

H 1b: There is an abnormal significant difference before and after the announcement on the Stock Exchange Cash Dividend

H 1c: There is an abnormal significant difference before and after the announcement of the Rights Issue on the Stock Exchange

## RESEARCH METHODS

### POPULATION AND SAMPLES

The study population covers all companies listed on the Stock Exchange in the year 2011 to 2014. Sampling is done by a purposive sampling, or sampling is done intentionally by criteria: Companies that do a Corporate Action (Stock Split, Stock Dividend and Rights Issue) in BEI period of 2011 through 2014. The data analysis technique used to test the hypothesis in this study is the analysis model paired sample t test.

### DATA SOURCES

This study uses secondary data. The data are published by Indonesia Stock Exchange through the official web IDX ([www.idx.co.id](http://www.idx.co.id)) and KSEI to gather information about firms that publish share split, cash dividend and rights issue.

### VARIABLE MEASUREMENTS

Expected stock returns are measured using a market model. The reason the use of this model is that this model provides the ease of detection of abnormal return than other models. Market model has the potential to generate a powerful statistical test compared to the statistical models generated by other models, which are mean adjusted and the market adjusted model (Jogiyanto, 2010). The study looks at the movement of abnormal return from day to day with an 11-day window period. Event stock split is at  $t = 0$ . Window period is divided into two, namely  $t = -5$  (5 days preceding the stock split) and  $t = 5$  (5 days after event of stock split). Determination window period is based on previous studies, the market reaction to a given signal is very quickly and in addition to avoid the confounding effect or mixing of information from an event with other events (Jogiyanto, 2010). Testing measures market reaction to corporate action (stock split, cash dividend, and rights issue) are as follows:

1. Calculating the actual return (real return), (Jogiyanto, 2010: 207):

$$R_{it} = \frac{P_{it} - P_{it-1}}{P_{it-1}}$$

Notation:

$R_{i,t}$  = Return actually occurs for the securities to-i in period t to the event (the window period during the 11-day event. Determination events share issue is  $t = 0$ . Period window events are divided into two groups, namely  $t = -5$  (5 days before the event issuance of shares) and  $t = 5$  (5 days after event of the issuance of shares) 2010-2013)

$P_{i,t}$  = Stock Prices

$P_{i,t-1}$  = Previous prices

2. Calculating the daily market return (Jogiyanto, 2010: 207):

$$R_{mt} = \frac{IHS_{Gt} - IHS_{Gt-1}}{IHS_{Gt-1}}$$

Notation:

$R_{mt}$  = Return to-market at the time t

$IHS_{Gt}$  = Composite Stock Price Index day t

$IHS_{Gt-1}$  = Composite Stock Price Index day t-1

3. Regressing daily market return with actual return to get the alpha and beta, this calculation is previously used also by Jogiyanto (2010)

4. Calculating the expected return using a market model is done in two stages (Tandelilin, 2010: 574), which form the model expectations with the realization data during the estimation period and using the model to estimate the expected return expectations in the window period. Expectations models using regression techniques OLS (Ordinary Least Square) are as follows:

$$R_{ij} = \alpha_i + \beta_i R_{ij} + E_{ij}$$

Description:

$R_{ij}$  = Return realization of securities i-th in period j-th estimation.

$\alpha_i$  = Intercept for securities i-th.

$\beta_i$  = slope coefficient is beta securities i-th

$R_{MJ}$  = Return on the market index estimation period j.

$E_{ij}$  = i-th residual error in the estimation period j.

$IHS_{Gt-1}$  = Composite Stock Price Index day t-1

5. Calculating of abnormal return for each of the issuer's shares for the 5 days before and 5 days after the stock split by (Jogiyanto, 1998):

$$AR_{it} = R_{it} - E_{Rt}$$

Notation:

$AR_{it}$  = Abnormal Return

$R_{it}$  = Actual Return

$E_{Rt}$  = Expected Return

6. Once the abnormal return of each stock is known, it then calculates the average abnormal return by (Jogiyanto, 1998):

$$AR_{it} = \text{Arit}/n$$

Notation:

$AR_{it}$  = average abnormal return

$n$  = Samples

$AR_{it}$  = Abnormal return

7. Performing statistical tests (t-test) of the abnormal return with the intention to see the significance abnormal return in event period (Jogiyanto, 1998).

### EMPIRICAL MODELS

The data analysis technique used to test the hypothesis in this research is the analysis model paired sample t-test using SPSS software program. The test statistic t test needs to be done to determine the significance of the presence of abnormal return, with a level of significance or value of alpha ( $\alpha$ ) that is commonly used in social research is  $\leq 0.05$ .

**RESULT AND DISCUSSION****Sample Description**

Descriptive statistical analysis is conducted to determine a general description of the sample. Description forms abnormal return value of the highest, lowest and average companies that perform corporate action (Stock Split, Cash Dividend, and Rights Issue) during the research period (2010-2014). Descriptive statistical analysis of the results can be seen in Table 1.

Table 1 shows the average value, standard deviation, maximum and minimum average abnormal return before and after the event Stock Split. The average values of average abnormal return before and after the event Stock Split are -0.0073 and -0.0033. The minimum values of average abnormal return before and after the event Stock Split are -0.3212 and -0.0945. The maximum values of average abnormal return before and after the event Stock Split are -0.0920 and 0.0824, respectively. Irregularities (Standard Deviation) of average abnormal returns before and after events Stock Split are 0.0641 and 0.02629, respectively.

The averages value of average abnormal return before and after the events Cash Dividend are -0.0033 and -0.00341, respectively. The minimum values of average abnormal return before and after the events Cash Dividend are -0.2123 and -0.0324, respectively. The maximum values of average abnormal return before and after the events Cash Dividend are 0.0342 and 0.0254. Irregularities (Standard Deviation) of average abnormal returns before and after events Cash Dividend are 0.0227 and 0.0314.

The average values of average abnormal return before and after the events of Rights Issue are -0.0029 and -0.0006, respectively. The minimum values of average abnormal return before and after the events of Rights Issue are -0.0791 and -0.0439, respectively. The maximum values of average abnormal return before and after the events of Rights Issue are 0.1876 and 0.1574, respectively. Irregularities (Standard Deviation) of average abnormal returns before and after events of Rights Issue are 0.1032 and 0.0314, respectively.

**Analysis Results****Research Hypothesis Testing**

Table 2 displays the results Paired sample t-test abnormal returns before and after the stock split of 48 companies doing stock split 2010-2014. Table 2 indicates a significant level of  $0.734 > 0.05$ , so it concludes Hypothesis (H1a) as being declined at an average abnormal return before and after Stock Split with no significant difference.

The test results paired sample t-test show no significant difference Abnormal Return before and after event Stock Split. This shows that there is no abnormal return before and after the stock split. Abnormal Return on average after the stock split is greater than before the Stock Split. This means that the market does not respond to the Stock Split, which may result in an excessive market reaction. Market participants cannot obtain Return abnormal events surrounding the Stock Split. The findings of this study support the Efficient Market Semi Half Strong Strong Form Efficiency), meaning that not only the situation where prices reflect the prices in the past, but also all of the information published. In other words, investors cannot earn above normal profits by utilizing public information (Jogiyanto, 2010).

This study is not in accordance with the signaling theory that explains that the Stock Split gives a positive signal for the company's managers by informing that future prospects are good in the future of the company to the public. Corporate Action in the form of Stock Split performed by the issuer does not provide new information, which leads investors interested in the stock. Events Stock Split done by issuer has insufficient information content that can be anticipated in the market so as not to affect the return earned by investors. Corporate Action Stock Split of the company is not able to increase investment as investors assume that the expected return against the same return with actual return obtained.

The findings on no abnormal returns around the event Stock Split support the findings Brennan and Hughes (1991), Sutrisno Wang et al (2000), Mayank Johipura (2008), Carlos and Frank (2009), Hendrawijaya (2009) Ayu Mila. (2010), Hana Rizka (2010), Iguh Wijanarko and Prasetyono (2012) and Ginting and Henny (2013) and Devi Anggarini and Wiagustini (2014), who have found no difference in abnormal return before and after the stock split, thereby abnormal return is an indicator of market reaction.

Table 3 displays the results Paired sample t-test abnormal return before and after Cash Dividend of 105 companies conducted a stock split 2010-2014. Table 4 indicates a significant level of  $0.960 > 0.05$ , so it concludes Hypothesis (H1b) as being rejected or average abnormal returns before and after Cash Dividend have no significant difference.

The test results paired sample t-test show no significant difference before and after Abnormal Return Cash Dividend events. This shows that there is no abnormal return before and after Cash Dividend. Abnormal Return on average after the stock split is greater than before Cash Dividend. This means that the market does not respond Cash Dividend, which can result in an excessive market reaction. Market participants cannot obtain abnormal events surrounding the Cash Return Dividend. The findings of this study support the Efficient Market Semi Half Strong Strong Form Efficiency), meaning that not only the situation where prices reflect the prices in the past, but also all of the information published. In other words, investors cannot earn above normal profits by utilizing public information (Jogiyanto, 2003).

This study is not in accordance with the signaling theory that explains that the Cash Dividend gives a positive signal for the company's managers by informing that future prospects are good in the future of the company to the public. Corporate Action in the form of Cash Dividend performed by the issuer does not provide new information, which leads investors interested in the stock. Cash Dividend event done by issuer has insufficient information content that can be anticipated in the market so as not to affect the return earned by investors. Corporate Action Cash Dividend by the company is not able to increase investment as investors assume that the expected return against the same return with actual return obtained.

The findings on no abnormal returns around the event Cash Dividend support the findings of Muhammad Akbar and Humayun (2010), who have found the share price reaction to the announcement of cash dividend as not statistically significant at the Karachi Stock Exchange; The same thing have been discovered by Subhendu (2012), Nezum and Mohammed (2014; as well as Ali and Tanbir (2010) at the Dhaka Stock Exchange, who found no difference in abnormal return before and after Cash Dividend.

Table 4 shows the results of Paired sample t-test abnormal returns before and after the Rights Issue of 75 companies doing stock split 2010-2014. Table 2 indicates a significant level of  $0.097 > 0.05$ , so it concludes Hypothesis (H1c) as being rejected or average abnormal returns before and after the Rights Issue have no significant difference.

The test results paired sample t-test showed no significant difference Abnormal Return before and after the events of Rights Issue. This shows that there is no abnormal return before and after the Rights Issue. Abnormal Return on average after the stock split is greater than before the Rights Issue. This means that the market does not respond rights issue, which can lead to an excessive market reaction. Market participants cannot obtain Return abnormal events surrounding the Rights Issue. The findings of this study support the Efficient Market Semi Half Strong Strong Form Efficiency), meaning that not only the situation where prices reflect the prices in the past, but also all of the information published. In other words, investors cannot earn above normal profits by utilizing public information (Jogiyanto, 2003).

This study is not in accordance with the signaling theory that explains that the rights issue gives a positive signal for the company's managers by informing future prospects are good in the future of the company to the public. Corporate Action in the form of rights issue performed by the issuer does not provide new information, which leads investors interested in the stock. Rights Issue events done by issuer have insufficient information content that can be anticipated in the market so as not to affect the return earned by investors. Corporate Action in the form of rights issue by the company is not able to increase investment as investors assume that the expected return against the same return with actual return obtained.

The findings on no abnormal returns around the event Rights Issue support Suresha and Naidu (2012), who have found out about the event the rights issue. The insignificant abnormal returns around the events of the rights issue support research conducted by Agarwal and Pitabas (2012) and Kabir and Peter (2002).

**CONCLUSION**

This study concludes that Indonesia Stock Exchange, the Indonesian capital market, may have fallen into the category of Market Efficiency Half Strong (Semi Strong Form Efficiency), indicating the market as not currently being reactive to any event related to corporate actions (Stock Split, Cash Dividend, Rights Issue). The conclusion is founded on these following findings:

1. There is no market reaction around any Stock Split. It appears that there is no significant difference in abnormal returns around any Stock Split conducted by companies under observation.
2. There is no market reaction around any Cash Dividend. In fact, there is no significant difference in abnormal returns around the event conducted by companies under study.
3. There is no market reaction around any Rights Issue. It is clearly apparent that there is no significant difference in abnormal returns around any rights issue conducted by companies under investigation.

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TABLE 1: STATISTIC DESCRIPTIVE

	N	Minimum	Maximum	Mean	Std Deviation
Before Stock Split	48	-0.3212	0,0920	-0,0073	0.0641
After Stock Split	48	-0.0945	0,0824	-0.0033	0.02629
Before Cash Dividend	105	-0,2123	0,0342	-0,0034	0,0227
After Cash Dividend	105	-0,0324	0.0254	-0,0033	0,0093
Before Rights Issue	75	-0,0791	0,1876	-0,0029	0,1032
After Rights Issue	75	-0,0439	0,1574	-0,0006	0,0314

TABLE 2: PAIRED SAMPLES TEST SURROUNDING STOCK SPLIT EVENTS

		Paired Differences				t	Df	Sig.(2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair1	before-after	-0.00334	0.06787	0.00980	-0.02305	0.01636	-0.341	47	0.734

TABLE 3: PAIRED SAMPLES TEST SURROUNDING CASH DIVIDEND EVENTS

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair	Sebelum - Sesudah	.000124	.025059	.002446	-.004726	.004973	.051	104	960

TABLE 4: PAIRED SAMPLES TEST SURROUNDING RIGHT ISSUE EVENTS

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	before - after	-.0042003	.0203983	.0024920	-.0091759	.0007752	-1.685	66	.097

# IMPACT OF FINANCIAL GLOBALIZATION ON REAL SECTOR INDICATORS OF INDIAN ECONOMY: AN EMPIRICAL STUDY

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## ABSTRACT

*There were various forces which fostered globalization of finance throughout the world during the last three decades. And in India, it is the 1991 currency crisis and consequently the implementation of structural adjustments prescribed by International Monetary Fund (IMF) that led to liberalization of capital accounts of the country. Financial globalization not only significantly improved cross border movements of capital but also it has increased the volume of investments in different sectors of developing and emerging economies. But, now after two and a half decades of financial globalization in Indian economy, the big question is whether it has favorably influenced the real sector or not. In order to explore the impact of financial globalization on Indian economy, we have selected a few indicators of real sector and implemented paired two-sample Student's t-Test. It is a 'Before-After' approach that has been followed in the present study while testing the hypotheses. The findings of the study show that there is a significant improvement in positions of selected real sector indicators of Indian economy during the post globalization era.*

## KEYWORDS

Indian economy, financial globalization, 1991 currency crisis, paired two-sample student's t-test.

## JEL CODES

E02, F6, F4, F43.

## 1. INTRODUCTION

The concept of financial globalization is older than thousand years in the sense that a large proportion of developing world being under the rule of today's developed countries witnessed huge capital outflows from their mother land for centuries. For hundreds of year, countries like Spain, Portugal, France, England, Japan etc. dominated the world geography by following the process of colonization. They not only forcibly implemented their central system of power in the acquired colonies but also deliberately accumulated and transferred maximum possible resources from here to them. Revenues collected from taxes and trade in colonies created all over the world were ultimately getting invested in a few ruling countries and this process of cross border capital flows started coming to an end a few decades back only when the World War II started. The volume of international capital flows a hundred years back is comparable to even the level of today (Schmukler, 2004). But in terms of depth and breath, it has become deeper and wider since gone are the days when capital flow was happening to be a one way affair i.e. from colonial countries to the developed world. With the advent of World War I this practice of moving capital got its first blow and when the Bretten Woods Era started after World War II, cross border capital flows started declining significantly to reach an all time low during 1950s and 1960s (Baldwin & Martin, 1999). The Bretten Woods Era was characterized not only by rigid monetary and exchange rate policies but also by limited capital mobility. A modern era in international financial system started only after the fall of Bretten Woods system during early 1970s (Mundell, 2000) and this was the time when developing and emerging countries chose to globalize. It took almost two decades to fully accept globalization as a part of economic policy for the developing world. Some countries adopted globalization as prevention (like China) while others accepted it as a cure to all economic woes (like India). Today, globalization of finance has become the hallmark of economic success stories of emerging economies including China, Singapore, Malaysia, South Korea etc. The rise of financially liberated economic superpowers especially during the past three decades has proved that financial globalization has a significant impact on indicators of economic development. Financial Globalization is getting advocated for having a favorable influence on the economy and also the society (Singh, 2011). India started liberalizing only after it faced a currency crisis in 1991. As part of structural adjustments prescribed jointly by International Monetary Fund (IMF) and The World Bank (WB), India introduced the New Economy Policy (NEP) of 1991. It brought into existence a lot of reforms in the domestic ground as well as external sector. The individual elements in the reform package in NEP of 1991 can be summarized as follows: fiscal stabilization, industrial policy and foreign investments, trade and exchange rate policy, tax reform, public sector policy, agricultural sector reforms, labor market reforms, financial sector reforms (Ahluwalia, 1993). The globalization of finance in India has been carried out along with a series of financial sector reforms during the past twenty five years. Now the question is whether financial globalization has favorably influenced the country at a macroeconomic level or not and the present study is an attempt to answer this question on the basis of empirical evidences.

## 2. REVIEW OF LITERATURE

Globalization means many things including movement of goods, services and capital at an increased speed and ease (Clift & Diehl, 2007). And in an era of globalization many decisions taken nationally in the domestic ground is getting transmitted to international arena. It is because of a growth in integration of developing and emerging economies with the developed and industrialized countries. It happened not only because of increased level of international trade caused by current account liberalization but also due to cross border capital flows influenced largely by capital account liberalization along with a series of financial sector reforms in developing and emerging economies (Turner, 2008). However, it is 1980s onwards only that the emerging economies of today started realizing the importance of foreign capital for economic development and hardly anyone could have predicted the volume and scale of international capital flows at that time. There has been a severe explosion in gross cross border flows of capital since 1980s and the concept of emerging economies became popular. It is true that the developing and emerging economies have shown faster growth rates than even the developed nations during last three decades. But, whether financial globalization has contributed to the up gradation of real economy is still a question since there have been a rising evidence of income inequalities in these countries (Torres, 2008). It was after the 1991 currency crisis and the felt need for accelerating economic growth in the economy that India started liberalizing (Shah & Patnaik, 2011). Earlier it was believed that inflows and outflows of capital are dangerous and if inflows are to be permitted it should be from certain types of investors. But after

the introduction of structural adjustment as condition of IMF funds after 1991, it became mandatory for the country to rethink about its stand on foreign capital. The Indian financial sector got liberalized, though gradually in a phased manner. And after two and a half decades of globalization, it is the time to evaluate its microeconomic and macroeconomic consequences. Keeping it in their mind, many researchers in India and abroad have attempted to assess the impact of globalization in general and financial globalization in specific on Indian economy. Somalkar (2006) conducted a study with the objective to assess the impact of globalization on Indian economy and took foreign trade and foreign direct investments as the key indicators of economic development. He studied the period from 1990-91 to 2004-05 and compared the positions of these indicators in Indian economy with those of a few selected developing countries. After a phase of descriptive analysis, he concluded that the rate at which India and China are developing, within the next ten years these two countries will supersede the USA, many European countries and even Japan in terms of economic growth and development. In the same line of research Jindal (2013) tried to understand the socio-economic effects of globalization on Indian economy. She found that globalization has made Indian economy more dependent, less self sufficient and has not favorably helped indigenous industrial sector of the country grow. Additionally, she says that globalization has completely disturbed the traditional social-cultural structure of the country. Another study conducted by Jeelani *et al.* (2013) focused on analyzing the impact of globalization on capital market of India. As per the findings of the study, the authors considered financial sector reforms, restructuring and strengthening should go side by side with financial liberalization so that the country can be protected from any type of global financial crisis. They suggested constant monitoring of the capital market while gradually increasing the degree of financial liberalization. Then Punia (2015) conducted a study by taking some specific sector like agriculture, education, technology etc. and assessing the impact of globalization on them. She found that globalization has favorably affected agriculture sector and made the lives of people in India more comfortable also. But she also stated her concern over the rising levels of poverty and corruption after globalization. Hence, from the review of extant literature we may conclude that globalization has perceived to have mixed results in Indian economy. Now the research question is whether it has actually upgraded the key development indicators of Indian economy or not.

### 3. NEED/IMPORTANCE OF THE STUDY

Financial globalization in developing and emerging economies is getting advocated because of its favorable effects on balance of payments positions, industrialization and economic growth rates. But at the same time public debates and opinion surveys throughout the world has illustrated the rising income inequalities in countries globalizing their finance. However, whether it is the policy of liberalization, privatization or globalization; the success of it ultimately gets reflected in the real sector indicators of the economy. And therefore it becomes appropriate here to analytically prove by use of empirical evidences whether there is any relevance of financial globalization in upgrading real sector indicators of any country or not.

### 4. STATEMENT OF THE PROBLEM

In order to provide analytical support to the view that financial globalization not only facilitates increased international capital flows but also lead to long term sustainable economic development of the country, empirical analyses are unquestionably the most suitable. Now, it becomes necessary to first identify the key indicators of real sector in an economy and then prove empirically that financial globalization has a favorable impact on them.

### 5. OBJECTIVES

The present study has been conducted with the following research objectives:

1. To identify the key indicators of real sector in Indian economy.
2. To detect empirically whether financial globalization has any significant favorable impact on the selected indicators of real sector in Indian economy or not.

### 6. HYPOTHESIS (ES)

From the review of extant literature, the following is the research hypothesis that has been framed in this study:

H<sub>0</sub>: There is no significant difference in positions of selected real sector indicators of Indian economy in the pre globalization and post globalization periods.

H<sub>1</sub>: There is significant difference in positions of selected real sector indicators of Indian economy in the pre globalization and post globalization periods.

### 7. RESEARCH METHODOLOGY

Here, since the analysis are supposed to be done on real sector indicators, the world development indicators database available in the official website of World Bank (i.e. [www.worldbank.org](http://www.worldbank.org)) has been accessed. The World Bank provides information on around fifteen hundred development indicators starting from the year 1960. On the basis of review of extant literature, the most important real sector indicators got identified for Indian economy and data on them has been captured from world development indicators database. Then the next mandate being the selection of appropriate statistical tool, a review of literature on available statistical tools has been conducted. It has been found that since the inherent job in this study is to test a predefined hypothesis, an appropriate method of hypothesis testing would be ideal to implement. For this purpose, t-Test: Pared Two Sample for Means has been chosen. One can use a paired test when there is a natural pairing of observations in the samples, such as when a sample group is tested twice — before and after an experiment. This analysis tool and its formula perform a paired two-sample Student's t-Test to determine whether observations that are taken before a treatment and observations taken after a treatment are likely to have come from distributions with equal population means. This t-test form does not assume that the variances of both populations are equal. In this case, the treatment is implementation of globalization and we are required to study the mean value of the chosen indicators before globalization and after globalization.



**8. RESULTS & DISCUSSION**

The positions of real sector indicators in pre globalization periods of Indian economy has been presented in Table 8.1.

**TABLE 8.1: POSITIONS OF REAL SECTOR INDICATORS: PRE GLOBALIZATION**

Year	Final Consumption Expenditure (as % of GDP)	Gross Domestic Savings (as % of GDP)	Gross Capital Formation (as % of GDP)	Exports (as % of GDP)	Imports of (as % of GDP)	Exports/Imports	Total Reserves (Including Gold, Current US \$)	GDP Growth (Annual %)	GDP (Current US \$)
<b>Pre Globalization</b>									
1967	86.6	13.4	15.2	4.0	5.8	0.7	663764119.8	7.8	51014155360.0
1968	86.7	13.3	14.2	4.0	4.9	0.8	730352744.9	3.4	54016411986.7
1969	85.2	14.8	15.1	3.6	4.0	0.9	927764119.8	6.5	59472993626.7
1970	84.8	15.2	15.3	3.7	3.8	1.0	1023173271.4	5.2	63517182000.0
1971	83.6	16.4	16.8	3.6	3.9	0.9	1245820241.0	1.6	68532271313.2
1972	83.9	16.1	15.8	4.0	3.6	1.1	1367599034.1	-0.6	72716595884.3
1973	84.0	16.0	16.5	4.1	4.6	0.9	1629326578.8	3.3	87014945186.3
1974	82.6	17.4	18.6	4.7	5.9	0.8	2324650377.1	1.2	101271489826.2
1975	82.5	17.5	18.5	5.5	6.5	0.8	2064428261.1	9.1	100199514365.2
1976	81.3	18.7	18.1	6.6	6.0	1.1	3728750351.2	1.7	104518118776.8
1977	81.7	18.3	18.2	6.3	6.2	1.0	6085439481.9	7.3	123617837582.5
1978	80.3	19.7	20.0	6.2	6.5	1.0	8316114115.9	5.7	139708688961.6
1979	80.4	19.6	21.0	6.6	8.0	0.8	11815412878.1	-5.2	155674337010.0
1980	85.0	15.0	18.0	6.0	9.1	0.7	12009786832.0	6.7	189594121351.9
1981	80.7	19.3	21.8	5.8	8.4	0.7	8108842157.1	6.0	196883474523.3
1982	80.1	19.9	22.0	5.9	8.0	0.7	8241563483.0	3.5	204234366470.5
1983	82.0	18.0	20.0	5.7	7.7	0.7	8215728863.2	7.3	222090283347.2
1984	79.9	20.1	21.5	6.2	7.6	0.8	8535944836.0	3.8	215878233650.7
1985	78.9	21.1	23.5	5.2	7.5	0.7	9493104339.5	5.3	236589100981.3
1986	78.3	21.7	23.5	5.1	6.9	0.7	10480097372.7	4.8	253352444883.3
1987	78.7	21.3	22.6	5.5	6.9	0.8	11511739958.7	4.0	283926977522.5
1988	77.6	22.4	23.8	5.9	7.3	0.8	9185841795.8	9.6	301790951204.2
1989	77.2	22.8	23.9	6.9	8.0	0.9	8048453590.0	5.9	301233728792.8
1990	76.5	23.5	24.9	6.9	8.3	0.8	5637446977.0	5.5	326608014285.3
Mean=	81.6	18.4	19.5	5.3	6.5	0.8	5891297740.8	4.6	163060676620.5

Source: World Bank Indicators Database

The variables used in the present study as real sector indicators has been selected after a careful scrutiny and on the basis of their relative importance in real economy. Table 8.3 in the Appendix/Annexure section describes the name of eight variables selected in the study out of around fifteen hundred variables available in world development indicators database. The relative importance of these variables has been determined on the basis of review of extant literature.

TABLE 8.2: POSITIONS OF REAL SECTOR INDICATORS: POST GLOBALIZATION

Year	Final Consumption Expenditure (as % of GDP)	Gross Domestic Savings (as % of GDP)	Gross Capital Formation (as % of GDP)	Exports (as % of GDP)	Imports of (as % of GDP)	Exports/Imports	Total Reserves (Including Gold, Current US \$)	GDP Growth (Annual %)	GDP (Current US \$)
<i>Post Globalization:</i>									
1991	77.5	22.5	22.5	8.3	8.3	1.0	7615987442.9	1.1	274842161318.3
1992	76.5	23.5	24.2	8.7	9.4	0.9	9538784914.7	5.5	293262722482.4
1993	78.7	21.3	21.3	9.7	9.6	1.0	14674627526.9	4.8	284194018792.1
1994	77.1	22.9	23.2	9.7	10.0	1.0	24220928978.0	6.7	333014993709.7
1995	75.1	24.9	26.1	10.7	11.8	0.9	22864638482.8	7.6	366600193391.3
1996	79.1	20.9	22.1	10.2	11.3	0.9	24889366112.6	7.5	399787263892.6
1997	76.7	23.3	24.5	10.5	11.7	0.9	28385372704.0	4.0	423160799040.9
1998	78.1	21.9	23.5	10.8	12.5	0.9	30646565204.5	6.2	428740690380.0
1999	75.1	24.9	26.8	11.3	13.1	0.9	36005294869.4	8.8	466866720521.0
2000	76.8	23.2	24.1	12.8	13.7	0.9	41059062637.8	3.8	476609148165.2
2001	75.3	24.7	25.6	12.3	13.2	0.9	49050841243.2	4.8	493954161367.6
2002	76.0	24.0	25.0	14.0	15.0	0.9	71607863519.1	3.8	523968381476.7
2003	74.5	25.5	26.1	14.7	15.4	1.0	103737207867.3	7.9	618356467437.0
2004	69.3	30.7	32.5	17.6	19.3	0.9	131631145663.0	7.9	721584805204.8
2005	68.5	31.5	34.3	19.3	22.0	0.9	137824831019.0	9.3	834214699568.1
2006	67.3	32.7	35.9	21.1	24.2	0.9	178049789377.4	9.3	949116769619.2
2007	66.0	34.0	38.0	20.4	24.4	0.8	276578100623.7	8.6	1238699170079.0
2008	69.5	30.5	35.5	23.6	28.7	0.8	257422725838.4	3.9	1224097069459.7
2009	69.1	30.9	36.3	20.0	25.4	0.8	284682885686.3	8.5	1365371474048.2
2010	67.8	32.2	36.5	22.0	26.3	0.8	300480145803.6	10.3	1708458876829.9
2011	67.0	33.0	39.6	24.5	31.1	0.8	298739485811.4	6.6	1815865716201.6
2012	68.5	31.5	38.3	24.5	31.2	0.8	300425518088.1	5.6	1824960308640.7
2013	68.3	31.7	34.7	25.3	28.3	0.9	298092483487.5	6.6	1863208343557.8
2014	68.9	31.1	34.1	22.9	25.9	0.9	325081060905.9	7.2	2042438591344.0
Mean=	72.8	27.2	29.6	16.0	18.4	0.9	135554363075.3	6.5	873807231105.3
t Stat=	13.2	-13.2	-12.6	-9.9	-8.8	-2.1	-5.4	-2.3	-6.8
p Val.=	0.0*	0.0*	0.0*	0.0*	0.0*	0.1	0.0*	0.0*	0.0*

Source: World Bank Indicators Database

\* = Null Hypothesis Rejected

The positions of real sector indicators in post globalization periods of Indian economy has been presented in Table 8.2. Additionally, the calculated 't' values and 'p' values for each of the indicators has also been given in the table. As per the results since the 'p' value for all the indicators except one (i.e. Exports/Imports) are less than 0.05, it can be said that null hypothesis that there is no significant difference in positions of selected real sector indicators of Indian economy in the pre globalization and post globalization periods has been rejected in all the cases.

## 9. FINDINGS

As per the results found in the study, it can be concluded that in all the cases except one i.e. Exports/Imports the null hypothesis is rejected. It means that the exports and imports increased significantly in the post globalization periods and since both of it have risen in almost in same proportions; change in their ratio has become insignificant. It is a very good sign that the consumption expenditure in the country has declined significantly while domestic savings has increased significantly in the post globalization periods. Apart from this, it has also been seen that gross capital formation and total reserves of the country has risen significantly in the post globalization period. Finally, it has been proved that volume of Gross Domestic Product (GDP) has also increased significantly after globalization. The findings of the present study are similar to the findings of Deol (2005) on Indian economy. He has proved in his study that India has achieved remarkable macro-economic performance after implementation of IMF structural adjustment programs in 1991. And in the present study also it has been discovered and statistically verified that the selected real sector indicators of Indian economy have improved after globalization of finance caused by implementation of IMF programs in 1991.

## 10. RECOMMENDATIONS/SUGGESTIONS

Further to the discussions on findings of the study, the first policy implication is that financial globalization has unquestionably upgraded the position of real economy of India. Secondly, if globalization of finance can be considered as an event, had it happened earlier, the real sector development would have happened earlier. Thirdly, it is not only sufficient to achieve a remarkable position in terms of indicators of economic development, rather it is more important to consistently achieve the same or better positions in future also.

## 11. CONCLUSIONS

Due to globalization of finance, the dependency of Indian economy on foreign capital has no doubt increased. But the improvement in the indicators of economic development is a favorable sign for the country. This is perhaps the benefit of globalization that India could reap after long years of reforms in its economy.

## 12. LIMITATIONS

There are a few limitations of this study which are noteworthy here. First, the present study is based on a few selected indicators of real sector only. These indicators may be argued not to be representing the whole of the Indian economy. Second, the interpretations of results in this study have been done through tests of hypotheses. Testing of hypothesis only detects significant differences between samples and not the actual magnitude of difference. Third, the study did not make cross country comparison of impact of financial globalization.

**13. SCOPE FOR FURTHER RESEARCH**

In order to increase the relevance of this study, more number of variables can be taken into consideration in future researches. Secondly, here it has already been detected that there is a significant impact of financial globalization on real economy of India. Future researches may focus on measuring the magnitude of impact of financial globalization on real economy. Thirdly, cross country comparison can also be done in future studies.

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**APPENDIX/ANNEXURE****Table 8.3: DESCRIPTION ABOUT SELECTED INDICATORS**

Sl. No.	Name of the Variable	Description
1	Final Consumption Expenditure (as % of GDP)	Final consumption expenditure (formerly total consumption) is the sum of household final consumption expenditure (private consumption) and general government final consumption expenditure (general government consumption). This estimate includes any statistical discrepancy in the use of resources relative to the supply of resources.
2	Gross Domestic Savings (as % of GDP)	Gross domestic savings are calculated as GDP less final consumption expenditure (total consumption).
3	Gross Capital Formation (as % of GDP)	Gross capital formation (formerly gross domestic investment) consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories. Fixed assets include land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; and the construction of roads, railways, and the like, including schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings. Inventories are stocks of goods held by firms to meet temporary or unexpected fluctuations in production or sales, and "work in progress." According to the 1993 SNA, net acquisitions of valuables are also considered capital formation.
4	Exports (as % of GDP)	Exports of goods and services represent the value of all goods and other market services provided to the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude compensation of employees and investment income (formerly called factor services) and transfer payments.
5	Imports of (as % of GDP)	Imports of goods and services represent the value of all goods and other market services received from the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude compensation of employees and investment income (formerly called factor services) and transfer payments.
6	Exports/Imports	Total Exports of goods and services divided by Total Imports of goods and services
7	Total Reserves (Including Gold, Current US \$)	Total reserves comprise holdings of monetary gold, special drawing rights, reserves of IMF members held by the IMF, and holdings of foreign exchange under the control of monetary authorities. The gold component of these reserves is valued at year-end (December 31) London prices. Data are in current U.S. dollars.
8	GDP growth (annual %)	Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 U.S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.
9	GDP (Current US \$)	Total amount of goods and services produced in a year in terms of current U.S. dollars.

Source: World Bank Indicators Database

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#### **ABSTRACT**

21st century has brought upon significant focus on Human Development, as it increases the chances for sustainable development across globe. India has been ahead of several other countries in embracing human development work and since 1990, with the support of UNDP, have started analyzing and reporting these activities systematically. India today has the largest programme of any country in the world for the preparation of human development Reports (HDRs) at the sub-National (State and lower) level. As on date, 18 States have published State HDRs (SHDRs). The whole idea of human development approach, which is about expanding the richness of human life, rather than simply the richness of the economy in which human beings live, has essentially changed the people's perception about the concept of 'Sustainable Development'. In India, the efforts related to Human Development have always been people centric. State Governments and UNDP - Planning Commission are largely responsible for taking initiatives for planning and execution of various schemes leading to Human Development. However, implementing the government schemes for Human Development activities have not always been an easy task in country like India. This article focuses on the present status of Human Development in India, issues and challenges with regard to human development initiatives in India.

#### **KEYWORDS**

human development, gender, women empowerment, government, schemes, social- developments.

#### **INTRODUCTION**

**H**uman Development is an approach that focuses on creating fair opportunities and choices for all people. The primary requirement for enlarging people's choices is to build human capabilities in such a way that they can lead a long and healthy life, an educated and an informed life, and a decent life.

The whole idea of human development approach is about expanding the richness of human life, rather than simply the richness of the economy in which human beings live. Human Development approach has definitely changed the people's perception about the concept of 'Sustainable Development'. It is an approach that is focused on creating fair opportunities and choices for all people.

Merely creating opportunities / work for unemployed people in the society does not lead to sustainable development. There has to be a proper sync among the other areas of human development activities such as health, education, social etc. thereby, ensuring the balanced development across all such areas. The all-round human development is not automatic. It needs holistic planning and flawless implementation of government schemes.

These opportunities also need to be measured from its qualitative aspects such as whether a job provides dignity and a sense of pride and whether it facilitates participation and interaction. To strengthen the link with human development, work also has to enhance environmental sustainability. Work strengthens its link with human development when it goes beyond individual benefits to contribute to shared social objectives, such as poverty and inequality reduction, social cohesion, culture and civilization.

Conversely, the value of work is diminished and its link with human development becomes weaker when there is discrimination and violence at work. The most observable discrimination is along gender lines—in positions, pay and treatment. But discrimination also occurs along lines of race, ethnicity, disability, and sexual orientation.

Addressing challenges for human development in India is of vital importance since a large portion of the population is living below the poverty line, and income inequalities are rising by the day. It is estimated that more than 800 million Indians live on less than 20 Rupees per day<sup>1</sup>.

Disparities exist and widening across States, along rural/ urban lines and across different groups. More than 60 percent of women are chronically poor. The percentage of poor among Scheduled Tribes and Scheduled Castes remains high. Many people are excluded from access to basic services. More than 296 million people are illiterate and 233 million are suffering from malnutrition. Workforce participation for woman is half of that for men, and almost 96 percent of women work in the informal sector<sup>2</sup>.

The last few Mid-Term Statistical Appraisal of the MDGs (Millennium Development Goals) highlights that India lags behind in several targets relating to hunger, child labour, nutrition and maternal mortality, health and other major diseases.

Despite a good economic growth rate of 7.336% (according to IMF World Economic Outlook – April 2016), far too many of our people still lack the basic requirements for a decent living in terms of nutrition standards, basic health, access to education and, to other public services such as water supply and sewerage. Disadvantaged groups, especially the Scheduled Castes and Scheduled Tribes and the minorities have benefited less than they should have. Regional imbalances have emerged across and even within States.

#### **LITERATURE REVIEW**

**Mishra and Chaudhary (2014)** In their study "A Comparative Study of Human Development Index Of Selected Indian States" found that several states have good health index and highest ranked like Kerala then Punjab, Maharashtra. Some states have good education index and highest ranked like Himachal Pradesh has taken highest rank, Tamil Nadu then Kerala. Some states have good income index and highest ranking like Haryana, Maharashtra, and then Gujarat. But some states have lowest health index and lowest ranked Madhya Pradesh, Andhra Pradesh, Assam then Bihar. Some states have lowest education index and lowest ranked Rajasthan, Bihar, Jharkhand, Assam then Bihar. Some states have lowest income index and lowest ranked Madhya Jharkhand, Assam then Bihar.

**Priya Deshingkar and Shaheen Akter (2009 -13)** "Migration and Human Development in India" reveals that migrants are the worst affected people as they work in extreme difficult and dangerous conditions. The impacts of migration on poverty reduction and the contribution that migrants make to the economy are under-

recognised. The immediate need is to change the policy level discourse on migration by reviewing key documents and policies and moving away from theory and language which portrays migration as bad and something that must be stopped. In the country like India, migrants are need support and reduce their vulnerability by improving their access to education, housing and health programmes. India needs to take similar steps urgently. Without such recognition and action large parts of the population will continue to be excluded and this will compromise India's prospects for poverty and reaching the Millennium Development Goals (MDGs).

**Sonalde Desai, A Dubey, B L Joshi, M Sen, A Shariff, R Vanneman (2010)** "Human Development in India - *Challenges for a Society in Transition*" a multi topic survey of 41,554 house holds in 1,503 villages and 971 urban neighbourhoods across India. Two one-hour interviews in each household covered topics concerning health, education, employment, economic status, marriage, fertility, gender relations, and social capital.

## OBJECTIVES OF THE STUDY

1. To look into the present status of human development initiative in India.
2. To identify the challenges in addressing human development related issues in India.

## SOURCES OF DATA

For this study Secondary Data have been collected from various Research papers, Books, Periodicals, Journals and Government websites etc.

## THE PRESENT STATUS OF HUMAN DEVELOPMENT INITIATIVE

In the recent years, India has enjoyed consistently high rates of growth and steady improvement in human development. However, even as the world's largest democracy remained flexible in face of the global economic crisis, the country faces a critical challenge similar to several other BRICS counterparts – high growth has been accompanied by persistent poverty and inequality.

The country's Human Development Index value when adjusted for inequality loses 28 percent of its value. The imperative of faster, more inclusive and sustainable growth is central to the government's national development agenda and a series of progressive schemes introduced by the government.

India's national Millennium Development Goal (MDG) Report released in 2015 reveals that while significant progress has been made on achieving targets on poverty reduction, education, and HIV at aggregate levels, the results have been uneven. Much work remains to be done in reducing hunger, improving maternal mortality rates and enabling greater access to water and sanitation targets, as well as reducing social and geographic inequalities in achieving these targets.

In addition, while measures have been taken to reverse the loss of environmental resources by improving the coverage of forest area, protected areas and reducing CFC emissions, carbon dioxide emissions and energy intensity still remain areas of concern.

Rising gender inequality hampers India's progress on development goals. Women continue to be excluded from social, economic and political domains.

Home to 1.21 billion people, India's rate of progress affects the achievement of development goals globally. However, progress made during the MDGs period has proven that, with sound strategies and targeted interventions, global action can work. India is poised to carry forward this momentum into the 2030 Agenda for Sustainable Development, for 'transforming our world' and ensuring that the most vulnerable are not left behind.

The range of possible dimensions for Human Development includes:

- Education
- Decent Standard of Living
- Political Freedom & Process Freedoms
- Creativity and Productivity
- Environment
- Social & relational
- Culture & Arts

The language of human rights, as we shall see later, permeates the reports in different ways, and human rights are sometimes included among the 'dimensions' or specific capabilities mentioned.

According to 12<sup>th</sup> Five Year Plan, The Twelfth Plan relies on an extensive range of government programmes, which cover a wide variety of sectors, to help achieve the inclusive and sustainable growth. There are programmes in health, education, drinking water and sanitation, provision of critical infrastructure in rural and urban areas, programmes of livelihood support for the weaker sections and special programmes for the historically disadvantaged sections of our population, particularly the Scheduled Castes, Scheduled Tribes, OBCs, Minorities, and other marginalised groups. Plan programmes can be classified into three groups. There are central sector programmes, administered directly by agencies of the central government. There are state sector programmes, administered by state agencies, which form part of the State Plan. There are also Centrally Sponsored Schemes (CSS), operating in areas that are, constitutionally the domain of the States, but the Central Government provides resources to the states to support these programmes while the programmes themselves are implemented by the State Government and its agencies.

### ➤ **Life and Longevity**

The most fundamental of all human capabilities is life itself and the steady rise in life expectation in the country suggests that significant progress has been made in this dimension. Life expectancy which was only 32 years at the time of Independence is now 67 years. The level of life expectancy in India remains lower than in many emerging market economies and it is appropriate to plan for significant further improvements in this important dimension.

1. The infant mortality rate (IMR) is another dimension of human capability where India is making progress. IMR fell from 80 in 1991 to 66 in 2001 and at a faster rate thereafter to 47 in 2010. The rate of decline was 14 in the first period and 19 in the second period. Nevertheless, the level of IMR remains high and need to do much better for children of next generation. Efforts must strive to bring the IMR down to 28 by the end of the present Five Year Plan.
2. Maternal mortality rates (MMRs) are another indication of weakness in our performance. MMR has been falling over time, thanks to the initiatives for promoting institutional deliveries under the NRHM. The percentage of women giving birth in institutions with the benefit of skilled birth attendants has increased from 53 per cent in 2005 to 73 per cent in 2009. At the end of the present Five Year Plan, all the efforts must bring MMR down to 1 per 1,000.
3. The decline in the child sex ratio rings an urgent alarm. This is an area of grave concern since it implies that society is denying life to female children, and increasingly resorting to female foeticide. The spread of diagnostic and medical facilities has paradoxically actually worsened the situation, as the falling child sex rate is being seen in the more developed areas and cities.

### ➤ **Education**

India has a young population, and consequently, the labour force, which is expected to decline in most developed countries and even in China, is expected to increase over the next 20 years. This 'demographic dividend' can add to nation's growth potential through its impact on the supply of labour and also, via the falling dependency ratio, on the rate of domestic savings.

Besides, a young population brings with it the aspirations and the impatience of youth, which in turn can become strong drivers for bringing about change and innovation. To reap this demographic dividend, we must ensure that young citizens come into the labour force with higher levels of education and the skills needed to support rapid growth. The SSA has brought us close to the target of universalisation of primary education and the Right to Education Act (RTE) 2009 makes eight years of elementary education a fundamental right for all the children. The MDM Scheme has ensured that retention in schools has improved greatly.

However, the learning outcomes for a majority of children continue to be disappointing. Addressing the quality issue in our schools is critical for the effective development of human capabilities and for achieving the objective of equality of opportunities. The quality of teachers and, even more important, their motivation and accountability will need to be improved. Many of the children who are presently in school are first-generation learners, and these children need supplementary

instruction. This is not easy due to shortage of qualified teachers in many schools across the country. New and innovative approaches such as multigrade learning, which has been successfully tried in Tamil Nadu, could be adopted in such cases.

Although there is considerable focus on providing secondary school access, the dropout rates between elementary and secondary schools continue to be high, and between the secondary and post-secondary stage they are even higher. This is a particularly serious problem for girls, who have to travel longer distances to attend secondary schools. Curricular and examination reforms in secondary schooling would receive special attention aimed at fostering critical thinking and analytical skills, and preparing students for further education.

#### ➤ **Skill Development**

In the present FYP there is due focus on the Skill Development Mission and by end of 2017 there is target to impart skill to at least 50 million individuals. Skill Development Programmes in the past have been run mainly by the government, with insufficient connection with market demand. To ensure that skills match demand, special efforts are needed to ensure that employers and enterprises play an integral role in the conception and implementation of vocational training programmes, including managing Industrial Training Institutes (ITIs) and in the development of faculty. An enabling framework is needed that would attract private investment in Vocational Training through Public-Private Partnership (PPP).

Union Government has made required efforts and mobilized investments in setting up first rate ITIs, Skills Development University etc. ensuring efficiency in operations and management and enabling post-training employment.

#### ➤ **Health and Nutrition**

Health and Nutrition is another critical dimension of Human development. At present, less than 30 per cent of outpatient and less than half of inpatient health care capacity of the country is in the public sector, and the majority of the population relies on private health care provision which often imposes a heavy financial burden. India has had the largest and the longest running child development programme in the world in the form of ICDS, but the problem of malnutrition remains large.

Malnutrition is also a problem among adults, especially women. The incidence of anemia and low body mass among women is very high in the country. The causes of this persistent malnutrition are not well understood. The availability of food, especially better quality food products such as fruits, vegetables and dairy products, is significantly better today than it was in the past.

The Food Security Bill under consideration will address some of these issues, but the problem of nutrition is actually much more complex and a multidimensional approach is necessary.

The NRHM, launched during the Tenth Plan, made an important start in expanding health care facilities in rural areas. While additional infrastructure has been created, there are large shortages of personnel, especially specialists in rural health facilities, reflecting the fact that trained human resources in health are in short supply and it takes many years to set up new medical colleges to train the required number of doctors.

The Twelfth Plan will therefore see the transformation of the NRHM into a National Health Mission, covering both rural and urban areas. An important component of the National Health Mission will be the Urban Health Initiative for the Poor, providing public sector primary care facilities in selected low-income urban areas. This will require additional resources in the public sector from the budgets of both the Centre and the States, and cities. At present, there is a massive shortage of healthcare professionals in the country.

#### ➤ **Drinking Water and Sanitation**

The problem of providing safe drinking water is particularly acute in the rural areas. Successive plans have emphasised programmes for expanding the coverage of rural drinking water but they have not had as much success, as desired. Part of the problem is that rural drinking water schemes are not fully integrated with national system of aquifer management. Excessive drawal of groundwater for irrigation is leading to lowering of water tables causing drinking water hand pumps to run dry and lowering of the water table is also causing salinity and chemical pollution, making the water non-potable.

Sanitation and clean drinking water are critical determinants of health and are complementary to each other. Without proper sanitation, the incidence of diarrhoeal diseases due to contaminated drinking water will not come down, and without adequate water supply, improved sanitation is generally not possible. It is, therefore, necessary to adopt a habitation approach to sanitation and to institutionalise the integration of water supply with sanitation in each habitation.

The problem of sanitation in urban areas is also very serious since almost all our cities, including even the State capitals and major metros, have a large percentage of the population (45 per cent in Delhi) not connected to the sewer system. Urban development must give top priority to planning for water, toilets and sewerage as an integrated whole taking into account the likely expansion of the urban population.

Twenty-five core indicators that are listed below reflect the vision of rapid, sustainable and more inclusive growth<sup>3</sup>:

#### **ECONOMIC GROWTH**

- (i) Real GDP Growth Rate of 8.0 per cent.
- (ii) Agriculture Growth Rate of 4.0 per cent.
- (iii) Manufacturing Growth Rate of 10.0 per cent.
- (iv) Every State must have an average growth rate in the Twelfth Plan preferably higher than that achieved in the Eleventh Plan.

#### **POVERTY AND EMPLOYMENT**

- (v) Head-count ratio of consumption poverty to be reduced by 10 percentage points over the preceding estimates by the end of Twelfth Five Year Plan.
- (vi) Generate 50 million new work opportunities in the non-farm sector and provide skill certification to equivalent numbers during the Twelfth Five Year Plan.

#### **EDUCATION**

- (vii) Mean Years of Schooling to increase to seven years by the end of Twelfth Five Year Plan.
- (viii) Enhance access to higher education by creating two million additional seats for each age cohort aligned to the skill needs of the economy.
- (ix) Eliminate gender and social gap in school enrolment (that is, between girls and boys, and between SCs, STs, Muslims and the rest of the population) by the end of Twelfth Five Year Plan.

#### **HEALTH**

- (x) Reduce IMR to 25 and MMR to 1 per 1,000 live births, and improve Child Sex Ratio (0-6 years) to 950 by the end of the Twelfth Five Year Plan.
- (xi) Reduce Total Fertility Rate to 2.1 by the end of Twelfth Five Year Plan.
- (xii) Reduce under-nutrition among children aged 0-3 years to half of the NFHS-3 levels by the end of Twelfth Five Year Plan.

#### **INFRASTRUCTURE, INCLUDING RURAL INFRASTRUCTURE**

- (xiii) Increase investment in infrastructure as a percentage of GDP to 9 per cent by the end of Twelfth Five Year Plan.
- (xiv) Increase the Gross Irrigated Area from 90 million hectares to 103 million hectares by the end of Twelfth Five Year Plan.
- (xv) Provide electricity to all villages and reduce AT&C losses to 20 per cent by the end of Twelfth Five Year Plan.
- (xvi) Connect all villages with all-weather roads by the end of Twelfth Five Year Plan.
- (xvii) Upgrade national and state highways to the minimum two-lane standard by the end of Twelfth Five Year Plan.
- (xviii) Complete Eastern and Western Dedicated Freight Corridors by the end of Twelfth Five Year Plan.
- (xix) Increase rural tele-density to 70 per cent by the end of Twelfth Five Year Plan.
- (xx) Ensure 50 per cent of rural population has access to 40 lpcd piped drinking water supply, and 50 per cent *gram panchayats* achieve Nirmal Gram Status by the end of Twelfth Five Year Plan.

#### **ENVIRONMENT AND SUSTAINABILITY**

- (xxi) Increase green cover (as measured by satellite imagery) by 1 million hectares every year during the Twelfth Five Year Plan.

(xxii) Add 30,000 MW of renewable energy capacity in the Twelfth Plan.

(xxiii) Reduce emission intensity of GDP in line with the target of 20 per cent to 25 per cent reduction over 2005 levels by 2020.

**SERVICE DELIVERY**

(xxiv) Provide access to banking services to 90 per cent Indian households by the end of Twelfth Five Year Plan.

(xxv) Major subsidies and welfare related beneficiary payments to be shifted to a direct cash transfer by the end of the Twelfth Plan, using the Aadhaar platform with linked bank accounts.

States are encouraged to set state-specific targets corresponding to the above, taking account of what is the reasonable degree of progress given the initial position. Sector-wise growth targets for each State are given as below.

**TABLE 1: GROWTH RATES IN SDP IN DIFFERENT STATES** [Averages for Plan Periods (% per annum)]

Sl. No.	States/UTs	Eighth Plan	Ninth Plan	Tenth Plan	Eleventh Plan
		1992–97	1997–2002	2002–07	2007–12
1	Andhra Pradesh	5.4	5.5	8.2	8.2
2	Bihar	3.9	3.7	6.9	9.9
3	Chhattisgarh**	-	-	8.8	7.7
4	Goa	9	5.7	8.5	9.1
5	Gujarat	12.9	2.8	11	9.5
6	Haryana	5.2	6.1	9	9
7	Jharkhand**	-	-	5	9.3
8	Karnataka	6.2	5.8	7.7	7.2
9	Kerala	6.5	5.2	8.3	8.2
10	Madhya Pradesh	6.6	4.5	5	9.2
11	Maharashtra	8.9	4.1	10.1	8.6
12	Odisha	2.3	5.1	9.2	7.1
13	Punjab	4.8	4	6	6.7
14	Rajasthan	8	5.3	7.1	8.5
15	Tamil Nadu	7	4.7	9.7	7.7
16	Uttar Pradesh	5	2.5	5.8	7.1
17	West Bengal	6.3	6.5	6.2	7.3
<b>(Special Category States)</b>					
18	Arunachal Pradesh	5	6.6	6.2	8.5
19	Assam	2.8	1.8	5	6.8
20	Himachal Pradesh	6.5	6.3	7.6	8
21	Jammu & Kashmir	5	4.2	5.5	5.9
22	Manipur	3.7	4.7	5.7	6.2
23	Meghalaya	4	7.2	6.7	7.8
24	Mizoram	-	5.7	5.9	10.8
25	Nagaland	7.2	6.5	7.4	6.2
26	Sikkim	4.6	6.6	7.7	22.8
27	Tripura	6.7	9.4	6.9	8.9
28	Uttarakhand**	-	-	11.7	12.8

Sources: 1. Eighth, Ninth and Tenth Plan achievement from most recent base year series (CSO) & 2. Eleventh Plan achievement from 2004–05 series (CSO).

\*\*These States have been formed recently.

**CONCLUSION**

Achieving the targets of Twelfth Five Year Plan (2012 / 2017), as far as Human Development in India is concerned there several challenges in the way ahead. However, there are several Human Development initiatives are fulfilled by central government and some initiatives are being implemented with the help of State governments.

- In the health and nutrition dimension, primary responsibility for health care rests with the States, the strategy needs to effectively incentivise State Governments to do what is needed to improve the public health care system while regulating the private health care system, so that together they can work towards addressing the management of delivery of preventive, promotive, curative and rehabilitator health interventions. This is not a task that can be completed within one Plan period. It will certainly span two or three Plan periods, to put the basic health infrastructure in place.
- In the Education area, specific interventions taken up during the Twelfth Plan would be aligned to the broad strategy spelt out in the Plan document. To overcome procedural bottlenecks, a system of empowered committees would be deployed wherever necessary. New structures and institutional mechanisms would also be created for coordination across ministries and agencies. The implementation framework should include:
  - a. Interlink expansion, equity and excellence, and focus on those programmes that serve as the locus at which more than one objective is met.
  - b. Bring down the walls that separate higher education from technical education with a focus on interdisciplinary action points.
  - c. Recognise State education systems as the principal site for expansion and focus on improving the average quality of State institutions.
  - d. Recognise that diverse disadvantaged groups suffer from different kinds of disadvantages and need specifically targeted interventions.
  - e. Revamp student financial aid programmes as the main channel for individual-focused equity schemes.
  - f. Recognise that fostering excellence is a multidimensional challenge requiring simultaneous action on many fronts.
  - g. Provide greater flexibility to the implementing agencies by grouping schemes under umbrella national initiatives.
- In the area of Employment and Skill Development, the issues must be addressed relating to quantity and quality improvement; expansion of outreach and equity and systemic and institutional reforms a time bound action plan in terms of well-defined implementation and operational strategies with focus on the delivery of the skill is the need of the hour.
- Women's agency and Child Rights are the areas of concerns, despite several attempts in this direction - women empowerment and child rights there is a huge gap between the targeted growth and actual development. There are several schemes offered by central government and state governments to fulfilling women's rights by prioritizing the issues such as gender based inequalities, discrimination and violence faced by girls and women. There is a urgent need on part of government to fulfill children's rights of survival, development, protection and participation especially those of the most vulnerable children, girls and women, locked in an inter-generational cycle of multiple deprivations. Critical priority is accorded to prevent under-nutrition as early as possible, across the life cycle, to avert irreversible cumulative growth and development deficits that compromise maternal, child and adolescent health and survival, achievement of optimal learning outcomes in education and gender equality.

- In the area of social inclusion, government must put in efforts in the direction of socio-economic development of every disadvantaged groups, thereby providing them with social empowerment, economic empowerment and social justice.
- In addition, there are three issues which need highlighting: (a) substantial quantities of real-time data can provide better information on spikes in prices of food staples that will disproportionately impact the near-poor. Sensors, satellites and other tools produce real-time data on activities and vulnerabilities. (b) "big data" analysis holds the promise of producing highly relevant information almost instantaneously to levels hitherto undreamt of outside population censuses. Trends in millions of searches on the Internet and users' posts on social media offer insights into people's opinions and priorities. Big data has the potential to be harnessed for diverse uses, including measurement of important indicators, capturing attitudinal trends, monitoring health epidemics and providing real-time feedback on the efficacy of policymaking. (c) Third, many countries have combined traditional and new methods of data collection for censuses, ranging from administrative registers to mobile devices, geospatial information systems and the Internet.

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## THE IMPACT OF OCCUPATIONAL STRESS ON EXECUTIVES WORK PERFORMANCE IN SCHEDULE COMMERCIAL BANKS

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### ABSTRACT

*The officers of banking sector experience a great deal of stress due to many incidents of occupational stress such as work overload, social responsibility, time pressures, financial accountability and role conflict. The high level of stress are increase cost to banking sector as developing stress level greatly affect executives work performance as well as bottom line. This study has made an attempt to vigilantly evaluate and examine the occupational stress affecting work performance of scheduled commercial bank (SCB) officers of Puducherry Union territory. The primary data were collected through structured interview schedule from 226 SCB executives in Puducherry we used to examine the hypothesized relationship among study variables. The results of the study show significant positive relationship work performance and occupational stress. Specifically, these findings indicate that executives with high Occupational stress are an indispensable key for the organization because of its strapping impact on the work performance of an individual as well as of the organization. Realizing that, executives must articulate themselves in managing occupational stress amicably and work for enhancing their performance with the positive energy. This will increase their span of control and productivity which are the need of the hour in the contemporary banking environment.*

### KEYWORDS

occupational stress, work performance and productivity.

### INTRODUCTION

Constant reforms in the banking sector have made the job competitive, dynamic and stressful. Occupational stress is a major threat for banking professionals. It increased workloads, downsizing, overtime, hostile work environments and shifts add up to the already stressful working conditions. The human body has a natural chemical response to a threat or demand, commonly known as the “flight or fight” reaction, which induces the release of adrenalin. Once the threat or demand gets over, the body will return to its natural state (Crandall, R., & Perrew, P. L. (1995). Stress is an emotional and physical state that results when the resources of the individual are not sufficient to cope with the demands and pressures of the situation. It is important to note that not all stress is negative or bad. For instance, in his early work on the topic of stress, Selye (1976) conceptualized two categories, namely good or desirable stress (eustress) and bad or undesirable stress (distress). Eustress is pleasant, or at least challenging, and can produce positive effects such as the maximization of output and creativity. Distress in contrast or causes anxiety and can produce negative attitudes such as short term or long term output and feel unpleasant (Kendall, E., et al 2000). Work related stress is a worldwide phenomenon which affects the productivity of employees as well as the organization. Stress arises when work exceeds capacity of the worker. Therefore, stress management becomes necessary in the organization to resolve the stress (Zafar Qadoos et al, 2015). The employee’s stress level in banking sector is also growing rapidly. So the banking sector employees should adopt new coping strategies for maintaining good physical and mental condition which will improve productivity level of the bank (Caral Lopes and Dhara Kachalia, 2016). Stress is very common in our part of life. We can overcome stress but cannot avoid stress. Stress is not bad all the time. But it occurs during the work time it will affect job performance (kotteeswari and Sharief, 2014). Correct stress management should start from improved health and good intrapersonal relationships. The prevention and management of workplace stress requires organizational level interventions, success in managing and preventing stress will depend on the culture in the organization. A culture of openness and understanding, rather than of criticism, is essential (Kazmi, R., et al, 2008). National Institutions for Occupational Safety and Health (NIOSH) recommends creation of sufficient awareness to manage occupational stress through Occupational health and safety programs to improve occupational health as well as psychological and physical well-being among employees. (Affum-Osei, Emmanuel et al, 2014).

### IMPORTANCE OF THE STUDY

This study has been conducted in order to vigilantly evaluate and examine the occupational stress affecting the work performance of scheduled commercial bank officers of Union territory of Puducherry. This study also observes and analyses the levels of occupational stress among the bank executives and find out the causes for occupational stress. The study will help human resource management department in bank to take adequate actions which can motivate the managers to perform efficiently and produce quality work life. This study brings the attention of management towards evolving designed career path for the officers.

### STATEMENT OF THE PROBLEM

Manager’s work performance and retention have always been important issue for the banking sector. It has tremendous relevance to all type of banking sectors in India like public sector, private sector, regional rural banks and foreign sector banks. In the present scenario, human input defines service delivering in banking sector. The level of efficiency or productivity gets reflected in the quality of service. The high level of commitment is lead to high level stress of workers. The effective work performance increases the stress and strain among the managers thereby health become wealth, not only for them but also the organization. Study poses the following research questions. What has been the attitude of managers towards work related factors in banking sector? What has been the level of work performance and occupational stress among the managers? What are the causes for raising the occupational stress? How the occupational stress affected the work performance of the managers? By addressing all these questions, the present study seeks to build a knowledge base about the work performance and occupational stress among the managers of SCBs in Puducherry.

### OBJECTIVES OF THE STUDY

1. To measure the occupational stress among the executives of SCBs in Puducherry.
2. To determine the level of work performance of SCBs officers on demographic variables.
3. To find out the impact of occupational stress on executive’s work performance.

**HYPOTHESES**

- ✓ There is no association between the demographic profile and occupational stress.
- ✓ There is no association between the demographic profile and work performance.
- ✓ There is no significant relationship between the work performance and occupational stress.

**RESEARCH METHODOLOGY**

Empirical research based on the sample survey method has been adopted for this study. Both primary and secondary sources of data were used for this study. The primary data were collected through a well-structured questionnaire from the executives/managers of Schedule Commercial Banks (SCBs) in Puducherry. The secondary data were collected from the books, journals, web portals etc.

**Statistical tools**

The data collected from the respondents were coded and tabulated to suit the requirements of the study. Statistical Package for Social Sciences (SPSS) was used for analyzing the data. The statistical tools such as Descriptive statistics, Friedman's test, K means cluster analysis, One-way ANOVA, Multiple regression and Karl Pearson's coefficient of correlation have been used for analysis and interpret often of data.

**EMPIRICAL RESULTS**

This study analyses the bank executives' demographic variables. It includes as age, gender, place of birth, educational qualification, marital status, place of education, tenure of experience, name of the bank, type of the bank, designation and monthly income normally included those demographic profile of respondents are sketched in the table 1. Factors which are assumed to have explanatory value are taken as dependent variables in the study.

**TABLE 1: DEMOGRAPHIC PROFILE OF BANK EXECUTIVES**

Demographic Profile	Classifications	Frequency	percent
Age	20 to 30	68	30.1
	30 to 40	79	35.0
	40 to 50	34	15.0
	50 to 60	45	19.9
	Total	226	100.0
Gender	male	171	75.7
	female	55	24.3
	Total	226	100.0
Place of birth	rural	73	32.3
	urban	95	42.0
	semi urban	44	19.5
	metro	14	6.2
	Total	226	100.0
Marital status	unmarried	87	38.5
	married	139	61.5
	Total	226	100.0
Educational qualification	UG	70	31.0
	PG	126	55.8
	Engineering	29	12.8
	Agriculture	1	.4
	Total	226	100.0
Place of education	rural	6	2.7
	urban	136	60.2
	semi urban	59	26.1
	metro	25	11.1
	Total	226	100.0
Experience	less than 5 years	74	32.7
	6-10 yrs	65	28.8
	11-15 yrs	20	8.8
	16-20 yrs	12	5.3
	above 20 yrs	55	24.3
Total	226	100.0	
Type of scheduled bank	public sector	158	69.9
	private sector	50	22.1
	RRB	18	8.0
	Total	226	100.0
Managerial level	senior manager	113	50.0
	assistant manager	113	50.0
	Total	226	100.0
Monthly income	below 30,000	2	.9
	30,000-50,000	86	38.1
	50,000-70,000	72	31.9
	70,000-90,000	43	19.0
	above 90,000	23	10.2
Total	226	100.0	

The result most preference of bank executive's age divulged that 65 percent belonged to the age group of 30-40 (35 percent) and 20-30 (30.1 percent). The executives consisted of 75.7 percent of men and 24.3 percent women. The marital status wise classification of the respondents depicted that, 61.5 percent of the employees were married and 38.5 of them were unmarried. The educational qualification consisted more than half of the executives were post graduates close to one third graduates. The majority of bank executives in the sample belonged to public sector (70 percent). It can be inferred that 60 percent of executives had urban background. Executives in the sample had a balanced mix of experience; 24 percent were highly experienced, 29 percent had moderate experience and 33 percent of them were less experienced. Our sample consisted of bank executives of senior level (50 percent) and entry level (50 percent). The majority 70 percent of executives surveyed were earning between Rs.30, 000 to Rs.70, 000.

**EXECUTIVE’S WORK PERFORMANCE RELATED FACTORS**

The job profile of executives constituted of numerous activities. Work performances of managers differ with as a result of varied level of importance accorded to the factors. Find out the significant difference in the managers work performance related factors in this connection, non parametric Friedman’s test has been employed and the results are given in table 2.

**TABLE 2: EXECUTIVE’S WORK PERFORMANCE RELATED FACTORS**

Variables	Mean	Std. Deviation	Mean Rank
Financial responsibilities with integrity and excellence	4.40	.620	8.32
I adhere to deadlines in my work	4.14	.623	6.60
Provided with clear instructions and sufficient facilities regarding the new assignments given to me	4.17	.704	7.01
Ability to perform challenging assignments	4.40	.688	8.45
Non clash of organizational and personal objectives	4.37	.727	8.36
Managing time effectively to perform multiple role at work	4.31	.705	7.62
Keeping the time management principles constantly	4.30	.650	7.75
Responsible to solve customer’s issues	4.43	.609	8.53
Good understanding of the emotions of people around me	4.37	.621	8.08
Good knowledge for dealing public/clients	4.38	.677	8.26
Take decisions immediately, when it requires	4.37	.569	8.01
Analyze problems and ascertain their real causes	4.32	.657	7.80
Acquiring new skills and updating knowledge of work	4.31	.575	7.57
Communicate ideas to other employees	4.40	.589	8.28
Encourage the employees to give their best	4.55	.573	9.35

**TABLE 3: FRIEDMAN TEST**

N	226
Chi-Square	108.547
df	14
Asymp. Sig.	.000

The results showed that there was significant difference among work performance related factors (P<0.05). The mean ranks revealed the fact that the managers’ performance was least affected by the requirement to adhere to deadlines (Mean Rank = 6.60). The managers well performance with the working mission and purpose of the organization with a mean rank of 9.35, employee encouragement is found to influence their work performance are highest.

**CLASSIFICATION OF EXECUTIVES LEVEL OF WORK PERFORMANCE BASED ON WORK RELATED FACTORS**

In this section, different types of clusters were classified based on executive’s work performance towards work related factors. K-means cluster analysis was applied to identify heterogeneous groups of executives with in the sample. This analysis is helpful in identifying the different groups of executives with homogeneous qualities.

**TABLE 4: NUMBER OF CASES IN EACH CLUSTER**

Clusters	Number of Executives	Percent
Low	15.000	6.64
Moderate	74.000	32.74
High	137.000	60.62
Total	226.000	100

The cluster analysis revealed existence of three heterogeneous groups among of bank executives based on performance related factors. The third cluster of executives (60.62 percent) had high level of work performance, 32.74 percent of the executives having moderate level of work performance and the rest (6.64 percent) were classified into low performance cluster based on work performance related factors.

**INFLUENCE OF DEMOGRAPHIC PROFILE ON THE WORK PERFORMANCE**

To understand the influence of demographic profile of bank executives on the affecting work performance, one way ANOVA was performed between the clusters.

TABLE 5: INFLUENCE OF DEMOGRAPHIC PROFILE ON THE WORK PERFORMANCE

Demographic Profile		Sum of Squares	df	Mean Square	F	Sig.
Age	Between Groups	76.616	23	3.331	3.514	.000***
	Within Groups	191.508	202	.948		
	Total	268.124	225			
Gender	Between Groups	6.527	23	.284	1.634	.039*
	Within Groups	35.088	202	.174		
	Total	41.615	225			
Place of birth	Between Groups	27.988	23	1.217	1.695	.029*
	Within Groups	145.008	202	.718		
	Total	172.996	225			
Marital status	Between Groups	10.470	23	.455	2.137	.003**
	Within Groups	43.038	202	.213		
	Total	53.509	225			
Educational qualification	Between Groups	15.663	23	.681	1.707	.028*
	Within Groups	80.607	202	.399		
	Total	96.270	225			
Place of education	Between Groups	15.901	23	.691	1.367	.130
	Within Groups	102.157	202	.506		
	Total	118.058	225			
Experience	Between Groups	142.564	23	6.198	3.026	.000***
	Within Groups	413.794	202	2.048		
	Total	556.358	225			
Type of scheduled bank	Between Groups	36.525	23	1.588	2.514	.000***
	Within Groups	127.616	202	.632		
	Total	164.142	225			
Managerial level	Between Groups	13.012	23	.566	2.628	.000***
	Within Groups	43.488	202	.215		
	Total	56.500	225			
Monthly income	Between Groups	49.219	23	2.140	2.405	.001***
	Within Groups	179.776	202	.890		
	Total	228.996	225			

Note : \*\*\*= p ≤.001, \*\*= p ≤.01, \*= p ≤.05

**Hypothesis:** There is no association between the demographic profile and work performance

The ANOVA results indicated that there was significant difference between clusters based on all demographic factors accepts place of education (P<0.05).

**OCCUPATIONAL STRESS AMONG THE EXECUTIVES OF SCBs**

Occupational Stress is the harmful physical and emotional response that occurs when the requirements of the job did not match the capabilities, resources or needs of the worker. Occupational Stress leads to health problems ranging from cardiovascular disease to cancer. Stressful working conditions interfere with the manager’s ability to work safely, contributing to work injuries and illness. At the work unit level, work overload, poor supervision and inadequate training have been the top-ranking stressors. Relationship demands, physical as well as mental health problem, pressure at work place, traffic snarls, meeting deadlines, growing-up tension have also been contributing to work related stress. With this backdrop, K-means cluster analysis was applied to identify heterogeneous groups of executives in sample based on their stress level.

TABLE 6: LEVEL OF OCCUPATIONAL STRESS

Clusters	Number of executives	Percent
Mild	36.000	16
Moderate	11.000	5
Extreme	179.000	79
Total	226.000	100

The cluster analysis results revealed that there three heterogeneous groups of executives based on level of occupational stress. The third cluster of executives (79 percent) choosing extreme level of occupational stress, 5 percent of the executives were in the moderate level of occupational stress and 16 percent of them was placed group of mild level occupational stress (Table 6).

**INFLUENCE OF DEMOGRAPHIC FACTORS ON OCCUPATIONAL STRESS**

The demographic variables have been directly linked to occupational stress. An attempt has also been made to highlight the relationship between levels of occupational stress and demographic profile of respondents by employing multiple regression analysis.

TABLE 7: MODEL SUMMARY FOR OCCUPATIONAL STRESS

R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
.466	.217	.173	3.097	4.912	.000

Dependent Variable: Occupational Stress

**Hypothesis:** There is no association between the demographic profile and Occupational Stress

The R<sup>2</sup> value (.466) indicated that 46.6 percent of variation in the occupational stress was caused by the set of all the independent variables included in the model. The ANOVA results depicted that there was significant difference between occupational stress and independent variables (P<0.05). Model is hard to be fit with high explanatory value of R<sup>2</sup> significant of value.

TABLE 8: DEMOGRAPHIC FACTORS EFFECTING OCCUPATIONAL STRESS

	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	20.947	2.521		8.309	.000
Age	1.687	.457	.541	3.694	.000**
Gender	.260	.551	.033	.472	.638
Place of birth	-.865	.321	-.223	-2.696	.008*
Marital status	-1.984	.651	-.284	-3.049	.003*
Educational qualification	.564	.365	.108	1.545	.124
Place of education	.428	.350	.091	1.224	.222
Experience	-.431	.346	-.199	-1.246	.214
Type of scheduled bank	-.451	.274	-.113	-1.644	.102
Managerial level	-1.160	.654	-.171	-1.775	.077*
Monthly income	-.490	.445	-.145	-1.102	.272

Dependent Variable: Occupational Stress  
 Note:\*\*= p ≤.001, \*= p ≤.05

The regression co-efficient indicated that age (t=3.694, P=.000), place of birth (t= 2.696, P=.008), marital status (t=3.049,P=.003), designation (t=1.775,P=.077) is positively effecting on occupational stress (table 8). It is concluded that age, place of birth, marital status and designation was significantly associated with occupational stress.

TABLE 9: MEAN SCORE ANALYSES

Independent variables	Mean	Independent variables	Mean	Independent variables	Mean
Age		Gender		Marital status	
20 To 30	18.96	Male	19.62	Unmarried	19.46
30 To 40	19.30	Female	19.33	Married	19.60
40 To 50	19.06				
50 To 60	21.24				
Total	19.55	Total	19.55	Total	19.55
Place of birth & education		Educational qualification		Experience	
Rural	21.30	UG	19.37	less than 5 years	19.36
Urban	19.35	PG	19.66	6-10 yrs	19.17
Semi urban	19.86	Engineering	19.38	11-15 yrs	19.05
Metro	19.56	Agriculture	23.00	16-20 yrs	19.92
				above 20 yrs	20.35
Total	19.55	Total	19.55	Total	19.55
Type of scheduled bank		Managerial level		Monthly income	
public sector	19.84	senior manager	19.88	below 30,000	21.00
private sector	19.46	assistant manager	19.22	30,000-50,000	19.51
RRB	17.22			50,000-70,000	19.29
				70,000-90,000	18.70
				above 90,000	21.96
Total	19.55	Total	19.55	Total	19.55

The results of mean score analysis between age and occupational stress indicated that above 50 years of age group executives (Mean=21.24) had more stress than others. The mean score analysis between gender and occupational stress showed that male executives (Mean=19.62) faced more stress than female executives. The mean score analysis between educational qualification and occupational stress depicted that executives having agriculture degree qualification (Mean=23.00) were in high level of stress than others. The mean score analysis between marital status and occupational stress divulged that married executives (Mean=19.60) experienced in the high level of stress than unmarried executives. The mean score analysis between managerial level and occupational stress showed that senior manager cadre executives (Mean=19.88) endured more stress than assistant managers. Mean score analysis between type of scheduled commercial bank and occupational stress depicted that the private sector executives (Mean=20) were having more stress than other banking sector executives. The mean score analysis between place of birth /education and occupational stress indicated that the executives (Mean=21.30) with high level stress had a rural background. The mean score analysis between monthly income and occupational stress indicated that the executives (Mean=21.23) with monthly income below Rs. 30,000 were in the high level of stress. The mean analysis between the experience and occupational stress depicted that the executives (Mean=20.35) having above 20 years of experience were in the high level of stress.

**CAUSES OF OCCUPATIONAL STRESS**

The factors causing stress in a person are termed as stressors. As the social and organizational demands tend to increase the intensity of stressors become more complex in the view point of executives, factors which more caused to generate stress during the work was presented here under:

TABLE 10: CAUSES OF STRESS

	Frequency	Percent
Nature of job	25	11.1
High Workload	33	14.6
Social Responsibility	41	18.1
Interpersonal Conflict	41	18.1
Financial Accountability	35	15.5
Mental Health	29	12.8
Time management	22	9.7
Total	226	100.0

The executives expressed that Social Responsibility, Interpersonal conflict, Financial Accountability, high work load, Mental Health, nature of job and time management were found to be the main causes for stress in decreasing order of importance.

**METHODS FOLLOWED TO REDUCE STRESS**

In the survey schedule, six alternatives were given to help the executives to control the stress. Executives opined that positive thinking, watching television or hearing songs and chatting with friends or family members were the coping strategies most followed to reduce their stress level.

TABLE 11: COPING STRATEGIES FOLLOWED BY THE EXECUTIVES

	Frequency	Percent
Sports/Exercise	23	10.2
Meditation/Yoga/Prayer	39	17.3
Positive thinking	46	20.4
Watching TV/Hearing songs	46	20.4
Chatting with friends/Family members	42	18.6
Taking tea break	30	13.3
Total	226	100.0

**RELATIONSHIP BETWEEN WORK PERFORMANCE AND OCCUPATIONAL STRESS**

The studies have been conducted from time to time to understand the relationship between work performance and occupational stress. Work performance has been greatly linked with occupational stress as it could be seen that individuals who remained satisfied with their work positions performed really well whereas individuals who were really stressed performed bad and were always on the look out to switch over from jobs. When the mental health remained disturbed by stress and strain, it resulted in symptoms such as rise in blood pressure, quickness of breath, tightening of muscles and increased cardiac activity. In this background, the present study examined the relationship between work performance and occupational stress among the bank executives. Hence, Karl Pearson's Co-efficient of correlation was used to find out the relationship.

TABLE 12: CORRELATIONS

		Work performance	Occupational stress
Work performance	Pearson Correlation	1	.555**
	Sig. (2-tailed)		.000
	N	226	226
Occupational stress	Pearson Correlation	.555**	1
	Sig. (2-tailed)	.000	
	N	226	226

\*\* . Correlation is significant at the 0.01 level (2-tailed).

*H: There is no significant relationship between the work performance and occupational stress*

The correlation results showed that the work performance was positively correlated with the occupational stress. It was found that the increase in work pressure had led to increase in occupational stress and decreased work pressure had led to decrease in occupational stress among the executives.

**CONCLUSION**

The satisfied work performance has been an important contributor to positive attitudes and outcomes. A satisfied or happy worker might begin to develop an approach of self-complacency and an overall sense of well-being. Stress is the psychological and physical state that results when resources of the individual are not sufficient to cope with demand and pressure of the situation. Eustress which is also called positive stress is needed to enhance manager's performance. The work performance and occupational stress would affect both individual and the organization. This study shows that the bank executives have high level of work performance and stress. In a way, high level of work performance and occupational stress is good for the organizational success provided the executives are capable of handling both. Otherwise, it may create havoc to the individuals (threat to mental and physical health, quality of life, goal achievement and personal development) as well as for the organization (lead to increased absenteeism, conflict and turnover, reduce quality and quantity of work in the work place). Hence, executives must articulate themselves in managing occupational stress amicably and work for enhancing their performance with positive energy. This will increase their span of control and productivity which are the need of the hour in the contemporary banking environment.

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**CHRONOLOGY OF DIVERGENCES & REVERSALS IN RALLIES & REACTIONS OF NIFTY STOCKS BETWEEN 1<sup>ST</sup> JANUARY 2002 & 31<sup>ST</sup> DECEMBER 2011 ON DAILY CHARTS**

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**ABSTRACT**

Momentum oscillators are devised for identifying acceleration & deceleration of price progression. Overbought & oversold ranges, bull & bear ranges, bullish, bearish divergences & reversals (overt & covert), patterns as well as advance breakouts are the crucial signals analyzed in momentum analysis. This paper is focused on confirmation of chronological sequence in the occurrence of divergences & reversals to enhance efficacy of this technique in trading & investing.

**KEYWORDS**

divergences, momentum, reversals, technical analysis.

**INTRODUCTION**

Over the period of last six decades, technicians & researchers have devised numerous momentum oscillators to suit their requirements. However, Moving Average Convergence Divergence (MACD), The Relative Strength Index (RSI), ROC & %Stochastics have remained the most extensively used oscillators. In this paper, Relative Strength Index [RSI] is used to test the chronological sequence in the occurrence of divergences & reversals. The rationale is that the RSI is a banded, centered, tried & tested oscillator used over the period of 35 years, ever since its introduction in 1978 by Wells Wilder<sup>1</sup>. Andrew Cardwell<sup>2</sup>, John Hayden<sup>3</sup>, Constance Brown<sup>4</sup> & Baeyens Walter<sup>5</sup> have done intensive research on RSI. In my Ph.D. thesis, I had to do a lot of work on RSI to develop my 'Theory of Triple Trend Integration'<sup>6</sup> & confirm that it is more reliable than most of the widely-used momentum oscillators.

Momentum oscillators measure the velocity of price movement in up, sideways or down trend. A trend reversal of momentum is a reversal of momentum, not of price. Actual entry and exit signals come only from reversal of price trend. Normally, the momentum oscillators are expected to mark peaks and troughs at roughly the same time as price, but often it's not the case & oscillators turn ahead of price. The discrepancy between price and momentum oscillators arising out of acceleration and deceleration gives rise to divergences.

**CHART 1: REVERSALS AND DIVERGENCES CHART**



It's an established fact that only bullish & bearish divergences do not indicate acceleration and deceleration in the price velocity but the bullish or bearish reversals also appear before trend reversals. In fact, bullish & bearish reversals not only confirm change in trend but also indicate the conservative price projections with remarkable consistency. All these divergences & reversals may be conceptually overt or covert as explained by John Hayden<sup>7</sup>.

Constance Brown<sup>8</sup> has referred to Andrew Cardwell's statement - "Bearish Divergence is Bullish" and "Bullish Divergence is Bearish". This statement clearly indicates the chronology of divergences as bearish divergences are followed by the bullish reversals & bullish divergences are followed by the bearish reversals.

In this paper I wish to practically test this chronology on all the 50 stocks of NIFTY<sup>9</sup> during the period of 10 years between 1<sup>st</sup> Jan. 2002 & 31<sup>st</sup> December 2011 on Daily charts. The rationale of choosing this period is the fact that during this time markets have clearly passed through the ranging & trending phases. The objective is to evaluate this chronology & make it an important principle of divergence analysis.

Following is the daily chart of NIFTY (cash) for the period between August 2010 & March 2012. This chart depicts two cases of overt divergences & reversals sequentially unfolding the order suggested by Andrew Cardwell.

**Case 1:** point A > point B (red line) on the closing price chart but correspondingly, point C < point D (green line) on underneath 14 RSI. This typical bullish divergence is followed by a bearish reversal. Point G > point H (red line) on the closing price chart but correspondingly, point E = point F (red line) on underneath 14 RSI.

**Case 2:** point A = point B (sky-blue line) on the closing price chart but correspondingly, point C < point K (green line) on underneath 14 RSI. This typical bullish divergence is followed by a bearish reversal. Point I > point J (red line) on the closing price chart but correspondingly, point E = point F (red line) on underneath 14 RSI.

## RESULTS

Following table indicates the similar 589 Bullish Divergence & 466 Bearish Divergence cases of 50 stocks of NIFTY between 1<sup>st</sup> Jan. 2002 & 31<sup>st</sup> December 2011 on Daily charts.

TABLE 1: EVALUATION REPORT

No.	Nifty Stocks <sup>10</sup>	Bullish Divergences <sup>11</sup>	Bearish Reversals <sup>12</sup>	Chronology Confirmed <sup>13</sup>	Bearish Divergences <sup>14</sup>	Bullish Reversals <sup>15</sup>	Chronology Confirmed <sup>16</sup>
1.	ABB	11 [8]	10	7	8 [5]	6	5
2.	ACC	9 [8]	11	6	6 [4]	5	3
3.	AMBUJA CEM	10 [6]	7	5	11 [8]	7	6
4.	AXIS BANK	12 [9]	13	7	9 [6]	7	5
5.	BHEL	12 [9]	15	8	9 [7]	9	7
6.	BPCL	13 [6]	10	6	10 [7]	7	6
7.	BHARTIARTL	9 [6]	7	5	6[4]	3	3
8.	CAIRN	11 [8]	8	6	9 [6]	5	4
9.	CIPLA	13 [9]	10	8	10 [7]	6	5
10.	DLF	12 [7]	9	7	8 [5]	4	4
11.	GAIL	12 [9]	14	8	11 [9]	8	7
12.	GRASIM	11 [7]	9	5	11 [8]	7	6
13.	HCL TECH	12 [9]	10	8	9 [6]	7	5
14.	HDFC BANK	14 [8]	11	9	9[8]	7	6
15.	HONDA MOTO	13 [7]	7	5	10 [8]	7	6
16.	HIND UNILVR	12 [8]	9	7	9 [8]	6	6
17.	HDFC	13 [7]	9	6	11 [8]	7	6
18.	ITC	12 [8]	11	7	13 [9]	10	8
19.	ICICI BANK	13 [9]	9	6	9 [8]	6	6
20.	IDEA	12 [7]	8	6	10 [8]	7	7
21.	INFOSYS TCH	11 [8]	9	7	13 [9]	8	7
22.	IDFC	14 [9]	10	8	10 [8]	8	7
23.	JP ASSOCIAT	13 [5]	8	5	11 [8]	6	5
24.	JINDAL STEL	12 [7]	7	6	9 [7]	7	6
25.	LT	11 [7]	12	6	9 [7]	9	8
26.	M&M	11 [5]	9	5	10 [5]	5	3
27.	MARUTI	13 [8]	9	8	9 [7]	8	7
28.	NTPC	12 [9]	8	7	10 [8]	9	7
29.	NTPC	11 [6]	13	5	9 [7]	8	6
30.	ONGC	13 [7]	9	5	10 [5]	7	5
31.	POWER GRID	13 [8]	8	7	11 [6]	7	5
32.	PNB	11 [8]	8	7	9 [7]	9	6
33.	RANBAXY	11 [6]	9	6	9 [5]	8	5
34.	REL CAPITAL	12 [7]	7	6	10 [7]	9	7
35.	RCOM	11 [8]	6	6	9 [7]	8	6
36.	RELIANCE	12 [9]	9	8	10 [6]	8	6
37.	RELINFRA	13 [9]	8	8	10 [6]	7	5
38.	RPOWER	12 [9]	9	8	9 [7]	8	6
39.	SIEMENS	10 [8]	7	5	10 [6]	7	5
40.	SBIN	16 [7]	11	7	9 [7]	9	7
41.	SAIL	13 [8]	9	7	8 [6]	7	5
42.	STER	11 [7]	9	6	9 [7]	8	6
43.	SUN PHARMA	13 [8]	11	5	11 [7]	9	7
44.	SUZLON	11 [8]	9	7	9 [6]	8	5
45.	TCS	14 [9]	8	6	10 [6]	7	5
46.	TATA MOTORS	13 [8]	12	7	9 [8]	9	8
47.	TATA POWER	13 [9]	10	8	8 [6]	9	5
48.	TATA STEEL	12 [9]	9	8	9 [8]	8	7
49.	UNITECH	11 [5]	8	4	10 [5]	7	5
50.	WIPRO	13 [6]	10	5	9 [6]	8	6
	<b>Total</b>	<b>589 [384]</b>	<b>472</b>	<b>317</b>	<b>466 [339]</b>	<b>366</b>	<b>295</b>

Chronology Confirmed: 80.13% [82.55 %]

Chronology Confirmed: 78.54% [87.02 %]

## FINDINGS

The table indicates that in 384 [80.13%] cases out of 589, a bullish divergence has led to the formation of bearish reversals. This result, has great significance to the traders & investors. I also tested the impact of one technical filter, based on the research findings of Andrew Cardwell.

It's proven by Andrew Cardwell that 14 RSI remains between 35–100 in a major bull trend, seen on the higher time frame (weekly charts in this case). If bearish reversals are to be confirmed, the major trend must be either overbought (> 80) or bearish (< 35). When this filter is used, the results improved from 80.13% to 82.55 %. This has been shown in the brackets (bullish divergences column).

Similarly, the table indicates that in 366 [78.54 %] cases out of 466, bearish divergences have led to the formation of bullish reversals. This result, has great significance to the traders & investors.



It's also proven by Andrew Cardwell that 14 RSI remains between 65–00 in a major bear trend seen on the higher time frame (weekly charts in this case). If bearish reversals are to be confirmed, the major trend must be either overbought (< 65) bearish on higher time frame. When this filter is used, the results are improved from 78.54 % to 87.02 %. This has been shown in the brackets (bearish divergences column).

## **CONCLUSION**

The findings of this research paper are enough to confirm that there is consistency in the appearance of divergences & reversals and if the filter of tidal 14 RSI is used in the manner described earlier, there is still higher chronological consistency in the appearance of divergences & reversals.

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12. Overt & covert bearish reversals.
13. Bullish divergences followed by bearish reversals.
14. Single & multiple bearish divergences.
15. Overt & covert bullish reversals.
16. Bearish divergences followed by bullish reversals.

**PROMOTING ENTREPRENEURIAL INTENTIONS THROUGH CREATIVE BEHAVIORS AND ENTREPRENEURIAL COMPETENCIES: A CASE STUDY ON WORKPLACE INTERNS IN TAIWANESE FRANCHISES**

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**ABSTRACT**

*Entrepreneurship, a critical trend in the global economic development, is inseparable from the new opportunities, products, services, procedures, technologies, and organizations generated through creative behaviors. Because high entrepreneurial intentions promote initial entrepreneurial behaviors, fostering the entrepreneurial intentions of young people is crucial. Although many worldwide universities are currently promoting entrepreneurship courses, it is critical that these courses correspond with actual workplace experiences to effectively enable students to develop and accumulate creative and entrepreneurial behaviors, competencies, and intentions. In this study, a questionnaire survey based on self-perception theory was administered to interns working in franchises in Taiwan. According to a structural equation analysis, creative behaviors (i.e., idea generation, promotion, and realization) improved entrepreneurial competencies, which in turn significantly elevated entrepreneurial intentions. A workplace internship model was established to encourage the interns to apply their creative behaviors to enhance their entrepreneurial competencies and intentions, thereby supplementing the gap in the relationship between creative behaviors and entrepreneurial intentions. Finally, suggestions and implications are proposed for applying creative behaviors and entrepreneurial competencies to raise entrepreneurial intentions.*

**KEYWORDS**

creative behavior, entrepreneurial competency, entrepreneurial intention.

**INTRODUCTION**

Entrepreneurship plays a vital role in global economic development (Pfeifer, Šarlija, & Sušac, 2014). In response to rapidly changing and intensely competitive business environments, enterprises have established creative, innovative, and entrepreneurial activities to continually enhance business performance (Prahalad & Hamel, 1994). The Taiwanese economic system is primarily based on small and medium enterprises (Small and Medium Enterprise Administration, 2014), earning Taiwan the nickname “the Boss Island” (Shieh, 1992). Previous studies have indicated that high entrepreneurial intentions promote actual initial entrepreneurship (Pfeifer et al., 2014). Therefore, fostering entrepreneurial intentions through creative and innovative activities is crucial. Currently, because technical and vocational education (TVE) is closely related to economic development and the future development of enterprises, schools have established cooperative ventures with enterprises on industry-oriented implementation and internship courses in addition to improving the job opportunities of students through practical empowerment, innovation, and entrepreneurship training. Such ventures are aimed at developing competency-oriented core professional abilities, practical training courses, and job ethics to strengthen the employability, creativity, innovativeness, and entrepreneurial competencies of students (Ministry of Education, 2013; Liu, Xu, & Weitz, 2011). Practical training and internships are critical course components that provide an interactive platform for schools, enterprises, and students. Employers emphasize internships because of the numerous benefits they provide (Gault, Leach, & Duey, 2010), including easier professional talent recruitment and training, as well as the intangible development of team creativity, creative behaviors, and entrepreneurial spirit, and entrepreneurial competencies in students (Chang, Yeh, & Tien, 2014; Yeh & Hsiang, 2014; Yeh, 2011).

In the current context of entrepreneurship education, because the work arrangements for students influence their innovative behaviors, existing entrepreneurship education is concerned with fostering creative skills and behaviors that can be applied in job practices, education, and environments supporting innovation (Gundry, Ofstein, & Kickul, 2014). Internships must provide opportunities for students to demonstrate their innovativeness. During an internship, students must be encouraged to provide additional input and innovation. Through generating new ideas, students must be able to apply improvements in work operations to respond to customer needs and solve problems creatively (Katz-Buonincontro & Ghosh, 2014). Thus, internship enterprises can invest more in creativity and innovation than other enterprises can (Carmeli & Spreitzer, 2009), and they can also promote the entrepreneurial competencies of students. Additionally, through their external behaviors in workplace internships, students can determine whether they are truly interested in their respective fields of study (Chang et al., 2014) and evaluate their own entrepreneurial intentions.

Entrepreneurs of retail businesses continue to constitute the largest group of entrepreneurs in Taiwan (Small and Medium Enterprise Administration, 2014). Developing the entrepreneurial competencies and intentions of students has become increasingly crucial for the future development of retail businesses. New challenges and developmental trends have emerged in retail and franchise businesses worldwide, but few studies on workplace internship experiences have investigated the changes in innovative and entrepreneurial behaviors or the competencies and intentions of interns. Therefore, the concept of situational learning has been incorporated into increasingly more studies on innovation and entrepreneurship (Seuneke, Lans, & Wiskerke, 2013). Following the rapid expansion of workplace internship systems, further exploring student behaviors in generating, promoting, and realizing ideas, along with their entrepreneurial competencies and intentions, is thus necessary.

**LITERATURE REVIEW****SELF-PERCEPTION THEORY**

Self-perception theory posits that attitudes toward a certain event facilitate recalling past behaviors related to that event, through which people deduce their attitudes regarding the event at that time. Specifically, attitudes are used to rationalize a person's own behavior toward an event after it has occurred rather than to predict the behavior (Domagalski, 1999; Martin, Knopoff, & Beckman, 1998; Putnam & Mumby, 1993). This theory has been supported by numerous empirical studies. If a person lacks experience or has not considered a certain attitude, then he or she tends to deduce their attitude according to their behaviors; when he or she holds the attitude for an extended period and is aware of it, then the person's behaviors are likely to be influenced by their attitude (Domagalski, 1999; Martin et al., 1998).

In the present study, self-perception theory was adopted to investigate how interns self-assess their entrepreneurial intentions according to the creative behaviors and entrepreneurial competencies they perceive during their workplace internships. To fulfill the prerequisites of the theoretical structure (Domagalski, 1999; Martin, Knopoff, Beckman, 1998; Putnam & Mumby, 1993), a control condition was implemented as follows: (a) before the internships, the interns were verified as having no clear or consistent entrepreneurial motivations, ideas, or intentions; (b) the entrepreneurial motivations, ideas, or intentions of the interns were not obviously generated out of external coercion (e.g., by managers or family members); (c) the interns exhibited inadequate or ambiguous understanding of entrepreneurial knowledge, skills, resources, and practices; and (d) the interns lacked external feedback sources for the entrepreneurship, and their self-perceptions of their own attitudes were primarily determined through their external behaviors and the situations in which such behaviors were displayed.

**RELATIONSHIPS AMONG IDEA GENERATION, PROMOTION, AND REALIZATION, AND ENTREPRENEURIAL COMPETENCIES AND INTENTIONS**

**IDEA GENERATION, PROMOTION, AND REALIZATION VERSUS ENTREPRENEURIAL COMPETENCIES:** Existing creative behaviors related to the workplace comprise a complex series of three phases: idea generation, idea promotion, and idea realization (Scott & Bruce, 1994). The first phase of a creative behavior, idea generation, involves a person creating an innovative idea by searching for new working methods, technologies, and tools, and then formulating a unique solution to a problem (Janssen, 2000, 2004). The second phase, idea promotion, requires innovative people to establish work group cooperation and support and search for a resource supply for their ideas and intentions (Scott & Bruce, 1994). Specifically, idea promotion involves mobilizing support and acknowledgement for innovative ideas, as well as inspiring vital group members to develop the ideas (Janssen, 2000, 2004). In the third phase, idea realization, innovation models are constructed, such as those that can be touched or experienced, diffused, mass-produced, turned to productive use, or institutionalized, to accomplish creativity-based objectives. In other words, innovative work behaviors can be experienced, applied, and used in a job role, group, or innovative organizational model, and are thereby realized (Scott & Bruce, 1994). Therefore, when innovative ideas are converted to practice, applied in a work environment, and the consequent benefits of the idea have been evaluated, such behaviors can have considered as a demonstration of creativity (Janssen, 2000, 2004).

Throughout these three phases, creative behaviors are expressed in the following six processes: (a) finding new technologies, processes, techniques, and product ideas; (b) generating creative ideas; (c) presenting and promoting new ideas; (d) when necessary, establishing investigation groups and acquiring funds to realize new ideas; (e) developing appropriate plans and work schedules to realize new ideas; and (f) demonstrating innovativeness (Scott & Bruce, 1994). However, not everyone can express these creative behaviors; although some people can demonstrate all of them, others may manifest only one or a few of them (Scott & Bruce, 1994). Accordingly, the three distinct creative behaviors (i.e., idea generation, idea promotion, and idea realization) are inter-correlated. According to this discussion, the following three hypotheses were proposed:

**H<sub>1</sub>:** Idea generation positively correlates with idea promotion.

**H<sub>2</sub>:** Idea generation positively correlates with idea realization.

**H<sub>3</sub>:** Idea promotion positively correlates with idea realization.

This study investigated the relationship between various creative behaviors and entrepreneurial competencies and intentions. Entrepreneurial competencies are individual behaviors that are either inherited from birth or learned from the environment and can be considered capabilities, personality traits, and personal behaviors (Liñán, Rodríguez-Cohard, & Rueda-Cantuche, 2011; Liñán, Urbano, & Guerrero, 2011). Entrepreneurial competencies comprise the following seven dimensions: (a) opportunity recognition (Timmons, 1994); (b) the combination of domain-related skills, creativity-related skills, and job motives (Amabile, 1997); (c) problem-solving (Liñán et al., 2011); (d) leadership (Dafna, 2008); (e) communication skills (Liñán et al., 2011); (f) development of new products and services (Schumpeter, 1934); (g) networking and establishing professional contacts (Liñán et al., 2011). These factors also involve the concepts of creative behavior (Janssen, 2000).

Regarding the work environment, individual creative behaviors are the foundation of high-performance organizations; not only are they critical for accumulating intangible human resources for enterprises, but they are also crucial for improving organizational efficiency and competitiveness (Carmeli & Spreitzer, 2009). In other words, when people display creative behaviors in the workplace, they demonstrate more involvement in their work and greater ability in developing new ideas. Through the generation of new ideas, improved working methods can be applied to respond to customer needs. Thus, workflow can be promoted and more creativity and innovation can be input into an organization (Carmeli & Spreitzer, 2009). Compared with typical work outcomes, innovative behaviors require a more adventurous spirit, open-mindedness, and creativity in generating ideas and realizing novel and feasible ideas (Carmeli & Spreitzer, 2009; Scott & Bruce, 1994). Timmons (1994) maintained that a successful entrepreneur must possess three abilities (i.e., creativity, communication skills, and leadership) and use them to foster entrepreneurial teams, discover entrepreneurial opportunities, and develop resources for entrepreneurship. A successful entrepreneur is typically a considerably creative person, which enables them to discover entrepreneurial opportunities before other people do by observing changes in social and population structures, consumer behaviors, technologies, and industrial structures (Timmons, 1994). Specifically, Hansen et al. (2011) reported that assessing an innovative business involves using innovative, adventurous, positive, and active behaviors as the standards of assessment. Janssen (2000) maintained that generating, promoting, and realizing new ideas must be aimed at applying such ideas in job roles, groups, and throughout an entire organization. When organizational members understand new ideas (novel or adopted) or solutions they have formulated, they typically promote them and seek various resources for support to develop an application model for the organization according to the use and benefits derived from the final products and services; such members establish creative behaviors that facilitate innovation (Carmeli & Spreitzer, 2009). On-the-job learning is essential in establishing professional knowledge and a basis for fostering innovative behaviors (Amabile, 1998). Through this learning process, people develop not only their potential for creating new working methods, but also promote work behaviors that enable realizing new ideas such as searching for new technologies, processes, and skills or generating new ideas (Yeh, 2011; Carmeli & Spreitzer, 2009). These behavioral characteristics facilitate the development and expression of entrepreneurial competencies. Accordingly, the following three hypotheses were formulated:

**H<sub>4</sub>:** Idea generation promotes entrepreneurial competencies.

**H<sub>5</sub>:** Idea promotion promotes entrepreneurial competencies.

**H<sub>6</sub>:** Idea realization promotes entrepreneurial competencies.

**ENTREPRENEURIAL COMPETENCIES VERSUS ENTREPRENEURIAL INTENTIONS:** Entrepreneurial intentions refer to the extent of desire people have regarding their choice of entrepreneurship (Peng, Lu, & Kang, 2012; Thompson, 2009). Recent studies have implied that entrepreneurial intentions are a type of mental orientation, such as desires, wishes, and hopes, which affect a person's choice of entrepreneurship (Peng et al., 2012). Thompson (2009) indicated that entrepreneurial intentions exhibit several orientations (e.g., broad interests and concrete actions that are at an advanced stage) that are related to entrepreneurial behaviors. Entrepreneurial intentions are not simply yes-no questions; they involve an extremely narrow or broad range of assessments on whether a person expresses the intent to promote plans and spend time learning (Thompson, 2009). Therefore, through combining the viewpoints of Thompson (2009) and Peng et al. (2012), the present study defined entrepreneurial intentions as the extent of desire that a person has regarding his or her choice of entrepreneurship.

Alvarez and Busenitz (2001) maintained that to manage sustainable entrepreneurs, entrepreneurs must possess adequate abilities, attitudes, and knowledge—particularly creativity and the ability to recognize opportunities—and acquire the basic resources and opportunities required for the initial phases of entrepreneurship. According to previous studies, people who desire to perform certain behaviors or tasks express higher energy and motivation compared with people

who have no such desire. When an entrepreneur attains a certain level of ability, he or she attempts to understand and acquire the basic resources and opportunities required for the initial phases of entrepreneurship (Alvarez & Busenitz, 2001). Realizing an entrepreneurship requires not only entrepreneurial competencies, but also persistence, which is particularly critical because it reflects whether a person has consistent basic values, interests, and interests in other people or groups, and it is concerned with whether people have direct experience with persistence. If a person has adequate experience and a consistently positive attitude, then his or her behaviors are more likely to correlate with their attitudes (Domagalski, 1999; Martin et al., 1998; Putnam & Mumby, 1993).

Because workplace internships are a type of experiential learning, the ongoing learning processes interns or learners undergo are perceived experiences. Learners commit themselves to a reflective experience and associate their current learning experiences with their past, present, and future. Such experiences have a unique personal meaning to learners; specifically, the processes and outcomes of learning are of particular importance to learners, and the processes concern the entire self, including the body, cognitions, feelings, and actions. Numerous abilities correlate significantly with specific learning outcomes (Robbins & Judge, 2009). In other words, the entrepreneurial competencies that interns develop during their internship assist them in expressing their entrepreneurial intentions. Accordingly, the following hypothesis was proposed:

**H<sub>1</sub>:** Entrepreneurial competencies promote entrepreneurial intentions.

## METHODOLOGY

### SAMPLE AND DATA COLLECTION PROCEDURE

A questionnaire survey was conducted on fourth-year students of vocational colleges or universities of technology in Taiwan who had completed a minimum of 6 months' internship. The participants completed courses on creativity, entrepreneurial education, communication management, and leadership before commencing their internships, which were primarily offered by service enterprises such as retail and franchise businesses and logistics companies. The internship sites were located at the retail outlets, factories, and logistics plants of franchise companies, and the tasks included retail service, warehouse management, inventory management, logistics management, merchandising, store management, ordering, and cashier work. These tasks involved the competencies the interns would require to become entrepreneurial managers of franchise businesses in the future. Twenty universities of science and technology as well as vocational and technological colleges were randomly selected, and through the internship centers and departments providing internship courses at these schools, 50 interns were randomly selected to be interviewed individually by two internship instructors before commencing their internships. Subsequently, the instructors jointly evaluated whether the selected participants met the following four conditions: (a) the participants did not possess any clear entrepreneurial motives, thoughts, or intentions before their internships began; (b) the participants' motives, thoughts, or intentions were not clearly generated by external pressures such as enterprise managers or family members; (c) the participants' entrepreneurial knowledge, skills, resources, and processes were insufficient or ambiguous; and (d) the participants lacked external feedback sources regarding entrepreneurship. Any intern who did not fulfill any of these conditions was removed from the sample and another intern was randomly selected. During the internships, the instructors regularly visited and interviewed the interns and enterprise managers to understand and confirm that the interns' conditions and tasks were consistent with the original plans. A total of 1,000 questionnaires were randomly distributed to interns who had completed at least 6 months of their internship. Among the 355 questionnaires that were returned, 17 were invalid and removed, leaving 338 valid questionnaires, which constituted a valid response rate of 33.8%.

### MEASUREMENT

To formulate the initial scalar question items, we first defined idea generation, idea promotion, idea realization, entrepreneurial competencies, and entrepreneurial intentions in the workplace internships, and then collected and organized relevant literature and adapted items from existing scales. To derive the status of workplace internships in Taiwan, interviews were conducted to add, revise, and generalize critical items to supplement the literature. The interviews were conducted by the managers of internship enterprises concurrently cooperating with the universities and science and technology. The managers were experienced in internship planning, intern training, and work supervision, and they planned to interview 12 interns. The items were developed and revised according to the guidelines that Hinkin (1998) proposed for shortening items by using simple and positive sentences and addressing one topic with a given item. The post-interview potential items were then examined and revised by two internship managers and an internship mentor to clarify the items for subsequent respondents and to ensure that each item addressed only one question. A 5-point Likert scale was used to measure the responses, with values ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). Subsequently, the newly added and revised potential and multiple items derived from extant scales and the interview data were organized to create the initial scale. A content validity analysis was conducted on the initial constructs. The managers and mentor discussed the items individually to determine whether they reflected the original concepts and were semantically clear; those that were semantically confusing, repetitive, or inconsistent with the original concepts were removed or revised. The revised items were then reviewed and corrected by five domain experts who had doctorates, years of practical experience with entrepreneurship, a minimum of 2 years of internship mentoring experience, and were specialists in entrepreneurial education. From the discussion among the five experts, the following scales were derived.

**IDEA GENERATION:** The idea generation behavioral scale (three items) was based on the scale by Janssen (2000, 2004) and was concerned with the cognition of the interns regarding their behaviors related to generating new ideas, searching for new working methods, technologies, or tools, and forming original solutions during internships. An example of the items developed is, "During the internship, I constantly created new solutions to solve difficult problems." All three items were retained after the interviews and a pretest. Higher scores indicated that the interns were more capable of generating new ideas. This scale attained a Cronbach's  $\alpha$  of .83.

**IDEA PROMOTION:** The idea promotion behavioral scale (three items) for evaluating the interns' behaviors related to mobilizing support, acquiring others' acknowledgement, and motivating organizational members to develop innovative ideas was also based on a scale developed by Janssen (2000, 2004). An example of the items developed is, "During the internship, I actively sought for support from the manager and colleagues regarding my innovative ideas." All the three items were retained after the interviews and a pretest. Higher total scores indicated that the interns were more capable of promoting their ideas. This scale attained a Cronbach's  $\alpha$  of .85.

**IDEA REALIZATION:** The idea realization behavioral scale (three items) was also based on the scale developed by Janssen (2000, 2004). The items measured the interns' ability to apply innovative ideas in practice, introduce new ideas to the work environment, and evaluate the benefits of their ideas. An example of the items developed is as follows, "During the internship, I applied the innovative ideas into practices." All three items were retained after the interviews and a pretest. Higher total scores indicated a greater ability in realizing ideas. The scale attained a Cronbach's  $\alpha$  of .82.

**ENTREPRENEURIAL COMPETENCIES:** The entrepreneurial competency scale by Liñán et al. (2011) was adapted in this study and reflects the influence of the students' workplace internship experience on their individual behavior. The scale was used to evaluate the interns' professional abilities that they would need after completing their internships such as applying professional abilities in practice, possessing a basic understanding on workflow, and learning by doing. Initially, the scale contained six items; however, after a pretest, three items were eliminated. The remaining three items included "After completing the internship, I clearly understand the knowledge required for entrepreneurship," and "After completing the internship, I am now capable of planning for entrepreneurship." Higher total scores indicated that the interns demonstrated a higher level of entrepreneurial competence. The scale attained a Cronbach's  $\alpha$  of .81.

**ENTREPRENEURIAL INTENTIONS:** The entrepreneurial intention scale in this study was adapted from Thompson (2009). This scale was used to measure the interns' attitudes and desire regarding their choice of entrepreneurship. After a pretest, one item was eliminated. The remaining five items included "After completing this internship, I am determined to start a business," and "After this internship, I am committed to establishing and managing a company." Higher total scores indicated a higher level of entrepreneurial intentions. This scale also attained a Cronbach's  $\alpha$  of .89.

To avoid common method variance, each set of questionnaires was distributed to the selected interns at two time points: the first time point was 2 weeks prior to the end of the internship period (creative behaviors and entrepreneurial competencies were examined), and the second time point was 1 week after the internship was completed (entrepreneurial intentions were examined). For the data analysis, the data returned by the interns were used as the data source for exploring the interns' creative behaviors, entrepreneurial competencies, and entrepreneurial intentions for the subsequent hypothesis verification. Thus, the bias caused by the same interns filling out the data of the independent and dependent variables simultaneously at the same time point was avoided. AMOS.60 was

employed to conduct a confirmatory factor analysis on the questionnaire data, and SPSS.16 was employed to confirm the construct validity and test the overall research model and hypotheses (Cohen & Cohen, 1983).

**DATA ANALYSIS**

**RELIABILITY, VALIDITY, AND CORRELATIONAL ANALYSES**

The Cronbach’s  $\alpha$  values were above .80 for all of the scales, and the factor loadings were above 0.70 for all of the retained items, indicating that the scales applied in this study attained satisfactory reliability and validity. Table 1 lists the reliability and validity analysis results.

**TABLE 1: RELIABILITY AND VALIDITY ANALYSIS RESULTS**

Variables	Items	Factor loadings	Cronbach’s $\alpha$
Idea Generation	Q1	.83***	.83
	Q2	.71***	
	Q3	.75***	
Idea Promotion	Q4	.81***	.85
	Q5	.87***	
	Q6	.73***	
Idea Realization	Q7	.88***	.82
	Q8	.87***	
	Q9	.83***	
Entrepreneurial Competencies	Q10	.75***	.81
	Q11	.87***	
	Q12	.83***	
Entrepreneurial Intention	Q13	.80***	.89
	Q14	.80***	
	Q15	.80***	
	Q16	.91***	
	Q17	.80***	

Note. \*\*\* $p < .001$

According to the correlation analysis results (Table 2), idea generation, idea promotion, and idea realization were significantly correlated with entrepreneurial competencies and entrepreneurial intentions. Entrepreneurial competencies correlated more significantly with entrepreneurial intentions than did either idea generation, idea promotion, or idea realization.

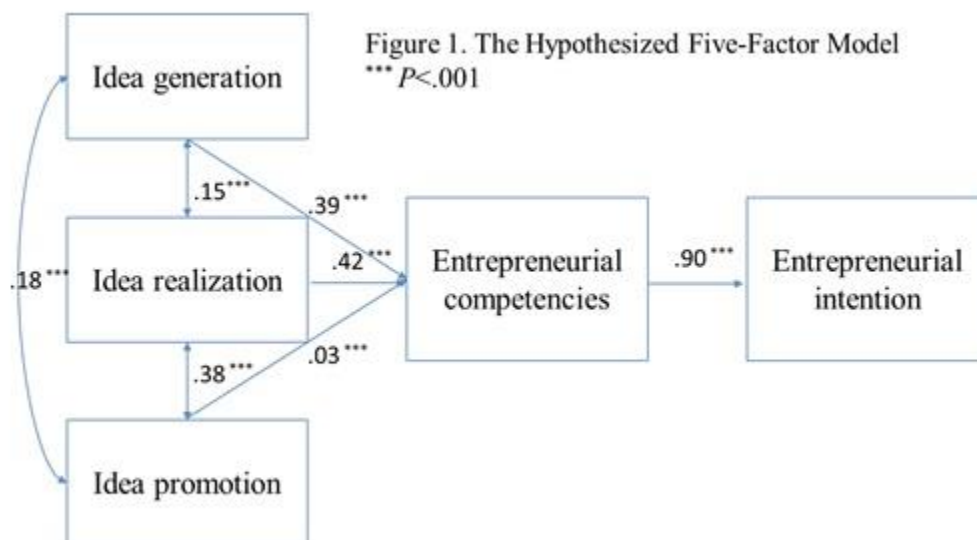
**TABLE 2: CORRELATION ANALYSIS RESULTS**

Variables	Idea Generation	Idea Realization	Idea Promotion	Entrepreneurial Competencies	Entrepreneurial Intention
Idea Generation	1				
Idea Realization	.409**	1			
Idea Promotion	.455**	.775**	1		
Entrepreneurial Competencies	.237**	.362**	.306**	1	
Entrepreneurial Intention	.271**	.331**	.310**	.680**	1

Note. \*\* $p < .005$

**OVERALL CONCEPT MODEL AND HYPOTHESIS VERIFICATION**

Figure 1 shows the overall structural model goodness-of-fit indices ( $\chi^2 = 276.35$ ;  $df = 112$ ;  $\chi^2/df = 2.467$ ). The model goodness-of-fit results are as follows: GFI = .84; AGFI = .86; NFI = .90; IFI = .87; CFI = .87, root mean square error of approximation = .05;  $p < .001$ . According to the model verification standard established by Segars and Grover (1993), the research results indicate that the overall model goodness-of-fit was acceptable. In other, the three types of creative behaviors were inter-correlated. In particular, the correlation between idea realization and idea promotion ( $\beta = .38$ ,  $p < .001$ ) was higher than those between idea generation and idea promotion ( $\beta = .18$ ,  $p < .001$ ) and between idea generation and idea realization ( $\beta = .15$ ,  $p < .001$ ). Therefore,  $H_1$ ,  $H_2$  and  $H_3$  are supported. The hypothesis verification revealed that idea generation ( $\beta = .39$ ,  $p < .001$ ), idea promotion ( $\beta = .03$ ,  $p < .001$ ), and idea realization ( $\beta = .42$ ,  $p < .001$ ) positively influenced entrepreneurial competencies; therefore,  $H_4$ ,  $H_5$  and  $H_6$  are supported. Additionally, the effect of idea realization on enhancing entrepreneurial competencies was significantly higher than those of idea generation and promotion. And entrepreneurial competencies have a significantly positive influence on entrepreneurial intentions ( $\beta = .90$ ,  $p < .001$ ), thus supporting  $H_7$ .



## DISCUSSION AND CONCLUSION

From the perspective of self-perception theory, this study explored the environmental context of internship enterprises. Examining the idea generation, promotion, and realization behaviors and entrepreneurial competencies of interns in a 6-month retail internship revealed that all three types of creative behavior positively influenced their entrepreneurial competencies. In particular, idea realization had the most significant effect in enhancing their entrepreneurial competencies. In internship work environments, when interns encounter difficult problems, they seek acknowledgement and acceptance from managers and colleagues for the new solutions they formulate, and these innovative solutions are applied in practices and introduced in the internship workplace. Creative internship behaviors similar to this equip interns with entrepreneurial knowledge on work processes through practical learning and application. According to previous studies on applying the learning model to on-the-job training, learning outcomes can be categorized into verbal information, intellectual skills, motor skills, attitudes, and cognitive strategies (Robbins & Judge, 2009). In other words, the learning outcomes of workplace internships and entrepreneurship involve behaviors and attitudes that, through interacting with environmental changes, are critical to the prerequisites of entrepreneurship. Creative and innovative behaviors and activities are the basis of entrepreneurship (Gundry et al., 2014). When interns prepare to start their own businesses, they can discover opportunities for success through applying the creative behaviors they learn through their internship experience. Therefore, the creative behaviors of interns enhance their entrepreneurial competencies.

This study confirmed that entrepreneurial competencies had a considerable effect in promoting entrepreneurial intentions. When the interns learned entrepreneurial competencies, such as entrepreneurship knowledge, solve problems related to work and daily living and retail management in their internships, they earned an advantage over other first-time entrepreneurs for establishing and managing their own companies in the future. Interns must reflect on and apply their own experiences for self-understanding and self-evaluation of their career needs, abilities, resources, and work objectives (Domagalski, 1999; Martin et al., 1998; Putnam & Mumby, 1993). Therefore, entrepreneurial competencies promote entrepreneurial intentions.

The model proposed in the present study verifies the benefits that workplace internships provide in developing students' entrepreneurial intentions and may provide a reference for franchise managers and entrepreneurship educators on encouraging and managing the entrepreneurial development of interns. According to previous studies on the relationship of entrepreneurial competence and idea generation, promotion, and realization behaviors, as well as entrepreneurial intentions, idea promotion and realization are centered on creativity, which is the manifestation of novel and practicable ideas (Janssen, 2000, 2004). Creative connections generate new opportunities for developing new products, services, procedures, technologies, and organizations, which are at the core of entrepreneurship (Gundry et al., 2014). This is because individuals and their organizations generate new ideas through interacting, thereby providing opportunities for entrepreneurial success. Such is the value derived from creative innovation (Gundry et al., 2014; Ward, 2004). When individuals and groups introduce new products and procedures to their organizations, they attempt to project benefits for the company or its shareholders. This is a pattern of innovative behavior. Specifically, behavioral activities related to innovations are crucial for the competitiveness of new enterprises (Gundry et al., 2014). Furthermore, a person's entrepreneurial activities are influenced by his or her social experiences, personal interests, competencies, and personal traits. Individual competencies are generally related to a person's desired occupational intentions such as their ambition to become an entrepreneur. Therefore, providing interns with an opportunity to express their creative behaviors through workplace internships enhances their entrepreneurial competencies and thereby promotes their entrepreneurial intentions.

According to the results of this study, we propose three suggestions. First, regarding internship systems and entrepreneurship education (including coursework), school authorities must actively establish close and systemized academic-industrial intern partnership models with enterprises to strengthen the creativity, innovation, and entrepreneurship training of interns, and they must maximize the number of hours they are offered for their workplace internships. For example, students must be able to use technologies or instruments to discover new work methods, create unique solutions to problems, promote innovative ideas together with managers and colleagues, apply the ideas they develop in practice by introducing them into the workplace, learn how to assess the effectiveness of their innovative ideas, and acquire knowledge on and develop plans for entrepreneurship. Thus, interns can learn and apply creative behaviors and entrepreneurial competencies, and the quality of their internships can be focused on developing their creative, innovative, and entrepreneurial competencies. Second, for existing academic-industrial intern partnerships, school authorities can provide competency-oriented internship experiences for students by formulating a comprehensive internship outcome evaluation system. In such a system, internship outcome indices should be implemented to evaluate the interns' idea generation, idea promotion, idea realization, and entrepreneurial competencies, and to assess the effectiveness with which interns perform tasks assigned by the enterprises, which would facilitate further developing their creative behaviors and entrepreneurial competencies. Finally, enterprises must provide a friendly on-the-job learning environment; for all the dimensions, such as service and product development, group cooperation, interpersonal interactions, work environment, task design, and student self-achievement, creative and innovative work atmospheres must be actualized.

## RESEARCH IMPLICATIONS

### ACADEMIC IMPLICATIONS

Internships provide students with an opportunity to evaluate their career development status, understand whether they are suitable or interested in certain professions, and experience the complexity and pressure of the workplace, thereby improving their competitiveness and innovative capacity (Beggs, Ross, & Goodwin, 2008). Student interns can experience working in multiple departments to acquire actual experience and additional opportunities to learn from mentors. In other words, internships enable students to recognize business opportunities, which can promote their entrepreneurial intentions (Chang, et al., 2014). According to self-perception theory, people's behaviors affect their attitudes; people tend to assess their own attitudes according to their behaviors and the environment in which such behaviors are exhibited. Generally, students are unclear about their entrepreneurial intentions when they first start working in an actual workplace. Enterprise internships improve the perceived entrepreneurial competencies of individuals and teams, and thereby provide an opportunity for them to assess their entrepreneurial intentions. Regarding the entrepreneurial intentions and behaviors of student interns, most current studies adopt the theory of planned behavior (Ajzen, 1991) and the intention-based models of social cognitive career theory (Pfeifer et al., 2014); for entrepreneurial competencies, most studies adopt experiential learning theory (Katz-Buonincontro & Ghosh, 2014). However, these viewpoints are based solely on cognitions and attitude-behavior; they do not explain the actuating effect that the behaviors and abilities of interns have on their entrepreneurial intentions. Because enterprise and entrepreneurial work environments are socially dynamic environments, studies on entrepreneurship should incorporate multiple theoretical perspectives (Seunke et al., 2013). Moreover, creativity, innovation, and entrepreneurship are interrelated. In the present study, self-perception theory was adopted to construct a structural model of workplace internship behaviors and attitudes. The proposed model provides a basis for exploring the actuating effect of the creative behaviors and entrepreneurial competencies on the entrepreneurial intentions of student interns. In addition, it supplements research on the relationship between creative behaviors and entrepreneurial intentions, and expands the application of the theory to workplace internships. These were the vital theoretical contributions of this study. This study also provides a reference for future studies on the development of entrepreneurship teaching and learning, internship innovation, and the manifestation of creative and innovative behaviors, as well as the theoretical structures underlying entrepreneurship education for TVE services.

### PRACTICAL IMPLICATIONS

**Reinforce creative behaviors, basic entrepreneurial abilities, and training talent:** Development of TVE services has bottlenecked on teaching designs and student learning. When entering the workplace, students must effectively relearn critical creative and innovative abilities and behaviors emphasized by enterprises through cooperation and adaptation. This reveals a gap between school education and employment regarding the expression of creativity and development of the creative behaviors, entrepreneurial competencies, and entrepreneurial intentions of students. The results of this study may also serve as a reference to assist practitioners in designing personnel training activities in order to more effectively satisfy student needs, improve the quality of their input and learning outcomes, and assist them in applying their creative, innovative, and entrepreneurial abilities in the workplace, all of which benefit their creative, innovative, and entrepreneurial performance, both individually and in group work.

**Construct workplace internship models for improving entrepreneurial competencies and intentions:** Typically, university graduates from developing countries have stronger entrepreneurial intentions compared with those from developed countries. However, workplace internships have been practiced for years and have

enabled students to develop specialized job skills before graduation (Liu et al., 2011). However, few graduates in Taiwan have the opportunity to apply the entrepreneurial intentions and competencies they develop in their internships. Research on workplace internship outcomes have typically focused on work competencies, employment achievements, and role transformation (Gault, Redington, & Schlager, 2000; Liu et al., 2011). To investigate the effectiveness of workplace internships in improving the entrepreneurial intentions of students, a broader range of perspectives must be adopted to explore other predispositions (Karimi et al., 2014) such as at the level of enterprises (e.g., internship environment conditions, social support) (Gamboa, Paixão, & de Jesus, 2013) and characteristics of students (e.g., attitudes, emotions, abilities, behaviors) (Chen & Chen, 2011; Lewis, 2013; Liu et al., 2011). Thus, to understand students' entrepreneurial intentions, franchise interns retrace their behaviors from their internship, deduce their entrepreneurial competencies according to these behaviors, and finally consider their entrepreneurial intentions. Internships in franchise and retail businesses generate diverse synergies. First, students gain real-world experience from their internships such as applying and strengthening their specialized job skills and increasing their confidence, developing their work values and interests, reevaluating their job options, providing work experience, establishing professional interpersonal networks, and reflecting on their own strengths and weaknesses. Second, students have more job opportunities after graduation and are more able to adapt to the expectations of their first jobs. Third, students get to experience higher-level career development from their internships. Numerous franchise and retail stores have been effective in encouraging young people to start their own businesses through creative development and innovative management. Therefore, research on entrepreneurial intentions must focus on the creative behaviors of interns during their workplace internships and explore the entrepreneurial behaviors and open-thinking methods that enable interns to engage in the production, planning, and promotion of creativity in the workplace, as well as how they accumulate resources to realize their creative ideas (Yeh, 2011; Carmeli & Spreitzer, 2009). Thus, the basic competencies and intentions for entrepreneurship can be developed, and creativity-oriented workplace internship models that benefit the entrepreneurial competencies and intentions of students can be established through applying self-concept theory.

**Evaluate external creative behaviors, entrepreneurial competencies, and entrepreneurial intentions:** Recent sales internships provided by retail and franchise internship enterprise units involve five core disciplinary skills related to sales abilities (i.e., communication skills, organizational skills, teamwork and leadership skills, computer skills, and marketing and sales skills) and five experiential conditions (i.e., positive attitudes, work ethics, professionalism, creativity, and industry and field knowledge) (Swanson & Tomkovic, 2012). Previous studies on assessing franchise internship outcomes have typically focused on cognitions, emotions, competencies, and attitudes; although this research stream stresses developing the creativity of interns, few related studies have examined specific creative behaviors and entrepreneurial competencies. Therefore, through observing internship work environments, we revealed the practical outcomes of the creative behaviors and entrepreneurial competencies of interns by constructing a workplace internship model of such behaviors and competencies, thereby expanding the implications of internship outcome assessments and filling a research gap in international research.

## RESEARCH LIMITATIONS AND SUGGESTIONS FOR FURTHER STUDIES

Several limitations were encountered while conducting this study. First, we adopted a cross-sectional research design and conducted a questionnaire survey on students only after they had completed their internships; however, internship tasks of the various phases and the changes in the job competencies after experiential learning were not investigated. Future studies should consider adopting a longitudinal qualitative or an experimental research with control designs to further examine the learning content involved in developing the creative behaviors, entrepreneurial competencies, and entrepreneurial intentions of intern students in various workplace settings, as well as the behavioral and psychological changes students experience during their internships. Thus, the perceptions students have regarding their creative, innovative, and entrepreneurial behaviors can be clarified. Second, we sampled only franchise businesses in Taiwan as the workplace internship environment, and the participants were students in the universities of science and technology. Consequently, our results are only applicable to TVE services and franchise businesses but not to other education services, enterprises, nonprofit organizations, and public sectors. Future studies should consider exploring the relationship among creative behaviors, entrepreneurial competencies, and entrepreneurial intentions in the internship tasks and on-the-job training in other industries. Third, interns can be assigned to temporary, part-time, or full-time internship positions; however, the context of this research was limited to full-time positions. Future studies should consider focusing on how the experiential quality of these internships influences the creative behaviors, entrepreneurial competencies, and entrepreneurial intentions of interns according to the hours they work. Fourth, we focused on students' individual-level self-assessments to evaluate the job competencies that they developed in their internships, in addition to their internship goals and course design set by their schools and workplaces. Such a single-level self-assessment method is inadequate for comprehensively evaluating the research objective of this study from other perspectives. Future studies should involve a higher group and higher organizational levels in their investigation. Data can be collected through adopting a cross-level research design, in which mentors and enterprise managers can be requested to conduct such assessments to reduce common-method variance. Moreover, this approach would enable the effects of internships on creative behaviors, entrepreneurial competencies, and entrepreneurial intentions to be examined from various perspectives. Finally, this study included only single-level variables related to five workplace internships in the research structure. Other variables related to entrepreneurial intentions or mediators and moderators of creative behaviors, entrepreneurial competencies, and entrepreneurial intentions (e.g., other procedural variables, mentor-related variables, external or internal instigation, and demographic) were not considered in the structure. Future studies should consider including other research variables related to internships, such as experiential quality and the type of tasks, to investigate the effects of these variables on creative behaviors, entrepreneurial competencies, and entrepreneurial intentions.

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## ACCOUNTING AND ETHICS A TOOL OF FORESIGHTEDNESS

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**ABSTRACT**

*The paper aims to study the issues related to ethics and role of accountant. When an accountant audits the firm it becomes his duty to take every care to present the true picture of business to the public. In this context, this paper focuses on the following aspects: the concept of ethics, accounting associations to frame guidelines related to ethics, various scandals in the field of accounting and finance, and steps to prevent those issues. Although code of conduct is framed for almost every kind of profession e.g. in the field of medicine, law, police, teaching, administrative services etc. but so far business is concerned it is nevertheless less important reason being in such places public money is involved and accountant is assigned the task of showing the truth and fairness of the business. The paper presents a theoretical framework as well as some empirical research and recent developments in the field of ethical accounting. The paper has presented in detail the developments in the field ethical accounting. Formation of different accounting associations to regulate the work of accountants at global level shows the need of such issues as the financial and accounting scandals are increasing. Although the development in the field of accounting and ethics are going hand in hand prominently because every development brings different problems specially when cross border trade takes place and there is change in accounting methods from one country to another. The point which is to be noted for the accountant is to act in most genuine way for the welfare of the large group without thinking that someone is watching.*

**KEYWORDS**

accounting ethics; accounting ethical associations; accounting scandals.

**INTRODUCTION**

**E**thics is knowing the difference between what you have a right to do and what is right to do. Stakeholders are of great importance as they are always interested in knowing the correct financial position of the company in which they are attached, because it is the only tool which is available to them to know the functioning of the company. Hence it becomes the duty of the people preparing financial statements to provide true and fair position of the company.

Ethics plays an important role in all the professions otherwise the wave of commercialization and easy making of money could have destroyed the very spirit of the genuine work where trust plays very important role. The word ethics itself means individual behavior and community culture. Various individuals would be having different opinion on the same subject because of which what is perceived as right by one may be considered wrong by the other. Hence doing what one thinks right may not always be the right thing to do. This is the essence of the term Ethics which may be defined as "those moral principles which guide the conduct of the individuals irrespective of the difference of the opinions among individuals.

This may be one of the main causes of making code of conduct of different professions, had it been medicine, teaching, accounting or business. When we talk of business it seems that this is the place where there is no role of ethics, but it is totally wrong so far this perception is concerned reason being business is run for the society and the money invested in big companies relates to the public, so it becomes the moral responsibility of the business to work in public interest. At present it is the need of the hour because the number of business scandals worldwide is shooting up.

**RELEVANCE**

A public company uses large amount of capital of its investors who actually do not directly controls the business. How will they be communicated about the functioning of the company, it is only the financial statements prepared by the accountants which will convey them regarding the financial position of the company but if we look at the frauds committed by companies we find that it is utmost important to not only know but to make companies aware about the ethical aspect of accounting.

**METHODOLOGY**

This is an empirical study which throws light on recent developments in the field of accounting and ethics.

**CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS**

Doing right thing does not automatically bring success, but compromising ethics almost always leads to failure.

**IESBA**

International ethics standard board for accountants develops an internationally appropriate code of ethics for professional accountants. It is an independent standard setting body. The objective of ISEBA is to serve is the public interest by setting high quality ethics standard for professional accountants. Its long term objective is convergence of code's ethical standard for professional accountants, including auditor independent standards, with those issued by regulators and national standard setters. Convergence to a single set of standards can enhance the quality and consistency of services provided by professional accountants throughout the world and can improve the efficiency of the global capital markets.

IESBA consists of 18 board members from around the world of whom no more than 9 are practitioners and no less than 3 are public members.

**IFAC**

International federation of accountants has established the ethics standard board for accountants to develop and issue ethical standards for professional accountants for use around the world. The code of ethics for professional accountants establishes ethical requirements for professional accountants. The approach of accountant shall be to act in public interest. It was founded in 1977, and currently comprised of more than 175 members and associates in more than 130 countries and jurisdictions representing almost 3 million accountants in public practice, education, government service, industry and commerce.

As part of its public interest, IFAC contributes to the development, adoption and implementation of high quality international ethics standards for accountants, primarily through its support of IESBA.

**PART A OF THE ACT**

As per this part the accountants are required to abide by the guidelines given on the fundamental ethical principles.

**PART B AND C**

Part B applies to professional accountants in public practice and part C applies to professional accountants in business.

**FUNDAMENTAL PRINCIPLES OF IFAC**

- **INTEGRITY**

An accountant should be straightforward while dealing with the client. This will bring in order various things required by the accountant. In addition to it he should be honest in professional and business relationship.

- **OBJECTIVITY**

While carrying out the work of accounting and auditing he should not allow bias, conflict of interest or undue influence on professional/ business judgments.

- **PROFESSIONAL COMPETENCE WITH DUE CARE**

An accountant should not only be professionally qualified rather he should be aware of the current developments in practice, legislation and techniques.

- **CONFIDENTIALITY**

Without any specific authority it is ethical to maintain confidentiality. It should not be used by the accountant to benefit any third party.

- **PROFESSIONAL BEHAVIOUR**

It means comply with relevant laws and regulations and avoid actions that is not allowed by the profession.

**WORST ACCOUNTING SCANDALS AT A GLIMPSE****1. WASTE MANAGEMENT SCANDALS (1998)**

It reported \$1.7 billion in fake earnings.

**WHAT THEY DID**

The company falsely increased the depreciation time length for their property, plant and equipment on the balance sheet.

**2. ENRON SCANDAL (2001)**

Shareholders lost \$74 billion

**WHAT THEY DID**

It kept huge fund off the balance sheet.

**3. WORLD COM SCANDAL**

It inflated assets by as much as \$11 billion.

**WHAT THEY DID**

Underreported cost by capitalizing it rather than expensing it and inflated revenues with fake accounting entries.

**4. TYSCO SCANDAL**

CEO and CFO stole \$150 million and inflated company income by \$500 million.

**WHAT THEY DID**

Money was taken via approved loans fraudulent stock sales. Money of company was given to executives as bonus and benefits.

**5. HEALTH SOUTH SCANDAL (2003)**

Earnings were inflated to \$1.4 billion to meet stockholder's expectations.

**6. FREDDIE MAC (2003)**

\$5 billion in earnings were misstated.

**WHAT THEY DID**

It intentionally misstated and understated earnings on the books.

**7. AMERICAN INTERNATIONAL GROUP SCANDAL (2005)**

Its accounting fraud was to the extent of \$3.9 billion.

**8. LEHMAN BROTHERS SCANDAL (2008)**

Its accounting scandal was to the extent of \$50 billion.

**9. BERNIE MADOFF SCANDAL (2008)**

Investors in this company was paid out of their own money rather than from profit.

**10. SATYAM SCANDAL (2009)**

It falsely boosted revenue by \$1.5 billion.

**FRAUDULENT FINANCIAL REPORTING**

When there is misstatement in financial statement which is intentional is called fraudulent financial reporting. This presents incorrect information to the stakeholders. Fraudulent financial reporting can be:

**1. MANIPULATION**

It can be false representation or alteration of accounting reports or supporting documents from which financial statements are prepared.

**2. MISREPRESENTATION**

It means intentional omission from the financial statements of events, transactions or other significant information.

**3. WRONG ACCOUNTING**

It means intentional misapplication of accounting principles relating to amounts, classification and manner of presentation or disclosure.

**4. FALSIFIED DOCUMENTATION**

It means changing the information by providing false records e.g. fictitious invoices

**5. COLLECTIVE FRAUD**

Fraud can also be committed by collective planning of employee and management.

**CONCLUSION**

To conclude it can be said that although the frauds are mounting up but this is not the sole responsibility of the auditor. After all he is not directly related with the preparation of the records. The emphasis requires to be given to the internal control where the role of management accountant is of great significance. The management accountant needs to develop a good internal control system and clarity of accounting assumptions and principles which are going to be incorporated in the books of accounts. Once the books are maintained properly the work of the auditor will be reduced, as he is just the outsider whose work is to give his opinion only on financial transactions. The rules made by various law making bodies that is International ethics standard board for accountants and International federation of accountants along with the introduction of corporate social responsibility which itself includes true and correct preparation of books of accounts will improve the reliability of financial information. More the reliability of financial statement more will be the confidence of the stakeholders. It will certainly give advantage to the company to compete in the business. So far human mind is concerned when superseding the laws fraud is committed new laws are enacted.

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**JOB SATISFACTION AND SURVIVAL OF IMMIGRANT EMPLOYEES WITH REFERENCE TO TIRUPUR****DR. K. BRINDHA****HEAD****DEPARTMENT OF B.COM (PA)****DR. SNS RAJALAKSHMI COLLEGE OF ARTS & SCIENCE (AUTONOMOUS)  
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COIMBATORE****ABSTRACT**

*Job satisfaction is the major base to have a good organizational climate. Employees job satisfaction is the major tool that yields the organization higher productivity. The main objective of this paper is to evaluate the job satisfaction of immigrant employees and the influence of age-group, material status with job satisfaction. The result indicate that marital status has found significant influence on the level of job satisfaction by the immigrant employees.*

**KEYWORDS**

productivity, job satisfaction, marital status, immigrant employees.

**1.1 INTRODUCTION**

Employee satisfaction and retention have always been important issues in an organization. Job satisfaction has been made a top priority as satisfied employees tend to be more productive, creative and committed to their employers, and it is found that there is a direct correlation between staff satisfaction and productive capacity. Logically a happy employee is a “better” employee, which is often defined as a “more productive” employee. Willa M. Bruce and J. Walton Blackburn explain, “Managers and workers alike pursue job satisfaction in the often naive belief that it leads directly and surely to that other workplace ideal – high performance.

One important facet of study on population is the study of migration arising out of various social, economic or political reasons. For a large country like India, the study of movement of population in different parts of the country helps in understanding the dynamics of the society better. At this juncture in the economic development, in the country, especially when many states are undergoing faster economic development, particularly in areas, such as, manufacturing, information technology or service sectors, data migration profile of population has become more important. When a person is enumerated in census at a different place than his / her place of birth, she / he is considered a migrant. This may be due to marriage, which is the most common reason for migration among females-or for work, what is the case as generally among males, etc. It also happens that many return to their place of birth after staying out. To capture such movements of population census, collect information on migration by last helps to understand the current migration scenario better. In India, as per census 2001, about 307 million people have been reported as migration by place of birth. Out of them about 259 million (84.2%), migrated from one part of the state to another, i.e., from one village or town to another village or town. 42 million (2%) from outside the country. The data on migration by last residence in India as per Census 2001 shows that the total number of migrants has been 314 million. Out of these migrants by last residence, 268 million (85%) has been intra-state migrants, those who migrated from one are of the state to another. 41 million (13%) were interstate migrants and 5.1 million (1.6%) migrated from outside of the country. There are various reasons for migration as per information collected in Census 2001 for migration by last residence. Most of the female migrants have cited ‘Marriage’ as the reason for migration, especially when the migration is within the state. For males, the major reasons for migration are ‘work/employment’ and ‘education’.

**1.2 RELATED WORKS**

Wang, Xiaoyun (2005) investigates the work adjustment and job satisfaction of Filipino immigrants in Canada to explore the impact of self-efficacy and perceived social support from different sources, such as other immigrant coworkers, Canadian-born coworkers and management. The sample is composed of 142 Filipino immigrant employees. The results show that Filipino immigrant employees' work adjustment is significantly correlated with self-efficacy and perceived support from peer immigrants and Canadian-borns, while job satisfaction correlates with support from Canadian-born coworkers and management only, and not with perceived support from peer immigrants and self-efficacy. Whereas Filipino immigrant employees reported greater support from other immigrant coworkers, this source of support was not found to have any significantly higher correlation with work adjustment. The support from management, however, was found to have a significantly higher correlation with Filipino immigrant employees' job satisfaction than other sources.

Lu, Ying (2011) studied 214 professional immigrants born in mainland China was undertaken to examine their adaptation into the Australian workplace. It investigates the predictors of acculturation strategy selection including language proficiency, education experience in the host country, work-related experience outside the home country, and social support at work. Cluster analysis showed that professional Chinese immigrants have a predominant preference to maintain their home culture while logistic regression revealed that a model combining higher levels of English proficiency and social support at work predicted higher levels of acculturation. Findings also revealed that social support at work is the better indicator of acculturation among this immigrant group. The article concludes with practical implications for organizations and managers.

**1.3 STATEMENT OF PROBLEM**

Tirupur is a city in the South Indian state of Tamil Nadu, 47 km (29 miles) from Coimbatore. It is also known as “knitwear capital” of India. It has spurred up the textile industry in India for the past three decades. It contributes to a huge amount of foreign exchange in India. The city being enriched as a knitwear capital of India, exports Rs. 120 billion worth of goods. Netaji Apparel Park has 53 companies manufacturing knitwear for exports. Each unit will be a model to answer the requirements of international standards in all aspects. In addition to investment of INR 920 million on infrastructure and factory buildings about INR 3 billion is being invested on machinery. The NAP presently provides employment to 15,000 people and generates export revenue of Rs. 15 billion from the apparels produced in it. There are nearly about 3000 sewing units, 1326 knitting units, 730 dyeing units and other ancillary units. Some of the world's largest retailers including C&A, Switcher SA, Walmart, Primark, Oviesse, Switcher, Polo Ralph Lauren, Diesel, Tommy Hilfiger, M&S, FILA, H&M, Reebok import textiles and clothing from Tirupur. Majority of the workers are immigrant from pan Tamil Nadu and some extent of workers are immigrant from pan India. Job satisfaction is the major base to have a good organizational climate. Employee's job satisfaction is the major tool that yields the organization higher productivity. Mainly in case of organizations that are purely based on human labour and their performance job satisfaction plays a major role. The relationship between the personnel working in the organization, the relationship with the management, satisfaction towards the job in which the employees work, the remuneration paid for it and utilization of the respondent's

talents, appreciation of their efforts and job security determines the job satisfaction of the respondents. This made to study on job satisfaction and security of immigrant employees with special reference to Tirupur.

#### 1.4 RESULTS AND DISCUSSION

The main objective of this paper is to determine the job satisfaction of immigrant employees in garment industry, Tirupur. It is also bringing out the job description, job satisfaction and job security of the employees. Totally 80 immigrant employees were identified and collected their opinion regarding job satisfaction.

**TABLE 1: DEMOGRAPHIC PROFILE OF THE RESPONDENTS**

Age	Nos.	Percent
Below 20 years	21	26.25%
21-30 years	53	66.25%
31-40 years	5	6.25%
41-50 years	1	1.25%
Above 50 years	0	0.00%
Marital status	Nos.	Percent
Married	39	48.75%
Unmarried	41	51.25%
Educational qualification	Nos.	Percent
School Level	22	27.50%
Diploma level	31	38.75%
Under graduate	17	21.25%
Post graduate	5	6.25%
Professional	3	3.75%
Others	2	2.50%
Experience in Garment Industry	Nos.	Percent
Less than 1 year	29	36.25%
1 to 3 years	44	55.00%
3 to 5 years	3	3.75%
Above 5 years	4	5.00%
Nature of Work	Nos.	Percent
Contract worker	15	18.75%
Temporary worker	42	52.50%
Permanent worker	7	8.75%
Others(specify)	16	20.00%

It is observed from the table 1 that 66% of the respondents were between 21-30 yrs of age group, 26% of them were below 20 yrs of age group, 6% of the respondents were between 31-40 yrs of age group, and 1% of the respondent was between 41-50 yrs of age group. 51% of the respondents were unmarried, and 49% of the respondents were married. 39% of the respondents were diploma holders, 28% of the respondents were completed school level, 21% of the respondents were Under Graduates, 6% of the respondents were Post Graduates, 4% of the respondents were Professionals, and 3% of the respondents were completed other studies. 55% of the respondents were having 1-3yrs of experience with garment industry, 36% of the respondents were having less than 1yr of experience, 5% of the respondents were having above 5yrs of experience, and 4% of the respondents were having 3-5yrs of experience. 53% of the respondents' were working temporarily in this company, 20% of them were working with other category, 19% of the respondents' were contract workers, and 9% of the respondents' were permanent worker.

**TABLE 2: PLACE OF ORIGIN – FROM WHERE IMMIGRATED TO TIRUPUR**

From where Immigrate to Tirupur?	Nos.	Percent
Nepal	8	10.00%
Rajasthan	35	43.75%
Madhya Pradesh	6	7.50%
Bihar	3	3.75%
Orissa	10	12.50%
Kerala	7	8.75%
Uttar Pradesh	2	2.50%
Karnataka	2	2.50%
Andhra Pradesh	7	8.75%
<b>Total</b>	<b>80</b>	<b>100.00%</b>

It is observed from the table 2 that 44% of the respondents were immigrant from Rajasthan, 13% of the respondents were immigrant from Orissa, 10% of the labours were immigrant from Nepal, 9% of the respondents were immigrant from Andhra Pradesh, and Kerala, 8% of the respondents were immigrant from Madhya Pradesh, 4% of the employees were immigrant from Bihar, and 3% of the respondents were immigrant from Uttar Pradesh, and Karnataka. The table 3 shows the reason for immigration, 53% of the respondents were immigrated for neutral disaster reason, 25% of them were immigrated for economic prospect, 14% of the employees were immigrated for by escaping conflict, and 9% of the respondents were immigrated for family re-unification.

**TABLE 3: REASON FOR IMMIGRATION**

Reason for immigration	Nos.	Percent
Escaping conflict	11	13.75%
Natural disaster	42	52.50%
Family re-unification	7	8.75%
Economic prospect	20	25.00%
Others	0	0.00%
<b>Total</b>	<b>80</b>	<b>100.00%</b>

TABLE 4: RESPONDENT'S OPINION REGARDING JOB SATISFACTION

Job Satisfaction	Nos.	Percent
Highly Satisfied	23	28.75%
Satisfied	44	55.00%
Neutral	2	2.50%
Dissatisfied	4	5.00%
Highly Dissatisfied	7	8.75%
<b>Total</b>	<b>80</b>	<b>100.00%</b>

The table 4 shows that 55% of the respondents were satisfied with their current job, 29% of them were highly satisfied, 9% of them were highly dissatisfied, 5% of them were dissatisfied and 3% of the respondents were neutrally satisfied with their current job.

The main objective of this paper is to evaluate the job satisfaction of immigrant employees and the influence of age group, marital status with job satisfaction. The following table shows the chi-square analysis between age, marital status and job satisfaction of the immigrant employees.

*H<sub>0</sub>: Age and marital status have no significant influence on the level of satisfaction in job by the immigrant employees.*

*H<sub>1</sub>: Age and marital status have significant influence on the level of satisfaction in job by the immigrant employees.*

TABLE 5: CHI-SQUARE – AGE &amp; MARITAL STATUS VERSUS JOB SATISFACTION

Demographic Profile	Chi-Square Value	df	p-value	S / NS
Age group	17.838	12	0.121	NS
Marital Status	12.721	4	0.013	S

$P \leq 0.05$  is significant

It is observed from the above table that chi-square analysis was performed between age group, marital status of the respondents and level of satisfaction towards job by immigrant employees. The calculated Pearson chi-square value of age group is 17.838, degree of freedom is 12 and its p-value is 0.121. Similarly, the marital status has found the chi-square value 12.721 and its p-value 0.013. This analysis is tested at 5% level of significance. It is noticed from the result that marital status group's p-value is less than the level of significance; hence the null hypothesis is rejected. It is concluded that marital status has found significant influence on the level of job satisfaction by the immigrant employees.

## 1.5 CONCLUSION

Job satisfaction of an employee can be measured by means of the opinion of the respondents towards his job description, the interpersonal relationship that is prevalent in the organization and the feeling of job security by the respondents in the organization he works. This study is intended to analyze the job satisfaction and survival of immigrant employees specially working in garment industries in Tirupur. Further, this research also explores the adaptability and the problems of immigrant employees. This research is very essential to discovery lifestyle of immigrant employees and it may be helpful to Government for designing the policy and protection of immigrant employees.

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## A STUDY ON HUMAN RESOURCE DEVELOPMENT TRAINING IN RASHTRIYA ISPAT NIGAM LIMITED (VISAKHAPATNAM STEEL PLANT)

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### ABSTRACT

*Indian Steel industry has always remained isolated and protected by Government, where the steel industry was never expected to generate profit from business, but was expected to provide employment to the unemployed. Presently India is operating with open-hearth furnaces. Help a person to develop self-confidence, speak with ease in front of small and large audience, remove communication gap and remove barriers in communication & personality. While the majority is satisfied with the training programs offered to them, HRD department of RINL can further improve the training programs in order to satisfy the respondents who are dissatisfied with the training programs. The survey also shows that the training programs are varied in nature and cover almost all the job requirements. Wherever special training programs are required RINL makes sure that these training programs are conducted.*

### KEYWORDS

quality policy, team working, emotional competence, HR training, job training programs.

### HUMAN RESOURCE MANAGEMENT

**H**uman Resource Management (HRM) is the function within an organization that focuses on recruitment of management and providing direction for the people who work in the organization. HRM can also be performed by line managers.

HRM is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training.

HRM is also a strategic and comprehensive approach to managing people and the workplace culture and environment. Effective HRM enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives.

### HUMAN RESOURCE DEVELOPMENT

#### INTRODUCTION

The part of human resource management that specifically deals with training and development of the employees.

Human resource development includes training an individual after he/she is first hired, providing opportunities to learn new skills, distributing resources that are beneficial for the employee's tasks, and any other developmental activities.

#### AIM

The main aim of HR development programs include planning development programs based on identified performance gaps by enabling individuals to achieve short-term and long-term career goals and supporting succession planning by implementing leadership development programs. HR development programs also help organizations comply with local, state and federal regulations.

### OBJECTIVES OF THE STUDY

1. To understand the various activities of the HRD department.
2. To find out the relation between training and actual job performance.
3. To study the various training programs being offered by HRD department and understand the program objectives.
4. To administer a questionnaire to a selected group of executives for the purpose of ascertaining the effectiveness of various training programs offered by HRD department.
5. To understand the relation between training and other HR parameters like team work, motivation, employee development etc.
6. To study the feedback process that is used for the training program.

### NEED OF THE STUDY

A needs assessment is a systematic exploration of the way things are and the way they should be. These "things" are usually associated with the organization or individual performance.

- **LEGISLATION/POLICY CHANGES** – this puts new demands on the human resource in terms of skill/competencies.
- **LACK OF BASIC SKILLS** – an assessment of the skill level of staff vis-à-vis the job requirements may be evidence of a need.
- **POOR PERFORMANCE** – appraisal may reveal gaps in the performance of an individual or organization.

### INDUSTRY

What's in the name? Nothing, one might say. For steel – a century old metal – there additionally seems no reason for any possible non-unanimity of thought. But here precisely are the chances for out going wrong. True, like most industries, the Indian Steel Industry has experienced the highs and lows of the business cycle, has been impacted by the globalization and has been subjected to the vagaries of market forces in a liberalized set up. But at the end of it all, what we have today is a highly evolved, resilient and an ever – vigilant industry, which through adoption of State-of-the-art technologies has kept pace with changing times, producing an output that has not only stood the test of time but has globally transformed the way men think and do business in steel.

### INDIA'S STEEL SCENARIO

Indian Steel industry has always remained isolated and protected by Government, where the steel industry was never expected to generate profit from business, but was expected to provide employment to the unemployed. Presently India is operating with open-hearth furnaces. The existing equipment, energy and labour in Indian Steel industry are much low than the developed countries.

### PROBLEM OF STEEL INDUSTRY

Non-availability of good quality raw material is another problem faced by iron and steel industry. The modern giant blast furnace needs high-grade iron ore and good metallurgical coal.

**A BRIEF PROFILE OF VISAKHAPATNAM STEEL PLANT**

The Government of India has decided to set up an integrated Steel Plant at Visakhapatnam to meet the growing domestic needs of steel. Visakhapatnam Steel Plant was the effect of the persistent demands and mass movements. It is another step towards increasing the country's steel production.

The decision of the Government to set up an integrated steel plant was laid down by the ten Prime Minister Smt. Indira Gandhi. The Prime Minister laid the foundation stone on 20<sup>th</sup> January 1971.

**HRD OBJECTIVES OF VISAKHAPATNAM STEEL PLANT**

1. To provide initially a suitable match between employee competence level and company's work requirements
2. To foster an appropriate climate and culture which nurtures employee competence and adequate motivational levels for the application of their abilities to assigned jobs/roles with required commitment.

**QUALITY POLICY OF VISAKHAPATNAM STEEL PLANT**

Employees of Visakhapatnam Steel Plant are committed to supply their customer's quality products and services. To accomplish this Visakhapatnam Steel Plant will:

- Manufacture products as per specification and standards agreed with the customer.
- Follow clearly documented procedures for achieving expected quality standard of products and services.
- Continuously strive to improve quality of all material, processes and products.
- Maintain an enabling environment, which encourages active involvement of all employees to pursue continuous improvement of quality.

**TECHNOLOGICAL HIGHLIGHTS OF VSP**

- First shore based integrated steel plant.
- Selective crushing with pneumatic separation of coal blend.
- 7 Meter tall Coke Ovens.
- Dry Quenching of hot coke and production of steam and power from hot inert gases.
- First integrated steel plant onto receive ISO 9002 certification for all its products.

**QUALITY, ENVIRONMENT AND OCCUPATIONAL HEALTH & SAFETY POLICY**

We, at Visakhapatnam Steel Plant, are committed to meet the needs and expectations of our customers and other interested parties, the occupational health and safety of our work force and to preserve the environment. To accomplish this, we will.

- Supply quality goods and services to customer's delight
- Document, implement, maintain & periodically review the management systems including the policy, objectives and targets.
- Use resources efficiently and reduce waste & prevent pollution.

**HR POLICY**

We, at Visakhapatnam Steel Plant, believe that our employees are the most important resources. To realize the full potential of employees, the company is committed to:

- Provide work environment that makes the employees committed and motivated for maximizing productivity
- Establish systems for maintaining transparency, fairness and equality in dealing with employees

**COMMUNICATION & PRESENTATION SKILLS**

- To develop communication & presentation skills of the participants
- Help the participants understand the different tools of communication and how to apply the same in various business situations
- Help the participants to communicate better and use communication as a facilitation process for training, mentoring, counselling, supervising and coordinating
- Help a person to get along with others by developing inter-personal and intra-personal communication and work in groups/teams effectively
- Help a person to develop self-confidence, speak with ease in front of small and large audience, remove communication gap and remove barriers in communication & personality

**TEAM WORKING**

- To enable the participants to gain an insight into the benefits of Team Work and resulting "Synergy"
- To focus the attention of the participants on the factors that govern Synergy and ways & means to enhance & enrich the same
- To enhance the understanding of the participants on the Role and Attributes needed to be a good Team Member
- To provide an understanding of the role of a Leader

**CREATIVITY & INNOVATION FOR EXCELLENCE:**

- To introduce the concept of thinking and the need to consciously activate the brain power
- To introduce the concept of logical thinking and enable understanding and effective utilization of some of the associated techniques
- To introduce the concept of creative thinking and enable understanding and effective utilization of some of the associated techniques.

**LEADERSHIP AND ORGANIZATIONAL DEVELOPMENT:**

- Create a greater appreciation on the Leader's role as a manager/supervisor in the existing environment and initiate activities in line with this role.
- Understand 'Key Management Processes' and how they can apply them effectively in their day to day working for Organizational development
- Imbibe and apply skills of Delegation, Motivation, and Development as part of the leader's role in the team.
- View the role of Leader/Manager primarily as that of "Developing People" to perform to their maximum potential, plot a growth path for them and guide them through the development process in the organization.
- Develop a set of skills to improve personal productivity of the team to achieve organizational goal.

**ASSERTIVENESS & INTER-PERSONAL SKILLS:**

- To provide an insight into, and an understanding of individual's behavior, which could form the basis for improved inter-personal relationships
- To provide an insight into, and an understanding of behavioural dynamics of groups of people and indicate ways & means to make intra and inter-group behaviour more productive
- To consider the impact of different styles of behaviour on positive inter-personal relationships as such, and examine the available ways & means to enhance its qualitative impact on the overall effectiveness and efficiency of work situations

**MANAGERIAL EFFECTIVENESS****FOR E-7 EXECUTIVES**

- To develop a healthy organizational culture which facilitates the accomplishment of organizational objectives as well as individual goals
- To promote psychological well-being of employees
- To help them understand their own strengths and weaknesses and learn the strategies of self-development
- To prepare themselves to face future challenges
- For E-5/E-6 executives:
- To develop integrated self who is effective in professional and personal domain



- To explore three domains of Managerial Effectiveness: Self-Management, Interpersonal Effectiveness and Group Effectiveness
- To enable participants to gain insight into various aspects of managerial skills and human values

**EMOTIONAL COMPETENCE**

- Providing a learning environment that supports and enhances the development of social competence and emotional well-being
- Recognize how their feelings affect their performance

**NEGOTIATION SKILLS**

- Understand the dynamics of negotiation and WIN/WIN Concept
- Review the essential techniques that make negotiation successful
- Develop an understanding of how this approach can be used in relationship with external and internal customers

**WORK-LIFE BALANCE**

- Helping the participants analyze the antecedents and consequences of work-life conflict
- Making the participants understand the challenges associated with managing professional life and personal life

**PERSONAL EFFECTIVENESS FOR GROWTH**

- To bring a shift in attitude and behavior of the participants
- To fill their life with confidence
- Commitment and enthusiasm towards productive work culture

**DEVELOPING YOUNG MANAGERS**

- To enhance the managerial skills of the participants to prepare them to shoulder higher responsibilities

**IMPROVING ORGANIZATIONAL HEALTH**

- To re-convert the work-force from the stage of “not engaged – actively disengaged” to the stage of “engaged work-force”

**BUSINESS ENVIRONMENT & COMMERCE:**

- Understand the principles, techniques, and terms used by business practitioners
- Apply ethics theory to a recent ethical situation in business

**AWARENESS ON VMO & PERSONALITY DEVELOPMENT:**

- Production plan
- Technical parameters achieved vis-à-vis desired plan
- Sustainability plan

**HR TRAINING**

HR Global offers an Internationally recognized Certification Programs to the HR community. This program is perfect if you are a new or aspiring entrant into the HR profession, with people management responsibilities or if you are wishing to gain a broader perspective on the wide ranging activities of an HR professional. We help students with Live Implementation on HR process and hands on Experience with Industry Exposure and getting them trained by HR Experts.

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- Distinguish you among your peers
- Highlight your commitment to your career as an HR professional
- Open doors to unlimited career opportunities and professional growth

**SURVEY ON HUMAN RESOURCE DEVELOPMENT**

Here for the survey on human resource development was prepared where a questionnaire was prepared with 20 questions which comprises options and was distributed to all the employees of various departments in RINL.

Where we have taken 80 samples and the analysis was prepared.

1) Are you satisfied with the effectiveness of the training program?

TABLE 1

S.NO	RATING	RESPONDENTS	PERCENTAGE
1	YES	64	80
2	NO	15	18.75
3	CAN'T SAY	1	1.25
4	TOTAL	80	100

2) Are you satisfied with the subject level of the faculty?

TABLE 2

S.NO	RATING	RESPONDENTS	PERCENTAGE
1	YES	57	71.25
2	NO	8	10
3	CAN'T SAY	14	18.75
4	TOTAL	80	100

3) Do you think that the program is relevant to your line of work?

TABLE 3

S.NO	RATING	RESPONDENTS	PERCENTAGE
1	YES	51	63.75
2	NO	17	21.25
3	CAN'T SAY	12	15
4	TOTAL	80	100

4) Do you think that the program should be offered to all levels of executives?

TABLE 4

S.NO	RATING	RESPONDENTS	PERCENTAGE
1	YES	37	46.25
2	NO	22	27.5
3	CAN'T SAY	21	26.25
4	TOTAL	80	100

5) Do you think that you can apply the learning from this program to your work?

TABLE 5

S.NO	RATING	RESPONDENTS	PERCENTAGE
1	YES	44	55
2	NO	28	35
3	CAN'T SAY	8	10
4	TOTAL	80	100

6) Are you satisfied with the various training programs provided by RINL to its employees both at MDC and TTI?

TABLE 6

S.NO	RATING	RESPONDENTS	PERCENTAGE
1	YES	47	58.75
2	NO	18	22.5
3	CAN'T SAY	15	18.75
4	TOTAL	80	100

7) Do you think that there is an improvement in your personality due to this training program?

TABLE 7

S.NO	RATING	RESPONDENTS	PERCENTAGE
1	YES	50	62.5
2	NO	13	16.25
3	CAN'T SAY	17	21.25
4	TOTAL	80	100

8) Do you think that you can impart the learning from this program to your subordinates?

TABLE 8

S.NO	RATING	RESPONDENTS	PERCENTAGE
1	YES	39	48.75
2	NO	23	28.75
3	CAN'T SAY	18	22.5
4	TOTAL	80	100

9) Are you satisfied with the infrastructure provided for the training process?

TABLE 9

S.NO	RATING	RESPONDENTS	PERCENTAGE
1	YES	57	71.25
2	NO	10	12.5
3	CAN'T SAY	14	17.5
4	TOTAL	80	100

10) Your organisation considers training as a part of organizational strategy. Do you agree with this statement?

TABLE 10

S.NO	RATING	RESPONDENTS	PERCENTAGE
1	YES	40	50
2	NO	29	36.25
3	CAN'T SAY	11	13.75
4	TOTAL	80	100

**FINDINGS**

**1. EFFECTIVENESS OF TRAINING PROGRAM**

64 Respondents out of 80 have responded that the training programs being conducted by the HRD department of RINL are effective and cater to the requirements of the organization.

**2. COMPETENCE OF THE FACULTY MEMBERS**

57 Respondents out of 80 have stated that they satisfied with the competence level of the faculty. This shows that HRD department of RINL chooses its faculty members carefully and makes sure that what they teach is in line with the objectives and goals of the organization.

**3. RELEVANCE OF THE TRAINING PROGRAMS**

51 Respondents out of 80 have stated that the training programs offered to them are relevant to their line of work. This shows that the programs are well designed.

**4. TARGET POPULATION OF THE PROGRAMS**

37 Respondents out of 80 have stated that this program should be offered to all levels of executives. Similarly, 22 respondents have answered in the negative and 21 respondents answered that they cannot decide on the response.

**5. APPLICATION OF THE LEARNING FROM THE TRAINING PROGRAM TO THE WORK PLACE**

44 Respondents out of 80 have stated that they can apply what they have learnt from their training programs to the actual place of work. This shows that HRD department of RINL takes in to account the actual working conditions of the organization while designing the training programs.

**6. SALINIFICATION LEVELS OF THE PARTICIPANTS**

47 Respondents out of 80 have stated that they are satisfied with the various training programs offered by both MDC and TTI. 18 Respondents have stated that they are not satisfied.

**7. IMPROVEMENT IN THE PERSONALITY OF THE PARTICIPANTS**

50 Respondents out of 80 have stated that they find an improvement in their personality due to the training programs offered by HRD department at RINL. This shows that these training programs not only cater to the job requirements of the participants, but also to the characteristics of the person while help him / her in improving their personalities.

**8. TRANSFER OF KNOWLEDGE TO SUBORDINATES**

39 Respondents have answered "YES", 23 Respondents have answered "NO" and 18 Respondents have answered "can't say". This shows that learning can be transferred to the subordinates in some cases and other places it can't be transferred. This may be due to the difference in skills and knowledge levels of the participants and their subordinates.

**9. TRAINING INFRASTRUCTURE**

57 Respondents out of 80 have stated that they are satisfied with the infrastructure providing for training. This shows that RINL has good infrastructure for providing trainings like class rooms, audio visual equipment, course material etc... required for the training process.

**10. TRAINING AS A PART OF ORGANISATIONAL STRATEGY**

40 Respondents answered "YES", 29 Respondents answered "NO" and 11 Respondents have answered "can't say". While some respondents considered training as a part of organization strategy, others think that training is not a part of strategy and is separate from it.

**SUGGESTIONS**

1. While the majority is satisfied with the training programs offered to them, HRD department of RINL can further improve the training programs in order to satisfy the respondents who are dissatisfied with the training programs.
2. Apart from the normal training programs, RINL should also conduct programs that enable the participants to face and overcome special challenges faced at workplace.
3. RINL can think of extending the duration of at least some of its training programs.

**CONCLUSION**

Thus, it can be concluded from the survey that the training programs offered by HRD department of RINL cater to the needs of the organization. These programs help the participants to update their knowledge and skills for their development.

The survey also shows that the training programs are varied in nature and cover almost all the job requirements. Wherever special training programs are required RINL makes sure that these training programs are conducted.

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## MACROECONOMIC CHALLENGES OF INDIA POST 1991 ECONOMIC REFORMS

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**ABSTRACT**

*The aim of this study is to understand and analyse the impact of 1991 economic reforms India implemented for all round development and sustained higher growth rate. The decline in gross domestic product (GDP) growth during 2011-2014 in India raised a debate about whether it is a trend or a business cycle slowdown. We observe a cyclical downturn due to external and domestic conditions. Economic growth in some developing countries has been fundamentally uneven of few sectors grow rapidly but not all of them together. The question is not whether growth is balanced – which it isn't – but whether the abstraction thereof is a useful one (Debraj Ray, Summer-2010)? Most significantly, India is plagued by bureaucratic delays, institutional burdens, poor infrastructure, an unskilled labour force, high illiteracy and dire health conditions. This paper makes reference to a key role played by both Agriculture and Manufacturing for improving agricultural growth, and increasing industrial output, generating employment opportunities for all- round development of the country. Lastly, it examines crucial projects, pending reforms, better targeting of social expenditure to reduce the subsidy burden, and improving country's overall economic performance and eventual financial inclusion. Given that the supply of factors, namely labour, human capital, infrastructure, and non-infrastructure capital appears robust and productivity growth potentially strong, timely reforms that eliminate structural bottlenecks will enable trend growth to pick up.*

**KEYWORDS**

economic growth, inequality, financial inclusion, development, sustainability, agriculture, manufacturing.

**INTRODUCTION**

The purpose of this study is to investigate India's macroeconomic performance post-1991 economic reforms. This paper provides a backup analysis to recognize the benefits of Planned Economic Development, and Structural changes in India post-1991 economic reforms implemented for higher growth rate, and the consequent impact thereof (with a focus from FY: 1991-92 to FY: 2014-15).

The author traces the trends and changes in macroeconomic policy which were implemented as a part of the development strategy. The overall experience of the past two decades seems to have been favourable though India still needs to cover a lot of ground work and must address some of the macroeconomic challenges on a priority basis. And this involves a re-examination of India's development strategy.

The Indian economy recorded robust annual growth of 9 per cent plus during 2004-08 and this high growth phase was also accompanied by consolidation of key macroeconomic indicators but suffered a setback after 2008 global financial crisis along with world economy. With the observed decline in domestic saving and investment rates, there are concerns that India's potential growth rate has now fallen significantly (IMF, 2013; Mishra, 2013).

This paper makes a reference to: the sources of uneven growth; growth and sustainable development; the political economy of uneven growth; inflation and economic growth. This is followed by some discussion on agriculture and manufacturing. Next, the trajectory of India's fiscal policy is focussed on historical trends, the development of fiscal disciplinary framework, country's experience of fiscal response to 2008 global financial crisis, and the subsequent return (U-turn) to a fiscal consolidation path, where a detailed examination of the structural and cyclical behaviour of fiscal variables has been made.

This research also highlights some Macro-Economic Challenges: (12<sup>th</sup> five year plan)

- India must increase the rate of investment, especially in infrastructure;
- Growth of subsidies to be contained / controlled;
- Centre and States to encourage private and PPP route investments in the economy (the Government, household plus corporate).

Lastly, the discussion is made about the current situation of the economy and the factors responsible therefor while citing a reference to UNDP 2015 report on India and some perspectives of the 2016 economic survey. The author has made some suggestions for the improvement in achieving better growth rate in the medium term.

**LITERATURE REVIEW**

A "shining India", which is competing internationally and benefiting from the forces of globalization, technological change, and economies of scale, has grabbed the attention of the world media. In contrast, a "suffering India", not so well publicized but even more important, has unacceptably wide swathes of its population who are poor and vulnerable. The attention to and recognition of the relevance and importance of inclusive growth in the development of Asia and India have been triggered by a rising concern that the benefits of spectacular economic growth have not been equitably shared (Ali 2007).

Inclusive growth involves both poverty and inequality reduction. Ali and Son (2007) defines inclusive growth as the growth process that increases the social opportunity function which depends upon the average opportunities available to the population and how these opportunities are shared among the population. Elena and Susana (2010) defined inclusive growth as that growth which can reduce poverty and allow people to contribute to economic growth and benefit from the said growth process, and have identified the employability of the poor and the cost of capital, geography and infrastructure as building blocks of inclusive growth.

Monetary policy is often pursued to stabilise the economy from output and price shocks. Fiscal policy is often biased towards high growth and employment even at the cost of high inflation (Alesina and Tabelini, 1990; Aurbach, 2004). The 2008 global financial crisis has once again demonstrated the importance of coordinated action of monetary and fiscal policies. Sovereign debt problem in many countries in the euro arena, has also underlined the need for coordination of monetary and fiscal policies.

On the one hand, Government has to increase public spending to boost the economy while on the other; the fiscal deficit has to be controlled to avoid its ill effects. To achieve **fiscal stability and inclusive growth**, attention needs to be given to optimal paths of public consumption, investment, taxes, and borrowing.

There are concerns that India's growth rate which has slowed down (IMF, 2013; Mishra, 2013). Moreover, concerns were expressed about the possible emergence of a balance of payments crisis (for example, Acharya-2013; Mody and Walton-2013; Tarapore-2013), which eventually came to the forefront during June-August 2013, following the expected tapering in monetary policy announcement from time to time by the US Federal Reserve from the accommodative policy pursued hitherto and the concomitant volatility in both the global and local financial markets.

Based on the literature on factors facilitating productivity growth, such as globalization and learning, development of information and communication technologies in India, and spillovers from infrastructure development, we conjecture that productivity can potentially leap forward to the next higher level of growth with the right policy environment.

The appropriate literature review has been carried out in respect of this study. There still exist *gaps* in some macroeconomic variables, e.g. regional disparity, rising inequality despite growth, low rank in HDI, significantly high number of populace who live below poverty line, etc. as India is undergoing development and is in the *process of transforming* lives of her citizen in various areas.

[Note: Enclosed please find the list of sources for 22 papers in excel sheet that the author has gone through in detail and *gaps* are identified in forming the problem statement – were presented at the conference also].

## METHODOLOGY

This study is descriptive in nature hence the emphasis is to describe the present state of affairs of Indian economy, with the existing macroeconomic challenges in particular. Relevant secondary data have been used from various authentic sources [e.g. RBI, CSO-MOSPI, Finance Ministry, Niti Ayog (erstwhile Planning Commission), IMF working paper series, WHO, UNDP, etc.] to arrive at a meaningful analysis.

## RESEARCH QUESTION

Did 1991 economic reforms make positive impact on sustained all round development vis-a-vis higher growth rate in India?

## OBJECTIVES OF THE STUDY

The need and the “objective” for fiscal consolidation and sustainability is one of the key macroeconomic issues confronting Indian economy.

1. To analyse the relationship between growth and all round development post 1991 economic reforms;
2. To analyse the past as well as the present growth trends

## SCOPE OF THE STUDY

The data used are for the selected few macroeconomic variables in line with the problem statement and objectives, for the period 1991-92 to 2014-15. After growing at an average rate of 6.3 per cent in the past three decades (1981–2011), India's gross domestic product (GDP) growth fell from 8.9 per cent in 2011 to 6.7 per cent in 2012 and further to 4.5 per cent in 2013. Following liberalization reforms in 1991, Ghate, Pandey, and Patnaik (2013) find that India started having business cycle fluctuations closer to market-based advanced economies, though characterized by stylized features of emerging economy cycles such as higher relative consumption volatility and countercyclical trade balance.

Investment in infrastructure capital has been increasing over the years, and additions to the physical stock of infrastructure, in terms of roads, rail, telecommunication networks, remain strong. But we see a decline in infrastructure investment post-global crisis, and evidence suggests that besides cyclical factors, policy and structural reasons have also contributed to the fall. Further, over exuberance in investments in infrastructure and non-infrastructure capital due to easy financing conditions resulted into a correction post-crisis, dragging down growth below its long-term trend. In the labour market, even if sufficient and high quality human capital is available, laws and regulations must enable its efficient allocation for labour to meaningfully contribute to output growth.

## NEED FOR INCLUSIVE GROWTH IN INDIA

Achieving inclusive growth for all round development is the biggest challenge in a country like India. In a democratic country like India, bringing 700 million people living in rural India into the mainstream is the biggest concern. The challenge is to take the levels of growth to all section of the society and to all parts of the country. The following are some interrelated elements of inclusive growth:

- Poverty Reduction
- Employment generation and Increase in quantity & quality of employment.
- Agriculture Development
- Industrial Development
- Social Sector Development
- Reduction in regional disparities
- Protecting the environment.
- Equal distribution of income

## OVERCOMING OBSTACLES TO RURAL GROWTH AND URBAN TRANSFORMATION

People living in cities earn far more than those dwelling in rural areas. But that does not change the fact that over 650,000 villages in India are home to nearly 700 million people, and 200 million (Annexure-4) of who are living below poverty levels, are malnourished and merely survive. They must be given the option of living and working on jobs in non-agricultural sectors, jobs that guarantee the basic subsistence for themselves and their families. We cannot escape the conclusion that India needs to grow economically and do it fast.

Our path to economic development has necessarily to be two-fold. One, we have to develop villages, improve agriculture and agro-industries and infrastructure in rural India. Secondly, we need to empower the rural people and give them new opportunities and provide jobs outside villages and agriculture.

They must have the chance to move in step with modern India, the India that is being talked about around the world, but unfortunately the India that exists only in pockets. This would necessarily take a majority of them into cities and semi urban areas and the service sector could possibly be responsible for providing a large chunk of those opportunities.

CK Prahalad estimates that the cost of corruption in India amounts to over 10 per cent of GDP. As he remarks: “A nation does not get rich first and then become less corrupt. It's the other way round”. Grand schemes and plans are drawn up, with extravagant aims and claims of potential success equally extravagant, in pre-election years to garner the support of the rattled public, but they are of no use unless the delivery systems are improved drastically. That would require a truly mammoth effort from changing the working style of bureaucracy, tackling corruption to involving the private sector fully in the development process.

Things may be changing. It is heartening to see our planners becoming conscious of the need for inclusive development. The approach paper on the eleventh five year plan is titled “Towards faster and more inclusive growth”. It reflects the need to make growth more inclusive in terms of benefits flowing through more employment and income to those sections of society which have been left out of the economic growth witnessed in recent years. This change in thinking of people at the helm is welcome but is far from enough by itself.

### PART A

#### 1. SOURCES OF UNEVEN GROWTH

In an economy with a large number of sectors, each sector calls for physical capital and various kinds of human capital in order to produce output. In reality, there are supply bottlenecks and that public resources are not allocated evenly across all sectors of the economy. Indeed, they leave behind several problems of fundamental interest.

Food is perhaps one of such example of long-run uneven growth, one that necessitates basic structural change in the workforce and in resource use. The majority of India's population lives and works in the rural sector. The compositional pattern of demand – and its alteration as income grows – is important whenever substantial costs must be incurred (including the cost of migration and relocation, not to mention training) to transfer factors of production from one sector to another. Like for example Agriculture, industry, coal mining, and software fits the bill.

Growth in India over the last quarter century has indeed been uneven, which has been apparent in several (related) dimensions, with implications for inequality, poverty reduction and human development in the country. This section highlights four areas:

- Growth was uneven across states in India and this has meant uneven progress.
- Growth has been sectorally uneven, with primary sector growth rates lagging behind growth rates in the secondary and tertiary sectors in India, and with rural incomes growing more slowly than urban incomes.
- There has also been uneven growth at the household level. In particular, incomes at the top of the distribution increased much faster than those at the bottom in the country.
- Because the more rapid growth of the country has been so uneven in these dimensions, it has sometimes brought disappointing outcomes in terms of progress against poverty alleviation and other (“non-income”) dimensions of well-being.

#### **GROWTH HAS BEEN GEOGRAPHICALLY UNEVEN**

The aggregate growth performance of India masks considerable unevenness of growth at the sub-stratum. In India, among the states, Bihar lagged behind in absolute growth while Karnataka had the better absolute growth (between 1993-94 and 2013-14) Annexure-5.

#### **2. GROWTH AND SUSTAINABLE DEVELOPMENT**

One is dealing with poverty ridden developing economy on the threshold of globalisation, which stands in contrast with the mature resilient industrial economies following modern growth theories grappling with and finding ways with easy/loose monetary policy. It is the consequent rigidities and slackness in the economic system which give meaning and relevance to the question of macroeconomic sustainability at a given pace and structure of economic growth.

Criteria of growth sustainability are dealt with in two ways. While some are incorporated into the process of growth others are monitored ex post as the growth process follows its own course, to ensure that they remain within tapering limits. The central issue is one of sectoral and overall growth rates and their implications with respect to macroeconomic equilibrium in a broad sense. The issue therefore is to identify growth trajectories consistent with plausible pattern of investment behaviour, and measures of structural changes including productivity growth, manageable within a realistic spectrum of parameters like rate of saving, exchange rate depreciation, external debt, fiscal balance, and per capita domestic food availability.

Surprisingly though, the Government of India (GOI) adapts a crude brutal measure to determine absolute poverty, one that is more basic than the ‘one dollar a day’ definition used by the leading multilateral institutions. But even on the basis of this measure, more than 200 million people in India (Annexure-4) are finding it hard to keep body and soul together – as many as 700 million people survive on less than two dollars a day. Social and spatial inequalities have also increased sharply since 1990. There is “bas inequality,” and this occurs when people are locked out of markets, or from the schools, roads and other routes that lead to the utilisation of human capital and other transferable skills, perhaps on the basis of gender or caste or ethnicity.

India, while continuing to engage actively in the international discourses, needs to take necessary measures because it is one of the faster growing economies but, at the same time, faces a large threat from environmental degradation. To tackle the problem of environment degradation, India has prepared a ‘National Action Plan for Climate Change’ (NAPCC) whose objective is to ‘establish an effective, cooperative and equitable global approach based on the principle of common but differentiated responsibilities and respective capabilities, enshrined in the United Nations Framework Convention on Climate Change (UNFCCC)’.

Under its action plan, there are eight missions that focus on different aspects of the ecology that ensure sustainable and green growth. They are:

- National Solar Mission;
- National Mission for Enhanced Energy Efficiency;
- National Mission on Sustainable Habitat;
- National Water Mission;
- National Mission for Sustaining the Himalayan Ecosystem;
- National Mission for a *Green India*;
- National Mission for Sustainable Agriculture; and
- National Mission on Strategic Knowledge for Climate Change.

#### **3. THE POLITICAL ECONOMY OF UNEVEN GROWTH**

Deliberate government policies can generate comparative advantage in certain sectors, however, which sectors are to be nurtured in this way, or which sectors are to be abandoned? These questions are a subject of constant debate across the developing world.

The first Prime Minister Jawaharlal Nehru sought to manage the modernization of India by pursuing a planned development model that was being widely touted by economists even as the Second Five Year Plan was drawn. Flows of foreign direct investment were thin to reach the ground in the 1950s and 1960s, and probably would have not been welcome. The very scarcity of foreign exchange in the 1950s and 1960s, coupled with poorly formed local stock markets and often weak private trading systems (some of which are coded as “oppressive” or exploitative), incline the Government of India (GOI) to think of economic development to be planned for and delivered by a beneficent state.

Following the failures of 1965 and 1966 monsoons, and in the wake of new data showing that the incidence of absolute poverty in the India countryside had increased from 1961 to 1969. Nehru’s death also came after disastrous war with China in 1962, and these events taken in the round would continue to infect the poisonous political and economic atmospheres in which first Lal Bahadur Shastri (1964-66) and the Indira Gandhi had to make their way as prime ministers.

The new political landscape of the 1970s and 1980s saw not only the diminution of Congress and the rise of the credible opposition parties; it also marked a period in India’s politicalised economy when a prospectively developmental state failed to take off as conceived. The average GDP growth in the 1970s was 2.9 per cent per annum, which was barely positive in per capita income terms. During 1970s and 1980s, the central role played by the state in India’s productive economy – from steel to cars to banking – was such that it suffocated innovation and new start-ups in the organized private sector. For that to change, or so this argument reins, the contradictions of *dirigisme* development in India would necessarily come to a head, as they did with the fiscal and balance of payments crisis of the early-1990s. Only then were politicians and leading business people in India forced to reform the economy and to reform the political systems that underpinned economic mismanagement on a grand scale.

Thus political economy issues here include agricultural subsidies, attitudes to globalization, agrarian land rights, urban property rights, compensation to displaced persons, and transfer of land from agrarian to commercial use such as cash crops and change of user, favouring industries. Much recent research in development economics emphasizes these issues (for example, Besley, 1995; Binswanger, Deininger, and Feder, 1995; Stiglitz, 2002; Goldstein and Udry, 2008; Duffl o and Pande, 2007; Field, 2007; Wang, 2008).

And yet, rapid economic growth did not help the poor. The privatization of space in India’s cities surely hints at another feature of the cities of Latin America, with all its glitz, crime, segregation and violence. Whichever way it goes, the future of economic development and social change in India is intimately bound up with its cities, and with political agenda of urban development, of which we can be certain.

The allocation of limited public resources – be it to infrastructure, tax breaks, subsidies on the use of electricity or fertilizer, or other forms will ultimately depend on debate, discourse, and lobbying as well. At any one point of time, a small subset of economic activities – perhaps “chosen” (e.g. sugar, power) in an entirely random way – appear to be focal, and the attention and energies of the country are drawn thereto. Such is the case with outsourced business in India from the United States and European Economic Union.

#### **4. INFLATION AND ECONOMIC GROWTH**

It will be interesting to know in this context the nexus between inflation-growth in developing countries, particularly, the inflation-growth phenomenon in India. Inflation is undesirable because it adversely affects some vulnerable sections of the population (especially the poor whose earnings are not indexed to prices), distorts relative prices, leads to an appreciation of real exchange rates, and erodes the value of the financial assets. The ultimate policy objective is a higher level of well-being for the population, but a conflict arises in the means in respect of achieving it – by higher growth or by low inflation. There is a trade-off involved and both cannot be achieved in tandem.

The important point policymakers should note that any increase in inflation from the previous period at any level has negative effect on economic growth. However, the fact that the common people and the decision makers do not like inflation has enormous effects on the consumption pattern, which in turn affects output demand.

A case for inflationary method of financing investment has been made to rest on a single yardstick. It has been argued that the disguised unemployed on land in the overpopulated underdeveloped countries like India represent a saving potential which can be actualized in investment if they can be put on new jobs. The lack of finance then does not become a bottleneck, inasmuch as the economy can utilize this unemployed labour in investment on more or less the same level of consumption of food by having recourse to credit-creation, employment generation, in other words.

A tightening of fiscal and monetary policies may achieve lower inflation but only at the cost of growth. Government needs to find the right balance between contractionary and expansionary policies to maximise the welfare of its people.

#### 5. INDIA'S AGRICULTURE

Agriculture has been the backbone of the Indian economy and will continue to remain. It supports almost 17 per cent of world population spread over 2.3 per cent of world geographical area and 4.2 per cent of world's water resources. The workforce engaged in agriculture during 1980-81 and 2006-07 declined by 8.5 per cent; from 60.5 per cent to 52 per cent. Although the country implemented economic reforms in 1990s and achieved a better GDP growth rate, largely through non-agricultural activities, while the share of agriculture in total national income declined from 50 per cent in 1950 to 15 per cent in 2009-10 (at 2004-05 prices), (CSO-2011).

Being a source of livelihood and food security for a vast majority of low income, poor and vulnerable sections of the community, the overall performance of agriculture assumes greater significance for India to remain on growth path. Besides providing food to the nation, agriculture releases labour, provides saving, contributes to market of industrial goods and earns foreign exchange.

During the last two decades, Indian agriculture has been facing major challenges like deceleration in growth rate, declining input efficiency, degradation of natural resources, etc. with consequent adverse effects on food and nutritional security, food inflation and poverty reduction. Agriculture growth in India was mere 3.50 per cent – year-on-year basis (a nine year of period during FY: 2004-05 to 2012-13) as seen from Annexure-1. Moreover, the growth rate of food products and beverages was at 4.46 per cent – year-on-year basis (a nine year of period during FY: 2005-06 to 2013-14) as seen from Index of Industrial Production (IIP) table in Annexure-2.

The 2016 Economic Survey has made a strong case for focusing on the agriculture sector, especially to ensure more efficiency in irrigation, increasing the share of net irrigated area to total cropped area, ensuring affordability and availability of fertiliser and reducing regional disparity, promoting crop-responsive and balanced use of fertilisers, better R&D in seed development, raising water productivity and more mechanisation in the country's farmland.

#### CHALLENGES FOR INDIAN AGRICULTURE SECTOR

1. Although Government programs have sought to make food more affordable to poorer households, **lack of cold-storage facilities and cold-chain transportation** has resulted in large quantities of food being wasted. Some estimates suggest that between 25 and 40 per cent of fruit and vegetable output is wasted during the storage and transportation stages of distribution.
2. **Electricity supply** is another major factor, with rolling brown and black-outs contributing to a loss of food in cold-storage facilities.
3. **Transport infrastructure** is also limited, resulting in further food damage and loss during transit.
4. Most highways in India are narrow and congested, and about 40 per cent of India's **villages have no access to all-weather roads**.
5. Most of the cold chain transportation network is used to distribute milk, with **only around 20 per cent of network available** for the distribution of other food produce.

One of the important strategy challenges for faster, sustainable and more inclusive growth (9.0-9.5% growth rate) in the 12th Five Year Plan under structural changes and unfavourable global economic environment requires a significant acceleration in growth (4.0 to 4.5% growth rate) in agriculture, which has always been an important component for inclusiveness, and recent experience suggests that high GDP growth without high agricultural growth is likely to lead to accelerate in inflation in the country, which would adversely affect the larger growth process (GOI, 2011).

The sector would require substantial increase in investment both by public and private sector in agriculture research and development including extension, post-harvest and rural market infrastructure including storage and processing, reforms in laws related to land and marketing of agricultural products, and appropriate price policy. The pricing of agricultural inputs such as irrigation, electricity for pumping water, fertilizer, etc. needs rationalization. The distributional aspects of agricultural credit including inter-regional inequalities in access to credit, decline in rural branches, declining share of direct credit, etc. must be addressed. People's participation, which will help in promoting the bottom up approach of planning process and also help in faster diffusion of technologies and best practices among farmers, community based actions and participation of disadvantaged sections of the society in the developmental process, needs to be strengthened.

#### 6. INDIA'S MANUFACTURING

Manufacturing is the logical engine to provide employment growth in India, because the work force in the organized sector—a core engine for growth—is about twelve per cent (Source: RBI GDP data; Economic Survey: Workforce data 2011-12). Every job created in manufacturing has a multiplier effect, creating 2-3 jobs in the service sector.

During the 2003-2012 decade, Indian manufacturers have shown they can perform on par with the best of companies and compete strongly in the global marketplace. Examples abound in terms of market shares, costs, awards and certifications demonstrating high standards of quality, global scale, adopting contemporary manufacturing practices, etc.

With the rapid growth in off-shore activities and outsourcing across industries, India is emerging as a crucial cog in the wheel designed for high-performing global supply chains. Its fast growing local economy has positioned it favourably as a centre of competitive supply, innovations in technology, design, and business processes. But the vast economic and manufacturing potential of India remains virgin territory. For enterprises focused on tapping this potential, learning how to meet India's industrial capabilities to global supply chains is critical.

Present government under NDA launched the "**Make in India**" campaign which focuses exclusively on developing India as a manufacturing hub. Experience has shown that countries gain by prioritizing investment and resources in industries which have strategic significance, so as to derive maximum benefit. Maximum benefits can be harnessed by concentrating on the following industry verticals:

##### ❖ LABOUR INTENSIVE

- a) Textiles and Garments
- b) Leather and Footwear
- c) Gems and Jewellery
- d) Food Processing Industries

##### ❖ CAPITAL INTENSIVE

- a) Machine tools
- b) Heavy electrical
- c) Heavy transport vehicles, earth moving and mining equipment
- d) High-tech viz. like telecommunication equipment and upper end of IT sector and Electronic Hardware

##### ❖ INDUSTRIES WITH STRATEGIC SIGNIFICANCE

- a) Aerospace
- b) Shipping
- c) IT Hardware and Electronics
- d) Solar Energy
- e) Defence hardware

❖ **INDUSTRIES WHERE INDIA ENJOYS A COMPETITIVE EDGE**

- a) Automotive Sector
- b) Pharmaceutical and Medical Equipment:

❖ **SMALL AND MEDIUM ENTERPRISES**

Notwithstanding bountiful natural resources, and the abundant skilled & unskilled human resources growth in the manufacturing sector has been modest mainly due to lack of focus. The two new factors which have become increasingly important in constraining the growth of organised manufacturing are: the difficulties in **securing environmental clearances and acquiring land.**

It is true that there are large sections of the Indian manufacturing industries that suffer from underutilization of technology already in place, poor infrastructure, overstuffed operations, expensive financing and bureaucratic procedures, though achieving global competitiveness in manufacturing is vitally important.

Growth rate in mining and quarrying was mere 2.73 per cent. Even manufacturing (un-registered) had grown by 4.99 per cent only – year-on-year basis (a nine year of period during FY: 2004-05 to 2012-3 as seen from Annexure-1. Moreover, the following industry's growth was less than 5 per cent – year-on-year basis (a nine year of period during FY: 2005-06 to 2013-14) as seen from Index of Industrial Production (IIP) table in Annexure-2. They are:

- a) Mining and quarrying – 2.22 per cent;
- b) Textiles – 4.46 per cent;
- c) Chemicals & chemical products – 3.55 per cent; and
- d) Coke, refined petroleum products & Nuclear fuel – 4.03 per cent

**CHALLENGES FOR MANUFACTURING INDUSTRIES IN INDIA**

The major factors constraining growth of Indian manufacturing are well-documented and are enumerated hereunder:

- poor core infrastructure,
- lethargic bureaucracy, and inefficient regulatory mechanism,
- high cost of capital,
- labour issues vis-a-vis out dated labour laws,
- agonising land acquisition process,
- lack of adequate power,
- paucity of natural resources and highly skilled manpower,
- there is a shortage of faculty in higher technological institutions, which affects India's ability to fill the void of skilled manpower,
- high interest and tax rates are another problem, contributing to the risk of losing employment and investment through flight of capital.

These issues are crucial for both executives of Indian companies striving to succeed in worldwide markets as well as multinational executives scouring the globe for more efficient, more innovative, higher-growth, and lower-cost locations such as India. While the opportunities are great, effectively accessing national and global markets, and managing increasingly complex supply chains to, from, and within India can be challenging. In addition to the cultural and organizational differences, it also involves learning the strengths and weaknesses of product and process innovation, production and logistics infrastructures, channel partnering, information systems and technological trends in the country, and how these all fit into an efficient and competitive global sourcing, production and distribution system.

**PART B****1. EVOLUTION OF INDIAN FISCAL POLICY TILL 1991**

The emphasis of planned development was to strengthen public sector enterprises as a means to achieve industrial development and economic growth. Consequently, the main role of fiscal policy was to transfer private savings to investment needs of the public sector. Facing a balance of payments crisis in the early 1990s, the Indian government made two major changes which were the lowering of tariffs and other quantitative restrictions on trade, and liberalizing financial markets. The pro-business shift of the 1980s set the stage for greater levels of competition and investment and the associated innovation and productivity growth. The sectoral shifts, first toward industrialization, then toward a greater mix of services have favoured human capital including higher levels of literacy and worker skill.

Over the course of the 1980s and 1990s, India's economy went through major sectoral shifts as well. In Singh and Srinivasan (2002), the authors document a large change in the composition of GDP over the course of the 1980s with agriculture losing ground as a percentage of GDP (going from 38.1 per cent to 30.9 per cent) to industry (25.9 per cent to 30.0 per cent) and services (36.0 per cent to 39.1 per cent). During the 1990s the services sector continued to grow and ended the decade at 40.6 per cent of GDP while the industrial sector fell slightly to 29.4 per cent of GDP. Recent research by Amin and Mattoo (2008) indicates that much of the differential growth of services over manufacturing happened in areas with greater concentrations of human capital.

**2. LIBERALIZATION, GROWTH (1991 AND ONWARDS)**

Following the balance of payments crisis of 1991, Government commenced on a path of economic liberalisation whereby the economy was opened up to foreign investment and trade, the private sector was encouraged and the system of quotas and licences was scrapped. The Tax Reforms Committee provided a blue print for reforming both direct and indirect taxes. It recommended improving tax administration and increasing computerisation and information system modernisation among others.

As a part of the subsequent **direct tax reforms**, the personal income tax brackets were reduced to three with rates of 10, 20 and 30 per cent in 1997-98. The rates have largely remained unchanged, with the exemption limit being increased and slab structure raised now and then. A subsequent 3 per cent surcharge to fund education was later made applicable to all taxes. The corporate tax rate was reduced to 35 per cent plus surcharge as applicable. The basic corporate tax rate was reduced to 30 per cent with an intention to further reduce to 25 per cent by March-2019.

In **indirect taxes**, the MODVAT credit system for excise was expanded to cover most commodities and provide a comprehensive credit system by 1996-97. The eleven rates were merged into three with a few luxury items subject to additional non-rebatable tax in 1999-2000. In 2000-01, the three rates were merged in to a single rate and renamed as central VAT (CENVAT). There remained now three excises of 8, 16 and 24 per cent.

In case of **customs duties**, the peak rate was brought down to 40 per cent in 1997-98, 30 per cent in 2002-03, 25 per cent in 2003-04, and 15 per cent in 2005-06. The number of major duty rates was also brought down from 22 in 1990-91 to 4 in 2003-04. This period also saw the introduction of service tax in 1994-95, which was subsequently expanded to cover more and more services. Eventually, provisions were made for allowing input tax credits for both goods and services at the central indirect tax level.

A major move in state government tax reforms was the coordinated simplification of the **state sales tax** system in 1999. This eventually led to the introduction of a **VAT** in 21 states in 2005. The basic features of the tax include two rates of 4 per cent for common consumption commodities and inputs and 12.5 per cent for others. The tax credit operates fully only for intra-state sales. This major hindrance to the formation of a smooth nationwide market is to be addressed by the recently enacted Goods and Services Tax (GST) Act.

The need was felt to have a new fiscal discipline framework, and the **FRBMA** was adopted in 2003. This Act gave a medium term target for balancing current revenues and expenditures and set overall limits to the fiscal deficit at 3 per cent of GDP to be achieved by 2017-18 according to a phased deficit reduction roadmap. The FRBMA enhanced budgetary transparency by requiring Government to place before Parliament on an annual basis reports related to its economic assessments, taxation and expenditure strategy and three-year rolling targets for the revenue and fiscal balance as well.

These **fiscal discipline** legislations seemed to have had good impact at both the central and state levels. The year before the global financial crisis in 2007-08, the central government's revenue deficit came down to 1.1 per cent of GDP while the GFD was 2.70 per cent. This fiscal discipline fed into other economic variables in a positive manner. Inflation was moderate and growth was buoyant at 9.6 per cent in 2006-07. This benign macroeconomic environment was disturbed by the global financial crisis.



**3. IS INDIAN FISCAL POLICY MATURING? POST GLOBAL FINANCIAL CRISIS AND RETURN TO FISCAL CONSOLIDATION**

The global financial crisis that erupted around September 2008 saw Indian fiscal policy being tested to its utmost. The policymakers had to grapple with the impact of the crisis that was affecting the Indian economy through three channels; contagion risks to the financial sector; the negative impact on exports; and the effect on exchange rates.

Following the 2008 global meltdown, the Indian economy recovered somewhat, notwithstanding decline in growth in 2011 and new macroeconomic challenges began to emerge. GDP rose by 6½ per cent in 2011-12, revealed the slowest annual growth in almost a decade, and has continued to remain weak since then. This slowdown is only partly cyclical and reflects the emergence of energy, infrastructure, human capital and institutional bottlenecks. The rapid economic growth in the two last decades has indeed accentuated the demand for energy and natural resources, for transport infrastructure and skills. But supply of these key engines of growth has not been able to keep pace.

Growth slowdown is also broad-based with the deceleration happening across the sub-sectors. The sharper deceleration is witnessed in industrial sector followed by service sector. Within the industrial sector the Mining sector, which has a strong forward linkage with the core sector growth, has grown below 2 per cent during FY: 2005-06 to 2014-15. The deceleration is also visible in sub-sectors such as construction and manufacturing.

**4. THE CURRENT SITUATION OF INDIAN ECONOMY – HOW INDIA IS POISED FOR NEXT PHASE OF GROWTH?**

Although economic reforms did bring in new avenues, opportunities opened up and the integration of Indian economy with rest of the world was the obvious result that facilitated employment which rose substantially in the industrial and service sectors with around **half of all workers** remain in low value-added agriculture notwithstanding. The scope is therefore enormous for economy-wide productivity gains from further migration of workers into modern technology oriented sectors. Weaknesses in the business environment and extremely restrictive labour legislation have prevented India from reaping the benefits of its demographic advantage.

The overall growth rate of the Indian economy was 4.5 per cent in 2013-14 sharp reversal as against 8.0 per cent and more achieved in the previous years (2005 – 2011). The slowdown is attributable both to domestic as well as global factors. There has been a slowdown in the global economy from 5.1 per cent in 2010 to 2.7 per cent in 2015 (by IMF World Economic Outlook, Aug-2015). The RBI also followed a relatively tight monetary policy during 2012-14 to rein in inflation which contributed to the increase in the cost of borrowings. These along with reduced investment activity contributed to the slowdown in the industrial sector. Overall industrial growth moderated sequentially in each of the four quarters of 2012-13 and was below 2.0 per cent compared to a growth of 8.2 per cent in 2010-11.

At present, the Indian economy faces downside risks in some of the macroeconomic variables. These risks appear to have been contributed by domestic factors and equally by the international trends. Starting with stubborn high inflationary situation, high and unsustainable twin deficits (primary deficit and fiscal deficit in 2012-13 and 2013-14) Annexure-3, not so robust recovery in the United States and the Euro zone area, increasing banking sector risk in terms of non-performing assets (NPAs), not so conducive atmosphere for disinvestment process, and the business confidence on India appears to be not so high. This is more so when the economy has registered below 5 per cent growth (as per previous/old method) for 2012-2014 two consecutive years.

It seems fiscal deficit leads to decline in savings and investments in the economy over the medium term, besides crowding-out more efficient private sector investment for use by government consumption expenditure.

Broadly, the following factors have played a solemn role impacting Indian economy and reveal its current position:

- i) Indian economy witnessed negative shocks to trend growth caused by policy uncertainty, bureaucratic inefficiencies, institutional burdens, poor infrastructure, unskilled labour force, structural issues and international trade/business cycles.
- ii) Some perceptions and reality about growth of Indian economy:
  - (a) Fluctuating and below potential export growth;
  - (b) Weakness in the business environment and restrictive labour legislation;
  - (c) Capital formation has languished;
  - (d) Weak manufacturing that goes across various industries.
- iii) The exclusion is in terms of low agriculture growth, low quality employment growth, low human development, rural-urban divides, gender and socialite inequalities and regional disparities, etc. are some major problems for the nation.
- iv) Development is about removing the obstacles to what a person can do in life, obstacles such as lack of income, unemployability, illiteracy, and ill-health, lack of basic trainings on skill development related to various technical matters, lack of access to resources including financial, or lack of civil and political freedoms.
- v) Inflation and expectation thereof: Besides food prices and fuel costs, considerable supply constraints and lack of creating required various infrastructures raise the costs of doing business in India.
- vi) One study analyses the behaviour of monetary and fiscal policies interaction in India using quarterly data for 2002Q2 – 2010Q1:
  - (a) It finds that fiscal policy continues to substantially influence the conduct of monetary policy. Specifically, the reaction of two policies to shocks of inflation and output is mostly in the diametrically opposite direction;
  - (b) While monetary policy reacts in a counter-cyclical manner, fiscal policy reaction is primarily pro-cyclical;

**RESULTS & DISCUSSION**

As the 12th Plan suggests implementation of all the intended policies need large resources. But the allocations at the moment are very meagre due to lack of viable project proposals and lack of enough sensitivity towards the sustainable issues at the level of the sub-national governments. While increasing such resource allocations will ensure long term sustainable development, this might put pressure on fiscal deficits and the growth in the short run, however, this will ensure the achievement of long term goal of *sustainable development*.

What needs to be done is to adopt what the 13th Finance Commission suggests-the '*expansionary fiscal consolidation*' strategy of reducing subsidies that are unproductive as well as unsustainable and at the same time increasing the developmental capital expenditures. Sustainable development strategy may compromise growth to some extent. However, such strategy would ensure long term goal of achieving green growth.

**(A) WHAT ECONOMIC SURVEY OF 2016 SAID? SOME PERSPECTIVES**

Look at the growth assumption for FY17. On the fiscal deficit front, the other key area where everyone is watching the steps closely, the government clearly admits that adhering to the 3.5 per cent target would be challenging and there could be a case for a review of the medium-term fiscal framework. Alternative to fiscal consolidation would be to reduce subsidies to the well-off amounting to about Rs. 1 lakh crore by better targeting subsidies to the poor, it said. However, there could be measures to channel more domestic savings to the financial markets and discourage flow of household savings to physical assets such as gold and real estate.

Yes, the banking system is broken and the stress is there all over the infrastructure sector. The Survey voiced strong concern over the health of the banking sector and a slowdown in credit off take, which clearly will nudge the government to focus more on bringing the banking sector back to health. The Survey also talked about possibility of selling off certain non-financial companies to infuse capital in the state-run banks.

"Credit off take by the industry sector has been slowing. The deployment of gross bank credit to industry grew at 5.3 per cent year-on-year in December 2015. Gross bank credit to the services sector grew at sub-7 per cent in May - November 2015 though it increased to 9.2 per cent in December 2015. It said the PSU lenders would need at least Rs 1.8 lakh crore by FY19. The agriculture sector too saw a downturn from November 2014", the survey flagged. The twin challenges are major impediments to private investment and a full-fledged economic recovery, the Survey said. To address the same, the Survey recommends a four-R strategy: *Recognition, Recapitalization, Resolution and Reform*.

Inclusive growth in India requires bridging gaps in educational outcomes and improved health attainments across the population, it said. This calls for higher allocations towards social sectors. The Survey stated that the social infrastructure scenario in the country reflects '*gaps*' in access to education, health and housing amenities and emphasized on investment in human capital.

**(B) UNDP 2015 REPORT: SOME FACTS ABOUT INDIA**

India continued to rank low in the Human Development Index (HDI), though climbed five notches to the 130th rank in the latest UNDP report on account of rise in life expectancy and per capita income.

India ranked 130 among 188 countries in 2014 in Human Development Report 2015 released on Monday by the United Nations Development Programme (UNDP). The country's rank was 135 according to the 2014 report. "India's HDI value for 2014 is 0.609, which puts the country in the medium human development category, positioning it at 130 out of 188 countries and territories.

The HDI is an average measure of basic human development achievements in a country. It is a summary measure for assessing long-term progress in three basic dimensions of human development — a long and healthy life, access to knowledge and a decent standard of living.

Life expectancy at birth increased to 68 years in 2014 from 67.6 in the previous year and 53.9 in 1980. Gross National Income (GNI) per capita was \$5,497 in 2014 up from \$5,180 in 2013 and \$1,255 in 1980. India's Gross National Income (per capita) increased by about 338 per cent between 1980 and 2014. However as per the report, the expected years of schooling is stagnant at 11.7 since 2011. Also, mean years of schooling at 5.4 has not changed since 2010. Between 1980 and 2014, India's life expectancy at birth increased by 14.1 years, mean years of schooling increased by 3.5 years and expected years of schooling increased by 5.3 years. According to the report, India's 2014 HDI of 0.609 is below the average of 0.630 for countries in the medium human development group and above the average of 0.607 for countries in South Asia.

**CONCLUSION**

The above finding clearly shows that there exist several challenges (thus establishing link with introduction section) before India in terms of poverty reduction, reducing fiscal deficit, thus it is imperative to implement urgent and hard steps necessary to restore growth in economy. Moving forward, Rodrik and Subramanian note that, "over a 40-year period, a 5.3 per cent [per capita] growth rate would increase the income of the average person manifold". The incidence of absolute poverty, measured by income, should fall sharply in the wake of high growth that can be continued at least up to 2035, and will likely induce improvements in the other measures of poverty and deprivation, including in respect of sanitation, child health, primary education and gender equality. These are all areas where India is behind its Millennium Development Goal (MDG) targets.

A return to strong, sustainable growth is paramount to ensuring continued progress in reducing severe poverty, catching up and lifting living standards more generally. India needs to ensure that stronger growth benefits all Indians. While severe poverty gradually veered downwards, today large sections of the population still remain below national poverty line; and inequality has worsened. A large share of the population is employed in the informal sector generally in low-paid, low-productivity jobs with no access to training. Access to basic services including primary education, health care, drinking water, and electricity is quite limited.

**RECOMMENDATIONS**

Based on the data analysis presented, and conclusion drawn the author recommend following steps that are necessary and would be important for India to remain focused on:

- Reduction in fiscal deficit may contain 'crowding out' and thus boost investments which is a concomitant with increase in productivity and increased production may help control inflation. One aspect that needs attention is to reduce and control non-plan expenditure.
- For India to achieve all rounds sustained inclusive growth there is a pressing need for coordinated supply side and demand management measures: fiscal consolidation and appropriate monetary policy coupled with active measures to loosen supply constraints.
- India has the problem of macroeconomic instability with higher fiscal deficits and low growth. To address the same in the long term, some issues that needs attention are:
  - (a) Improving the financial access to productive sectors through reducing transaction costs and risks;
  - (b) Any increase in the revenue deficit from its target should not be substituted with capital expenditure, even if it means to increase fiscal deficit from its target;
  - (c) To increase allocation for protecting the environment and forestry and also for mitigating climate change risks even if there are short term growth risks.
- Some of the priorities for India to improve its macroeconomic situation include:
  - (a) Streamlining equitable land acquisition mechanism

This will help to consider all relevant stakeholders' needs and interest that facilitate speedy completion of transaction/procedure;

(b) Labour reforms;

This is necessary to align with present day business & industry demand.

(c) Coal supply linkage to power sector

This will help to utilise coal in more optimised manner which is of vital importance for power sector - their input requirement;

(d) Accelerating disinvestment process

It will free up some financial resources for the government to be spent on creating various infrastructure facilities needed to achieve efficiency and growth.

**LIMITATION**

The study is limited to few macroeconomic variables such as growth, all round development and related areas and confined to twenty-four years as defined in the scope.

**SCOPE FOR FUTURE RESEARCH**

The larger purpose of the research suggests to carry out more study on these macroeconomic variables in future with required data analysis and include more explicit discussion so that finding becomes more relevant and actionable.

**ACKNOWLEDGEMENT**

I am especially thankful to **Sh. M.S. Natarajan**, Retired Advocate, Bombay High Court, for his observation and valuable intellectual inputs.

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## ANNEXURE

## ANNEXURE 1: NATIONAL INCOME AND RELATED ARGUMENTS (GROSS VALUE ADDED AT FACTOR COST BY INDUSTRY) (₹ In Crore)

Industry	at constant (2004-05) prices									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 <sup>^</sup>	2011-12 <sup>@</sup>	2012-13 <sup>*</sup>	
1	2	3	4	5	6	7	8	9	10	
<b>1 agriculture, forestry &amp; fishing</b>	<b>5,65,426</b>	<b>5,94,487</b>	<b>6,19,190</b>	<b>6,55,080</b>	<b>6,55,689</b>	<b>6,60,987</b>	<b>7,17,814</b>	<b>7,53,832</b>	<b>7,64,510</b>	
1.1 agriculture	4,76,634	5,02,996	5,23,745	5,56,956	5,55,442	5,57,715	6,10,905	6,43,543	6,49,424	
1.2 forestry & logging	61,640	62,742	64,795	65,697	66,932	68,877	70,509	71,816	73,864	
1.3 fishing	27,152	28,749	30,650	32,427	33,315	34,395	36,400	38,473	41,222	
<b>2 mining &amp; quarrying</b>	<b>85,028</b>	<b>86,141</b>	<b>92,578</b>	<b>95,997</b>	<b>98,055</b>	<b>1,03,830</b>	<b>1,10,617</b>	<b>1,10,725</b>	<b>1,08,328</b>	
<b>3 manufacturing</b>	<b>4,53,225</b>	<b>4,99,020</b>	<b>5,70,458</b>	<b>6,29,073</b>	<b>6,56,302</b>	<b>7,30,435</b>	<b>7,95,152</b>	<b>8,54,098</b>	<b>8,63,876</b>	
3.1 registered	2,92,344	3,27,739	3,79,374	4,17,528	4,42,055	5,06,679	5,55,240	6,07,589	6,14,569	
3.2 unregistered	1,60,881	1,71,281	1,91,084	2,11,545	2,14,247	2,23,756	2,39,912	2,46,509	2,49,307	
<b>4 electricity, gas &amp; water supply</b>	<b>62,675</b>	<b>67,123</b>	<b>73,362</b>	<b>79,430</b>	<b>83,050</b>	<b>88,218</b>	<b>92,862</b>	<b>1,00,646</b>	<b>1,02,922</b>	
<b>5 construction</b>	<b>2,28,855</b>	<b>2,58,129</b>	<b>2,84,806</b>	<b>3,15,495</b>	<b>3,32,329</b>	<b>3,54,436</b>	<b>3,74,708</b>	<b>4,15,188</b>	<b>4,19,795</b>	
<b>6 trade, hotels &amp; restaurants</b>	<b>4,77,303</b>	<b>5,35,397</b>	<b>5,94,918</b>	<b>6,55,013</b>	<b>6,92,224</b>	<b>7,47,019</b>	<b>8,36,352</b>	<b>8,46,630</b>	<b>8,84,308</b>	
6.1 trade	4,33,967	4,84,521	5,36,693	5,89,242	6,28,627	6,82,207	7,64,018	7,71,572	8,08,908	
6.2 hotels & restaurants	43,336	50,876	58,225	65,771	63,597	64,812	72,334	75,058	75,400	
<b>7 transport, storage &amp; communication</b>	<b>2,50,417</b>	<b>2,80,010</b>	<b>3,15,166</b>	<b>3,54,507</b>	<b>3,92,901</b>	<b>4,50,872</b>	<b>5,07,672</b>	<b>5,55,631</b>	<b>5,89,045</b>	
7.1 railways	29,162	31,339	34,832	38,235	41,161	44,763	47,404	50,963	51,112	
7.2 transport by other means	1,69,995	1,85,741	2,02,367	2,19,969	2,31,564	2,48,380	2,68,669	2,91,886	3,11,173	
7.3 storage	1,980	2,073	2,298	2,375	2,711	3,233	3,353	3,450	3,748	
7.4 communication	49,280	60,857	75,669	93,928	1,17,465	1,54,496	1,88,246	2,09,332	2,23,012	
<b>8 financing, insurance, real estate &amp; business services</b>	<b>4,37,174</b>	<b>4,92,340</b>	<b>5,61,063</b>	<b>6,28,124</b>	<b>7,03,629</b>	<b>7,71,905</b>	<b>8,49,189</b>	<b>9,45,534</b>	<b>10,48,748</b>	
8.1 banking & insurance	1,71,098	1,98,158	2,38,899	2,78,776	3,17,826	3,53,983	4,06,609	4,59,142	5,13,519	
8.2 real estate, ownership of dwellings & business services	2,66,076	2,94,182	3,22,164	3,49,348	3,85,803	4,17,922	4,42,580	4,86,392	5,35,229	
<b>9 community, social &amp; personal services</b>	<b>4,11,361</b>	<b>4,40,426</b>	<b>4,52,823</b>	<b>4,83,917</b>	<b>5,44,497</b>	<b>6,08,369</b>	<b>6,34,167</b>	<b>6,65,246</b>	<b>7,00,579</b>	
9.1 public administration & defence	1,74,638	1,82,212	1,85,639	1,99,773	2,39,349	2,81,365	2,80,268	2,92,138	3,02,149	
9.2 other services	2,36,723	2,58,214	2,67,184	2,84,144	3,05,148	3,27,004	3,53,899	3,73,108	3,98,430	
<b>10 Total gross domestic product at factor cost</b>	<b>29,71,464</b>	<b>32,53,073</b>	<b>35,64,364</b>	<b>38,96,636</b>	<b>41,58,676</b>	<b>45,16,071</b>	<b>49,18,533</b>	<b>52,47,530</b>	<b>54,82,111</b>	

Source: Central Statistics Office

\*First Revised Estimates

@ Second Revised Estimates

^Third Revised Estimates

## ANNEXURE 2: INDUSTRY (INDEX OF INDUSTRIAL PRODUCTION – ANNUAL AVERAGES) (2-DIGIT LEVEL) (BASE: 2004-05=100)

Industry code	Description	Weight	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-12	2012-13	2013-14
1	2	3	4	5	6	7	8	9	10	11	12
15	Food products and beverages	72.76	113.2	131.2	147.5	135.4	133.5	142.9	164.8	169.5	167.7
16	Tobacco products	15.70	101.0	102.9	98.4	102.7	102.0	104.1	109.7	109.2	110.2
17	Textiles	61.64	108.3	116.8	124.6	120.1	127.4	135.9	134.0	142.0	148.3
18	Wearing apparel, dressing and dyeing of fur	27.82	114.1	137.2	149.9	134.6	137.1	142.2	130.1	143.6	171.6
19	Luggage, handbags, saddlery, harness & footwear, tanning and dressing of leather products	5.82	90.9	104.0	110.0	104.4	105.8	114.3	118.5	127.1	133.7
20	Wood and products of wood & cork except furniture, articles of straw & plaiting materials	10.51	106.8	126.0	148.0	155.3	160.1	156.5	159.2	147.9	144.6
21	Paper and paper products	9.99	106.3	111.0	112.6	118.0	121.1	131.4	138.0	138.7	138.6
22	Publishing, printing & reproduction of recorded media	10.78	113.7	122.8	140.2	142.4	133.8	148.8	192.8	183.0	183.4
23	Crude, refined petroleum products & nuclear fuel	67.15	100.6	112.6	119.6	123.4	121.8	121.5	125.8	136.4	143.5
24	Chemicals and chemical products	100.59	101.0	110.4	118.4	115.0	120.7	123.1	122.7	127.3	138.6
25	Rubber and plastics products	20.25	112.3	119.6	135.7	142.6	167.4	185.2	184.6	185.0	181.1
26	Other non-metallic mineral products	43.14	107.8	119.5	130.6	134.9	145.4	151.4	158.6	161.6	163.3
27	Basic metals	113.35	115.5	132.6	156.3	159.0	162.4	176.7	192.1	195.8	196.4
28	Fabricated metal products, except machinery & equipment	30.85	111.1	133.3	143.8	144.0	158.6	182.8	203.3	193.8	180.2
29	Machinery and equipment n.e.c.	37.68	126.1	150.9	185.0	171.0	198.0	256.3	241.3	230.0	219.2
30	Office, accounting & computing machinery	3.05	145.3	155.5	164.8	148.8	154.4	146.3	148.7	128.1	108.0
31	Electrical machinery & apparatus n.e.c.	19.80	116.8	131.6	373.0	530.8	459.2	472.1	387.1	369.2	422.6
32	Radio, TV and communication equipment & apparatus	9.89	122.7	312.8	604.2	726.7	809.1	911.5	950.5	1003.7	730.1
33	Medical, precision & optical instruments, watches and clocks	5.67	95.4	104.8	111.4	119.8	100.9	107.8	119.5	117.1	111.1
34	Motor vehicles, trailers & semi-trailers	40.64	110.1	138.0	151.2	138.0	179.1	233.3	258.6	244.8	221.3
35	Other transport equipment	18.25	115.3	132.9	129.0	134.0	171.1	210.7	235.8	235.7	249.5
36	Furniture, manufacturing n.e.c.	29.97	116.2	111.7	132.7	142.5	152.7	141.2	138.6	131.5	113.3
	Mining & Quarrying	141.57	102.3	107.5	112.5	115.4	124.5	131.0	128.5	125.5	124.7
	Manufacturing	755.27	110.3	126.8	150.1	153.8	161.3	175.7	181.0	183.3	181.9
	Electricity	103.16	105.2	112.8	120.0	123.3	130.8	138.0	149.3	155.2	164.7
	General Index	1000	108.6	122.6	141.7	145.2	152.9	165.5	170.3	172.2	172.0

Source: Central Statistics Office

## ANNEXURE 3: PUBLIC FINANCE (BUDGETARY POSITION OF THE GOVERNMENT OF INDIA) (₹ IN TEN MILLION)

Items	2000-01	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2013-14	2014-15
											(BE)	(RE)	(BE)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
I. Revenue receipts (2+3)	192605	303991	347077	434387	541864	540259	572811	788471	751437	879232	1056331	1029252	1189763
2. Tax revenue (net to centre)	136658	224798	270264	351182	439547	443319	456536	569869	629765	741877	884078	836026	977258
3. Non-tax revenue	55947	81193	76813	83205	102317	96940	116275	218602	121672	137355	172252	193226	212505
4. Revenue expenditure of which:	277838	384329	439376	514609	594433	793798	911809	1040723	1145785	1243514	1436169	1399540	1568111
(a) Interest Payments	99314	126934	132630	150272	171030	192204	213093	234022	273130	313170	370684	380066	427011
(b) Major subsidies	25860	44753	44220	52935	66638	123206	134658	164516	211319	247493	220972	245452	251397
(c) Defence expenditure	37238	43862	48211	51682	54219	73305	90669	92061	103011	181776	203672	203672	229000
5. Revenue deficit (4-1)	85233	78338	92300	80222	52569	253539	338998	252252	394348	364282	379838	370288	378548
6. Capital Receipts* of which:	132987	192261	158661	149000	170807	343697	451676	408857	552928	531140	608967	561182	605129
(a) Recovery of loans	12046	62043	10645	5893	5100	6139	8613	12420	18850	15060	10654	10802	10527
(b) Other receipt (mainly PSU disinvestment)	2125	4424	1581	534	38795	566	24581	22846	18088	25890	55814	25841	63425
(c) Borrowings and other liabilities**	118816	125794	146435	142573	126912	336992	418482	373591	515990	490190	542499	524539	531177
7. Capital expenditure	47754	113923	66362	68778	118238	90158	112678	156605	158580	166858	229129	190894	226781
8. Total expenditure [4+7=8(a)+8(b) of which:	325592	498252	505738	583387	712671	883956	1024487	1197328	1304365	1410372	1665297	1590434	1794892
(a) Plan expenditure	82669	132292	140638	169860	205082	275235	303391	379029	412375	413625	555322	475532	575000
(b) Non-Plan expenditure	242923	365960	365100	413527	507589	608721	721096	818299	891990	996747	1109975	1114902	1219892
9. Fiscal deficit [8-1-6(a)-6(b)]	118816	125794	146435	142573	126912	336992	418482	373592	515990	490190	542499	524539	531177
10. Primary deficit 9-4(a)	19502	-1140	13805	-7699	-44118	144788	205389	139569	242840	177020	171814	144473	104166

Source: Budget documents, Ministry of Finance.

BE: Budget Estimates

\* Does not include receipts in respect of Market Stabilization Scheme

\*\* Include due drawn of Cash balance

Note:

1. Direct taxes also include taxes pertaining to expenditure, interest, wealth, gift and estate duty.
2. Major subsidies excluding grants to NAFED for MIS/PPS.
3. The figures may not add up to the total because of rounding approximations.

**Annexure: 4 - Number and Percentage of Population Below Poverty Line  
(2011-12) Based on MRP Consumption**

Year	State / Union Territory	Combined	
		No. of Persons (thousands)	% of Persons
2011-12 Based on MRP Consumption	Andhra Pradesh	7,878	9.20
	Arunachal Pradesh	491	34.67
	Assam	10,127	31.98
	Bihar	35,815	33.74
	Chhattisgarh	10,411	39.93
	Goa	75	5.09
	Gujarat	10,223	16.63
	Haryana	2,883	11.16
	Himachal Pradesh	559	8.06
	Jammu & Kashmir	1,327	10.35
	Jharkhand	12,433	36.96
	Karnataka	12,976	20.91
	Kerala	2,395	7.05
	Madhya Pradesh	23,406	31.65
	Maharashtra	19,792	17.35
	Manipur	1,022	36.89
	Meghalaya	361	11.87
	Mizoram	227	20.40
	Nagaland	376	18.88
	Odisha	13,853	32.59
	Punjab	2,318	8.26
	Rajasthan	10,292	14.71
	Sikkim	51	8.19
	Tamilnadu	8,263	11.28
	Tripura	524	14.05
	Uttar Pradesh	59,819	29.43
	Uttarakhand	1,160	11.26
	West Bengal	18,498	19.98
	Andaman & Nicobar Islands	4	1.00
	Chandigarh	225	21.81
	Dadra & Nagar Haveli	143	39.31
	Daman and Diu	26	9.86
	Delhi	1,696	9.91
	Lakshadweep	2	2.77
Puducherry	124	9.69	
<b>All India</b>		<b>2,69,783</b>	<b>21.92</b>

- Notes:**
1. Population as on 1st March 2012 has been used for estimating number of persons below poverty line. (2011 Census population extrapolated)
  2. Poverty line of Tamilnadu is used for Andaman & Nicobar island.
  3. Urban line of Punjab has been used for both rural & urban areas of Chandigarh.
  4. Poverty line of Maharashtra is used for Dadra Nagar & Haveli.
  5. Poverty line of Goa is used for Daman & Diu.
  6. Poverty line of Kerala is used for Lakshadweep.
- Note:** Computed as per Tendulkar method of Mixed Reference Period (MRP)

<b>Annexure: 5 - Net State Domestic Product at Factor Cost - State wise</b>				
	<b>(at Current Prices)</b>			<b>(Rs. Billion)</b>
	<b>Base Yr: 93-94</b>		<b>Base Yr: 99-00</b>	<b>Base Yr: 04-05</b>
	<b>1993-94</b>		<b>1999-2000</b>	<b>2013-14</b>
Andhra Pradesh	516.65		163.60	4113.87
Arunachal Pradesh	8.12		14.97	125.57
Assam	134.77		320.11	1396.04
Bihar	207.80		460.71	3152.25
Chhattisgarh	121.63		238.40	1551.49
Goa	20.02		55.70	425.64
Gujarat	425.60		925.41	6519.16
Haryana	194.22		473.29	3537.14
Himachal Pradesh	42.50		124.67	649.95
Jammu & Kashmir	55.00		135.33	717.04
Jharkhand	134.03		302.29	1503.33
Karnataka	369.82		905.32	5460.01
Kerala	238.51		613.59	3512.45
Madhya Pradesh	339.37		726.55	3892.77
Maharashtra	1017.67		2171.98	13651.49
Manipur	11.41		29.54	125.59
Meghalaya	13.09		32.11	194.61
Mizoram	6.18		14.10	93.02
Nagaland	12.51		26.10	163.28
Odisha	161.85		383.99	2278.77
Punjab	270.68		611.39	2802.65
Rajasthan	289.77		741.74	4665.04
Sikkim	3.64		7.65	111.37
Tamilnadu	516.43		1197.04	7717.62
Tripura	16.19		44.96	259.65
Uttar Pradesh	709.35		1568.09	7605.42
Uttarakhand	51.09		111.87	1068.90
West Bengal	483.98		1252.99	6416.95
Andaman & Nicobar Islands	4.68		8.38	56.72
Delhi	189.67		511.75	3734.41
Chandigarh	13.71		37.92	254.89
Puducherry	8.29		28.93	190.76
<b>Note:</b> Owing to differences in methodology for compilation, data for different States / Union Territories are not strictly comparable.				
<b>Source:</b> Central Statistics Office (CSO - MOSPI)				

## A STUDY ON THE AWARENESS OF INSURANCE PRODUCT IN KOLKATA REGION, INDIA

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**ABSTRACT**

Today, insurance has become one of the most important sectors of investment by people. The life of people is uncertain and protection is needed. Thus, there is a need for risk to be shared with the insurance firms. Insurance is of immense importance and a necessity of life. It saves the family of the policyholder and secures the future. It also helps to maintain the same status throughout the life. Insurance provides a money backing at times of uncertainty and leads to development of a happy life ahead. Public, private concerns have started insurance business and foreign investment is also being invited in India so that the business can be widespread. The results of the study of urban population of Kolkata say that life and health insurance is acquired by most of the population, even most of the vehicle owners bear a motor insurance but people do not aware about home insurance. Realization has not yet dawned on a few people about the importance of the above types of insurance, thus they prefer to avoid investment in insurance.

**KEYWORDS**

health insurance, home insurance, life insurance, motor insurance.

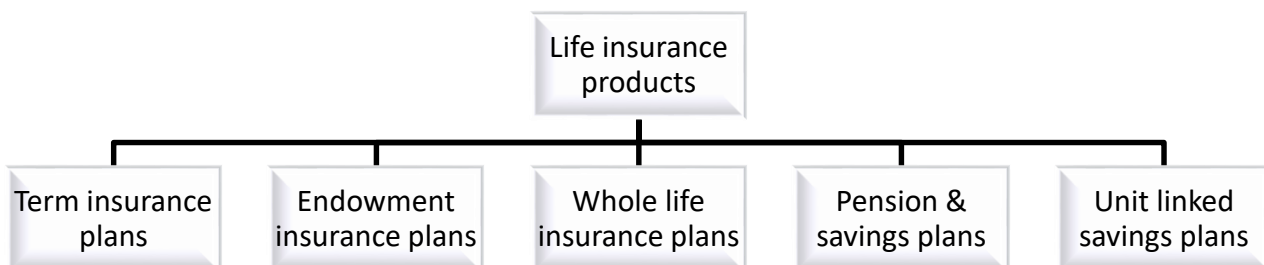
**1. INTRODUCTION**

Insurance is a contract between the insurance company (insurer) and the policyholder (insured). In return for a consideration (premium), the insurance company promises to pay a specified amount to the insured on the happening of a specific event<sup>1</sup>.

The history of insurance can be divided into three phases: Pre - liberalisation, Liberalisation and Post - liberalisation. In the pre - liberalisation phase, the first insurance company, Oriental Life Insurance Company started at Kolkata in 1818 but the company failed. In 1829, Madras Equitable began transacting the life insurance in Madras Presidency<sup>2</sup>. During the last decades of the 19th century, Bombay Mutual, Oriental, Empire of India opened up in Bombay Presidency. The India Life Assurance Companies Act, 1912 was the first statutory measure to regulate Life Business. The Indian Insurance Companies Act, 1928 gave the Government the power to collect statistical information regarding both life and non-life business transacted in India by Indian and foreign insurers, including Provident Insurance Societies. To protect the interest of the insuring public and giving the Government effective control over the activities of insurers, the Insurance Act, 1938 was implemented. In the 1950s, competition in the insurance business was very high and there were allegations of unfair trade practices. The Government of India decided to nationalize insurance business. The General Insurance Council represented the collective interest of the non - life insurance companies in India and speaks on issues of common interest, participates in discussions related to policy formation, and acts as an advocate for high standards of customer service in the insurance industry. In the liberalization phase, the Malhotra Committee made recommendations for the reform of the insurance sector and allowed private and foreign companies to be permitted to enter the insurance industry. The Insurance Regulatory and Development Authority (IRDA) were incorporated as a statutory autonomous body in 1999 to regulate and develop the insurance industry. In the post - liberalisation phase, joint ventures of foreign companies with Indian companies are set up for the insurance market. There have been recent developments in the insurance industry through the growing importance of IT industry, Bancassurance, online sales, micro - insurance, etc. IRDA has set up a Grievance Redressal System to protect the customers.

There are three types of Insurance Organizations<sup>3</sup>: Life Insurance, Non - life Insurance and Reinsurance. Life insurance companies cover risks that relate to human lives. They offer different benefits under different types of products and cover the risk of early death, as well as the risk of living into old age. Non - life insurance companies generally cover risks other than those relating to human lives. Reinsurance companies risk is transferred from those who are unable to bear it to those who can.

**1.1.** Life insurance: This is a contract between an insured and an insurer or assurer, where the insurer promises to pay a designated beneficiary a sum of money in exchange for a premium, upon the death of the insured person. Depending on the contract, other events such as terminal illness or critical illness may also trigger payment. The policyholder pays a premium, either regularly or as a lump sum.

**FIGURE 1.1: TYPES OF LIFE INSURANCE PRODUCTS**

**1.1.1.** Term life insurance plans: These are life insurance, which provides coverage at a fixed rate of payments for a limited period of time, the relevant term. After that period expires, coverage at the previous rate of premiums is no longer guaranteed and the client must either forgo coverage or potentially obtain further coverage with different payments or conditions. If the life insured dies during the term, the death benefit will be paid to the beneficiary. Term insurance is the least expensive way to purchase a substantial death benefit on a coverage amount per premium dollar basis over a specific period of time.

**1.1.2.** Endowment life insurance plans: An endowment policy is a life insurance contract designed to pay a lump sum after a specified term or on death. Typical maturities are ten, fifteen or twenty years up to a certain age limit. Some policies also pay out in the case of critical illness.

**1.1.3.** Whole life insurance plans: Whole life insurance or whole of life assurance is a life insurance policy that remains in force for the insured's whole life and requires (in most cases) premiums to be paid every year into the policy.

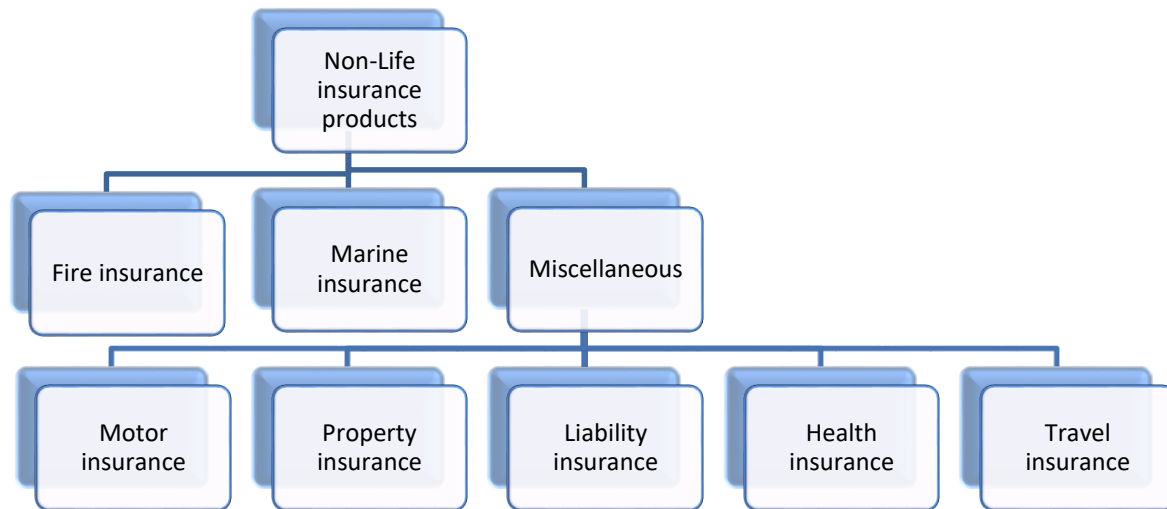
**1.1.4.** Pension and savings plans: A Pension and savings plan is an arrangement to provide people with an income during retirement when they are no longer earning a steady income from employment. Often retirement plans require both the employer and employee to contribute money to a fund during their employment in order to receive defined benefits upon retirement.

**1.1.5.** Unit linked savings plans: A Unit Linked Insurance Plan (ULIP) is a product offered by insurance companies that unlike a pure insurance policy gives investors the benefits of both insurance and investment under a single integrated plan.

**1.2.** Non-life insurance plans: Non - life insurance policies, including automobile and homeowner's policies, provide payments depending on the loss from a particular financial event. General insurance is typically defined as any insurance that is not determined to be life insurance.



FIGURE 1.2: TYPES OF NON - LIFE INSURANCE PRODUCTS



- 1.2.1. Fire insurance plans: Fire insurance provides protection against most risks to property, such as fire, theft and some weather damage. This includes specialized forms of insurance such as fire insurance, flood insurance, earthquake insurance, home insurance, or boiler insurance.
- 1.2.2. Marine insurance plans: Marine insurance covers the loss or damage of ships, cargo, terminals, and any transport or cargo by which property is transferred, acquired, or held between the points of origin and final destination.
- 1.2.3. Motor insurance plans: Vehicle insurance is insurance purchased for cars, trucks, motorcycles, and other road vehicles. Its primary use is to provide financial protection against physical damage and/or bodily injury resulting from traffic collisions and against liability that could also arise there from.
- 1.2.4. Health insurance plans: Health insurance is insurance against the risk of incurring medical expenses among individuals. By estimating the overall risk of health care expenses, among a targeted group, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to ensure that money is available to pay for the health care benefits specified in the insurance agreement.
- 1.2.5. Travel insurance plans: Travel Insurance is insurance that is intended to cover medical expenses, financial default of travel suppliers, and other losses incurred while traveling, either within one's own country, or internationally.

India has a huge market for insurance due to its huge population. In metro cities have a huge possibility of improvement of the insurance market, securing the lives of the masses. We have taken Kolkata region as the area of our field work. We have collected the primary data through questionnaire method and analyse the different types of insurance products like life, health, motor and home for understanding the awareness, knowledge, use and the captured market of these products. It was also analyzed why many people don't have insurance.

## 2. LITERATURE REVIEW

Ward and Zurbruegg, (2000) examined that the relationship between growth in insurance activity and economic growth for nine OECD countries in 1961 - 96 and observed the relationship between insurance and economic growth vary across the country due to influence of specific factors such as cultural, regulations and legal environment. He also found improvement in financial intermediation and moral hazard effect on insurance. Sinha. Tapan, (2004) in the article, "The Insurance Industry - Challenge and Prospects"<sup>4</sup>, found out that the Indian insurance market has the potential, because one of the biggest insurance markets in the world. Both the life insurance and non-life sectors would benefit from less invasive regulations, price structure reflecting product risks and replacement of obsolete regulations in insurance price by risk differentiated pricing structures. De. Leenapriya and Pyne. Pallab, (2013) in the paper "The Business Generation by the Insurance Industry - A Study on Regional Disparity in India"<sup>5</sup> discussed about the income generation by the insurance industry through premium earned and profit after tax and made a study of the regional - wise diversification of India Insurance industry over the years.

## 3. NEED FOR THE STUDY

The need for the study arises to know about the awareness of several types of insurance policy by all sections of the society.

## 4. STATEMENT OF THE STUDY

The study states that people in the society is unaware about the way to avail and use insurance in Kolkata, so it's a study to know the exact status of the society.

## 5. HYPOTHESIS

### FIRST HYPOTHESIS

Null Hypothesis ( $H_{01}$ ) = There is no awareness for the way to avail and use life insurance by urban people of Kolkata.

Alternative Hypothesis ( $H_{11}$ ) = There is awareness for the way to avail and use life insurance by urban people of Kolkata.

### SECOND HYPOTHESIS

Null Hypothesis ( $H_{01}$ ) = There is no awareness for the way to avail and use motor insurance by urban people of Kolkata.

Alternative Hypothesis ( $H_{11}$ ) = There is awareness for the way to avail and use motor insurance by urban people of Kolkata.

### THIRD HYPOTHESIS

Null Hypothesis ( $H_{01}$ ) = There is no awareness for the way to avail and use health insurance by urban people of Kolkata.

Alternative Hypothesis ( $H_{11}$ ) = There is awareness for the way to avail and use health insurance by urban people of Kolkata.

### FOURTH HYPOTHESIS

Null Hypothesis ( $H_{01}$ ) = There is no awareness for the way to avail and use home insurance by urban people of Kolkata.

Alternative Hypothesis ( $H_{11}$ ) = There is awareness for the way to avail and use home insurance by urban people of Kolkata.

### FIFTH HYPOTHESIS

Null Hypothesis ( $H_{01}$ ) = There is no reasons for avail and use of insurance by urban people of Kolkata.

Alternative Hypothesis ( $H_{11}$ ) = There is reasons for avail and use of insurance by urban people of Kolkata.

## 6. OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

1. To study the awareness, way to avail and use of life insurance by urban people of Kolkata.
2. To study the awareness, way to avail and use of motor insurance by urban people of Kolkata.

3. To study the awareness, way to avail and use of health insurance by urban people of Kolkata.
4. To study the awareness, way to avail and use of home insurance by urban people of Kolkata.
5. To study the reasons for not availing insurance by urban people of Kolkata.

**7. RESEARCH METHODOLOGY**

The study includes the primary analysis on the awareness of urban population of Kolkata region, whether they avail them or not, whether they know the procedure for claiming their insurance amount in times of need. The present study relates to a one - point time period study for the current year. The present study is based on the primary data of the urban people of Kolkata. The data collected through field survey with the help of a questionnaire (number of respondents is 45). The data collected from the field is analyzed with the help of simple statistical diagrams.

**8. RESULTS AND DISCUSSIONS**

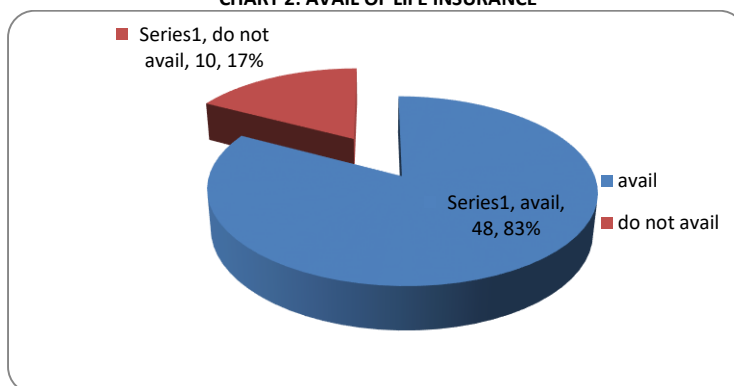
**8.1. ANALYSIS OF THE AWARENESS, WAY TO AVAIL AND USE OF LIFE INSURANCE BY URBAN PEOPLE OF KOLKATA**

Life insurance is more or less known by most people in the urban area of Kolkata. In the charts 1, 2, 3 about 97% of the people are aware of Life insurance. Among the people who know, about 83% of the population availed insurance. Even though so many people avail insurance policies, but the process of claiming insurance is not that well known by all. Few people fail to save their families in distressful times even though they have life-insurance policies. About 13% people of the 83% people availing insurance are facing this problem. This is due to lack of proper knowledge about the financial products like life insurance.

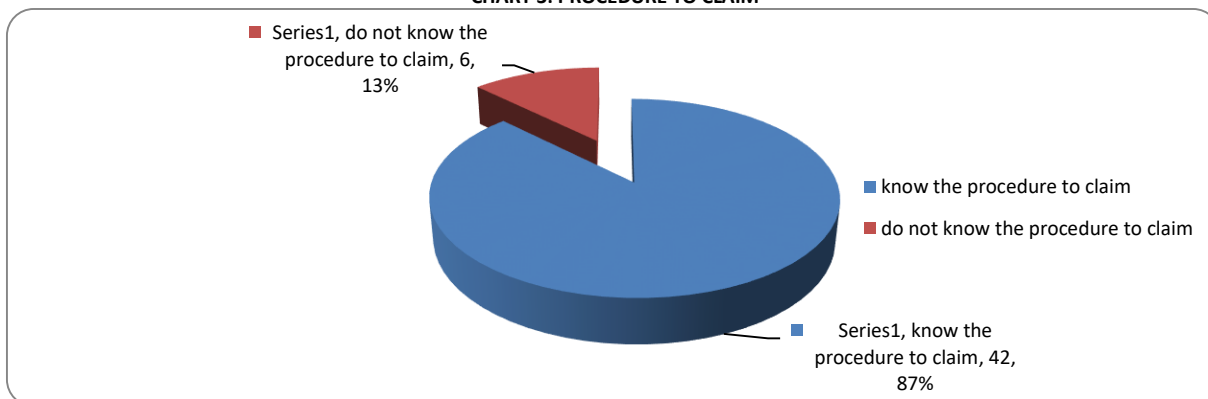
**CHART 1: AWARENESS OF LIFE INSURANCE**



**CHART 2: AVAIL OF LIFE INSURANCE**



**CHART 3: PROCEDURE TO CLAIM**



**8.2. ANALYSIS OF THE AWARENESS, WAY TO AVAIL AND USE OF MOTOR INSURANCE BY URBAN PEOPLE OF KOLKATA**

In the charts 4, 5 and 6, motor insurance awareness is found out to be known by most of the people. About 95% population knows about it. But it is availed by only 53% of the population, as most of the people in Kolkata do not own a vehicle. Of these people who have a vehicle, only 60% know how to claim in times of emergency. Motor insurance helps recover the loss incurred due to accidents. Usually such losses are huge. So people should be more educated about this insurance and they should know how to claim, else having insurance is of no use.

CHART 4: AWARENESS OF MOTOR INSURANCE

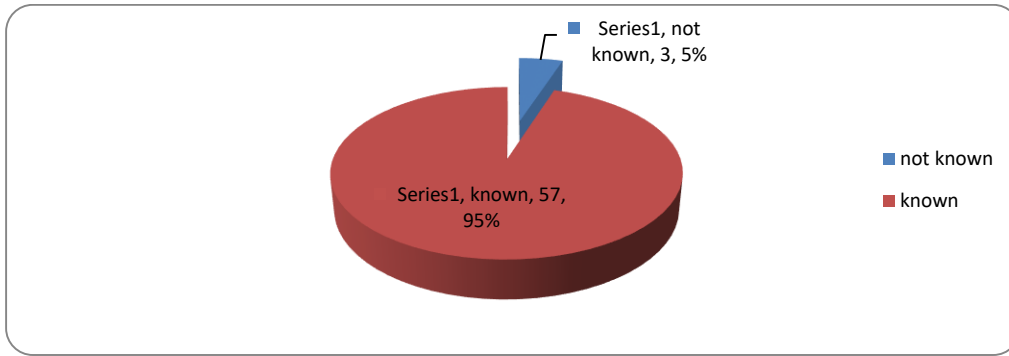


CHART 5: AVAIL OF MOTOR INSURANCE

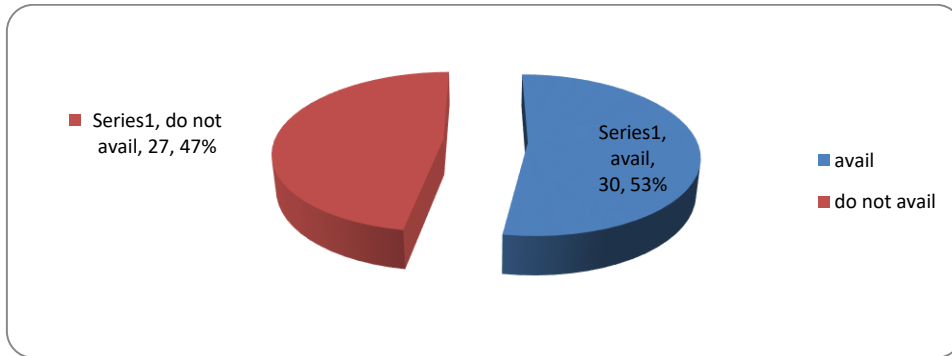
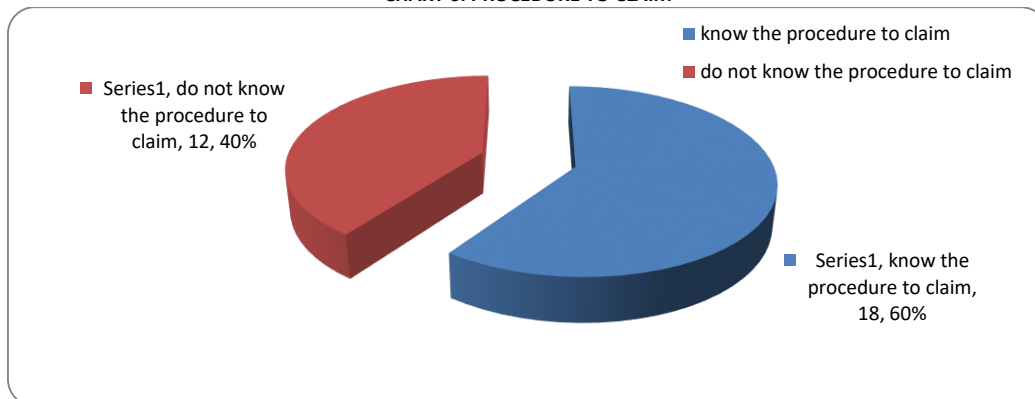


CHART 6: PROCEDURE TO CLAIM



**8.3. ANALYSIS OF THE AWARENESS, WAY TO AVAIL AND USE OF HEALTH INSURANCE BY URBAN PEOPLE OF KOLKATA**

Health insurance is popularly known as Mediclaim, and is a term policy. About 90% of the urban population of Kolkata knows about it, and 93% avails this. The process of claim, though known by most of the people but yet there are many people who don't know. About 20% people, who availed Mediclaim, know the procedure of how to claim. These are depicted by the charts 7, 8 and 9.

CHART 7: AWARENESS OF HEALTH INSURANCE

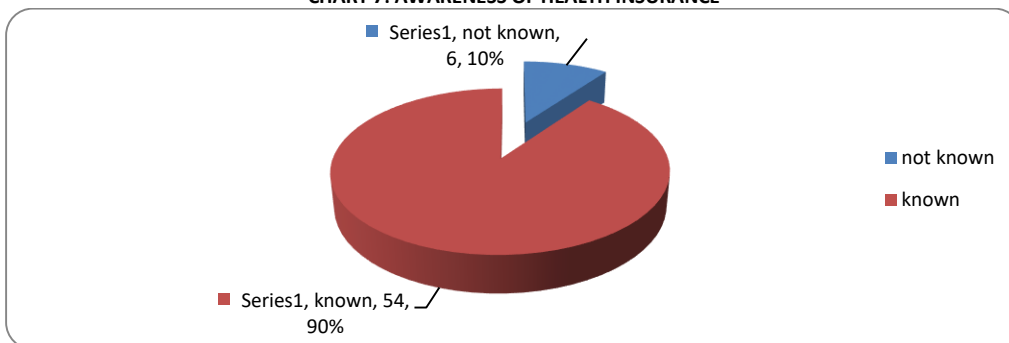


CHART 8: AVAIL OF HEALTH INSURANCE

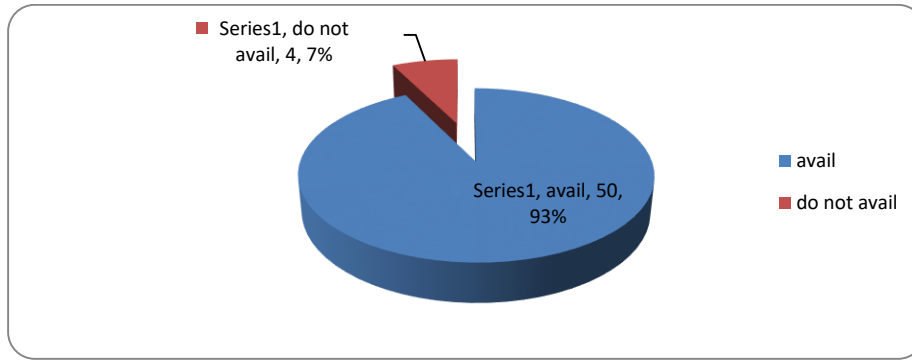
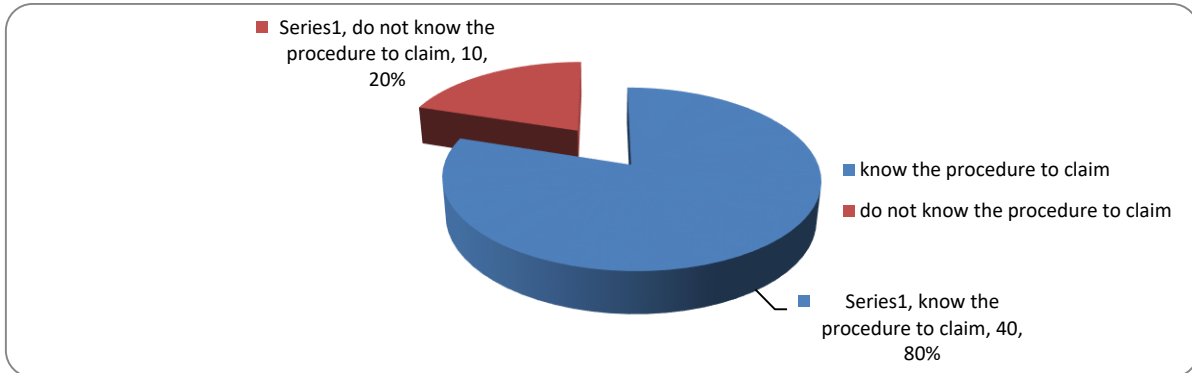


CHART 9: PROCEDURE TO CLAIM



**8.4. ANALYSIS OF THE AWARENESS, WAY TO AVAIL AND USE OF HEALTH INSURANCE BY URBAN PEOPLE OF KOLKATA**

Home insurance is not known by most of the people. Only 58% of the entire population knows about this product. But as the findings say, through charts 10, 11 and 12, only 57% of the population who are aware of this type of insurance avails it. It is not at all popular type of product. People rarely know about it, or feel its importance. Another typical factor about this insurance is that about 45% of the population does not know the procedure of claiming at emergencies.

CHART 10: AWARENESS OF HOME INSURANCE

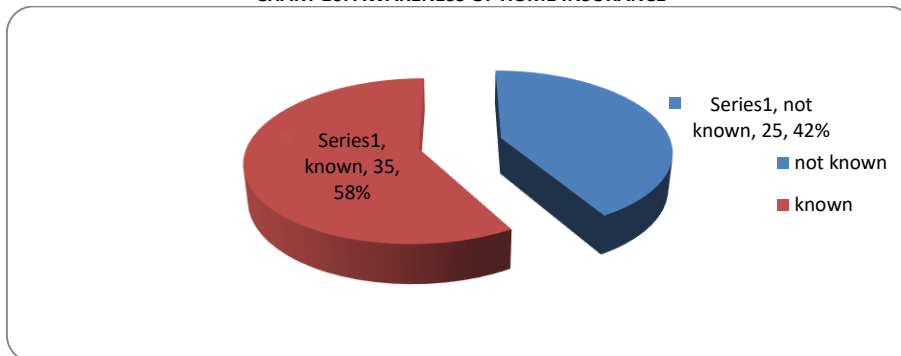


CHART 11: AVAIL OF HOME INSURANCE

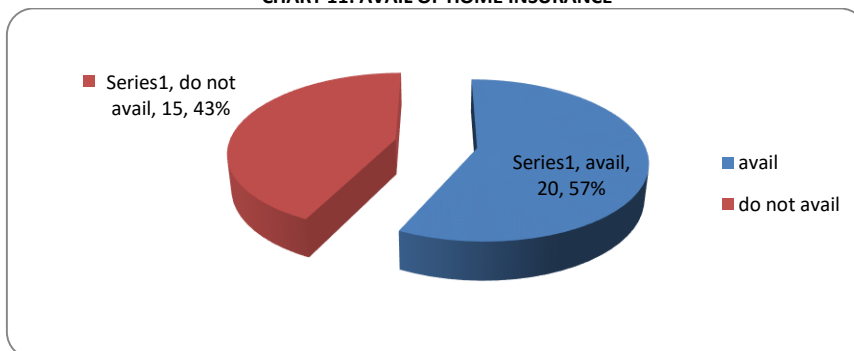
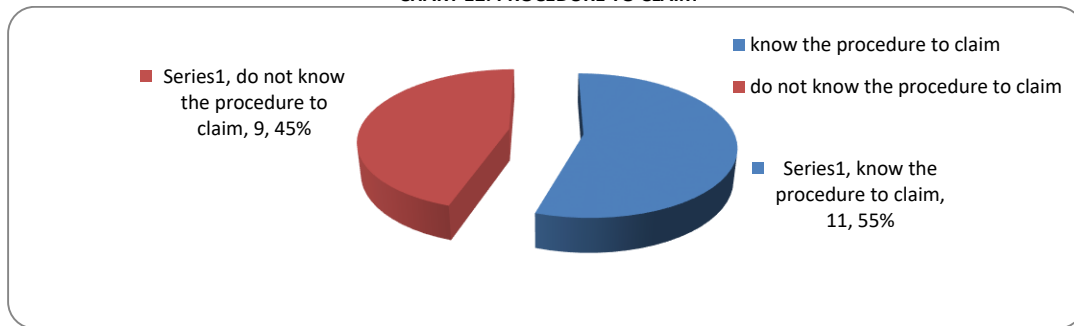


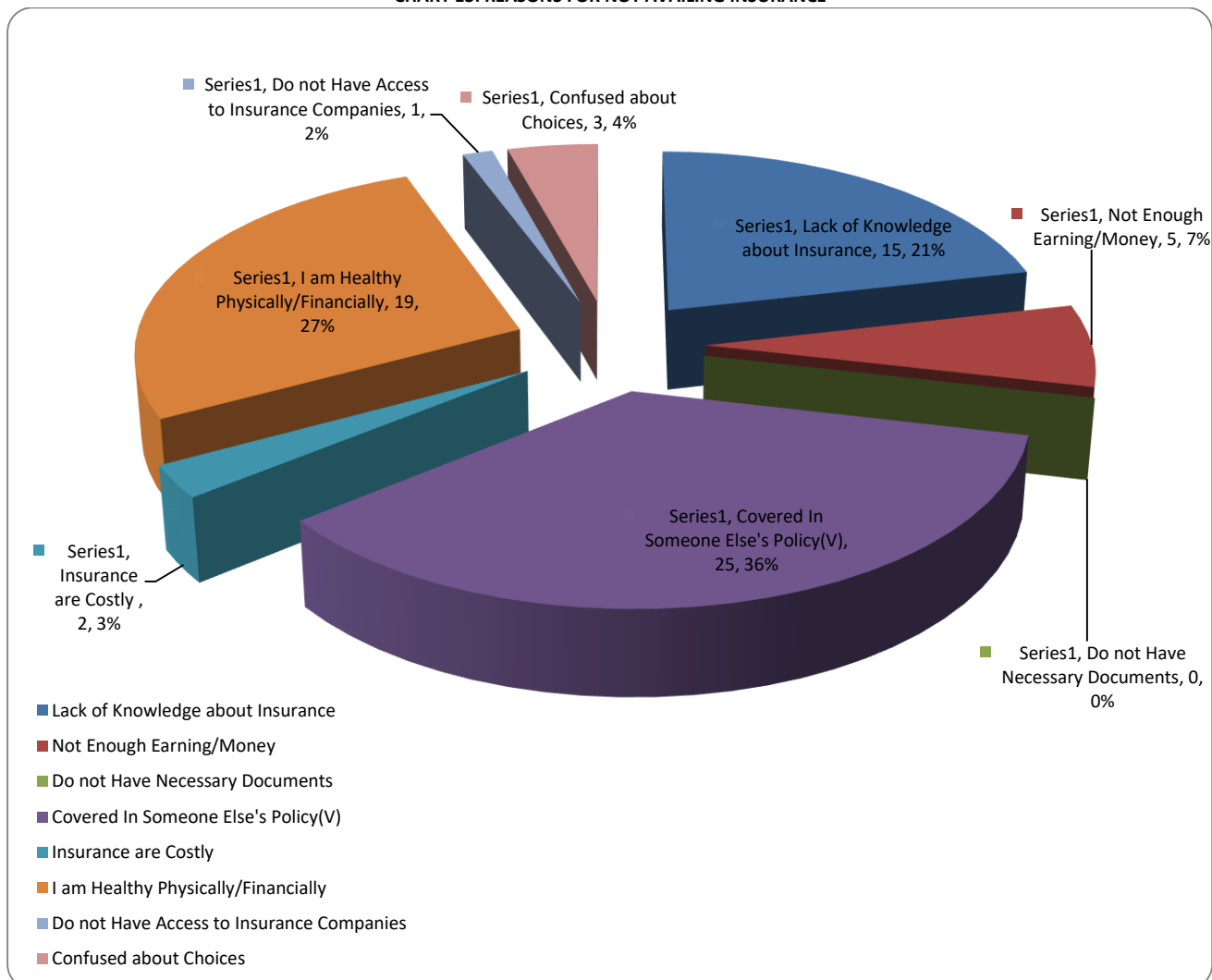
CHART 12: PROCEDURE TO CLAIM



**8.5. ANALYSIS OF THE REASONS FOR NOT AVAILING INSURANCE BY URBAN PEOPLE OF KOLKATA**

In chart 13, the reasons for not availing insurance have been projected. Maximum people, 36% feel that since they are involved in other person policy they need not have their own policy. There is no proper knowledge of the requirement of insurance for a huge mass of people, about 21%. Many people about 27% even feel that they are physically fit and do not need insurance policies. They do not realize the fact that the future is uncertain. Few people do not have enough money to invest in insurance, few are confused about their choices, and even few feel that the insurance is costly. But an interesting fact is that all have their documents, and that's not a reason for not having insurance.

CHART 13: REASONS FOR NOT AVAILING INSURANCE



**9. FINDINGS OF THE STUDY**

Life Insurance is acceptable by most of the people and Health insurance is also known by most of the people, but the other types of insurances are not known by the people on the whole.

**10. RECOMMENDATIONS/SUGGESTIONS**

The people should be made aware of the insurance policy, the need and the importance of policies. The government needs to take steps for the development and security of the society.

**11. SCOPE FOR FURTHER RESEARCH**

Insurance is a very vast subject. There is immense scope for further studies in this subject. There are so many factors that affect the demand for insurance in the country. Each factor needs a separate study to venture deep into the subject.

**12. LIMITATIONS**

1. Though the data is collected from all parts of the society, there may be some misrepresentation in the data as the sample size is limited.
2. For primary data, non-response error cannot be ruled out.

**13. CONCLUSION**

In the metropolis, Kolkata, the insurance sector covers a huge population, yet many people are not knowledgeable and have not yet realized the requirement and the importance of insurance. Life and Health insurance are mainly availed by the people. Motor insurance is usually taken by the vehicle owners and the better-off people. Home insurance is not known to most of the people. It is yet unpopular. Claim procedure is not known to many insurance policyholders. When the insurance is sanctioned, the company agents do not pay importance for the knowledge development of the insurance holders. Few people lack the knowledge about insurance and do not realize the importance. A handful of people are yet to realize that future is always uncertain. No one knows what might happen tomorrow. So, securing one's life or one's own products are important<sup>6</sup>. Insurance education and awareness must be initiated, so that, the masses are saved from the financial traps in times of emergency. Sharing of risk to the insurance company has the individual save the lives of his/her family. In the macro-level the case study of urban people of Kolkata represents the urban population of the country, India.

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## A STUDY ON CUSTOMER SATISFACTION OF PETROL BUNK IN MANNARGUDI TOWN

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**ABSTRACT**

*Satisfaction is often a subjective phenomenon and depends on customer's state of mind both at the time of purchase and more importantly at the time of consumption. Those who are highly satisfied are much less ready to switch. In fact, emphasis has shifted from mere satisfaction to delight of customers. Petrol bunks are the centers catering the fuel need of the people in the particular area. There are a number of petrol bunks located and established by various petroleum production corporations. The researcher frames the objectives on 1) To measure the customer service in petrol bunks and satisfaction level of consumers. 2) To suggest measures for extending the customer service and to give appropriate suggestion to improve 60% of the respondents stated that sometimes they are greeted. 88% of the respondents answered that they get back the balance amount always. 90% of the respondents informed that salesmen were wearing uniform always. 62% of the respondents remarked that the attention of the salesmen was good. 76% of the respondents answered that they always get the required products. 80% of the respondents are always satisfied with the quality of products. 88% of the respondents reported that air point is working conditions. 50% of the respondents are aware of the information about other facilities offered by the petrol bunks. Though the services rendered by sample petrol bunks are good there is in need to improve the availability of information, pleasant send off, attendant availability at air point, greeting by salesmen and proper uniform of salesmen. As far as Petroleum products are concerned the customers are satisfied with quality and quantity and its availability. However, there is scope for further improvement of product also. So conclude that Most of the vehicles attended by sample petrol bunks in Mannargudi town are two wheelers. Again two wheelers talk more about the product, services and layout.*

**KEYWORDS**

Mannargudi town, customer satisfaction, petrol bunk.

**INTRODUCTION**

**P**etrol bunks are no longer fuel dispensing outlets. Sporting all new look, retailer friendly approach, they now outsmart the best of the retail chains in the country offering laundry, courier, photo, medicines, flowers, fresh fruits, insurance, fast food, ticket booking service, telephone & net surfing facility, letter box, convenient banking service, pollution checking points and what have you reach out Hyderabad.com examines the changing face of all new look, customer friendly modern gas filling stations.

Time was when petrol served little purpose other than dispensing fuel. They are now stopped being merely just that some time ago.

Times have changed. They have also changed along with time. And are still changing. Gone are the days of old and not so impressive gas stations. The all-new look petrol bunks are in things now. Most of 185 odd retail outlets in twin cities have received lavish face-lift. The same old bunks now look more spacious, have a brighter look. In fact, they have even become an accepted feature of cityscape. The retail friendly bunks are on the increase not only in the city but all over the country. The demand for shelf space in these fuel fillings stations is also on the increase.

And now lot of these retail petrol outlets provide convenience shopping and other services which are not heart before. They don't stop at conventional things. They added whole variety of stores and services. The range of services offered at these outlets is mind boggling. It is beyond bright illumination and provision of modernized dispensing units. There is much more in store for the consumers. A range of value – added services have been introduced, all beneath one roof.

Computer have added to the new look of the petrol bunks. Gone are the days where a person had to file the daily transactions, check the cash, tally the accounts and then close the petrol bunks at the stroke of midnight to leave home with the thought of next day's dreaded morning. A drastic change which has taken the city by storm is the petrol machines that have invoked a new look with computers invading this area also. Now one can get print out of the bill for the said amount and the quantity mentioned in liters.

**CUSTOMER SATISFACTION**

In marketing, customer is very often referred to as a "King; customer are value maximizes. Customer satisfaction is defined by Webster's dictionary as - "FULFILLMENT OF A NEED OR WANT". Satisfaction is a person's feelings of pleasure or disappointment, resulting from comparison of a product's perceived and actual performance in relation to his or her expectations. So, customer's satisfaction is a function of the product's perceived performance and the customer's expectation.

Satisfaction is often a subjective phenomenon and depends on customer's state of mind both at the time of purchase and more importantly at the time of consumption. It is important because in a large number of cases, some degree of past purchase dissonance is evident among customers. Many companies are aiming at high satisfaction because customers who are just satisfied find it easy to switch when a better offer comes along. Those who are highly satisfied are much less ready to switch. In fact, emphasis has shifted from mere satisfaction to delight of customers. High satisfaction or delight creates an emotional affinity with the brand and the supplier, not just a rational preference. The result is high customer loyalty.

**STATEMENT OF THE PROBLEM**

Petrol bunks are the centers catering the fuel need of the people in the particular area. There are a number of petrol bunks located and established by various petroleum production corporations. The petroleum corporation has made mandatory a certain factor for generating customer satisfaction at the point of petrol bunks.

**REVIEW OF LITERATURE**

**Vasuki.A** has studied customers attitude towards primary agricultural co-operative bank limited. She has analysed customers attitude and factors influencing the customer attitude and also problems faced by customers.

**Siva.D (2011)** has studied customer services rendered by the Indian Oil Corporations Limited to its Indane customers. He has examined the customers services and analysed the problems of Indane customers and steps taken with regard to solving the grievances of its customers.

**Malathi.K (2012)** has studied customers service in banks. She has analysed the various services enjoyed by the customer and to improve the customer services in banks.

**Navaneethakrishnan.V(2013)** has studied in consumer satisfaction in Madurai electricity department. He has assessed the consumer satisfaction level in Madurai corporation electricity undertaken area.

**Shanthi.V (2014)** has studied on consumer grievance redressal with special reference to telephones and banks. She has analysed the concept of consumers' grievance redressal.

**Rajendran.K (2015)** has studied of customer services rendered by the commercial banks in Chennai city with special reference to State Bank of India. He has analysed the banking services and the extent to which they satisfy demands of the customers.

**OBJECTIVES**

1. To measure the customer service in petrol bunks and satisfaction level of consumers.
2. To suggest measures for extending the customer service and to give appropriate suggestion to improve the quality.
3. To determine the consumer attitude and satisfaction in buying the Oil

**RESEARCH METHODOLOGY**

Methodology is a comprehensive term, which includes various methods, and procedures, the random sampling methods are used for research analysis. It is way to solve the research problems systematically. This study attempts to find the public eagerness and customer satisfaction towards petrol bunk in Mannargudi town.

**DATA COLLECTION METHOD**

**PRIMARY DATA**

Primary data can be collected to means a questionnaire and observation. Here questionnaire method of data collection has been used. The questionnaire method basically helps to use tool for data collection.

**SECONDARY DATA**

Secondary data gather from regular clients (customers) in petrol bunks in Mannargudi town.

**PROFILE OF THE COMPANY**

The oil industry is passing through one of the most tumultuous times. Crude oil prices have increased from a level of US \$ 11 per barrel during March 1999 to a ten years high of US \$ 37 per barrel in early September 2000. Recently the prices have fallen to US \$ 60 per barrel. However, as global oil stocks are low, there is a general expectation that crude prices will remain relatively high in the near future.

The Ministry of Petroleum and Natural Gas is entrusted with the responsibility of exploration and production of oil and natural gas, their refining, distribution and marketing, import & export and conservation of petroleum products.

The marketing of petroleum products in India is handled by four Public Sector Oil Companies.

- ❖ Indian Oil Corporation Limited
- ❖ Bharat Petroleum Corporation Limited
- ❖ Hindustan Petroleum Corporation Limited
- ❖ Indo Burma Petroleum Company Limited

The anticipated rapid increase in demand for hydrocarbons in India has aroused the interest of multinational companies and other private players.

The researcher collected the information from the sample respondents and analyse as follows:

**TABLE 1: EDUCATIONAL QUALIFICATION OF THE RESPONDENTS**

S.No	Educational Qualification	No. of Respondents	Percentage
1	S.S.L.C	30	30
2	H.Sc	20	20
3	Diploma	24	24
4	Degree	26	26
	Total	100	100

Source: Primary data

**Inference**

The table 1 shows that 30% of the respondents are S.S.L.C, 26% of the respondents are Degree holders, 24% of the respondents are Diploma and 20% of the respondents are H.Sc.

**CHART 1: EDUCATIONAL QUALIFICATION OF THE RESPONDENTS**

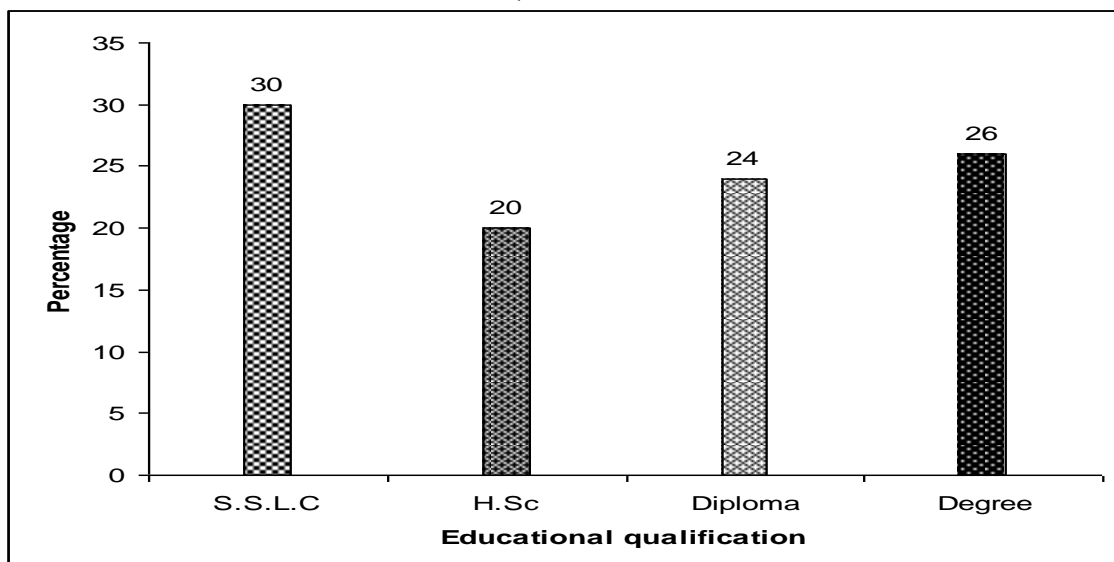




TABLE 2: FILLING OF FUELS FROM THE BUNK (Quantity)

S.No	Quantity	No. of Respondents	Percentage
1	1 to 3 liters	64	64
2	3 to 5 liters	16	16
3	Above 5 liters	20	20
	Total	100	100

Source: Primary data

**Inference**

From the above table shows customer filling pattern in the retail outlet. 64% of the respondents fill 1-3 liters, 20% of the respondents fill more than 5 litres at a time. 16% of the respondents fill 3-5 litters.

CHART 2: FILLING OF FUELS FROM THE BUNK (Quantity)

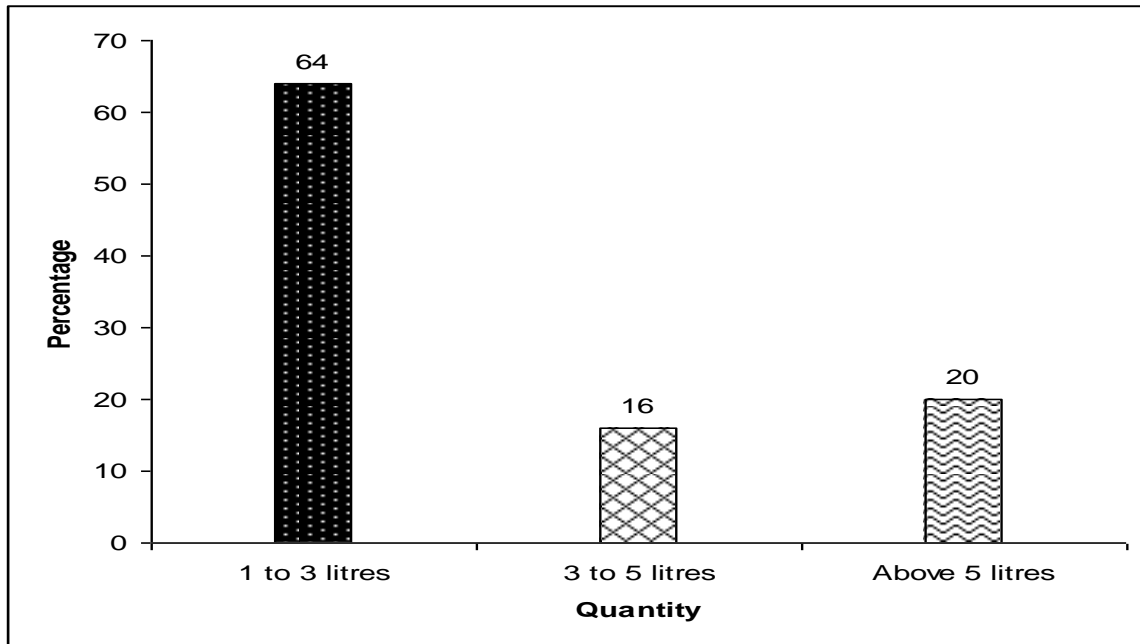


TABLE 3: SALESMEN ATTENTION TO THE CUSTOMERS

S.No	Salesmen attention	No. of respondents	Percentage
1	Excellent	24	24
2	Good	62	62
3	Average	12	12
4	Poor	02	02
	Total	100	100

Source: Primary data

**Inference**

62% of the respondents remarked that the attention of the salesmen good. 24% of the respondents disclosed that the attention paid by the salesmen were excellent, 12% of the respondents said that the attention of salesmen was average and only 2% of the respondents said, it was poor.

CHART 3: SALESMEN ATTENTION TO THE CUSTOMERS

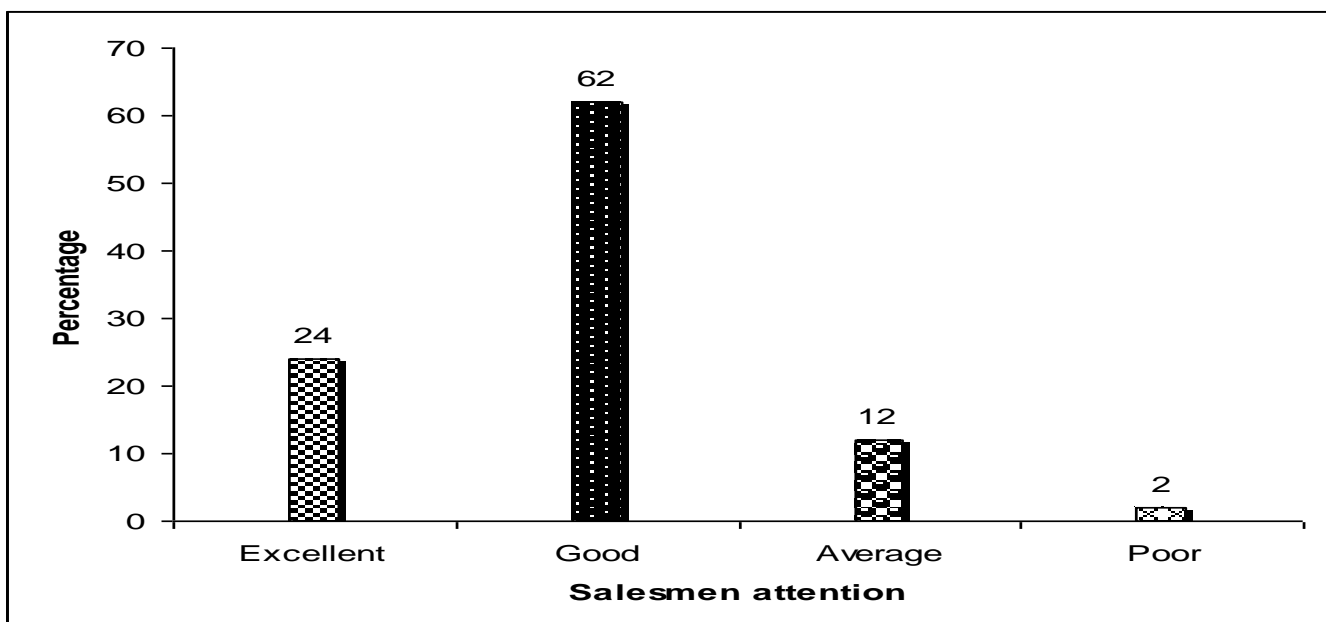


TABLE 4: SATISFACTION OF QUANTITY

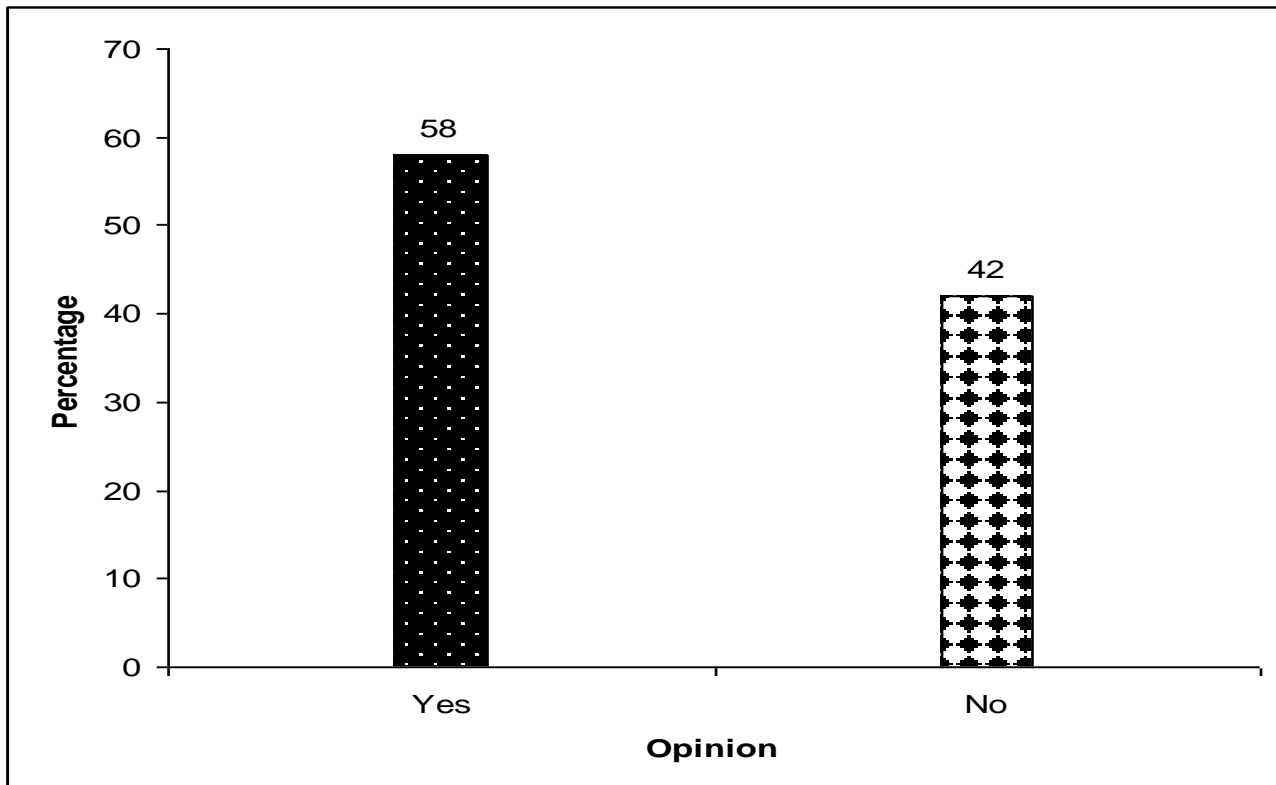
S.No	Opinion	No. of Respondents	Percentage
1	Yes	58	58
2	No	42	42
	Total	100	100

Source: Primary data

**Inference**

Table 4 shows that 58% of the respondents are satisfied with Quantity of the fuel supplied at the bunk and 42% of the respondents are dissatisfied with the quantity of the fuel supplied.

CHART 4: SATISFACTION OF QUANTITY



The analysis of the previous data's has revealed the following findings, and conclusion and suggestion.

**FINDINGS**

- ❖ Majority 30% of the respondents are qualified on S.S.L.C
- ❖ 64% of the respondents fill 1 to 3 liters of petrol.
- ❖ 62% of the respondents remarked that the attention of the salesmen was good.
- ❖ 58% of the respondents pointed out that the quality and quantity was the reason for filling petrol in a particular petrol bunk

**SUGGESTIONS**

The score position of sample petrol bunks in relation to the facilities offered to the customers shows that it requires improvement. Among the various facilities the immediate improvement to be made in facilities like checking of quality and quantity test, filter paper test, free radiator water, zero reading point, checking five liter measurement and air point availability. The next area which requires improvement is the layout of the petrol bunks. The petrol bunks should improve volume of illumination, maintain clean, neat and dust free place and also smooth, safe and convenient drive. Though the services rendered by sample petrol bunks are good there is in need to improve the availability of information, pleasant send off, attendant availability at air point, greeting by salesmen and proper uniform of salesmen. As far as Petroleum products are concerned the customers are satisfied with quality and quantity and its availability. However, there is scope for further improvement of product also.

**CONCLUSION**

Four dimensions of the customer services has been examined in this research study. Among the four, product is satisfactory, services are considered satisfactory by the sample respondents, facilities offered by sample petrol bunks have least importance. Most of the vehicles attended by sample petrol bunks in Mannargudi town are two wheelers. Again two wheelers talk more about the product, services and layout. The petrol bunks not only supply that fuel requirements but also have medical shops, coffee bars, rest rooms to drivers and conductors. Pizza corners, Tiffin centers etc. From this study report customer satisfaction of petrol bunks help the researcher to know the satisfaction level of customer in petrol bunks. People will be purchasing petrol at any cost. It is a necessary one for every people to move from one place to another place even though the price level is increasing day-to-day the buying nature is not reduced and customer satisfaction is achieved by every petrol bunks.

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**CHALLENGES FACED BY WOMEN ENTREPRENEURS: AN INDIAN CONTEXT****SILKY JAIN****H. N 874/35, W NO-2****MILAN PARK, JANTA COLONY****ROHTAK****PANKAJ GUPTA****ACCOUNTS OFFICER****BSNL****ROHTAK****ABSTRACT**

*Entrepreneurship is the core of economic development. The present paper endeavors to study the concept of women entrepreneur and challenges faced by them in India and provides suggestions to overcome these challenges. Educated women also want to lead from the front and demand equal rights with their partners. However, Indian women have to go a long way to achieve equal rights and position because of work & family conflict, socio-cultural barriers, male dominated society, limited access to formal education & training programme, dearth of financial assistance, lack of technical/managerial/entrepreneurial knowhow, lack of marketing skills, mobility constraints and stiff competition. With the increase in the number of women getting educated, increase of financial assistance by the Government for women education, increase in safety measures within organization and outside organization, increase in the means of transport, there is considerable awareness among women to be self-employed and gradually the role of women is changing in the society.*

**KEYWORDS**

women entrepreneur, challenges for women entrepreneurs, self-employed.

**INTRODUCTION**

Entrepreneurship refers to setting a new business to take advantages from new opportunities. Entrepreneur is the key factor of entrepreneurship and now women are successful in this as they have qualities desirable for entrepreneurship development. Entrepreneurship is a suitable profession for women than regular employment. Women are taking interest in the Entrepreneurship in present years than past. The women have achieved immense development in their mind. With increasing dependency on services sectors, many opportunities are there for women. During last two decades, increasing numbers of Indian women have entered in the field of entrepreneurship and also they change the face of business. Women have been taking interest in recent year in self business. In the process of Entrepreneurship, women have to face various problems and these problems get doubled because of her dual role as earner and homemakers. In India most of the homemakers want to start their own business but there are so many problems faced by them. They feel frustrated in dual role. Govt. started several programmes for the training of women entrepreneurship. Training program create the interest among women and helpful to increase the skills and also to build the social attitude, high confidence.

**LITERATURE REVIEW**

Winn (2004) examines some of the decision making factors and socio-personal constraints that affect women entrepreneurship globally. Despite the increased gender parity in the workforce today, few women attain management positions at the top in large corporations. Policy-makers and educators who are interested in increasing no of women in the executive ranks need to understand the interaction between family and career aspirations in order to properly guide those who choose business leadership positions. Unless one can put the business/family interface into perspective, one cannot remove the barriers that women encounter as they pursue their careers. Similarly, Jamali (2009) examines the reciprocation of constraints and opportunities affecting female entrepreneurship in developing countries. The paper adopts an integrative research design with multiple levels and an interpretive research methodology, focusing on in-depth interviews with ten women entrepreneurs to explore their perceptions and interpretations of constraints and opportunities facing female entrepreneurship. The findings presented in his paper clearly illustrate the relevance of micro- and macro-level factors in entrepreneurship research and the usefulness of integrating multiple lens and units of analysis to capture the complexity of the women entrepreneurship experience in any particular context. Sarbapriya and Ishita (2011) focus on woman entrepreneur in India and also they talk about the status of woman entrepreneurs and the problems faced by them when they set up and manage their own businesses in the competitive world of business environment. Actually, there are significant differences between women entrepreneurs and the men entrepreneurs on ground of perseverance, potentiality and ability to work hard, as well as the abilities specific to emotional intelligence. At last, some general measures have been suggested to encourage women entrepreneurship in India. Goyal and Parkash (2011) endeavour to study the concept of women entrepreneur, reasons because of which women become entrepreneurs, reasons for slow progress of women entrepreneurs in developing nation like India, suggestions for the growth of women entrepreneurs, schemes for promoting women & development of women entrepreneurship in India, case study of a women entrepreneur of Ludhiana. The study is concluded with the opinion that efforts are being taken to fulfill the promise equal opportunity in all spheres to the Indian women and guaranteeing equal rights of participation. But unfortunately, the government sponsored development activities have benefited only a limited section of women i.e. the urban middle class women. Lathwal (2011) identifies the major problems of women entrepreneurs in Delhi with the objectives of analyzing the various problems faced by them and by suggesting the remedial measure which will help in the speeding up of women Entrepreneurship in the city. Successful women entrepreneurs have been seen mostly among the mid thirty and early forty age group. The government schemes, incentives and subsidies have inspired and provided support measures to women entrepreneurs in and around the city. In her research, one of the findings was that while a majority of women came from a family business background and they were mostly married to business families. The business environment helped them to get prepared mentally, therefore helping them to easily enter into business. Also, Kumbhar and Kumbhar (2011) discuss several problems faced by women entrepreneurs like start up finance, access to technology, management and marketing skills and lack of confidence. Also they discuss the role of various associations promoting women entrepreneurs like SHG, WIT and SEWA. Lastly they provide suggestions for the development of women entrepreneurship which will help them in earning money and becoming economically independent. This will lead to an improvement is not only the women, from the point of view of better health, education and skill but an improvement in her living condition also by being able to use cleaner fuel, better house, better sanitation, facilities and infrastructural facilities. Kumari, S (2012) analyses the different problems and challenges facing women entrepreneurship in India after independence. Time has come for women to come out of the drudgery of housework and express their creativity and entrepreneurship. Political developments in India have also been responsible for determining the role of women in a changing society. Entry of women in organised business as entrepreneurs is fairly recent, but women have been contributing to production process since times immemorial. Government has been making every effort by giving facilities and exercising persuasion to induce parents to send their daughters in schools. Though such efforts have been successful to some extent, the breakthrough can come only when women receive equal opportunities along with men. Shankar, P (2013) endeavours to study the concept of women entrepreneur in India what are the reasons to become an entrepreneur, reasons for slow progress of women entrepreneurs in India, what schemes are render by Government of India for promotion and development of women entrepreneur in India. Women entrepreneurs have become a strong

driving force in today's corporate world. Not only are they able to equalize their duties of both motherhood and entrepreneurship but they also comprise of almost half of all businesses owned today. Many Women entrepreneurs have an average age of 40 – 60 years old because they have had previous careers in other areas. Their primary goal is not monetary reward but rather personal satisfaction and community involvement. Mehta and Mehta (2011) discuss various challenges faced by rural women entrepreneurs and some suggestions for effective development of women entrepreneurs. The women confined themselves to three K's-Kitchen, kids & knitting. Right efforts on from all areas are required in the development of women entrepreneurs. Role of rural women entrepreneurs in economic development is inevitable. The only urgent need is to create a favourable atmosphere to increase self-employment for women and over all developments of the country. Thus, there are bright prospects for rural women entrepreneurship in India.

### CHALLENGES FACED BY WOMEN ENTREPRENEURS

1. Work/family responsibilities conflict – Business success depends on the support of the family members extend to women in the business process and management. The interest of the family members is a determinant factor in the realization of women folk business aspirations. Striking a balance between managing a family and managing an enterprise is a hard assignment for women. On several occasions it is seen that women have to sacrifice their entrepreneurial urge in order to strike a balance between the two which results in loss of a prospective entrepreneur.
2. Socio-cultural barriers- Socio-Cultural barriers such as verbal-languages barriers, traditions and customs prevailing in Indian societies sometimes stand as an obstacle before women which stop them from growing and prospering. Castes and religions dominate our society and hinder women entrepreneurs too. In rural areas, they face even greater social barriers. They are always seen with an eye of suspicion.
3. Male dominated society- Even though our constitution speaks of equality between genders, male superiority is still the order of the day. Women are not treated equal to men. Their entry into business requires the approval of the head of the family who is mostly a male member. Entrepreneurship has traditionally been seen as a male task. All these hamper the growth of women entrepreneurs.
4. Limited Access to formal education and training programmes- Women in India are lagging far behind in the field of education and also suffer from a lack of training and advisory services that would allow them to upgrade their managerial and technical skills and solve immediate production problems, thus improving productivity and increasing profitability. This puts a barrier on women to establish and sustain a successful business.
5. Dearth of financial assistance- Women entrepreneurs suffer a lot in raising and meeting the financial needs of the business. Bankers, creditors and financial institutes do not come forward to provide financial assistance to women borrowers on the ground of their less credit worthiness and confidence in their ability to run the venture successfully. They also face problems requisite working capital to meet day to day financial working capital requirements.
6. Lack of Technical/Managerial/Entrepreneurial knowhow- Management of business is a complex assignment as entrepreneur has to synthesize all the activities of the organization in attainment of the company's goals by assessing internal factors strengths/weakness and also external factors such as opportunities/threats. For successful running the business these days, entrepreneur should be equipped with technical expertise also. This requires lot of skills technical/conceptual/administrative/leadership skills on the part of entrepreneur which lacks in women entrepreneur.
7. Lack of Marketing Skills- Since most women cannot run around for marketing, distribution and money collection, they have to depend on middle men for the above activities. Middle men tend to exploit them in the appearance of helping. They work in order to add their own profit margin which result in less sales and lesser profit for women entrepreneurs.
8. Mobility Constraints- Women mobility in India is highly limited and has become a problem due to traditional values and limited driving skills. Moving alone and asking for a room to stay out at night for business purposes is still looked upon with suspicious eyes. Sometimes, inexperienced women feel uncomfortable in dealing with men who show extra interest in them other than work related aspects.
9. Stiff competition: Women entrepreneurs have to face severe competition from organized industries and male entrepreneurs having vast experience. Many of the women enterprises have imperfect organizational set up. But they have to face severe competition from organized industries.

### SUGGESTIONS FOR PROMOTION OF WOMEN ENTREPRENEURSHIP

- Government should provide separate financial aid to women entrepreneurs so that they do not face any difficulty in setting up their organization.
- Training Programmes specially directed at women entrepreneurs should be conducted to enhance their entrepreneurial skills and abilities which help them in day to day functioning of business.
- Top ranking women entrepreneurs must be felicitated so that more women are encouraged and motivated to pursue such careers.
- Provision for better educational facilities should be provided starting from school and further for higher education and also several vocational studies.
  - Women Entrepreneurs' Guidance cell should be opened in all cities to handle problems related to day to day functioning like production, marketing, and distribution problems.
  - Special infrastructural facilities should be provided to help women in establishing their enterprise easily and quickly.
- Several legal policies and regulations for the setup of an enterprise by women must be simplified to help women entrepreneurs in establishing their business and getting speedy approval regarding several legal formalities.
- Mostly importantly the support of family members is required so that women can move out of their homes with confidence. They can give better output when it is known to them that their decisions are supported by their family.
- Organization of fairs, exhibitions and workshops for women entrepreneurs which will help them to connect with each other and share ideas and problems. It will also provide guidance to new women entrepreneurs who can take help and suggestions from their already established counterparts.
  - Making provision for marketing and sales assistance so that women entrepreneurs are not cheated by middle men.

### ROLE OF GOI TO DEVELOP WOMEN ENTREPRENEURS IN INDIA

Government of India took various initiatives in different five plans to integrated growth of women entrepreneurship some are highlighted below:

- Trade Related Entrepreneurship Assistance and Development (TREAD) scheme was launched by Ministry of Small Industries to develop women entrepreneurs in rural, semi-urban and urban areas by developing entrepreneurial qualities.
- Swarna Jayanti Gram Swarozgar Yojana and Swarna Jayanti Sekhari Rozgar Yojana were introduced by government to provide reservations for women and encouraging them to start their ventures.
- State Industrial and Development Bank of India (SIDBI) has introduced following schemes to assist the women entrepreneurs. These schemes are:
  - Mahila Udyam Nidhi.
  - Micro Cordite Scheme for Women.
  - Mahila Vikas Nidhi.
  - Women Entrepreneurial Development Programmes.
  - Marketing Development Fund for Women.
  - Training programmes started by the GOI are as follows:
    - Support for Training and Employment Programme of Women (STEP).
    - Development of Women and Children in Rural Areas (DWCRA).
    - Small Industry Service Institutes (SISIs)
    - State Financial Corporations
    - National Small Industries Corporations
    - District Industrial Centres (DICs)

**CONCLUSION**

The government schemes, incentives and subsidies have stimulated and provided support measures to women entrepreneurs. With the increase in the number of women getting education, there is considerable awareness among women to be self-employed thus leading to change in the role of women in the society. These women entrepreneurs have an average age of forty to sixty years because they have had previous careers in other areas. Their primary goal is not monetary gains but rather personal satisfaction and achievement. Time has come for women to come out of the burden of housework and give way to their creativity and entrepreneurship. Social and political developments in India have also been responsible for determining the role of women in a changing society. The various research papers studied several challenges faced by women entrepreneurs have come into focus. These include balance between family and career, socio-cultural barriers, male dominated society, illiteracy or low level of education, dearth of financial assistance, lack of technical knowhow, marketing and entrepreneurial skills, lack of self-confidence and mobility constraints. Despite the increased gender parity in the workforce today, few women attain top management positions in large corporations.

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## FOREIGN DIRECT INVESTMENT REFORMS AND ITS IMPACT ON THE INDIAN ECONOMY

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#### ABSTRACT

*Reforms in the financial sector was identified as an integral part of the economic reforms initiated in 1991, when the then government appointed a high level committee on the financial system known as the "Narasimham Committee" to uplift the country from the clutches of deep economic crisis. It was at this backdrop, that the floodgates to Foreign Direct Investment (FDI) was opened which witnessed the entry of overseas companies to invest directly in fast growing Indian businesses thereby generate cash inflows to the country's ailing economy. FDI has played a significant role in the uplift of the Indian economy and is seen as a means to supplement domestic investment of achieving a higher level of economic growth and development. Reforms in FDI not only turned out to be a blessing for the country's otherwise ill economy, but it also acted as a catalyst for domestic industrial development which is considered to be an important vehicle for economic upliftment. The 'Make in India' campaign, a direct investment reform in its own sense, has witnessed a tremendous response ever since it was launched. This paper is therefore an attempt to study the sectoral reforms in FDI since liberalization of the Indian economy and its impact thereafter. The data and evidences are collected from various journals, research papers, government websites and articles.*

#### KEYWORDS

Indian economy, foreign direct investment (FDI), FDI reforms, Narasimhan committee, economic reforms, economic growth and development.

#### 1. INTRODUCTION

Considered as the backbone of any economy, reforms in the financial sector was identified as an integral part of the economic reforms initiated in 1991, when the then government appointed a high level committee on the financial system known as the "Narasimham Committee" to uplift the country from the clutches of deep economic crisis. It was at this backdrop, that the floodgates to Foreign Direct Investment (FDI) was opened which witnessed the entry of overseas companies to invest directly in fast growing Indian businesses thereby generate cash inflows to the country's ailing economy. FDI plays a multidimensional role in the overall development of the host country. Not only that it generates foreign capital resources but also improves technology upgradation, skill enhancement thereby generates more employment opportunities and boost entrepreneurship. FDI plays a complementary role in overall capital formation and filling the gap between domestic saving and investment. At the macro level it is a non-debt creating sources of additional external finances. At the micro level it is expected to boost output, technology, skill level, employment and linkages with other sectors and the regions of the host economy. Reforms in FDI has not only turned out to be a blessing for the country's otherwise ill economy, but it also acted as a catalyst for domestic industrial development which is considered to be an important vehicle for economic upliftment. The 'Make in India' campaign, a reform in its own sense, has witnessed a tremendous inflow of direct investment ever since it was launched. After the great reforms in the early 90s, the role of FDI in India has changed tremendously. Pre-reforms, the contribution of FDI was low conforming to some selected sectors, but now the inflow of FDI has grown tremendously and almost in all the sectors of the Indian economy. The objective of this work therefore is to highlight the sectoral reforms in FDI since liberalization and its impact on the economy of India.

#### FOREIGN DIRECT INVESTMENT (FDI) IN INDIA: A BRIEF HISTORY

The historical background of FDI in India can be traced back with the establishment of East India Company of Britain. British capital came to India during the colonial era of Britain in India. However, researchers could not portray the complete history of FDI pouring in India due to lack of abundant and authentic data. Before independence, major amount of FDI came from the British companies. After Second World War, Japanese companies entered Indian market and enhanced their trade with India, yet U.K. remained the most dominant investor in India. Further, after Independence issues relating to foreign capital, operations of MNCs, gained attention of the policy makers. Keeping in mind the national interests the policy makers designed the FDI policy which aims FDI as a medium for acquiring advanced technology and to mobilize foreign exchange resources. The first Prime Minister of India considered foreign investment as "necessary" not only to supplement domestic capital but also to secure scientific, technical, and industrial knowledge and capital equipment. However, the country faced two severe crises in the form of foreign exchange and financial resource mobilization during the second five-year plan (1956-61). Therefore, the government adopted a liberal attitude by allowing more frequent equity participation to foreign enterprises, and to accept equity capital in technical collaborations. With time and as per economic and political regimes there have been changes in the FDI policy too. The industrial policy of 1965, allowed MNCs to venture through technical collaboration in India. The government also provided many incentives such as tax concessions, simplification of licensing procedures and de-reserving some industries such as drugs, aluminium, heavy electrical equipment, fertilizers, etc. in order to further boost the FDI inflows in the country. This liberal attitude of government towards foreign capital lures investors from other advanced countries like USA, Japan, and Germany, etc. But due to significant outflow of foreign reserves in the form of remittances of dividends, profits, royalties etc., the government had to adopt stringent foreign policy in 1970s. During this period the government adopted a selective and highly restrictive foreign policy as far as foreign capital, type of FDI and ownerships of foreign companies was concerned. The world economy has observed a phenomenal change in volume and pattern of FDI flow from developed nations to EMEs in 1980s and 1990s compared to earlier decades. The hostile attitude of developing nations regarding multinationals investment has become generous during this transition period. FDI was fostered by liberalisation and market-based reforms in EMEs. The financial sector deregulation and reforms in the industrial policy further paved the way for global investments. Some of the most phenomenal developments during the last 20 years is the fabulous growth of FDI in the global economic arena. Starting from a baseline of less than USD 1 billion in 1990, a recent UNCTAD survey projected India as the second most important FDI destination (after China) for transnational corporations during 2010-2012. As per the data, the sectors which attracted higher inflows were services, telecommunication, construction activities and computer software and hardware. Mauritius, Singapore, the US and the UK were among the leading sources of FDI to the country. In 2013, the government relaxed FDI norms in several sectors, including telecom, defence, PSU oil refineries, power exchanges and stock exchanges, among others. In retail, UK-based Tesco submitted its application to initially invest US\$ 110 million to start a supermarket chain in collaboration with Tata Group's Trent. In civil aviation, Malaysia-based Air Asia and Singapore Airlines teamed up with Tata Group to launch two new airline services. Also, Abu Dhabi-based Etihad picked up a 24 per cent stake in Jet Airways that was worth over Rs 2,000 crores (US\$ 319.39 million). Currently, while foreign portfolio investments to India are slowing, net foreign direct investment (FDI) inflows, which are far more stable, have touched a record high of \$34.9 billion in 2014-15. In fact, net FDI inflows touched 1.7% of gross domestic product (GDP) in the just-ended fiscal year, up from 1.1% of GDP the previous year. Foreign investment inflows to India are predominantly to infrastructure, mainly telecom, oil and gas, mining sectors, as well as the services sector. Higher FDI flows are good for India's current account deficit and also help drive domestic investments.

#### 2. RESEARCH OBJECTIVES

The main objectives of the study are:

1. To analyse sector wise inflow of direct investment post FDI reform in India.
2. To analyse country wise FDI inflows to India.
3. To identify FDI and GDP growth in India.
4. To identify suitable suggestions for attracting more FDI in India

**3. RESEARCH METHODOLOGY**

1. Type of research: - Quantitative & Analytical Research
2. Data Collection Method: - Secondary data from different web sites, research journals, DIPP, Government websites, RBI bulletin (different issues).

**4. LITERATURE REVIEW**

Kulwinder Singh (2005) in his study "Foreign Direct Investment in India: A Critical analysis of FDI from 1991-2005" explores the uneven beginnings of FDI, in India and examines the developments (economic and political) relating to the trends in two sectors: industry and infrastructure. The study concludes that the impact of the reforms in India on the policy environment for FDI presents a mixed picture. The industrial reforms have gone far, though they need to be supplemented by more infrastructure reforms, which are a critical missing link. Montek Singh Ahluwalia (1994) while rejecting the arguments of the critics of economic reforms considered India's efforts of liberalising its economy since 1991 as an 'economic revolution'. Balasubramanyam. V.N and Vidya Mahambre (2003) concluded that 'FDI is a very good means for the transfer of technology and knowhow to the developing countries'. Laura Alfaro (2003) finds that FDI flows into the different sectors of the economy (namely primary, manufacturing, and services) exert different effects on economic growth. FDI inflows into the primary sector tend to have a negative effect on growth, whereas FDI inflows in the manufacturing sector a positive one. Chandana Chakraborty and Peter Nunnenkamp (2008) said that booming foreign direct investment in post-reform India is widely believed to promote economic growth. A. S. Shiralashetti and S. S. Hugar (2009) analyzed the initiatives of The Government of India to attract FDI inflows, to boost the Indian economy since economic liberalization on the basis of different parameters such as year-wise, country-wise, sector-wise and region-wise FDI inflows. To sum up, it can be said that large domestic market, cheap labour, human capital, are the main determinants of FDI inflows to India, however, its stringent labour laws, poor quality infrastructure, centralize decision making processes, and a very limited numbers of SEZs make India an unattractive investment location.

**FDI reform and its impact:** "(Foreign) direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. Immediate direct investment relationships arise when a direct investor directly owns equity that entitles it to 10 percent or more of the voting power in the direct investment enterprise" (IMF 2011, 100-101). The key feature of foreign direct investment is that it is an investment made that establishes either effective control of or at least substantial influence over the decision making of a foreign business. Foreign direct investments can be made in a variety of ways, including the opening of a subsidiary or associate company in a foreign country, acquiring a controlling interest in an existing foreign company, or by means of a merger or joint venture with a foreign company. FDI was introduced in India in 1991 under Foreign Exchange Management Act (FEMA) executed by the then Finance Minister Dr. Manmohan Singh. In a report published in "The Hindu" dated 28<sup>th</sup> May, 2016, FDI inflows in India have increased by 29 percent to a record \$40 billion during the financial year ended March 2016. It further mentioned that of the FDI inflows in FY'16, services sector including financial, banking, insurance, non-financial, outsourcing, R&D, courier, technology testing and analysis attracted maximum investment of \$6.88 billion followed by computer hardware and software (\$5.90 billion), trading business (\$3.84 billion) and automobile industry (\$2.52 billion). It is noteworthy that of the FDI inflows, the maximum inflow was from Singapore with \$13.69 billion followed by Mauritius with \$8.35 billion, the U.S. (\$4.19 billion), the Netherlands (\$2.64 billion) and Japan (\$2.61 billion). The previous highest FDI inflow was in FY'12 when the country received \$46.55 billion, which was a 34 percent increase over \$34.8 billion it received in FY'11. As per the latest World Investment Report released by the "United Nations Conference on Trade and Development (UNCTAD)", India became the tenth largest recipient of foreign direct investment in 2015 in the world, grossing \$44 billion following a series of reforms by the government. In August 2014, the Cabinet of India allowed 49% foreign direct investment (FDI) in the defence sector and 100% in railways infrastructure. The defence sector previously allowed 26% FDI and FDI was not allowed in railways. This was in hope of bringing down the military imports of India. However, FDI is not permitted in the areas of Arms and ammunition, Atomic Energy, Railway Transport, Coal and lignite, Mining of iron, manganese, chrome, gypsum, sulphur, gold, diamonds, copper, zinc, Lottery Business, Gambling and Betting, Business of Chit Fund, Agricultural (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and cultivation of vegetables, mushrooms, etc. under controlled conditions and services related to agro and allied sectors) and Plantations activities (other than Tea Plantations), Housing and Real Estate business, Trading in Transferable Development Rights (TDRs), Manufacture of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.

**5. MAKE IN INDIA: AS A CONCEPT OF FDI**

**Make in India** is an initiative launched by the Government of India to encourage multi-national, as well as national companies to manufacture their products in India. It was launched by Prime Minister Narendra Modi on 25 September 2014. India emerged, after initiation of the programme in 2015 as the top destination globally for foreign direct investment, surpassing the United States of America as well as the People's Republic of China. In 2015, India received US\$63 billion in FDI. The major objective behind this initiative was to focus on job creation and skill enhancement in 25 sectors of the economy. It further aimed at high quality standards and minimising the impact on the environment and hoped to attract capital and technological investment in the country. Because of the 'Make in India' initiative, the government received ₹1.20 lakh crore (US\$18 billion) worth of proposals from companies interested in manufacturing electronics in India between September 2014 and November 2015.

**MAKE IN INDIA FOCUSES ON THE FOLLOWING TWENTY-FIVE SECTORS OF THE ECONOMY**

Automobiles, Automobile Components, Aviation, Biotechnology, Chemicals, Construction, Defence manufacturing, Electrical Machinery, Electronic systems, Food Processing, Information Technology and Business Process Management, Leather, Media and Entertainment, Mining, Oil and Gas, Pharmaceuticals, Ports and Shipping, Railways, Renewable Energy, Roads and Highways, Space and astronomy, Textiles and Garments, Thermal Power, Tourism and Hospitality and Wellness.

**MAKE IN INDIA REFORM AND FDI INFLOW**

1. Global beverage company Pepsi plans to invest Rs. 500 crore to set up another unit in Maharashtra to make mango, pomegranate and orange based citrus juices.
2. Japan has won the right to construct India's first bullet train while offering a loan of US \$ 8.11 billion to India for the same.
3. Kellogg.co. world's largest cereal maker, is making large investment in manufacturing and plans to set up its first R&D in India near Mumbai.
4. According to data released by RBI in its report for the financial year 2014-15 the aggregate FDI rose by 54% which is the highest FDI in last five years.
5. The manufacturing sector which was showing a declining trend in the past few years has shown a sharp jump of 50% in FDI in year 2014-15 which shows a clear impact of 'Make in India' initiative.
6. Mauritius continued to be the country contributing the single largest share of the foreign direct investment pie. FDI equity inflow from Singapore trailed Mauritius, with \$6.4 billion in fiscal year.
7. Drugs and pharmaceuticals and the automobile industry in India are other sectors attracting FDI.
8. India's investments in UK have increased nearly by 65% in 2015.
9. FDI has increased 37% after the launch of Make in India.
10. India is the world's top destination for FDI. According to the report Make in India campaign and as a result of it the increase in FDI has also lead to job creation

6. DISCUSSION AND ANALYSIS

OBJECTIVE 1

TABLE 1: ANALYSIS OF SECTOR WISE INFLOW OF FDI IN INDIA (from 1991 to 1999)

Sl.no.	Sector	FDI Inflows (in US \$ million)
1	Electrical equipment	1393.13
2	Service Sector	1213.66
3	Telecommunications	1211.64
4	Chemicals & Other fertilizers	1196.17
5	Power	1093.32
6	Food processing Industries	710.51
7	Paper & Pulp	259.85
8	Mechanical & Engg. Industries	255.41
9	Textiles (including dyed & printed)	248.88
10	Drug & Pharmaceuticals	246.71
11	Trading	201.48
12	Metallurgical industry	190.55
13	Industrial Machinery	108.55
14	Hotels & Tourism	91.33
15	Ceramics	51.6
16	Cement & gypsum products	49.92
17	Fermentation industry	24.15
18	Consultancy services	6.61
19	Computer software & hardware	0
20	Housing & real estates	0
21	Construction activities	0
22	Automobiles Industry	0
23	Petroleum & natural gas	0
24	Information Broadcasting	0
25	Others	2401.36
	<b>Total</b>	<b>10954.66</b>

Source: Rajeswari, R.G. & Akilandeswari, K. (2015), "Sector-Wise Foreign Direct Investment Inflows into India", Journal of Business Management & Social Sciences Research (JBM&SSR), Volume 4, No.1, January 2015.

From the above table it is observed that during the period 1991 to 1999, electrical equipment, services sector and telecommunications received the highest FDI inflows with 1393, 1213 and 1211 in terms of US \$ in million.

FIG. 1: DIAGRAMMATIC REPRESENTATION OF TABLE 1-ANALYSIS OF SECTOR WISE INFLOW OF FDI IN INDIA (from 1991 to 1999)

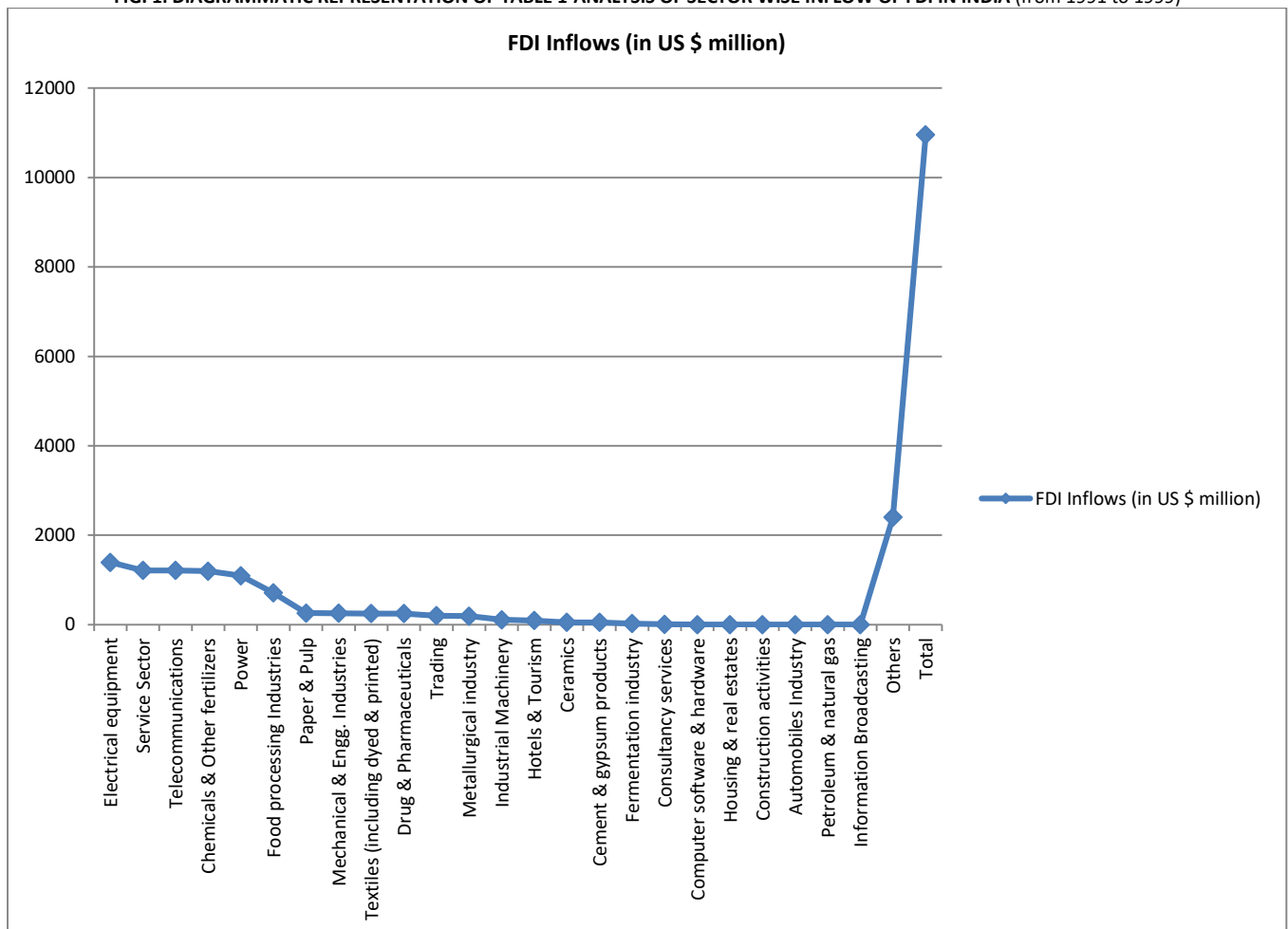




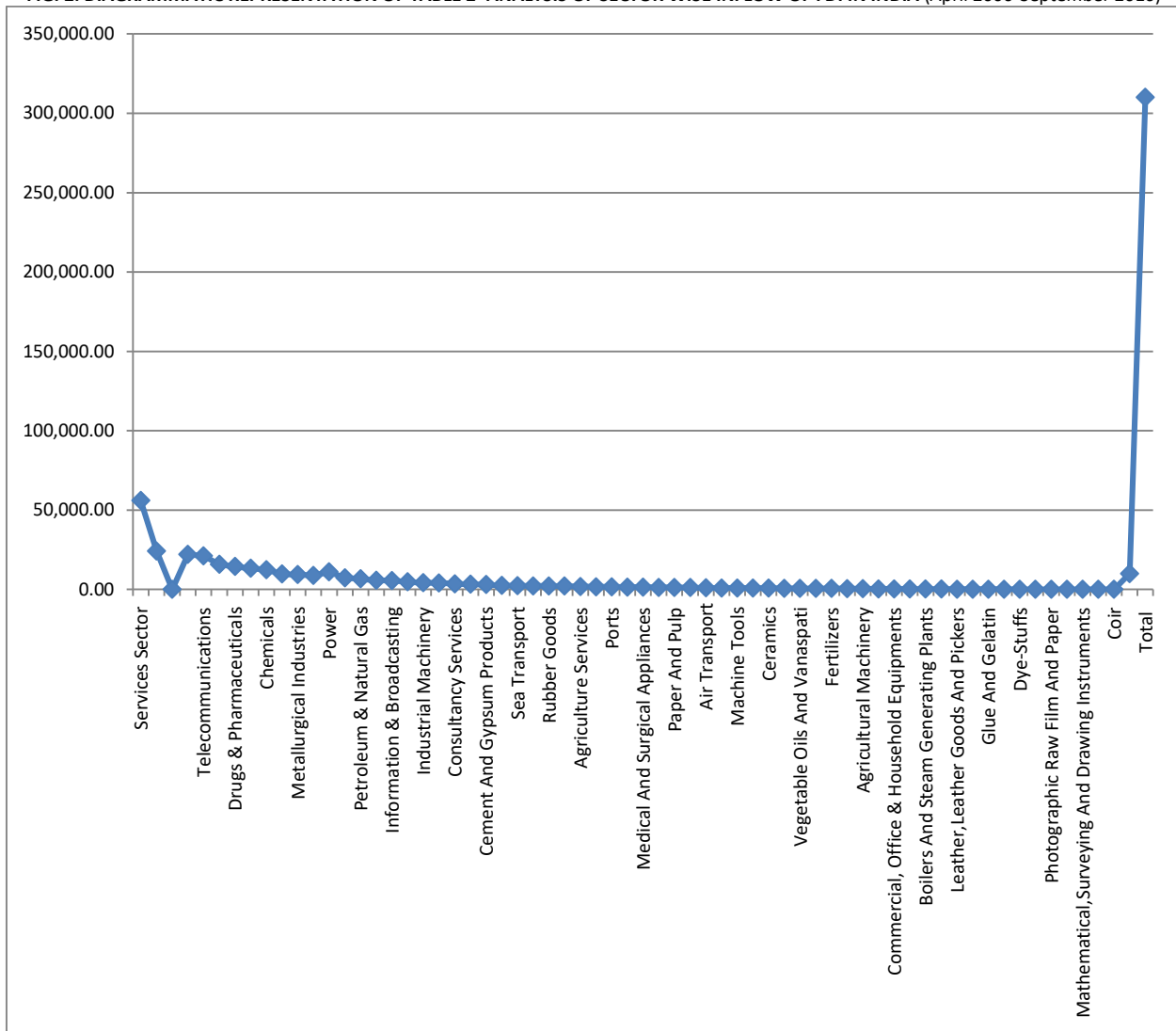
TABLE 2: ANALYSIS OF SECTOR WISE INFLOW OF FDI IN INDIA (April 2000-September 2016)

S.No.	Sector	(In US\$ million)
1	Services Sector	56,080.38
2	Construction Development: Townships, housing, built-up infrastructure and construction-development projects	24,249.79
3	Computer Software & Hardware	22,050.02
4	Telecommunications	21,169.09
5	Automobile Industry	15,793.24
6	Drugs & Pharmaceuticals	14,490.21
7	Trading	13,354.42
8	Chemicals (Other Than Fertilizers)	12,432.77
9	Hotel & Tourism	9,749.97
10	Metallurgical Industries	9,337.63
11	Construction (Infrastructure) Activities	8,886.97
12	Power	11,034.73
13	Food Processing Industries	7,316.46
14	Petroleum & Natural Gas	6,700.62
15	Electrical Equipments	5,764.92
16	Information & Broadcasting (Including Print Media)	5,629.02
17	Non-Conventional Energy	4,773.95
18	Industrial Machinery	4,233.86
19	Hospital & Diagnostic Centres	4,098.19
20	Consultancy Services	3,512.57
21	Miscellaneous Mechanical & Engineering Industries	3,230.69
22	Cement And Gypsum Products	3,117.90
23	Fermentation Industries	2,463.88
24	Sea Transport	2,287.22
25	Mining	2,218.79
26	Rubber Goods	2,211.31
27	Textiles (Including Dyed,Printed)	2,122.09
28	Agriculture Services	1,859.17
29	Electronics	1,668.31
30	Ports	1,637.30
31	Prime Mover (Other Than Electrical Generators)	1,486.40
32	Medical And Surgical Appliances	1,452.70
33	Education	1,318.23
34	Paper And Pulp (Including Paper Products)	1,245.31
35	Soaps, Cosmetics & Toilet Preparations	1,165.13
36	Air Transport (Including Air Freight)	979.20
37	Retail Trading	909.12
38	Machine Tools	857.42
39	Diamond,Gold Ornaments	851.34
40	Ceramics	756.43
41	Railway Related Components	724.03
42	Vegetable Oils And Vanaspati	622.00
43	Printing Of Books (Including Litho Printing Industry)	601.87
44	Fertilizers	565.07
45	Glass	538.84
46	Agricultural Machinery	440.66
47	Earth-Moving Machinery	364.11
48	Commercial, Office & Household Equipments	352.30
49	Scientific Instruments	252.00
50	Boilers And Steam Generating Plants	194.08
51	Sugar	189.12
52	Leather,Leather Goods And Pickers	166.85
53	Timber Products	148.66
54	Glue And Gelatin	123.70
55	Tea And Coffee (Processing & Warehousing Coffee & Rubber)	110.73
56	Dye-Stuffs	86.43
57	Industrial Instruments	75.63
58	Photographic Raw Film And Paper	67.29
59	Coal Production	27.73
60	Mathematical,Surveying And Drawing Instruments	7.98
61	Defence Industries	5.12
62	Coir	4.07
63	Miscellaneous Industries	9,972.08
	<b>Total</b>	<b>310,137.12</b>

Source: Department of Industrial Policy and Promotion, Govt. of India

From the above table it is observed that services sector, construction development and computer hardware & software received the highest FDI inflows during the period from April 2000 to September 2016 with US \$ in millions of 56080, 24249 and 22050 respectively.

FIG. 2: DIAGRAMMATIC REPRESENTATION OF TABLE 2- ANALYSIS OF SECTOR WISE INFLOW OF FDI IN INDIA (April 2000-September 2016)



OBJECTIVE 2

TABLE 3: COUNTRY WISE FDI INFLOW (in US \$million) (from 1992 to 2000)

Sl. No.	Countries	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
1	Mauritius	NA	NA	197	507	846	900	590	501
2	USA	22	99	203	195	242	687	453	355
3	U.K.	7	98	144	71	54	NA	NA	NA
4	Germany	21	35	35	100	166	151	114	31
5	Netherlands	21	47	45	50	124	159	53	82
6	Japan	26	37	95	61	97	164	235	142
7	France	9	10	12	14	NA	NA	NA	NA
8	Singapore	3	10	25	60	76	NA	NA	NA
9	Switzerland	35	23	26	NA	NA	NA	NA	NA
10	South Korea	NA	NA	12	24	6	333	85	8
11	Others	136	45	76	351	446	562	470	462
	<b>Total</b>	<b>280</b>	<b>404</b>	<b>872</b>	<b>1419</b>	<b>2057</b>	<b>2956</b>	<b>2000</b>	<b>1581</b>

Source: Akhtar, G. (2013), "Inflows of FDI in India: Pre and Post Reform Period", International Journal of Humanities and Social Science Invention, Volume 2 Issue 2, February 2013

From the above table it is evident that the year 1997-98 witnessed the highest inflow of FDI into the Indian economy with US \$ 2956 million and the highest FDI came from Mauritius in the same year itself with US \$ 900 million.

FIG. 3: DIAGRAMMATIC REPRESENTATION OF TABLE 3- COUNTRY WISE FDI INFLOW (in US \$million) (from 1992 to 2000)

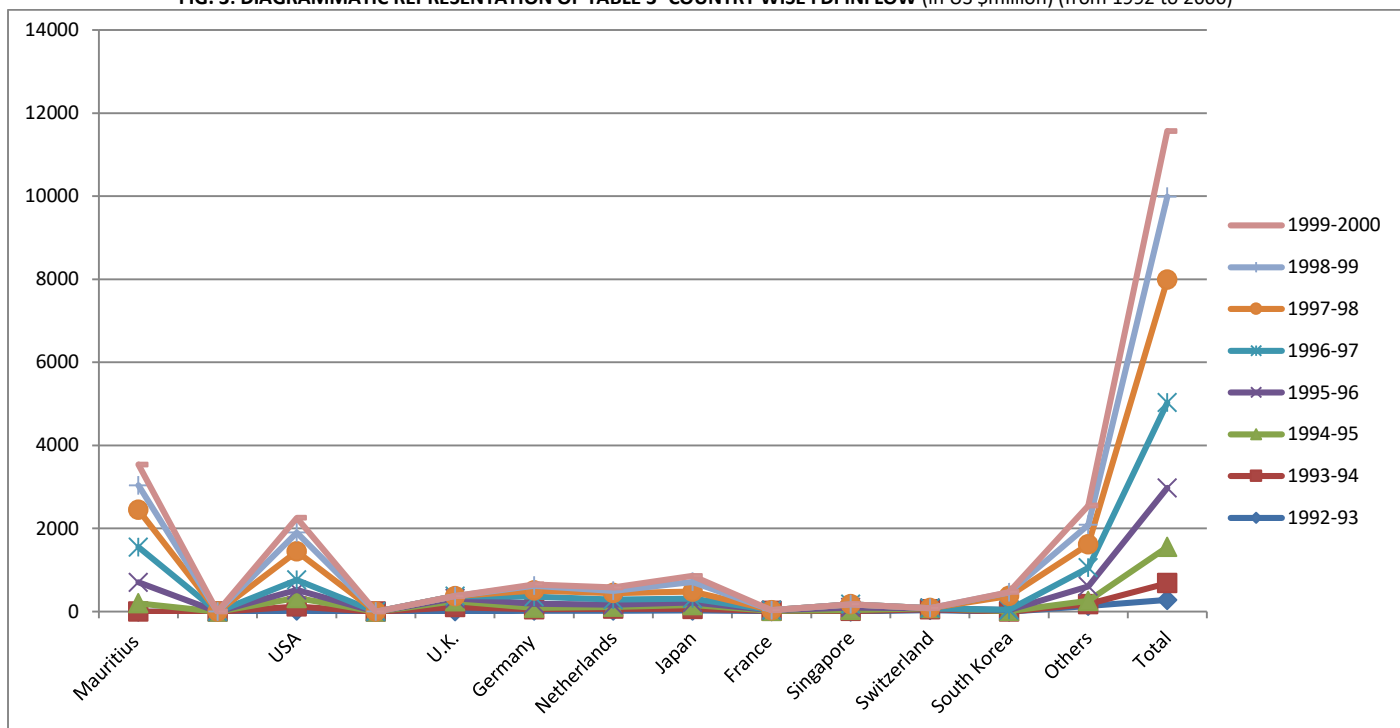


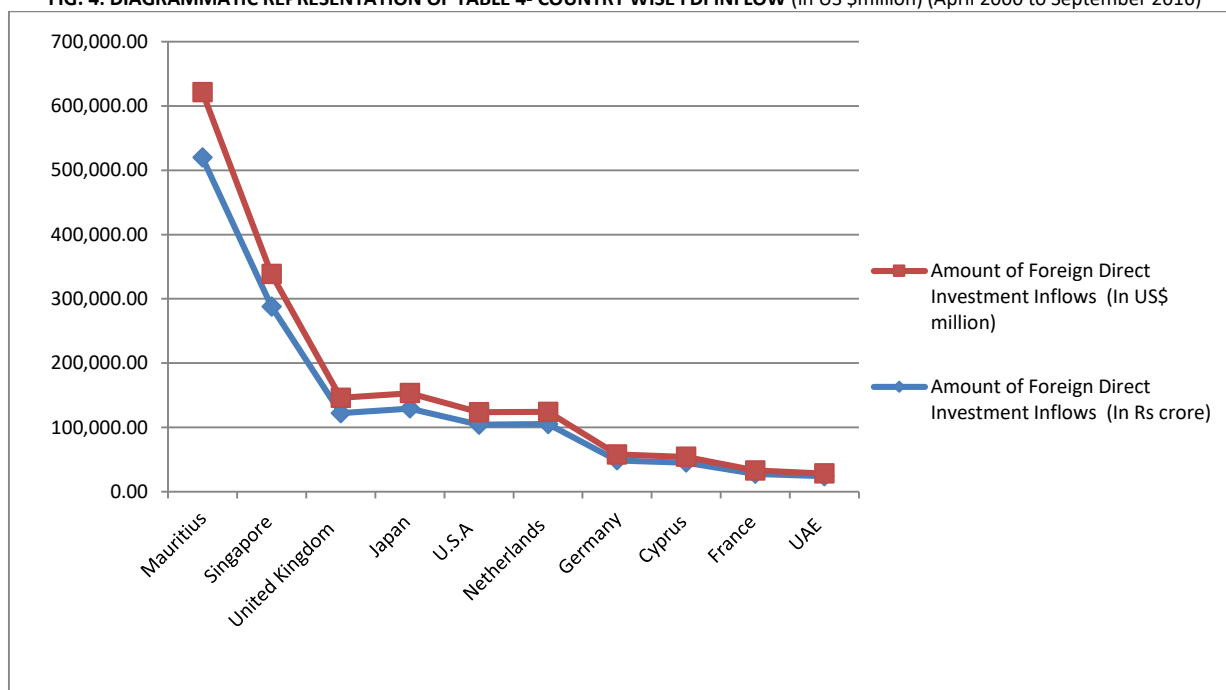
TABLE 4: COUNTRY WISE FDI INFLOW (in US \$million) (April 2000 to September 2016)

S.No	Name of the Country	Amount of Foreign Direct Investment Inflows		%age with Inflows
		(In Rs crore)	(In US\$ million)	
1				
2	Mauritius	519,499.57	101,759.68	32.81
3	Singapore	287,948.94	50,559.91	16.3
4	United Kingdom	122,028.31	24,072.30	7.76
5	Japan	129,416.11	23,760.47	7.66
6	U.S.A	104,193.13	19,380.43	6.25
7	Netherlands	105,327.96	18,929.16	6.1
8	Germany	48,806.50	9,217.02	2.97
9	Cyprus	45,227.13	8,933.35	2.88
10	France	27,749.56	5,294.36	1.71
11	UAE	24,023.67	4,384.82	1.41

Source: Department of Industrial Policy and Promotion, Govt. of India

From the above table it is observed that Mauritius has been India’s delight making maximum investment of US \$ 101759.68 million followed by Singapore and U.K. with US \$ 50559.91 and 24072.30 million respectively.

FIG. 4: DIAGRAMMATIC REPRESENTATION OF TABLE 4- COUNTRY WISE FDI INFLOW (in US \$million) (April 2000 to September 2016)



OBJECTIVE 3

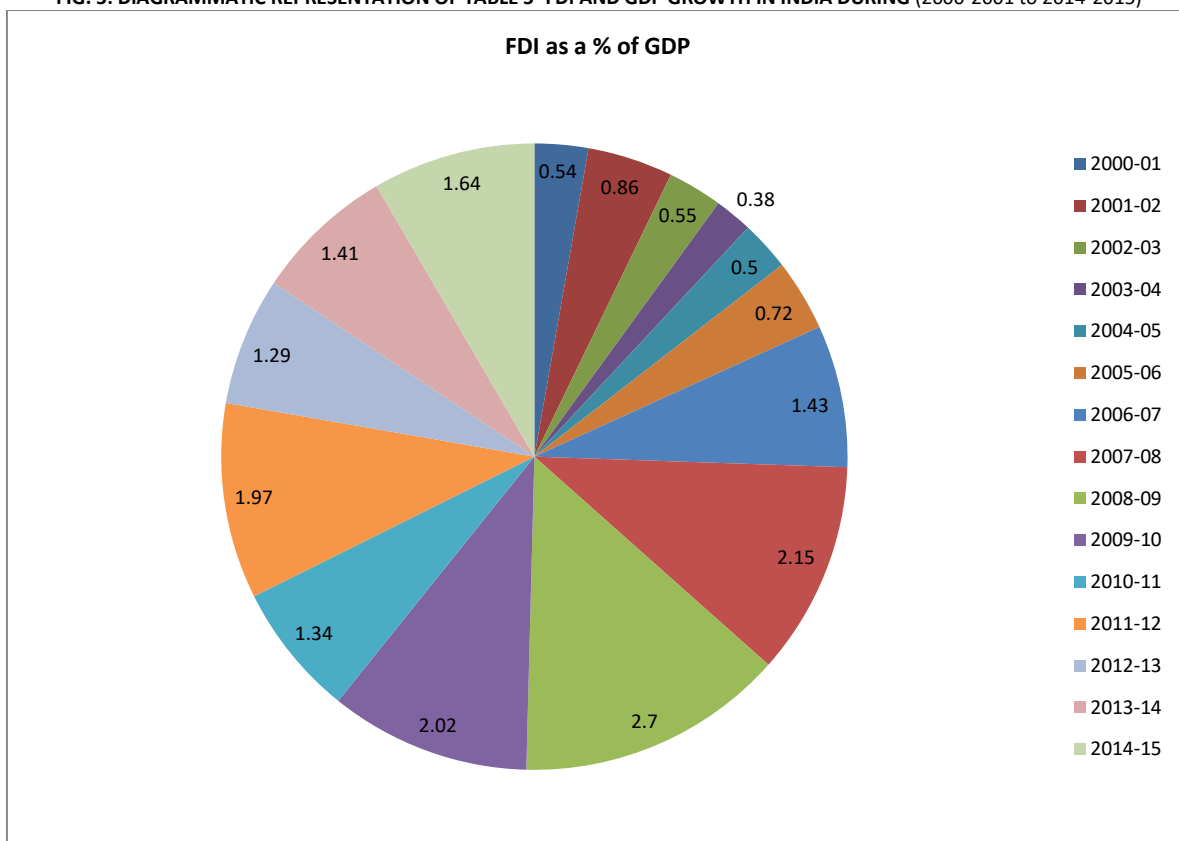
TABLE 5: FDI AND GDP GROWTH IN INDIA DURING (2000-2001 to 2014-2015)

Years	FDI Inflow (Rs. Crores)	FDI Inflow (US Million \$)	Growth rate of FDI Inflow	GDP at current prices	Growth rate of GDP	FDI as a % of GDP
	Equity Capital	Components Only	(In terms of \$)	(In Crores)	(In terms of Rs)	
2000-01	10733	2463	-	2,000,743	-	0.54
2001-02	18,654	4065	+65	2,175,260	8.72	0.86
2002-03	12,871	2705	-33	2,343,864	7.75	0.55
2003-04	10,064	2188	-19	2,625,819	12.03	0.38
2004-05	14,653	3219	+47	2,971,464	13.16	0.50
2005-06	24,584	5540	+72	3,390,503	14.10	0.72
2006-07	56,390	12,492	+125	3,953,276	16.60	1.43
2007-08	98,642	24,575	+97	4,582,086	15.91	2.15
2008-09	1,42,829	31,396	+28	5,303,567	15.75	2.70
2009-10	1,23,120	25,834	-18	6,108,903	15.18	2.02
2010-11	97,320	21,383	-17	7,248,860	18.66	1.34
2011-12	1,65,146	35,121	+64	8,391,691	15.77	1.97
2012-13	1,21,907	22,423	-36	9,388,876	11.88	1.29
2013-14	1,47,518	24,299	+8	10,472,807	11.54	1.41
2014-15	1,89,107	30,931	+27	11,550,240	10.28	1.64

Source: Website of "Department of Industrial Policy and Promotions, Ministry of Commerce & Industry, Govt. Of India"

From the data shown in the table we can verdict that FDI has been increasing with increasing rate except in 2 or 3 years when it had decreased. If we talk comparatively between FDI & GDP, we can say that since 2000-01 to the 2014-15 the impact of FDI on GDP has been vigorous except same in those years when the FDI was down.

FIG. 5: DIAGRAMMATIC REPRESENTATION OF TABLE 5- FDI AND GDP GROWTH IN INDIA DURING (2000-2001 to 2014-2015)



OBJECTIVE 4

Suggestions to attract more FDI in India

- 1) The "Make in India" campaign is aimed to convert India into a manufacturing hub by improving the ease of doing business.
- 2) Implementation of GST
- 3) Fixed Labour Laws
- 4) Geographical disparities of FDI should be removed
- 5) Promoting Greenfield projects
- 6) Developing proper debt market
- 7) Education sector should be open to FDI
- 8) Strengthening R&D in the country.

7. CONCLUSION

From the above discussion it is evident that India has been a favourite destination for direct investment ever since the reforms were being initiated. India's Foreign Direct Investment (FDI) policy has been gradually liberalised to make the market more investor friendly. The results have been more encouraging with the launching of the 'Make in India' campaign and with the introduction of GST bill, more FDI is expected to flow in. Moreover, it has been observed that there has been a direct relation between FDI and GDP rate in the country as FDI has made a tremendous and positive impact on the growth rate of the economy of India. FDI inflow

supplements domestic capital, as well as technology and skills of existing companies. It also helps to establish new companies. All of these contribute to economic growth of the Indian Economy. FDI off course might be one of the important sources of financing the economic development. However, one should not forget that FDI alone is not a solution for poverty eradication, unemployment and other economic ills. India needs a massive investment to achieve the goals of Vision 2020. Policy makers need to ensure transparency and consistency in policy making along with comprehensive long term development strategy.

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## PROBLEMS AND PROSPECTS OF MICRO SMALL MEDIUM ENTREPRENEURS (MSMEs): A STUDY OF WARANGAL DISTRICT

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### ABSTRACT

*Micro Small & Medium Entrepreneurs (MSMEs) are play key role in the economic development of the country is providing large scale employment in this paper as covered problem of micro small, medium enterprises (MSMEs) which are "financial, managerial, marketing, raw material, technological, labour problems" to offer the suggestion development of the micro small & medium entrepreneurs (MSMEs).*

### KEYWORDS

MSMEs, Warangal District.

### INTRODUCTION

**M**icro Small and Medium Enterprises play a key role in the industrialization of a developing nation. "This is because: they provide immediate large scale employment and have a comparatively higher labour-capital ratio; they need only a shorter gestation period and relatively smaller markets, to be economic; they need lower investments. They offer a method of ensuring a more equitable distribution of the national income and facilitate an effective mobilization of the resources of capital and skill which might, otherwise, remain unutilized and they stimulate the growth of the industrial entrepreneurship and promote a more differed pattern of ownership and location".

The small scale sector has stimulated economic activity of a far reaching magnitude and has played a significant role in the elimination of the economic backwardness of the rural and the under - developed regions in the country, attained self-reliance and reduction of regional imbalances. It has also led to the reduction of disparities in Income, wealth and consumption. The MSMEs play an important role in assisting the bigger industries and the projects so that the planned activity of the developmental work is timely attended to. The setting up and the growth of all types of industries have the basic objective of profit making. However, it also contributes towards social justice and the development of the particular area, by way of trade and commerce. These industries also develop lots of entrepreneurs who, in future, may play a bigger role in the developmental activities.

The All India Management Association (AIMA), in collaboration with the Federation of the Indian Chamber of Commerce and Industry (FICCI) organized a two day "National Convention on Small and Medium Enterprises in the Emerging Scenario" in 1998 sponsored by the SIDBI and Global Trust Bank to discuss the opportunities and challenges for the SMEs. "The convention was of the unanimous view that in view of the backlog of the manifold problems and the emerging global scenario in the new millennium, the development of the SMEs can certainly tackle issues involved in the economic development of the developing nations and the least developed countries with regard to employment and income generation". Thus the Micro, Small and Medium industries can very well provide an answer to the economic under development and the growing unemployment. The development of these industries would be beneficial to the developing countries and would assist them in improving their economic and social wellbeing.

### REVIEW OF LITERATURE

**Bhavani T.A. (2010)** highlights the issue of quality employment generation by the SSIs and negates the short term attitude of increasing the volume of employment generation compromising with quality. The author argues that employment generation by the SSIs may be high in quantitative term but very low in quality.

**Varma.U. K (2011)** in his study on MSMEs recognized that while credit, marketing etc. are essential, the critical factor that drives growth is technology. In the present economic scenario of globalised competitiveness, it is the technological edge that will determine the winner.

**Mathew, P.M. (2012)**, in his article, "the Relevance of MSMEs", focuses on recent developments in the industrial sector, contribution of MSMEs, and prospects for growth during the Twelfth Plan period, along with directions in which MSMEs should move in future. The basic objective of the Twelfth Plan (2012-17) is "faster, sustainable and more inclusive growth", as indicated in the Approach Paper of the Twelfth Plan released by the Planning Commission in 2011. Among the thrusts meant for such an inclusive growth, faster creation of jobs, especially in manufacturing, is given a special focus.

**Dr. Padmasani, S. Karthika (2013)**, A study on Problems and Prospects of Micro, Small and Medium Scale Enterprise in Textile Exports with special reference to Tirupur and Coimbatore District. This paper has examined the problems of MSMEs in the era of global economy and also has identified the factors affecting MSMEs.

**Dr. A.S. Shiralashetti (2014)**, prospects & Problems of MSMEs in India. This paper covered growth, performance and contribution of MSMEs to GDP and also mentioned about the problems faced by MSMEs located in Dharwad district of Karnataka State.

**Dr. Neeru Garg (Sept. 2014)**, Micro, Small and Medium Enterprises in India: Current Scenario and Challenges. This paper made an attempt to highlight the growth of this sector and analyze various problems and challenges faced by MSME sector in India in general.

### STATEMENT OF THE PROBLEM

The micro, small and medium enterprises are providing self-employment to the rural people and also lead to balanced growth of our nation, these units are struggling with day to day problems. The micro, small medium enterprise facilitates mobilization of resources, capital as well as still aims at raising the standard of living of the people especially in rural India. These are facing many problems from the promotion stage itself.

The micro, small and medium entrepreneurs are very weak in the powers of management of micro, small and medium enterprises. These are severely affected by lack of education and managerial skills. The productivity of micro, small and medium enterprises is affected by poor management on one side, whereas on the other side, these are affected by the high cost of capital especially on private finance. Since majority of micro, small and medium enterprises are managed by women entrepreneurs; they are affected by the social, general and cultural problems, even though the Central and State Governments have introduced a lot of programmes and schemes to rural entrepreneur.

There is a better prospect for micro, small and medium enterprises even after globalization and urbanization. If the problems of micro, small and medium enterprises and entrepreneurs are properly assessed, their problems may be solved through various programmes. Since the Government is highly interested in generating self-employment among the people, they are ready to serve the rural poor. Hence, the present study has made an attempt to identify the problems and also prospects of micro, small and medium enterprises in Warangal district of Telangana state.

### NEED FOR THE STUDY

The Micro Small and Medium Enterprises (MSMEs) has been accepted as the engine of economic growth and promoting equitable development. In the present scenario, the MSMEs have been facing cut throat competition from the MNCs and big entrepreneurs, whose products are coming out with the sophisticated technology, huge amount of capital, marketing strategies, etc., At this section the proposed research is need of the hour, for which I have selected the Warangal district of Telangana state.

### OBJECTIVES OF THE STUDY

The study will focus on the following objectives

1. To understand the present situation of MSMEs.
2. To analyze the problems and prospects of MSMEs.
3. To offer suggestions for the development of the MSMEs.

### SCOPE OF THE STUDY

The study broadly examines the problems and prospects of MSMEs in Warangal district from 2005-2015. i.e., 10 years period.

### METHODOLOGY

**SOURCES OF DATA:** The required data has been collected using both the primary and secondary data.

**Primary Data:** The main source of the primary data are the Micro Small Medium Entrepreneurs by serving a structured questionnaire a part from this, personal interviews, group discussions and observations methods were used in collecting the first hand information

**Secondary Data:** Secondary data for the study has been collected using published annual reports on MSMEs by the government, Handbook of Statistics on the Indian Economy published by Ministry of MSMEs, Reserve Bank of India (RBI), Annual Reports of Warangal district, Daily newspapers, published research papers in the reputed journals, books, thesis and dissertation and visiting websites relating to the presented research.

**SAMPLE SIZE:** Sample of 100 Respondents selected from the Warangal District.

**TOOLS OF DATA ANALYSIS:** The collected data will be classified, tabulated and analysed in a significant manner. For the data analysis simple statistical techniques will be applied such as percentages, averages.

### LIMITATIONS OF THE STUDY

The present study is having the following limitations:

1. The study is essentially a micro level study.
2. The final conclusions are based on the conditions existing in the industries and the area.
3. The information through the questionnaires may not have covered correct figures problems and prospects of Micro Small Medium Entrepreneurs.
4. The opinions and expressions of Micro Small Medium Entrepreneurs are based on the personal experience with the industries.
5. Secondary data are taken as MSMEs annual reports however the primary data is added to know the present conditions of Micro Small Medium Entrepreneurs.

### DATA ANALYSIS AND INTERPRETATION

The data are collected from 100 sample Respondents by supplying the questionnaires, the data are analysed by simple tables on the basis of financial problems, managerial problems, marketing problems, raw material problems, technological problems and labour problems therefore, these aspects are covered in this paper. Micro Small Medium Entrepreneurs are facing several problems such as following:

1. Financial problems.
2. Managerial problems.
3. Marketing problems.
4. Raw material problems.
5. Technological problems
6. Labour problems.

**1. FINANCIAL PROBLEMS:** Financial problems are non-availability of finance, access to finance, excessive collateral security, high cost of borrowings, inadequate finance, recovery from debtors and low promoters contribution.

**TABLE 1: FINANCIAL PROBLEMS**

Financial Problems	No. of Respondents	Percentage
Yes	72	72.00
No	28	28.00
Total	100	100.00

Source: Field survey

The table-1 reveals that financial problems of Respondents. In the Warangal District has been selected 100 Respondents. The highest number 72(72.00%) Respondents are facing financial problems, the lowest number 28(28.00%) Respondents are not any facing financial problems.

**2. MANAGERIAL PROBLEMS:** Managerial problems are locational disadvantages, government price controls, lack of technical know-how, absence of long term planning and lack of management skills.

**TABLE 2: MANAGERIAL PROBLEMS**

Managerial Problems	No. of Respondents	Percentage
Yes	56	56.00
No	44	44.00
Total	100	100.00

Source: Field survey

The table-2 shows that managerial problems of Respondents. In the Warangal District has been selected 100 Respondents. The highest number 56(56.00%) Respondents are facing managerial problems, the lowest number 44(44.00%) Respondents are not any facing managerial problems.

**3. MARKETING PROBLEMS:** Marketing problems are market saturation, weak market demand, lack of sales promotion, limited local market, price of the product is high, dependency on large scale and lack of market research.

TABLE 3: MARKETING PROBLEMS

Marketing Problems	No. of Respondents	Percentage
Yes	63	63.00
No	37	37.00
Total	100	100.00

Source: Field survey

The table-3 clears that marketing problems of Respondents. In the Warangal District has been selected 100 Respondents. The highest number 63(63.00%) Respondents are facing marketing problems, the lowest number 37(37.00%) Respondents are not any facing marketing problems.

**4. RAW MATERIAL PROBLEMS:** Raw material problems are raw material not available, imports are difficult and poor inventory management.

TABLE 4: RAW MATERIAL PROBLEMS

Raw Material Problems	No. of Respondents	Percentage
Yes	58	58.00
No	42	42.00
Total	100	100.00

Source: Field survey

The table-4 reveals that raw material problems of Respondents. In the Warangal District has been selected 100 Respondents. The highest number 58(58.00%) Respondents are facing raw material problems, the lowest number 42(42.00%) Respondents are not any facing raw material problems.

**5. TECHNOLOGICAL PROBLEMS:** Technological problems are delay of machines, obsolete part & machinery, poor capacity utilization, inadequate maintenance and transport bottleneck.

TABLE 5: TECHNOLOGICAL PROBLEMS

Technological Problems	No. of Respondents	Percentage
Yes	40	40.00
No	60	60.00
Total	100	100.00

Source: Field survey

The table-5 shows that technological problems of Respondents. In the Warangal District has been selected 100 Respondents. 40(40.00%) Respondents are facing technological problems and 60(60.00%) Respondents are not any facing technological problems.

**6. LABOUR PROBLEMS:** Labour problems are unavailability of skilled labour, labour absenteeism, highest salaries and inefficient handling of labour problems.

TABLE 6: LABOUR PROBLEMS

Labour Problems	No. of Respondents	Percentage
Yes	48	48.00
No	52	52.00
Total	100	100.00

Source: Field survey

The table-6 clears that labour problems of Respondents. In the Warangal District has been selected 100 Respondents. 48(48.00%) Respondents are facing labour problems and 52(52.00%) Respondents are not any facing labour problems.

## FINDINGS

1. 72% Respondents are facing financial problems.
2. 56% Respondents are facing managerial problems.
3. 63% Respondents are facing marketing problems.
4. 58% Respondents are facing raw material problems.
5. 40% Respondents are facing technological problems.
6. 48% Respondents are facing labour problems.

## SUGGESTIONS

1. The government of India and state government provide assistance to MSMEs for strengthening the share capital.
2. Banks are increase the loan amount.
3. Government has been conduct the training and development programmes.
4. To enhance marketing facilities.
5. Government has to provide raw material directly to the MSMEs.
6. To increase the transport facilities.
7. Appropriate technologies for the MSME Sector have developed in various sectors.
8. There should be relaxation in complex labour laws to avoid the inconvenience in compliance.

## CONCLUSION

Problems & Prospects of Micro Small, Medium Entrepreneurs (MSMEs)- A Study of Warangal District in this paper as covered problems of MSMEs which are 72% respondents are facing financial problems; 56% respondents are facing managerial problems; 63% respondents are facing marketing problems; 58% respondents are facing raw material problems; 40% respondents are facing technological problems; 48% respondents are facing labour problems to offer the suggestion development of the MSMEs. The government of India & state government provide assistance to MSMEs for strengthening the share capital, Banks are increase the loan amount, Government has been conduct the training and development programmes, to enhance marketing facilities, to increase the transport facilities, there should be relaxation in complex labour laws to avoid the inconvenience in compliance.

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**A PARADIGM SHIFT IN THE CONSUMER'S BEHAVIOUR TOWARDS ONLINE SHOPPING****MEGHNA MEENA****JUNIOR RESEARCH FELLOW****DEPARTMENT OF ECONOMIC ADMINISTRATION & FINANCIAL MANAGEMENT****UNIVERSITY OF RAJASTHAN****JAIPUR****ABHISHEK SHARMA****JUNIOR RESEARCH FELLOW****DEPARTMENT OF ECONOMIC ADMINISTRATION & FINANCIAL MANAGEMENT****UNIVERSITY OF RAJASTHAN****JAIPUR****ABSTRACT**

*The rapid growth of online shopping and the consumer's increasing interest in purchasing online has significantly changed the Indian retail market. Digital revolution and advanced technology are playing a vital role in strengthening the roots of online shopping. Consumers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities they will receive if they purchased the product from particular website. Today consumers are more inclined to accept the changes and keep their eyes on the benefits they can obtain from online retailers. To reach the full potential of online shopping, business owners who use e-commerce as a distribution channel need to have a clear understanding of who buys online, what they buy online, why they buy online, and how the non-Internet buyer can be transformed into an online buyer in order to increase online sale. The purpose of this study is to understand and analyze the change in online buying behaviour of Indian consumer. The study also analyzes the advantages of using online shopping sites and factors contributing to its growth. For fact finding secondary data are used. The framework of the research enhances understanding of the factors affecting consumer online shopping behaviour, helps in profiling typical Indian online consumers and may help online retailers developing more specific marketing strategies to increase e-commerce sales.*

**KEYWORDS**

online shopping, digital revolution, marketing strategies.

**INTRODUCTION**

Today, internet acts as a channel through which millions of people communicate, perform research, find entertainment and most recently buy and sell products and services. Online Shopping is one of the most popular activities that take place on internet. Consumer is getting fascinated by online shopping. A study reveals that over the past few years, online shopping has increased percentage of online consumer's in India and is unquestionably going to be the future of shopping in the human race. The concept of online shopping is a great example of the business revolution in India. Currently, Online shopping in India is experiencing a period of rapid development. Online shopping is a form of E-commerce. In online shopping, consumers purchase the products directly from the online retailer by using web browsers. Online retailers offer best price for the product and a completely hassle-free shopping experience. These stores offer free home delivery, cash on delivery options, Interest free EMI options, 24 x 7 customer care service, and payment through Debit or Credit cards of their consumers. Online shopping is growing at a phenomenal pace in India. It is the use of technology for better marketing performance. Through online shopping, different types of business and organization have gained a tremendous opportunity to increase their sale and to maintain a direct relationship with its consumers. The increasing use of internet by the young generation in India provides an emerging prospect for online retailers. Online shopping includes products sold through online media by using internet and it also includes a platform given by various internet sites for buying and selling the products online. There are various reasons of shifting the consumers buying patterns towards online shopping. The facility of comparing product with competitive products on the basis of price, colour, size and quality is one of the biggest benefits of online shopping. The facilities of various coupon and discount scheme are also fascinating the consumers in online shopping. The increasing consumer base, principally of youths, is playing a significant role in the online shopping. Because of wide communication network e-commerce has become the new mediator between the manufacturers and their consumers. The more innovative ways of online payment and increasing internet penetration has given a paradigm shift and push to online industry. The increase of internet technology in India has enormous potential. It will cut down the cost and abbreviate the geographical boundaries in bringing buyers and sellers together. The boost in use of internet by the young consumer has provided a promising outlook for online retailers. The majority of the companies are operating their on-line portals to put up for sale, to condense marketing costs, and subsequently crater the prices of their products and services to continue the same position in the future market. The internet has become an essential medium for all the companies to market their products & services. Online marketing is becoming increasingly important to small business of all types. Now with increasing local search and people's new habit of searching on the Internet first, all businesses should include some online marketing in their marketing mix. Online retailing is giving benefits to both kind of consumers who use plastic money to make payments through cards like debit card, credit card and also through online banking but those who don't use plastic money can go for another option available in online-retailing i.e. Cash On Delivery.

**REVIEW OF LITERATURE**

Last three decades have seen a phenomenal growth of World Wide Web. A wide acceptance of internet technology in the field of business has changed the traditional shopping format to the new form popularly known as online shopping. The internet is a platform that provides the customer with purchase characteristics as no other medium.

Jones, Christie, Soyoung Kim, "Influences of retail brand trust, off-line patronage, clothing involvement and website quality on online apparel shopping intention" (2009) this study examines the influence of retail brand trust, off-line patronage, clothing involvement, and website quality on online apparel shopping intention for young female US consumers. Retail brand trust, off-line patronage, clothing involvement and two factors of website quality were found to significantly influence online apparel shopping intention. Off-line patronage was the strongest predictor of online shopping intention. Implications for multi-channel apparel retailers were discussed based on these findings.

Agrawal, Mohan Sandhir, Vidushi Gupta, Gaurav (2010), "Emerging Profile of Online Apparel Shoppers in India" Online shopping is most common these days in the developed world especially in the USA. Though rapidly rising, online shopping in the developing countries particularly in India is yet to become strong and diversified. The theme hasn't been researched strongly either. Towards researching the emerging profile and identifying differences between the American and Indian online shoppers, this study reports a survey and several other empirical tests. The study reveals a huge potential for converting Indian in-store consumers into online buyers. This study facilitates retailers and brands in expanding their presence and impact through online portals.

The penetration rate of Internet users in Asia was just higher than Africa, as at 30 June 2010, according to the Internet World Statistics (2010). No doubt that the Internet has been influencing our lives deeply in which it plays an important, indispensable and irreplaceable role (Guo and Noor, 2011). Online shopping has become a popular and easy way for consumers. This new innovative type of shopping brings a great number and also wide range of merchandise to consumers; it also offers a huge market and numerous business opportunities (Guo June and Noor, 2011).

Ramírez Nicolas (2010) state that "The Internet has changed many facets of our daily lives: the way we relate and communicate with one another, how we interact with a bank, read newspapers or watch television. Even the way we buy and sell. These changes have occurred due to the constant flow of companies offering new business models and innovative formulae. Discount coupons have always been a powerful marketing tool. Whether inserted in printed media or posted through letter boxes, they attracted new customers and were also offered at the time of purchase to endorse customer faithfulness by encouraging repeat purchases.

Economic times article "Bata, Fabindia & Evok going for the plan to cash in on online shopping craze" (2014) A growing number of brick-and-mortar retailers and mall operators are adopting a "click-and-collect" strategy — where consumers buy products online but take deliveries from physical stores — in a bid to join the online shopping frenzy and, at the same time, ensure higher footfall in offline shops, ethnic wear brand Fabindia, Flying Machine jeans, furniture seller Evok and mall operators Infiniti Mall and Virtuous Retail are among retailers that offer or plan 'clickand-collect' service — a concept introduced by retailers such as Wal-Mart, Tesco and Target that has taken off in a big way in the US and Europe this year. The move comes at a time when a burgeoning number of Indian consumers are shifting a good part of their shopping to e-commerce players such as Flipkart, Amazon and Snapdeal. Infiniti Mall in Mumbai, for example, is working on an e-commerce concept where its tenants are encouraged to give about 10% discount to online shoppers, but the consumers must visit the stores to take delivery. Virtuous Retail, which operates malls in six cities across the country, too, is working on a similar model.

Chitra Sharma (2015) in her study "consumer buying behaviour towards online shopping" concluded that online shopping is having very bright future in India. Perception towards online shopping is getting better in India. With the use of internet, consumers can shop anywhere, anything and anytime with easy and safe payment options. There are two factors mainly influencing the consumers for decision making: Risk aversion and innovativeness. Risk aversion is a measure of how much consumers need to be certain and sure of what they are purchasing. Highly risk adverse consumers need to be very certain about what they are buying. Whereas less risk adverse consumers can tolerate some risk and uncertainty in their purchases. The second variable, innovativeness, is a global measure which captures the degree to which consumers are willing to take chances and experiment with new ways of doing things.

The size of online-retail market is about 1% of overall retail (CRISIL Research). The current market size of online-retail sector has been pegged at \$3.5 billion and is projected to grow at a compound annual rate of 40-45% during 2014-18 (RNCOS report).

## OBJECTIVES

1. To examine the emerging trends in online shopping in India.
2. To throw light on factors motivating retailers to go online.
3. To analyzes the benefits of using online shopping sites.
4. To determine the factors affecting the perception of Indian online buyers.

## RESEARCH METHODOLOGY

Research on a change in consumer behaviour towards online shopping is a descriptive search. This research is confined to India. It also aimed at fact finding. This paper is based on secondary data. Information has been sourced from various books, articles, journals, reports, government publications, newspapers, internet etc. and research is descriptive in nature.

## WHY ONLINE SHOPPING?

Digital revolution and changing habits of consumers are the main reasons for the growth of online shopping in India. Transactional internet users, earlier people used to casual browsing and accessing e-mails etc. but now internet users are more aware about various other uses of internet like now they buy products online; make comparisons, online payments etc. Because of the numerous advantages and benefits, more and more people say they prefer online shopping over conventional shopping these days. The augmentation of internet usage has tailor made the habits of consumers to pick up trends, compare things, learn about new in the market and consumer products. Problems of traditional retail are also removed by online retail such as lack of retail space, real estate issues, problems of HR-training of sales person, receptionist etc., cultural diversity etc. The bigger online retailers have enough checks and balances in place to ensure consumer's details are safe. Consumers can easily compare price, features, function, and get the latest updates of any products just by a click. Online shopping is convenient and hassle free. In India more and more people are shopping online each day. Some websites are also offering online shopping of grocery products — which is a leap forward from the typical online retailing. Better prices are one of the main reasons that online shopping has taken off. The simple fact that the middle men are cut out of the delivery chain leads to a reduction in the cost and thus the final price of the product.

## ONLINE SHOPPING IN INDIA

It is a fact that India has entered the phase of a great online shopping revolution in the last few years. The up gradation of mobile technology has influenced people immensely, which has resulted in more and more consumers using mobile for online shopping in India. It also allows consumers to switch faster from retail to online shopping. The ease online marketing delivers during shopping encourages more and more consumers to feel the experience of online shopping. India is a young country and youth has a huge purchasing power, which are fascinated by online shopping. In India the growth of Internet Subscribers is getting doubled year by year. This is also getting increased day by day as the costs of computers are decreasing and net penetration is increasing. The cost of internet usage is also getting lower, with good competition among the providers. This will increase the usage as it goes more on wireless internet. Indians are proving every time that they can beat the world when it comes to figures of online shopping. More and more Indians are going to online shopping and the frequency of India's online buying is crossing the overall global averages. Online shopping is poised to get convenient like never before owing to the escalating influence of social media. The social media platforms have become an effective marketing tool for the online firms, making the purchase transactions easier for consumers and benefitting online retailers in pocketing more profits.

Initially, the Indian consumers were more attracted towards mobile phones and electronic gadgets for online shopping but nowadays the products denotative of lifestyle, namely, apparels, perfumes, watches, handbags, beauty products are also in high demand through online shopping. The market is also developing for books, jewellery, home decors and kitchen appliances etc.

## FACTORS CONTRIBUTING TO THE GROWTH OF ONLINE SHOPPING IN INDIA

1. India is the top performing mobile advertising region in Asia. Rapid increase in mobile internet user and more advertising through mobile gives the scope of opportunity for untapped potential in online shopping.
2. Market penetration of mobile internet particularly by youth is increasing year by year which provides ease of shopping to the consumer.
3. Comparing and researching products and their prices are so much easier online.
4. India is a young country with a very high percentage of its population in the working age of 15-50 years, this deliver a high income growth. This age group in more inclined towards online shopping as it saves time and money both.
5. Advancement in technology, boom in networks like 4G, 3G, Wi-Fi, hotspot and other wireless devices.
6. Families with double earning as husband and wife both are working which increase their income size and increase purchasing powers.

**BENEFITS TO ONLINE RETAILERS**

1. **Consumer Relationship Building:** Companies can know their consumers better and can interact with them to learn more about their needs and to build consumer databases.
2. **Access to Global Markets:** The Internet is a global medium, which allows buyers and sellers to click from one country to another in seconds. This also helps international marketer to popularize their product.
3. **Convenience:** By developing an online marketing campaign, retailers can essentially be "open for business" 24 hours a day, without having to worry about store hours or overtime wages for staff.
4. **Reduce Costs and Increase Efficiency:** It avoids the expense of maintaining a physical store, costs of rent, insurance, and utilities. Digital catalogs cost less to produce than printing and mailing paper catalogs.
5. **Personalization:** With a quality Internet marketing campaign, retailers can tailor their advertising techniques to target audience, ensuring that retailers product or service will meet consumer's eye in a timely and concentrated manner.
6. **Greater Flexibility:** an online catalog can be adjusted daily or even hourly, adapting product availability, prices, and promotions to match changing market conditions by changing a graphic or wording and do it without any problems.
7. **Track Real Time Results:** It allows tracking real time results using online analytics to determine how marketing campaign is performing. There are ways to track traditional marketing efforts, but most the time it cannot be done in real-time.

**SUGGESTIONS**

Online shopping must be seen as revolutionary in the world of retail industry and viewed through a reformist lens to capture the potential in it. Online shopping, even its size is smaller than traditional shops, is giving a threatening competition to traditional shops. Traditional sellers may not be able to compete with these online players without stepping into their shoes. Traditional retailers have to go online as in many segments such as apparel, books, music, electronics etc. where product specifications are standard and differentiation is low, consumers are going online and traditional retailers unable to match their huge discounts & volume games played by online retailers. More time should spend on online marketing as the rural areas are not aware of the online shopping facilities. As the online shopping is at its sprouting stage in India, t online retailers should build trust, confidence and comfort among customers and should maintain consumers services by forming an efficient model for tracking the movement of ordered goods & ensure timely deliveries, cash back system as well as replacement of product if broken, damaged etc. A need for an efficient and effective order management model is there in online shopping in India. Overall online shopping in India offers many opportunities for growth of retail sector in the coming years and also making India an attractive destination for other countries to invest in.

**CONCLUSION**

Online shopping is rapidly changing the way people do business all over the world. In the business-to-consumer segment, online shopping have been increasing dramatically over the last few years. Traditional retailers have to go online as in many segments such as apparel, books, music, electronics etc. where product specifications are standard and differentiation is low, customers are going online and traditional retailers unable to match their huge discounts & volume games played by online retailers.

Online shopping is gaining popularity among people specially the younger generation but in today scenario to become equally popular among all age groups e-marketing will have to cover a longer distance. By creating and implementing a balanced marketing strategy, using both short-term and long-term strategies, one can drive a steady stream of targeted traffic to their web site. This simple strategy of any business can guarantee the success of online marketing. Retailers would however have to be on the lookout for changing trends in the marketplace and use it to their advantage. Online retailing may prove life changing for small businesses, by opting online selling strategies small businesses may earn huge profits and unbelievable growth in future. Small businesses may tie up with the pure online retail players or develop their own websites. We are now living in a digital age and thus need to keep up with new trends in the online apparel shopping and where new norms are created over time; many challenges evolve that we need to keep up with the new updates in the market creating value along with delivering delight to the consumers. It can be concluded that the online retailers operating in India have this major responsibility of keeping their consumers updated with facilities as e-commerce is the fastest growing industry and has a lot of innovation to be made in time. The variables that keep online shopping of apparel are the facilities, time factor, offers, advertisements, price, services, impact on the economy, flexibility to adapt to new changes are all the aspects of the changing trends in online shopping of apparel amongst Indian consumers and has influence on the economy and these factors are said to have a strong impact on the changing trends.

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**CHANGES IN THE OCCUPATIONAL STRUCTURE OF RURAL ARTISANS IN PUNJAB**

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**ABSTRACT**

*Occupation not only determines the employment and income potential of an individual but also indicate his economic and social status as well. The people general chooses their occupation according to their capacity, capability, availability and earning. These are considered to be some important variable which influence the behavior to leave one occupation and join the other. In context of rural Punjab, most of the rural artisans had changed their traditional occupations and shifted toward the other occupations due to the competition with machine made products. The livelihood of the artisans was mainly depending on the demand for their products and services. The demand for artisans' products and services had decreased due to the competition with machine made products. These machine made products were cheaper and better in quality which replace the demand for artisans' products. These new products entered into the villages through link road by the efforts of merchants such as bania and traders etc. Thus, due to the dwindling demand for artisans' products and services most of them drifted away from their traditional occupations. The furious competition with machine made products resulted in demolition of artisans' traditional occupations. In this paper, an attempt has been made to know about the new structure of employment of rural artisans who left their traditional occupations and joined the other occupations. The various occupations adopted by them has been divided into five categories namely 'industrial sector', 'agriculture sector', 'self-employment', 'Government/semi Government services' and 'others'. The category-wise distribution of sampled households reveals that the employment in 'agriculture sector' had shown the highest percentage share, as adopted by 30.77 per cent households. Out of the total sampled households, 26.93 per cent artisan households engaged in 'self-employment' occupations, 18.90 per cent households joined 'industrial sector', 9.28 per cent households entered in 'Government/semi Government services' and 14.93 per cent households entered into the 'others' category of occupations. In overall, the artisans who withdrawal from their traditional occupations were not absorbed by the industrial or services sectors. Rather the majority of withdrawn artisans were absorbed by the low productive activities such as agriculture and self-employment occupations. The absorption of withdrawn artisans or sampled population in low productive jobs is not a healthy sign for the structural transformation of the workforce in particular and economic development in general.*

**KEYWORDS**

Punjab, rural artisans.

**INTRODUCTION**

The present study is related to the changes in the occupational structure of rural artisans in Punjab. All the artisanal activities like carpentry, blacksmithy, goldsmithy, cobblery and shoes making, weaving, basket making, pottery etc. are directly linked to agriculture (Gurtrell, 1981). With the advent of green revolution and industrial development, there have been significant changes occurred in the occupational structure of rural artisans. The process of mechanization of agriculture, urbanization and industrialization has declined the proportion of artisan's household based activities in the villages. The use of modern inputs in agriculture made the artisans production unnecessary (Qureshi, 1987). On the other hand, the importance of artisans has also declined due to industrial alternatives. New occupations have been generated through the effects of green revolution and industrial development which increased the growth of manufacturing and large range of services employment connected with the transport, repair, trade etc. (Mehta, G.S. (2005). Besides, the competition with machine made industrial products decreased the demand for artisans' product. Due to this, many of the artisans left their traditional occupations and moved toward the other occupations. In this paper, an effort has been made to look into the new structure of employment of withdrawn artisans.

**METHODOLOGY**

For the purpose of study, the whole Punjab state has been divided into three categories, first categories constitute relatively developed districts, followed by the category which constitutes relatively medium developed districts and the third category includes relatively less developed districts. On the basis of industrial development, we had selected relatively developed, semi developed and under developed districts of the Punjab.

The districts of Ludhiana, Amritsar, Jalandhar, S.A.S. Nagar, Sangrur and Gurdaspur comprises the relatively developed districts, Fatehgarh Sahib, Hosiarpur, Kapurthala, Rupnagar, firozpur, Patiala and Bathinda as moderately developed districts and the remaining districts i.e., Mansa, Tarn taran, Moga, Barnala, Hosiarpur and Faridkot, Shri Muktsar Sahib etc. from the relatively less developed districts. Keeping in view, it was deemed fit to select Ludhiana as a relatively developed district, Kapurthala as moderately developed district and Mansa came to be at the lowest place as less developed district. The total number of registered factories in district Ludhiana was found to be the highest with 5444 in comparison to districts of Kapurthala and Mansa. In district Kapurthala, this number came to be 465, whereas, it was found the lowest 330 industrial units only in district Mansa. Apart from this, the average number of worker employed in registered factories in district Ludhiana was 227250 but it emerged to be relatively lower 27335 in district Kapurthala and in district Mansa, it was 8757 in 2011 (Government of Punjab, 2012). There are twenty-two developmental blocks in selected districts. Following random sampling method, one village is selected from each block. Twelve villages from district Ludhiana, five villages from district Kapurthala and five villages from district Mansa have been selected for the study. We have taken a sample of 442 rural artisan households who had changed their traditional occupations and joined the other occupations. Further, ten categories of artisans were selected such as carpenter, blacksmith, goldsmith, weaver, potter, shoes maker and leather worker, barber, tailor, basket maker and mason. All the artisans who left their traditional occupation had selected for study. In this way 199, 99 and 144 artisan households were selected from districts of Ludhiana, Kapurthala and Mansa, respectively. The data for the study were collected in the year of 2013. The study is related to the period from 1990 to 2010.

**NEW STRUCTURE OF EMPLOYMENT**

The occupation structure refers to the distribution or division of working population among the various categories of employment. It has been empirically found in selected areas of rural Punjab that most of the rural artisans had left their traditional occupations and adopted the non-ancestral occupations. The various occupations adopted by them has been divided into five categories namely 'industrial sector', 'agriculture sector', 'self-employment', 'Government/semi Government services' and 'others'. Data in the Table 1 clearly shows the new occupational structure of withdrawn artisans. The category-wise distribution of sampled households reveals that the employment in 'agriculture sector' had shown the highest percentage share, as adopted by 30.77 per cent households. Out of the total sampled households, 26.93 per cent artisan households engaged in 'self-employment' occupations, 18.90 per cent households joined 'industrial sector', 9.28 per cent households entered in 'Government/semi Government services' and 14.93 per cent households entered into the 'others' category of occupations. The 'others' occupations includes the worker, who working on karyana, furniture, shoes, books and stationary, medical and marvel shops, working with timber merchant, caterer, working in plant nursery, gas agency, flour mill, restaurant, driver on hired car, jeep and truck, working in repairing units, helper to doctor, mason and well digger, priest (granthi) in gurudawara, collie at railway station, gatekeeper at marriage palace etc.

One point which is quite clear from the above analysis is that industrial sector remained failed to absorb the withdrawn artisans. This is also characterized as dynamic sector of the economy. It is the agriculture and self employment activities which absorbed near about 60 per cent of the withdrawn artisans. Category-wise analysis reveals that the employment in 'industrial sector' was found to be the highest among potter artisans as adopted by 31.82 per cent households, whereas, the percentage was found to be very low in case of mason and tailor artisans i.e., 10.34 per cent and 10.00 per cent, respectively. On the other hand, the employment in 'agriculture sector' was found to be very high in case of basket maker artisans (50.00 per cent) and immediately followed by shoes

TABLE 1: STRUCTURE OF EMPLOYMENT OF WITHDRAWN ARTISANS

Categories	Ludhiana						Kapurthala					
	Industrial Sector	Agriculture Sector	Self-Employment	Govt./ Semi Govt. Services	Others*	Total	Industrial Sector	Agriculture Sector	Self-Employment	Govt./ Semi Govt. Services	Others*	Total
Carpenter	12 (37.50)	3 (9.37)	10 (31.25)	3 (9.38)	4 (12.50)	32 (100.00)	3 (16.67)	6 (33.33)	4 (22.22)	2 (11.11)	3 (16.67)	18 (100.00)
Blacksmith	5 (20.83)	2 (8.33)	13 (54.17)	1 (4.17)	3 (12.50)	24 (100.00)	4 (36.36)	2 (18.18)	3 (27.28)	-	2 (18.18)	11 (100.00)
Goldsmith	3 (15.00)	1 (5.00)	11 (55.00)	2 (10.00)	3 (15.00)	20 (100.00)	3 (37.50)	2 (25.00)	2 (25.00)	-	1 (12.50)	8 (100.00)
Weaver	1 (6.25)	2 (12.50)	7 (43.75)	2 (12.50)	4 (25.00)	16 (100.00)	2 (22.22)	1 (11.11)	3 (33.34)	1 (11.11)	2 (22.22)	9 (100.00)
Potter	16 (44.45)	10 (27.78)	6 (16.67)	2 (5.55)	2 (5.55)	36 (100.00)	4 (28.58)	6 (42.86)	2 (14.28)	1 (7.14)	1 (7.14)	14 (100.00)
Shoe Maker and Leather Worker	4 (16.00)	6 (24.00)	8 (32.00)	2 (8.00)	5 (20.00)	25 (100.00)	2 (20.00)	4 (40.00)	1 (10.00)	2 (20.00)	1 (10.00)	10 (100.00)
Barber	1 (6.67)	2 (13.33)	3 (20.00)	3 (20.00)	6 (40.00)	15 (100.00)	1 (11.11)	1 (11.11)	5 (55.56)	-	2 (22.22)	9 (100.00)
Tailor	2 (11.76)	3 (17.65)	7 (41.18)	2 (11.76)	3 (11.65)	17 (100.00)	1 (11.11)	4 (44.45)	2 (22.22)	-	2 (22.22)	9 (100.00)
Mason	3 (25.00)	1 (8.33)	5 (41.67)	1 (8.33)	2 (16.67)	12 (100.00)	-	2 (22.23)	3 (33.33)	2 (22.22)	2 (22.22)	9 (100.00)
Basket Maker	2 (100.00)	-	-	-	-	2 (100.00)	-	1 (50.00)	-	-	1 (50.00)	2 (100.00)
All Sampled Households	49 (24.62)	30 (15.08)	70 (35.18)	18 (9.04)	32 (16.08)	199 (100.00)	20 (20.20)	29 (29.29)	25 (25.26)	8 (8.08)	17 (17.17)	99 (100.00)

Cont.

Categories	Mansa						All Sampled Districts					
	Industrial Sector	Agriculture Sector	Self-Employment	Govt. / Semi Govt. Services	Others*	Total	Industrial Sector	Agriculture Sector	Self-Employment	Govt./ Semi Govt. Services	Others*	Total
Carpenter	2 (11.11)	9 (50.00)	2 (11.11)	2 (11.11)	3 (16.67)	18 (100.00)	17 (25.00)	18 (26.47)	16 (23.53)	7 (10.29)	10 (14.71)	68 (100.00)
Blacksmith	1 (7.69)	7 (53.85)	3 (23.08)	1 (7.69)	1 (7.69)	13 (100.00)	10 (20.83)	11 (22.92)	19 (39.58)	2 (4.17)	6 (12.50)	48 (100.00)
Goldsmith	1 (10.00)	4 (40.00)	2 (20.00)	2 (20.00)	1 (10.00)	10 (100.00)	7 (18.42)	7 (18.42)	15 (39.47)	4 (10.53)	5 (13.16)	38 (100.00)
Weaver	3 (13.04)	12 (52.18)	2 (8.70)	3 (13.04)	3 (13.04)	23 (100.00)	6 (12.50)	15 (31.25)	12 (25.00)	6 (12.50)	9 (18.75)	48 (100.00)
Potter	1 (6.25)	6 (37.50)	5 (31.25)	2 (12.50)	2 (12.50)	16 (100.00)	21 (31.82)	22 (33.33)	13 (19.69)	5 (7.58)	5 (7.58)	66 (100.00)
Shoe Maker and Leather Worker	1 (4.76)	15 (71.43)	3 (14.29)	1 (4.76)	1 (4.76)	21 (100.00)	7 (12.50)	25 (44.64)	12 (21.43)	5 (8.93)	7 (12.50)	56 (100.00)
Barber	1 (7.70)	6 (46.16)	2 (15.38)	2 (15.38)	2 (15.38)	13 (100.00)	3 (8.11)	9 (24.32)	10 (27.03)	5 (13.51)	10 (27.03)	37 (100.00)
Tailor	1 (7.14)	7 (50.00)	3 (21.43)	1 (7.14)	2 (14.29)	14 (100.00)	4 (10.00)	14 (35.00)	12 (30.00)	3 (7.50)	7 (17.50)	40 (100.00)
Mason	-	6 (75.00)	1 (12.50)	1 (12.50)	-	8 (100.00)	3 (10.34)	9 (31.04)	9 (31.04)	4 (13.79)	4 (13.79)	29 (100.00)
Basket Maker	-	5 (62.50)	1 (12.50)	-	2 (25.00)	8 (100.00)	2 (16.67)	6 (50.00)	1 (8.33)	-	3 (25.00)	12 (100.00)
All Sampled Households	11 (7.64)	77 (53.47)	24 (16.66)	15 (10.42)	17 (11.81)	144 (100.00)	80 (18.09)	136 (30.77)	119 (26.93)	41 (9.28)	66 (14.93)	442 (100.00)

Source: Primary survey

\*others includes working on karyana, furniture, shoes, books and stationary, medical and marvel shops, working with timber merchant and caterer, working in plant nursery, gas agency, flour mill and small restaurant, driver on hired car, jeep and truck, working in repairing units, helper to doctor, mason and well digger, priest (granthi) in gurudawara, collie at railway station, gatekeeper at marriage palace etc.

maker and leather worker artisan households (44.64 per cent). The percentage share of goldsmith artisans in 'agriculture sector' employment was found to be very low i.e., 18.42 per cent. As far as blacksmith artisans are concerned, their proportion recorded the highest in 'self-employment' occupations i.e., 39.57 per cent. The percentage share of basket maker artisans in 'self employment' was found to be minimum i.e., 8.33 per cent. The proportion of mason artisans who adopted the 'Government/semi Government services' was found to be 13.79 per cent followed by 13.51 per cent of barber artisans, whereas, this percentage share came to be very low in case of goldsmith artisans i.e., 4.17 per cent. Besides, the employment in 'others' category of occupations, the percentage share of barber artisans was found to be the highest at 27.03 per cent followed by 25.00 per cent of basket maker artisans and found to be very low in case of goldsmith, blacksmith and potter artisans as accounted of 13.16 per cent, 12.50 per cent and 7.58 per cent, respectively.

A glance at the table shows that majority of the rural artisan households shifted towards the 'agriculture sector' which constitute the highest percentage share than the other categories of employment. It is a consequence of the stagnation of employment in public sector and lack of industrial set up in rural areas expect district Ludhiana. Due to the lack of alternative employment opportunity in industrial sector and government services, most of the withdrawn artisans were compelled to shift towards the low earning job as agricultural labour in 'agriculture sector'. The lower proportion of withdrawn artisans engaged in industrial sector due to the concentration of industrial units in urban areas. On the other hand, the availabilities of credit facilities (bank and co-operative society) at village level, rural urban connectivity through link roads and the availabilities of more transportation facilities were the main causes of high proportion of 'self-employment' occupations. Besides, the large number of withdrawn artisan households had adopted self-employment occupation due to the increase of education among youth. Education creates the awareness among the workers to start the self-employment occupations. The main feature of self-employment is that the worker

has full freedom of taking decision regarding their work. It was further observed that a significant number of workers who adopted the self-employment occupations had no skill or were semi-skilled when they started their occupations, but they improved their skill with the experience of work. Besides, the government has initiated many programs for the improvement in level of living of scheduled castes and backward castes, including the reservation policy for the scheduled caste/tribes and backward castes. They have become able to learn and socially transform themselves due to the reservation policy in education and Government services. The withdrawn artisan households who got the jobs in Government/semi Government departments due to the benefit of reservation policy, they changed their old occupations and enjoy better status on the basis of new occupation. The withdrawn artisans who adopted the 'other' occupation were very poor due to the lack of any income or previous savings, they have to depend mainly on their physical labour. The lower level of education and weaker financial position of withdrawn artisans were the main reasons behind the entrance of for higher proportion of withdrawn artisans in 'others' category of employment.

### STRUCTURE OF EMPLOYMENT IN DISTRICT LUDHIANA

District-wise analysis reveals that among the selected 199 artisans in district Ludhiana, majority of them had been shifted towards the 'self-employment' and 'industrial sector' occupations. The data given in Table 1 reveals that 'self-employment' activities provide the highest percentage share of employment to the withdrawn artisan households (35.18 per cent). The reason of highest percentage share of withdrawn artisans in 'self-employment' occupations was the near location of selected villages to the G.T. (Grand Trunk) road, which offered more employment opportunities. Most of these withdrawn artisans started commuting for employment from their native villages to the nearest locations of G.T. road. Out of total sampled households, 24.62 per cent withdrawn artisan household joined the industrial sector. These withdrawn artisans had taken the benefits of industrial set up in district Ludhiana. The main industries of district Ludhiana are bicycle, tractor, auto and two wheeler parts, hand tools industry, sewing machine, industrial equipments, thread mill, sports goods industry, hosiery industry etc. The establishment of small, medium and large scale industrial units in surrounding rural and urban areas of district Ludhiana created the demand for labour which was partially fulfilled by these withdrawn artisans. The proportion of withdrawn artisans who joined 'agriculture sector' came to be 15.08 per cent. Besides, the proportion of the withdrawn artisans who engaged in 'agriculture sector' was found lower than 'industrial sector' and 'self-employment' occupations due to the availability as industrial employment in the one hand and more uses of machinery in agriculture such as tractor, thrasher, harvester, reaper etc., on the other hand which decreased the demand for labour. On the other hand, the percentage shares of employment in 'others' occupations and 'Government/semi Government services' were found to be 16.08 per cent and 9.04 per cent, respectively. It has been found that 'others' category of employment played relatively more important role in the absorption of withdrawn artisans as compared to Government/semi Government services. The fundamental reason is that some villages are situated near the towns and city markets which increased employment in 'others' category. Besides, the employment in Government/semi Government services was found very low due to the illiteracy of withdrawn artisans.

It has been empirically found from study that nearly half of the withdrawn artisans employed in 'self-employment' and 'industrial sector' categories of occupations. Thus, due to the availability of alternative employment opportunities in the 'industrial sector', 'self-employment' and 'others' occupations, the dependency on agriculture sector for employment was found very low in district Ludhiana.

### STRUCTURE OF EMPLOYMENT IN DISTRICT KAPURTHALA

As regarding the new occupational structure of withdrawn artisans in district Kapurthala, the data given in Table 1. The data depicts that the 'agriculture sector' had shown the highest percentage share of employment as compared to the other categories of occupations, it employed 29.29 per cent of the total artisans. The main reason behind the highest proportion of employment in agriculture sector was the lack of alternative employment opportunities in the villages. Most of the industrial units were concentrated in the towns and Kapurthala city. Besides, most of the withdrawn artisans were illiterate, due to which they were failed to get better wage earning jobs, so they compelled to do work in their native villages in agriculture sector as agricultural labourer. On the other hand, 'self employment' also emerged as major source of employment of withdrawn artisans. About 25.26 per cent withdrawn artisan households engaged in 'self employment' occupations, whereas, 20.20 per cent artisan households joined the 'industrial sector'. The rail coach factory in district Kapurthala and JCT mill in Phagwara (a subdivision of district Kapurthala), are the main reasons of employment in 'industrial sector'. The percentage shares of artisans who engaged in 'Government/semi Government services', was found to be as low as 8.08 per cent. The weak financial positional of the withdrawn artisans was the major constraint due to which they were not able to afford the expenditures of higher education and forced to join the low paid work. Besides, the stagnation or even decline of employment opportunity in Government services since liberalization was another reason of low proportion of employment in this category. The percentage share of withdrawn artisans who joined the 'others' category was found to be 17.17 per cent. It was found that most of the withdrawn artisans who engaged in others' category of occupations were found to be illiterate or they had completed middle level of education.

### STRUCTURE OF EMPLOYMENT IN DISTRICT MANSA

The data in Table 1 highlights the employment structure of withdrawn artisan households in district Mansa. The data reveals that the 'agriculture sector' absorbed most of the withdrawn rural artisans and came out with the highest percentage share of 53.47 per cent. Due to the lack of employment opportunities in other occupation such as 'self-employment', 'industrial sector' and 'others' occupations, most of the withdrawn artisans were pushed toward the agriculture sector. Majority of the withdrawn artisans were working in agriculture sector as casual labour. District Mansa is known as cotton belt of Punjab. The demand for labour in agriculture is relatively very high during kharif season for plucking the cotton. This demand is partially fulfilled by the withdrawn artisans. Besides, 16.66 per cent withdrawn artisans engaged in 'self-employment' occupations. The proportion of withdrawn artisans was found low as compared to the other categories due to their week financial position to start the 'self-employment' occupations. The employment in 'others' category of occupations came out with the share of 11.81 per cent followed by 'Government/semi Government services' with slightly lower share, which turned out to be 10.42 per cent. The increased level of literacy rate among artisans was found the cause of employment in Government services in district Mansa. The percentage share of employment in 'industrial sector' was found to be minimum i.e., 7.64 per cent mainly due to the lower industrial set up in rural and urban areas of district Mansa. The withdrawn artisans who employed in industrial sectors, most of them worked in bricks kiln industry because it is situated nearby their villages. Besides, the setting up of thermal power plant in villages Banawala, Talwandi Sabo offering more employment opportunities in this category. It has been found from study that the lower industrial set up in district Mansa, compelled the withdrawn artisans to shift toward agriculture sector as full time agricultural labourers.

### COMPARATIVE STRUCTURE OF EMPLOYMENT IN DISTRICTS OF LUDHIANA, KAPURTHALA AND MANSA

Data in the Table 1 clearly shows the structure of employment of withdrawn artisans among the selected districts of Punjab. The comparative analysis among the three districts of Punjab reveals that the employment in 'industrial sector' was the most popular one in district Ludhiana as compared to the districts of Kapurthala and Mansa, as adopted by 24.62 per cent households. This percentage share was found to be 20.20 per cent in case of district Kapurthala and found lowest in district Mansa i.e., 7.63 per cent. In district Ludhiana, large numbers of withdrawn artisans were employed in industrial sector because of the higher set up of industrial units in rural as well as urban areas. Most of these workers were worked in small scale and medium scale industrial units in district Ludhiana. In case of district Mansa, most of the industrial workers were working in bricks kiln industry along with their family. Besides, Rail Coach Factory and JCT mill (Fagwara) had absorbed the large number of workers in district Kapurthala. As compared to districts of Ludhiana and Kapurthala, district Mansa is less urbanised with very lower industrial base. The major source of employment of rural population is agriculture sector. The data in table depicts that majority of withdrawn rural artisan households from district Mansa were involved in 'agriculture sector' as their proportion was found to be 53.47 per cent which was found to be very high as compared to the districts of Kapurthala and Ludhiana. In district Ludhiana, about 15.08 per cent withdrawal artisan households were involved in 'agriculture sector' whereas in case of district Kapurthala, this proportion came to be 29.29 per cent. The reason behind this difference is the existences of different cropping pattern between these districts. In case of district Ludhiana and Kapurthala, wheat and paddy cultivation is dominated the overall cropping pattern but in district Mansa wheat and cotton crops are grown constituting the major part of cultivation. In cotton grown areas, it is quite established fact that manual labour is used for

plucking the cotton. Same is true in case of district Mansa. The labour absorption capacity of agriculture in paddy and wheat grown areas has continuously declined due to uses of machinery in agriculture. The use of modern inputs like irrigation, HYVs seeds, chemical, fertilizers, technological inputs etc. played positive role to increase employment in agriculture but the employment effect of tractor, power threshers, and reapers inputs lead to the displacement of labour and it has negative effect on labour use in agriculture. These inputs are highly used in agriculture for sowing and cultivation of wheat and paddy crops. Due to this, the demand of labour in wheat and paddy grown areas was found very low. Regarding the category of 'self-employment' occupations, the higher proportion of withdrawn artisans was found in district Ludhiana (35.18 per cent) as compared to districts of Kapurthala (25.26 per cent) and Mansa (16.66 per cent). On the other hand, the proportion of employment in 'Government/semi Government services' was found relatively very high in district Mansa (10.42 per cent) as compared to districts of Kapurthala (8.08 per cent) and Ludhiana (9.04 per cent). The reason of withdrawn artisans joining 'Government/semi Government services' category was mainly due to the higher proportion of backward castes and scheduled castes who have advantage of reservation policy. Besides, some of them were professionally qualified. The increased level of literacy among them was found to be another cause of employment in Government services. The employment in 'other' category of occupation was found relatively high i.e., 17.17 per cent in district Kapurthala followed by 16.08 per cent in district Ludhiana and found relatively very low 11.81 per cent in district Mansa.

**AGRICULTURAL STRUCTURE OF EMPLOYMENT**

After the withdrawal from traditional occupations, back to the land movement was initiated by the withdrawn artisans. Due to the lack of other employment opportunity in the rural areas, the large number of unemployed artisans started shifting toward full time agricultural labourers and that has further resulted increase in proportion of agriculture labour as percentage of cultivators. The withdrawn artisans who entered into agriculture sector were earning their livelihood through agriculture labour.

Analysis of data in Table 2 depicts that the majority of withdrawn artisan's households involved in 'agriculture sector' as their main occupation. It has been found that the withdrawn artisans who joined the agriculture sector they became either 'cultivator' or 'agriculture labour'. The agricultural structure of employment of withdrawn artisans has been divided into two categories i.e., 'agriculture labour' (which may be either casual or permanent agriculture labour) and 'cultivator'. Some of them have their own land when they left their traditional occupations, they became fully dependent on agriculture for livelihood. Moreover, some of them have joined the agriculture sector as 'agriculture labour'. As regarding the overall structure of employment in agriculture sector, the percentage share of withdrawn artisan households who joined the agriculture sector as 'agriculture labour' was found very high i.e., 62.50 per cent, whereas, 37.50 per cent withdrawn artisans shifted toward the agriculture as 'cultivator'.

Category wise analysis reveals that all the basket maker artisans joined the agriculture sector as 'agriculture Labour'. The proportion of barber and shoe maker and leather worker artisans who shifted to the agriculture sector as 'agriculture labour' was found to very high i.e., 88.89 per cent and 88.00 per cent, respectively. This percentage share came to be 77.27 per cent in case of potter artisans and recorded just 77.27 per cent in case of blacksmith artisans. As regarding the employment in 'cultivator' category, the proportion of blacksmith artisans that left their traditional occupation and joined the agriculture sector as 'cultivator' was found to be the highest among all categories i.e., 90.90 per cent, whereas this percentage share turned out to be 72.22 per cent in case of carpenter artisans. It remained just 11.11 per cent in case of potter artisans. While not even a single basket maker artisan found to be involved in agriculture sector as 'cultivator'. District-wise analysis reveals that district Mansa reported the highest percentage share of 'agriculture labour', it was as high as 64.94 per cent, while in case of 'cultivator' the proportion remained to be 35.06 per cent. While in case of district Ludhiana, the relative proportion of 'cultivator' was noted just 40.00 per cent and 'agriculture labour' was 60.00 per cent.

**TABLE 2: AGRICULTURAL STRUCTURE OF EMPLOYMENT OF WITHDRAWN ARTISANS**

Categories	Ludhiana			Kapurthala			Mansa			All Sampled Districts		
	Agriculture Labour	Cultivator	Total	Agriculture Labour	Cultivator	Total	Agriculture Labour	Cultivator	Total	Agriculture Labour	Cultivator	Total
Carpenter	1 (33.33)	2 (66.67)	3 (100.00)	2 (33.33)	4 (66.67)	6 (100.00)	2 (22.22)	7 (77.78)	9 (100.00)	5 (27.78)	13 (72.22)	18 (100.00)
Blacksmith	-	2 (100.00)	2 (100.00)	1 (50.00)	1 (50.00)	2 (100.00)	-	7 (100.00)	7 (100.00)	1 (9.10)	10 (90.90)	11 (100.00)
Goldsmith	1 (100.00)	-	1 (100.00)	1 (50.00)	1 (50.00)	2 (100.00)	2 (50.00)	2 (50.00)	4 (100.00)	4 (57.14)	3 (42.86)	7 (100.00)
Weaver	2 (100.00)	-	2 (100.00)	-	1 (100.00)	1 (100.00)	8 (66.67)	4 (33.33)	12 (100.00)	10 (66.67)	5 (33.33)	15 (100.00)
Potter	7 (70.00)	3 (30.00)	10 (100.00)	5 (83.33)	1 (16.67)	6 (100.00)	5 (83.33)	1 (16.67)	6 (100.00)	17 (77.27)	5 (22.73)	22 (100.00)
Shoe Maker and Leather Worker	5 (83.33)	1 (16.67)	6 (100.00)	3 (75.00)	1 (25.00)	4 (100.00)	14 (93.33)	1 (6.67)	15 (100.00)	22 (88.00)	3 (12.00)	25 (100.00)
Barber	1 (50.00)	1 (50.00)	2 (100.00)	1 (100.00)	-	1 (100.00)	6 (100.00)	-	6 (100.00)	8 (88.89)	1 (11.11)	9 (100.00)
Tailor	1 (33.33)	2 (66.67)	3 (100.00)	2 (50.00)	2 (50.00)	4 (100.00)	4 (57.14)	3 (42.86)	7 (100.00)	7 (50.00)	7 (50.00)	14 (100.00)
Mason	-	1 (100.00)	1 (100.00)	1 (50.00)	1 (50.00)	2 (100.00)	4 (66.67)	2 (33.33)	6 (100.00)	5 (55.56)	4 (44.44)	9 (100.00)
Basket Maker	-	-	-	1 (100.00)	-	1 (100.00)	5 (100.00)	-	5 (100.00)	6 (100.00)	-	6 (100.00)
All Sampled Households	18 (60.00)	12 (40.00)	30 (100.00)	17 (58.62)	12 (41.38)	29 (100.00)	50 (64.94)	27 (35.06)	77 (100.00)	85 (62.50)	51 (37.50)	136 (100.00)

Source: Primary Survey

Regarding the agricultural structure of employment in district Kapurthala, the picture was quite similar. The data in the table indicate that the 'agriculture labour' had shown the highest percentage share as compared to the 'cultivator'. Out of total agriculture sector employment 58.62 per cent were working as agriculture labour and 41.37 per cent as cultivators.

**INDUSTRIAL STRUCTURE OF EMPLOYMENT OF WITHDRAWN ARTISANS**

Regarding the industrial structure of employment of withdrawn artisans, it has been found that some of them had started their own factories as ancillary units such as nut bolt factory, manufacture of specific parts and accessories of truck, bicycle, three wheeler, cement pipe industry etc. and they became the 'entrepreneur'. On the other hand, some artisans had joined the industrial sector as a 'wage/salaried worker' in large, medium and small scale units such as sports goods industry, hosiery industry, hand tool industry, bicycle, scooter and car parts industry, rice schaller, godown, brick kilns industry, thermal plant, thread mill etc. Due to the sake of convenience, we divided the whole structure of industrial sector employment into two broader categories namely 'wage/salaried worker' and



'entrepreneur'. Analysis of data in Table 3 depicts that out of the total, 80 withdrawn artisans households joined industrial sector as their main occupation. In overall structure of employment in industrial sector, the percentage share of withdrawal artisan households who joined industrial sector as 'wage/salaried worker' was found to be 81.25 per cent. While the percentage share of withdrawn artisan households who joined industrial sector as 'entrepreneur' was found to be only 18.75 per cent. It has been found that most of the withdrawn artisans used their past savings and got the financial help from formal and informal sources to start the new occupation as 'entrepreneur'. Among all the categories of the artisans who left their traditional occupations and became the 'entrepreneur', the proportion of blacksmith artisans came to be the highest (50.00 per cent). On the other hand, all the weaver, barber, tailor, mason and shoe maker artisans had joined industrial sector as 'wage/salaried worker'.

TABLE 3: INDUSTRIAL STRUCTURE OF EMPLOYMENT OF WITHDRAWN ARTISANS

Categories	Ludhiana			Kapurthala			Mansa			All Sampled Districts		
	Wage/Salaried Worker	Entrepreneur	Total	Wage/Salaried Worker	Entrepreneur	Total	Wage/Salaried Worker	Entrepreneur	Total	Wage/Salaried Worker	Entrepreneur	Total
Carpenter	9 (75.00)	3 (25.00)	12 (100.00)	2 (66.67)	1 (33.33)	3 (100.00)	1 (50.00)	1 (50.00)	2 (100.00)	12 (70.59)	5 (29.41)	17 (100.00)
Blacksmith	2 (40.00)	3 (60.00)	5 (100.00)	2 (50.00)	2 (50.00)	4 (100.00)	1 (100.00)	-	1 (100.00)	5 (50.00)	5 (50.00)	10 (100.00)
Goldsmith	2 (66.67)	1 (33.33)	3 (100.00)	3 (100.00)	-	3 (100.00)	1 (100.00)	-	1 (100.00)	6 (85.71)	1 (14.29)	7 (100.00)
Weaver	1 (100.00)	-	1 (100.00)	2 (100.00)	-	2 (100.00)	3 (100.00)	-	3 (100.00)	6 (100.00)	-	6 (100.00)
Potter	15 (93.75)	1 (6.25)	16 (100.00)	4 (100.00)	-	4 (100.00)	1 (100.00)	-	1 (100.00)	20 (95.24)	1 (4.76)	21 (100.00)
Shoe Maker and Leather Worker	3 (75.00)	1 (25.00)	4 (100.00)	1 (50.00)	1 (50.00)	2 (100.00)	1 (100.00)	-	1 (100.00)	5 (71.43)	2 (28.57)	7 (100.00)
Barber	1 (100.00)	-	1 (100.00)	1 (100.00)	-	1 (100.00)	1 (100.00)	-	1 (100.00)	3 (100.00)	-	3 (100.00)
Tailor	2 (100.00)	-	2 (100.00)	1 (100.00)	-	1 (100.00)	1 (100.00)	-	1 (100.00)	4 (100.00)	-	4 (100.00)
Mason	2 (66.67)	1 (33.33)	3 (100.00)	-	-	-	-	-	-	3 (100.00)	-	3 (100.00)
Basket Maker	2 (100.00)	-	2 (100.00)	-	-	-	-	-	-	2 (100.00)	-	2 (100.00)
All Sampled Households	39 (79.60)	10 (20.40)	49 (100.00)	16 (80.00)	4 (20.00)	20 (100.00)	10 (90.91)	1 (9.09)	11 (100.00)	65 (81.25)	15 (18.75)	80 (100.00)

Source: Primary Survey

Related to the district-wise industrial structure of employment of withdrawn artisan households, district Ludhiana reported the highest proportion of 'entrepreneur' category as compared to districts of Kapurthala and Mansa. This proportion turned out to be 20.40 per cent. In district Kapurthala, the share of 'entrepreneur' was noted slightly lower i.e., 20.00 per cent. Regarding the industrial structure of employment in district Mansa, the data in the table indicates that only 9.10 per cent withdrawn artisan households joined industrial sector as 'entrepreneur'. Besides, the percentage shares of withdrawn artisan households who joined the industrial sector as 'wage/salaried worker' in districts of Ludhiana, Kapurthala and Mansa were found to be 79.60 per cent, 80.00 per cent and 90.91 per cent, respectively.

### STRUCTURE OF SELF-EMPLOYMENT OCCUPATIONS

The sampled households who joined self-employment occupations were engaged in 'running their own shops', 'dairying', 'vendor', 'bicycle/scooter/car and tractor repairing workshops', 'driver of car/three wheeler/truck and rickshaw pulling' activities. Data in the Table 4 shows that the withdrawn artisan households who started 'running their own shops' constitute of various shops such as karyana, books and stationary, furniture, mobile, jeweler and cosmetic, medical shops etc. The proportion of withdrawn artisans who started 'running own shops' accounted for very high share in self-employment occupations i.e., 15.97 per cent. The reason of the highest involvement of the withdrawn artisans in 'running their own shops' in self-employment occupations is mainly its nature of small business and requirement of little initial investment. The withdrawn artisans who started mobile and medical shops they got training and subsequently started their own business. Besides, most of the carpenter and blacksmith artisans opened the furniture shops. The withdrawn artisans started new furniture, medical and mobile shops mainly due to the availability of market in nearby towns. The higher proportion of withdrawn artisans were engaged in 'running their own shops' due to the experience in the field of sale and purchase of goods and services in previous occupations. Further, such kind of experience helped them to run their own business efficiently. Further, they used their own plots or workshops of previous occupations to start self-employment occupations. Besides, 7.56 per cent withdrawn artisan households engaged in 'dairying' occupation. It became very easy to rear milch cattle and further no special skill is required to start this occupation. The other reason of shifting of artisans from traditional occupations to 'dairying' occupation was the availability of own land with some artisans which facilitated the requirement of fodder for milch cattle. Moreover, 5.88 per cent withdrawn artisans engaged in 'vendor' activities. The proportion of 'driver of car/three wheelers/truck and rickshaw pulling' and 'cycle/scooter/car and tractor repairing workshops' categories of self-employment turned out to be equally important as the ratio of each was observed to be 10.09 per cent respectively (vide Table 4). The withdrawn artisans who engaged in 'cycle/scooter/car and tractor repairing workshops' required more skill as compared to the other occupations. These artisans started working with their master in repairing workshops. Slowly, they gained the experience through training and subsequently they started their own workshops. Besides, 50.42 per cent artisan households were engaged in 'others' category of self-employment occupations. The 'others' includes the withdrawn artisans who prepared gates and grills, iron beds, hooks for fish capturing, worked as mason, carpenter, timber merchant, wholesaler and trader, property dealer, hand pump installer/well diggers, painter, caterer, bengal seller, fodder seller, repairing fan, cooler and fridge and watches, running own tea stall, fast food stall, own small restaurant, p.c.o. and photo studio, d.j. systems, broker in sale and purchase of cattle, dying the cloths, working on cart in brick kiln industry, carriage in brick kiln, denting painting etc.

TABLE 4: STRUCTURE OF SELF-EMPLOYMENT OCCUPATIONS OF WITHDRAWN ARTISANS

Categories	Ludhiana							Kapurthala						
	Dairy- ing	Run- ning Own Shops*	Ven- dors	Cy- cle/Scooter/Car and Tractor Re- pairing Work- shops	Driver of Car/Three Wheel- ers/ Truck and Rikshaw pulling	Oth- ers*	Total	Dairy- ing	Run- ning Own Shops*	Ven- dors	Cy- cle/Scooter/Car and Tractor Re- pairing Work- shops	Driver of Car/Three Wheel- ers/ Truck and Rikshaw pulling	Oth- ers*	Total
Carpenter	-	3 (30.00)	-	2 (20.00)	1 (10.00)	4 (40.00)	10 (100.00)	-	1 (25.00)	-	-	1 (25.00)	2 (50.00)	4 (100.00)
Blacksmith	-	1 (7.69)	1 (7.69)	4 (30.77)	1 (7.69)	6 (46.16)	13 (100.00)	-	1 (33.33)	-	1 (33.33)	-	1 (33.34)	3 (100.00)
Goldsmith	1 (9.09)	3 (27.27)	-	-	2 (18.18)	5 (45.46)	11 (100.00)	-	-	-	-	-	2 (100.00)	2 (100.00)
Weaver	1 (14.28)	-	1 (14.28)	-	2 (28.58)	3 (42.86)	7 (100.00)	1 (33.33)	-	-	-	-	2 (66.67)	3 (100.00)
Potter	-	1 (16.67)	1 (16.67)	1 (16.66)	-	3 (50.00)	6 (100.00)	-	-	1 (50.00)	-	1 (50.00)	-	2 (100.00)
Shoe Maker and Leather Worker	2 (25.00)	1 (12.50)	-	-	2 (25.00)	3 (37.50)	8 (100.00)	-	-	-	-	-	1 (100.00)	1 (100.00)
Barber	-	-	-	1 (33.33)	-	2 (66.67)	3 (100.00)	-	1 (20.00)	1 (20.00)	-	-	3 (60.00)	5 (100.00)
Tailor	-	2 (28.57)	-	1 (14.29)	-	4 (57.14)	7 (100.00)	-	-	-	-	-	2 (100.00)	2 (100.00)
Mason	1 (20.00)	-	-	-	-	4 (80.00)	5 (100.00)	-	1 (33.33)	-	1 (33.33)	-	1 (33.34)	3 (100.00)
Basket Maker	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Sampled Households	5 (7.14)	11 (15.72)	3 (4.29)	9 (12.86)	8 (11.42)	34 (48.57)	70 (100.00)	1 (4.00)	4 (16.00)	2 (8.00)	2 (8.00)	2 (8.00)	14 (56.00)	25 (100.00)

Cont.

Categories	Mansa							All Sampled Districts						
	Dairy- ing	Run- ning Own Shops*	Ven- dors	Cy- cle/Scooter/Car and Tractor Re- pairing Work- shops	Driver of Car/Three Wheel- ers/ Truck and Rikshaw pulling	Oth- ers*	Total	Dairy- ing	Run- ning Own Shops*	Ven- dors	Cy- cle/Scooter/Car and Tractor Re- pairing Work- shops	Driver of Car/Three Wheel- ers/ Truck and Rikshaw pulling	Oth- ers*	Total
Carpenter	-	1 (50.00)	-	-	-	1 (50.00)	2 (100.00)	-	5 (31.25)	-	2 (12.50)	2 (12.50)	7 (43.75)	16 (100.00)
Blacksmith	1 (33.33)	1 (33.33)	-	-	-	1 (33.34)	3 (100.00)	1 (5.26)	3 (15.79)	1 (5.26)	5 (26.32)	1 (5.26)	8 (42.11)	19 (100.00)
Goldsmith	-	1 (50.00)	-	-	1 (50.00)	-	2 (100.00)	1 (6.67)	4 (26.67)	-	-	3 (20.00)	7 (46.66)	15 (100.00)
Weaver	1 (50.00)	-	-	-	-	1 (50.00)	2 (100.00)	3 (25.00)	-	1 (8.33)	-	2 (16.67)	6 (50.00)	12 (100.00)
Potter	-	1 (20.00)	-	1 (20.00)	-	3 (60.00)	5 (100.00)	-	2 (15.38)	2 (15.38)	2 (15.38)	1 (7.70)	6 (46.16)	13 (100.00)
Shoe Maker and Leather Worker	-	-	1 (33.33)	-	-	2 (66.67)	3 (100.00)	2 (16.67)	1 (8.33)	1 (8.33)	-	2 (16.67)	6 (50.00)	12 (100.00)
Barber	-	-	1 (50.00)	-	-	1 (50.00)	2 (100.00)	-	1 (10.00)	2 (20.00)	1 (10.00)	-	6 (60.00)	10 (100.00)
Tailor	1 (33.33)	-	-	-	-	2 (66.67)	3 (100.00)	1 (8.33)	2 (16.67)	-	1 (8.33)	-	8 (66.67)	12 (100.00)
Mason	-	-	-	-	1 (100.00)	-	1 (100.00)	1 (11.11)	1 (11.11)	-	1 (11.11)	1 (11.11)	5 (55.56)	9 (100.00)
Basket Maker	-	-	-	-	-	-	-	-	-	-	-	-	1 (100.00)	1 (100.00)
All Sampled Households	3 (12.50)	4 (16.67)	2 (8.33)	1 (4.17)	2 (8.33)	12 (50.00)	24 (100.00)	9 (7.56)	19 (15.97)	7 (5.88)	12 (10.09)	12 (10.08)	60 (50.42)	119 (100.00)

Source: Primary Survey

\* include karyana, furniture, books and stationary, meat, mobile repairing, cosmetic and artificial jewellery, shoes and cloth shops.

\*\*others include prepared gates and grills, iron beds, hooks for fish capturing, worked as mason, carpenter, timber merchant, wholesaler and trader, property dealer, hand pump installer/well diggers, painter, caterer, bengal seller, fodder seller, repairing fan, cooler and fridge and watches, running tea stall, fast food stall, own small restaurant, p.c.o. and photo studio, d.j. systems, broker in sale and purchase of cattle, dying the cloths, working on cart in brick kiln industry, denting panting etc.

The category-wise analysis reveals that the proportion of weaver artisans in 'dairying' occupation was found to be the highest at 25.00 per cent. While not even a single carpenter, barber and basket maker artisan found to be involved in 'dairying' occupation. The proportion of withdrawn carpenter artisans who joined self-employment and 'running their own shops', was found to be very high 31.25 per cent followed by 26.67 per cent of goldsmith artisans. Moreover, the percentage share of withdrawn artisans who adopted the 'vendor' occupation was found to be very high in case of barber artisans i.e., 20.00 per cent. As regarding the employment in 'cycle/scooter/car and tractor repairing workshops', the percentage share of blacksmith artisans was found to be on the top (26.32 per cent) as compared to the potter (15.38 per cent), carpenter (12.50 per cent), barber (10.00 per cent), tailor (8.33 per cent) and mason artisans (11.11 per cent). Among all the categories of the artisans who are engaged in 'driver of car/three wheelers/truck and rickshaw pulling' category of self-employment, the percentage share of

goldsmith artisans was found to be very high (20.00 per cent). Not even a single barber, tailor, and basket maker artisan found to be involved in 'driver of car, three wheelers, rickshaw pulling etc' category. Almost all the basket maker artisans joined the 'others' category of self-employment occupations. The percentage share of tailor, barber and mason artisans in 'others' category of occupations was found to be very high, it was 66.66 per cent, 55.55 per cent and 50.00 per cent, respectively.

Regarding the district-wise structure of self-employment occupations of withdrawn artisans, district Mansa reported the highest percentage share of withdrawn artisans in 'dairying' occupation (i.e., 12.50 per cent) as compared to the districts of Ludhiana (7.14 per cent) and Kapurthala (4.00 per cent). Moreover, the proportion of withdrawn artisans who started 'running own shops' turned out to be the highest at 16.67 per cent in district Mansa, whereas, this percentage share came to be 16.00 per cent and 15.72 per cent in case of districts of Kapurthala and Ludhiana, respectively. The proportion of withdrawn artisans who adopted the 'vendor' occupation was found to be higher at 8.33 per cent in district Mansa followed by 8.00 per cent withdrawn artisans in district Kapurthala and found to be very low i.e., 4.29 per cent withdrawn artisans in case of district Ludhiana. As regarding the involvement of withdrawn artisans in 'cycle/scooter/car and tractor repairing workshops' category of self-employment, the districts of Ludhiana and Kapurthala depicted the highest degree of engagement i.e., 12.86 per cent and 8.00 per cent, respectively. In case of 'driver of car/three wheeler/truck and rickshaw puller' category of self-employment, the proportion of withdrawn artisans was found to be the highest at 11.42 per cent in case of district Ludhiana as compared to 8.33 per cent of withdrawn artisans in district Mansa and 8.00 per cent withdrawn artisans in districts Kapurthala. The one common feature which the district level analysis highlighted that approximately 50.00 per cent artisan households, among all the districts choose the other category of self-employment. A comparative analysis of districts shows that 48.57 per cent artisans households in district Ludhiana, 56.00 per cent artisans households in district Kapurthala and 50.00 per cent in district Mansa choose the 'others' category of self-employment.

## CONCLUSIONS

In Macroeconomic literature the employment is one of the key variable which determine the overall growth in an economy. The stability and growth under capitalist economic system, as Keynes (1936) argued in determine the level of aggregate demand. This aggregate demand is further determining by the gainful and decent employment opportunities.

As far as India is concerned, it has clearly adopted the capitalistic path of transition after 1990s. The aggregate demand in Indian economy is not met by the domestic production based on rural economic base that can further strengthen the employment base. Rather it is largely utilized by the big capital intensive industries to strengthen their accumulation who establish their units in India. This has not only destroyed the existing traditional occupations but also effected the modern urban activities. The nutshell effect was that the rural traditional occupations thrown out of competition. The domestic urban industries were faced by the competition from foreign industrial and imported products to upgrade their technology. First process has reduced the surplus population in rural localities in the form of withdrawn artisans. Second process has forced them toward the informal and low paid jobs due to capitalisation of production process. The aggregate demand of rural economy which was earlier fulfilled by the local producers was utilized by the big capitals. The artisans which were skilled in specific activities are now become labourers in general. This situation is clearly presented by the analysis of new structure of employment of withdrawn artisans in Punjab.

In overall, the artisans who withdrawal from their traditional occupations were not absorbed by the industrial or services sectors. Rather the majority of withdrawal artisans were absorbed by the low productive activities such as agriculture and self-employment occupations. The absorption of withdrawn artisans or sampled population in low productive jobs is not a healthy sign for the structural transformation of the workforce in particular and economic development in general.

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**PROBLEMS AND PROSPECTS OF MICRO SMALL MEDIUM ENTREPRENEURS (MSMEs) IN TELANGANA STATE: A STUDY OF KARIMNAGAR DISTRICT**

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**ABSTRACT**

*The study reveals that majority of respondents are facing financial problems such as Heavy interest rate, Financial, Economic incredibility Entrepreneur, Limited working capital & Shortage Capital and Lack of Collateral security as well as are facing marketing problems such as Lack of marketing Experience, Competition from Large Scale Sector, Lack of sales promotion and Credit collection & Bad debts. They are also facing production problems such as Raw material, Non availability of machinery & equipment, Lack of specialized skills, Lack of technical know- how and Interruption power failures. The majority of respondents are also facing technological problems such as Delaying delivery of machines, obsolete plant and machinery, Poor capacity utilization and Transport bottle neck as well as social problems such as Lack of motivation, Lack of knowledge and Non favorable attitude and the development of MSMEs in real sense can help in overcoming these problems.*

**KEYWORDS**

MSMEs, Karimnagar district.

**INTRODUCTION**

**M**icro, Small and Medium Enterprises (MSMEs) are the most important role in the economy. MSMEs creating number of jobs for the working population of a country, MSMEs contribute to Exports revenue as well as Gross Domestic Product to a reasonable extent. The purpose is to attempt recalling official definition of MSMEs in India, underpinning their economic significance, government initiatives in their regard, their problems and financing issues, and the trends in bank financing MSMEs in India.

**OFFICIAL DEFINITION OF MSMEs IN INDIA**

Micro, Small & Medium Enterprises Development (MSMED) Act2 in India in 2006, the Micro, Small and Medium Enterprises (MSMEs) are classified into:

**Manufacturing Sector:** The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951. The manufacturing enterprises are defined in terms of investment in plant & machinery (as notified vide S.O. 1642(E), dated 29-Sep-2006), which is presented in the table below:

**TABLE 1: SHOWING INVESTMENT CEILINGS FOR MSMEs IN MANUFACTURING SECTOR**

Manufacturing Sector	Investment in Plant & Machinery
Micro Enterprises	Does not exceed twenty five lakh rupees, i.e. 2.5 Million Rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees, i.e. 50 Million Rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees, i.e. 100 Million Rupees

Source: Ministry of MSME, Govt. of India.

**Service Sector:** The enterprises engaged in providing or rendering of services defined in terms of investment in equipment (as notified vide S.O. 1642(E), dated 29-Sep-2006), which is presented in the table below:

**TABLE 2: SHOWING INVESTMENT CEILINGS FOR MSMEs IN SERVICE SECTOR**

Service Sector	Investment in Equipment
Micro Enterprises	Does not exceed ten lakh rupees, i.e. One Million Rupees
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees, i.e. 20 Million Rupees
Medium Enterprises	More than two crore rupees but does not exceed five core rupees, i.e. 50 Million Rupees

Source: Ministry of MSME, Govt. of India

**REVIEW OF LITERATURE**

**Sonia and Kansai Rajeev (2009)** studied the effects of globalization on Micro, Small and Medium Enterprises (MSMEs) during pre and post liberalization from 1973-74 to 2008-09. They used four economic parameters namely number of units, production, employment and export and interpreted study results based on Annual Average Growth Rate (AAGR) calculation.

**Chakrabarty, K. C. (2010)** States that with increasing competition, introduction of new products and stringent regulatory environment, the role of banks needs to change from mere lenders to partners in business. There is a need for greater participation of banks in the affairs of their constituents by convergence of credit services and non-credit services.

**Subrahmanya Bala (2011)** has probed the impact of globalization on the exports potentials of the small enterprises. The study shows that share of SSI export in total export has increased in protection period but remain more or less stagnated during the liberalization period.

**Rajib Lahiri (2011)** the study made an attempt to critically analyze the definition aspect of MSMEs and explore the opportunities enjoyed and the constraints faced by them in the era of globalization after analyzing the performance of MSMEs in India during the pre and post liberalization period. The study revealed that except marginal increase in growth rate in employment generation, the growth rate in other parameters is not encouraging during the liberalization period.

**Raj Kumar Gautam and Raghbir Singh (2011)** in their article, "Marketing Barriers of Small Firms: The Punjab Perspective," presented the findings of a study on marketing barriers of small enterprises based on a sample of 173 small manufacturing enterprises from Punjab.

**ShailendraDasari (2011)** in his article, "Marketing Strategies for Maize Seed Industry: A Farmer Centric Approach", analyses the potential of maize seed industry in Andhra Pradesh, and the expectations of the farmers from maize seed industry based on the field study conducted in six districts of Telangana region of Andhra Pradesh covering 100 farmers and 30 dealers.

**Uma, H.R. (2012)**, in her article, "Challenges in India's Foreign Trade" outlines the challenges being faced by India in exports and imports, and underscores the importance of increase in South- South trade in world trade which accounts for 22 per cent of global trade, and almost 50 per cent of total merchandise trade of developing countries at present. Among developing countries, India has emerged as a vibrant economy fuelled by robust growth in international trade and investment. The South's impressive growth would provide a new impetus to a sustained growth of the global economy, and contribute to the achievement of the Millennium Development Goals.

**Dr. Padmasani, S. Karthika (2013)**, A study on Problems and Prospects of Micro, Small and Medium Scale Enterprise in Textile Exports with special reference to Tirupur and Coimbatore District. This paper has examined the problems of MSMEs in the era of global economy and also has identified the factors affecting MSMEs.

**Dr. Neeru Garg (Sept. 2014)**, Micro, Small and Medium Enterprises in India: Current Scenario and Challenges. This paper made an attempt to highlight the growth of this sector and analyze various problems and challenges faced by MSME sector in India in general.

**K. Suneetha and T.Sankaraiah**, Problems of MSMEs and Entrepreneurs in Kadapa District, IOSR Journal of Economics and Finance: The study conducted a survey on 156 enterprises to study they problems. It was found that 103 enterprises were facing financial problems and among them 62.8 per cent are from Micro enterprises. Moreover 23 percent found as meager assistance from government agencies. In the study the divisions of Kadapa, Jammulamadugu and Rajampet were covered.

### NEED FOR THE STUDY

The Micro Small and Medium Enterprises (MSMEs) has been accepted as the engine of economic growth and promoting equitable development. In the present scenario, the MSMEs have been facing cut throat competition from the MNCs and big entrepreneurs, whose products are coming out with the sophisticated technology, huge amount of capital, marketing strategies, etc., at this section the proposed research is need of the hour, for which I have selected the Karimnagar district of Telangana state.

### OBJECTIVES OF THE STUDY

The study will focus on the following objectives:

1. To study the present situation of MSMEs.
2. To examine the problems and prospects of MSMEs.
3. To offer suggestions for the development of the MSMEs.

### SCOPE OF THE STUDY

The study broadly examines the problems and prospects of MSMEs in Karimnagar district from 2005-2015. i.e., 10 years period.

### METHODOLOGY

#### SOURCES OF DATA

The required data has been collected using both the primary and secondary data.

**Primary Data:** The main source of the primary data are the Micro Small Medium Entrepreneurs by serving a structured questionnaire a part from this, personal interviews, group discussions and observations methods were used in collecting the first hand information

**Secondary Data:** Secondary data for the study has been collected using published annual reports on MSMEs by the government, Handbook of Statistics on the Indian Economy published by Ministry of MSMEs, Reserve Bank of India (RBI), Annual Reports of Karimnagar district, Daily newspapers, published research papers in the reputed journals, books, thesis and dissertation and visiting websites relating to the presented research.

**SAMPLE SIZE:** Sample of 200 Respondents selected from the Karimnagar District.

**TOOLS OF DATA ANALYSIS:** The collected data will be classified, tabulated and analysed in a significant manner. For the data analysis simple statistical techniques will be applied such as percentages, averages.

### LIMITATIONS OF THE STUDY

The present study is having the following limitations:

1. The study is essentially a micro level study.
2. The information through the questionnaires may not have covered correct figures problems and prospects of Micro Small Medium Entrepreneurs.
3. The opinions and expressions of Micro Small Medium Entrepreneurs are based on the personal experience with the industries.
4. Secondary data are taken as MSMEs annual reports however the primary data is added to know the present conditions of Micro Small Medium Entrepreneurs.

### DATA ANALYSIS AND INTERPRETATION

In this paper an attempt has been made to present the problems and prospects of MSMEs. The data are collected from 200 sample respondents by supplying the questionnaires, focusing on the financial problems, marketing problems, production problems, technological problems, personal problems, labour problems and health problems.

#### 1. FINANCIAL PROBLEMS

Micro small and medium entrepreneur are facing financial problems such as heavy interest rate financial incredibility entrepreneur, limited working capital, lack of collateral security and shortage capital.

The following table-3 shows the opinion of the respondents on financial problems, from the selected mandals Karimnagar district, financial problem can be categorized into six i.e., heavy interest rate, financial, economic incredibility entrepreneur, limited working capital & shortage capital, lack of collateral security and No.

**TABLE 3: OPINION OF THE RESPONDENTS ON FINANCIAL PROBLEMS MSMEs**

S.No	Financial Problems	Number of Respondents				Total (%)
		Ramagundam	Peddapally	Vemulawada	Manthini	
1	Heavy interest rate	12 (24.00)	8 (16.00)	9 (18.00)	11 (22.00)	40 (20.00)
2	Financial	6 (12.00)	4 (8.00)	8 (16.00)	6 (12.00)	24 (12.00)
3	Economic incredibility Entrepreneur	4 (8.00)	5 (10.00)	6 (12.00)	5 (10.00)	20 (10.00)
4	Limited working capital & Shortage Capital	15 (30.00)	26 (52.00)	22 (44.00)	23 (46.00)	96 (48.00)
5	Lack of Collateral security	1 (2.00)	3 (6.00)	2 (4.00)	2 (4.00)	8 (16.00)
6	No	2 (4.00)	4 (8.00)	3 (6.00)	3 (6.00)	12 (6.00)
<b>Total (%)</b>		50 (100.00)	50 (100.00)	50 (100.00)	50 (100.00)	200 (100.00)

Source: Field Survey

The below table – 3 reveals that opinion of the respondents on financial problems from the selected mandals of Karimnagar district. In the Ramagundam mandal out of 50 respondents the highest number 15(30.00%) respondents are facing limited working capital & shortage capital, followed by the facing heavy interest

rate with 12(24.00%) respondents, 6(12.00%) respondents are facing financial problems, 4(8.00%) respondents are economic incredibility entrepreneur, 2(4.00%) respondents are not facing any financial problems and 1(2.00%) respondents are facing lack of collateral security.

In the Peddapally mandal out of 50 respondents the highest number 26(52.00%) respondents are facing limited working capital & shortage capital followed by the facing heavy interest rate with 8(16.00%) respondents, 5(10.00%) respondents are facing economic incredibility entrepreneur, 4(8.00%) are facing financial, 4(8.00%) respondents are not facing any financial problems and only 3(6.00%) respondents are facing lack of collateral security.

In the Vemulawada mandal out of 50 respondents the highest number 22(44.00%) respondents are facing limited working & shortage capital followed by the facing interest rate with 9(18.00%) respondents, 8(16.00%) respondents are facing financial 6(12.00%) respondents are facing economic incredibility entrepreneur, 3(6.00%) respondents are not facing any financial problems 2(4.00%) respondents are facing lack of collateral security.

In the Manthini mandal out of 50 respondents the highest number 23(46.00%) respondents are facing limited working capital & shortage capital, followed by the facing heavy interest rate 11(22.00%) respondents, 6(12.00%) respondents are facing financial 5(10.00%) respondents are facing economic incredibility entrepreneur, 3 (6.00%) respondents are not facing any financial problems and only 2(4.00%) respondents are facing lack of collateral security.

The overall observation found that the majority of respondents 96(48.00%) respondents are facing limited working capital & shortage capital followed by the facing heavy interest rate with 40(20.00%) respondents, 24(12.00%) respondents are facing financial 20(10.00%) respondents are facing economic incredibility entrepreneur, 12(6.00%) respondents are not facing any financial problems and only 8(4.00%) respondents are facing lack of collateral security.

**2. MARKETING PROBLEMS**

Micro Small and Medium Enterprises are facing marketing problems such as lack of marketing experience, competition from large scale sector, lack of sales promotion and credit collection & Bad debts.

The following table - 4 shows that opinion of the respondents on marketing problems, from the selected mandals Karimnagar district, marketing problems can be divide into four i.e., lack of marketing experience, collection from large scale sector, lack of sales promotion and credit collection & Bad debts.

**TABLE 4: OPINION OF THE RESPONDENTS ON MARKETING PROBLEMS**

S.No	Marketing Problems	Number of Respondents				Total (%)
		Ramagundam	Peddapally	Vemulawada	Manthini	
1	Lack of marketing Experience	10 (20.00)	8 (16.00)	12 (24.00)	6 (12.00)	36 (18.00)
2	Competition from Large scale Sector	8 (16.00)	13 (26.00)	10 (20.00)	9 (18.00)	40 (20.00)
3	Lack of sales promotion	17 (34.00)	15 (30.00)	18 (36.00)	22 (44.00)	72 (36.00)
4	Credit collection & Bad debts	7 (14.00)	8 (16.00)	6 (12.00)	7 (14.00)	28 (14.00)
5	No	8 (16.00)	6 (12.00)	4 (8.00)	6 (12.00)	24 (12.00)
<b>Total (%)</b>		50 (100.00)	50 (100.00)	50 (100.00)	50 (100.00)	200 (100.00)

Source: Field Survey

The above table - 4 clears that opinion of the respondents on marketing problems from the selected mandals of Karimnagar district. In the Ramagundam mandal out of 50 respondents the highest number 17(34.00%) respondents are facing lack of sales promotion followed by the facing lack of marketing experience. With 10(20.00%) respondents, 8(16.00%) respondents are facing competition from large scale sector, 8 (16.00%) respondents are not facing any marketing problems and only 7(14.00%) respondents are facing credit collection and bad debts.

In the Peddapally mandal out of 50 respondents the highest number 15(30.00%) respondents are facing lack of sales promotion followed by the facing competition from large scale sector with 13(26.00%) respondents, 8(16.00%) respondents are facing lack of marketing experience, 8 (16.00%) respondents are facing credit collection & Bad debts and only 6(12.00%) respondents are not facing any marketing problems.

In the Industrial mandal out of 50 respondents the highest number 18(36.00%) respondents are facing lack of sales promotion, followed by the lack of marketing experience with 12(24.00%) respondents, 10(20.00%) respondents are facing competition from large scale sector, 6 (12.00%) respondents are facing credit collection & Bad debts and only 4(8.00%) respondents are not facing any marketing problem.

In the Manthini mandal out of 50 respondents the highest number 22 (44.00%) respondents are facing lack of sales promotion, followed by the facing competition from large scale sector with 9 (18.00%) respondents, 7 (14.00%) respondents are facing credit collection & Bad debts, 6 (12.00%) respondents are facing lack of marketing experience and only 6 (12.00%) respondents are not facing any marketing problems.

The overall observation reveals that the majority of 72(36.00%) respondents are facing lack of sales promotion, followed by the competition from large scale sector with 40(20.00%) respondents 36(18.00%) respondents are facing lack of marketing experience, 28(14.00%) respondents are facing credit collection & Bad debts and only 24(12.00%) respondents are not facing any marketing problems.

**3. PRODUCTION PROBLEMS**

Micro Small and Medium Enterprises are facing production problems such as raw material problems, non availability of machinery & equipment, lack of technical know-how, lack of specialized skills and interruption & power failure and No.

The below table-5 shows the opinion of the respondents on production problems, from the selected mandals Karimnagar district. Production problems can be categorized into six i.e., raw material problems, non availability of machinery equipment, lack of technical know-how, lack of specialized skills, interruption & power failure and No.

**TABLE 5: OPINION ON THE RESPONDENTS ON PRODUCTION PROBLEMS**

S.No	Production Problems	Number of Respondents				Total (%)
		Ramagundam	Peddapally	Vemulawada	Manthini	
1	Raw material	15 (30.00)	21 (42.00)	19 (38.00)	17 (34.00)	72 (36.00)
2	Non availability of machinery & equipment	14 (28.00)	10 (20.00)	12 (24.00)	12 (24.00)	48 (24.00)
3	Lack of specialized skills	8 (16.00)	4 (8.00)	6 (12.00)	6 (12.00)	24 (12.00)
4	Lack of technical know- how	2 (4.00)	1 (2.00)	2 (4.00)	1 (2.00)	6 (3.00)
5	Interruption power failures	4 (8.00)	5 (10.00)	6 (12.00)	3 (6.00)	18 (9.00)
6	No	7 (14.00)	9 (18.00)	5 (10.00)	11 (22.00)	32 (16.00)
<b>Total (%)</b>		50 (100.00)	50 (100.00)	50 (100.00)	50 (100.00)	200 (100.00)

Source: Field Survey

The above table -5 found that opinion of the respondents on production problems, from the selected mandals of Karimnagar district. In the Ramagundam mandal out of 50 respondents the highest number 15(30.00%) respondents are facing raw material problem, followed by the facing non availability machinery & equipment with 14(28.00%) respondents, 8(16.00%) respondents are facing lack of specialized skills, 7(14.00%) respondents are not facing any production problems, 4(8.00%) respondents are facing interruption power failures and only 2(4.00%) respondents are facing lack of technical know-how.

In the Peddapally mandal out of 50 respondents the highest number 21(42.00%) respondents are facing raw material problem, followed by the facing non availability of machinery & equipment, with 10(20.00%), 9(18.00%) respondents are not facing any production problems, 5(10.00%) respondents are facing interruption power failures, 4(8.00%) respondents are facing lack of specialized skills and only 1(2.00%) respondents are facing lack of technical know-how.

In the Vemulawada mandal out of 50 respondents the highest number 19(38.00%) respondents are facing raw material problem, followed by the facing non availability of machinery equipment, with 12(24.00%) respondents, (12.00%) respondents are facing lack of specialized skills, 6(12.00%) respondents are facing interruption power failures 5(10.00%) respondents are not facing any production problems and only 2(4.00%) respondents are facing lack of technical know-how.

In the Manthini mandal out of 50 respondents the highest number 17(34.00%) respondents are facing raw material problems, followed by the facing non availability machinery 7 equipment with 12(24.00%) respondents, 11(22.00%) respondents are not facing any production problems, 6(12.00%) respondents are facing lack of specialized skills, 3(6.00%) respondents are facing interruption power failures and only 1(2.00%) respondents are facing lack of technical know-how.

The overall observation found that the majority of 72(36.00%) respondents are facing raw material problem followed by the non availability of machinery & equipment with 48(24.00%), 32(16.00%) respondents are not facing any production problems, 24(12.00%) respondents are facing lack of specialized skills 18(9.00%) respondents are facing interruption power failures and only 6(3.00%) respondents are facing technical know-how.

**4. TECHNOLOGICAL PROBLEMS**

Micro Small and Medium Enterprises are facing Technological problems such as delaying delivery of machineries, absolute plant and machinery, poor capacity utilization, transport bottle neck and No.

The below table-6 shows that opinion of the respondents on technological problems, from the selected mandals of Karimnagar district. Technological problems can be divide into five i.e., Delay in delivery of machines, absolute plant machinery, poor capacity utilization, transport bottle neck and No.

**TABLE 6: OPINION ON THE RESPONDENTS ON TECHNOLOGICAL PROBLEMS**

S.No	Technological Problems	Number of Respondents				Total (%)
		Ramagundam	Peddapally	Vemulawada	Manthini	
1	Delaying delivery of machines	14 (28.00)	12 (24.00)	16 (32.00)	10 (20.00)	52 (26.00)
2	Obsolute plant and machinery	17 (34.00)	21 (42.00)	13 (26.00)	25 (50.00)	76 (38.00)
3	Poor capacity utilization	6 (12.00)	5 (10.00)	7 (14.00)	4 (8.00)	22 (11.00)
4	Transport bottle neck	10 (20.00)	8 (16.00)	9 (18.00)	9 (18.00)	36 (18.00)
5	No	3 (6.00)	4 (8.00)	5 (10.00)	2 (4.00)	14 (7.00)
<b>Total (%)</b>		50 (100.00)	50 (100.00)	50 (100.00)	50 (100.00)	200 (100.00)

Source: Field Survey

The above table-6 clears that opinion of the respondents on technological problems from the selected mandals of Karimnagar district. In the Ramagundam mandal out of 50 respondents the highest number of 17(34.00%) respondents are facing obsolete plant and machinery, followed by the facing delay in delivery of machines with 14(28.00%) respondents, 10(20.00%) respondents are facing transport battle neck, 6(12.00%) respondents are facing poor capacity are not facing any technological problems.

In the Peddapally mandal out of 50 respondents the highest number 21(42.00%) respondents are facing obsolete plant and machinery, followed by the facing delay in delivery of machines with 12(24.00%) respondents, 8(16.00%) respondents are facing transport battle neck, 5(10.00%) respondents are facing poor capacity utilization and only 4(8.00%) respondents are not facing any technological problems.

In the Vemulawada mandal out of 50 respondents the highest number 16(32.00%) respondents are facing delays in delivery of machines, followed by the facing obsolete plant and machinery with 13(26.00%) respondents, 9(18.00%) respondents are facing transport battle neck, 7(14.00%) respondents are facing poor capacity utilization and only 5(10.00%) respondents are not facing any technological problems.

In the Manthini mandal out of 50 respondents the highest number 25(50.00%) respondents are facing obsolete plant and machinery, followed by the delay in delivery of machines with 10(20.00%) respondents, 9(18.00%) respondents are facing transport battle neck, 4(8.00%) respondents are facing poor capacity utilization and only 2(4.00%) respondents are not facing only technological problems.

The overall observation reveals that the majority of 76(38.00%) respondents are facing obsolete plant and machinery, followed by the facing delay in delivery of machines with 52(26.00%) respondents, 36(18.00%) respondents are facing transport battle neck, 22(11.00%) respondents are facing poor capacity utilization and only 14(7.00%) respondents are not facing any technological problems.

**5. SOCIAL PROBLEMS**

Micro Small and Medium Enterprises are facing social problems such as lack of motivation, lack of knowledge and non favorable attitude

The below table-7 shows the opinion of the respondents on social problems from the selected mandals of Karimnagar district, social problems can be categorized into four i.e., lack of motivation, lack of knowledge, non favourable attitude and No

**TABLE 7: OPINION ON THE RESPONDENTS ON SOCIAL PROBLEMS**

S.No	Social Problems	Number of Respondents				Total (%)
		Ramagundam	Peddapally	Vemulawada	Manthini	
1	Lack of motivation	15 (30.00)	16 (32.00)	16 (32.00)	17 (34.00)	64 (32.00)
2	Lack of knowledge	25 (50.00)	24 (48.00)	24 (48.00)	23 (46.00)	96 (48.00)
3	Non favorable attitude	7 (14.00)	6 (12.00)	8 (16.00)	5 (10.00)	26 (13.00)
4	No	3 (6.00)	4 (8.00)	2 (4.00)	5 (10.00)	14 (7.00)
<b>Total (%)</b>		50 (100.00)	50 (100.00)	50 (100.00)	50 (100.00)	200 (100.00)

Source: Field Survey

The above table-7 describes that opinion of the respondents on social problems from the selected mandals of Karimnagar district. In the Ramagundam mandal out of 50 respondents the highest number 25(50.00%) respondents are facing lack of knowledge, followed by the facing lack of motivation with 15(30.00%) respondents, 7(14.00%) respondents are facing non favourable attitude and only 3(6.00%) respondents are not facing any social problems.

In the Peddapally mandal out of 50 respondents the highest number 24(48.00%) respondents are facing lack of knowledge, followed by the facing lack of motivation with 16(32.00%) respondents, 6(12.00%) respondents are facing non favourable attitude and only 4(8.00%) respondents are not facing any social problems.

In the Vemulawada mandal out of 50 respondents the highest number 24(48.00%) respondents are facing lack of knowledge, followed by the facing lack of motivation with 16(32.00%) respondents, 8(16.00%) respondents are facing non favourable attitude and only 2(4.00%) respondents are not facing any social problems. In the Manthini mandal out of 50 respondents the highest number 23(46.00%) respondents are facing lack of knowledge, followed by the facing lack of motivation with 17(34.00%) respondents, 5(10.00%) respondents are not facing any social problems.

The overall observation found that the majority of 96(48.00%) respondents are facing lack of knowledge, followed by the facing lack of motivation with 64(32.00%) respondents, 26(13.00%) respondents are facing non favourable attitude and only 14(7.00%) are not facing any social problems.

**6. PERSONAL PROBLEMS**

Micro Small and Medium Enterprises are facing personal problems such as excessive burden of work, lack of leisure time, excessive tension and poor risk taking ability.

The below table-8 shows the opinion of the respondents on personal problems from the selected mandals of Karimnagar district, personal problems are categorized into five i.e., excessive burden of work, lack of leisure time, excessive tension, poor risk taking ability and No.

**TABLE 8: OPINION ON THE RESPONDENTS ON PERSONAL PROBLEMS**

S.No	Personal Problems	Number of Respondents				Total (%)
		Ramagundam	Peddapally	Vemulawada	Manthini	
1	Excessive burden of work	19 (38.00)	12 (38.00)	12 (24.00)	22 (44.00)	72 (36.00)
2	Lack of leisure time	10 (20.00)	12 (24.00)	13 (26.00)	9 (18.00)	44 (22.00)
3	Excessive tension	7 (14.00)	8 (16.00)	9 (18.00)	6 (12.00)	30 (15.00)
4	Poor risk taking ability	4 (8.00)	3 (6.00)	7 (14.00)	4 (8.00)	18 (9.00)
5	No	10 (20.00)	8 (16.00)	9 (18.00)	9 (18.00)	36 (18.00)
<b>Total (%)</b>		50 (100.00)	50 (100.00)	50 (100.00)	50 (100.00)	200 (100.00)

Source: Field Survey

The above table-8 shows the opinion of the respondents on personal problems from the selected mandals of Karimnagar district. In the Ramagundam mandal out of 50 respondents the highest number 19(38.00%) respondents are facing excessive burden of work, followed by the facing lack of leisure time with 10(20.00%) respondents, 10(20.00%) respondents are not facing any of personal problems, 7(14.00%) respondents are facing excessive tension and only 4(8.00%) respondents are facing poor risk taking ability.

In the Peddapally mandal out of 50 respondents the highest number 19(38.00%) respondents are facing excessive burden of work, followed by the facing lack of leisure time with 12(24.00%) respondents, 8(16.00%) respondents are facing excessive tension, 8(16.00%) respondents are not facing any personal problems and only 3(6.00%) are facing poor risk taking ability.

In the Vemulawada mandal out of 50 respondents the highest number 13(26.00%) respondents are facing lack of leisure time, followed by the facing excessive burden work with 12(24.00%) respondents 9(18.00%) respondents are facing excessive tension, 9(18.00%) respondents are not facing any personal problems and only 7(14.00%) respondents are facing poor risk taking ability.

In the Manthini mandal out of 50 respondents the highest number 22(44.00%) respondents are facing excessive burden of work, followed by the facing lack of leisure time 9(18.00%) respondents are not facing any personal problems 6(12.00%) respondents are facing excessive tension and only 4(8.00%) respondents are facing poor risk taking ability.

The overall observation reveals that the majority of 72(36.00%) respondents are facing excessive burden of work, followed by the facing lack of leisure time 44(22.00%) respondents, 36(18.00%) respondents are not facing any personal problems, 30(15.00%) respondents are facing excessive tension and only 18(9.00%) respondents are facing poor risk taking ability.

**7. LABOUR PROBLEMS**

Micro Small and Medium Enterprises are facing labour problems such as un availability of skilled labour, labour absenteeism, high rates of wages or salaries and inefficient handling of labour problems.

The following table-9 shows the opinion of the respondents on labour problems from the selected mandals of Karimnagar district labour problems can be divided into five i.e., un availability of skilled labour, labour absenteeism, high rates of wages or salaries, inefficient handling of labour problems and No.

**TABLE 9: OPINION ON THE RESPONDENTS ON LABOUR PROBLEMS**

S.No	Labour Problems	Number of Respondents				Total (%)
		Ramagundam	Peddapally	Vemulawada	Manthini	
1	Un availability of skilled labour	15 (30.00)	11 (22.00)	14 (28.00)	12 (24.00)	52 (26.00)
2	Labour absenteeism	9 (18.00)	11 (22.00)	12 (24.00)	8 (16.00)	40 (20.00)
3	High rates of wages or salaries	16 (32.00)	18 (32.00)	15 (30.00)	19 (38.00)	68 (34.00)
4	Inefficient handling of labour problems	7 (14.00)	6 (12.00)	8 (16.00)	7 (14.00)	28 (14.00)
5	No	2 (4.00)	4 (8.00)	3 (6.00)	3 (6.00)	12 (6.00)
<b>Total (%)</b>		50 (100.00)	50 (100.00)	50 (100.00)	50 (100.00)	200 (100.00)

Source: Field Survey

The above table-9 shows clear that opinion on the respondents on labour problems from the selected mandals Karimnagar district. In the Ramagundam mandal out of 50 respondents the highest number 16(32.00%) respondents are facing high rates of wages or salaries, followed by the facing un availability of skilled labor



with 15(30.00%) respondents, 9(18.00%) respondents are facing labor absenteeism, 7(14.00%) respondents are facing in efficient handling of labor problems and only 2(4.00%) respondents are not facing any labor problems.

In the Peddapally mandal out of 50 respondents the highest number 18(36.00%) respondent is facing high rates of wages or salaries, followed by the facing unavailability skilled labor with 11(22.00%) respondents, 11(22.00%) respondents are facing labor absenteeism, 6(12.00%) respondents are facing in efficient handling of labor problems and only 4(8.00%) respondents are not facing any labor problems.

In the Vemulawada mandal out of 50 respondents the highest number 15(30.00%) respondents are facing high rates of wages or salaries, followed by the facing unavailability of skilled labor 14(28.00%) respondents, 12(24.00%) respondents are facing labor absenteeism, 8(16.00%) respondents are facing in efficient handling of labor problems and only 3(6.00%) respondents are facing any labor problems.

In the Manthini mandal out of 50 respondents the highest number 19(38.00%) respondents are facing high rates of wages or salaries followed by the facing unavailability skilled labor with 12(24.00%) respondents, 8(16.00%) respondents are facing labor absenteeism, 7(14.00%) respondent is facing in efficient handling of labor problems and only 3(6.00%) respondents are not facing any labor problems.

The overall observation found that the majority of 68(34.00%) respondents are facing high rates of wages or salaries, followed by the facing unavailability of skilled labor with 52(26.00%) respondents, 40(20.00%) respondents are facing labor absenteeism 28(14.00%) respondents are facing in efficient handling of labor problems and only 2(6.00%) respondents are not facing labor problems.

#### HEALTH PROBLEMS

Micro Small and Medium Enterprises are facing health problems such as back pain, knee pain, joint pain, hearing problem, respiratory diseases etc.

TABLE 10: OPINION ON THE RESPONDENTS ON HEALTH PROBLEMS

S.No	Labour Problems	Number of Respondents				Total (%)
		Ramagundam	Peddapally	Vemulawada	Manthini	
1	Yes	31 (62.00)	29 (58.00)	33 (66.00)	35 (70.00)	128 (64.00)
2	No	19 (38.00)	21 (42.00)	17 (34.00)	15 (30.00)	72 (36.00)
<b>Total (%)</b>		50 (100.00)	50 (100.00)	50 (100.00)	50 (100.00)	200 (100.00)

Source: Field Survey

The above table-10 describes that opinion of the respondents on health problems from the selected mandals of Karimnagar district. In the Ramagundam mandal out of 50 respondents the highest number 31(62.00%) respondents were expressed that they are facing health problems, whereas only 19(38.00%) respondents are not facing any health problems over the study period.

In the Peddapally mandal out of 50 respondents the highest number 29(58.00%) respondents were expressed that they are facing health problems, whereas only 21(42.00%) respondents are not facing any health problems.

In the Vemulawada mandal out of 50 respondents the highest number 33(66.00%) respondents were expressed that they are facing health problems, whereas only 17(34.00%) respondents are not facing health problems over the study period.

In the Manthini mandal out of 50 respondents the highest number 35(70.00%) respondents were expressed that they are facing health problems, whereas only 15(30.00%) respondents are not facing any health problems.

The overall observation reveals that the majority of 128(64.00%) were expressed that they are facing health problems, whereas only 72(36.00%) respondents are not facing any health problems over the study period.

#### SUMMARY OF FINDINGS

1. The majority of respondents are facing financial problems such as Heavy interest rate, Financial, Economic incredibility Entrepreneur, Limited working capital & Shortage Capital and Lack of Collateral security.
2. It is observed that the majority of respondents are facing marketing problems such as Lack of marketing Experience, Competition from Large Scale Sector, Lack of sales promotion and Credit collection & Bad debts.
3. The majority of respondents are facing production problems such as Raw material, Non availability of machinery & equipment, Lack of specialized skills, Lack of technical know-how and Interruption power failures.
4. It is observed that the majority of respondents are facing technological problems such as Delaying delivery of machines, Obsolete plant and machinery, Poor capacity utilization and Transport bottle neck.
5. The majority of respondents are facing social problems such as Lack of motivation, Lack of knowledge and Non favorable attitude.
6. It is observed that the majority of respondents are facing personal problems such as excessive burden of work, lack of leisure time, excessive tension, and poor risk taking ability.
7. The majority of respondents are facing labour problems such as unavailability of skilled labour, labour absenteeism, high rates of wages or salaries and inefficient handling of labour problems.
8. It is observed that the majority of respondents are facing health problems such as back pain, knee pain, joint pain, hearing problem, respiratory diseases etc.

#### SUGGESTIONS

After going through the above summary of findings the following suggestions are offered for the development of MSMEs

1. State & Central government have to increase the budget allocation for MSMEs sector.
2. State & Central government provide assistance to MSMEs for strengthening the share Capital.
3. It is suggested the banks to increase loan amount.
4. State & Central government have tax exemption from MSMEs.
5. Government has to provide marketing facilities, transport facilities and subsidies.
6. Government has to provide raw material, machinery and equipment directly to the MSMEs order to maintain and also providing training in machines.
7. Government has to take necessary steps in order to sale the MSMEs products through e-commerce like amazon, snapdeal, and flipkart etc.,
8. Government has to establish new industrial parks and developing the infrastructural facilities & promotion policies.
9. Government should be conduct training and development, awareness programmes.
10. Granting permission for foreign collaborations in the MSMEs sector with view to encouraging modernization & technical upgradation.
11. Government has to relaxation in labour laws and red tape.
12. It is also suggested the governments need to conduct health check up camps.

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**MICRO SMALL MEDIUM ENTERPRISES (MSMEs) IN INDIA: AN OVERVIEW****NIMMALA SOMARAJU****STUDENT****DEPARTMENT OF PUBLIC ADMINISTRATION & HRM****KAKATIYA UNIVERSITY****WARANGAL****A.YESHODA****RESEARCH SCHOLAR****DEPARTMENT OF COMMERCE & BUSINESS MANAGEMENT****KAKATIYA UNIVERSITY****WARANGAL****ABSTRACT**

*Micro small medium enterprises (MSMEs) play key role in economic development of country. It is providing large scale employment. This paper has covered number of MSMEs India, fixed investment of MSMEs in India, production of MSMEs in India, of MSMEs in GDP, the following suggestions are offered for the development of MSMEs. Central Government have to increase the budget allocation for MSMEs sector and provide assistance to MSMEs for strengthening the share capital, banks are increase the loan amount, Governments has been conduct training development programmes, to enhance marketing facilities, to provide raw material directly to the MSMEs.*

**KEYWORDS**

MSMEs, India.

**INTRODUCTION**

**M**icro Small and Medium Enterprises play a key role in the industrialization of a developing nation. "This is because: they provide immediate large scale employment and have a comparatively higher labour-capital ratio; they need only a shorter gestation period and relatively smaller markets, to be economic; they need lower investments. They offer a method of ensuring a more equitable distribution of the national income and facilitate an effective mobilization of the resources of capital and skill which might, otherwise, remain unutilized and they stimulate the growth of the industrial entrepreneurship and promote a more differed pattern of ownership and location.

The small scale sector has stimulated economic activity of a far reaching magnitude and has played a significant role in the elimination of the economic backwardness of the rural and the under - developed regions in the country, attained self-reliance and reduction of regional imbalances. It has also led to the reduction of disparities in Income, wealth and consumption. The MSMEs play an important role in assisting the bigger industries and the projects so that the planned activity of the developmental work is timely attended to. The setting up and the growth of all types of industries have the basic objective of profit making. However, it also contributes towards social justice and the development of the particular area, by way of trade and commerce. These industries also develop lots of entrepreneurs who, in future, may play a bigger role in the developmental activities.

**REVIEW OF LITERATURE**

**Biiavani T.A. (2010)** highlights the issue of quality employment generation by the SSIs and negates the short term attitude of increasing the volume of employment generation compromising with quality. The author argues that employment generation by the SSIs may be high in quantitative term but very low in quality.

**Varma.U. K (2011)** in his study on MSMEs recognized that while credit, marketing etc. are essential, the critical factor that drives growth is technology. In the present economic scenario of globalised competitiveness, it is the technological edge that will determine the winner.

**Mathew, P.M7 (2012)**, in his article, "the Relevance of MSMEs", focuses on recent developments in the industrial sector, contribution of MSMEs, and prospects for growth (luring the Twelfth Plan period, along with directions in which MSMEs should move in future. The basic objective of the Twelfth Plan (2012-17) is "faster, sustainable and more inclusive growth", as indicated in the Approach Paper of the Twelfth Plan released by the Planning Commission in 2011. Among the thrusts meant for such an inclusive growth, foster creation of jobs, especially in manufacturing, is given a special focus. Br. Paclmasani, S. Karthika (2013), A study on Problems and Prospects of Micro, Small and Medium Scale Enterprise in Textile Exports with special reference to Tirupur and Coimbatore District. This paper has examined the problems of MSMEs in the era of global economy and also has identified the factors affecting MSMEs.

**Dr. A.S. Shiralashetti (2014)**, prospects & Problems of MSMEs in India. This paper covered growth, performance and contribution of MSMEs to GDP and also mentioned about the problems faced by MSMEs located in Dharwad district of Karnataka State. Dr. Neeru Garg (Sept. 2014), Micro, Small and Medium Enterprises in India: Current Scenario and Challenges. This paper made an attempt to highlight the growth of this sector and analyze various problems and challenges faced by MSME sector in India in general.

**NEED FOR THE STUDY**

The Micro Small and Medium Enterprises (MSMEs) has been accepted as the engine of economic growth and promoting equitable development. In the present scenario, the MSMEs have been facing cut throat competition from the MNCs and big entrepreneurs, whose products are coming out with the sophisticated technology, huge amount of capital, marketing strategies, etc.

**OBJECTIVES OF THE STUDY**

The study will focus on the following objectives:

1. To understand the present position of MSMEs.
2. To study the micro small medium enterprises in India – An overview.
3. To draw the conclusion.

**SCOPE OF THE STUDY**

The study broadly examines the Micro Small Medium Enterprises in India – An Overview from 2005-2015 i.e. 10 years period.

**METHODOLOGY**

**Sources of Data:** The required data has been collected using Secondary data.

**Secondary Data:** Secondary data for the study has been collected using published annual reports on MSMEs by the government, Handbook of Statistics on the Indian Economy published by Ministry of MSMEs, Reserve Bank of India (RBI), Annual Reports of Warangal district. Daily newspapers, published research papers in the reputed journals, books, thesis and dissertation and visiting websites relating to the presented research.

**Tools of data Analysis:** The collected data will be classified, tabulated and analysed in a significant manner. For the data analysis simple statistical techniques will be applied such as percentages, averages.

**LIMITATIONS OF THE STUDY**

The following are the limitations of the present study:

1. The study is essentially a micro level study.
2. The final conclusions are based on the conditions existing in the industries and the area.
3. Secondary data are taken as MSMEs annual reports however the Primary data is added to know the present conditions of Micro Small Medium Entrepreneurs.

**MSMEs IN INDIA – AN OVER VIEW**

The micro small and medium enterprises (MSMEs) is playing a key role in economic and social development of the India and is providing direct employment opportunities to 1061.52 lakhs people and with a vast network and of around 502.73 lakhs units.

**TABLE 1: NUMBER OF MSMEs IN INDIA (2005-2015)**

Sl. No	Year	Total MSMEs	
		In lakh numbers	Percentage
1	2005-06	123.42	4.07
2	2006-07	361.76	193.11
3	2007-08	377.36	4.31
4	2008-09	393.70	4.16
5	2009-10	410.80	4.36
6	2010-11	428.73	4.41
7	2011-12	447.66	4.42
8	2012-13	467.56	4.44
9	2013-14	487.66	4.46
10	2014-15	502.73	4.48

Sources: 1. Ministry of MSMEs Annual Reports 2009-10, p. 13-14 2. MSMEs Annual Reports 2014-15, p. 15

The above table describes the no. of MSMEs in India. 123.42 (Lakhs) MSMEs in during the year 2005-06, 361.76 (Lakhs) MSMEs in India state during the year 2006-07, 377.36 (Lakhs) MSMEs in India during the year 2007-08-, 393.70 (lakhs) MSMEs in. India state during the year 2008-09, 410.80 (Lakhs) MSMEs in India during the year 2009-10, 428.73 (Lakhs) MSMEs in India during the year 2010-11, 447.66 (Lakhs) MSMEs in India State during the year 2011-12, 467.56(lakhs) MSMEs in India State during the year 2012-13, 487.66 (Lakhs) MSMEs in India State during the year 2013-; 502.73 (Lakhs) MSMEs in India State during the year 2014-15. The overall observation reveals that the highest number 502.73 Lakhs in MSMEs India during the year 2014-15.

**TABLE 2: FIXED INVESTMENT OF MSMEs IN INDIA**

Sl. No	Year	Fixed investment	
		In crores	Percentage
1	2005-06	188113	4.07
2	2006-07	868543	361.71
3	2007-08	920459	5.97
4	2008-09	977114	5.80
5	2009-10	1038546	6.15
6	2010-11	1105934	6.28
7	2011-12	1183332	6.99
8	2012-13	1269338	7.28
9	2013-14	1372226	7.50
10	2014-15	1468441	7.82

Sources: 1. Ministry of MSMEs Annual Reports 2009-10, p. 13-14 2. MSMEs Annual Reports 2014-15, p. 15

The above table gives a clear picture about the fixed investment of MSMEs in India during the period from 2005-06 to 2014-15 financial year. It can be observed in 2005-05 financial year the fixed investment of MSMEs is 188113 crores and it was raised upto 1468441 crores. This situation shows how the importance of the investment of MSMEs in India.

**TABLE 3: PRODUCTION OF MSMEs IN INDIA**

Sl. No	Year	Production	
		In crores	Percentage
1	2005-06	497842	5.27
2	2006-07	1198817	140.80
3	2007-08	1322960	10.35
4	2008-09	1375898	4.00
5	2009-10	1488390	8.11
6	2010-11	1655680	11.02
7	2011-12	1790804	8.16
8	2012-13	18156580	10.02
9	2013-14	18958460	11.32
10	2014-15	19245472	11.68

Sources: 1. Ministry of MSMEs Annual Reports 2009-10, p. 13-14 2. MSMEs Annual Reports 2014-15, p. 15

The above table describes that production of MSMEs in India during the period from 2005-06 to 2014-15 financial year. The production of MSMEs in India during the 2005-06 financial year is 497842 crores and it was improved upto 19245472 crores in the financial year 2014-15. The overall observation found that highest number of 19245472 (crores) production of MSMEs in India.

**TABLE 4: EMPLOYMENT OF MSMEs IN INDIA**

Sl. No	Year	Employment (persons)	
		In lakhs	Percentage
1	2005-06	294.91	12.32
2	2006-07	805.23	173.04
3	2007-08	842.00	4.59
4	2008-09	880.84	4.62
5	2009-10	921.79	4.66
6	2010-11	965.15	4.72
7	2011-12	1011.80	4.86
8	2012-13	1061.52	4.91
9	2013-14	1082.48	4.93
10	2014-15	1098.22	4.95

Sources: 1. Ministry of MSMEs Annual Reports 2009-10, p. 13-14 2. MSMEs Annual Reports 2014-15, p. 15

Above table reveals about the employment opportunity provided by the MSMEs in India during the period from 2005-06 financial year to 2014-15. The data clearly indicates that the MSMEs playing a crucial role in providing the employment opportunity in India i.e., in 2005-06 financial year MSMEs has provided employment upto 294.91 lakhs persons in 2005-06 and it was increased upto 1098.22 lakhs persons in 2014-15. The data clearly explained that the MSMEs have been playing as a huge sector in providing the employment to desired persons.

**TABLE 5: CONTRIBUTION OF MSMEs IN GDP**

Sl. No	Year	Manufacturing	Service Sector
1	2005-06	7.50	35.02
2	2006-07	7.73	35.41
3	2007-08	7.81	36.12
4	2008-09	7.52	36.05
5	2009-10	7.45	36.69
6	2010-11	7.39	37.97
7	2011-12	7.27	37.54
8	2012-13	7.04	37.63
9	2013-14	7.10	37.70
10	2014-15	7.16	37.86

Sources: 1. Fourth all India Census of MSMEs 2006-07; 2. National Accounts Statistics (2014-15), CSO MOSPI; 3. Annual Survey of Industries, CSO MOSPI

The above table shows that contribution of MSMEs in India GDP during the period 2005-06 financial year to 2014-15. Regard to manufacturing sector the contribution MSMEs is gradually decreasing from 7.50 in 2005-06 to 7.16 in 2014-15 while in service sector it was representing a little bit of contribution i.e. in 2005-06 is 35.02 to 37.86 in 2014-15. However, it can be observing that in 2007-08 financial year 8.00 GDP Contributes by MSMEs in manufacturing Sector.

## CONCLUSION

Micro small medium enterprises (MSMEs) play key role in economic development of country. It is providing large scale employment. This paper has covered number of MSMEs India, fixed investment of MSMEs in India, production of MSMEs in India, of MSMEs in GDP, the following suggestions are offered for the development of MSMEs. Central Government have to increase the budget allocation for MSMEs sector and provide assistance to MSMEs for strengthening the share capital, banks are increase the loan amount, Governments has been conduct training development programmes, to enhance marketing facilities, to provide raw material directly to the MSMEs.

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## A STUDY ON THE PROGRAMMES AND SCHEMES OF MICRO SMALL MEDIUM ENTERPRISES (MSMEs) SECTOR IN INDIA

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### ABSTRACT

*Micro Small Medium Enterprises (MSMEs) is a dynamic & Significant role in the country it is providing large scale employment in this paper has covered programmes & Schemes for MSMEs sector in India which are schemes implemented directly by the ministry of MSMEs and schemes implemented through national small industries corporation.*

### KEYWORDS

MSMEs, India.

### INTRODUCTION

**M**icro Small & Medium Enterprises (MSMEs) are most dynamic organs of an economy it is creating large scale employment to the country. MSMEs contribute to exports revenue as well as gross Domestic product to a reasonable extend. MSMEs are help in industrialization of rural and Backward areas. Thereby reducing regional imbalances assuring more equitable distribution of national income & wealth.

### OBJECTIVES OF THE STUDY

The study will focus on the following objectives:

1. To study the introduction of MSMEs.
2. To study the programmes & Schemes of MSMEs sector in India.
3. To draw the conclusion.

### SCOPE OF THE STUDY

The study broadly examines the programmes & Schemes of MSMEs in India.

### METHODOLOGY

The required data has been collected using secondary data.

#### SECONDARY DATA

Secondary data are collecting from published annual reports of MSMEs by the Government, handbook of statistics on the Indian economy published by Ministry of MSMEs, Reserve Bank of India (RBI), Newspaper, article, thesis and dissertation.

### PROGRAMMES AND SCHEMES FOR MSMEs SECTOR IN INDIA

#### A. Schemes implemented directly by the Ministry of MSMEs

##### Schemes implemented through National Small Industries Corporation:

1. Khadi Schemes.
2. NSIC.
3. Schemes implemented through Khadi & Village Industries Commission.
4. Schemes under Science & Technology.
5. Schemes implemented through Coir Board.

##### Schemes implemented directly by MSMEs Sector:

The following below Schemes implemented directly by MSMEs sector which are:

1. Scheme for Assistance of Training Institutions.
2. Scheme of Surveys, Studies and Policy Research.
3. Scheme for International Cooperation.
4. Market Development Assistance on Production Scheme.
5. Rajiv Gandhi Udyami Mitra Yojana (RGUMY)
6. Scheme of Fund for Regeneration of Traditional Industries.

#### B. Schemes implemented through National Small Industries Corporation

The following below schemes implemented through National small industries corporation which are:

##### Khadi Schemes:

1. Insurance for Khadi Artisans.
2. Scheme for enhancing productivity & Competitiveness of Khadi Industry & Artisans.
3. Work shed scheme for Khadi Artisans

##### Implemented through NSIC:

1. Marketing Assistance Scheme.
2. Performance and Credit Rating Scheme

**Implemented through KVIC:**

1. Prime Minister's Employment Generation Programmes (PMEGP)
2. Rural Employment Generation Programme (REGP)
3. Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
4. Export Incentive Scheme.
5. Interest Subsidy Scheme.

**Scheme under Science & Technology:**

1. Mahatma Gandhi Institute for Rural Industrialization (MGIRI)
2. S&T formats\_for\_agreement.
3. R&D activities under KVIC – Technical Interfaces.
4. Scheme for "In House Test Laboratory" for Khadi and Village Industries.
5. Scheme for Implementation of "ISO 9001-2000".
6. Scheme for "New R & D Projects".

**Implemented through Coir Board:**

1. Rejuvenation, Modernisation and Technology Upgradation of the Coir.
2. Industry
3. Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
4. Skill Upgradation and Quality Improvement Scheme.
5. Science and Technology Scheme.
6. Export Market Promotion Scheme.
7. Domestic Market Promotion Scheme.
8. Trade and Industry Related Functional Support Services Scheme.
9. Welfare Measures Scheme
10. Sub-schemes.
  - External Market Development Assistance for the period 2007-08 to 2010-12.
  - Marketing Development Assistance Scheme (Domestic)
  - Personal Accident Insurance Scheme for Coir workers.
  - Schemes implemented by the Office of the DCM (MSME)
11. National Manufacturing Competitiveness Programme (NMCP) Schemes Under XI Plan.
12. Micro & Small Enterprises Cluster Development Programme (MSE – CDP).
13. Credit Linked Capital Subsidy Scheme for Technology Upgradation.
14. Credit Guarantee Scheme.
15. ISO 9000/ISO 14001 certification Reimbursement Scheme.
16. Market Development Assistance Scheme for Micro/Small Manufacturing.
17. Enterprises/small & Micro exporters (SSI – MDA)
18. Mini Tool Rooms
19. Assistance of Entrepreneurship Development Institutes.
20. Scheme of Micro Finance Programme.

**CONCLUSION**

Micro Small Medium Enterprises (MSMEs) is a dynamic & Significant role in the country it is providing large scale employment in this paper has covered programmes & Schemes for MSMEs sector in India which are schemes implemented directly by the ministry of MSMEs and schemes implemented through national small industries corporation.

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